

Comparison of Pension Plan Funding and Financial Reporting Actuarial Liabilities

	Unfunded Actuarial Liability (UAAL)	Net Pension Liability (NPL)
Purposes	Plan Funding – calculate needed cash contributions to eventually pay off Unfunded Actuarial Accrued Liability (UAAL)	Standardize financial reporting among governments by adding net pension liability (NPL) to the balance sheet
Source	California Public Employees’ Retirement System (CalPERS)	Government Accounting Standards Board (GASB)
Methodology	Long-term time horizon, smoothed basis	“Current” Basis
Effect	Government agency and employee cash budgets	Visible government liability*
Audience	State/local policymakers, Agency staff	Users of financial statements – public & taxpayers
Details (6/30/18 reporting)		
Date Liabilities (Value of future benefits) measured/ Name	6/30/17 “Actuarial Accrued Liability”	6/30/16 “Rolled forward” to 6/30/17, labeled as 6/30/18 “Total Pension Liability”
Discount rate to measure present value of liability	7.25%	7.15%
Date plan assets measured/ Name	6/30/17 “Market Value of Assets”	6/30/17 “Fiduciary Net Position”
Plan asset measurement basis	Market value	Market value
Difference	“Unfunded Actuarial Accrued Liability”	“Net Pension Liability”
Annual “Payment”	Determines required cash contributions for 2019/20	Determines pension expense for 2017/18 FY
Issue Date	Report published in July/August 2018	Published winter 2018 for 6/30/18 reporting