



Prefunding PERS and OPEB

Finance and Insurance Committee
Item # 9-3
September 9, 2019

Prefunding PERS and OPEB

Process to Date

- November 2018
 - Review of unrestricted reserves, pension and OPEB funding
- April 2019
 - Background information on pensions plan and OPEB by Bartel Associates, LLC
- July 2019
 - Projection of contributions to OPEB and pension plans, makeup of the Unfunded Accrued Liability (UAL), and scenarios to pay down by Bartel Associates, LLC
- August 2019
 - Metropolitan's ten-year forecast of pension contributions, challenges to prefund UAL, goal-based matrix of options to prefund UAL

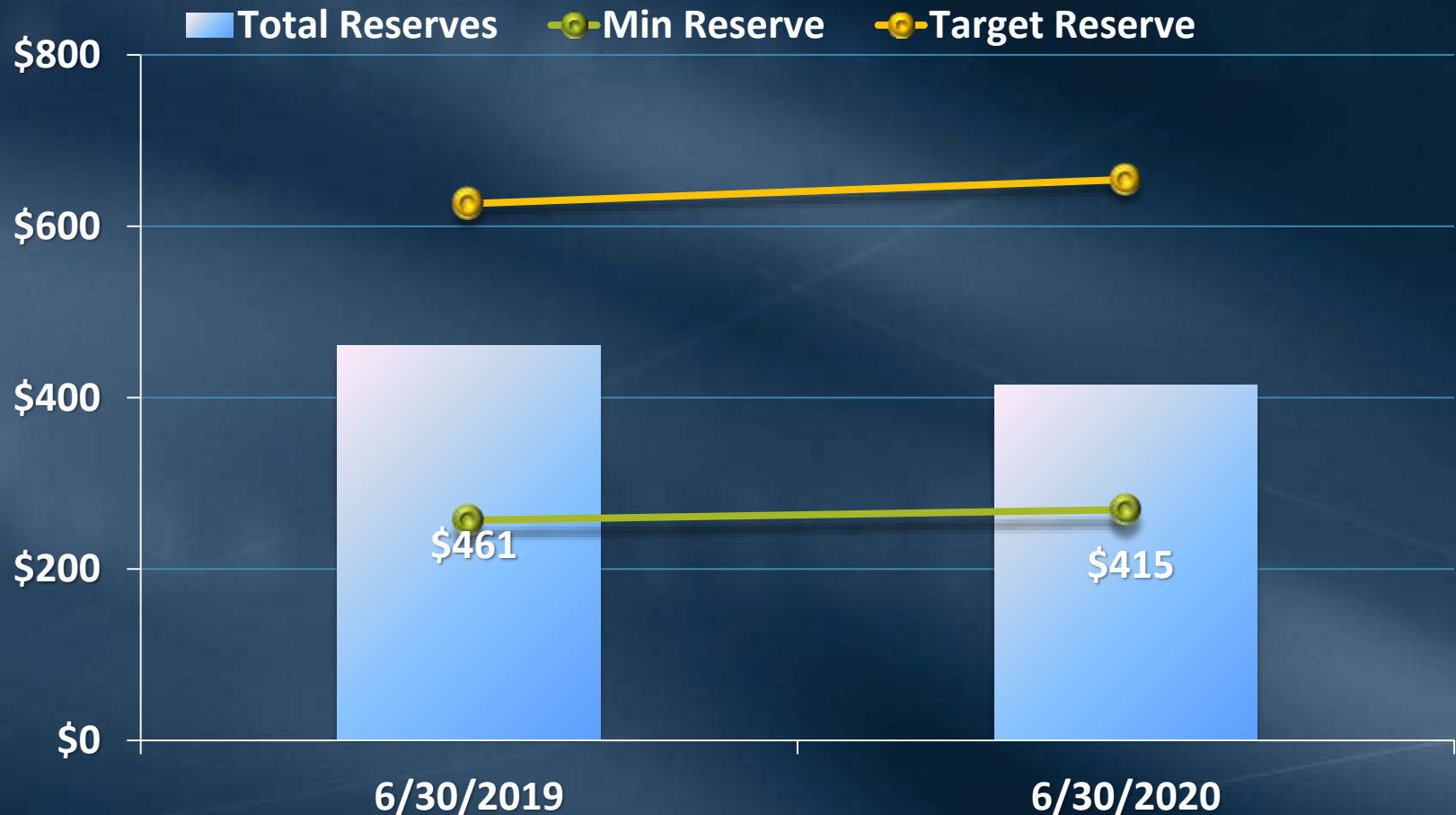
What are the Goals?

Objective	Solution
Pay down UAL faster/save interest	CalPERS Fresh Start or “Soft” Fresh Start
Reduce contributions in peak years	§115 Supplemental Pension Trust
Provide contribution flexibility, if needed	CalPERS “Soft” Fresh Start, §115 Supplemental Trust
Stabilize contribution rates	§115 Supplemental Pension Trust
Combination	CalPERS “Soft” Fresh Start, §115 Supplemental Pension Trust

Unrestricted Reserves

With Capital Financing Plan Adjustment

FY 2019/20 (\$ in millions)



Options to Prefund Pension UAL

- Lump sum payment
 - “Soft” or “Unofficial” Fresh Start or §115 Supplemental Pension Trust
 - Reserves for FY 2019/20 are under target
- Additional payments planned through biennial budget process
 - Rate impacts, depending on contribution level

Impact to Funded Status by Prefunding Pension UAL

Prefunding Amount	Reach 80% by	At or above 85% by
\$15 million/year	6/30/2028	86% at 6/30/2030
\$20 million/year	6/30/2027	88% at 6/30/2030
\$30 million/year	6/30/2026	85% at 6/30/2028
\$40 million/year	6/30/2025	86% at 6/30/2027
\$50 million/year	6/30/2024	86% at 6/30/2026

- If no prefunding of UAL:
 - 80% funded at 6/30/2030
 - 86% funded at 6/30/2034

