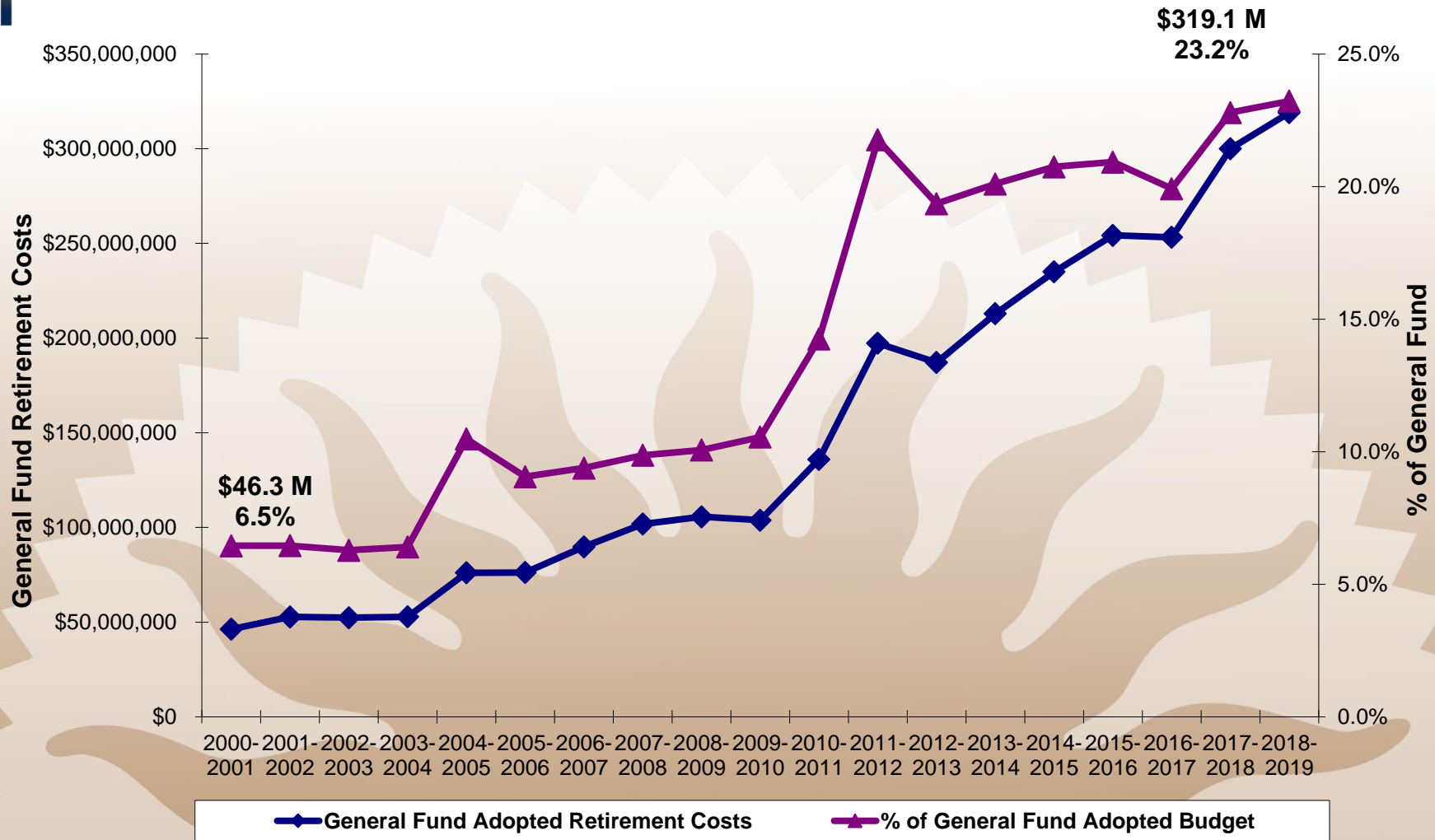


City of San José

Retirement Impacts to the General Fund

**Joint Meeting of the City of San José City Council
and the Retirement Boards
April 30, 2019**

Historical Perspective: Retirement Costs (General Fund)



