

San Luis Obispo County

Pension Trust

SLOOPT

Update - 2023

San Luis Obispo County

Retired Employees Association

SLO Pension Trust

805/781-5465

1000 Mill St., San Luis Obispo, CA 93408

SLOPensionTrust.org

Topics

What is the Pension Trust?

- A “Trust” for Members & Retirees
- Trustees and Governance

What Matters to Retirees?

- Retiree COLA
- How secure is my pension?

How do I _____?

- Tax Withholding – new Form W-4P
- Change of address
- Change bank for direct deposit
- Questions on Retiree health plans

Funding and Investments

- Assets & Liabilities
- Investments 2022

Contacting the SLOCPT

- Inquiries, Office Hours
- Member Portal online
- Virtual meetings

Retiree Survey

The Pension Trust

SLOCPT is a “Trust”

- Independent entity administering the SLO County Retirement Plan**

Members & Retirees at year end

2021 = 6,553

2022 = 6,738

Total Assets = \$1.59 billion at 12/31/22

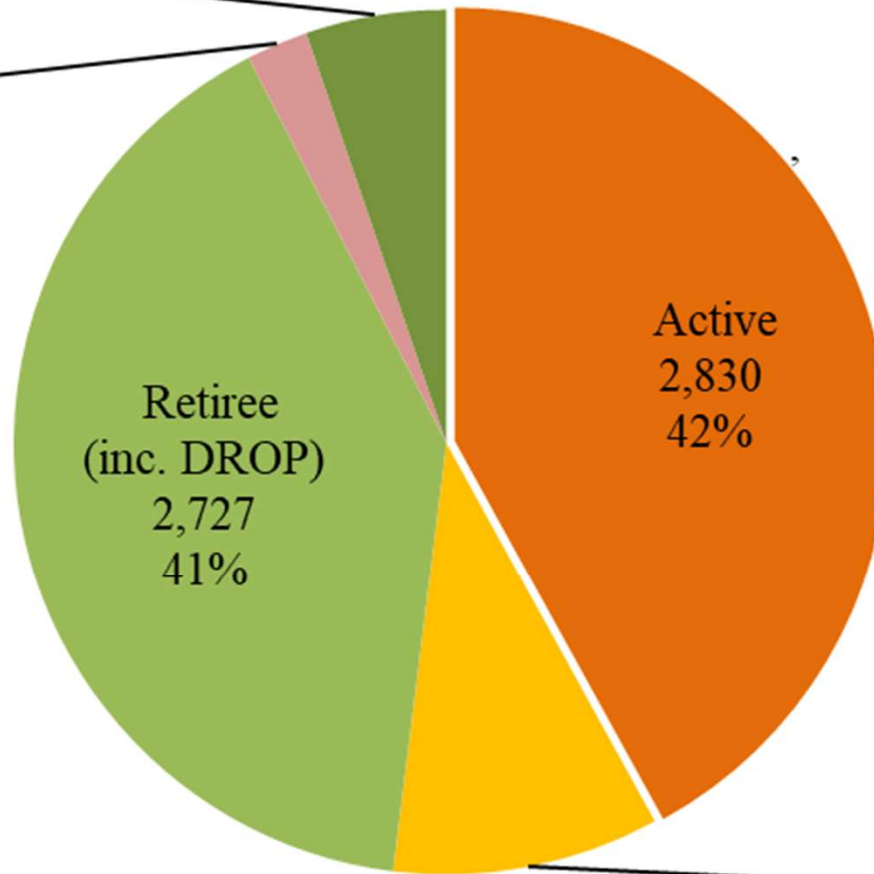
Pension Trust Membership

SLO Retirement Plan - Members & Retirees

January 1, 2023

Beneficiary
354 5%

Disability
155 2%



Total Active Employees = 2,830

Includes contract agencies (SLO Court, APCD, LAFCO, RTA)

Retirements average about 5% of active employees per year.

