



Phillip Kapler
Retirement Administrator

Agenda Item No. _____

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
Eulalio Gomez, Chair
John P. Souza, Vice Chair
Marion Austin
Laura P. Basua
Alan Cade, Jr.
Judith G. Case
Dr. Rod Coburn, III
Vicki Crow
Steven J. Jolly
Regina Wheeler, Alternate

DATE: January 16, 2013
TO: Trustees, Board of Retirement
FROM: Phillip Kapler
Retirement Administrator
SUBJECT: CalPEPRA New Tier of Benefit for New Entrants of General and Safety Employers

Segal Company has provided their report on the valuation of liabilities, forecasted pension covered earnings, and actuarially required contributions for the implementation of the new PEPRA tiers.

These rates, derived by Segal, reflect the mandated employer and employee normal cost distribution between the employers and new members effective through June 30, 2013.

Upon presentation and discussion, the Board can decide to:

1. Lay over for 2nd consideration
2. Accept the report into the record and certify to the County Board of Supervisors

Please contact me if you have any questions. Thank you.

**FRESNO COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION**

*CalPEPRA New Tier of Benefit for New Entrants of
General and Safety Employers*

Copyright © 2013

**THE SEGAL COMPANY, INC.
THE PARENT OF THE SEGAL COMPANY
ALL RIGHTS RESERVED**



The Segal Company
100 Montgomery Street Suite 500 San Francisco, CA 94104
T 415.263.8200 F 415.263.8290 www.segalco.com

January 11, 2013

Board of Retirement
Fresno County Employees' Retirement Association
1111 "H" Street
Fresno, CA 93721

Dear Board Members:

We are pleased to submit our findings of the prescribed benefit formulas under the California Public Employees' Pension Reform Act of 2013 (CalPEPRA) for new General employees and new Safety employees. Other than the required formula changes and the elimination of the \$3 per month per year of service benefit currently available to Safety Tier 4, all the other benefit provisions are assumed to be the same as those currently offered to General and Safety Tier 4 members. The results in this report are determined so as to be applicable for members with a membership date on and after January 1, 2013.

As these prescribed formulas would only be offered to new employees, and since data for such employees is not yet available, we have assumed in this valuation that their demographic profiles (e.g., entry age, composition of male versus female, etc.) can be approximated by the data profiles of current active members hired in the one year prior to the valuation as of June 30, 2012 (that is currently in progress) with less than one year of service. No current active, inactive vested members, retirees, or beneficiaries have been included in this CalPEPRA valuation. With the exception of the service retirement assumptions under the proposed formulas, this study utilizes the actuarial assumptions and methodologies adopted by the FCERA Board of Retirement for use in the June 30, 2011 and June 30, 2012 valuations for the current members of the County and other sponsoring employers.

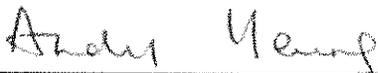
The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Sincerely,

THE SEGAL COMPANY

By: 
Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary


Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Associate Actuary

MYM/hxy

SECTION 1

REVIEW SUMMARY

Overview 1

SECTION 2

VALUATION RESULTS

A. Demographics as of
June 30, 2012 4

B. Comparison of Normal Cost
Rates Before and After
Change in Benefit Formula
for New General Members 5

C. Comparison of Normal Cost
Rates Before and After
Change in Benefit Formula
for New Safety Members 6

SECTION 3

SUPPORTING EXHIBITS

EXHIBIT I

Actuarial Assumptions and Plan
Summary 7

SECTION 1: Proposed Benefit Changes for New General and Safety Members of FCERA Review Summary

OVERVIEW

- Currently, General Tier 1 members are enrolled under Sections 31676.12, 31676.14 and 31627, General Tier 2 members are enrolled under Section 31676.16, General Tier 3 members are enrolled under Section 31676.15 and General Tier 4 members are enrolled under Section 31676.1. Safety Tier 1 members are enrolled under Sections 31664 and 31627, Safety Tier 2 members are enrolled under Section 31664.2 and Safety Tier 4 members are enrolled under Section 31664. All County General and County Safety members hired on or after June 11, 2012 have been covered under the Tier 4 plans.