General Fund Shortfalls and Retirement %

Fiscal Year	General Fund Shortfall/Surplus (\$ Million)	Position Changes (All Funds)	Total Positions (All Funds)	Retirement as % of General Fund
2002-2003	(46.3)	(36)	7,445	6.3
2003-2004	(92.1)	(205)	7,240	6.4
2004-2005	(81.7)	(426)	6,814	10.5
2005-2006	(58.0)	(115)	6,699	9.1
2006-2007	(34.9)	171	6,870	9.4
2007-2008	(19.9)	149	7,019	9.9
2008-2009	(29.6)	(7)	7,012	10.1
2009-2010	(84.2)	(362)	6,650	10.6
2010-2011	(118.5)	(783)	5,867	14.2
2011-2012	(115.2)	(440)	5,427	21.8
2012-2013	10.4	95	5,522	19.4
2013-2014	(2.6)	133	5,655	20.1
2014-2015	2.5	104	5,759	20.7
2015-2016	9.4	186	5,945	20.9
2016-2017	6.9	214	6,159	19.9
2017-2018	(10.0)	91	6,250	22.8
2018-2019	(4.3)	163	6,413	23.2
TOTAL	(668.1)	(1,068.0)		

General Fund Five-Year Forecast

2020-2024 General Fund Forecast Incremental General Fund Shortfalls

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Incremental Surplus/(Shortfall)	\$3.5 M	(\$15.6 M)	(\$13.7 M)	\$11.4 M	(\$1.7 M)
% of Budget (Based on Expenditures)	0.3%	(1.2%)	(1.0%)	0.9%	(0.1%)

Does not include:

- Costs associated with services funded on a one-time basis in 2018-2019
- Costs associated with unmet/deferred infrastructure and maintenance needs
- One-time revenues/expenses