2022 = 126
2021 = 136
2020 = 126

Deferred Vested 672
10%

Pension Trust Membership

Active Employees (at 12/31/22)

2,408 Miscellaneous = 85%

122 Probation = 4%

300 Safety = 11%

Tier 1 = **783** = 28% (pre 2010 hires)

Tier 2 = **268** = 9% (2010-2012 hires + reciprocal)

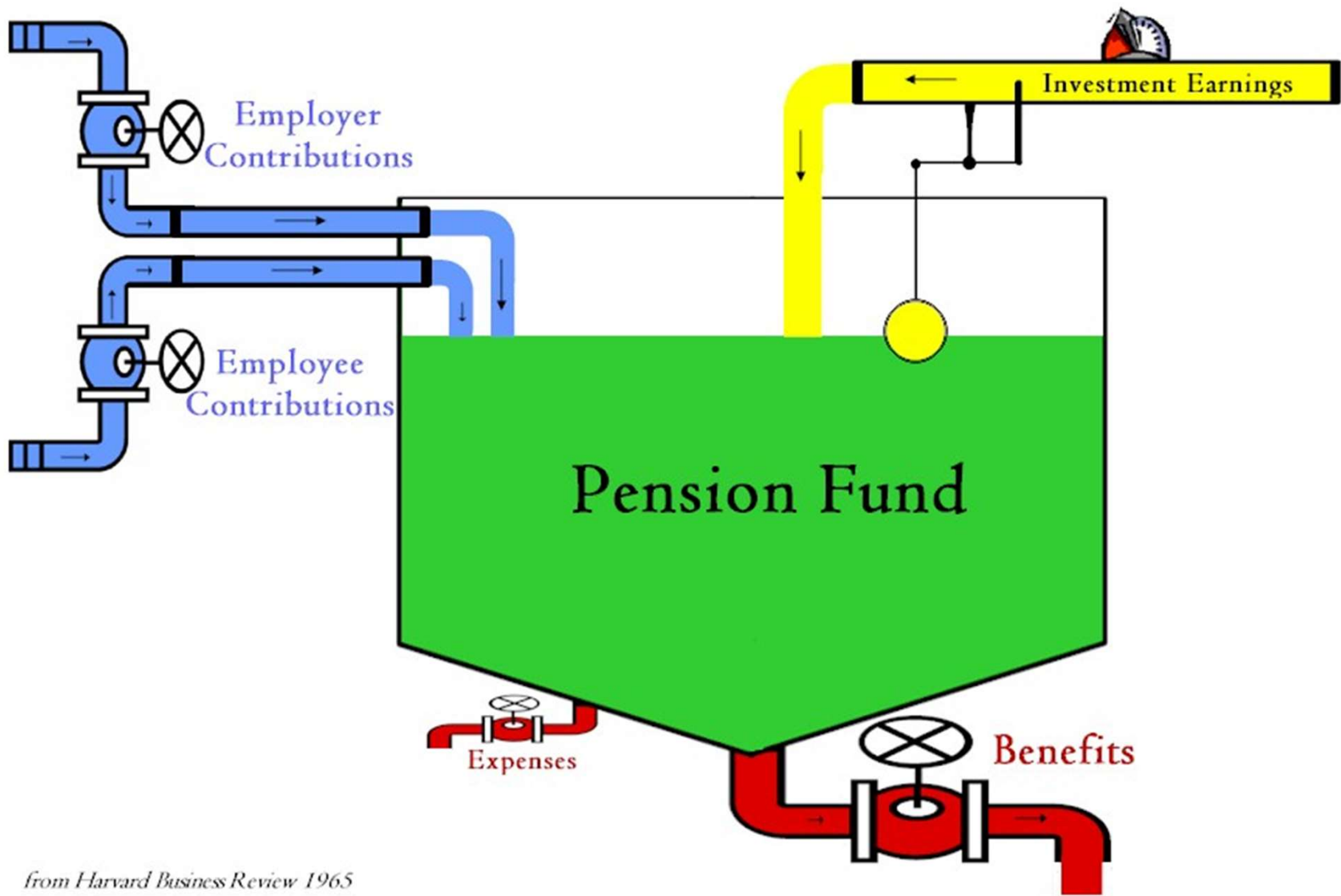
Tier 3 = **1,779** = 63% (post 2012 hires)

