



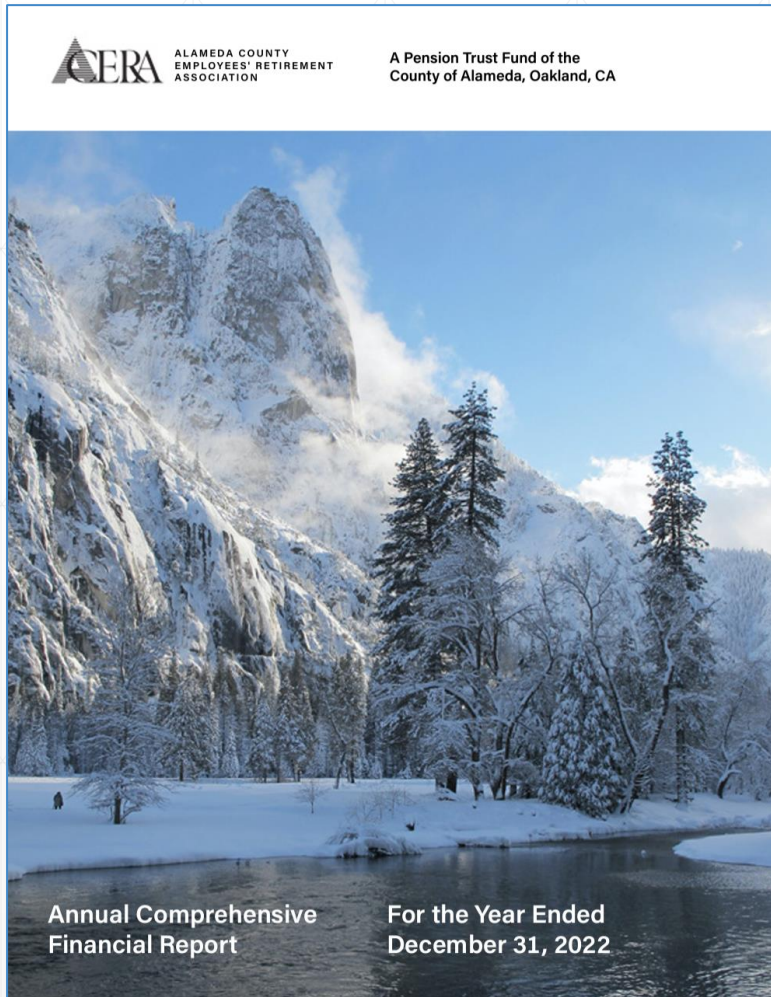
Offsite: October 30, 2024

# Demographics, Retirement Income, Readiness & Perceptions

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- Henry C. Levy, Alameda County Treasurer
- Mike Fara, ACERA Communications Manager
- Jeff Hutson, Relational Gravity

# Data Analysis



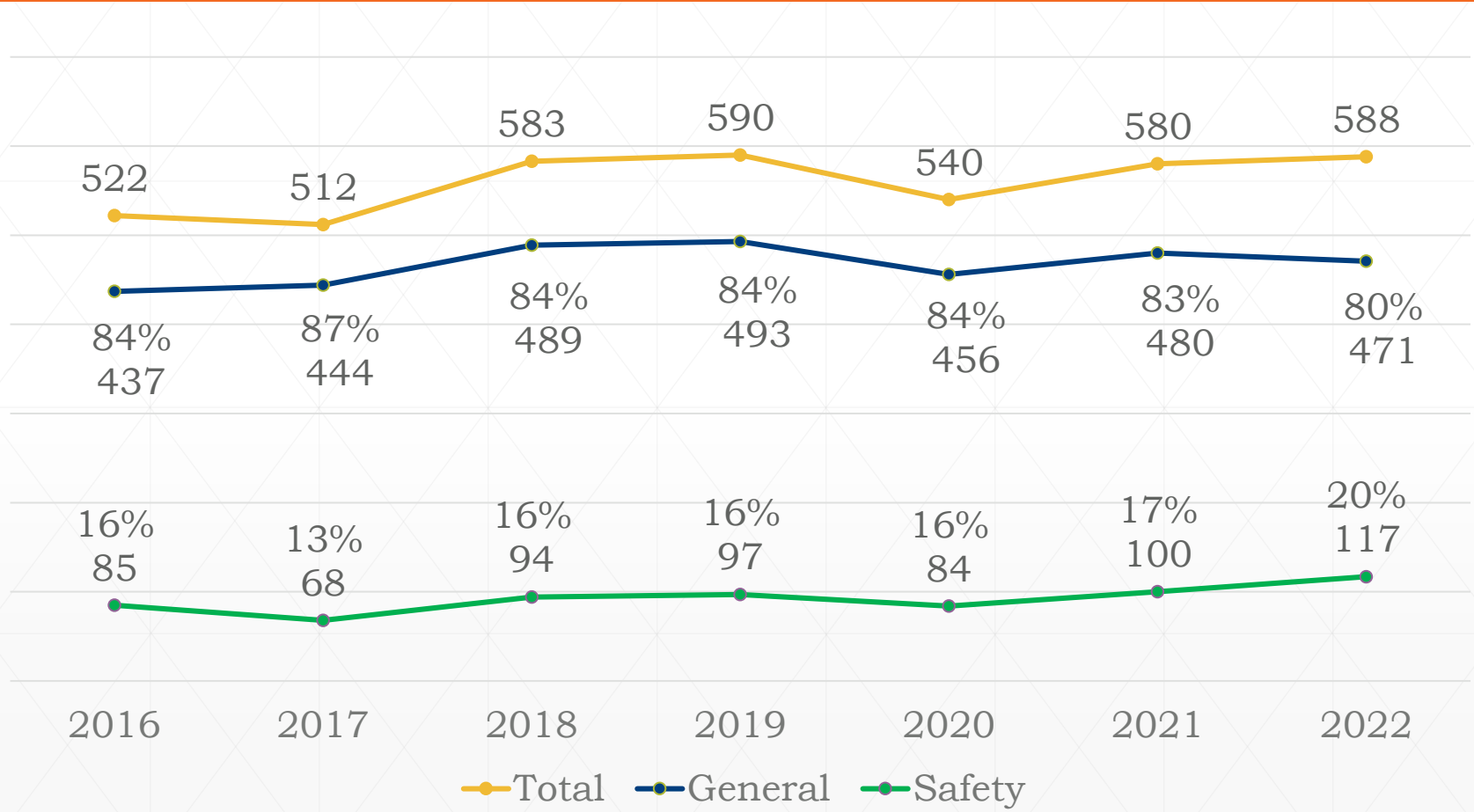
Annual Comprehensive Financial Reports (ACFR)  
Segal Co. (ACERA's Actuary)

# Data & Demographic Trends

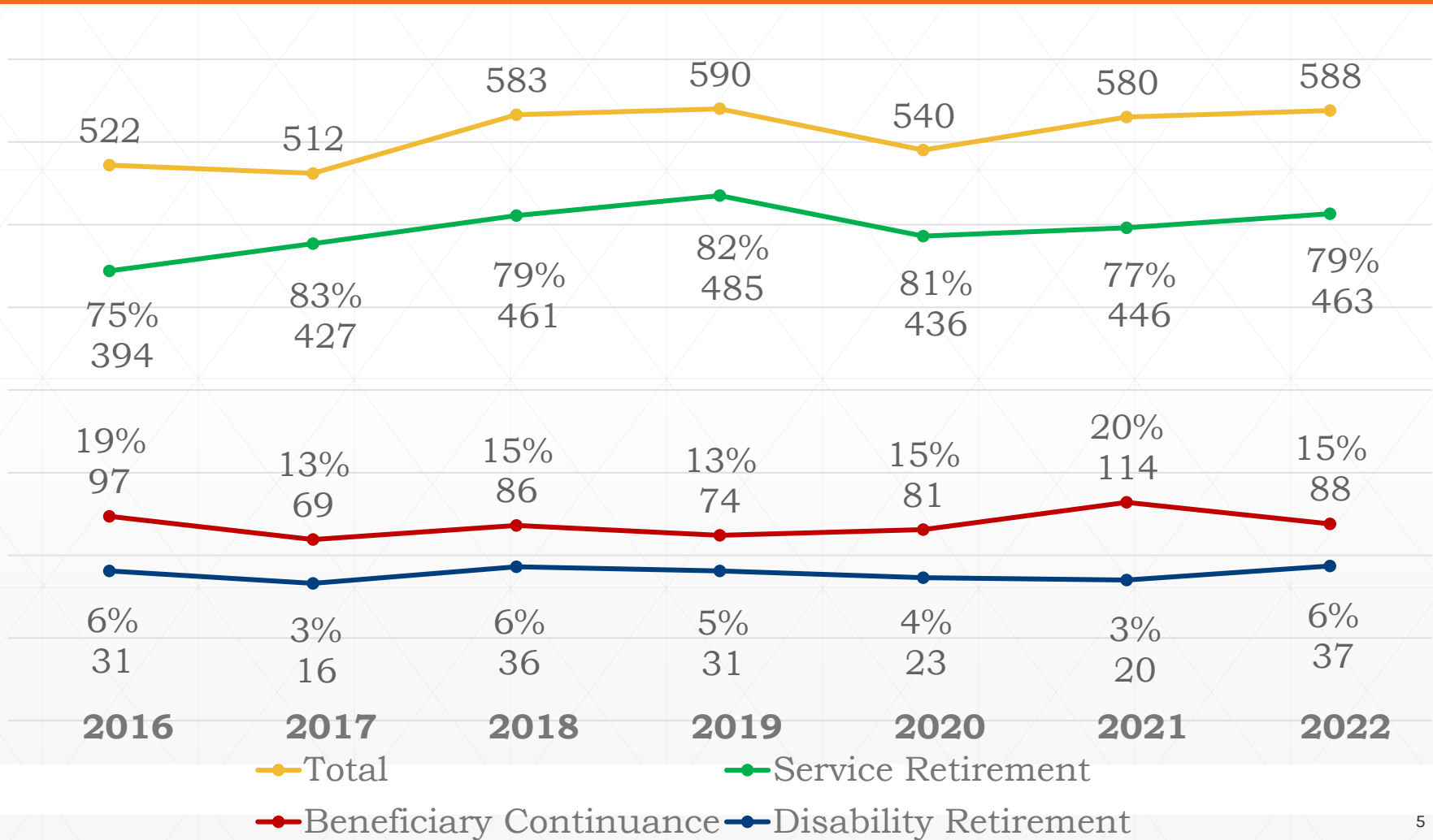
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Benefits, Tiers, Years of Service, Age

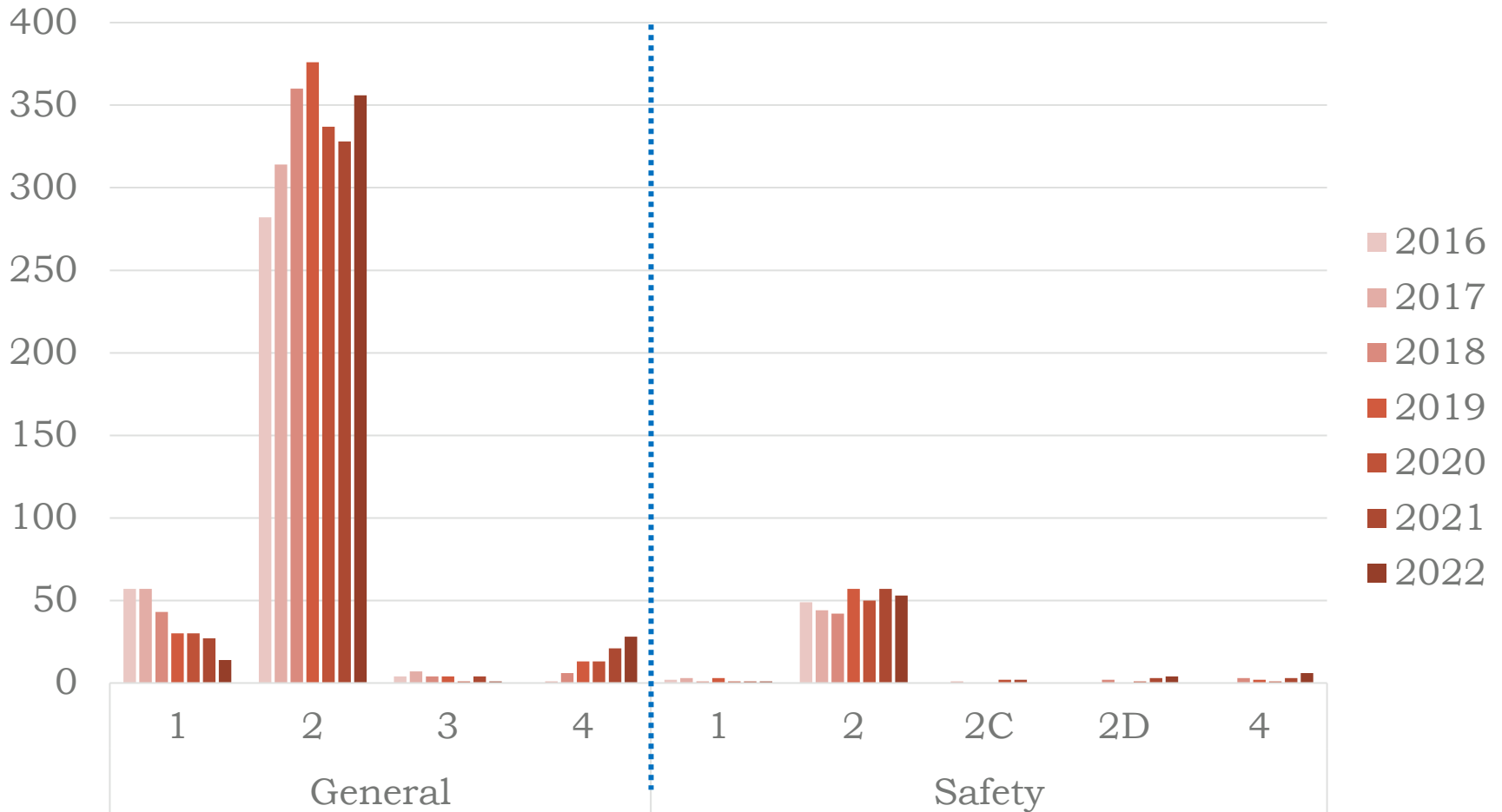
# New Retirements & Continuances 2016-2022 (Safety and General)



