



# Memorandum

**TO: Board of Administration for the  
Police and Fire Department  
Retirement Plan**

**FROM: Benjie Chua Foy**

**SUBJECT: Contributions Resolutions**

**DATE: May 1, 2026**

Approved

Date

May 7, 2026

**INFORMATIONAL**

Attached are the contributions resolutions for the Police and Fire members for the Board’s approval. The contribution rates and amounts are taken from the letter provided by Cheiron (Exhibit A), which is prepared after they have received the prefunding decision from the City (Exhibit B) and the Board has approved the discount rate to use should the City decide to prefund. In this case, the City decided not to prefund any contributions for fiscal year 2026-2027.

Cheiron’s letter, which contains the contribution rates and amounts, was based on the June 30, 2025 actuarial valuations. The Board approved these actuarial valuations at their November 2025 and February 2026 meetings. The approval of the resolutions is merely a formality.

A comparison of the member contribution rates from the prior year to the new year are presented for informational purposes. Please refer to the resolutions for a description of the various tiers.

	FY 2025-2026	Increase (Decrease)	FY 2026-2027
<b>FIRE</b>			
Members – Pension			
Tier 1	12.00%	(0.12%)	11.88%
Tier 1 – rehired	13.96%	(0.12%)	13.84%
Tier 1 – rehired Fed	12.87%	(0.12%)	12.75%
Tier 1 – Classic	12.12%	(0.12%)	12.00%
Tier 2	15.01%	(0.46%)	14.55%
Members – OPEB	8.00%	0.00%	8.00%
<b>POLICE</b>			
Members – Pension			
Tier 1	10.39%	1.05%	11.44%
Tier 1 – rehired	12.35%	1.05%	13.40%
Tier 1 – rehired Fed	11.26%	1.05%	12.31%
Tier 1 – Classic	10.51%	1.05%	11.56%
Tier 2	13.55%	1.09%	14.64%
Members – OPEB	8.00%	0.00%	8.00%

*Via Electronic Mail*

EXHIBIT A

April 16, 2026

Mr. John Flynn  
 Chief Executive Officer  
 City of San José  
 Department of Retirement Services  
 1737 North 1<sup>st</sup> Street, Suite 580  
 San José, CA 95112

**Re: *City of San José Police and Fire Department Retirement Plan and Postemployment Healthcare Plan Contribution Rates and Amounts for FYE 2027***

Dear John:

The purpose of this letter is to provide the Board with the contribution rates and amounts for the fiscal year ending June 30, 2027 based on the June 30, 2025 actuarial valuations. Contributions are structured as a normal cost (representing the benefits attributed to the current year of service), plus administrative expenses, plus a payment on the Unfunded Actuarial Liability (UAL). Member contributions are administered as a contribution rate that is applied to pensionable compensation each pay period. Based on the Board’s policy, some City contributions are administered as a contribution rate with a minimum dollar amount based on expected payroll and some are administered as a contribution amount that does not vary based on actual payroll. The table below summarizes the basis for City contributions.

City Contribution Type	Contribution Basis
Pension	
Tier 1 Normal Cost	Rate of Pay with Minimum Dollar Amount
Tier 1 Administrative Expenses	Rate of Pay with Minimum Dollar Amount
Tier 1 UAL	Dollar Amount
Tier 2	Rate of Pay
OPEB	Dollar Amount

We understand the City has elected not to prepay its Tier 1 Pension and OPEB contributions at the beginning of the year. Consequently, all amounts shown assume payments are made throughout the fiscal year.

**Member Contribution Rates**

The table on the following page provides the member contribution rates for each rate group. Separate rates are provided for the Retirement Fund and the COLA Fund, for Fire and Police, and for Tier 1 and Tier 2. In addition to the rates shown for all Tier 1 members, certain Tier 1 members pay an additional rate due to the reclassification of members under Measure F.

<b>Fiscal Year Ending 2027 Member Contribution Rates</b>						
	<b>Fire</b>			<b>Police</b>		
	<b>Retirement</b>	<b>COLA</b>	<b>Total</b>	<b>Retirement</b>	<b>COLA</b>	<b>Total</b>
<b><u>Tier 1</u></b>						
<b>All Members</b>	<b>8.13%</b>	<b>3.75%</b>	<b>11.88%</b>	<b>7.77%</b>	<b>3.67%</b>	<b>11.44%</b>
<b>Additional Reclassified Rates</b>						
Rehires	1.04%	0.92%	1.96%	1.04%	0.92%	1.96%
Fed Service	0.22%	0.65%	0.87%	0.22%	0.65%	0.87%
Classic	0.06%	0.06%	0.12%	0.06%	0.06%	0.12%
<b><u>Tier 2</u></b>						
<b>All Members</b>	<b>11.49%</b>	<b>3.06%</b>	<b>14.55%</b>	<b>11.49%</b>	<b>3.15%</b>	<b>14.64%</b>

