



Investments & Pensions Oversight Committee

Senator George Munoz, Chairman

Representative Monica Youngblood, Vice-Chairman

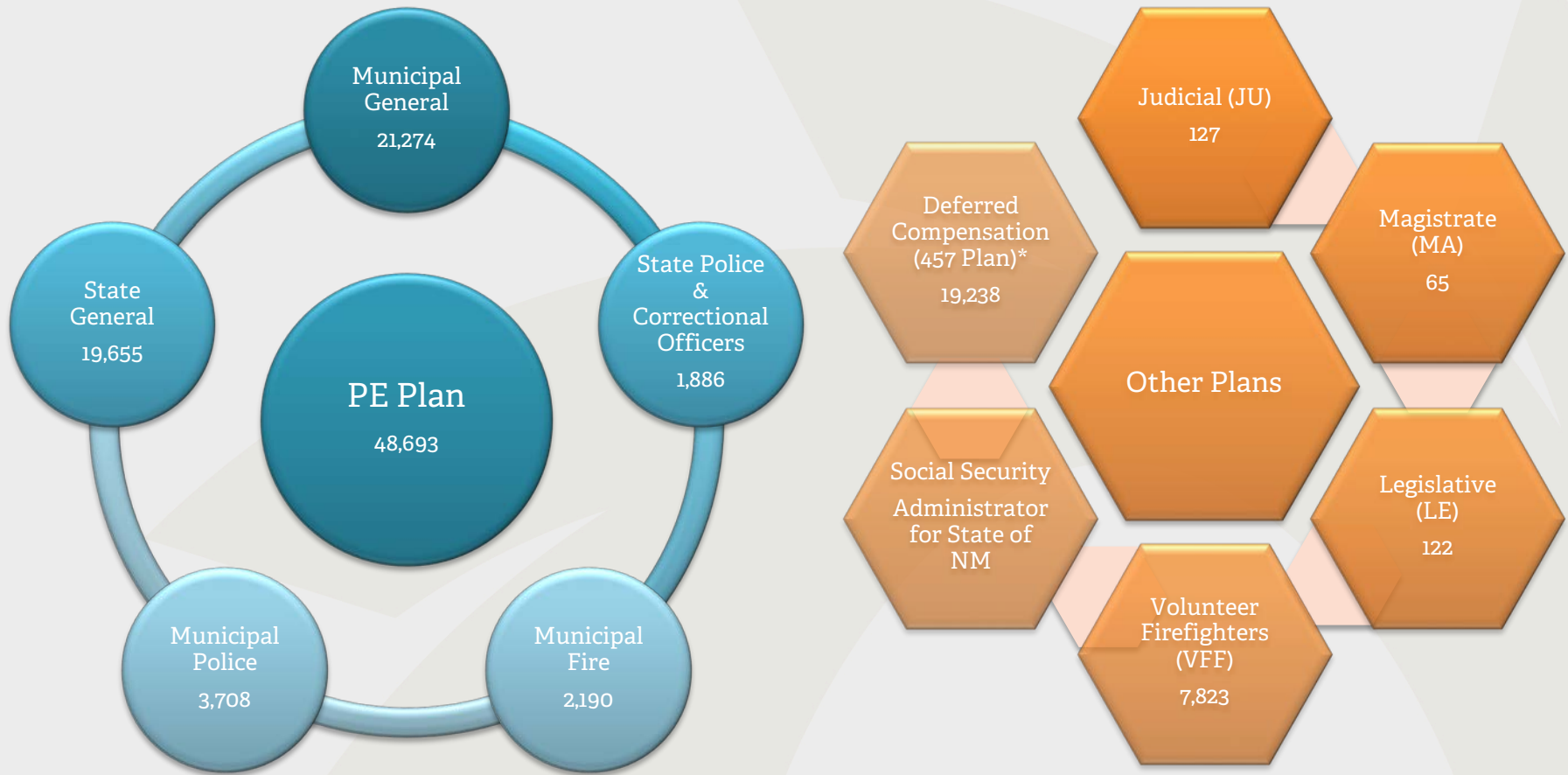
November 1, 2016

Patricia (Patty) French, Board Chair, PERA

Wayne Propst, Executive Director, PERA

PERA – Who We Serve

Active Membership

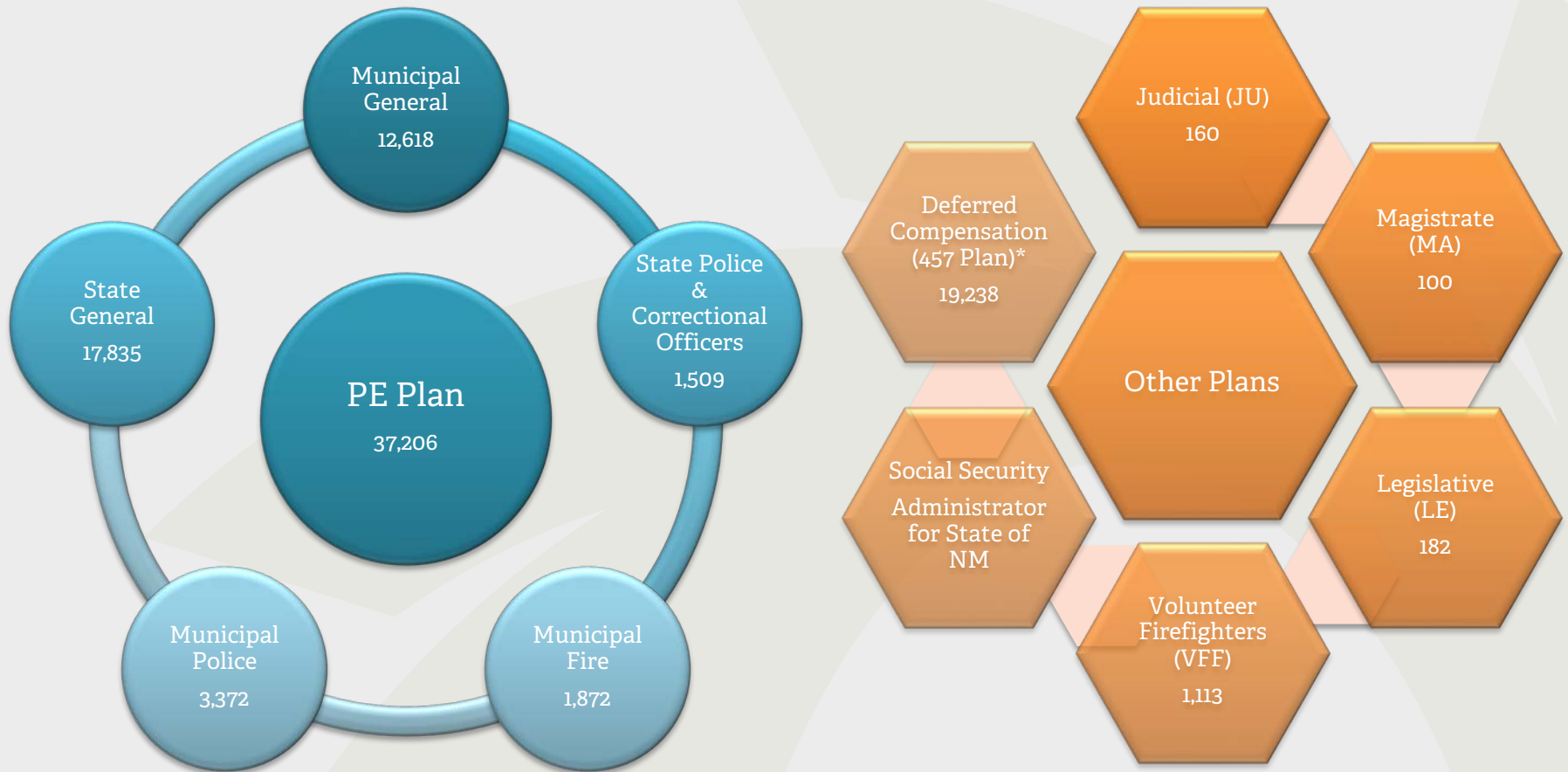


Active membership as of 6/30/2016

Slide 2

PERA – Who We Serve

Retired Membership



Retired membership as of 6/30/2016

Slide 3

General Observations on FY16 Valuations

- *FY16 valuations use new investment rate of return adopted by PERA Board in July. New rate reflects lower than previously projected inflation growth and is based on the select and ultimate approach. Investment rate used FY16 valuations is 7.25%. New rate will be in effect for the next 10 years and then reset to 7.75% thereafter. Valuations also based on .49% actual return (net of fees) for FY16.*
- *Modest increase in funding level for the Public Employee Plan (PE) was the result of more accurate reporting of payroll for FY16. PE funded ratio increased from 74.9% in FY15 to 75.3% in FY16.*
- *Unfunded Actuarial Accrued Liability (UAAL) increased by \$156.6 million primarily due to lower than expected salary increases.*
- *Increase in the UAAL would have been approximately \$480 million higher but for the improvements in payroll reporting achieved by the agency in FY16.*
- *Statutory rates are now expected to amortize UAAL fully in 56 years.*
- *Assumption approved by the PERA Board as a result of a recent experience study are the primary source of the minor reductions in the funding levels for the Judicial Retirement Act (JRA) and the Magistrate Retirement Act (MRA) plans.*
- *Overall, FY16 results are slightly better than expected given the reduction in the long term investment rate of return assumption and FY16 investment results.*

