

SUBCOMMITTEE RECOMMENDATION

Item 22: Public Employees Retirement System

Preliminary Changes to Actuarial Methods and Assumptions

To: Ways and Means Full Committee
From: Public Safety Subcommittee
Carrier: Representative Evans

The Public Safety Subcommittee received a report from the Public Employees Retirement System on preliminary changes to actuarial methods and assumptions.

The PERS Board operates under broad administrative authority to adopt actuarial methods and assumptions, which impact both the cost and the financing of benefits and is directed by statute to report on changes at least 30 days prior to the final adoption by the Board.

The Board's preliminary recommendations updated demographic assumptions and left most other major actuarial methods and assumptions unchanged for the 2027-29 employer rate setting cycle. These recommendations will reduce accrued liabilities by \$1 billion, from \$109.7 to \$108.7 billion, with employer contribution rates estimated to be reduced by 0.50%.

However, 2027-29 employer contribution rates may still increase due to other factors, such as expiration of select side accounts and investment earnings, if actual earnings fall below the assumed earnings rate of 6.9%.

The Public Safety Subcommittee recommends that the Joint Interim Committee on Ways and Means acknowledge receipt of a report from the Public Employees Retirement System on preliminary methods and assumptions.