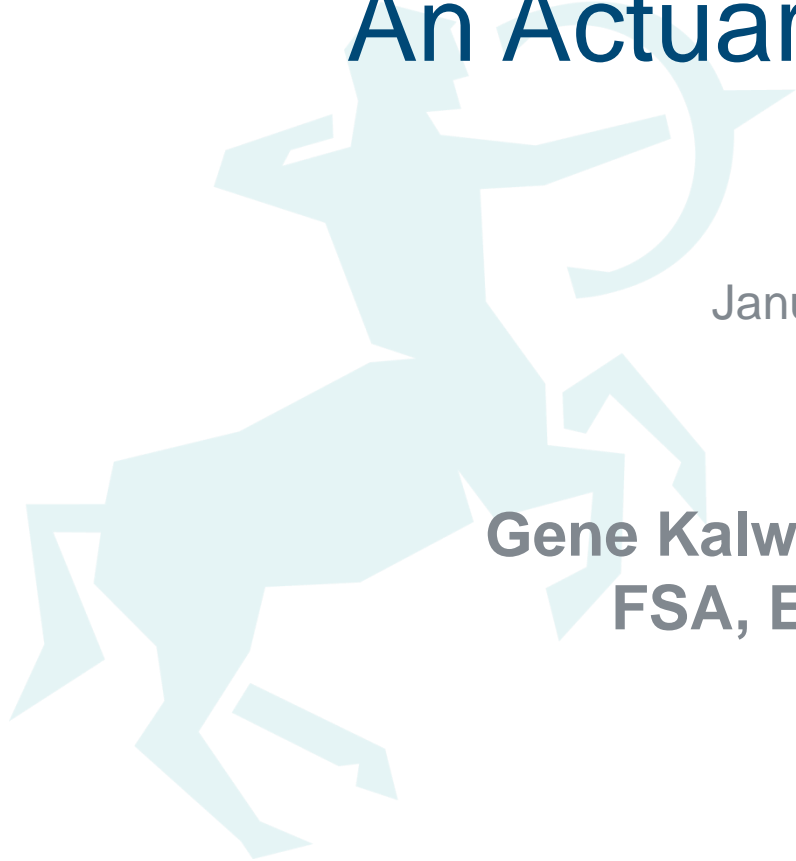


Senate Bill 88 An Actuarial Perspective

January 23, 2024

Gene Kalwarski, CEO Cheiron
FSA, EA, MAAA, FCA



Gene Kalwarski –Selected Work Experience



- Founded Cheiron, September 2002
- Opened Washington DC office of Milliman Inc, in 1981 and served on the company's Board of Directors
- Chief Actuary policy department of the Pension Benefit Guaranty Corporation
- Substantial experience in testifying before Congress and Legislative bodies
 - Discussed legislative proposals to address the multiemployer pension crisis
 - Educated State and House congressional staff on the legislative proposals

Public Sector Experience



- CalPERS
- CalSTRS
- Connecticut PERS
- Delaware PERS
- Florida PERS
- Illinois Legislature
- Idaho PERS
- Kansas PERS
- Louisiana
- Maine PERS
- Maryland SERS
- Michigan Municipal ERS
- Montana
- New Mexico PERA
- New Jersey PERS and Public Safety
- New York State Teachers
- Ohio State Teachers
- Oregon PERS
- Pennsylvania Municipals
- Rhode Island PERS
- Texas ERS & TRS
- Utah PERS
- Vermont Municipals
- Washington State Investment Board
- Washington
- West Virginia
- Alexandria (VA)
- Arlington County (VA)
- Baltimore (MD)
- Chattanooga (TN)
- Detroit (MI)
- District of Columbia
- Fairfax County (VA)
- Fresno County (CA)
- Jackson County (MO)
- Kansas City (MO)
- Los Angeles (CA)
- Marin County (CA)
- Merced County (CA)
- Miami (FL)
- Milwaukee County (WI)
- Newport News (VA)
- Norfolk (VA)
- Philadelphia (PA)
- Phoenix (AZ)
- Saint Louis (MO)
- San Diego (CA)
- San Francisco (CA)
- San José (CA)
- Wichita (KS)
- Wilmington (DE)

