



Public Pension
Professionals, Inc.

Fresno County Employees' Retirement Association

Actuarial Valuation as of June 30, 2005



REVISED

June 4, 2006



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Section <h1 style="font-size: 48px; margin: 0;">1</h1>	<h1 style="font-size: 48px; margin: 0;">Highlights</h1>
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This report presents the results of the June 30, 2005 actuarial valuation of the Fresno County Employees' Retirement Association (FCERA). Results from the prior valuation are shown for comparison. All dollar amounts are in millions.

Recommended Employer Contribution Rates

Fiscal Year Beginning	July 1, 2006	July 1, 2005
General	18.37%	14.14%
Safety	20.76%	25.02%
Total Plan	18.74%	15.90%

These rates reflect both Regular and Settlement contribution rates, since there were no Undistributed Earnings as of June 30, 2004 or June 30, 2005 to pay for unfunded Settlement liabilities.

	June 30, 2005	June 30, 2004
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Funded Status – Employer Portion

Actuarial Accrued Liability	\$2,233.6	\$2,018.0
Actuarial Value of Assets	\$2,044.4	\$1,977.1
UAAL	\$189.2	\$40.9
Funded Percentage	91.5%	98.0%

Key Assumptions

Interest Rate	8.16%	8.16%
Average Salary Increase	6.1% General 5.4% Safety	6.4% General 5.5% Safety
Inflation	4.0%	4.0%



Section

2

Board Summary

This actuarial valuation report has been prepared primarily to review FCERA's funded status as of June 30, 2005 and determine the contributions required of the Plan Members and Participating Employers for the fiscal year beginning July 1, 2006. This is done every year by taking a snapshot of the Plan on the basis of the plan provisions, plan membership, and investments as of the end of the plan year.

A. Benefit Terminology

For the purposes of this analysis, we will be distinguishing between several types of benefits provided to FCERA members under the plan provisions adopted by the County (and other Participating Employers) and the agreement between the County, FCERA and Plan Members to settle lawsuits related to the Ventura Decision (Ventura Settlement). In order to limit the repetition of benefit descriptions and sources of payments, we will refer to these benefits by the following names:

- **Regular Benefits** - The benefits provided under the plan provisions in effect prior to the Ventura Settlement. These benefits are guaranteed by the County (and other Participating Employers) and include both Basic Benefits and COLA Benefits.
 - **Basic Benefits** – All formula benefits provided under the Regular portion of FCERA. These include service retirement benefits, survivor continuance, disability benefits, and refunds of member contributions. Basic Benefits do not include cost-of-living adjustments.
 - **COLA Benefits** – These are the cost-of-living adjustments provided under the Regular portion of FCERA. They include cost-of-living increases paid on service retirement benefits, disability benefits and survivor benefits.
- **Settlement Benefits** – These are the additional benefits provided to Plan Members under the Ventura Settlement. These benefits are also guaranteed by the County (and other Participating Employers), but have been separated from Regular Benefits because they have a different source of funding under the Settlement Agreement. Settlement Benefits are broken down into three categories:
 - **Supplemental Benefits (Section 6)** – These are the additional retirement benefits provided under Section 6 of the Ventura Settlement to Plan Members who were not yet retired as of January 1, 2001. These Supplemental Benefits, when combined with the Regular

Benefits, provide retirement income of 2.5% of pay for each year of service at age 55 for General Members (age 50 for Safety Members).

- **\$15 Retiree Benefits (Section 8)** – These are the additional retirement benefits provided under Section 8 of the Ventura Settlement to Plan Members who were retired as of January 1, 2001. In general, they are equal to \$15 for each year of service.
- **Retiree Health Benefits (Section 9)** – These are benefits of \$3 per year of service provided under Section 9 of the Ventura Settlement to all retired Plan Members to help pay for health benefits. These benefits are provided to Plan Members who retired before January 1, 2001 and those who retire after that date.
- **Non-Valuation Benefits** – These are the additional benefits provided to Plan Members from Undistributed Earnings. These benefits are not guaranteed by the County (or other Participating Employers) and may be stopped at any time. It is our understanding that the Board of Retirement intends to continue to provide these benefits as long as Undistributed Earnings are available. Non-Valuation Benefits include Purchasing Power Benefits and Retiree Health Benefits.
 - **Purchasing Power Benefits** – These benefits, sometimes referred to as a Supplemental COLA, are generally designed to help long-term retirees retain a portion of the purchasing power of their initial retirement benefit that is lost to inflation. This loss of purchasing power occurs when inflation is greater than the cost of living adjustment provided under the Regular and Settlement Benefits. Until May 2005, the Retirement Board had provided a purchasing power benefit to retirees and beneficiaries whose COLA Bank was greater than 25%. At its meeting on May 18, 2005, the Retirement Board approved freezing this purchasing power benefit (also know as a supplemental COLA benefit) at its current level. In the future, this benefit will not increase for anyone currently receiving it, and no one who is not already receiving it would begin to receive it.
 - **Retiree Health Benefits** – These are benefits provided to all retired Plan Members to help pay for health benefits. These benefits are in addition to those provided under the Ventura Settlement.