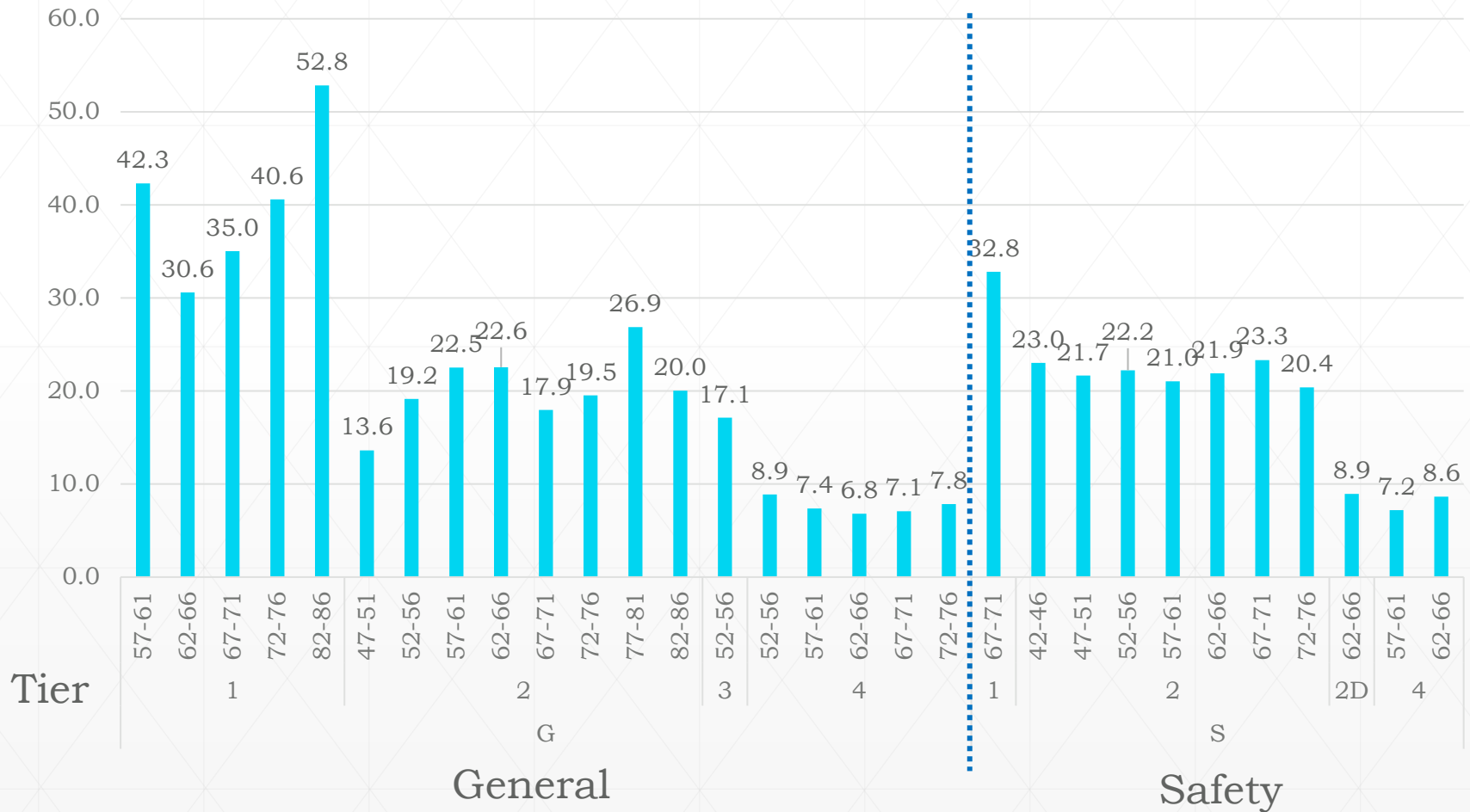
# New Retirements & Continuances 2016-2022 (By Benefit Type)



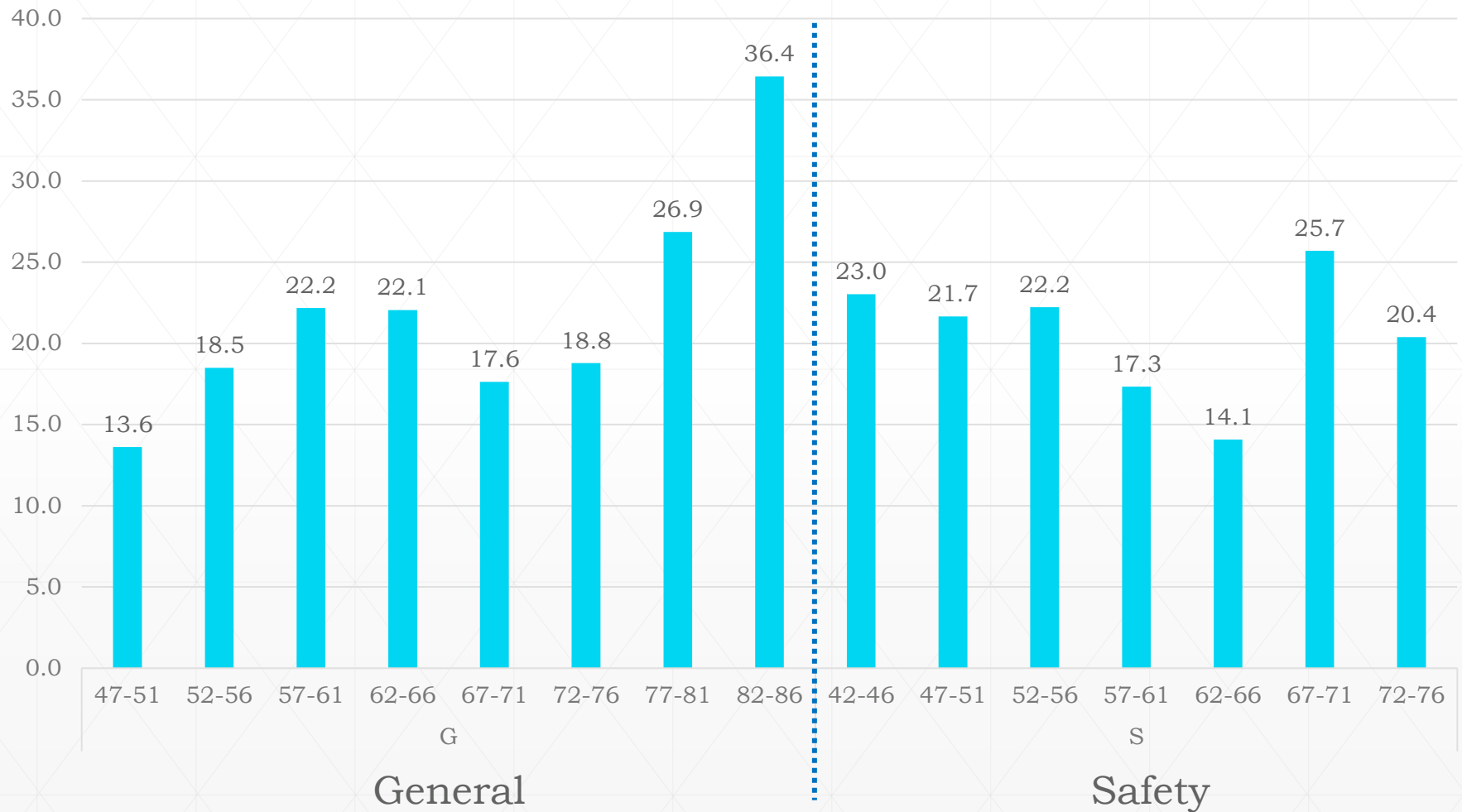
# Service Retirements by Tier 2016-2022



# Average Years of Service 2016-2022 By Tier and Age Band



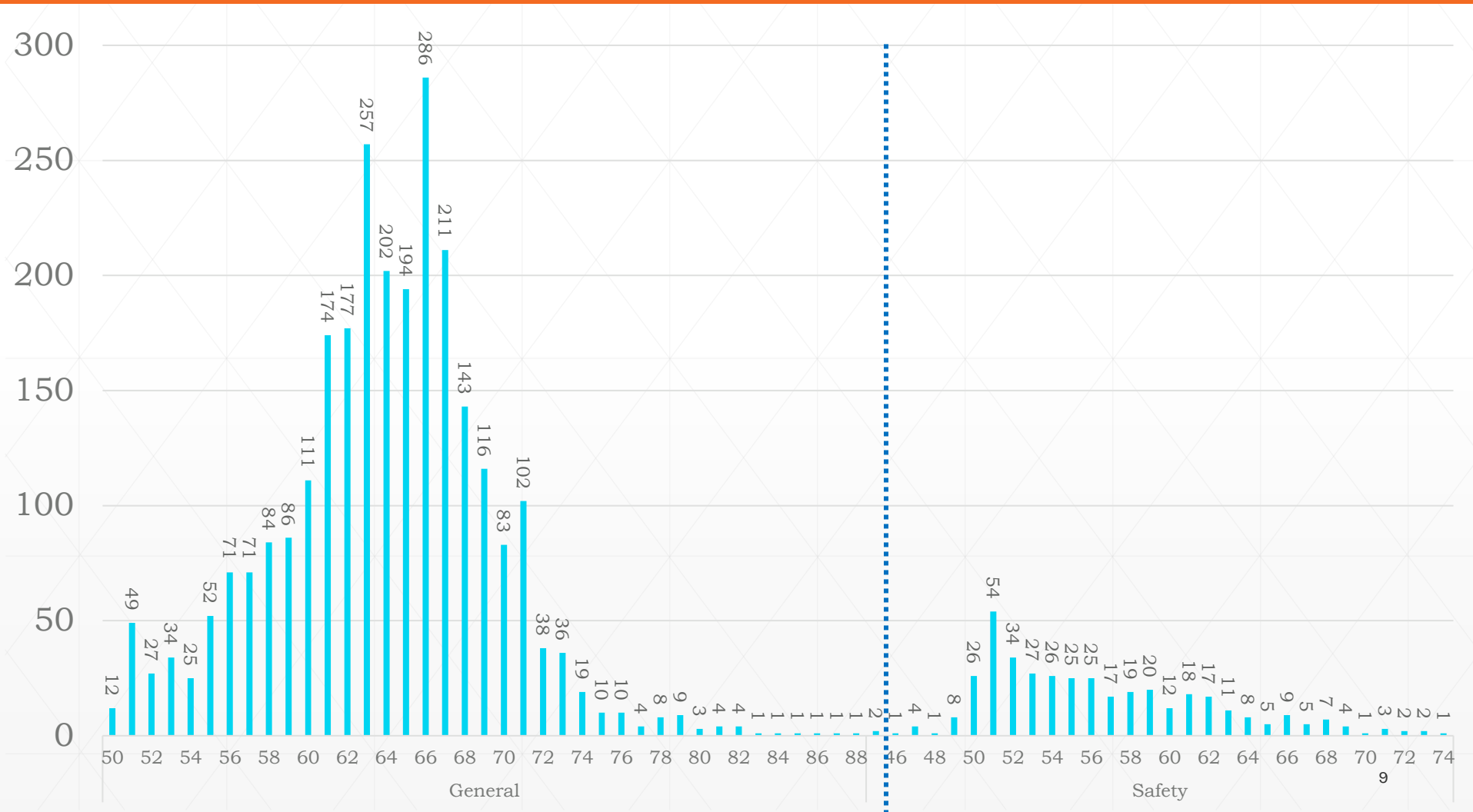
# Average Years of Service 2016-2022 By General and Safety, and Age Band





