

# **Oakland Police and Fire Retirement System**

## **Actuarial Valuation Report as of July 1, 2025**

**Produced by Cheiron**

**January 2026**

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January 16, 2026

City of Oakland Police and Fire  
Retirement System Board  
150 Frank H. Ogawa Plaza  
Oakland, CA 94612

Dear Members of the Board:

At your request, we have conducted an actuarial valuation of the Oakland Police and Fire Retirement System (PFRS, the Plan) as of July 1, 2025. This report contains information on the Plan's assets and liabilities. This report also discloses the employer contributions in accordance with the funding agreement between the City of Oakland (the City) and PFRS, based on the current financial status of the Plan. Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of the Plan. This report is for the use of the Retirement Board and the auditors in preparing financial reports in accordance with applicable law and accounting requirements. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

The assumptions used in this report were adopted by the Board of Administration at the March 27, 2024 Board meeting based on recommendations from our experience study covering plan experience for the period from July 1, 2011 through June 30, 2023. We believe these assumptions are reasonable for the purpose of the valuation.

The funding ratios in this report are for the purpose of establishing contribution rates. These measures are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations.

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Deterministic and stochastic projections in this valuation report were developed using R-scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Plan and assessing the probability of different outcomes based on a range of potential investment returns. R-scan uses standard roll-forward techniques. Because R-scan does not automatically capture how changes in one variable affect all other variables, some scenarios may not be consistent.

We relied on Cheiron colleagues for the development of the model. The stochastic projections of investment returns assume that each future year's investment return is independent from all other years and is identically distributed according to a lognormal distribution. The standard deviation used in the stochastic projection of investment returns was provided by the Plan's investment consultant.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and, changes in plan provisions or applicable law.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Sincerely,  
Cheiron



Graham A. Schmidt, FSA, EA, MAAA, FCA  
Principal Consulting Actuary



Anne D. Harper, FSA, EA, MAAA  
Principal Consulting Actuary

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**FOREWORD**

Cheiron has performed the actuarial valuation of the Oakland Police and Fire Retirement System (PFRS, the Plan) as of July 1, 2025. The valuation is organized as follows:

- In Section I, the **Executive Summary**, we describe the purpose of an actuarial valuation, summarize the key results found in this valuation, and disclose important trends.
- The **Main Body** of the report presents details on the Plan's
  - Section II – Identification and Assessment of Risks
  - Section III – Assets
  - Section IV – Liabilities
  - Section V – Contributions
  - Section VI – Head Count and Benefit Payment Projections
- In the **Appendices**, we conclude our report with detailed information describing plan membership (Appendix A), actuarial assumptions and methods employed in the valuation (Appendix B), a summary of pertinent plan provisions (Appendix C), and a glossary of key actuarial terms (Appendix D).

The results of this report rely on future experience conforming to the underlying assumptions. To the extent that actual plan experience deviates from the underlying assumptions, the results would vary accordingly.

In preparing our report, we relied on information (some oral and some written) supplied by the Plan's staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

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**SECTION I – EXECUTIVE SUMMARY**

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The financial condition of the Plan,
- Past and expected trends in the financial progress of the Plan,
- Calculation of the actuarially determined contribution for the Fiscal Year 2026-2027, and
- An assessment and disclosure of key risks.

In the balance of this Executive Summary, we present (A) the basis upon which this year's valuation was completed, (B) the key findings of this valuation including a summary of all key financial results, (C) an examination of the historical trends, and (D) the projected financial outlook for the Plan.

**A. Valuation Basis**

This valuation estimates the projected employer contributions in accordance with the funding agreement dated July 1, 2012 between the City of Oakland and the PFRS. Based on that agreement, employer contributions were suspended until fiscal year 2017-2018, at which time they resumed at a level based upon the recommendation of the actuary. Section V of this report shows the development of the employer contribution for fiscal year 2026-2027.

The Plan's funding policy is to contribute an amount equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method (which is zero, as there are no active members),
- Amortization of the Unfunded Actuarial Liability, and
- The Plan's expected administrative expenses.

This valuation was prepared based on the plan provisions shown in Appendix C. There have been no changes in plan provisions since the prior valuation.

A summary of the assumptions and methods used in the current valuation is shown in Appendix B. There have been no changes to the actuarial assumptions or methods since the prior valuation, other than the update to the discount rate used to calculate the Low Default Risk Obligation Measure (LDROM).

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**SECTION I – EXECUTIVE SUMMARY**

**B. Key Findings of this Valuation**

The key results of the July 1, 2025 actuarial valuation are as follows:

- The actuarially determined employer contribution amount for Fiscal Year 2026-2027 is \$0, based on projecting the Actuarial Liabilities and the Actuarial Value of Assets to the end of the 2025-2026 Fiscal Year, which is the same as the estimated amount in the prior valuation for the same Fiscal Year.
- During the year ended June 30, 2025, the return on Plan assets was 9.72% on a market value basis net of investment expenses, as compared to the 5.00% assumption for the 2024-2025 Plan year. This resulted in a market value gain on investments of \$20.8 million. The Actuarial Value of Assets (AVA) is calculated as the expected AVA plus 20% of the difference between the market value and the expected AVA, which is restricted to be between 90% and 110% of the MVA. This smoothed value of assets returned 6.54%, for an actuarial asset gain of \$6.6 million.
- The Plan experienced a loss on the Actuarial Liability of \$1.4 million, the net result of changes in the population and changes in benefits. The losses were primarily due to fewer healthy retiree and survivor deaths than the number expected. Combining the liability loss and asset gain, the Plan experienced a total gain of \$5.2 million.
- The Plan's smoothed funded ratio, the ratio of Actuarial Value of Assets over Actuarial Liability, increased from 88.3% last year to 95.3% as of June 30, 2025. The Plan's funded ratio increased from 90.6% to 100.9% on a Market Value of Assets (MVA) basis.
- The City maintains a separate dedicated fund for the Plan that comes from proceeds from a property tax override. This account had a balance of \$391.1 million as of June 30, 2025. As of this same date, the City also had one remaining debt service payment of \$54.9 million due December 15, 2025 for the outstanding Pension Obligation Bond (POB). If the property tax override funds (net of the present value of the remaining POB payment) were added to the Market Value of Assets, the Plan's funded ratio would be 172.3%.
- The Unfunded Actuarial Liability (UAL) is the excess of the Plan's Actuarial Liability over the Actuarial Value of Assets. The Plan experienced a decrease in the UAL from \$58.4 million to \$22.2 million as of July 1, 2025.
- Overall participant membership decreased compared to last year, as is expected for a closed plan. 25 members died, 11 of whom had their benefits continue to a surviving spouse. In addition, 15 surviving beneficiaries died. There are no active members of the Plan.
- If the contribution were determined using a projected asset value based on the current market (i.e., non-smoothed) value of assets, the contribution for FY 2026-2027 would also be \$0.

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**SECTION I – EXECUTIVE SUMMARY**

Below we present Table I-1 that summarizes all the key results of the valuation with respect to membership, assets and liabilities, and contributions. The results are presented and compared for both the current and prior plan year.

<b>TABLE I-1</b>			
<b>Summary of Principal Plan Results</b>			
(\$ in thousands)			
	July 1, 2024	July 1, 2025	% Change
<b><u>Participant Counts</u></b>			
Active Participants	0	0	
Participants Receiving a Benefit	626	597	-4.6%
<b>Total</b>	<b>626</b>	<b>597</b>	<b>-4.6%</b>
Total Annual Benefits	\$ 50,257	\$ 49,364	-1.8%
<b><u>Assets and Liabilities</u></b>			
Actuarial Liability (AL)	\$ 496,690	\$ 472,425	-4.9%
Actuarial Value of Assets (AVA)	438,333	450,180	2.7%
Unfunded Actuarial Liability (UAL)	\$ 58,357	\$ 22,245	-61.9%
Funded Ratio (AVA)	88.3%	95.3%	7.0%
Market Value of Assets (MVA)	\$ 450,008	\$ 476,653	5.9%
MVA UAL / (Surplus)	46,682	(4,228)	
Funded Ratio (MVA)	90.6%	100.9%	10.3%
MVA Including Property Tax Override (PTO) (Net of POB Debt Service)		\$ 814,116	
UAL / (Surplus), Including PTO - POB		\$ (341,691)	
Funded Ratio, Including PTO - POB		172.3%	
<b><u>Contributions</u></b>			
Employer Contribution (FY2025-26)	\$ 27,516	N/A	
Employer Contribution (FY2026-27)	\$ 0	\$ 0	

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**SECTION I – EXECUTIVE SUMMARY**

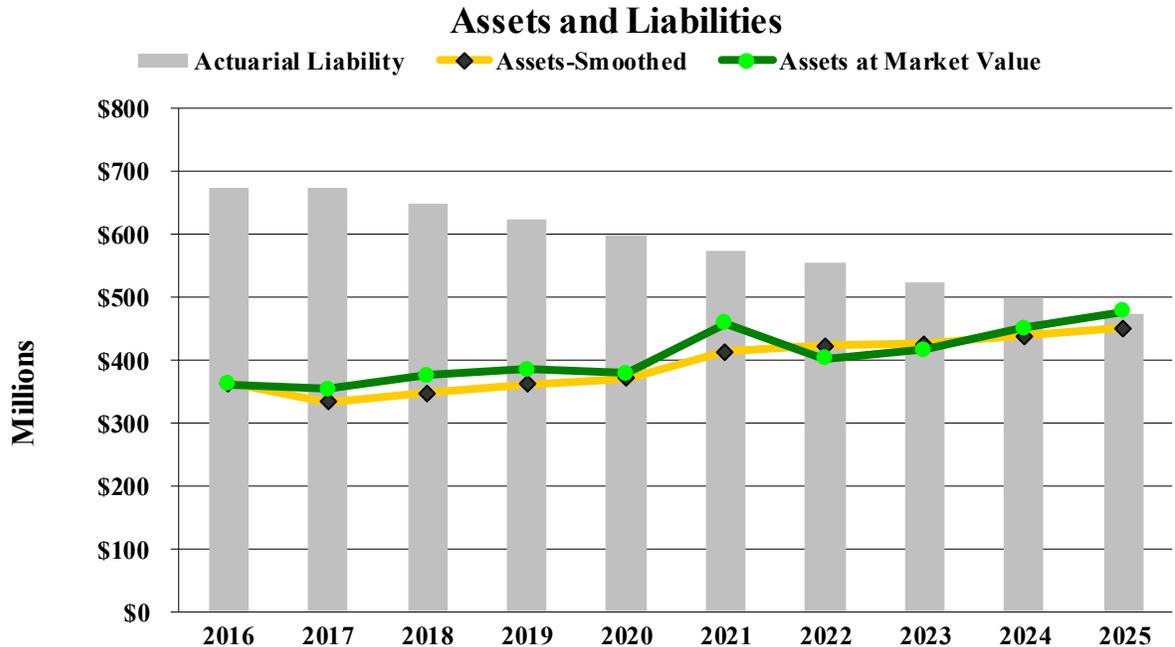
**C. Historical Trends**

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the employer contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is more important to judge a current year’s valuation results relative to historical trends, as well as trends expected into the future.

