



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 10

MEETING DATE: August 16, 2023

SUBJECT: Sacramento County 2023-24 Contribution Prepayment

SUBMITTED FOR: X Consent Deliberation and Action Receive and File

RECOMMENDATION

Receive and file the Sacramento County's prepayment of employer contributions for fiscal year 2023-24.

PURPOSE

This item supports the Strategic Management Plan by maintaining transparent communications to stakeholders and demonstrating fiscal responsibility and stewardship.

DISCUSSION

The County employer contribution prepayment for 2023-24 was estimated by Segal to be \$351,806,158 based on the 2023-24 projected payroll. As part of the finalization process, staff prepared a final reconciliation of the County employer contribution prepayment for 2023-24 based on actual payroll information and trued-up the required employer contribution for the fiscal year ending June 30, 2023. Consistent with prior years, the County's final prepayment reconciliation included an offset of replacement benefit plan payments made by the County in calendar year 2022¹. Consequently, the finalized employer contribution amount due from the County on July 21, 2023, is \$344,365,293, which has been received by SCERS.

ATTACHMENT

- Board Order
- Letter from Segal dated June 26, 2023

Prepared by:

Reviewed by:

/S/

/S/

Margo Allen
Chief Operations Officer

Eric Stern
Chief Executive Officer

¹ The replacement benefit plan was established by the County to pay benefits above the annual benefit payment limit set by the Internal Revenue Service.



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
August 16, 2023

AGENDA ITEM:

Sacramento County 2023-24 Contribution Prepayment

THE BOARD OF RETIREMENT hereby approves Staff's recommendation to receive and file the Sacramento County's prepayment of employer contributions for fiscal year 2023-24.

I HEREBY CERTIFY that the above order was passed and adopted on August 16, 2023 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:
(Present but not voting)

Board President

Eric Stern
Chief Executive Officer and
Board Secretary



Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary
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Via Email

June 26, 2023

Mr. Eric Stern
Chief Executive Officer
Sacramento County Employees' Retirement System
980 9th Street, Suite 1900
Sacramento, CA 95814-2738

Re: Prepayment of Employer Contributions by Sacramento County for Fiscal Year 2023-2024

Dear Eric:

As requested by the System, we have calculated the discounted contribution amount for Sacramento County for fiscal year 2023-2024.

We understand that the County wants to prepay their fiscal year 2023-2024 employer contributions in a lump sum on July 21, 2023. In an e-mail dated June 13, 2023 sent by your office, the System provided the County payrolls of \$929,141,379 and \$258,571,318 for Miscellaneous and Safety, respectively, for 26 pay periods in fiscal year 2023-2024. We then took the total payroll of \$1,187,712,697 and calculated a biweekly payroll of \$45,681,258. Using the \$45,681,258 of biweekly payroll together with the tier-by-tier employer rates calculated using the proportion of payroll for members in each category as reported in the data for the June 30, 2022 valuation, we determined the prepayment required to be \$351,806,158. Our calculations are provided in the enclosed Exhibit A. The effective discount factor, which is calculated by taking the discounted contribution amount and dividing by the undiscounted contribution amount, is about 96.93%.

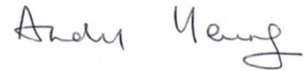
Any differences between the biweekly projected and actual payroll should be tracked by the System. Those differences should be used by the System to "true-up" the contributions at the end of the fiscal year.

I am a member of the American Academy of Actuaries and I meet the qualification requirements to render the actuarial opinion contained herein.

Mr. Eric Stern
June 26, 2023
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Please let us know if you have any questions.