# Member Distribution by Age

## 2016-2022



# Retirees and Beneficiaries, Added To and Removed from Payroll

Summary of Actuarial Assumptions and Methods • ACTUARIAL

## Retirees and Beneficiaries Added To and Removed From Retiree Payroll (Actuary's Exhibit II)

Valuation Date (December 31) <sup>1</sup>	Added to Rolls		Removed from Rolls		Rolls at End of Year		% Increase in Retiree Allowance	Average Annual Allowance	Change in Average Annual Allowance
	Number	Annual Allowance <sup>2</sup> (in \$000's)	Number	Annual Allowance (in \$000's)	Number	Annual Allowance (in \$000's)			
2013	625	\$ 33,150	(234)	\$ (6,182)	8,566	\$ 353,847	8.25%	\$ 41,308	3.31%
2014	498	28,677	(251)	(7,156)	8,813	375,368	6.08%	42,593	3.11%
2015	469	27,312	(292)	(9,125)	8,990	393,555	4.85%	43,777	2.78%
2016	523	31,922	(271)	(8,778)	9,242	416,699	5.88%	45,088	2.99%
2017	512	32,718	(275)	(8,112)	9,479	441,305	5.90%	46,556	3.26%
2018	583	36,805	(279)	(10,484)	9,783	467,626	5.96%	47,800	2.67%
2019	590	40,287	(295)	(10,784)	10,078	497,129	6.31%	49,328	3.20%
2020	540	40,256	(326)	(13,288)	10,292	524,097	5.42%	50,923	3.23%
2021	580	41,581	(336)	(14,580)	10,536	551,098	5.15%	52,306	2.72%
2022	588	43,835	(326)	(13,735)	10,798	581,198	5.46%	53,825	2.90%

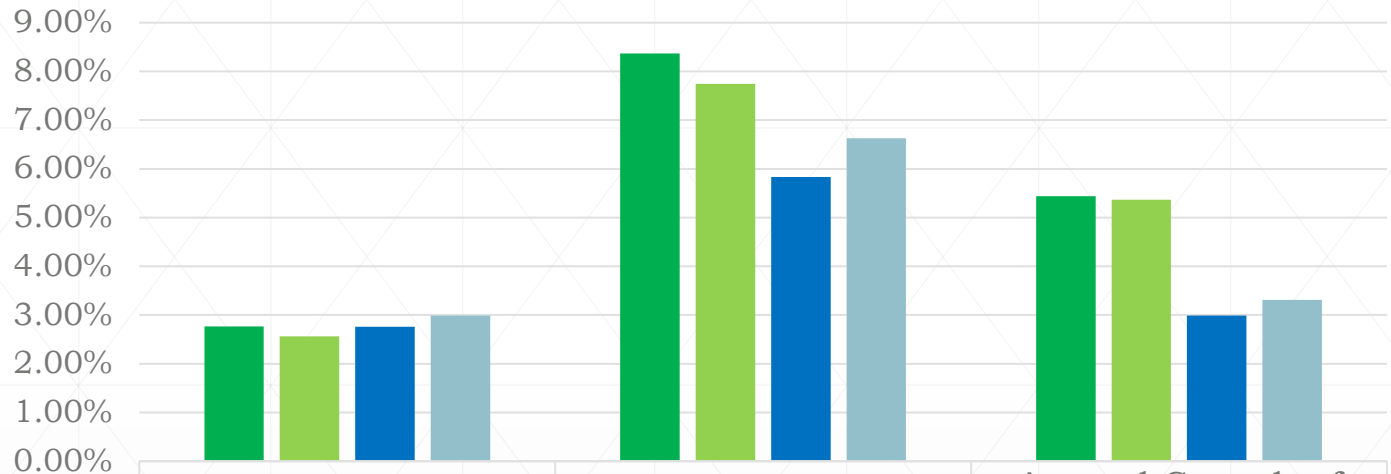
<sup>1</sup> As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

<sup>2</sup> Includes data adjustments and automatic cost-of-living adjustments granted on April 1.

# Growth Over Time:

## Retirees, Total Benefits and Individual Benefits

Over the past 27 years vs. Over the past 11 Years, since Public Employees' Pension Reform Act (PEPRA).



	Annual Growth of Retirees	Annual Growth of Total Benefits	Annual Growth of Individual Benefit Allowance
■ Average (27 Years)	2.76%	8.37%	5.44%
■ Median (27 Years)	2.56%	7.75%	5.37%
■ Average (11 Years)	2.76%	5.83%	2.99%
■ Median (11 Years)	2.99%	6.63%	3.31%

**Conclusion:**

About the same

Much Lower

Much Lower  
Same as Inflation

# Income Replacement

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Retirement Age and Tiers

# What is Income Replacement?

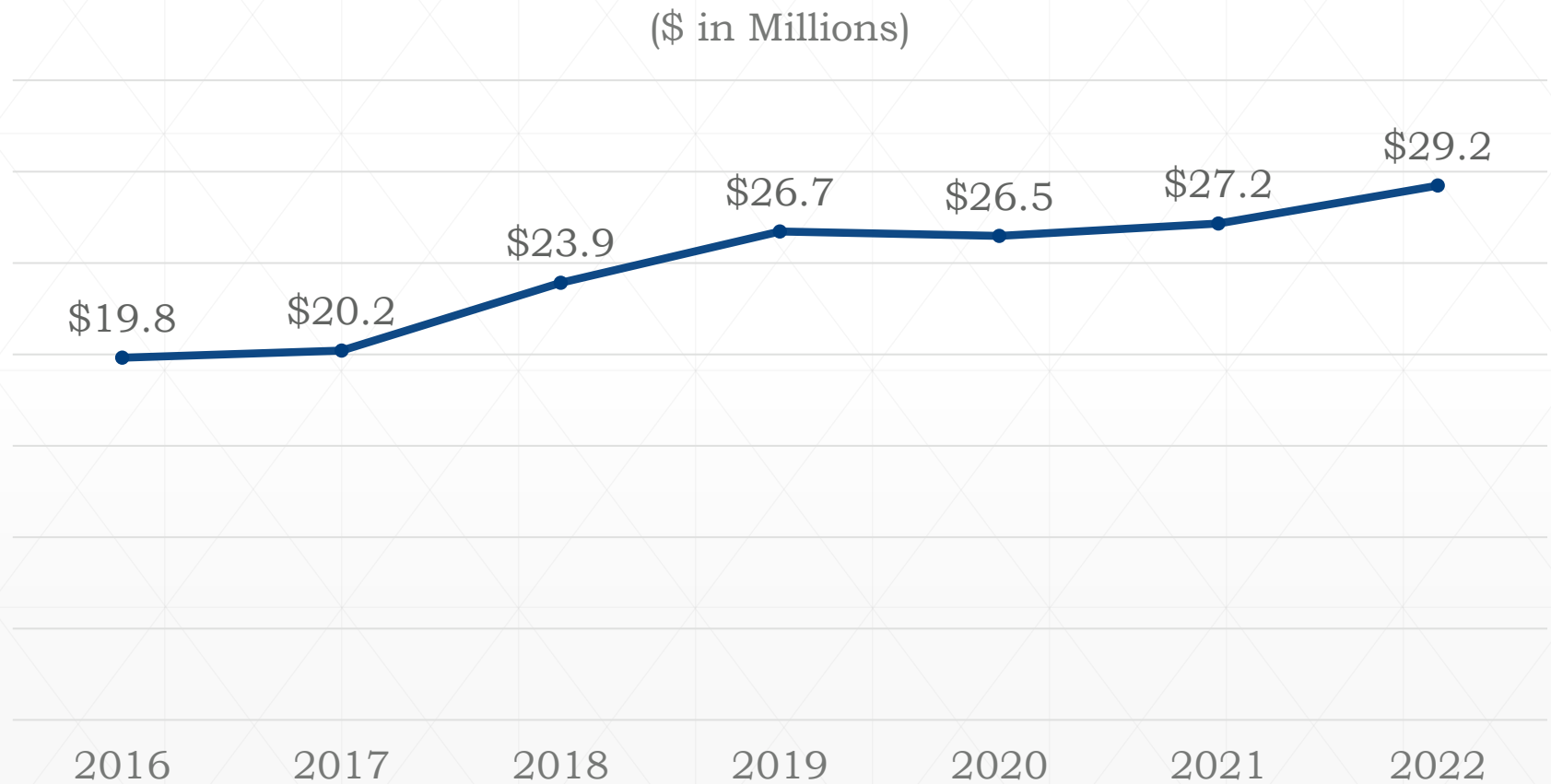
- Defined as the **benefit received** ÷ **final salary**.
  - It is expressed as a ratio.
- Based on the **ability** to replace **final salary**.
- Best indicator for a retiree to continue to live according to the **lifestyle** to which they have been **accustomed**.
- It won't be uniform for everyone. **Lower income** individuals **may need a higher ratio**.
- The general **rule of thumb** is somewhere between **80-90%** for total benefits.
  - **Pension benefits** are somewhere around 40-50%,
  - **Social Security** around 30-40%
  - **Income** from other **savings** around 10%.

# Retirement Ready?

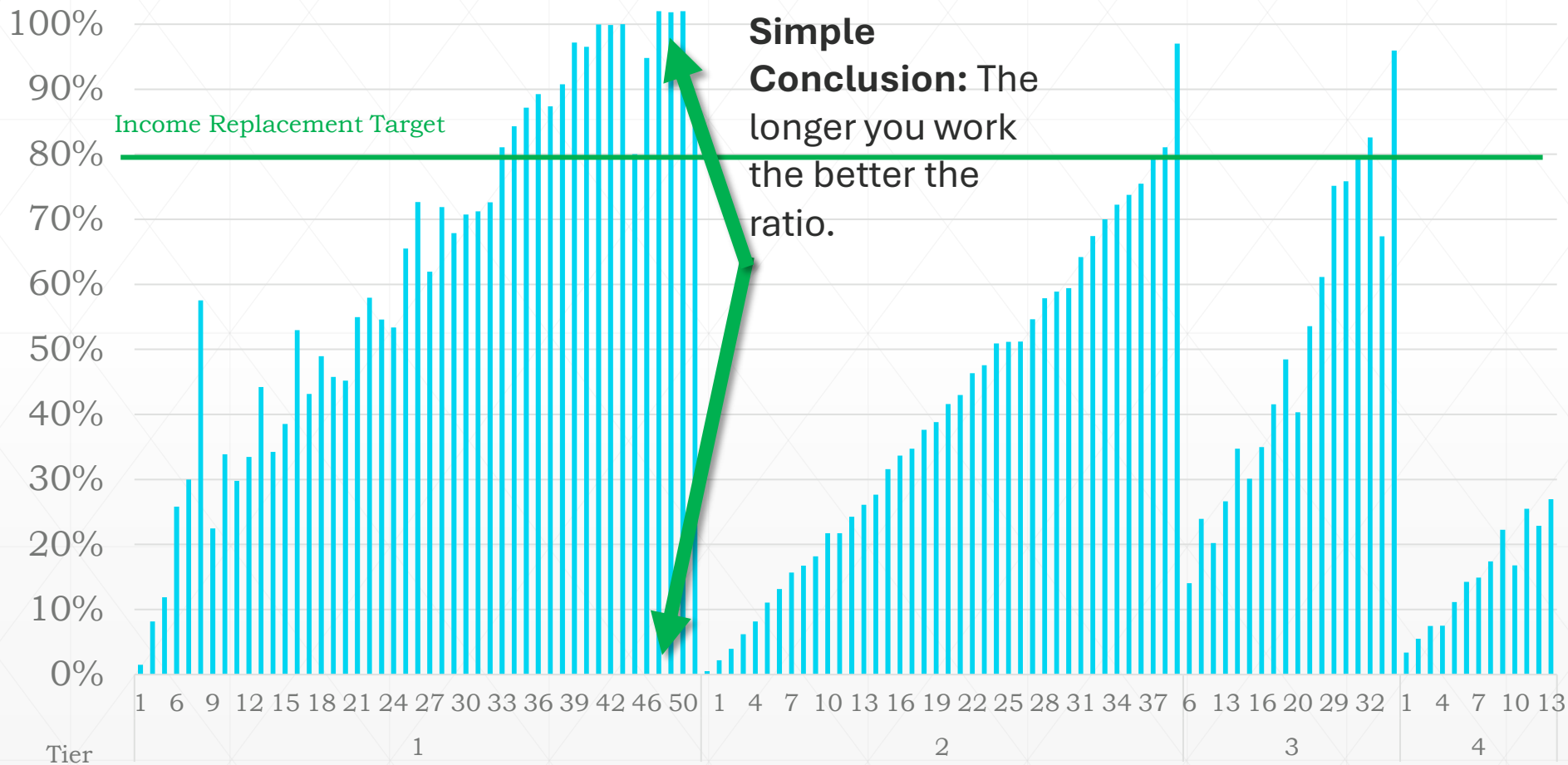
## Are County of Alameda Employees Ready for Retirement, as Measured by Income Replacement?

- Retirement Income Study **1.0**: A study in 2021 answered the question with a general **YES**
- However, this Retirement Income Study **2.0** is giving us a bit more pause:
  - Considering retirees who retire under **Tier 4**
  - **Age at Retirement/Years of Service** beginning to **increase**?
  - Income Replacement **Ratio** generally **declining**?
  - **Safety Retirees** more at risk due to lack of **Social Security** coverage?