**Assets and Liabilities**

The chart below compares the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) to the Actuarial Liabilities over the previous ten valuations. The percentages shown in the table below the chart are the ratios of the Actuarial Value of Assets to the Actuarial Liability (the funded ratio). We note that for the GASB disclosure report, this ratio is disclosed using the MVA.

The funded ratio decreased from 54.0% to 49.5% between 2016 and 2017 due to liability and investment losses, new Police MOUs, and the lack of contributions since the July 2012 payment. The funded ratio has increased from 49.5% to 95.3% over the past eight years due to recommencement of contributions, the FYE 2021, FYE 2024, and FYE 2025 asset gains, and to a lesser extent other asset and liability gains and assumption changes.



AVA Funded Ratio	54.0%	49.5%	53.7%	58.0%	62.2%	72.2%	76.5%	81.4%	88.3%	95.3%
UAL (Millions)	\$309.4	\$340.1	\$299.8	\$261.8	\$225.5	\$159.3	\$130.2	\$ 97.0	\$ 58.4	\$ 22.2

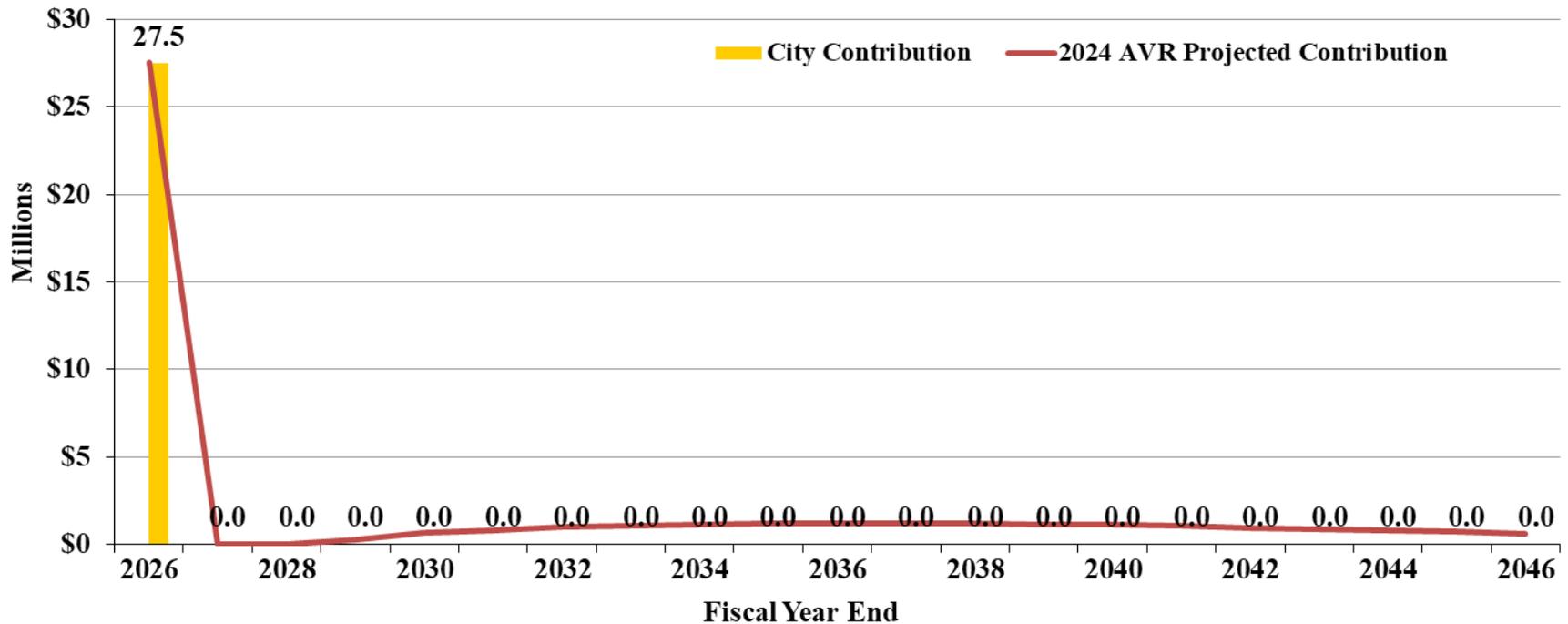
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D. Future Expected Financial Trends

The analysis of projected financial trends is perhaps the most important component of this valuation. In this section, we present our assessment of the implications of the July 1, 2025 valuation results in terms of contribution levels and benefit security (assets over liabilities). All the projections in this section are based on the assumption that the Plan will exactly achieve the assumed rate of return each year of 5.0%.

Projection of Employer Contributions



The above graph shows a projection of the City’s required contributions compared to the same projections from last year’s report. The City’s required contribution decreased from \$27.5 million in fiscal year 2026 to \$0.0 million in fiscal year 2027 as the current unfunded liability is fully amortized and recent net asset gains offset the assumed administrative expenses. This assumes that the annual payments

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**SECTION I – EXECUTIVE SUMMARY**

by the City will equal the administrative expenses, plus an amount needed to amortize the remaining unfunded liability as a level percentage of overall Safety payroll by July 1, 2026 as is required under the City’s charter.

Note that the graph on the previous page does not forecast any future actuarial gains or losses or changes to the amortization policy. We also note that the occurrence of any future gains or losses in the years following the required full amortization date (July 1, 2026) may require a reconsideration of the funding policy for those gains or losses, as otherwise these changes would need to be recognized over an extremely short period.

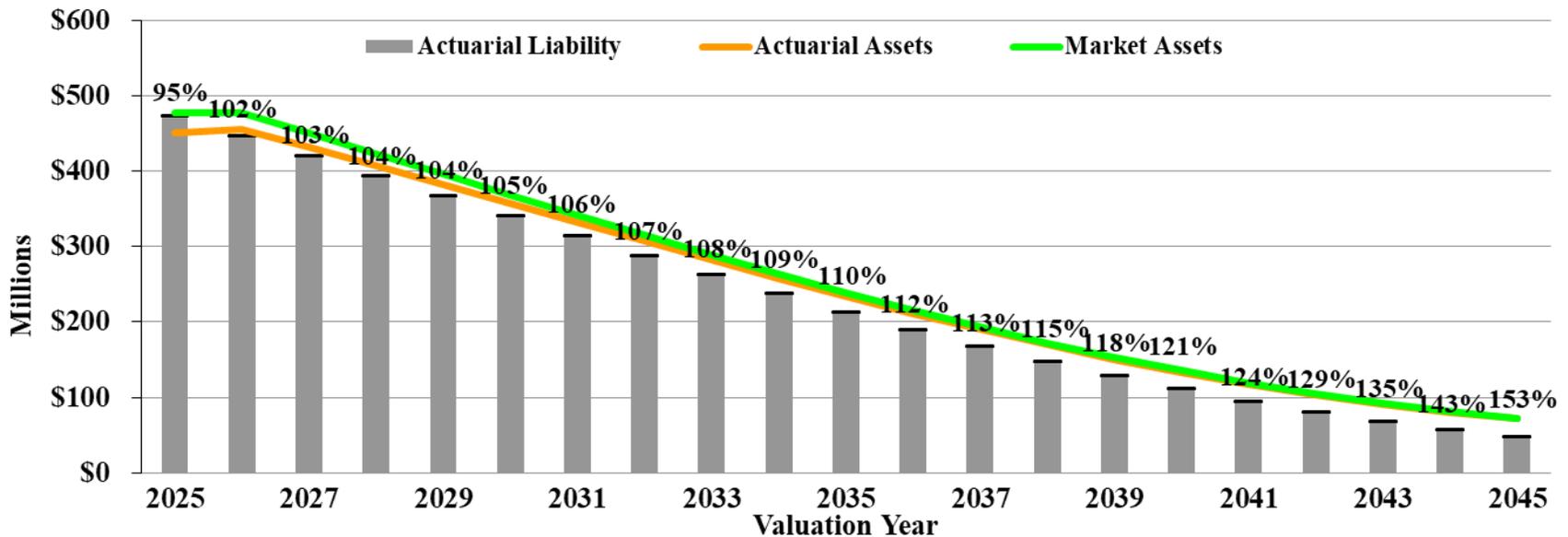
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**Asset and Liability Projections:**

The following graph shows the projection of assets and liabilities, assuming that assets will earn the assumed rate of return each year during the projection period.

**Projection of Assets and Liabilities**



The graph shows that the projected funded status increases past 100% next year as the current unfunded liability is fully amortized, assuming all actuarial assumptions are met. Once the Plan is projected to reach 100% funding, both the assets and liabilities are expected to decline as the Plan continues to pay out benefits to the remaining members.

In this scenario, the funded ratio is expected to continue to climb above 100%, as there are currently deferred gains not yet recognized in the Actuarial Value of Assets which results in an expected surplus emerging in 2026. Because the contributions are not permitted to drop below \$0 and the size of the surplus is expected to exceed the amount necessary to cover the ongoing administrative expenses of the Plan, the surplus is expected to continue to grow relative to the size of the remaining assets and liabilities.

