

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

May 07, 2024

FROM

DEBBY CHERNEY, Chief Executive Officer, San Bernardino County Employees' Retirement Association

SUBJECT

Retirement Contribution Rates 2024-25

RECOMMENDATION(S)

Approve adjustments to the Retirement Contribution Rates effective June 29, 2024 (Pay Period 15/24) as follows:

1. Decrease the County retirement contribution rate for Tier 1 General Members from 25.54% to 24.21% of compensation earnable.
2. Decrease the County retirement contribution rate for Tier 2 General Members from 22.53% to 21.57% of pensionable compensation.
3. Decrease the County retirement contribution rate for Tier 1 Safety Members from 61.93% to 61.41% of compensation earnable.
4. Decrease the County retirement contribution rate for Tier 2 Safety Members from 53.58% to 52.82% of pensionable compensation.
5. Decrease the Superior Court retirement contribution rate for Tier 1 General Members from 27.72% to 26.06% of compensation earnable.
6. Decrease the Superior Court retirement contribution rate for Tier 2 General Members from 24.71% to 23.42% of pensionable compensation.
7. Decrease the South Coast Air Quality Management District retirement contribution rate for Tier 1 General Members from 44.18% to 42.00% of compensation earnable.
8. Decrease the South Coast Air Quality Management District retirement contribution rate for Tier 2 General Members from 38.81% to 37.45% of pensionable compensation.
9. Decrease the Other General (Non-County/Special Districts) retirement contribution rate for Tier 1 General Members from 35.90% to 34.98% of compensation earnable.
10. Decrease the Other General (Non-County/Special Districts) retirement contribution rate for Tier 2 General Members from 31.03% to 29.08% of pensionable compensation.
11. Decrease the Other General Local Agency Formation Commission retirement contribution rate for Tier 1 General Members from 30.19% to 28.34% of compensation earnable.
12. Decrease the Other General Local Agency Formation Commission retirement contribution rate for Tier 2 General Members from 25.32% to 23.16% of pensionable compensation.
13. Decrease the Other General Law Library retirement contribution rate for Tier 1 General Members from 35.90% to 33.06% of compensation earnable.
14. Decrease the Other General Law Library retirement contribution rate for Tier 2 General Members from 31.03% to 27.88% of pensionable compensation.
15. Revise the employee retirement contribution rates for General Members and Safety Members as set forth in Exhibit III.

16. Decrease the General Member employee survivor benefit contribution rate for employer and employee from \$0.92 to \$0.90 each per bi-weekly pay period.

(Presenter: Debby Cherney, Chief Executive Officer, 885-7980)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of these adjustments will ensure the retirement fund remains on a sound actuarial basis as required by law. The adjustments to the retirement contribution rates detailed in the Recommendation have been incorporated into the 2024-25 budget process. According to information provided by County Finance and Administration, it is projected that total County retirement contributions will see a decrease by an estimated \$23.1 million from 2023-24 to 2024-25, which includes a \$21.8 million decrease to the County, and a \$1.3 million decrease to San Bernardino County Fire Protection District and Special Districts. Of this amount, it is estimated that County General Fund departments will see decreases of approximately \$6.4 million in the use of Discretionary General Funding (Net County Cost) in 2024-25. The reduction in total County retirement costs excludes reductions associated with changes to County Pension Obligation bonds payments, as those payments are not included as part of the retirement contribution rates detailed in the Recommendation.

BACKGROUND INFORMATION

In accordance with the provision of California Government Code (GC) section 31453, the San Bernardino County Employees' Retirement Association (SBCERA) Board of Retirement shall, at least 45 days prior to the beginning of the succeeding fiscal year, recommend to the San Bernardino County Board of Supervisors (Board) changes in the rates of contributions to fund the County Retirement Plan (Plan) on a sound actuarial basis. Per GC section 31581 "the board of supervisors shall...add to the appropriation for salaries and wages and include therein an appropriation determined pursuant to GC sections 31453, 31453.5 and 31454."

Contribution rates are established for two tiers of members:

- Tier 1 - Members with SBCERA membership dates prior to January 1, 2013.
- Tier 2 - Members who are new to SBCERA on or after January 1, 2013, or had more than a six-month break in service from a prior public retirement system and were ineligible for or did not establish reciprocity.

The contribution rates in the Recommendation were determined based on a report on the actuarial valuation of the Plan, which was completed as of June 30, 2023. The SBCERA Board of Retirement adopted the actuary's recommendations on November 2, 2023. Copies of the actuarial valuation were provided to the County Administrative Office and the Board in November of 2023.

While the Board is not the governing body for SBCERA, SBCERA presents certain matters directly to the Board since the interests of the County and SBCERA are intertwined in the County Employees Retirement Law of 1937, including the adoption of these contribution rates.

Effective 2024-25 the Law Library will have a separate contribution rate due to voluntary additional payments required in order to reduce their unfunded actuarial accrued liability, which resulted in a reduction of their employer contribution rate.

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The contribution rates do not include any amounts due to the County for Pension Obligation Bonds. Please note the June 29, 2024 effective date may be different for other SBCERA participating employers depending on when their pay periods begin.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by San Bernardino County Employees' Retirement Association (Debby Cherney, Chief Executive Officer, Barbara M.A. Hannah, Chief Counsel, and Amy McNerny, Chief Financial Officer, 885-7980) on March 5, 2024; County Counsel (Julie Surber, Principal Assistant County Counsel, 387-5455) on March 20, 2024; Finance (Abigail Grant, Administrative Analyst, 387-4603) on March 26, 2024; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on April 16, 2024.

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Curt Hagman
Ayes: Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.
Absent: Col. Paul Cook (Ret.)

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: May 7, 2024



cc: File - Retirement w/attach
CCM 05/14/2024