# Gross New Annual Total Benefits 2016-2022



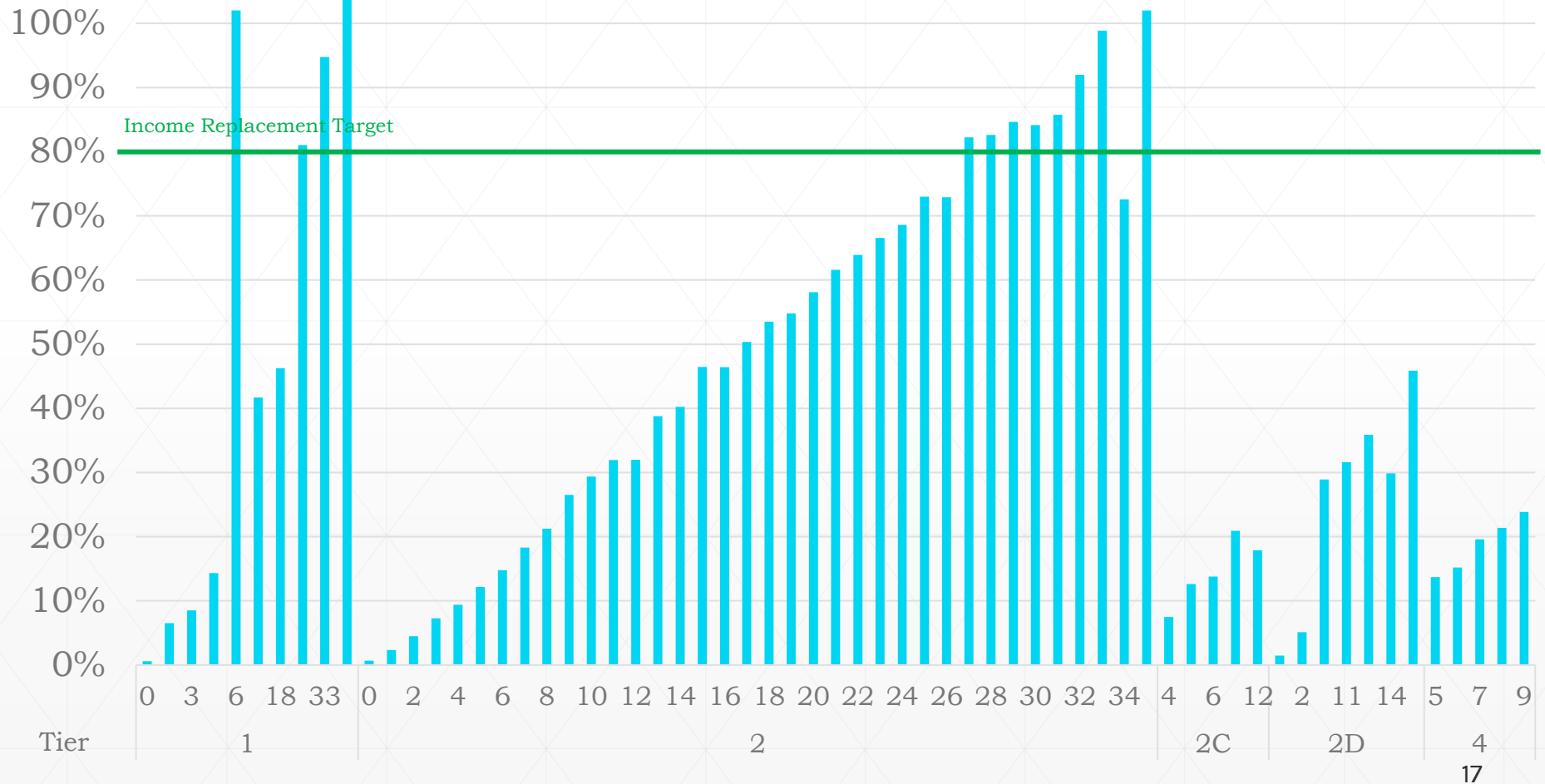
# 2016-2022 Average: General New Retiree Income Replacement % by Years of Service Credit



Note: Some members seem to have a greater than 100% pension due to benefit data being provided from the end of the first year of retirement after they received a COLA.



# 2016-2022 Average: Safety New Retiree Income Replacement % by Years of Service Credit



Note: Some members seem to have a greater than 100% pension due to benefit data being provided from the end of the first year of retirement after they received a COLA.

# Average Pension Benefit Payments

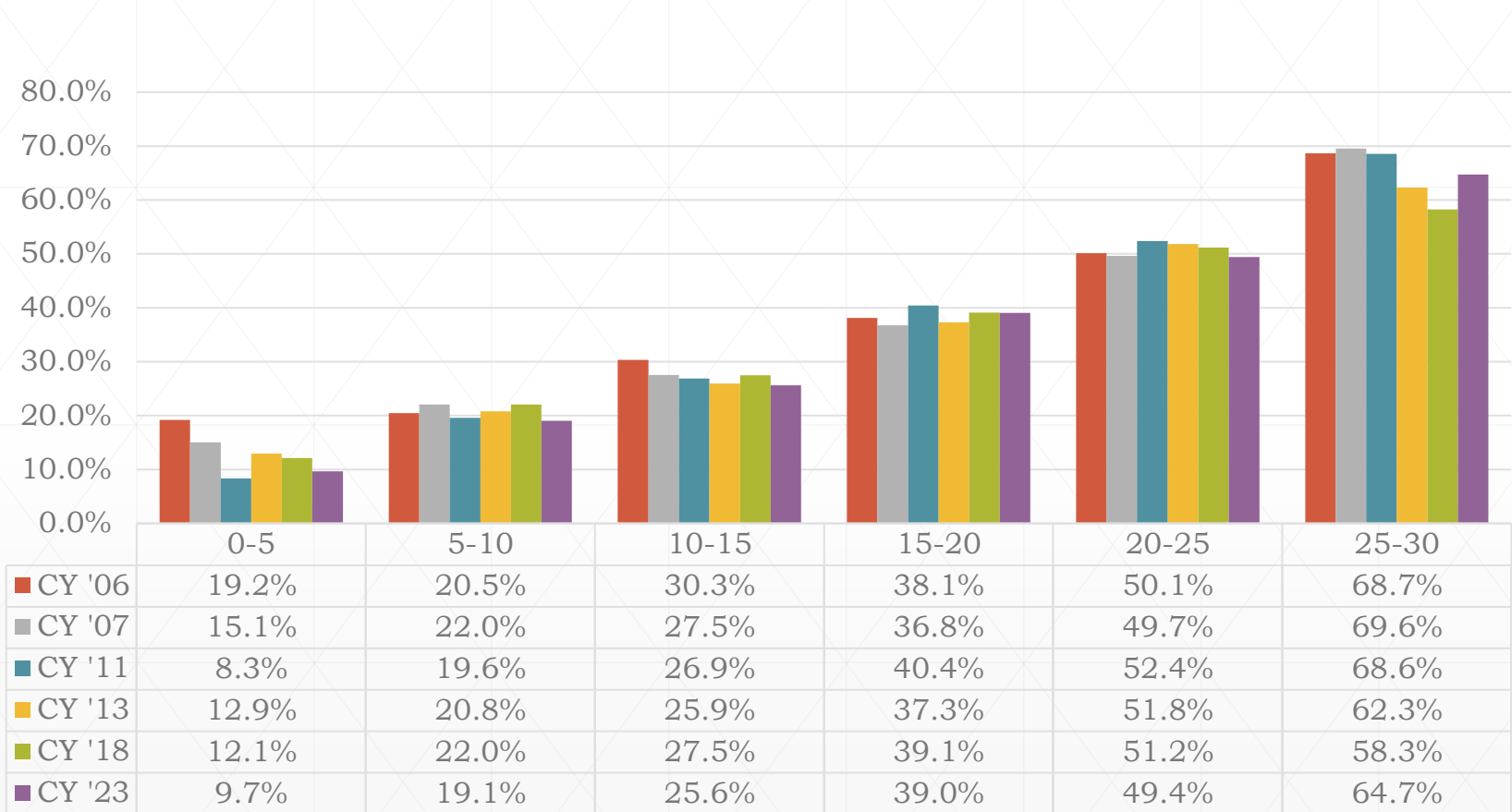
By year, years of service, salary ranges

## Average Pension Benefit Payments (Actuary's Exhibit VI) Last Ten Fiscal Years

Retirement Effective Dates <sup>1</sup>	Years of Service						Incomplete Data	
	0-4	5-9	10-14	15-19	20-24	25-29		30+
<b>Period 1/1/13-12/31/13</b>								
Average Monthly Pension Benefit	\$ 1,214	\$ 1,133	\$ 1,755	\$ 2,412	\$ 3,933	\$ 5,029	\$ 6,764	N/A
Average Final Average Salary	\$ 9,387	\$ 5,454	\$ 6,766	\$ 6,470	\$ 7,592	\$ 8,074	\$ 8,211	N/A
Number of Retired Members Added	20	48	113	53	150	88	103	50
<b>Period 1/1/14-12/31/14</b>								
Average Monthly Pension Benefit	\$ 851	\$ 1,230	\$ 1,874	\$ 2,904	\$ 3,481	\$ 5,438	\$ 6,204	N/A
Average Final Average Salary	\$ 9,411	\$ 6,884	\$ 6,929	\$ 7,397	\$ 7,290	\$ 8,700	\$ 8,095	N/A
Number of Retired Members Added	21	36	102	59	85	89	62	44
<b>Period 1/1/15-12/31/15</b>								
Average Monthly Pension Benefit	\$ 1,004	\$ 1,642	\$ 1,912	\$ 2,722	\$ 3,682	\$ 5,164	\$ 6,238	N/A
Average Final Average Salary	\$ 9,461	\$ 7,007	\$ 6,933	\$ 7,198	\$ 7,752	\$ 8,271	\$ 8,205	N/A
Number of Retired Members Added	24	45	92	62	76	63	68	39
<b>Period 1/1/16-12/31/16</b>								
Average Monthly Pension Benefit	\$ 998	\$ 1,820	\$ 1,742	\$ 2,737	\$ 3,456	\$ 5,217	\$ 6,164	N/A
Average Final Average Salary	\$ 13,095	\$ 10,334	\$ 10,108	\$ 7,775	\$ 7,960	\$ 9,002	\$ 8,324	N/A
Number of Retired Members Added	22	54	89	76	82	81	75	44
<b>Period 1/1/17-12/31/17</b>								
Average Monthly Pension Benefit	\$ 597	\$ 1,749	\$ 2,051	\$ 2,527	\$ 3,896	\$ 4,624	\$ 7,324	N/A
Average Final Average Salary	\$ 8,571	\$ 7,388	\$ 7,629	\$ 7,037	\$ 7,679	\$ 7,751	\$ 9,185	N/A
Number of Retired Members Added	30	50	87	76	83	82	69	35
<b>Period 1/1/18-12/31/18</b>								
Average Monthly Pension Benefit	\$ 983	\$ 1,565	\$ 1,988	\$ 2,985	\$ 4,179	\$ 4,590	\$ 6,873	N/A
Average Final Average Salary	\$ 8,091	\$ 7,099	\$ 7,238	\$ 7,636	\$ 8,163	\$ 7,878	\$ 9,204	N/A
Number of Retired Members Added	20	64	101	97	87	92	87	35
<b>Period 1/1/19-12/31/19</b>								
Average Monthly Pension Benefit	\$ 846	\$ 1,459	\$ 2,315	\$ 3,140	\$ 4,329	\$ 5,528	\$ 7,080	N/A
Average Final Average Salary	\$ 10,462	\$ 8,150	\$ 7,943	\$ 8,143	\$ 8,278	\$ 9,036	\$ 9,143	N/A
Number of Retired Members Added	43	61	89	88	95	93	98	23
<b>Period 1/1/20-12/31/20</b>								
Average Monthly Pension Benefit	\$ 1,170	\$ 1,782	\$ 2,439	\$ 3,396	\$ 4,639	\$ 5,139	\$ 7,717	N/A
Average Final Average Salary	\$ 9,793	\$ 8,479	\$ 9,045	\$ 8,413	\$ 9,378	\$ 8,605	\$ 9,925	N/A
Number of Retired Members Added	21	60	80	73	102	65	107	32
<b>Period 1/1/21-12/31/21</b>								
Average Monthly Pension Benefit	\$ 886	\$ 1,508	\$ 2,723	\$ 3,095	\$ 4,750	\$ 6,506	\$ 7,300	N/A
Average Final Average Salary	\$ 9,948	\$ 8,952	\$ 9,165	\$ 7,774	\$ 9,576	\$ 10,321	\$ 9,661	N/A
Number of Retired Members Added	35	65	77	78	113	63	101	48
<b>Period 1/1/22-12/31/22</b>								
Average Monthly Pension Benefit	\$ 680	\$ 1,682	\$ 2,638	\$ 3,611	\$ 4,875	\$ 6,245	\$ 6,991	N/A
Average Final Average Salary	\$ 9,359	\$ 8,726	\$ 9,219	\$ 9,495	\$ 9,532	\$ 9,989	\$ 9,260	N/A
Number of Retired Members Added	22	62	99	63	140	76	96	30

<sup>1</sup> As permitted by the Actuarial Standard of Practice No. 4 (Measuring Pension Obligations), the actuarial valuation has been prepared based on participant data provided by ACERA as of November 30.

