



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 13

MEETING DATE: June 17, 2026

SUBJECT: Actuarial Assumptions

SUBMITTED FOR: Action Information

RECOMMENDATION

Discuss potential actuarial assumption changes, contribution-rate impacts, and considerations as part of the upcoming Experience Study.

PURPOSE/STRATEGIC PRIORITY

This item supports the Strategic Management Plan objective to solidify SCERS' long-term financial sustainability and proactively develop strategies for sustaining a high funded ratio.

DISCUSSION

At the May 20th Board Meeting, Segal presented an [overview](#) of the upcoming triennial Experience Study for the period of July 1, 2022, through June 30, 2025. This item provides an additional opportunity for the Board to discuss potential changes before Segal returns to the Board on August 19th to present formal recommendations for approval. Any resulting assumption charges will apply to valuations for the period July 1, 2026, through June 30, 2029, for fiscal-year contribution rates beginning July 1, 2027.

ATTACHMENTS

- Presentation

Prepared by:

/S/

Margo Allen
Chief Operations Officer

Reviewed by:

/S/

Eric Stern
Chief Executive Officer



Actuarial Assumptions

Potential changes and contribution-rate impacts

June 17, 2026

Recap of May 20th Meeting

- Preliminary recommendation to lower investment assumption from 6.75% to 6.50% to maintain risk exposure, based on capital market assumptions
- Minor assumption changes due to mortality table updates, salary increases, other refinements
- Additional information:
 - Aggregate EMPLOYER contribution rate increases: 2.7%
 - Aggregate EMPLOYEE contribution rate increases: 0.8%
 - Varies based on employer, tier, and collective bargaining agreement

Investment Earnings Assumption

Assumption Component	June 30, 2023 Adopted	June 30, 2020 Adopted
Inflation	2.50%	2.75%
Portfolio expected arithmetic real return	5.92%	5.04%
Expense adjustment	(0.15%)	(0.75%)
Adjustment to expected geometric real return	(0.62%)	N/A
Risk adjustment	(0.90%)	(0.29%)
Total	6.75%	6.75%
Confidence level	62%	54%

Risk Position Over Time

Years Ending June 30	Investment Return	Risk Adjustment	Confidence Level
2012 – 2013	7.50%	1.27%	64%
2014 – 2016	7.50%	0.92%	60%
2017 – 2019	7.00%	0.50%	57%
2020 – 2022	6.75%	0.29%	54%
2023 – 2025	6.75%	0.90%	62%
2026 Preliminary	6.50%	0.90%	62%
2026 Comparison	6.75%	0.65%	58%

Estimated Employer Impacts

	Total Rate Increase (NC+UAAL)	UAAL portion
Misc County	2.0%	1.4%
Safety County	4.9%	3.5%
Courts	2.2%	1.4%
Districts	2.1%	1.3%
SacSewer	2.6%	1.8%

Note: Preliminary subject to change

Estimated Employee Impacts

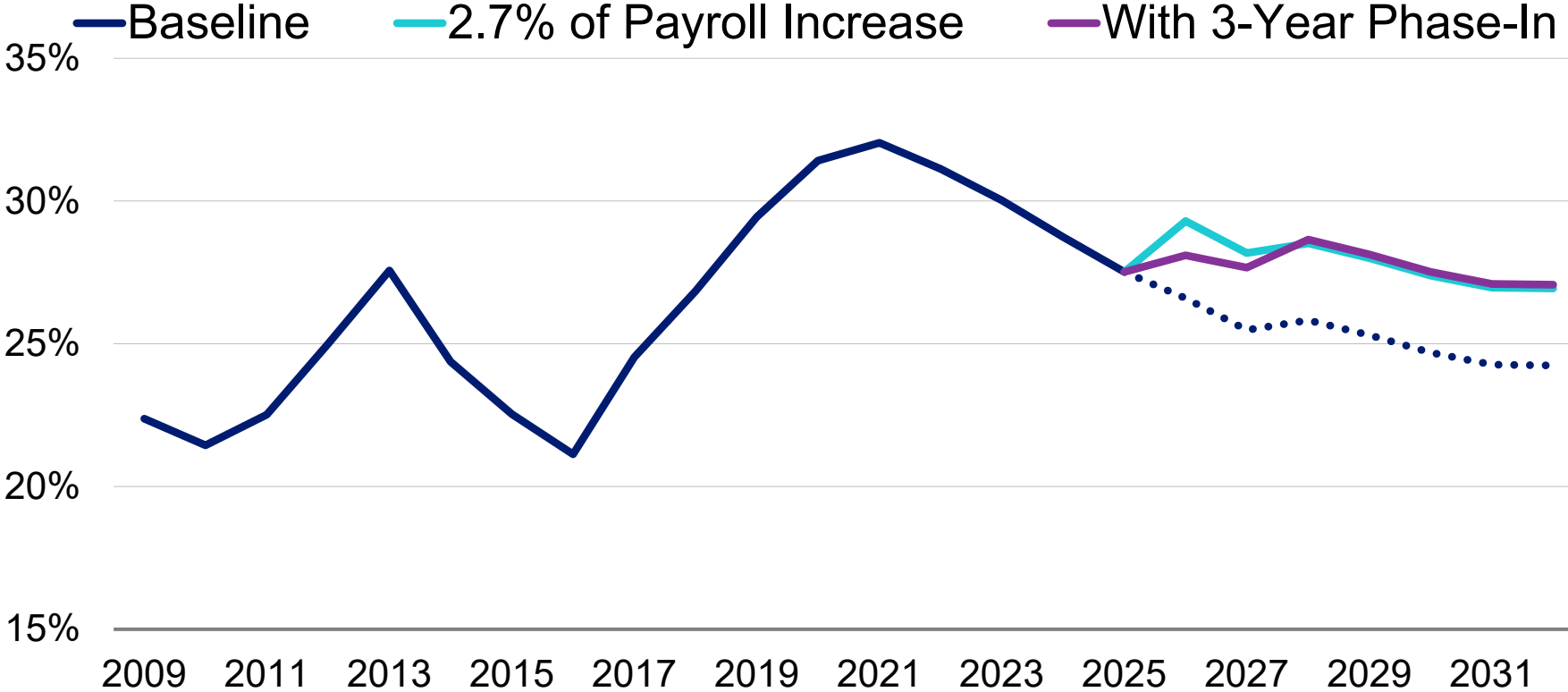
Tier	Rate Increase, as % of Pay
Miscellaneous 50:50	
Tier 1	1.4%
Tier 2	0.7%
Tier 3	0.8%
Tier 4	0.7%
Tier 5	0.6%
Safety 50:50	
Tier 1	1.9%
Tier 2	1.9%
Tier 3	1.7%
Tier 4	1.1%

Note: MOUs for BU3 (Deputy Sheriffs) and BU19 (Probation) cap employee rates for legacy members at 2023-24 levels through 2026-27.

Estimated Employee Impacts

	Misc (non-County)	SacSewer
Tier 1	1.1%	NA
Tier 2	0.3%	0.4%
Tier 3	0.5%	0.6%
Tier 4	NA	0.8%
Tier 5	0.6%	0.5%

Potential Employer Rate Impact



Next Steps

- June 17th: Discussion with Board
- June-August: Stakeholder Outreach
- August 19th: Formal recommendations presented for adoption
- July 1, 2027: Assumptions incorporated into 2027-28 contribution rates