Avg. Active member pay approx. = **\$85,500/yr**

Retiree Payroll: \$10.3 million/mth or \$124 million/year

Avg. Retiree Benefit approx. = **\$38,300/yr**

How Pensions are Funded



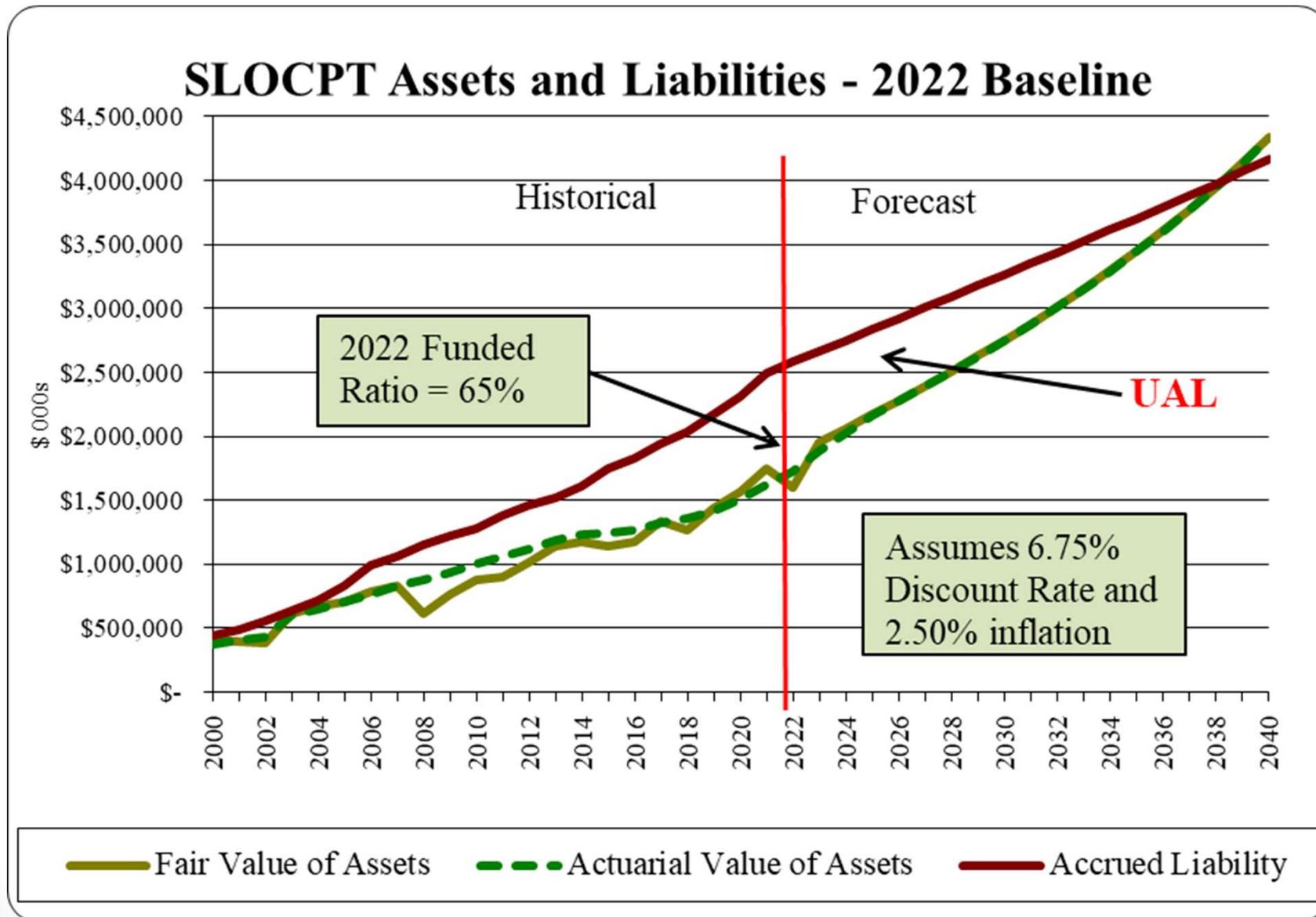
from Harvard Business Review 1965

SLOCPT Actuarial Status - 2022

2022 Actuarial Valuation – 12/31/21 data

Actuarial Accrued Liability (AAL) at 6.75% discount rate	\$ 2,498 million
Actuarial Value of Assets (AVA)	\$ 1,619 million
Market Value of Assets (MVA)	\$ 1,750 million
Unfunded Actuarial Accrued Liab. (UAAL)	\$ 879 million
Funded Ratio - Liabilities vs. AVA	64.8%
Funded Ratio - Liabilities vs. MVA	70.1%

Pension Funding



Threats to my pension – big picture

Pension Reform

- Your pension is a contractual obligation
- PEPRRA changed pension formulas for new hires after 2012
- No legislative storm clouds in view / No SLO County proposals on pensions

Inflation

- Inflation above the maximum COLAs (3.0% Tier 1, 2.0% Tiers 2&3)
- Social Security has COLAs for full CPI increase

Investments

- Investment Risk is on the Pension Trust

Funding

- Currently 65% funded with a \$879 million unfunded
 - SLO County obligated to fund and has AAA / AA+ bond rating

Economic Turmoil

- Plan Sponsor bankruptcy - unlikely
- Economic Armageddon – always possible...
- Recession possible in '23-'24, but probably mild