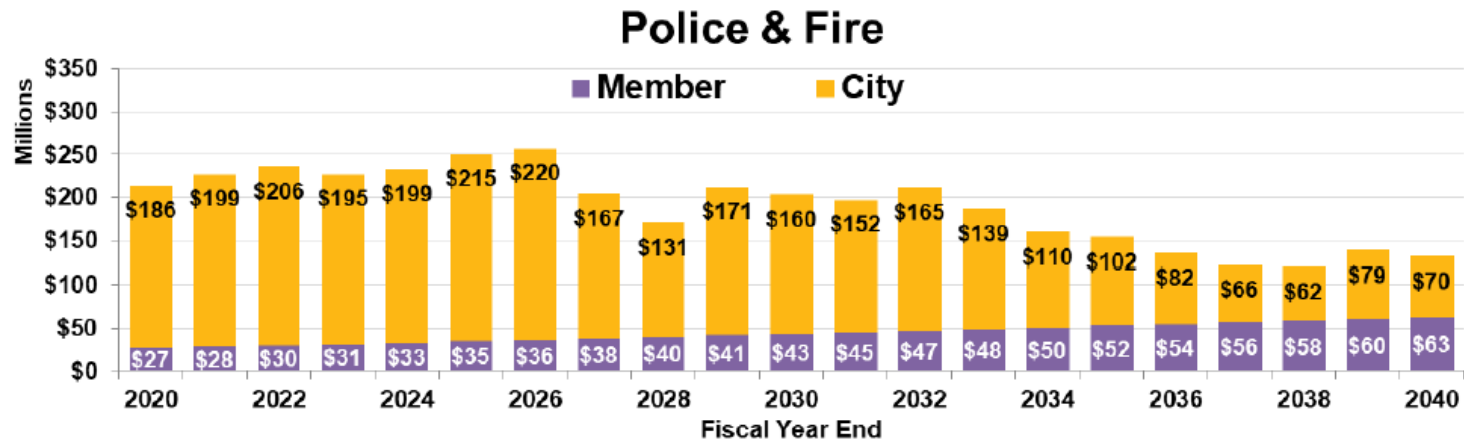
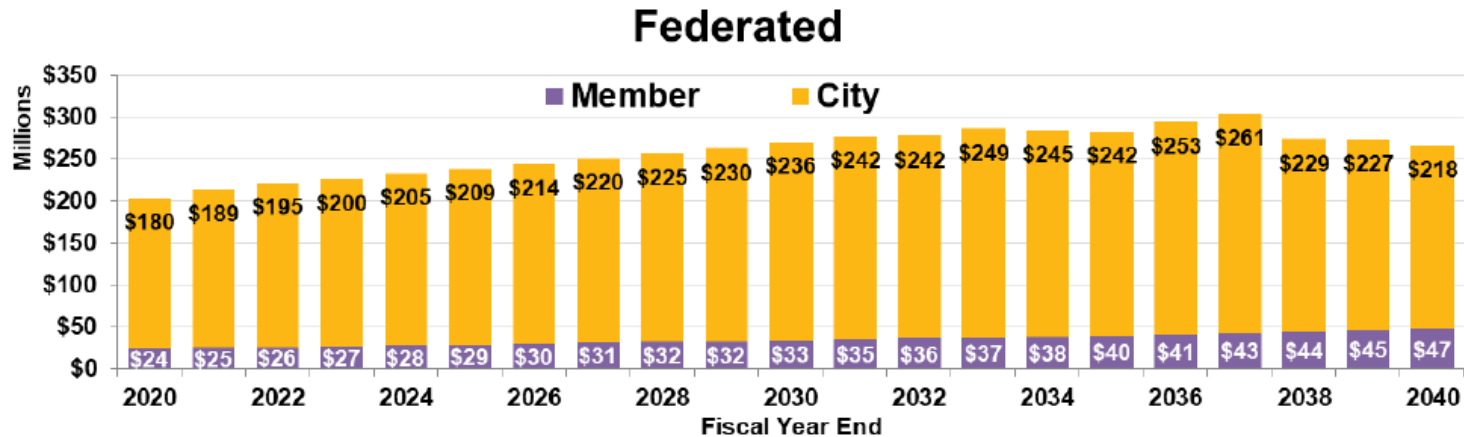
Retirement Costs as Forecast Component

February 2019 General Fund Five-Year Forecast

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Salaries and Other Compensation	534,235,000	557,790,000	578,733,000	598,989,000	619,954,000
Retirement	334,656,000	351,528,000	364,631,000	357,608,000	365,660,000
Health and Other Fringe Benefits	64,824,000	68,625,000	72,789,000	77,341,000	82,307,000
Total Personal Services	933,715,000	977,943,000	1,016,153,000	1,033,938,000	1,067,921,000
Total General Fund Base Budget	1,204,284,000	1,257,024,000	1,305,606,000	1,328,705,000	1,367,656,000
Retirement as % of Personal Services	35.8%	35.9%	35.9%	34.6%	34.2%
Retirement as % of General Fund Base Budget	27.8%	28.0%	27.9%	26.9%	26.7%

Note: In the 2020-2024 Forecast, approximately 78% of the retirement costs are in the General Fund.

Cheiron Baseline Contribution Projections



Potential Impacts of Discount Rate Changes

Potential Discount Rate Impact to 2020-2021 Projected Shortfall

	Discount Rate			
	6.75%	6.625%	6.5%	6.375%
Currently Projected Surplus/(Shortfall)	(\$15.6 M)	(\$15.6 M)	(\$15.6 M)	(\$15.6 M)
Estimated Discount Rate Impact*	--	(\$11.6 M)	(\$23.2 M)	(\$34.8 M)
Revised Surplus/(Shortfall)	(\$15.6 M)	(\$27.2 M)	(\$38.8 M)	(\$50.4 M)

*Based on data previously provided by Cheiron for plan valuation as of June 30, 2018 and used here for rough approximations only. The actual impact of a discount rate change would need to be fully analyzed by the actuary.