# Income Replacement Ratio by Years of Service



# Retired Members by Type of Benefit

## Amount and Type of Benefit, by amount of monthly benefit

Retired Members by Type of Benefit - Pension Plan  
As of December 31, 2022

Amount of Monthly Benefit	Number of Retired Members	Type of Benefit								Option Selected			
		Duty Disability Retirement	Non-Duty Disability Retirement	DRO Lifetime Annuity	Service Retirement	Survivorship	Continuance	Supplemental Disability	Unmodified—60% Contingent Joint & Survivor	Option 1—Single Life	Option 2—100% Contingent Joint & Survivor	Option 3—50% Contingent Joint & Survivor	Option 4—33% Contingent Joint & Survivor
\$ 1 to \$1,000	1,155	9	12	75	821	27	211	-	960	78	108	4	5
1,001 to 2,000	1,875	41	76	52	1,426	52	228	-	1,602	128	132	4	9
2,001 to 3,000	1,774	249	48	30	1,280	19	148	-	1,545	128	89	6	6
3,001 to 4,000	1,400	155	16	21	1,070	14	123	1	1,242	85	61	6	6
4,001 to 5,000	1,015	122	5	11	782	5	90	-	905	57	46	3	4
5,001 to 6,000	794	130	1	6	608	4	45	-	710	44	33	2	5
6,001 to 7,000	627	36	2	4	547	4	34	-	546	48	31	-	2
7,001 to 8,000	526	24	1	1	475	1	24	-	469	23	33	-	1
8,001 to 9,000	397	19	-	1	352	-	25	-	374	11	10	-	2
9,001 to 10,000	310	17	-	-	280	2	11	-	287	10	12	1	-
Over \$10,000	891	39	-	1	822	1	28	-	820	23	43	3	2
<b>Total</b>	<b>10,764</b>	<b>841</b>	<b>161</b>	<b>202</b>	<b>8,463</b>	<b>129</b>	<b>967</b>	<b>1</b>	<b>9,460</b>	<b>635</b>	<b>598</b>	<b>29</b>	<b>42</b>

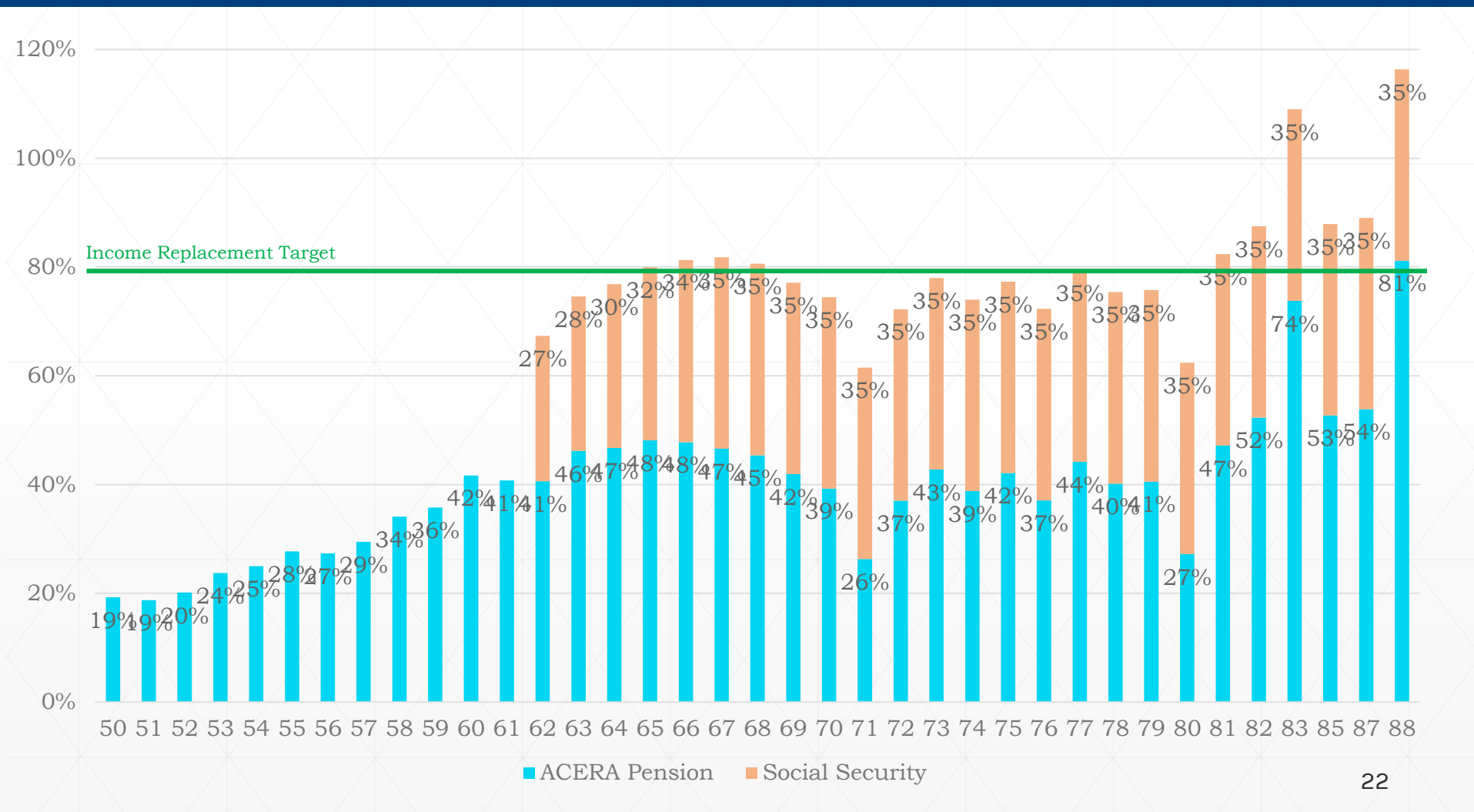
# Retired Members by Type of Benefit

Amount and Type of Benefit, by amount of monthly benefit

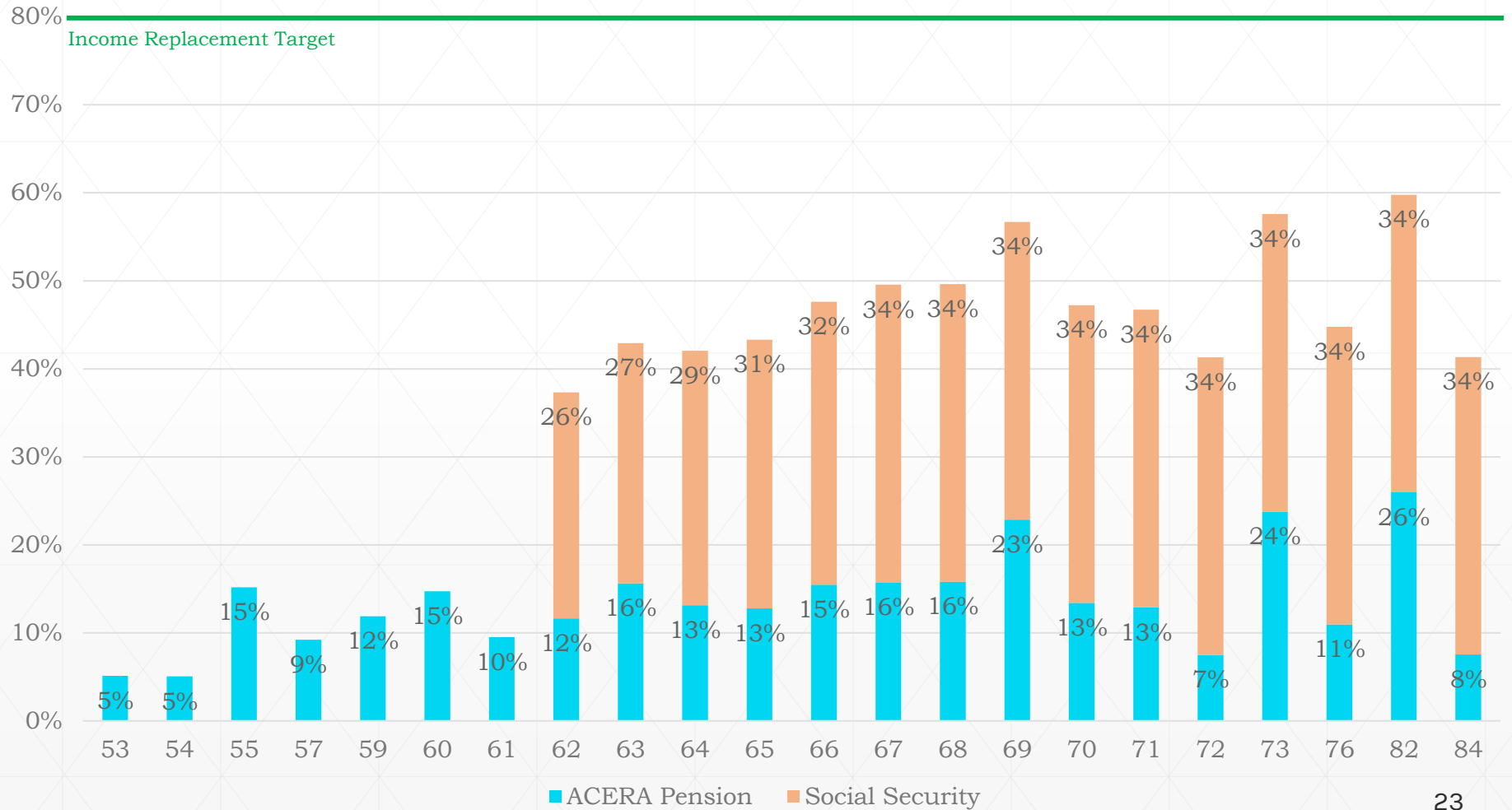
Amount of Monthly Benefit	Number of Retired Benefits	% of Total	Cumulative
\$1-\$1,000	1,132	10.29%	10.29%
\$1,001-2,000	1,841	16.73%	27.02%
\$2,001-\$3,000	1,807	16.42%	43.44%
<b>\$3,001-\$4,000</b>	<b>1,430</b>	<b>13.00%</b>	<b>56.43%</b>
\$4,001-\$5,000	1,045	9.50%	65.93%
<b>\$5,001-\$6,000</b>	<b>841</b>	<b>7.64%</b>	<b>73.57%</b>
\$6,001-\$7,000	640	5.82%	79.39%
\$7,001-\$8,000	545	4.95%	84.34%
\$8,001-\$9,000	404	3.67%	88.01%
\$9,001-\$10,000	329	2.99%	91.00%
Over \$10,000	990	9.00%	100.00%

- Over 1/2 of retirees receiving benefit of less than \$4,000/month.
- Almost 3/4 of retirees receiving a benefit of \$6,000 or less/month.

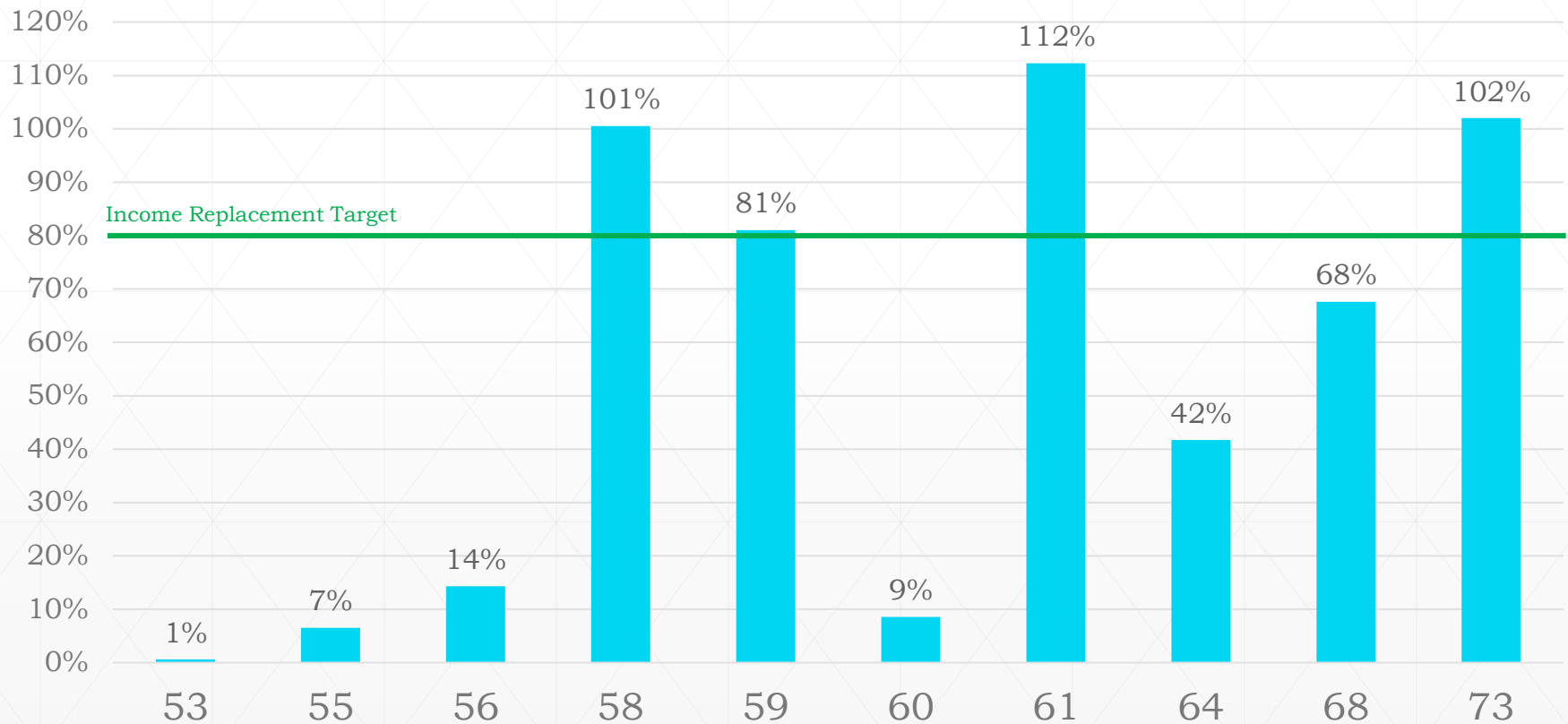
# 2016-2022 Average: Tier 2 General New Retiree Income Replacement % by Age at Retirement