Threats to my pension – specific cases

Cybercrime

- Identity theft
- Banking information

Fraud

- Direct Deposit changes
- Theft of paper checks

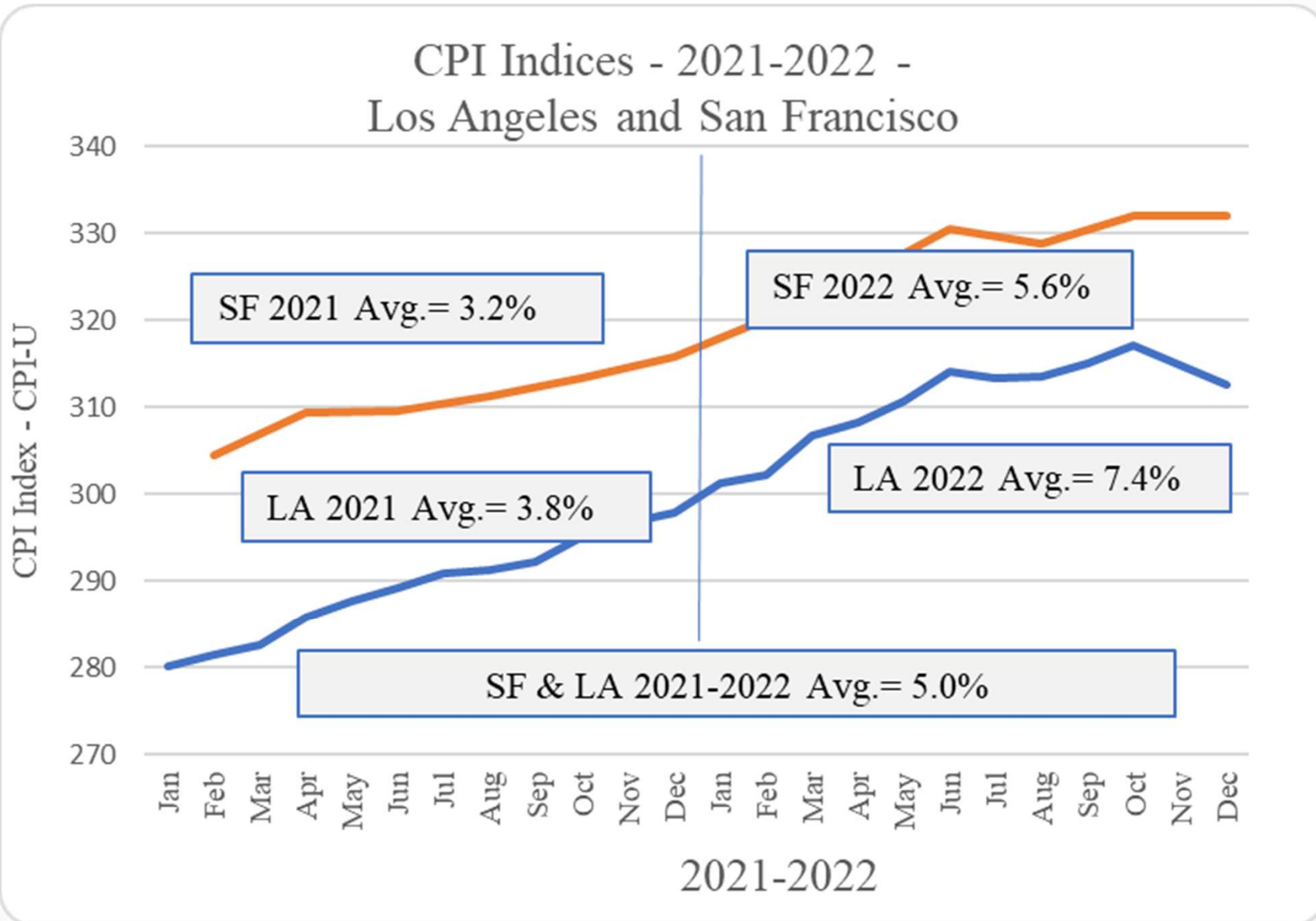
Operational Disruption

- SLOCPT – cloud-based, modern system, backup sites
- High security – encryption, regular penetration testing, etc.
- Business Continuity plan and vendor in place

SLOCPT – Retiree COLA

- Retirement Plan includes Retiree COLA –
 - **CPI based** – Avg. of LA and SF, across 2 years
 - April 1st of each year (if retired on or before Jan. 1st)
 - Tier 1 = maximum up to 3.00%/year
 - Plus “COLA Bank” – carryover of prior years CPI > 3%
 - Tier 2 & 3 = maximum up to 2.00%/year

Retiree COLA – 2023 – CPI Data



Retiree COLA – 2023

- Tier 1 2023 COLA = **+3.0%** + COLA Bank
 - If Prior years' CPI inflation > 3.0% -
 - applies in future if CPI < 3.0%
 - Tier 1 COLA + COLA Bank from prior years
 - Retired 1981 - 2022 = **2.0%** cumulative
 - Retired 1980 = **7.4%** cumulative
 - Retired 1979 = **14.1%** cumulative
 - Retired 1978 or earlier = **18.4%** cumulative
- Tiers 2 & 3 2022 COLA = **2.0%** (Tier 2 & 3 maximum)

Retiree COLA – Future

- Future COLAs depend on CPI inflation
 - Can be positive or negative
- 2024 COLA likely at the Tier 1 maximum of 3.0%
 - 2023: LA = ??? SF = ???
 - 2022: LA = 7.4% SF = 5.6%
- Current CPI Inflation above 5%
 - Inflation likely to decline to 2%-4% over several years