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**SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS**

Actuarial valuations are based on a set of assumptions about future economic and demographic experience. These assumptions represent a reasonable estimate of future experience, but actual future experience will undoubtedly be different and may be significantly different. This section of the report is intended to identify the primary risks to the plan, provide some background information about those risks, and provide an assessment of those risks.

**Identification of Risks**

The fundamental risk to a pension plan is that the contributions needed to pay the benefits become unaffordable. While the Plan cannot determine on its own what contribution level is unaffordable, we can project expected contributions and illustrate the potential impact of key sources of risk on those contribution rates so the City can assess affordability. While there are a number of factors that could lead to contribution amounts becoming unaffordable, we believe the primary sources are:

- Investment risk,
- COLA risk,
- Longevity risk, and
- Contribution risk.

Other risks that we have not identified may also turn out to be important.

*Investment Risk* is the potential for investment returns to be different than expected. Lower investment returns than anticipated will increase the Unfunded Actuarial Liability, necessitating higher contributions in the future unless there are other gains that offset these investment losses. In contrast, higher investment returns than anticipated may create a potentially significant surplus that could be difficult to use until all benefits have been paid. Expected future investment returns and their potential volatility are determined by the Plan’s asset allocation.

*COLA Risk* is the potential for future COLAs to increase contributions. Retirement allowances are based on the pensionable compensation attached to the average rank held during the three years immediately preceding retirement. Cost-of-living adjustments are therefore based on salary increases for current employees with the retiree’s same rank at retirement. Salary increases less than or greater than those assumed cause gains or losses, respectively. COLA increases different from those expected over the last 10 years are reflected in the “MOU Changes” column in the chart on the next page.

*Longevity risk* is the potential for mortality experience to be different than expected. Generally, longevity risk emerges slowly over time and is often exceeded by other changes, particularly those due to investment returns. However, for a closed plan such as PFRS, the mortality experience will have a significant impact on future cash flows. The chart on the next page shows the liability gains and losses over the last 10 years compared to the total change in the UAL for each year, a portion of which is associated with mortality experience.

*Contribution risk* is the potential for actual future actuarially determined contributions to deviate from expected future contributions. The City Charter sets the Plan’s contribution policy. It requires the unfunded liability of the plan to be fully amortized by June 30, 2026. The Actuarially

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**SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS**

Determined Contribution (ADC) is based on a short remaining amortization period. As a result, a significant loss or change in assumptions may cause a large increase in the ADC.

The table below shows a 10-year history of changes in the UAL by source.

<b>Table II-1 UAL Change by Source (\$ in Thousands)</b>						
<b>FYE</b>	<b>MOU Changes</b>	<b>Assumption Changes</b>	<b>Contributions</b>		<b>Liability Experience</b>	<b>Total UAL Change</b>
			<b>vs. Tread Water</b>	<b>Investments</b>		
<b>2016</b>	43,480	0	15,033	486	2,830	61,829
<b>2017</b>	0	22,730	22,888	(4,958)	(9,959)	30,702
<b>2018</b>	(1,475)	0	(24,214)	(7,128)	(7,467)	(40,284)
<b>2019</b>	(7,173)	0	(26,691)	(5,919)	1,797	(37,986)
<b>2020</b>	(6,541)	0	(27,417)	(1,877)	(417)	(36,252)
<b>2021</b>	0	0	(29,775)	(29,872)	(6,637)	(66,284)
<b>2022</b>	5,389	(3,926)	(34,056)	5,319	(1,784)	(29,059)
<b>2023</b>	0	(9,758)	(24,191)	2,330	(1,576)	(33,195)
<b>2024</b>	0	0	(35,181)	(2,919)	(551)	(38,651)
<b>2025</b>	0	0	(30,896)	(6,618)	1,402	(36,112)
<b>Total</b>	<b>\$33,680</b>	<b>\$ 9,045</b>	<b>\$ (194,498)</b>	<b>\$ (51,156)</b>	<b>\$ (22,363)</b>	<b>\$ (225,292)</b>

The UAL decreased by approximately \$225.3 million over the last 10 years. Contributions in excess of the “tread water” level (i.e., interest on the UAL plus administrative expenses) reduced the UAL by \$194.5 million, liability experience reduced the UAL by \$22.4 million, and investment returns decreased the UAL by \$51.2 million. Meanwhile changes to MOUs increased the UAL by \$33.7 million and assumption changes increased the UAL by \$9.0 million.

**Plan Maturity Measures**

The future financial condition of a mature pension plan is more sensitive to each of the risks identified above than a less mature plan. Before assessing each of these risks, it is important to understand the maturity of the plan.

Plan maturity can be measured in a variety of ways, but they all get at one basic dynamic – the larger the plan is compared to the contribution or revenue base that supports it; the more sensitive the plan will be to risk. Given that the Plan has been closed to new entrants since 1976 with no remaining active members, the Plan considered as a standalone entity is very mature, though because of the diminishing benefit cash flows it is expected to have a declining impact on overall City finances.

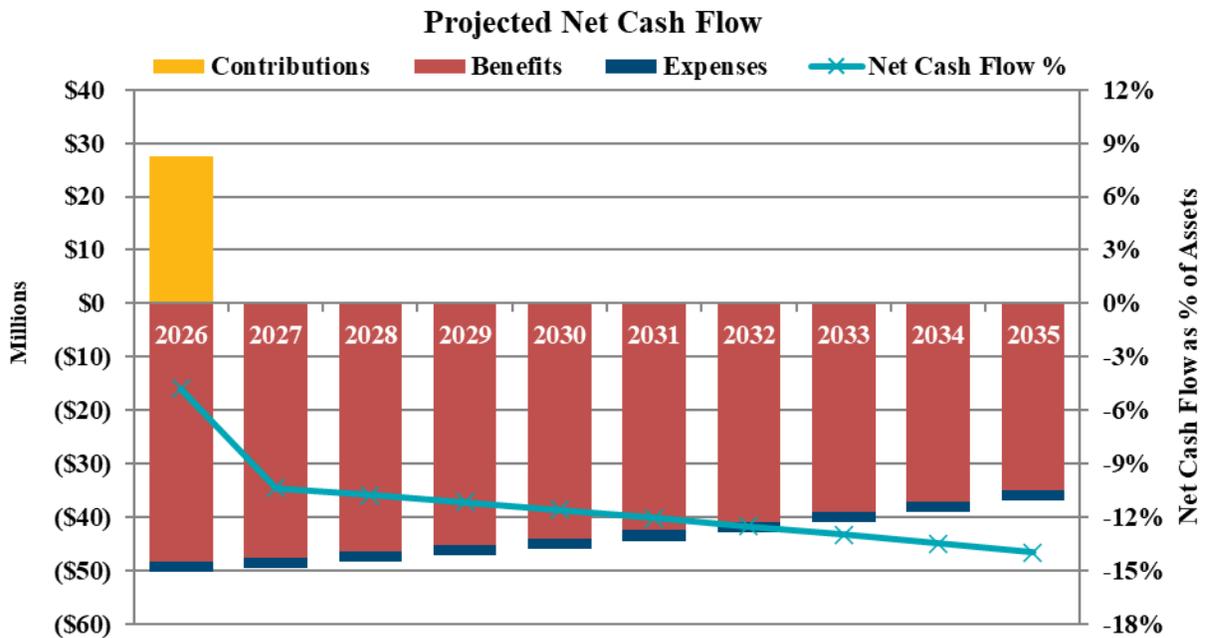
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**SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS**

**Net Cash Flow**

The net cash flow of the plan as a percentage of the beginning of year assets indicates the sensitivity of the plan to short-term investment returns. Net cash flow is equal to contributions less benefit payments and administrative expenses. Mature plans can have large amounts of benefit payments compared to contributions, particularly if they are well funded.

The chart below shows the projected net cash flow for the next 10 fiscal years. The bars represent the dollar amounts of the different components of the projected net cash flow, and the line represents the net cash flow as a percentage of the assets as of the beginning of the fiscal year.



The Plan’s contributions are expected to drop significantly following the 2025-2026 Fiscal Year once the unfunded liability has been paid off. Beyond that point, the negative net cash flows are expected to continue until all benefits are paid.

The first issue this change presents to the Plan is a need for liquidity in the investments so that benefits can be paid. When the cash flow was positive or close to neutral, benefits could be paid out of contributions without liquidating investments. As net cash flow becomes increasingly negative, the benefit payments will require liquidation of some investments.

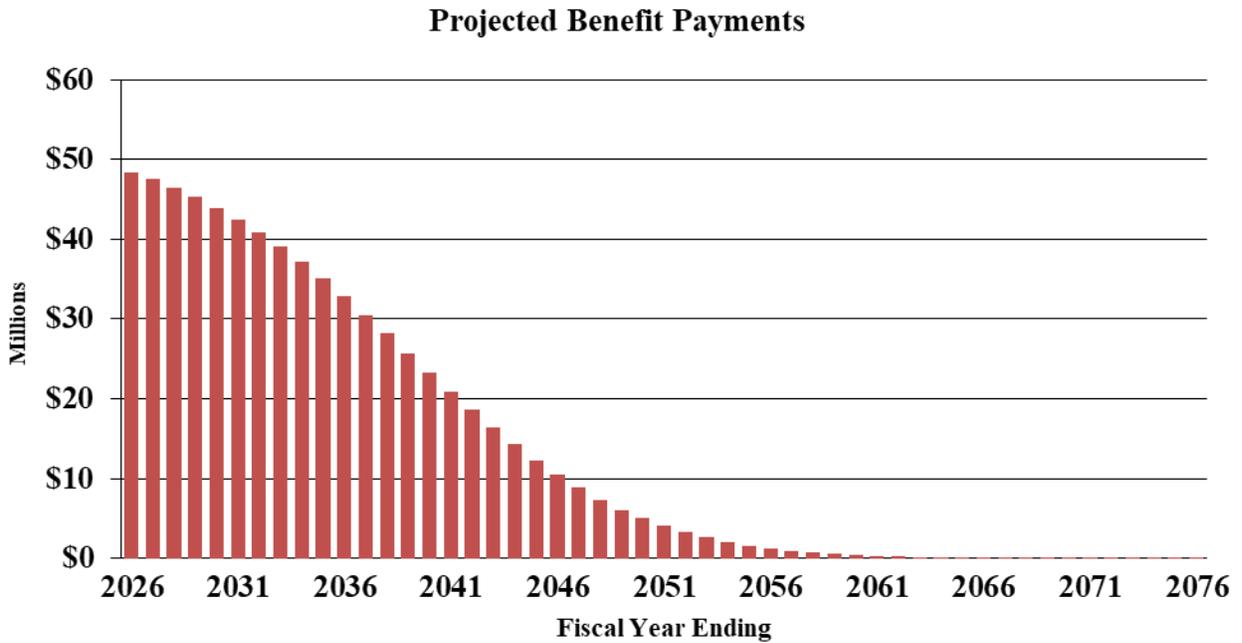
The other change of note is the sensitivity to short-term investment returns. Investment losses in the short term are compounded by the net withdrawal from the plan leaving a smaller asset base to try to recover from the investment losses. However, as we discuss on the next page, the Board has taken actions to de-risk the investment portfolio, which should reduce some of the volatility in investment returns.

**SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS**

**Assessing Costs and Risks**

A closed pension plan will ultimately either end up with excess assets after all benefits have been paid or run out of assets before all benefits have been paid. The Board adopted a change in the strategic asset allocation at their February 28, 2024 meeting to reduce the risk in their portfolio by lowering their exposure to return-seeking equities and increasing their holdings in bonds. This allocation adopted by the Board pursues a strategy of de-risking the Plan to minimize the likelihood of a significant surplus or deficit occurring.

However, even if the Plan were to run out of assets, PFRS would be forced to pay benefits directly on a pay-as-you-go basis. As long as PFRS (and the City) can afford the pay-as-you-go costs, benefits would remain secure. The chart below shows a projection of expected benefit payments for the closed plan.

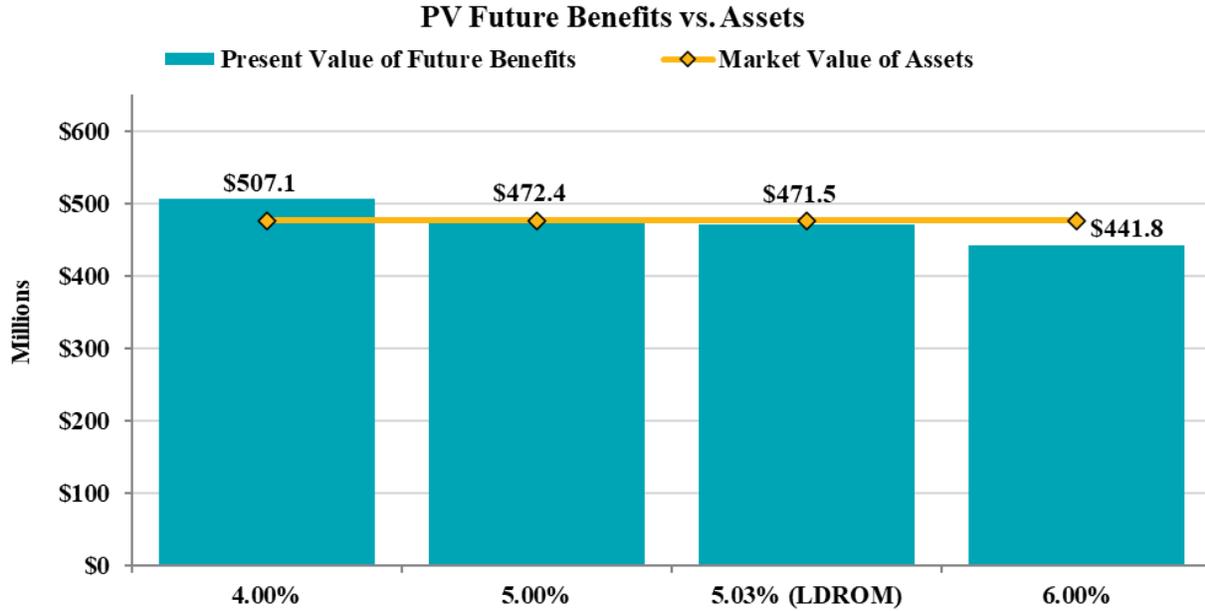


**Sensitivity to Investment Returns**

The chart on the next page compares assets to the present value of all projected future benefits discounted at the current expected rates of return of 5.0% and at investment returns 100 basis points above and below the expected rates of return for all years. The Low Default Risk Obligation Measure (LDROM) is the Actuarial Liability (equal to the total present value of future benefits, for a plan with no active members) using a discount rate derived from low-default-risk fixed income securities that approximately match the benefit payments of the plan. The present value of future benefits is shown as a teal bar and the Market Value of Assets is shown by the gold line.

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**SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS**



If actual investment returns meet the expected returns annually, the Plan would need approximately \$472 million in assets today to pay all projected benefits compared to current assets of \$477 million. If investment returns are 100 basis points lower each year, the Plan would need approximately \$507 million in assets today, and if investment returns are 100 basis points higher, the Plan would need approximately \$442 million in assets today.

A low-risk portfolio for a pension plan would be composed entirely of low-default-risk fixed income securities whose cash flows approximately match the benefit cash flows of the plan. Based on the FTSE Pension Liability discount curve as of June 30, 2025, the single equivalent rate for such a portfolio of high-quality corporate bonds (AA rated) would be approximately 5.03%. The Low-Default-Risk Obligation Measure (LDROM) represents what the liability would be if the Plan’s assets were invested in such a portfolio. As of June 30, 2025, the LDROM is \$471.5 million compared to the liability of \$472.4 million calculated at the 5.00% assumed rate of return. The measures are close to each other, as can be expected since the PFRS Board has taken significant steps to de-risk the portfolio. The current assumed return also currently has a margin for adverse deviation.

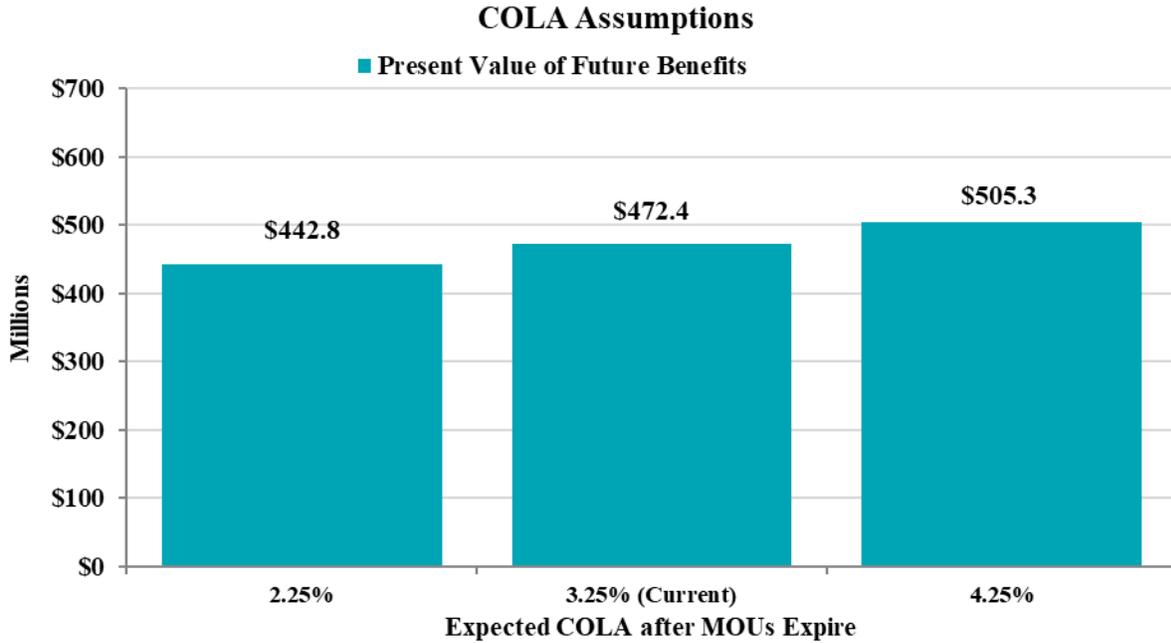
**Sensitivity to COLA Changes**

The present value of future benefits shown above assumes annual COLA increases of 3.25% per year once the current MOUs have expired. If COLA inflation is higher (because of higher-than-expected increases in the salaries of active employees); more assets would be needed to pay the benefits, and if COLA inflation is lower; fewer assets would be needed to pay benefits.

The chart on the next page shows the present value of all projected future benefits (discounted using the current expected rates of return) based on annual COLA increases of 3.25% per year once the current MOUs have expired – and at COLA increases 100 basis points above and below the current COLA assumptions.