Sincerely,



Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary

ST/elf
Enclosure

cc: Margo Allen
Jose Martinez

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

Prepayment of County Employer Contributions

Fiscal Year 2023-2024
 ASSUMES PAYMENT ON July 21, 2023

Discount Rate = 6.75%

Biweekly Pay Period	Biweekly Payroll Estimate	Normal	UAAL	Discount Factor	Total	Total	Total
		Contribution Rate ⁽¹⁾	Contribution Rate ⁽¹⁾		Biweekly Normal Cost Discounted	Biweekly UAAL Contrib. Discounted	Biweekly Contribution Discounted
1	\$45,681,258	12.44%	18.12%	1.0000000	\$5,682,748	\$8,277,444	\$13,960,192
2	\$45,681,258	12.44%	18.12%	0.9974909	\$5,668,490	\$8,256,675	\$13,925,165
3	\$45,681,258	12.44%	18.12%	0.9949880	\$5,654,267	\$8,235,957	\$13,890,224
4	\$45,681,258	12.44%	18.12%	0.9924915	\$5,640,080	\$8,215,293	\$13,855,373
5	\$45,681,258	12.44%	18.12%	0.9900012	\$5,625,928	\$8,194,679	\$13,820,607
6	\$45,681,258	12.44%	18.12%	0.9875171	\$5,611,811	\$8,174,117	\$13,785,928
7	\$45,681,258	12.44%	18.12%	0.9850393	\$5,597,731	\$8,153,608	\$13,751,339
8	\$45,681,258	12.44%	18.12%	0.9825677	\$5,583,685	\$8,133,149	\$13,716,834
9	\$45,681,258	12.44%	18.12%	0.9801023	\$5,569,675	\$8,112,742	\$13,682,417
10	\$45,681,258	12.44%	18.12%	0.9776431	\$5,555,700	\$8,092,386	\$13,648,086
11	\$45,681,258	12.44%	18.12%	0.9751901	\$5,541,760	\$8,072,081	\$13,613,841
12	\$45,681,258	12.44%	18.12%	0.9727432	\$5,527,855	\$8,051,827	\$13,579,682
13	\$45,681,258	12.44%	18.12%	0.9703025	\$5,513,985	\$8,031,625	\$13,545,610
14	\$45,681,258	12.44%	18.12%	0.9678678	\$5,500,149	\$8,011,471	\$13,511,620
15	\$45,681,258	12.44%	18.12%	0.9654393	\$5,486,349	\$7,991,370	\$13,477,719
16	\$45,681,258	12.44%	18.12%	0.9630169	\$5,472,583	\$7,971,318	\$13,443,901
17	\$45,681,258	12.44%	18.12%	0.9606006	\$5,458,852	\$7,951,318	\$13,410,170
18	\$45,681,258	12.44%	18.12%	0.9581903	\$5,445,154	\$7,931,367	\$13,376,521
19	\$45,681,258	12.44%	18.12%	0.9557861	\$5,431,492	\$7,911,466	\$13,342,958
20	\$45,681,258	12.44%	18.12%	0.9533879	\$5,417,864	\$7,891,615	\$13,309,479
21	\$45,681,258	12.44%	18.12%	0.9509957	\$5,404,269	\$7,871,814	\$13,276,083
22	\$45,681,258	12.44%	18.12%	0.9486095	\$5,390,709	\$7,852,062	\$13,242,771
23	\$45,681,258	12.44%	18.12%	0.9462293	\$5,377,183	\$7,832,360	\$13,209,543
24	\$45,681,258	12.44%	18.12%	0.9438551	\$5,363,691	\$7,812,708	\$13,176,399
25	\$45,681,258	12.44%	18.12%	0.9414869	\$5,350,233	\$7,793,105	\$13,143,338
26	\$45,681,258	12.44%	18.12%	0.9391245	\$5,336,808	\$7,773,550	\$13,110,358
Annual Payroll		\$1,187,713,000					
Rate		12.44%	18.12%				
Contribution Amount		\$147,751,461	\$215,213,543		\$143,209,051	\$208,597,107	\$351,806,158
		(Undiscounted)	(Undiscounted)		(Discounted)	(Discounted)	(Discounted)
Discount Percentage					96.93%	96.93%	

(1) These rates were calculated by taking the Tier specific contribution rates adopted by the Board for the June 30, 2022 valuation, the projected payroll of \$929,141,379 for Miscellaneous members and \$258,571,318 for Safety members as provided by the County for this prepayment calculation and compositing them using the proportion of the County's payroll in those Tiers within the Miscellaneous and Safety groups as reported for the June 30, 2022 valuation.