Earnings Assumption / Discount Rate

- Assumed Rate of Future Investment Earnings –
 - Controversial and sensitive variable in Actuarial Valuation
 - The Discount Rate used to calculate future liabilities
 - **Lower Earnings Assumptions –**
 - **More conservative**
 - **Increase Liabilities, decrease Funded Ratio, increase Contributions**
- SLOCPT Discount Rate = **6.75%** in 2021, 2022, 2023
 - 6.875% in 2020
 - 7.000% in 2018 - 2019
 - 7.125% in 2016 - 2017
 - 7.250% in 2013 - 2015
 - 7.750% in 2012

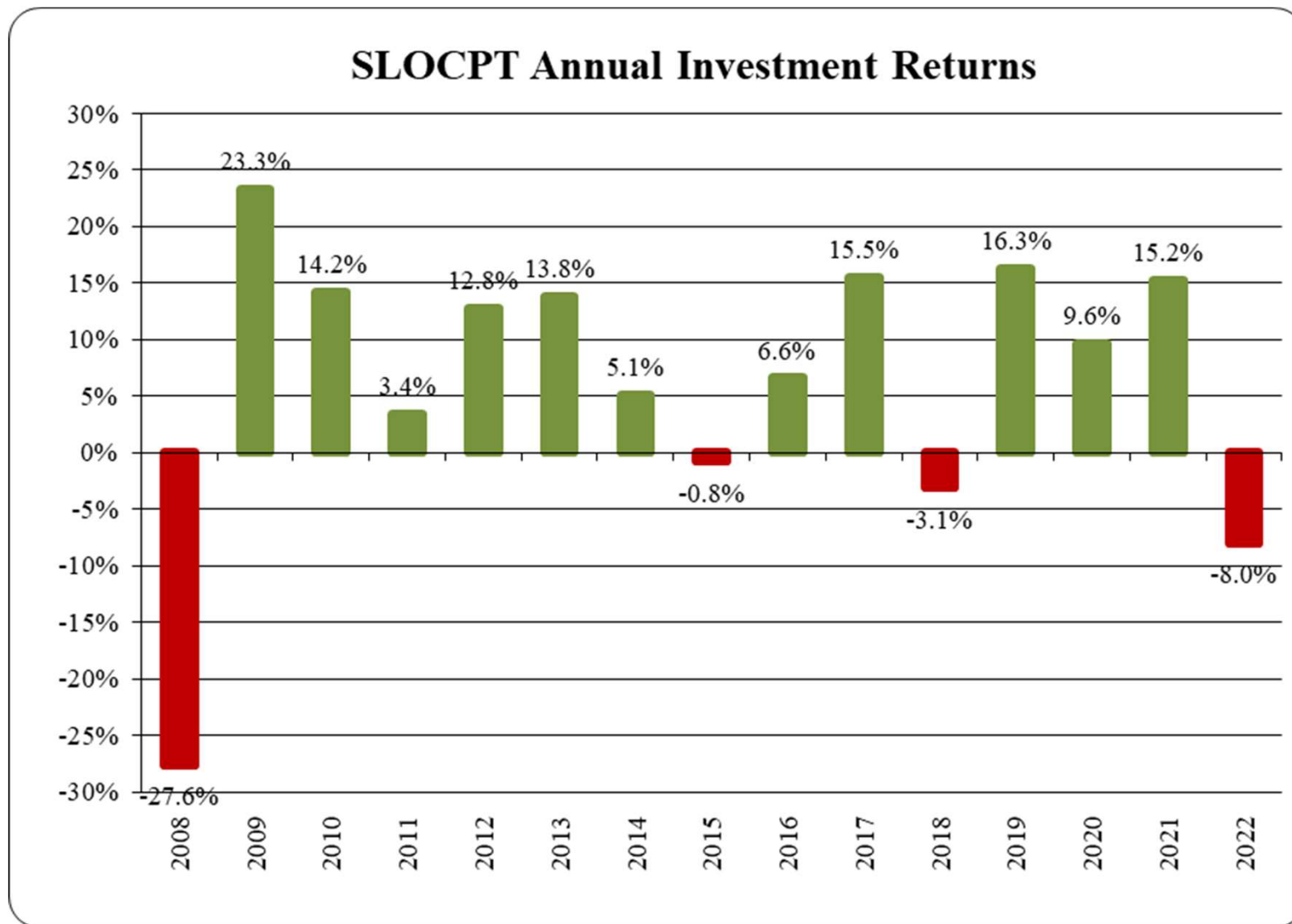
Investment Policy – 2023-current

- 10% **Liquidity** – short-term investments
 - Fund 1-2 years of gross retirement benefits