As required by CalPEPRA, members with membership dates on and after January 1, 2013 would be enrolled in the new tiers described below. The Unfunded Actuarial Accrued Liability (UAAL) currently amortized and funded by the employer will continue to be paid off as a level percent of total payroll (including future new hires who are in the corresponding new tiers), assuming payroll will grow at 4.00% per year.

- In this study, we have assumed that new General members would receive a benefit of 2.5% at age 67 as described under CalPEPRA Section 7522.20(a). For Safety members, they would receive a benefit of 2.7% at 57 as described under Section 7522.25(d). Both of these formulas have been valued with a 0% Cost-of-Living Adjustment (COLA) and with a final 3-year average compensation.

As directed by the Association, we have assumed in this report that the \$3 per month per year of service benefit currently available to Safety Tier 4 and comparable to that payable under Section 9 of the Ventura Settlement Benefit would not be continued to members covered by the new benefit formulas.

- It is assumed that with the exception of the provisions described above (and summarized in Section 3 of this report), all the other benefit provisions for these prescribed tiers would be unchanged from those provided to current General and Safety members in the current General Tier 4 and the current Safety Tier 4, respectively. Note that under the CalPEPRA formulas, there is a 3-year period required for determining final average compensation, the cessation of member contributions after 30 years of service has been eliminated and there is a new definition of compensation for purposes of determining retirement benefits (“pensionable compensation”).
- This study assumes that the demographic profiles of new General and Safety members would be comparable to current General and Safety members hired in the one year prior to the June 30, 2012 actuarial valuation (that is currently in progress) with less than one year of service. We have calculated the employer and employee Normal Cost contribution rates for the group of recently hired members under the proposed benefit formulas as of June 30, 2012. Note that the actual costs will be based on the actual demographics of the new members once actual membership enrollment data becomes available in a future valuation.
- It is our understanding that in the determination of pension benefits under the CalPEPRA formulas, the compensation that can be taken into account for 2013 is equal to the Social Security Taxable Wage Base or \$113,700. (For an employer that

**SECTION 1: Proposed Benefit Changes for New General and Safety Members of FCERA
Review Summary**

is not enrolled in Social Security, the maximum amount is \$136,440 or 120% of the Social Security Taxable Wage Base). (reference: Section 7522.10)

- Currently under the 1937 Act, both the service retirement benefit accrual and the member contribution rate for all members are adjusted to reflect the employer's participation in Social Security. In particular, the benefit accrual and member contribution rate for the first \$350 in monthly salary are set at levels that are 2/3 the benefit accrual and member contribution rate for of salary in excess of \$350 per month.

Since the CalPEPRA formulas represent a fundamental change in both the level of benefit accrual and member contribution rate for new employees, we have not included the above adjustments for integration with Social Security in our analysis of the CalPEPRA formulas. The exclusion of the adjustments for integration has been approved by the Board.

- In determining the member contribution rate that is intended to pay 50% of the Normal Cost, we have used a single (non-entry age based) rate regardless of the entry age of the new members. We have made this recommendation to the Association to use a single rate instead of the current practice of entry age based rates because we believe using the single rate methodology for both the new employees and the employer would provide more clarity as to how the Normal Cost contribution rate is shared between the two. Another argument in favor of the single member rate approach is that that approach is used by CalPERS and by most public retirement systems outside of the 1937 Act systems (before CalPEPRA). With the single rate approach, the difference in the entry age among members is pooled with other factors (such as differences in life expectations between males versus females and in benefits between single versus married) in developing a common rate to be paid by all such members. This recommendation has been adopted by the Board.
- In Sections 2B and 2C, we have provided the aggregate employer and employee Normal Cost contribution rates approved by the Board of Retirement for General and Safety members in the June 30, 2011 valuation.

For comparison purposes only, we have recalculated and provided in the footnote to the above Sections the employer and the employee Normal Cost rates under the current formulas based on the demographic profile of only the members outlined in Section 2A. Those Normal Cost rates may be compared to the Normal Cost rates calculated under the prescribed formulas to estimate the potential longer-term cost impacts for the employer and the employee. In illustrating the average annual contributions in Sections 2B and 2C, we have applied the average annual salary after it has been limited by Section 7522.10 even though it would not apply to the current tiers. Note that the actual costs for the new tiers would be based on the actual demographics of the new members once actual membership enrollment data becomes available in a future valuation.