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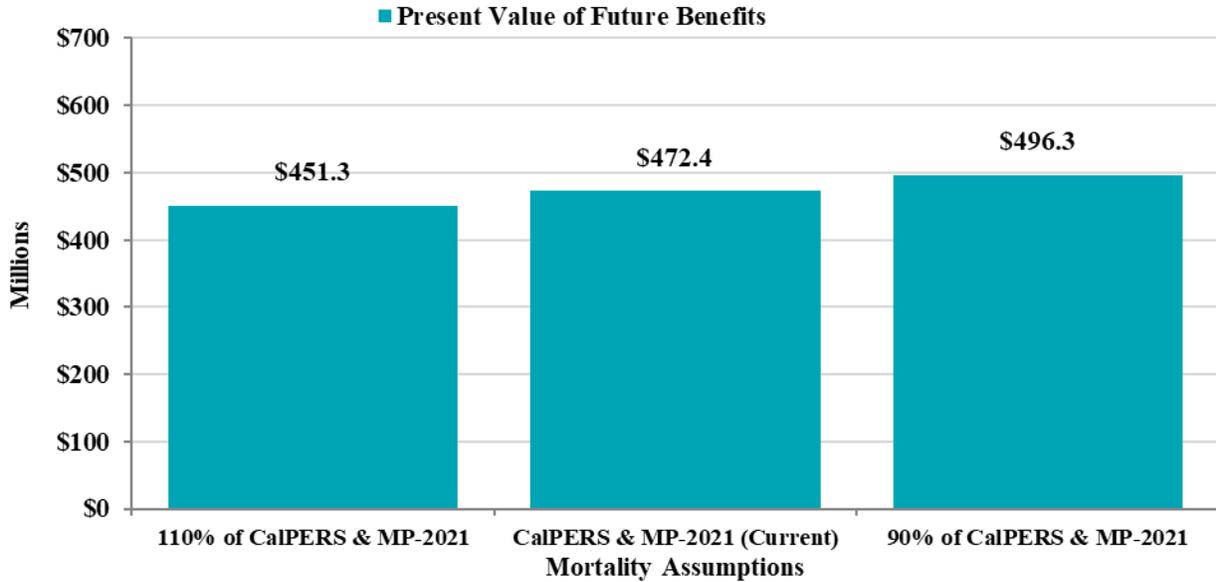
**Sensitivity to Mortality Assumption Changes**

The chart on the next page shows the sensitivity of the Plan to longevity / mortality experience. In the second bar, we have shown the present value of benefits using the Plan’s current mortality assumptions (i.e., using the CalPERS mortality assumptions from their 2021 experience study, with projections for generational improvements using the Society of Actuary’s MP-2021 improvement scales). In the first and third bars, we have shown results reflecting the mortality assumption base rates multiplied by 110% and 90%, respectively. As always, actual experience will drive costs, but this exhibit provides an example of the level of sensitivity of the Plan’s liabilities to possible changes in mortality.

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ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS**

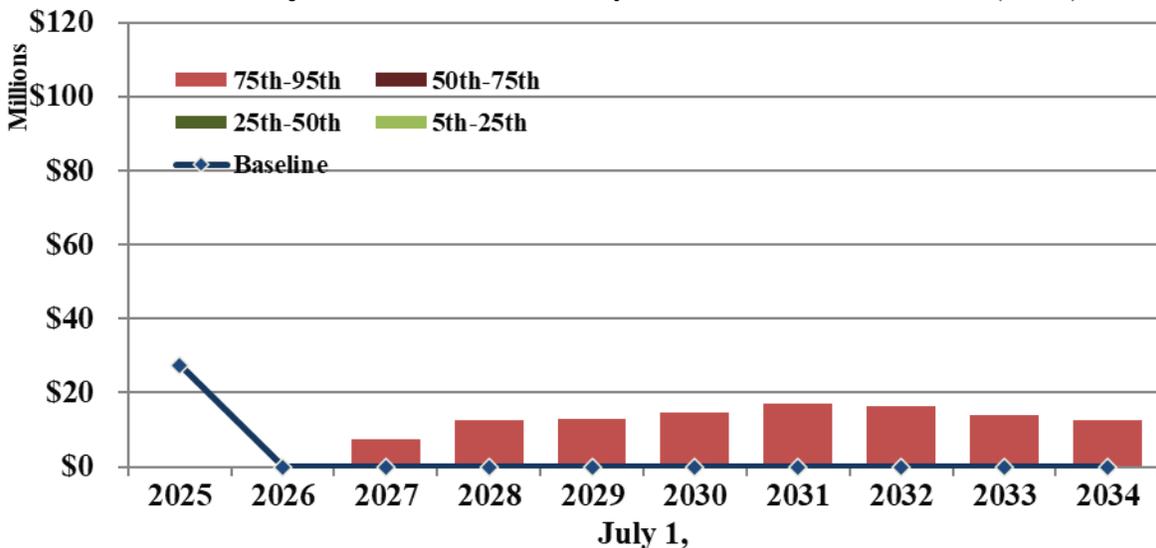
**Mortality and Mortality Improvement Assumptions**



**Stochastic Projections**

The stochastic projections of contributions in the chart below show 10 years of contribution amounts. The projections beyond June 30, 2027 are based on an assumption that any unfunded liability as of the valuation date will be amortized over a one-year period with a 12-month delay between the end of the fiscal year and when the payment is made. This range is driven by the volatility (or standard deviation) of investment returns, which is assumed to be 6.2% in these projections based on the asset allocation chosen and information provided by Meketa at the March 26, 2025 Board meeting.

**Stochastic Projection of the Actuarially Determined Contribution (ADC)**

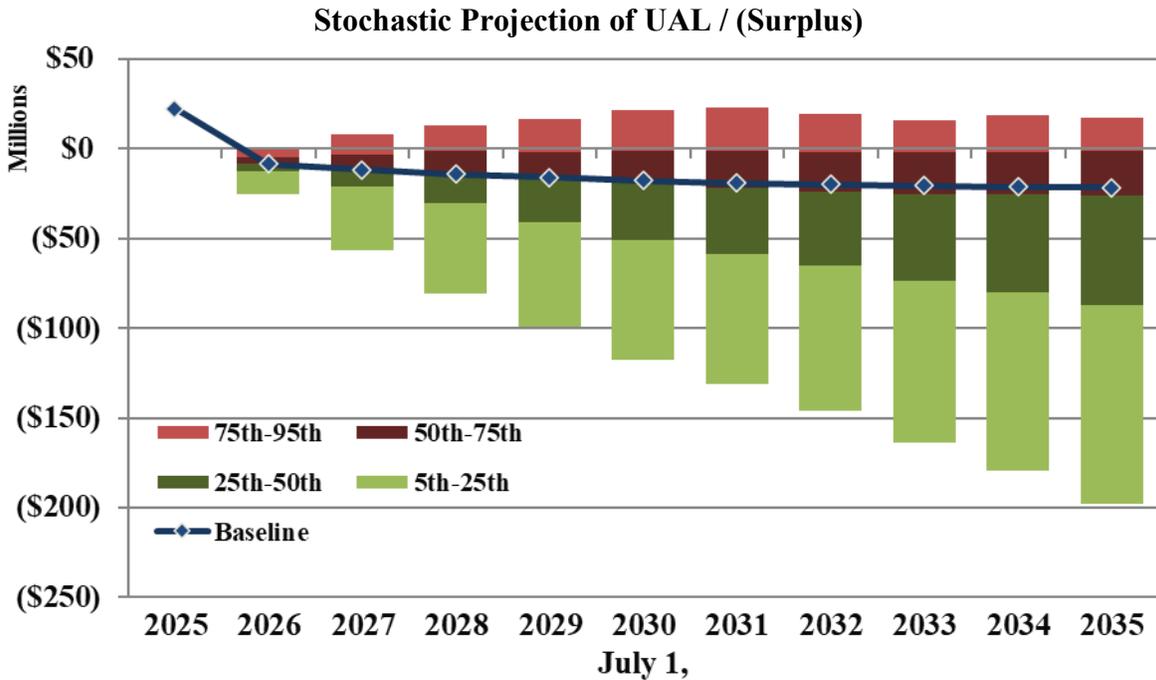


**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS**

The contribution range is relatively limited, on the high side because the Plan is required to be fully funded each year, and because the required contribution cannot drop below zero. However, as noted previously, other factors – such as changes in the retiree COLAs – could result in liability changes which could result in larger fluctuations in the required contributions.

The chart below shows the projection of the UAL for the next 10 years. While the UAL is projected in the baseline to be eliminated by 2026, because of the statutory requirement to fully fund the Plan by that time, there is still a range of potential outcomes.



**More Detailed Assessment**

A detailed assessment of risk would be valuable in understanding the risks identified above, especially given the closed nature of the plan. We encourage the Board to consider a more detailed analysis of some of the risks identified above, particularly for developing a funding strategy to deal with changes in the UAL after the required full funding date.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**SECTION III – ASSETS**

Pension Plan assets play a key role in the financial operation of the Plan and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, employer contributions, and the ultimate security of participants’ benefits.

In this section, we present detailed information on Plan assets including:

- **Disclosure** of Plan assets as of June 30, 2024 and June 30, 2025,
- Statement of the **changes** in market values during the year, and
- Development of the **Actuarial Value of Assets**.

**Disclosure**

There are two types of asset values disclosed in the valuation, the Market Value of Assets and the Actuarial Value of Assets. The market value represents “snapshot” or “cash out” values, which provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are sometimes not as suitable for long-range planning as the Actuarial Value of Assets, which reflects smoothing of annual investment returns.

Table III-1 discloses and compares each component of the market asset value as of June 30, 2024 and June 30, 2025.

<b>TABLE III-1</b> <b>Statement of Assets at Market Value</b> <b>June 30,</b> <b>(in thousands)</b>			
		<b>2024</b>	<b>2025</b>
Cash and Cash Equivalents	\$	10,390	\$ 10,412
Receivables		10,348	73,046
Investments, at Fair Value		492,690	522,965
Total Assets	\$	513,428	\$ 606,423
Liabilities		63,420	129,769
<b>Market Value of Assets</b>	<b>\$</b>	<b>450,008</b>	<b>\$ 476,653</b>

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
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**SECTION III – ASSETS**

**Changes in Market Value**

The components of asset change are:

- Contributions (employer and employee),
- Benefit payments,
- Administrative Expenses, and
- Investment income (realized and unrealized, net of investment expenses).

Table III-2 below shows the components of a change in the Market Value of Assets during 2024 and 2025.

<b>TABLE III-2</b> <b>Changes in Market Values</b> <b>June 30,</b> <b>(in thousands)</b>		
	<u><b>2024</b></u>	<u><b>2025</b></u>
<b>Contributions</b>		
Contributions of Plan Members	\$ 0	\$ 0
Contributions from the City	40,763	34,845
Total Contributions	40,763	34,845
<b>Investment Income</b>		
Miscellaneous Income	0	1
Investment Income	44,912	42,931
Total Investment Income	44,912	42,932
<b>Disbursements</b>		
Benefit Payments	(50,102)	(49,284)
Administrative Expenses	(1,696)	(1,848)
Total Disbursements	(51,798)	(51,132)
<b>Net increase (Decrease)</b>	33,877	26,645
<b>Net Assets Held in Trust for Benefits:</b>		
Beginning of Year	416,130	450,008
End of Year	\$ 450,008	\$ 476,653
Approximate Return	10.94%	9.72%

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
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**SECTION III – ASSETS**

**Actuarial Value of Assets (AVA)**

The Actuarial Value of Assets represents a “smoothed” value developed by the actuary to reduce the volatile results, which could develop due to short-term fluctuations in the Market Value of Assets. For this Plan, the Actuarial Value of Assets is calculated on a modified market-related value. The Actuarial Value of Assets recognizes one-fifth of the difference between the expected asset value (based on the 5.00% return assumption from 2024-2025) and the actual market value each year. The actuarial value is restricted to fall between 90% and 110% of the market value.