# 2016-2022 Average: Tier 4 General New Retiree Income Replacement % by Age at Retirement

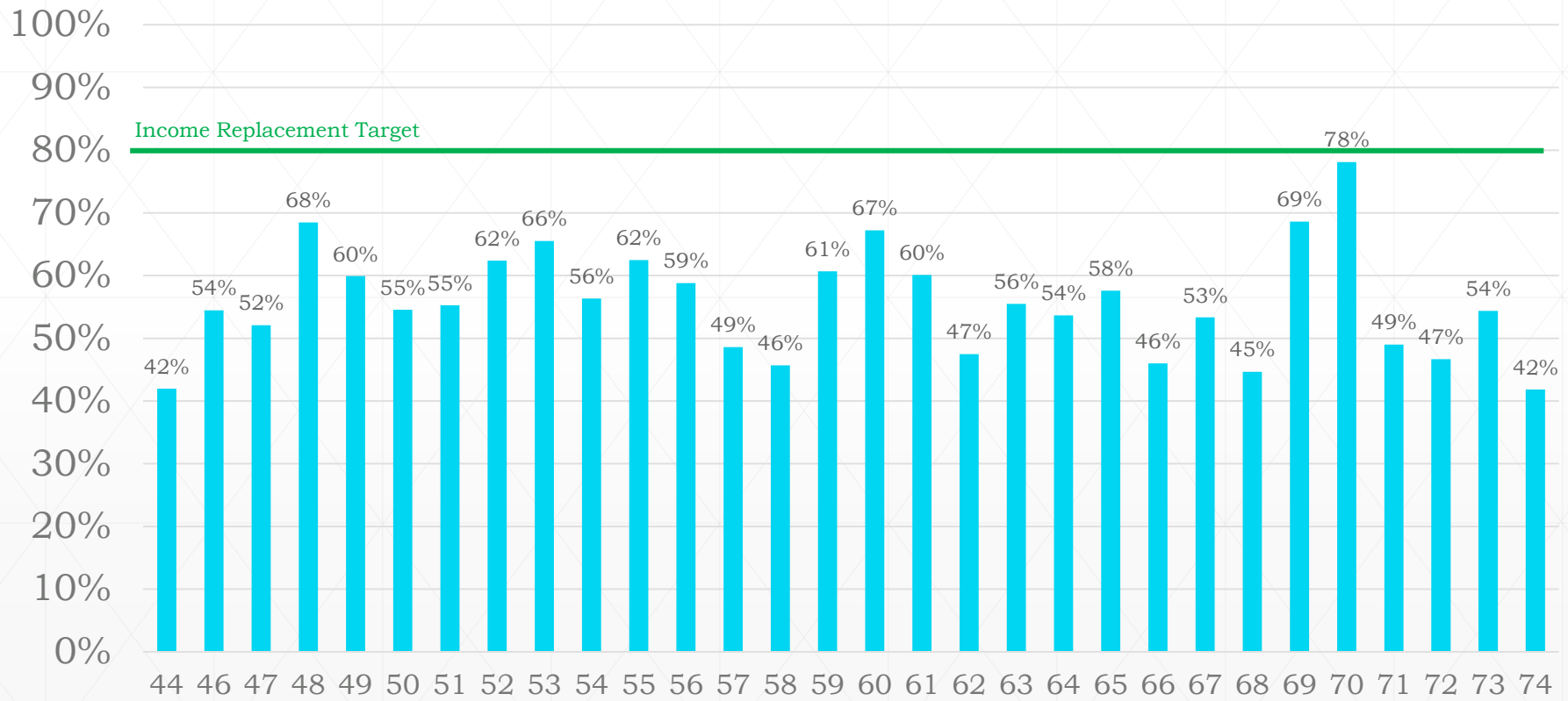


# 2016-2022 Average: Tier 1 Safety New Retiree Income Replacement % by Age at Retirement

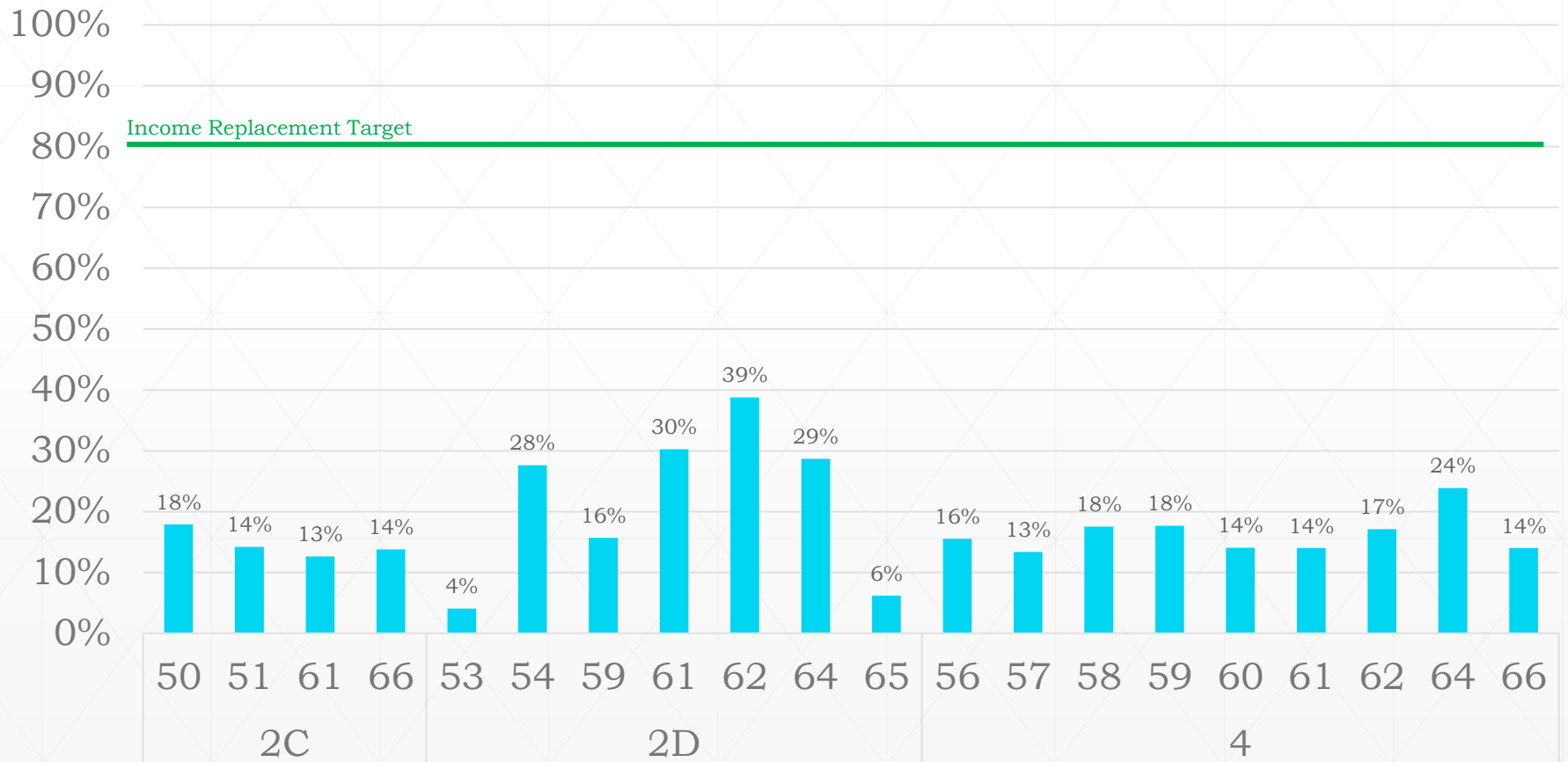




# 2016-2022 Average: Tier 2B (1983-2010) Safety New Retiree Income Replacement % by Age at Retirement

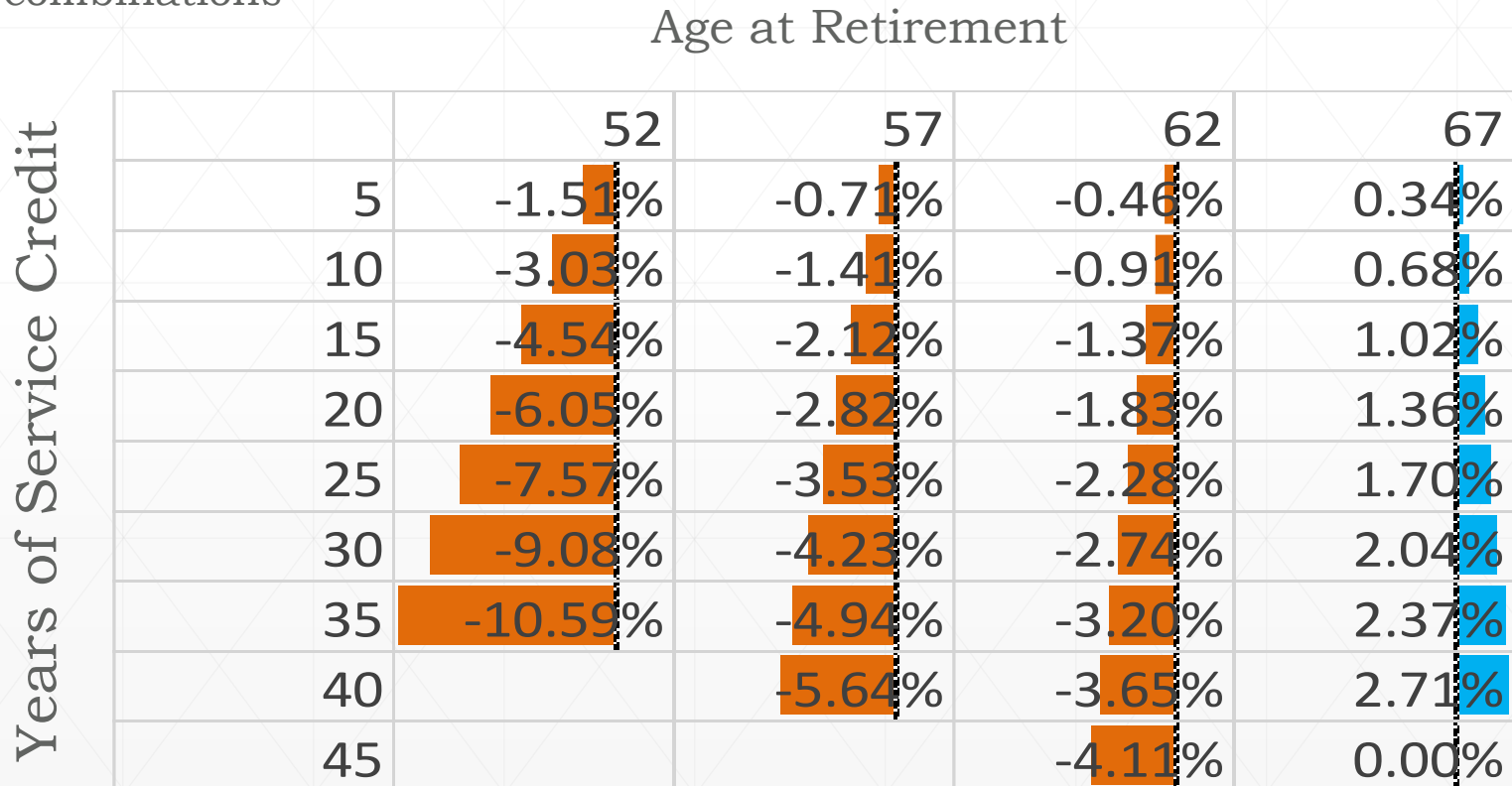


# 2016-2022 Average: Tiers 2C, 2D, & 4 Safety New Retiree Income Replacement % by Age at Retirement



# General: Tier 2 and Tier 4 Salary Replacement Comparison

Table illustrates the **difference** between **General Tier 2** and **Tier 4** in **salary replacement** percentage at a selected set of service credit and age combinations





## Alameda County Deferred Compensation Plan

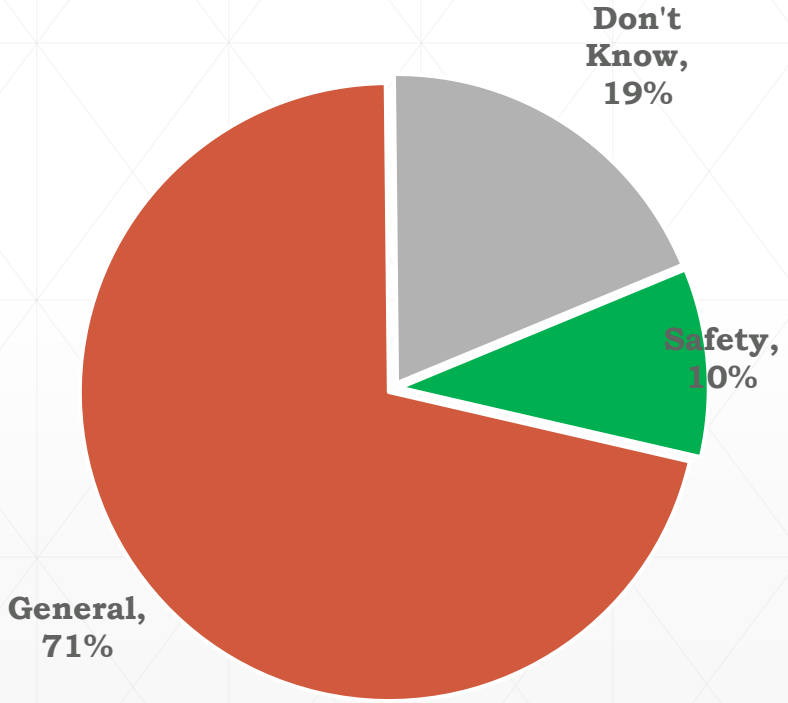
# Retiree Income Survey

July 2024: In collaboration with ACERA and REAC.

