

SUBCOMMITTEE RECOMMENDATION

Public Employees Retirement System 2021 Preliminary Earnings Crediting Report

To: Ways and Means Full Committee
From: General Government Subcommittee
Carrier: Senator Anderson

On February 15, the General Government Subcommittee recommended acknowledging receipt of a report from the Public Employees Retirement System on 2021 preliminary earnings crediting.

The PERS Board approved preliminary earnings crediting of \$16.3 billion for calendar year 2021, which would increase reserves from \$83 billion to \$99.3 billion. The overall return was 19.6%, which is estimated to be \$10.3 billion above the \$6 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 \$1.1 billion.

The system-wide Unfunded Accrued Liability for calendar year 2020 was \$22.9 billion after considering \$5.1 billion in pre-paid employer side accounts. An actuarial estimate of the impact of the 2021 preliminary earnings on the UAL shows that the UAL may decrease to \$14.4 billion after taking into consideration \$5.3 billion in pre-paid employer side account. The funded status increases from 80% to 85%.

Employer contribution rates for the 2023-25 biennium will be approved by the PERS Board at their October 2022 board meeting and be based on the 2021 final earnings crediting.

The General Government Subcommittee recommends approval.