<b>TABLE III-3 Development of Actuarial Value of Assets (in thousands)</b>	
1. Calculate Expected Actuarial Value of Assets	
a. Value of Actuarial Value of Assets - July 1, 2024	\$ 438,333
b. Total Contributions and Misc Income	34,846
c. Administrative Expense	(1,848)
d. Benefit Payments	(49,284)
e. Expected Investment Earnings	21,514
f. Expected Actuarial Value of Assets - July 1, 2025 [1a + 1b + 1c + 1d + 1e]	\$ 443,561
2. Calculate Final Actuarial Value of Assets	
a. Value of Market Value of Assets - July 1, 2025	\$ 476,653
b. Excess of MVA over Expected AVA [2a - 1f]	33,092
c. Preliminary AVA [1f + 0.2 * 2b]	450,180
d. 90% of MVA [90% * 2a]	428,988
e. 110% of MVA [110% * 2a]	524,318
3. Final Actuarial Value of Assets [2c, not less than 2d or greater than 2e]	<b>\$ 450,180</b>

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**SECTION III – ASSETS**

**Investment Performance**

The following table calculates the investment related gain/loss for the plan year on both a market value and an actuarial value basis. The market value gain/loss is an appropriate measure for comparing the actual asset performance to the previous valuation’s 5.00% assumption.

<b>TABLE III-4 Asset Gain/(Loss) (in thousands)</b>		
	<b>Market Value</b>	<b>Actuarial Value</b>
<b>July 1, 2024 value</b>	<b>\$ 450,008</b>	<b>\$ 438,333</b>
Contributions of Plan Members	0	0
Contributions from the City	34,845	34,845
Miscellaneous Income	1	1
Benefit Payments	(49,284)	(49,284)
Administrative Expenses	(1,848)	(1,848)
Expected Investment Earnings (5.00%)	22,098	21,514
Expected Value June 30, 2025	<b>\$ 455,820</b>	<b>\$ 443,561</b>
Investment Gain / (Loss)	<u>20,833</u>	<u>6,618</u>
<b>July 1, 2025 value</b>	<b>476,653</b>	<b>450,180</b>
Return	9.72%	6.54%

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**SECTION IV – LIABILITIES**

In this section, we present detailed information on Plan liabilities including:

- **Disclosure** of Plan liabilities on July 1, 2024 and July 1, 2025
- Statement of **changes** in these liabilities during the year

**Disclosure**

Several types of liabilities are typically shown in an actuarial valuation report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them. Note that these liabilities are not applicable for settlement purposes, including the purchase of annuities and the payment of lump sums.

- **Present Value of Future Benefits:** Used for measuring all future Plan obligations, the obligations of the Plan earned as of the valuation date and those to be earned in the future by current plan participants under the current Plan provisions, if all assumptions are met.
- **Actuarial Liability:** Used for funding calculations, this liability is calculated taking the present value of future benefits and subtracting the present value of future normal costs under an acceptable actuarial funding method. Because the Plan has no active members, the Actuarial Liability is equal to the present value of future benefits (i.e., all benefits are fully accrued).
- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

Table IV-1 on the next page discloses each of these liabilities for the current and prior valuations.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**SECTION IV – LIABILITIES**

<b>TABLE IV-1</b>		
<b>Liabilities/Net (Surplus)/Unfunded</b>		
<b>(in thousands)</b>		
	<b>July 1, 2024</b>	<b>July 1, 2025</b>
<b><u>Present Value of Future Benefits</u></b>		
Active Participant Benefits	\$ 0	\$ 0
Retiree and Inactive Benefits	496,690	472,425
<b>Present Value of Future Benefits (PVB)</b>	<b>\$ 496,690</b>	<b>\$ 472,425</b>
<b><u>Actuarial Liability</u></b>		
Present Value of Future Benefits (PVB)	\$ 496,690	\$ 472,425
Present Value of Future Normal Costs (PVFNC)	0	0
<b>Actuarial Liability (AL = PVB – PVFNC)</b>	<b>\$ 496,690</b>	<b>\$ 472,425</b>
Actuarial Value of Assets (AVA)	438,333	450,180
<b>Net (Surplus)/Unfunded (AL – AVA)</b>	<b>\$ 58,357</b>	<b>\$ 22,245</b>

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**SECTION IV – LIABILITIES**

**Changes in Liabilities**

Each of the liabilities disclosed in the prior table is expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation (not applicable for this Plan)
- Benefits accrued since the last valuation (not applicable for this Plan)
- Plan amendments
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, dying, or receiving COLA adjustments at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method or software

Unfunded liabilities will change because of all of the above and also due to changes in Plan assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure plan assets

<b>TABLE IV-2 Changes in Actuarial Liability (in thousands)</b>	
Actuarial Liability at July 1, 2024	\$ 496,690
Actuarial Liability at July 1, 2025	\$ 472,425
Liability Increase (Decrease)	\$ (24,265)
Change due to:	
Plan Design Changes (MOU)	\$ 0
Assumption Change	0
Accrual of Benefits	0
Actual Benefit Payments	(49,284)
Interest	23,617
Actuarial Liability (Gain)/Loss	\$ 1,402

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**SECTION IV – LIABILITIES**

TABLE IV-3			
Liabilities by Group as of July 1, 2025 (in thousands)			
	Police	Fire	Total
Actuarial Accrued Liability			
Active	\$ 0	\$ 0	\$ 0
Service Retirees	172,722	53,495	226,217
Disabled Retirees	61,354	58,596	119,950
Beneficiaries	<u>72,768</u>	<u>53,490</u>	<u>126,258</u>
Total Accrued Liability	\$ 306,844	\$ 165,581	\$ 472,425

TABLE IV-4	
Development of Actuarial Gain / (Loss) (in thousands)	
1. Unfunded Actuarial Liability at Start of Year (not less than zero)	\$ 58,357
2. Employer Normal Cost at Start of Year	0
3. Interest on 1. and 2. to End of Year	2,918
4. Contributions and Miscellaneous Income for Prior Year	34,846
5. Administrative Expenses	(1,848)
6. Interest on 4. and 5. to End of Year	815
7. Change in Unfunded Actuarial Liability Due to Changes in Assumptions	0
8. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. - 4. - 5. - 6. + 7.]	\$ 27,462
9. Actual Unfunded Actuarial Liability at End of Year (not less than zero)	22,245
10. Unfunded Actuarial Liability Gain / (Loss) [8. - 9.]	\$ 5,217

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**SECTION V – CONTRIBUTIONS**

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that is both stable and predictable.

For this Plan, the actuarial funding method used to determine the normal cost and the Unfunded Actuarial Liability is the **Entry Age Normal Cost Method**.

The normal cost rate is determined with the normal cost percentage equal to the total projected value of benefits at entry age, divided by present value of future salary at entry age. Since there are no longer any active employees, the normal cost for this plan is \$0.

The Unfunded Actuarial Liability is the difference between the EAN Actuarial Liability and the Actuarial Value of Assets. For the contribution projections, the UAL payment is based on the unfunded liability of the Plan being fully amortized by June 30, 2026 in accordance with the City Charter. Amortization payments are determined based on an assumption that payments will increase by 3.25% each year, reflecting the assumed ultimate rate of increase in overall City Safety member salaries.

An amount equal to the expected administrative expenses for the Plan is added directly to the actuarial cost calculation.

Table V-1 on the next page shows the employer contribution amount for the 2026-2027 Fiscal Year. The projected assets and liabilities assume that all actuarial assumptions are met and that contributions are made as expected between now and June 30, 2026.

For this calculation, we have shown the contribution amount using both the projected actuarial and Market Value of Assets. The current funding policy uses the AVA to determine the UAL and the associated amortization payment. We have included the contribution amount as determined using the current Market Value of Assets to demonstrate what the actuarial cost would be if all deferred asset gains and losses were fully recognized at the time the contributions commence. In both cases, the contribution is based on an assumption that the investment returns will exactly equal the assumed rate of return during the 2025-2026 Fiscal Year.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**SECTION V – CONTRIBUTIONS**

**TABLE V-I  
Development of Projected 2026-2027 Employer Contribution Amount  
(in thousands)**

	Actuarial Value of Assets	Market Value of Assets
1. Value of Assets at June 30, 2025:	\$ 450,180	\$ 476,653
a. Expected Contributions and Misc Income	27,516	27,516
b. Expected Administrative Expense	(1,894)	(1,894)
c. Expected Benefit Payments	(48,273)	(48,273)
d. Expected Investment Earnings	<u>21,950</u>	<u>23,273</u>
2. Expected Value of Assets at June 30, 2026:	\$ 449,478	\$ 477,275
a. Excess of Expected MVA over Expected AVA	27,797	
b. Preliminary AVA [ Expected AVA + 20% * 2a]	\$ 455,037	
c. 90% of Expected MVA	429,547	
d. 110% of Expected MVA	525,002	
3. Final Expected AVA [2b, not less than 2c or greater than 2d]	\$ 455,037	\$ 477,275
4. Entry Age Liability at June 30, 2025	\$ 472,425	\$ 472,425
5. Expected Benefit Payments	(48,273)	(48,273)
6. Expected Interest	<u>22,429</u>	<u>22,429</u>
7. Expected Entry Age Liability at June 30, 2026	\$ 446,581	\$ 446,581
8. Projected Unfunded Actuarial Liability: (7) - (3)	\$ (8,456)	\$ (30,694)
9. Funded Ratio: (3) / (7)	101.9%	106.9%
10. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (Zero Years Remaining) as of June 30, 2026	\$ (8,665)	\$ (31,452)
11. Expected Administrative Expenses for Fiscal 2026-2027	<u>1,948</u>	<u>1,948</u>
12. Total Contribution: [(10) + (11), not less than zero]	\$ 0	\$ 0