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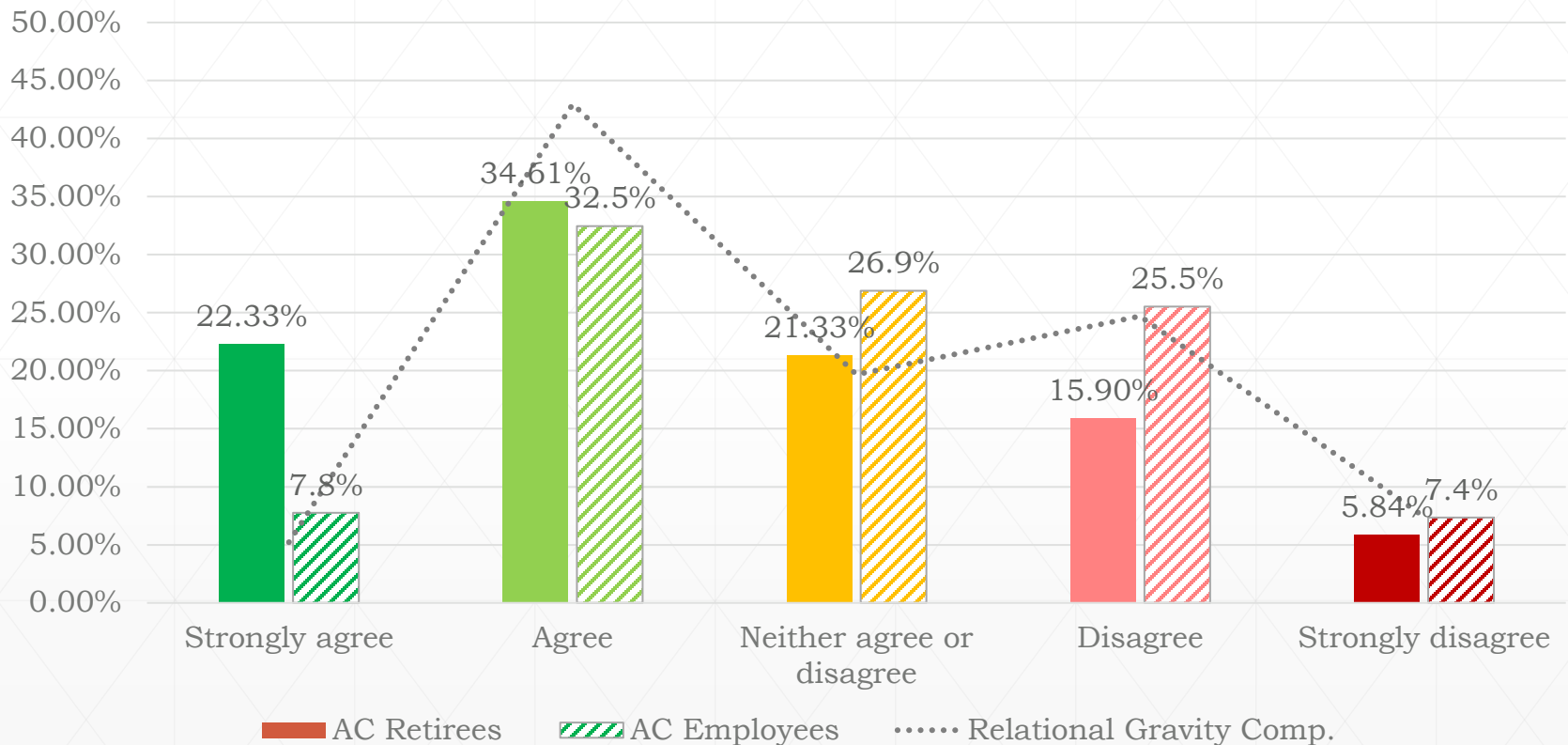
6.2% response rate. Margin of Error:  $\pm 4.81\%$

# Under which ACERA tier did you retire?



# Knowledge of Retirement Needs

Before retirement, I knew how much money I needed to save in order to live comfortably in retirement.

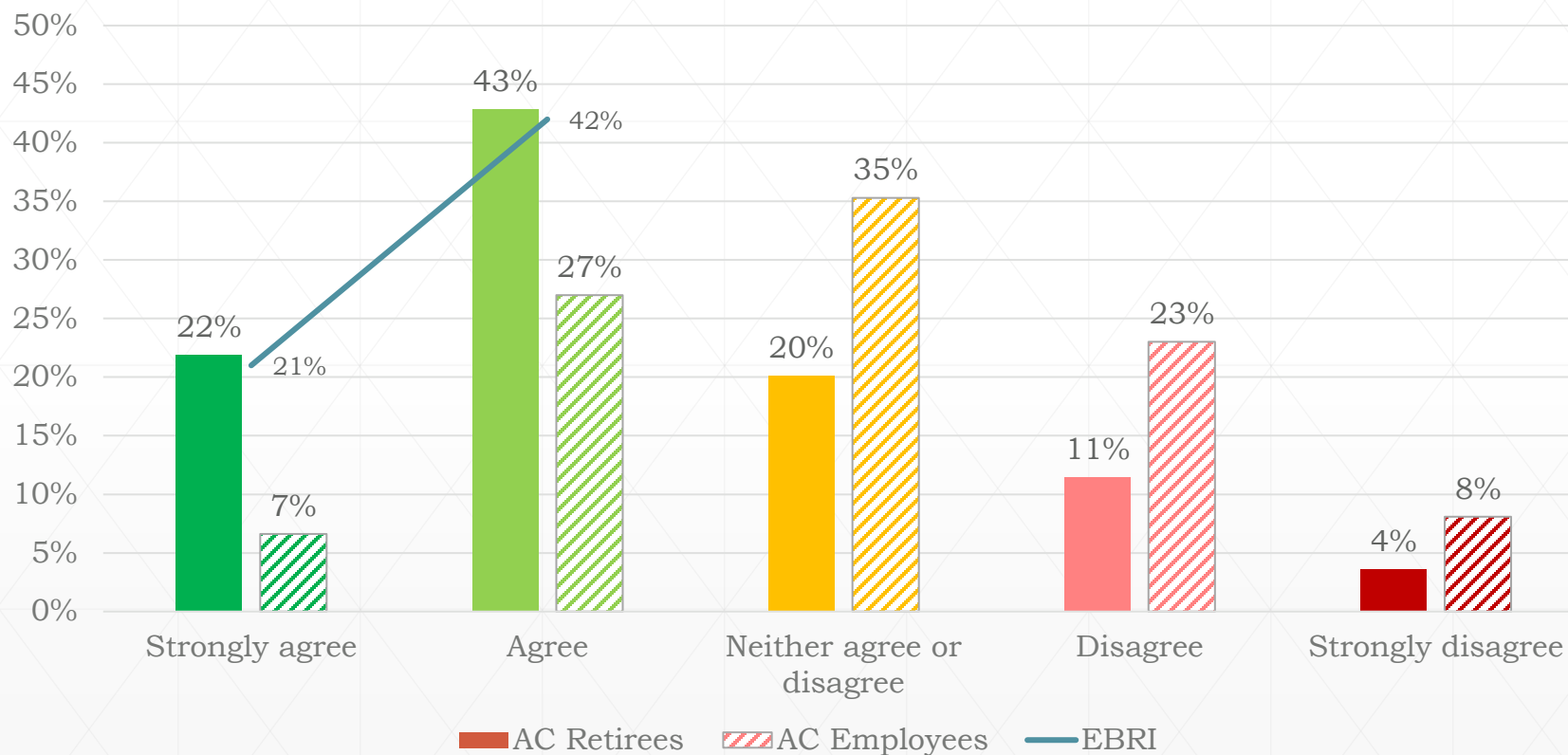


**Retirees:** Before retirement, I knew how much money I needed to save in order to live comfortably in retirement.

**Employees:** I knew how much money I need to save to live comfortably in retirement.

# Retirement Financial Confidence

Before retirement, I was confident I would have enough money to live comfortably throughout my retirement years.

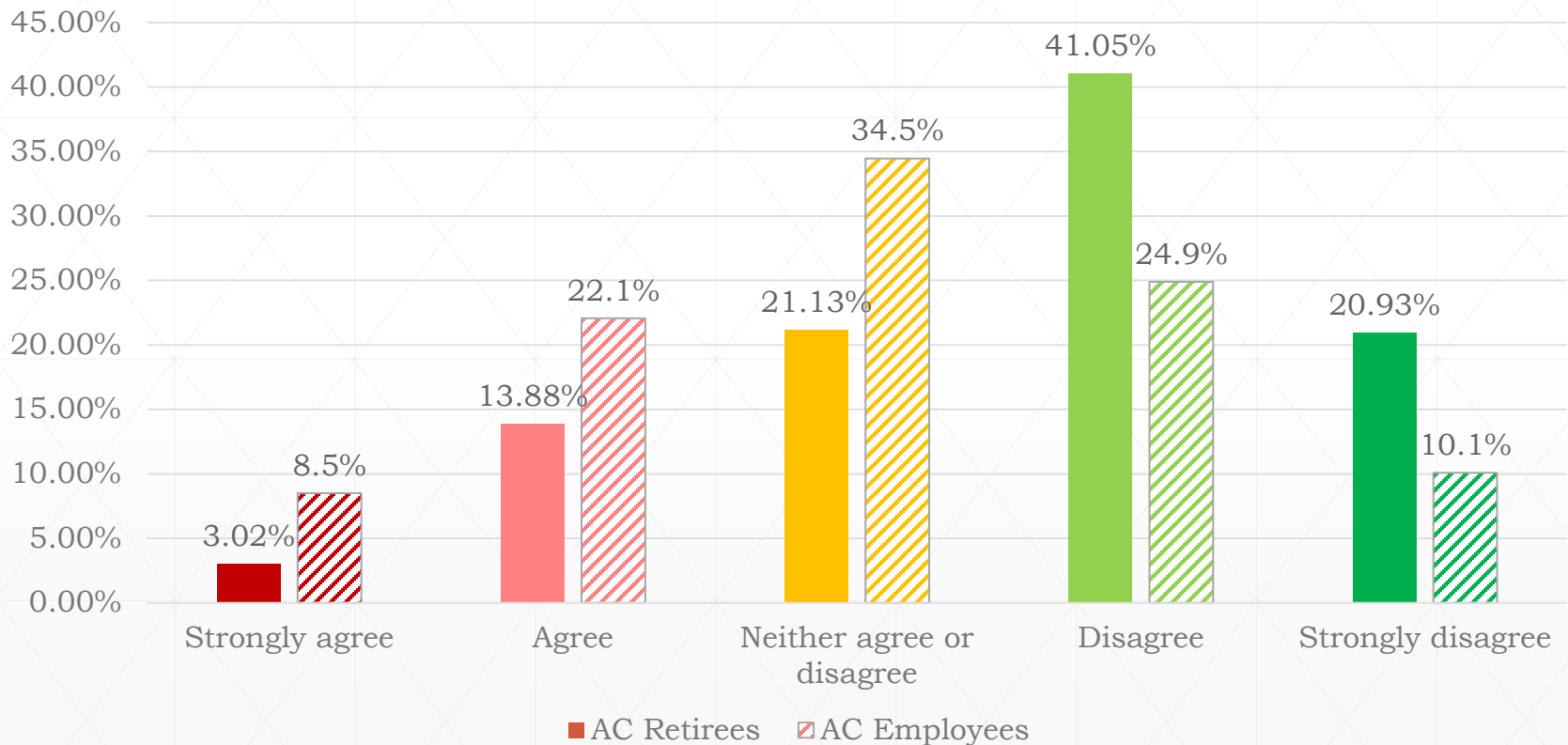


**Retirees:** Before retirement, I was confident I would have enough money to live comfortably throughout my retirement years.