### City Pension Contributions

The Tier 1 City contributions for normal cost and administrative expenses are shown in the table on the next page, both as a rate to be applied to Tier 1 pensionable payroll and a minimum dollar amount. The Tier 1 administrative expense and UAL payments are not payroll-based, so they are shown only as dollar amounts. The Tier 2 City contribution rate is separated into the normal cost rate, administrative expense rate, and the UAL rate. The dollar amount shown on the next page for the total Tier 2 rate is the estimated amount that will be collected by applying the rate to actual Tier 2 pensionable payroll during the year.

Fiscal Year Ending 2027 City Contributions Contributions Throughout the Year						
	Fire			Police		
	Retirement	COLA	Total	Retirement	COLA	Total
<b>Tier 1</b>						
Normal Cost	21.87%	10.06%	31.93%	21.48%	10.00%	31.48%
	\$ 14,209,842	\$ 6,538,170	\$ 20,748,012	\$ 14,111,045	\$ 6,575,000	\$ 20,686,045
Admin Expenses	\$ 2,087,065	\$ 1,611,566	\$ 3,698,631	\$ 2,427,147	\$ 2,001,992	\$ 4,429,139
UAL Payment	\$ 23,779	\$ 25,582	\$ 49,361	\$ 85,712,839	\$ 66,410,477	\$ 152,123,316
<b>Total Tier 1</b>	<b>\$16,320,686</b>	<b>\$ 8,175,318</b>	<b>\$24,496,004</b>	<b>\$102,251,031</b>	<b>\$74,987,469</b>	<b>\$177,238,500</b>
<b>Tier 2</b>						
Normal Cost	11.49%	3.06%	14.55%	11.49%	3.15%	14.64%
Admin Expenses	0.08%	0.02%	0.10%	0.09%	0.02%	0.11%
UAL Payment	-0.08%	-0.02%	-0.10%	-0.09%	-0.02%	-0.11%
<b>Total Tier 2</b>	<b>11.49%</b>	<b>3.06%</b>	<b>14.55%</b>	<b>11.49%</b>	<b>3.15%</b>	<b>14.64%</b>
	\$ 6,158,292	\$ 1,640,067	\$ 7,798,359	\$ 14,662,397	\$ 4,019,717	\$ 18,682,114
<b>Grand Total</b>	<b>18.96%</b>	<b>8.28%</b>	<b>27.24%</b>	<b>60.48%</b>	<b>40.87%</b>	<b>101.35%</b>
	\$22,478,978	\$ 9,815,385	\$32,294,363	\$116,913,428	\$79,007,186	\$195,920,614

The estimated FYE 2027 payroll for each group is shown in the following table. This expected payroll was used to develop the minimum amounts for the Tier 1 City normal cost and administrative expense contributions and the estimated amount of Tier 2 contributions.

Fiscal Year 2026-27 Expected Payroll			
	Fire	Police	Total
Tier 1	\$ 64,974,130	\$ 65,702,219	\$ 130,676,349
Tier 2	53,596,969	127,610,070	181,207,039
<b>Total</b>	<b>\$ 118,571,099</b>	<b>\$ 193,312,289</b>	<b>\$ 311,883,388</b>

### City OPEB Contribution Amounts

Member contributions to the OPEB plans are fixed in the San José Municipal Code at 8.0% of pay, so they are not addressed in this letter. City contributions are only determined as a dollar amount and not as a rate of pay.

Mr. John Flynn  
April 16, 2026  
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We understand the City does not intend to prepay its contribution for the fiscal year ending June 30, 2027. The total amount to be contributed to the 115 Trust, assuming contributions are paid throughout the year, is \$34,197,383. In addition, the City pays the implicit subsidy as a part of its active employee medical premiums.

## Disclosures

The figures in the exhibits reflect the results of the June 30, 2025 Actuarial Valuations of the City of San José Police and Fire Department Retiree Medical and Dental Insurance Plan and the City of San José Police and Fire Department Retirement Plan. We refer you to the full valuation reports for a description of the data, assumptions, methodology, and plan provisions applicable to these calculations.

