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March 6, 2026

Paul Okada  
 Chief Executive Officer  
 San Mateo County Employees' Retirement Association  
 100 Marine Parkway, Suite 125  
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**Re: Analysis of Salary Increases - March 24, 2026 Board Agenda**

Dear Scott:

California Government Code Section 31515.5 requires a notice be provided of the estimated financial impact that proposed benefit or salary increases would have on the funding status of the County's retirement system, administered by SamCERA. We understand that the San Mateo County Board of Supervisors will consider salary increases for a select group of individuals that are in addition to regularly scheduled annual increases. The purpose of this letter is to provide information to assist the Board of Supervisors to satisfy the notice requirement regarding items included in the Board Agenda on March 24, 2026.

**Estimated Financial Impact**

Based on proposed salary increase information provided by San Mateo County, we have calculated the projected impact of these salary increases on SamCERA as of the most recent valuation date of June 30, 2025 that a valuation report has been adopted by the SamCERA Board of Retirement. Note that the proposed salary increases are assumed to be in addition to the actuarially assumed annual salary increases used in the valuation. The table below summarizes the data used in, and the results of, our analysis.

| Department / Budget Unit                    | Count    | Total Increase in BiWeekly Pensionable Salary | Total Increase in Actuarial Accrued Liability |
|---------------------------------------------|----------|-----------------------------------------------|-----------------------------------------------|
| 12000 County Executive's/Clerk of the Board | 1        | \$ 279                                        | \$ 92,000                                     |
| 37000 County Library                        | 1        | \$ 1,166                                      | \$ 305,000                                    |
| <b>Total</b>                                | <b>2</b> | <b>\$ 1,445</b>                               | <b>\$ 397,000</b>                             |

*Note that the information included in the table above for the County Library is the same information presented in our letter dated February 2, 2026.*

As shown above, we estimate that the increase in the Actuarial Accrued Liability (AAL) due to these salary increases is approximately \$397,000. The Unfunded Actuarial Accrued Liability

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(UAAL) of SamCERA will be higher by this amount causing the funded ratio, rounded to the nearest one basis point, to decrease by 0.01%.

The County contributes to SamCERA based on a percentage of its payroll. Therefore, an increase in salaries above the valuation assumption will result in an increase in the contributions (both by the County and by the affected General members) made to SamCERA, as compared to the contributions projected in the valuation. It should be noted that SamCERA is a cost-sharing retirement system, so the estimated increase in the future AAL will be borne by all SamCERA employers, not just the County.

### **Data, methods, and assumptions**

These estimates are based on the results of the June 30, 2025 actuarial valuation for the members identified and provided to us by San Mateo County. For this analysis we used the biweekly salaries (with allowances) for these members as provided by San Mateo County and adjusted the valuation results by the same relative proportion as the increase in biweekly salaries.

For members of Plan 7, pensionable compensation is limited under Section 7522.10 of the Government Code. This limitation has been applied to these calculations where applicable.

### **Reliance**

Except as noted elsewhere in this letter, all data, methods, assumptions, and plan provisions are consistent with those described in the June 30, 2025 actuarial valuation. We have assumed that these salary increases would not affect future member behavior.

### **Variability of results**

The actuarial computations presented in this letter are for the specific purpose described in this letter. Determinations for other purposes may be significantly different from the results contained in this letter. Accordingly, additional determinations may be needed for other purposes. These computations are subject to the uncertainties of a regular actuarial valuation; the costs are inexact because they are based on assumptions that are necessarily inexact, even though we consider them reasonable. Thus, the emerging costs will vary from those presented in this letter to the extent actual experience differs from that projected by the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this letter 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; increases or decreases expected as part of the natural operation of the retirement system, and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Please refer to the June 30, 2025 actuarial valuation for additional discussion of the risks associated with measuring pension liabilities and the determination of pension plan contributions.

### **No legal duty to third-party recipients**

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### **Models**

These results were developed using models employing standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

### **Qualifications and Certification**

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal, investment or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this cost projection letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Please let us know if you have any questions.

Sincerely,



Nick Collier, ASA, EA, MAAA  
Consulting Actuary



Craig Glyde, ASA, EA, MAAA  
Consulting Actuary

NC/CG/wb

cc: Scott Hood  
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