- It is our understanding that new members entering on or after January 1, 2013 would be required to contribute at least 50% of the Normal Cost rate. (reference: Section 7522.30(a))

SECTION 1: Proposed Benefit Changes for New General and Safety Members of FCERA Review Summary

In addition, there are certain additional requirements that would have to be met such as requiring the employee rates be rounded to the nearest one quarter of one percent and requiring the new employees to pay the contribution rate of “similarly situated employees”, if it is greater. (reference: Section 7522.30(c))

It is our further understanding that different rules may have to be applied for collectively bargained employees, nonrepresented, managerial or other supervisory employees. (reference: section 7522.30(e))

In preparing the Normal Cost rates in this report we have assumed that 50% of the Normal Cost would be paid by the new members. We have taken into account in this study the rounding requirements of Section 7522.30 (c) but not requirements of Section 7522.30(e).

- As stated at the beginning of this section, in addition to the employer Normal Cost rates provided in Sections 2B and 2C, it is anticipated that the employer would have to continue to contribute for new hires the same UAAL rates for General members and Safety members that were determined in the June 30, 2011 valuation.
- The recommended employer and member contribution rates shown in this report are applicable for the period from January 1, 2013 to June 30, 2013. The employer and member contribution rates for the 2013/2014 Fiscal Year will be provided later in a separate report.
- With the exception of the service retirement assumptions, the actuarial assumptions used in this study are the same as those adopted by the Retirement Board for use in the June 30, 2011 and June 30, 2012 valuations. The service retirement assumptions used in this study are shown in Section 3, Exhibit I of this report. These assumptions were developed for this study to estimate the anticipated impact of the changes in benefit formulas on future retirement age experience. For the General CalPEPRA formula, we are assuming that new members would tend to retire somewhat later than is assumed for current General Tier 4 members. Our assumption is based on the expectation that new members may decide to retire later because of the lower benefit accruals under the new formula. For the Safety CalPEPRA formula, we have continued to use the same retirement assumptions for current Safety Tier 4 members except for the elimination of retirement assumptions before age 50. This is because the change in the benefit between Safety Tier 4 and the Safety CalPEPRA formula is relatively small (the benefits before age 57 are slightly better under Tier 4 than CalPEPRA, and vice versa after).
- The results shown in this study are for all new General and Safety members in FCERA. It is our understanding that the CalPEPRA formulas apply to all of FCERA’s employers.

**SECTION 2: Proposed Benefit Changes for New General and Safety Members of FCERA
Valuation Results**

A. Demographics as of June 30, 2012

Category	General⁽²⁾	Safety⁽³⁾
Active members in valuation⁽¹⁾:		
New members	422	42
Average entry age	34.3	30.9
Projected average compensation	\$34,777	\$44,563
Projected average compensation after applying the limit under Section 7522.10	\$34,172	\$44,563

⁽¹⁾ The data is based on the June 30, 2012 valuation and it includes active members hired in the one year prior to the June 30, 2012 actuarial valuation (that is currently in progress) with less than one year of service.

⁽²⁾ The above General members used in this study originate from General Tiers 1, 2, 3 and 4. The breakdown by Tier is as follows:

	Tier 1	Tier 2
New members	17	58
Average entry age	34.9	34.0
Projected average compensation	\$40,616	\$51,681
Projected average compensation after applying the limit under Section 7522.10	\$40,616	\$47,281
	Tier 3	Tier 4
New members	298	49
Average entry age	34.0	36.2
Projected average compensation	\$31,323	\$33,747
Projected average compensation after applying the limit under Section 7522.10	\$31,323	\$33,747

⁽³⁾ The above Safety members used in this study originate from Safety Tiers 2 and 4. The breakdown by Tier is as follows:

	Tier 2	Tier 4
New members	32	10
Average entry age	30.5	32.2
Projected average compensation	\$46,080	\$39,707
Projected average compensation after applying the limit under Section 7522.10	\$46,080	\$39,707

**SECTION 2: Proposed Benefit Changes for New General and Safety Members of FCERA
Valuation Results**

B. Comparison of Normal Cost Rates Using Prescribed Benefit Formula for New General Members:

<u>Formula</u>	<u>Employer Rate</u>		<u>Average Member Rate</u>	
	<u>% of Payroll⁽¹⁾</u>	<u>Estimated Average Annual Amount⁽²⁾</u>	<u>% of Payroll</u>	<u>Estimated Average Annual Amount⁽²⁾</u>
Current Formula	14.65% ⁽³⁾	\$5,006	6.72% ⁽³⁾	\$2,296
CalPEPRA Formula (§7522.20)	6.20%	\$2,119	6.20%	\$2,119
Rounded CalPEPRA (§7522.30(c))	6.15% ⁽⁴⁾	\$2,102	6.25%	\$2,136

⁽¹⁾ These are the Normal Cost rates only. The total employer rate would be equal to the Normal Cost rates above plus the UAAL rate of 24.62%.