This letter has 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 collectively meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

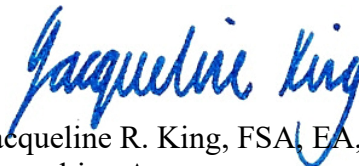
This letter was prepared exclusively for the Board of Administration of the City of San José Police and Fire Department Retirement Plan for the purpose described herein. Other users of this letter are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

If you have any questions or would like to discuss these calculations, please call Bill at (703) 893-1456, extension 1113, or Jacqui at extension 1118.

Sincerely,  
Cheiron



William R. Hallmark, ASA, EA, MAAA, FCA  
Consulting Actuary



Jacqueline R. King, FSA, EA, MAAA  
Consulting Actuary

cc: Barbara Hayman  
Benjie Chua-Foy  
Anne Harper  
Tim Doyle

## EXHIBIT B



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**FW: Lump Sum Employer Contribution Towards Police and Fire Retirement Plan (Pension and OPEB) for FY 2025-26**

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**From** Flynn, John <John.Flynn@sanjoseca.gov>  
**Date** Thu 5/7/2026 2:25 PM  
**To** Chua-Foy, Benjie <Benjie.Chua-Foy@sanjoseca.gov>

For the record.

Regards,  
John

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**From:** Sun, Qianyu <Qianyu.Sun@sanjoseca.gov>  
**Sent:** Wednesday, April 1, 2026 8:58 AM  
**To:** Flynn, John <John.Flynn@sanjoseca.gov>  
**Subject:** RE: Lump Sum Employer Contribution Towards Police and Fire Retirement Plan (Pension and OPEB) for FY 2025-26

Good morning, John!

The City will not prefund the retirement contribution for Fiscal Year 2026-2027. I thought the City needed to issue official communication to the Boards if the City chose to prefund in any manner. Maybe I misunderstood the MOU. Let me double check.

Thanks,

Qianyu Sun, CFA  
Deputy Director of Finance  
City of San José  
(408) 535 - 7832

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**From:** Flynn, John <[John.Flynn@sanjoseca.gov](mailto:John.Flynn@sanjoseca.gov)>  
**Sent:** Wednesday, April 1, 2026 8:51 AM  
**To:** Sun, Qianyu <[Qianyu.Sun@sanjoseca.gov](mailto:Qianyu.Sun@sanjoseca.gov)>  
**Subject:** RE: Lump Sum Employer Contribution Towards Police and Fire Retirement Plan (Pension and OPEB) for FY 2025-26

Hi Qianyu,

Good morning. Will you be sending an official communication this year, given that I understand the City may not be prefunding any contributions?

Regards,  
John

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**From:** Sun, Qianyu <[Qianyu.Sun@sanjoseca.gov](mailto:Qianyu.Sun@sanjoseca.gov)>  
**Sent:** Friday, March 14, 2025 12:46 PM

**To:** Flynn, John <[John.Flynn@sanjoseca.gov](mailto:John.Flynn@sanjoseca.gov)>; Palani, Prabhu <[Prabhu.Palani@sanjoseca.gov](mailto:Prabhu.Palani@sanjoseca.gov)>; Hayman, Barbara <[Barbara.Hayman@sanjoseca.gov](mailto:Barbara.Hayman@sanjoseca.gov)>

**Cc:** Oberg, Maria <[Maria.Oberg@sanjoseca.gov](mailto:Maria.Oberg@sanjoseca.gov)>; Shannon, Jim <[jim.shannon@sanjoseca.gov](mailto:jim.shannon@sanjoseca.gov)>; Chi, Brian <[Brian.Chi@sanjoseca.gov](mailto:Brian.Chi@sanjoseca.gov)>; Wasniewski, Yolanda <[yolanda.wasniewski@sanjoseca.gov](mailto:yolanda.wasniewski@sanjoseca.gov)>; Lo, Victor <[Victor.Lo@sanjoseca.gov](mailto:Victor.Lo@sanjoseca.gov)>

**Subject:** Lump Sum Employer Contribution Towards Police and Fire Retirement Plan (Pension and OPEB) for FY 2025-26

John, Prabhu and Barbara:

The City elects to make a single lump sum contribution towards the Police and Fire Department Retirement Plan Tier 1 pension and OPEB for Fiscal Year 2025-26. Please see the memorandum to the Board of Administration from the City Manager (attached). We request the Board of Administration of the Police and Fire Department Retirement Plan discuss and approve the City's election on April 3.

Please note the City will not prefund the employer contribution towards the Federated Retirement Plan in FY 2025-26.

Thanks,



[www.sanjoseca.gov](http://www.sanjoseca.gov)



**Qianyu Sun, CFA**

*Pronouns: She/Her/Hers*

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