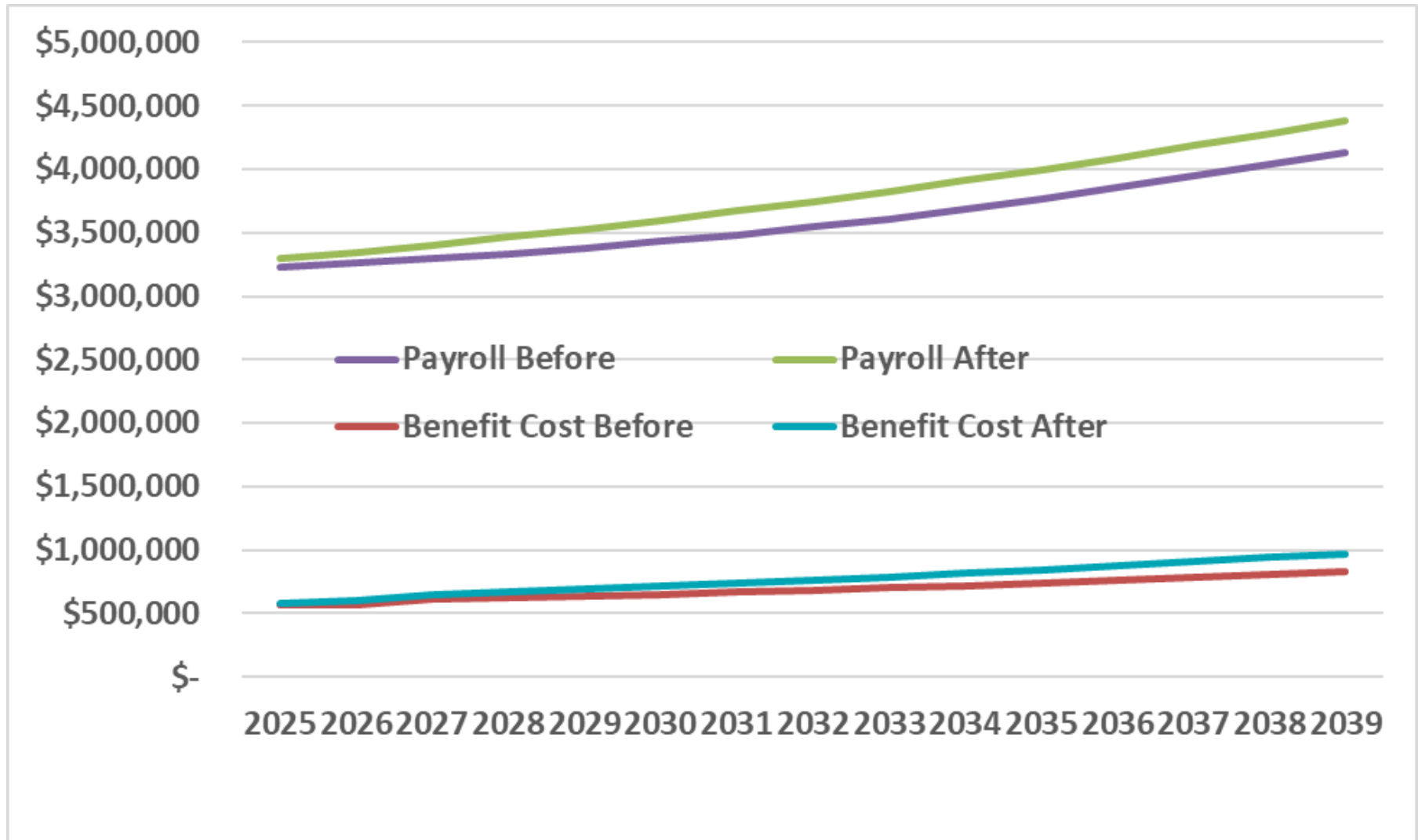
Specific Plan Experience



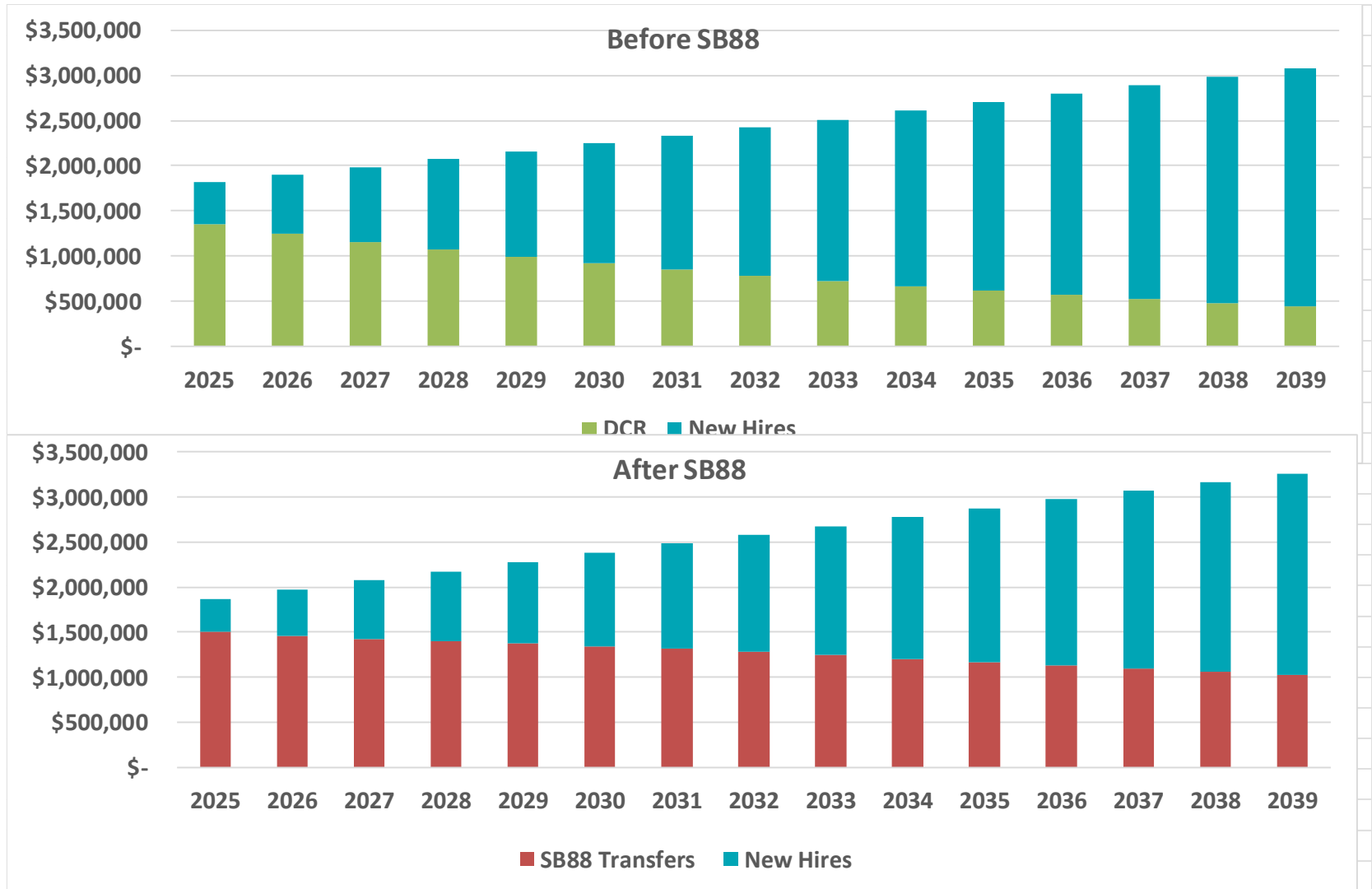


- Adds \$1.2 billion in pension and health costs
 - Primary driver is change in member retention
 - In today's dollar the impact is \$660 million
 - Over the next five years, this impact is \$147 million
- Buck Analysis does not reflect substantial economic benefits of restoring DB pensions
- Actuarial Forecasts become less and less reliable in the out years

Buck Payroll and Benefit Cost Projections



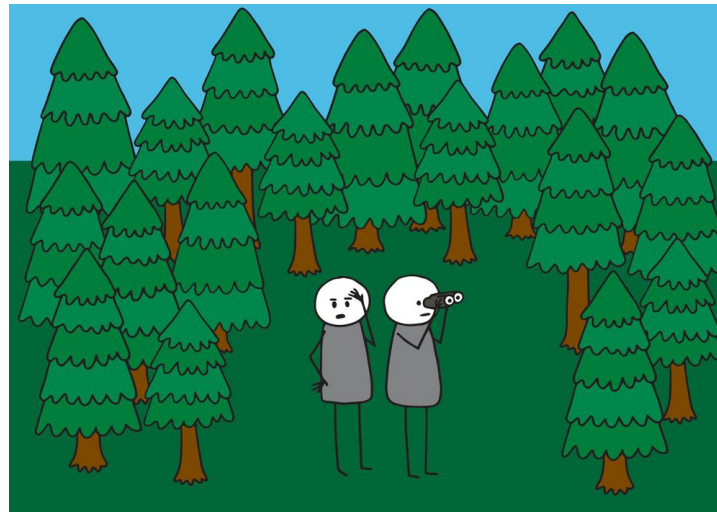
Buck Headcount Projections



Summary of Buck's Analysis



- It is arithmetically accurate
- Reflects the benefit cost associated with increased retention of employees which is the goal of SB 88
- Does not reflect the substantial economic benefits resulting from increased employee retention



What The Forest Includes



- Extra \$2.7 billion in payroll
 - Where will the money be spent?
 - Where will the higher pensions be spent?
 - How much more taxes will the state receive?
 - Higher income => Improved Morbidity
 - What will be the impact of improved services?
- Significant cost savings in employee recruitment and training
- Etc.....

Thank You



Questions?

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