⁽²⁾ These per member amounts are based on the June 30, 2012 projected average annual payroll for active General members hired in the last year with less than one year of service of \$34,172.

⁽³⁾ These current formula aggregated rates are based on applying the payrolls of the General Tier 1, Tier 2, Tier 3 and Tier 4 members used in this study to the Normal Cost rates of all the General members included in those Tiers in the June 30, 2011 valuation. If we were to use the Normal Cost rates calculated only for the members included in this study (see demographic profile provided in Section 2A), the employer Normal Cost rate would be 14.13% and the employee Normal Cost rate would be 6.59%.

If we were to use the Normal Cost rates calculated only for the members included in this study but assuming all those members were enrolled in General Tier 4, the employer Normal Cost rate would be 6.86% and the employee Normal Cost rate would be 5.99%.

⁽⁴⁾ The Normal Cost plus UAAL contribution rates under the CalPEPRA formula for the employer are as follows:

Normal Cost	6.15%
UAAL	24.62%
Total	30.77%

Note: These Normal Cost rates have not been adjusted to reflect the applicable requirements, if any, under Section 7522.30(e) as discussed in Section 1

**SECTION 2: Proposed Benefit Changes for New General and Safety Members of FCERA
Valuation Results**

C. Comparison of Normal Cost Rates Using Prescribed Benefit Formulas for New Safety Members:

Formula	Employer Rate		Average Member Rate	
	% of Payroll ⁽¹⁾	Estimated Average Annual Amount ⁽²⁾	% of Payroll	Estimated Average Annual Amount ⁽²⁾
Current Formula	23.35% ⁽³⁾	\$10,405	9.45% ⁽³⁾	\$4,211
CalPEPRA Formula (§7522.5(d))	11.15%	\$4,969	11.15%	\$4,969
Rounded CalPEPRA (§7522.30(c))	11.05% ⁽⁴⁾	\$4,924	11.25%	\$5,014

⁽¹⁾ These are the Normal Cost rates only. The total employer rate would be equal to the Normal Cost rates above plus the UAAL rate of 37.87%.

⁽²⁾ These per member amounts are based on the June 30, 2012 projected average annual payroll for active Safety members hired in the last year with less than one year of service of \$44,563.

⁽³⁾ These current formula aggregated rates are based on applying the payrolls of the Safety Tier 2 and Tier 4 members used in this study to the Normal Cost rates of all the Safety members included in those Tiers in the June 30, 2011 valuation. If we were to use the Normal Cost rates calculated only for the members included in this study (see demographic profile provided in Section 2A), the employer Normal Cost rate would be 23.89% and the employee Normal Cost rate would be 9.77%.

If we were to use the Normal Cost rates calculated only for the members included in this study but assuming all those members were enrolled in Safety Tier 4, the employer Normal Cost rate would be 13.24% and the employee Normal Cost rate would be 9.16%.

⁽⁴⁾ The Normal Cost plus UAAL contribution rates under the CalPEPRA formula for the employer are as follows:

Normal Cost	11.05%
UAAL	<u>37.87%</u>
Total	48.92%

Note: These Normal Cost rates have not been adjusted to reflect the applicable requirements, if any, under Section 7522.30(e) as discussed in Section 1

**SECTION 3: Proposed Benefit Changes for New General and Safety Members of FCERA
Supporting Exhibits**

EXHIBIT I

Actuarial Assumptions and Plan Summary

Actuarial Assumptions:

The service retirement assumptions (probability of retirement) that are used in determining results for the proposed formulas are shown on the next page. All the other actuarial assumptions are the same as those adopted by the Retirement Board for use in the June 30, 2011 and June 30, 2012 actuarial valuations.