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**SECTION VI – HEADCOUNT AND BENEFIT PAYMENT PROJECTIONS**

**TABLE VI-1  
Benefit Payment and Headcount Projection**

Fiscal Year Ending June 30,	Police		Fire		Total	
	Count	Benefits (in thousands)	Count	Benefits (in thousands)	Count	Benefits (in thousands)
2026	371.0	\$ 30,161	226.0	\$ 18,112	597.0	\$ 48,273
2027	357.5	\$ 29,771	214.2	\$ 17,601	571.7	\$ 47,372
2028	343.6	\$ 29,296	202.3	\$ 17,039	545.9	\$ 46,335
2029	329.1	\$ 28,725	190.5	\$ 16,429	519.6	\$ 45,154
2030	314.1	\$ 28,051	178.8	\$ 15,774	492.9	\$ 43,826
2031	298.5	\$ 27,269	167.2	\$ 15,079	465.6	\$ 42,347
2032	282.3	\$ 26,373	155.6	\$ 14,345	437.9	\$ 40,718
2033	265.5	\$ 25,362	144.2	\$ 13,574	409.8	\$ 38,936
2034	248.3	\$ 24,237	133.0	\$ 12,767	381.3	\$ 37,003
2035	230.7	\$ 23,004	121.8	\$ 11,926	352.5	\$ 34,930
2036	212.8	\$ 21,675	110.9	\$ 11,058	323.6	\$ 32,734
2037	194.8	\$ 20,266	100.1	\$ 10,173	294.9	\$ 30,439
2038	176.9	\$ 18,792	89.7	\$ 9,281	266.6	\$ 28,073
2039	159.3	\$ 17,274	79.7	\$ 8,393	239.0	\$ 25,667
2040	142.2	\$ 15,734	70.2	\$ 7,521	212.4	\$ 23,255
2041	125.7	\$ 14,194	61.2	\$ 6,677	186.9	\$ 20,871
2042	110.1	\$ 12,677	52.8	\$ 5,872	162.9	\$ 18,549
2043	95.4	\$ 11,205	45.2	\$ 5,113	140.6	\$ 16,318
2044	81.8	\$ 9,799	38.2	\$ 4,410	120.0	\$ 14,209
2045	69.4	\$ 8,476	32.0	\$ 3,768	101.4	\$ 12,245
2046	58.2	\$ 7,251	26.6	\$ 3,191	84.8	\$ 10,442
2047	48.3	\$ 6,133	21.9	\$ 2,678	70.2	\$ 8,811
2048	39.6	\$ 5,128	17.8	\$ 2,229	57.4	\$ 7,357
2049	32.1	\$ 4,241	14.4	\$ 1,840	46.5	\$ 6,080
2050	25.7	\$ 3,468	11.5	\$ 1,507	37.3	\$ 4,975
2051	20.4	\$ 2,808	9.2	\$ 1,226	29.6	\$ 4,034
2052	16.0	\$ 2,251	7.2	\$ 991	23.2	\$ 3,243
2053	12.5	\$ 1,790	5.7	\$ 797	18.1	\$ 2,587
2054	9.6	\$ 1,411	4.4	\$ 638	14.0	\$ 2,049
2055	7.4	\$ 1,104	3.4	\$ 508	10.8	\$ 1,612

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**SECTION VI – HEADCOUNT AND BENEFIT PAYMENT PROJECTIONS**

**TABLE VI-1  
Benefit Payment and Headcount Projection (Continued)**

Fiscal Year Ending June 30,	Police		Fire		Total	
	Count	Benefits (in thousands)	Count	Benefits (in thousands)	Count	Benefits (in thousands)
2056	5.6	\$ 858	2.6	\$ 402	8.2	\$ 1,260
2057	4.2	\$ 662	2.0	\$ 316	6.2	\$ 978
2058	3.2	\$ 508	1.5	\$ 247	4.7	\$ 755
2059	2.4	\$ 386	1.1	\$ 192	3.5	\$ 578
2060	1.7	\$ 292	0.9	\$ 148	2.6	\$ 440
2061	1.3	\$ 218	0.6	\$ 113	1.9	\$ 331
2062	0.9	\$ 161	0.5	\$ 85	1.4	\$ 246
2063	0.7	\$ 117	0.3	\$ 63	1.0	\$ 180
2064	0.5	\$ 84	0.2	\$ 46	0.7	\$ 130
2065	0.3	\$ 60	0.2	\$ 33	0.5	\$ 92
2066	0.2	\$ 41	0.1	\$ 23	0.3	\$ 64
2067	0.1	\$ 28	0.1	\$ 16	0.2	\$ 44
2068	0.1	\$ 18	0.1	\$ 11	0.1	\$ 29
2069	0.1	\$ 12	0.0	\$ 7	0.1	\$ 18
2070	0.0	\$ 7	0.0	\$ 4	0.1	\$ 11
2071	0.0	\$ 4	0.0	\$ 3	0.0	\$ 7
2072	0.0	\$ 2	0.0	\$ 1	0.0	\$ 4
2073	0.0	\$ 1	0.0	\$ 1	0.0	\$ 2
2074	0.0	\$ 0	0.0	\$ 0	0.0	\$ 1
2075	0.0	\$ 0	0.0	\$ 0	0.0	\$ 0
2076	0.0	\$ 0	0.0	\$ 0	0.0	\$ 0
2077	0.0	\$ 0	0.0	\$ 0	0.0	\$ 0
2078	0.0	\$ 0	0.0	\$ 0	0.0	\$ 0
2079	0.0	\$ 0	0.0	\$ 0	0.0	\$ 0
2080	0.0	\$ 0	0.0	\$ 0	0.0	\$ 0
2081	0.0	\$ 0	0.0	\$ 0	0.0	\$ 0
2082	0.0	\$ 0	0.0	\$ 0	0.0	\$ 0
2083	0.0	\$ 0	0.0	\$ 0	0.0	\$ 0
2084	0.0	\$ 0	0.0	\$ 0	0.0	\$ 0

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**APPENDIX A – MEMBERSHIP INFORMATION**

Active Participants	July 1, 2024			July 1, 2025		
	Police	Fire	Total	Police	Fire	Total
Number	0	0	0	0	0	0
Number Vested	0	0	0	0	0	0
Average Age	0.0	0.0	0.0	0.0	0.0	0.0
Average Service	0.0	0.0	0.0	0.0	0.0	0.0
Average Pay	\$0	\$0	\$0	\$0	\$0	\$0
<b>Service Retirees</b>						
Number	188	67	255	179	63	242
Average Age	79.6	82.1	80.3	80.5	82.6	81.0
Average Annual Benefit	\$89,492	\$90,902	\$89,863	\$93,089	\$94,270	\$93,396
<b>Disabled Retirees</b>						
Number	75	80	155	72	71	143
Average Age	79.2	80.1	79.7	80.1	81.0	80.6
Average Annual Benefit	\$86,471	\$87,356	\$86,928	\$89,094	\$90,475	\$89,780
<b>Beneficiaries</b>						
Number	126	90	216	120	92	212
Average Age	81.0	83.4	82.0	81.0	83.5	82.0
Average Annual Benefit	\$62,182	\$67,031	\$64,202	\$64,056	\$67,799	\$65,680
<b>All Inactives</b>						
Number	389	237	626	371	226	597
Average Age	80.0	81.9	80.7	80.6	82.5	81.3
Average Annual Benefit	\$80,064	\$80,640	\$80,282	\$82,923	\$82,302	\$82,688

Data pertaining to active and inactive Members and their beneficiaries as of the valuation date was supplied by the Plan Administrator.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**APPENDIX A – MEMBERSHIP INFORMATION**

**Changes in Plan Membership: Police**

	Actives	Service Retirees	Disabled Retirees	Beneficiaries	Total
July 1, 2024	0	188	75	126	389
Retired	0	0	0	0	0
Disabled	0	0	0	0	0
Deceased	0	(9)	(3)	(10)	(22)
New Beneficiary	0	0	0	4	4
July 1, 2025	<b>0</b>	<b>179</b>	<b>72</b>	<b>120</b>	<b>371</b>

**Changes in Plan Membership: Fire**

	Actives	Service Retirees	Disabled Retirees	Beneficiaries	Total
July 1, 2024	0	67	80	90	237
Retired	0	0	0	0	0
Disabled	0	0	0	0	0
Deceased	0	(4)	(9)	(5)	(18)
New Beneficiary	0	0	0	7	7
July 1, 2025	<b>0</b>	<b>63</b>	<b>71</b>	<b>92</b>	<b>226</b>

**Changes in Plan Membership: All**

	Actives	Service Retirees	Disabled Retirees	Beneficiaries	Total
July 1, 2024	0	255	155	216	626
Retired	0	0	0	0	0
Disabled	0	0	0	0	0
Deceased	0	(13)	(12)	(15)	(40)
New Beneficiary	0	0	0	11	11
July 1, 2025	<b>0</b>	<b>242</b>	<b>143</b>	<b>212</b>	<b>597</b>

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**APPENDIX A – MEMBERSHIP INFORMATION**

**Service Retired Participants**

Age	Police		Fire		Total	
	Number	Total Annual Benefit	Number	Total Annual Benefit	Number	Total Annual Benefit
< 50	0	\$0	0	\$0	0	\$0
50-54	0	\$0	0	\$0	0	\$0
55-59	0	\$0	0	\$0	0	\$0
60-64	0	\$0	0	\$0	0	\$0
65-69	0	\$0	0	\$0	0	\$0
70-74	22	\$2,011,855	0	\$0	22	\$2,011,855
75-79	68	\$6,394,010	20	\$1,691,812	88	\$8,085,822
80-84	63	\$5,587,629	28	\$2,778,911	91	\$8,366,539
85-89	18	\$1,621,831	10	\$941,449	28	\$2,563,279
90-94	6	\$854,172	3	\$325,611	9	\$1,179,783
95-99	1	\$80,333	2	\$201,202	3	\$281,535
100+	1	\$113,039	0	\$0	1	\$113,039
<b>Total</b>	<b>179</b>	<b>\$16,662,868</b>	<b>63</b>	<b>\$5,938,985</b>	<b>242</b>	<b>\$22,601,852</b>

