

SUBCOMMITTEE RECOMMENDATION

Public Employees Retirement System 2020 Preliminary Earnings Crediting Statutory Report

To: Ways and Means Full Committee
From: General Government Subcommittee
Carrier: Representative Gomberg

On March 1st, the General Government Subcommittee recommended acknowledging receipt of a report from the Public Employees Retirement System on the 2020 preliminary earnings crediting report.

The PERS Board approved preliminary earnings crediting of \$5.8 billion for calendar year 2020, which increases reserves from \$78.7 billion to \$84.5 billion. The overall return was 7.36%, which is estimated to be \$130 million above the \$5.7 billion in *expected* gross earnings based on the assumed earnings rate of 7.2%. The amount of earnings crediting is net of investment expenses, which total approximately \$800 million.

A preliminary estimate of the impact of the earnings on the Unfunded Accrued Liability shows that the UAL may decrease by \$100 million for a total systemwide UAL of \$19 billion. The funded status of the system will remain at 79% funded.

Employer contribution rates for the 2021-23 biennium are based on earnings crediting for calendar years 2018 and 2019 and the 2023-25 biennium will be based on calendar year earnings from 2020 and 2021.

The General Government Subcommittee recommends approval.