- 15% **Risk Diversifying** – “anchor to windward”
 - Treasury Bonds/TIPS – for stability in a crisis

- 75% **Growth** – long-term investments
 - 30% Stocks – U.S. and International
 - 10% Real Estate
 - 5% Infrastructure
 - 18% Private Equity
 - 12% Private Credit

SLOCPT – Investments – Returns



to 12/31/22	1 year	5 Years	10 Years	15 Years
SLOCPT	-8.0%	5.5%	6.7%	5.6%

SLOCPT – Governance

- 7 member Board of Trustees
 - 3 Appointed by County Board of Supervisors
 - Jeff Hamm (retired), Gere Sibbach (retired), Lisa Howe
 - 3 Elected by Employees
 - 3 year staggered terms
 - Michelle Shoresman, David Grim, Geoff O’Quest
 - 1 County Treasurer as ex officio Trustee
 - Jim Hamilton
- **All Trustees serve “At Large”**

Board of Trustees Meetings

- **In-Person meetings + online via Zoom**
 - 4th Monday of the month – 9:30 am
 - 8 months/year
 - In-Person at Board of Supervisors chambers
- Hybrid meeting format
 - Public or guest speakers able to attend virtually
- Zoom link included in meeting agenda
- See www.SLOPensionTrust.org

SLOCPT – Operations 2022-2023

- **SLOCPT fully staffed and operating with no issues**

Retiree payroll – month after month...

Staff on hybrid Work From Home schedule

Office Open Mon.-Fri. 8:00-5:00

- **In-person services – July 2022 and beyond**
 - Members & Retirees welcome
 - Remote meetings available – phone, video
 - Document drop-off at PT office all hours (mail slot)

How do I change my address?

- Important to keep your address up-to-date
 - Monthly payment advices – even with direct deposit
 - **Mailing your annual 1099R for doing your taxes**
 - Notice letters if your bank account is changed
 - Upon your death – if reported by Social Security – how will we find your beneficiaries?
- **Changing your address**
 - Call the SLOCPT for a paper form
 - Easiest on the SLOCPT **Member Direct** portal

How do I change my Direct Deposit bank?

- For fraud prevention SLOCPT requires
 - No phone/online authorizations allowed
 - Signed paper Direct Deposit Authorization
 - Back up bank issued documentation showing name, account number and bank routing number (i.e., voided check or bank statement)
- **Changing your bank for Direct Deposit**
 - At least 5 business days prior to pension payment date
 - Call SLOCPT for a paper form or download form from Member Direct

What happens when a Retiree dies?

- SLOCPT notification
 - Nationwide gaps in death reporting
 - Please instruct your executor or Trustee to call the SLOCPT
- Benefits are paid in advance
 - ACH retraction of last payment may be necessary
- **Continuance benefits to named beneficiary chosen at the point of retirement**
- Lump sum death benefits
 - After Retirement - \$1,000

How do I change my Beneficiaries?