**SECTION 3: Proposed Benefit Changes for New General and Safety Members of FCERA
Supporting Exhibits**

Retirement Rates (probability of retirement):

Rates (%)				
Age	Current General Tier 4	CalPEPRA General Formula	Current Safety Tier 4	CalPEPRA Safety Formula
45	0.00	0.00	1.00	0.00
46	0.00	0.00	1.00	0.00
47	0.00	0.00	1.00	0.00
48	0.00	0.00	1.00	0.00
49	0.00	0.00	2.00	0.00
50	2.00	0.00	4.00	4.00
51	2.00	0.00	4.00	4.00
52	2.50	4.50	5.00	5.00
53	2.50	2.00	6.00	6.00
54	3.00	2.50	11.00	11.00
55	4.00	3.50	20.00	20.00
56	5.00	4.50	20.00	20.00
57	6.00	5.50	20.00	20.00
58	7.00	6.50	20.00	20.00
59	8.00	7.50	23.00	23.00
60	9.00	8.50	56.00	56.00
61	11.00	10.50	58.00	58.00
62	17.00	16.00	62.00	62.00
63	16.00	15.00	64.00	64.00
64	20.00	19.00	70.00	70.00
65	25.00	24.00	100.00	100.00
66	21.00	21.00	100.00	100.00
67	21.00	21.00	100.00	100.00
68	25.00	25.00	100.00	100.00
69	30.00	30.00	100.00	100.00
70	100.00	100.00	100.00	100.00

**SECTION 3: Proposed Benefit Changes for New General and Safety Members of FCERA
Supporting Exhibits**

Plan Provisions:

Please note that with the exception of the plan provisions described below, all the other plan provisions are assumed to be the same as those used in the April 10, 2012 new tier study for General Tier 4 and Safety Tier 4.

Membership Eligibility:

All members with membership dates on or after January 1, 2013.

Retirement Benefit Formula:

General	Retirement Age	Benefit Formula
<i>General Tier 1 Formula</i>	50	$(1.86\% \times \text{FAS1} - 1/3 \times 1.86\% \times \$350 \times 12) \times \text{Years of Service}$
<i>Regular benefit under §31676.12</i>	55	$(2.50\% \times \text{FAS1} - 1/3 \times 2.50\% \times \$350 \times 12) \times \text{Years of Service}$
<i>and Settlement benefit under</i>	60	$(3.27\% \times \text{FAS1} - 1/3 \times 3.27\% \times \$350 \times 12) \times \text{Years of Service}$
<i>§31676.14 and §31627</i>	62	$(3.27\% \times \text{FAS1} - 1/3 \times 3.27\% \times \$350 \times 12) \times \text{Years of Service}$
	65 or later	$(3.27\% \times \text{FAS1} - 1/3 \times 3.27\% \times \$350 \times 12) \times \text{Years of Service}$
 <i>General Tier 2 Formula</i>	 50	 $(1.43\% \times \text{FAS1} - 1/3 \times 1.43\% \times \$350 \times 12) \times \text{Years of Service}$
<i>(§31676.16)</i>	55	$(2.00\% \times \text{FAS1} - 1/3 \times 2.00\% \times \$350 \times 12) \times \text{Years of Service}$
	60	$(2.26\% \times \text{FAS1} - 1/3 \times 2.26\% \times \$350 \times 12) \times \text{Years of Service}$
	62	$(2.37\% \times \text{FAS1} - 1/3 \times 2.37\% \times \$350 \times 12) \times \text{Years of Service}$
	65 or later	$(2.42\% \times \text{FAS1} - 1/3 \times 2.42\% \times \$350 \times 12) \times \text{Years of Service}$
 <i>General Tier 3 Formula</i>	 50	 $(1.49\% \times \text{FAS3} - 1/3 \times 1.49\% \times \$350 \times 12) \times \text{Years of Service}$
<i>(§31676.15)</i>	55	$(2.00\% \times \text{FAS3} - 1/3 \times 2.00\% \times \$350 \times 12) \times \text{Years of Service}$
	60	$(2.62\% \times \text{FAS3} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Years of Service}$
	62	$(2.82\% \times \text{FAS3} - 1/3 \times 2.82\% \times \$350 \times 12) \times \text{Years of Service}$
	65 or later	$(3.13\% \times \text{FAS3} - 1/3 \times 3.13\% \times \$350 \times 12) \times \text{Years of Service}$