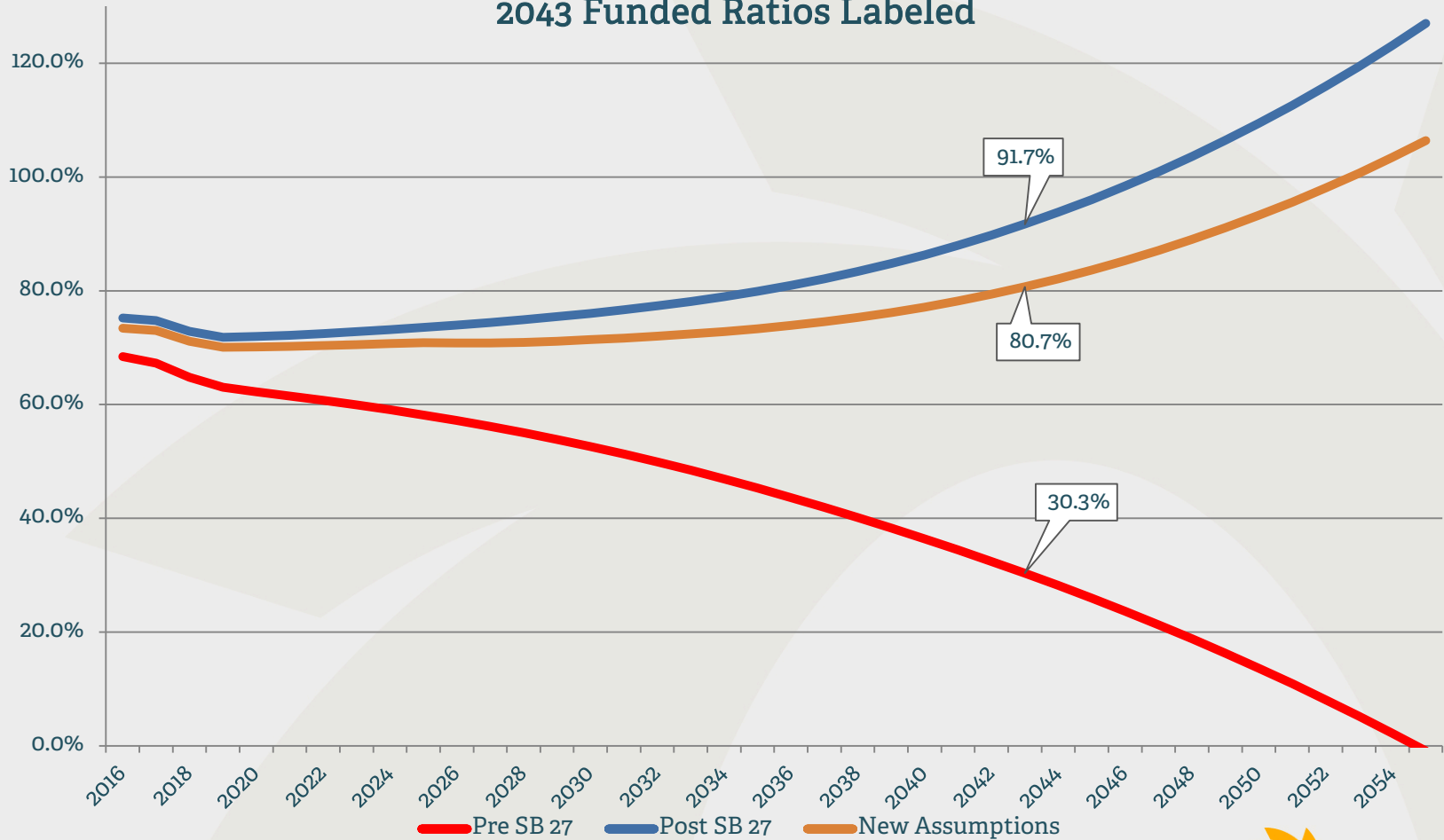
FY16 Valuation Results by Plan

Based on New Investment Return Assumption of 7.25% for 10 Years and 7.75% Thereafter

	Change in Funded Ratio		Change to Funding Period (Years)	
	FY15	FY16	FY15	FY16
PERA Total	74.9%	75.3%	40.5	56
State General	67.7%	67.1%	Infinite	Infinite
State Police	120.7%	129.8%	0	0
Municipal General	80.2%	79.8%	24	26
Municipal Police	77.6%	79.6%	32	39
Municipal Fire	62%	63.8%	Infinite	Infinite
Legislative	138.5%	144.8%	0	0
Judicial	63.8%	61.6%	45	55
Magistrate	62.4%	61.7%	58	65
Volunteer Firefighter	140.2%	143.4%	0	0

Projected Funded Ratio

Comparison of Funded Ratios of PERA
With Expected Asset Returns Through 6/30/2016
2043 Funded Ratios Labeled



PERA at A Glance – FY16

	Average Annual Pension - FY16	Average Age at Retirement - FY16	Average Annual Pension - Total	Average Age at Retirement - Total
PERA Total	\$ 29,700	58.55	\$ 24,936	55.90
State General	\$ 28,812	59.85	\$ 23,580	57.39
State Police/Corrections	\$ 31,380	51.54	\$ 27,864	51.16
Municipal General	\$ 25,104	60.85	\$ 22,656	57.78
Municipal Police	\$ 44,028	49.11	\$ 33,900	47.62
Municipal Fire	\$ 46,944	49.11	\$ 34,536	47.84
Judicial	\$ 74,100	65.58	\$ 63,348	61.82
Magistrates	\$ 13,380	63.08	\$ 34,704	61.43
Legislative	\$ 17,160	60.67	\$ 7,356	64.58
VFF	\$ 1,896	62.33	\$ 1,560	60.90

PERA FY16 Fund Performance

- The PERA Fund balance was approximately \$14.1 billion on June 30, 2016
- During FY 2016, the Fund returned 0.49% (net of fees) and generated investment gains of approximately \$98 million (net of fees)
- PERA Fund paid out benefits of \$1.04 billion during the fiscal year
- PERA Smart Save (457b) balance was \$501 million on June 30, 2016 with 19,238 participants

As of 6/30/2016	1 Year	3 Year	5 Year	10 Year	Since Inception 6/30/1985
PERA Total Fund Returns (Net of Fees)*	0.49%	6.25%	6.18%	4.62%	8.70%

**Annualized returns*