- **Pension Continuance Benefits**
 - Elected at the point of retirement
 - Eligible Survivor or named Beneficiary if no survivor at retirement
 - Irrevocable once elected in most situations, if changes are allowed reduction in benefit is required
- **Beneficiaries - \$1,000 lump sum death benefit**
 - Call the SLOCPT for a paper form or download from Member Direct
 - Spousal/RDP consent if naming someone else

Tax Withholding

- SLOCPT withholds Federal and California taxes
 - Based on most recent paper or online elections
 - Tax tables updated annually – so tax withheld will change
 - Change your withholding with paper Federal W-4P or CA DE 4P
 - Change online at the SLOCPT **Member Direct** portal (see how changes will affect take-home pay prior to finalizing)
- Changing your withholding – *ask your tax professional*
 - W-4P Form – New format in 2023 an IRS requirement
 - More complex
 - Electing a specific dollar amount or % is no longer an option
 - Best to change on the SLOCPT **Member Direct** portal to see how your elections will affect your take-home pay

Retiree Healthcare

- Retiree Healthcare through Employer Plans
 - Eligible **County** retirees may participate in the County's medical group plan with CSAC-EIA
 - must maintain coverage to continue eligibility
 - Eligible **Court** retirees may participate in the Court's medical group plan with CalPERS Health,
 - may come off and on during open enrollment
 - Dental and vision plans also available
- SLOCPT withholds insurance premiums for Employer
 - Premiums withheld monthly and forwarded to former employer
 - Employer contributes \$**151**/month for those enrolled in sponsored medical plans
- Many retirees do not participate in their Employer's plans
 - Medicare Supplement and Part D Rx drug plan instead
 - Other coverage through new job or through spouse's plan

Information on Your Pension Account

- **General Information**
 - www.SLOPensionTrust.org
 - ***Members.SLOCPT.org – Member Portal***
 - Email: SLOCPT@co.slo.ca.us
 - 805/781-5465
 - Call for -
 - Questions of any type on pension benefits
 - Beneficiary forms for changes
 - Change of address
 - Tax Withholding changes
 - Direct Deposit bank changes

Member Portal for Retirees

San Luis Obispo County
Pension Trust
SLOCPT

FAQs Contact

MemberDirect

Welcome!

Sign-in

Username
Password

Why Register?

As a Member

- View your member information
- Estimate your benefit
- Download and complete forms
- View and register for upcoming seminars

As a Retiree

- View your payment history and receipts
- View deductions
- Update your personal information
- View and update your tax withholding

<https://Members.SLOCPT.org>

Need PIN letter to set up

Call if you lost your PIN letter

Establish your account online

Call with questions

Direct Deposit

Primary Deposits

include prior deposits | view as grid

JP MORGAN CHASE BANK
N.A.

Deposit Amount
\$6,204.20

Effective: 12/11/2013

Primary Checking

Routing # Account #
922271627 ****7041

Secondary Deposits

US BANK

Deposit Amount
25.00 %

Effective: 12/1/2018

Secondary Checking

Routing # Account #
101200453 *****

Member Portal for Retirees

- Retiree features –
 - 1099-R forms – access replacements online and receive your forms more quickly
 - View payment history and Direct Deposit Receipts
 - Change address and other contact information
 - Secure upload of documents to SLOCPT
 - Tax withholding changes, see how your elections will change your take home pay prior to electing
 - Beneficiary changes – original form to SLOCPT
 - **Direct Deposit Changes** – original form to SLOCPT
 - Security protection for your benefit payments
 - View current allocations
 - Download change form

SLOCPT – Staff

- **Executive Director & Chief Investment Officer**
 - Carl Nelson (2009)
- **Deputy Director**
 - Amy Burke (2012)
- **Retirement Benefit Specialists**
 - Lisa Winter (2015)
 - Anna Bastidos (2015)
- **Retirement Technicians**
 - Ros Harding (2013)
 - Josh Lopez (2019)
- **Accounting**
 - Jennifer Alderete (2015)
- **Front Desk**
 - Suzette Lopez (2019)

Retiree Survey - 2023

SLOCPT Surveying Active Employees and Retirees
(separate surveys)

Retirees – Be on the Lookout For the link to the survey
In “The Fiduciary” newsletter in May (a QR code)

The link on SLOPensionTrust.org

Thanks!

Questions



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1000 Mill St. San Luis Obispo, CA 93401
805/781-5465 SLOPensionTrust.org