**Employees:** I am confident I will have enough money to live comfortably throughout my retirement years.

# Delaying Retirement

I delayed my retirement because of my financial situation.



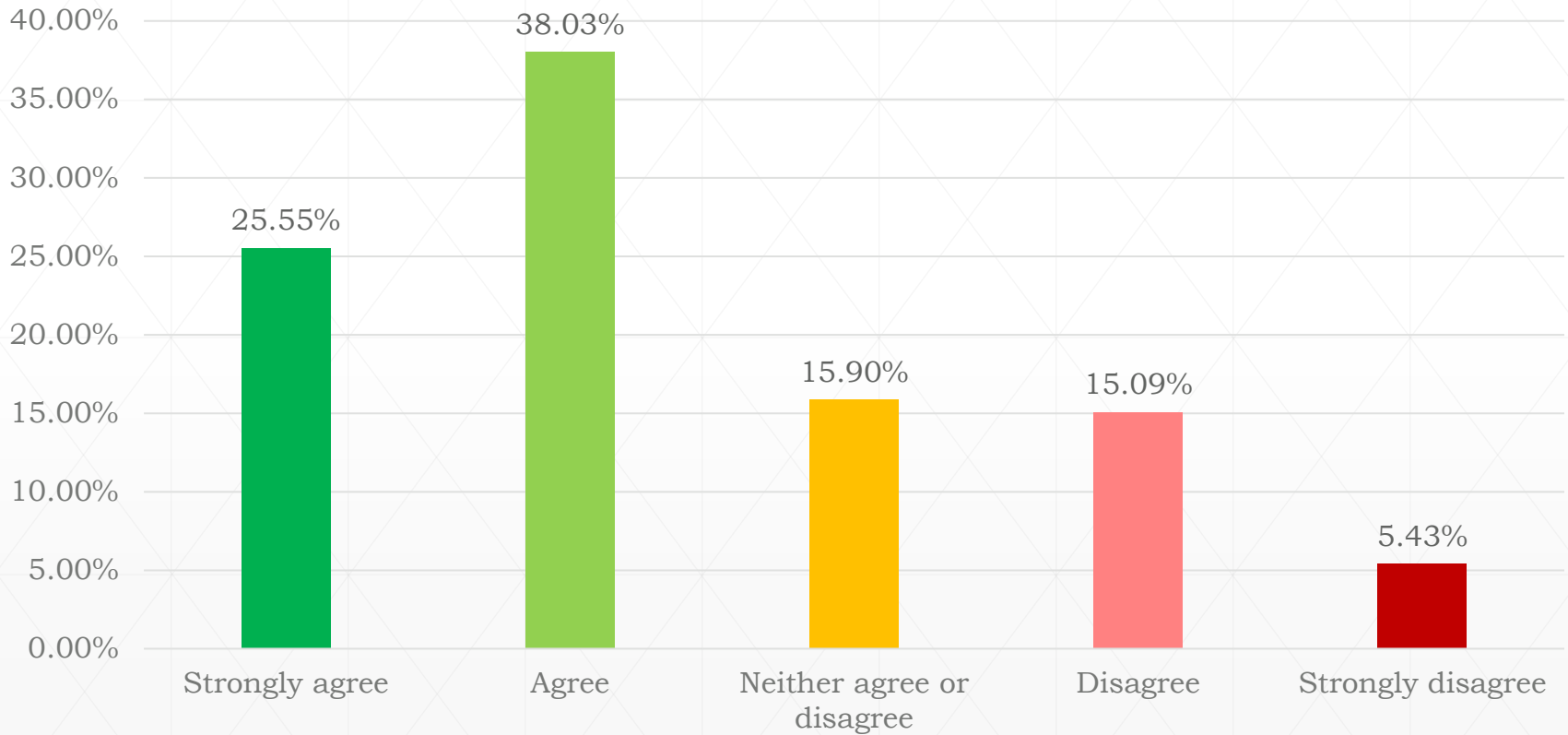
**Retirees:** I delayed my retirement because of my financial situation.

**Employees:** I'll probably delay my retirement because of my financial situation.

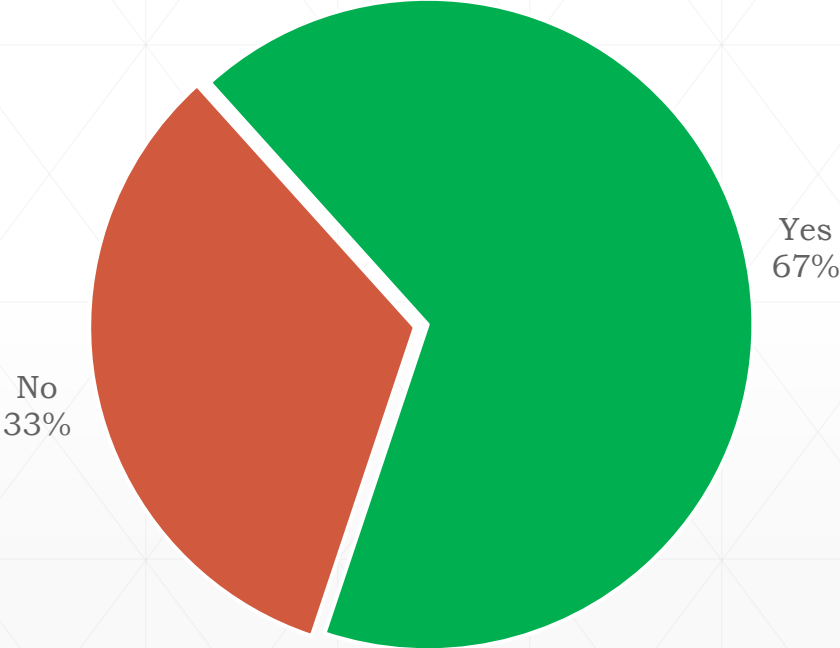


# Retirement Readiness

Looking back, I know I was financially ready when I retired.

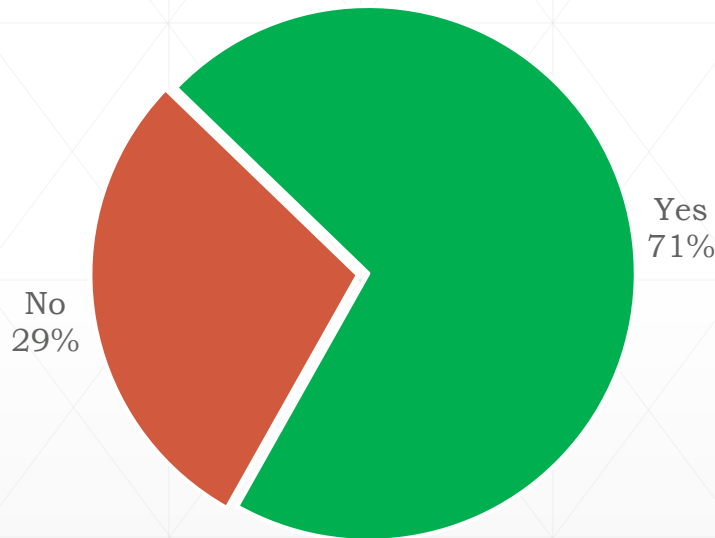


# Did you (do you) participate in the Alameda County Deferred Compensation Plan?

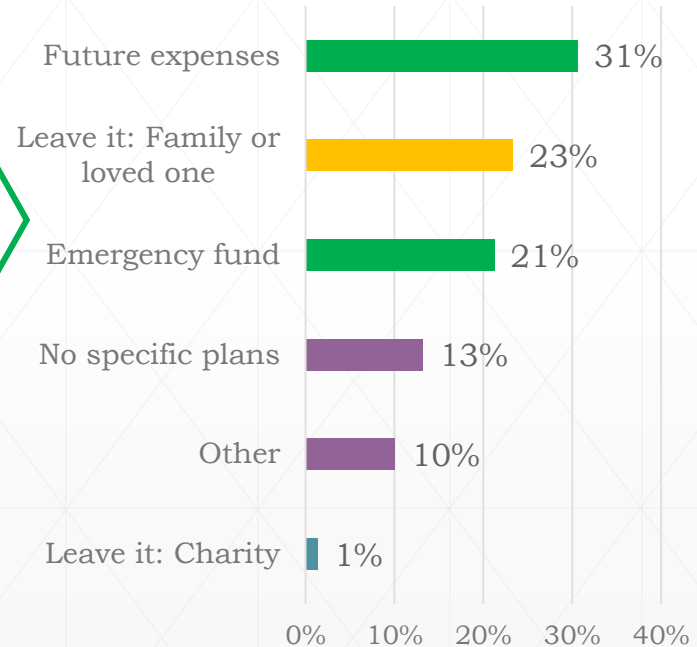


# Untapped Savings

Do you have retirement savings that you have not tapped for monthly living expenses?



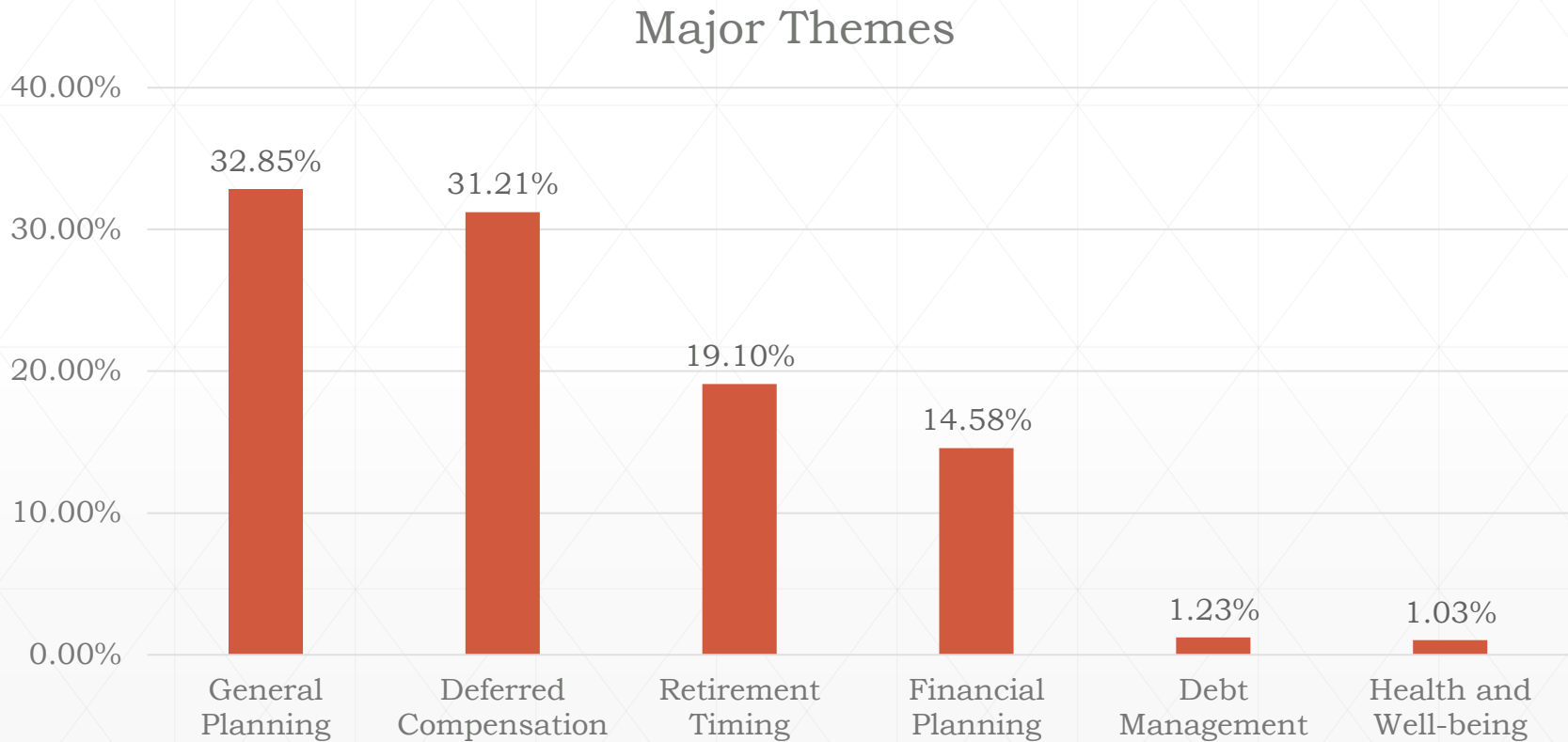
What best describes what you intend to do with your untapped retirement savings?



Will **future retirees** face a **greater need** than today's to **save more** and **rely more heavily** on their **savings** to sustain their pre-retirement lifestyle?

# Advice to those still working

Based on your retirement experience, what advice would you give to current Alameda County employees preparing for retirement?





# Questions? Comments?

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Principal Consultant

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