**SECTION 3: Proposed Benefit Changes for New General and Safety Members of FCERA
Supporting Exhibits**

<i>General Tier 4 Formula</i> (§31676.1)	50	$(1.18\% \times \text{FAS3} - 1/3 \times 1.19\% \times \$350 \times 12) \times \text{Years of Service}$
	55	$(1.49\% \times \text{FAS3} - 1/3 \times 1.49\% \times \$350 \times 12) \times \text{Years of Service}$
	60	$(1.92\% \times \text{FAS3} - 1/3 \times 1.92\% \times \$350 \times 12) \times \text{Years of Service}$
	62	$(2.09\% \times \text{FAS3} - 1/3 \times 2.09\% \times \$350 \times 12) \times \text{Years of Service}$
	65 or later	$(2.43\% \times \text{FAS3} - 1/3 \times 2.43\% \times \$350 \times 12) \times \text{Years of Service}$
<i>CalPEPRA General Formula</i>	52	$1.00\% \times \text{FAS3} \times \text{Years of Service}$
	55	$1.30\% \times \text{FAS3} \times \text{Years of Service}$
	60	$1.80\% \times \text{FAS3} \times \text{Years of Service}$
	62	$2.00\% \times \text{FAS3} \times \text{Years of Service}$
	65	$2.30\% \times \text{FAS3} \times \text{Years of Service}$
	67 or later	$2.50\% \times \text{FAS3} \times \text{Years of Service}$
Safety	Retirement Age	Benefit Formula
<i>Safety Tier 1 Formula</i> <i>Regular benefit under §31664 and</i> <i>Settlement benefit under §31627</i>	50	$(2.50\% \times \text{FAS1} - 1/3 \times 2.50\% \times \$350 \times 12) \times \text{Years of Service}$
	55	$(3.27\% \times \text{FAS1} - 1/3 \times 3.27\% \times \$350 \times 12) \times \text{Years of Service}$
	60 or later	$(3.27\% \times \text{FAS1} - 1/3 \times 3.27\% \times \$350 \times 12) \times \text{Years of Service}$
<i>Safety Tier 2 Formula</i> (§31664.2)	50	$(2.29\% \times \text{FAS1} - 1/3 \times 2.29\% \times \$350 \times 12) \times \text{Years of Service}$
	55	$(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Years of Service}$
	60 or later	$(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Years of Service}$
<i>Safety Tier 4 Formula</i> (§31664)	50	$(2.00\% \times \text{FAS3} - 1/3 \times 2.00\% \times \$350 \times 12) \times \text{Years of Service}$
	55	$(2.62\% \times \text{FAS3} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Years of Service}$
	60 or later	$(2.62\% \times \text{FAS3} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Years of Service}$

**SECTION 3: Proposed Benefit Changes for New General and Safety Members of FCERA
Supporting Exhibits**

<i>CalPEPRA Safety Formula</i>	50	2.00% x FAS3 x Years of Service
	55	2.50% x FAS3 x Years of Service
	57 or later	2.70% x FAS3 x Years of Service
Maximum Benefit:		
<i>Current Formula</i>	100% of Final Compensation (§31676.14, §31676.16, §31676.15, §31676.1, §31664 and §31664.2)	
<i>CalPEPRA Formula</i>	None.	
Post-retirement Cost-of-Living Benefits:		
<i>General Tier 1, Tier 2 and Tier 3 and Safety Tier 1 and Tier 2</i>	Future changes based on Consumer Price Index to a maximum of 3% per year, excess "banked." (§31870.1).	
<i>General Tier 4 and Safety Tier 4</i>	None.	
<i>CalPEPRA Formulas</i>	None.	
Ventura Settlement Benefits Section 9:		
<i>General Tier 1, Tier 2 and Tier 3 and Safety Tier 1, Tier 2 and Tier 4</i>	All retired members are entitled to a \$3 per month per year of service benefit. Future increase in this benefit will be tied to the amount of future undistributed earnings.	
<i>General Tier 4</i>	None.	
<i>CalPEPRA Formulas</i>	None.	
Member Contributions:	Under CalPEPRA, members are assumed to pay 50% of the total Normal Cost rate.	

5229114v1/08049.116