**Disability Retired Participants**

Age	Police		Fire		Total	
	Number	Total Annual Benefit	Number	Total Annual Benefit	Number	Total Annual Benefit
< 50	0	\$0	0	\$0	0	\$0
50-54	0	\$0	0	\$0	0	\$0
55-59	0	\$0	0	\$0	0	\$0
60-64	0	\$0	0	\$0	0	\$0
65-69	0	\$0	0	\$0	0	\$0
70-74	3	\$253,978	8	\$675,382	11	\$929,361
75-79	40	\$3,666,134	21	\$1,783,110	61	\$5,449,244
80-84	20	\$1,666,519	29	\$2,660,649	49	\$4,327,168
85-89	8	\$694,211	11	\$1,105,244	19	\$1,799,455
90-94	1	\$133,896	1	\$106,068	2	\$239,965
95-99	0	\$0	1	\$93,289	1	\$93,289
100+	0	\$0	0	\$0	0	\$0
<b>Total</b>	<b>72</b>	<b>\$6,414,738</b>	<b>71</b>	<b>\$6,423,743</b>	<b>143</b>	<b>\$12,838,481</b>

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**APPENDIX A – MEMBERSHIP INFORMATION**

**Beneficiaries**

Age	Police		Fire		Total	
	Number	Total Annual Benefit	Number	Total Annual Benefit	Number	Total Annual Benefit
< 50	0	\$0	0	\$0	0	\$0
50-54	0	\$0	0	\$0	0	\$0
55-59	0	\$0	0	\$0	0	\$0
60-64	2	\$132,840	2	\$153,208	4	\$286,049
65-69	5	\$354,547	4	\$255,061	9	\$609,608
70-74	17	\$1,135,240	8	\$636,276	25	\$1,771,517
75-79	33	\$1,958,651	17	\$1,098,319	50	\$3,056,970
80-84	36	\$2,192,607	22	\$1,513,966	58	\$3,706,573
85-89	11	\$693,358	15	\$1,011,612	26	\$1,704,970
90-94	11	\$888,721	15	\$1,016,431	26	\$1,905,152
95-99	5	\$330,708	8	\$485,820	13	\$816,528
100+	0	\$0	1	\$66,772	1	\$66,772
<b>Total</b>	120	\$7,686,673	92	\$6,237,466	212	\$13,924,139

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

The assumptions and methods used in the actuarial valuation as of June 30, 2025 are based on an experience study covering the period through June 30, 2023 as adopted by the Board of Administration at the March 27, 2024 Board meeting. Please refer to materials presented at those meetings for the rationale for each assumption.

**Contribution Allocation Procedure**

The contribution allocation procedure primarily consists of an actuarial cost method, an asset valuation method, and an amortization method as described below. This contribution allocation procedure, combined with reasonable assumptions, produces a Reasonable Actuarially Determined Contribution as defined in Actuarial Standard of Practice No. 4. The contribution allocation procedure was selected to balance benefit security, intergenerational equity, and the stability of actuarially determined contributions. The selection also considered the demographics of plan members, the funding goals and objectives of the Board, and the need to accumulate assets to make benefit payments when due. There were no changes to the contribution allocation procedures from the prior valuation.

**Actuarial Cost and Amortization Method**

The Entry Age Normal Actuarial Cost Method is used. Under this method, the Plan's Actuarial Liability (AL) is determined as the Present Value of Future Benefits (PVFB) less the Present Value of Future Normal Costs (PVFNC). Since all of the Plan's members are retired, the AL and the PVFB are the same.

The excess of the AL over the Actuarial Value of Assets (AVA) is the Unfunded Actuarial Liability (UAL). In accordance with the Plan's funding agreement with the City of Oakland, the UAL must be amortized by July 1, 2026. The projected fiscal year 2026-2027 contribution has been calculated using level percent of pay amortization, based on total projected City payroll for all Safety employees. However, because the amortization period has declined to a single year, the payroll growth assumption is not used in the calculation.

**Actuarial Value of Plan Assets**

In determining the recommended employer contribution to the PFRS, we use a smoothed Actuarial Value of Assets. The asset smoothing method dampens the volatility in asset values that could occur because of the fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process. Assets are assumed to be used exclusively for the provision of retirement benefits and expenses.

The Actuarial Value of Assets is equal to 100% of the *expected Actuarial Value of Assets* plus 20% of the difference between the current Market Value of Assets and the expected Actuarial Value of Assets. In no event will the Actuarial Value of Assets ever be less than 90% of the Market Value of Assets or greater than 110% of the Market Value of Assets. The expected Actuarial Value of Assets is equal to the prior year's Actuarial Value of Assets increased with actual contributions made, decreased with actual disbursements made, all items (prior assets, contributions, and disbursements) further adjusted with expected investment returns for the year.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

**Actuarial Assumptions**

**1. Rate of Return**

The expected annual rate of return, net of investment expenses, on all Plan assets is 5.0%.

**2. Inflation**

The assumed rate of general inflation is 2.75% (entire US) and local inflation is 2.85% (Bay Area). The general inflation rate is used in the determination of the investment return assumptions. The local inflation rate is used in the determination of the growth in expenses and salaries (which determine the COLA increases).

**3. Administrative Expenses**

Administrative expenses for the Fiscal Year Ending June 30, 2026 are assumed to be \$1,893,851, growing at 2.85% per year.

**4. Cost-of-Living Adjustments and Long-Term Salary Increases**

Cost-of-living adjustments are based on salary increases for a retiree’s rank at retirement.

The long-term rate of salary increase is assumed to be 3.25% (2.85% inflation plus 0.4% productivity). This rate is used to project cost-of-living increases after the expiration of the current contracts, as well as representing the expected level of overall Safety payroll growth used to calculate the unfunded liability amortization payment. The following schedule shows salary increases based on the current Police and Fire contracts that expire on June 30, 2026. All increases shown after that date are assumptions.

<b>Post-Retirement Benefit Increases (Based on Salary Increases for Rank at Retirement)</b>		
<b>Date of Increase</b>	<b>Police</b>	<b>Fire</b>
July 1, 2025	3.00%	3.00%
Annual Increases		
Starting	3.25%	3.25%
July 1, 2026		

**5. Rates of Termination**

None.

**APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

**6. Rates of Disability**

None.

**7. Rates of Retirement**

None.

**8. Rates of Mortality for Healthy Lives**

Mortality rates for healthy annuitants are based on the sex distinct 2021 CalPERS Healthy Annuitant Mortality Table, with generational mortality improvements projected from 2017 using Projection Scale MP-2021.

**9. Rates of Mortality for Disabled Retirees**

Mortality rates for Safety disabled annuitants are based on the sex distinct 2021 CalPERS Industrially Disabled Mortality Table, with generational mortality improvements projected from 2017 using Projection of Scale MP-2021.

**10. Mortality Improvement**

The mortality tables are projected to improve with MP-2021 generational mortality improvement tables, projected from a base year of 2017 (the mid-point of the CalPERS mortality tables from their 2021 study).

**11. Survivor Continuance**

All retirees with a Benefit Form of “J&S” in the raw data are assumed to receive a 66-2/3% continuance.

**12. Changes in Assumptions Since the Last Valuation**

None.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

**1. Plan Year**

July 1 to June 30.

**2. Membership**

The Plan has been closed to new members since June 30, 1976.

**3. Salary**

Retirement allowances are based on the pensionable compensation attached to the average rank held during the three years immediately preceding retirement.

**4. Employee Contributions**

There are no active employees in the Plan, and thus no employee contributions.

**5. Service Retirement**

Eligibility

25 years of service, or 20 years of service and age 55, or age 65. A reduced early retirement is available with 20 years of service.

Benefit Amount

50% of Salary plus 1.67% for each additional year of service beyond that required for service retirement eligibility, to a maximum of 10 years. For retirements with less than 20 years of service, benefits are pro-rated.

**6. Duty-Related Disability Retirement**

Equivalent to service retirement benefit if 25 or more years of service.

**7. Non-Duty Related Disability Retirement**

Equivalent to service retirement benefit if age 55 is attained.

**8. Post-Retirement Death Benefit**

For retirees without a spouse at death, a \$1,000 lump sum is paid to designated beneficiary.

**9. Cost-of-Living Adjustments**

Benefit increases are based on increases in salary for rank at retirement (see above definition of Salary).

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

**10. Benefit Forms**

Benefit is paid for the lifetime of the member. For deaths following a service retirement or non-duty disability, a 66-2/3% continuance is paid for the lifetime of the spouse. If the member retired under a duty-related disability, a continuance of 100% is paid.

**11. Changes in Plan Provisions Since the Last Valuation**

None.

## APPENDIX D – GLOSSARY

### 1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

### 2. Actuarial Cost Method

A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

### 3. Actuarial Gain (Loss)

The difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

### 4. Actuarial Liability

The portion of the actuarial present value of projected benefits that will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

### 5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

### 6. Actuarial Valuation

The determination, as of a specified date, of the normal cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

### 7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

### 8. Actuarially Equivalent

Of equal actuarial present value, determined as of a given date, with each value based on the same set of actuarial assumptions.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2025**

**APPENDIX D – GLOSSARY**

**9. Amortization Payment**

The portion of the pension plan contribution that is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

**10. Entry Age Normal Actuarial Cost Method**

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

**11. Funded Ratio**

The ratio of the Actuarial Value of Assets to the Actuarial Liabilities.

**12. Normal Cost**

That portion of the actuarial present value of pension plan benefits and expenses that is allocated to a valuation year by the actuarial cost method.

**13. Projected Benefits**

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of actuarial assumptions, taking into account such items as increases in future compensation and service credits.

**14. Unfunded Actuarial Liability**

The excess of the Actuarial Liability over the Actuarial Value of Assets.



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