B. Major Events

The major events affecting the contribution rates and funded position of the Plan primarily fall into five categories:

- Investments,
- Demographics,
- Funding,
- Assumptions and Methodology, and
- Benefits.

Investments

Empirical evidence suggests that over 90% of the return achieved by a portfolio is due to the allocation of assets within that portfolio. As of June 30, 2005, the Retirement Plan's target asset allocation was:

Cash and Cash Equivalents	0%
Core Bonds	30%
Global Bonds	3%
Domestic Stocks	38%
International Stocks	18%
Private Markets	11%

For the past couple of years, the investment market has been difficult. According to Ibbotson Associates, the return on investment for the major asset classes for the 12-month periods ended June 30, 2004 and June 30, 2005 were:

	June 30, 2004	June 30, 2005
Large Company Stocks	19.11%	6.31%
Small Company Stocks	40.12%	8.00%
Long-term Corporate Bonds	-2.75%	18.21%
Long-term Government Bonds	-4.32%	18.76%
Intermediate-term Government Bonds	-1.57%	4.89%
Treasury Bills	0.89%	1.98%



This translated into investment gains for pension funds across the United States. This fund was no exception. On a market value basis, the Plan investments achieved a return of approximately 11.0% for fiscal year 2004-2005. In the 2004-2005 fiscal year, these returns were greater than the 8.16% return assumed. This resulted in an actuarial gain to the Retirement Plan on a market-value basis of approximately \$55.2 million for the year.

FCERA uses an asset smoothing method to determine contribution rates and the Plan's funded position. This method spreads market gains greater than the assumed rate (or less than the assumed rate) over a five year period. Using the asset smoothing method, FCERA assets achieved a return for the fiscal year of approximately 4.8% due to the spreading of previous losses into the current year. This resulted in an actuarial loss of approximately \$75.6 million.

Detailed information regarding plan investments is shown in the Asset Information subsection in the Technical Information section of the report.

Demographics

The number of active members increased by 2.5% from 7,454 to 7,644 while the average pay increased by 1.4% from \$3,780 per month to \$3,833 per month. This resulted in a net increase in total covered payroll of approximately 4.0%.

The number of retired members and beneficiaries receiving pension checks increased from 4,331 to 4,418, while the average monthly benefit check went from \$1,907 to \$2,083. This combination increased monthly payments from FCERA by approximately 11.4%.

Funding

In this valuation, we determine recommended contribution rates on a projected basis. When we use the term "projected basis", we mean that the contribution rate calculated in this valuation is designed to take effect in the following fiscal year.

While this approach is expected to be actuarially sound over the long term, it creates potential mismatches between contributions and liability changes in the short term. In times of rising contribution rates, the Employers will be paying less than would otherwise have been required and more when contribution rates are falling. Because the contribution rate determined in the June 30, 2003 actuarial valuation for the Fiscal Year beginning July 1, 2004 was less than the contribution rate determined in the June 30, 2004 actuarial valuation (for the Fiscal Year beginning July 1, 2005) there was an actuarial loss due to contribution timing. Over time, these gains and losses are expected to balance out.

Assumptions and Methodology

There were several minor refinements in actuarial methodology included in this valuation for the first time. The most important of these were:

- Continuance of Cost of Living Adjustment (COLA) after Temporary Annuity Option (TAO) for current retirees. We have adjusted the valuation to reflect the way that Fresno pays COLA benefits to members electing the TAO. At its May 3, 2006 meeting, the Board decided to continue this payment methodology only for members who had retired and elected the TAO option prior to July 1, 2006. In addition, at that meeting the FCERA Board voted to transfer approximately \$4 million from non-valuation reserves to Member Accumulated Contribution COL reserves to cover the Member's portion of this liability.
- Maximum Amortization Period. GASB Statement 25 and 27 requires that the average amortization period for the plan be no more than 30 years. We recommend adding that requirement to FCERA's funding methodology.
- Leave Balances. We have refined the valuation calculation to reflect the additional benefit that is projected to be paid to members who die with leave balances and Safety Members who become disabled with leave balances. In addition, we collected information on the actual frozen time off balances to better reflect the additional service expected to be converted by members of Annual Leave Plan IV.
- Entry Date. We have adjusted the cost allocation methodology to reflect actual past service information from FCERA. In the prior valuation, we allocated costs from the entry date information included in the FCERA data. We believe this change more accurately allocates costs to the proper time period.
- Reciprocity. We have adjusted the calculation related to salary increases expected to be earned by active employees who terminate employment in future years and elect a reciprocal benefit.

Benefits

There were two benefit changes adopted after the June 30, 2004 actuarial valuation. These related to the adoption of Tier Two and the freezing of the Non-Valuation Purchasing Power COLA.

- Tier Two. Fresno County made a second tier of retirement benefits available for current and future county employees effective September 12, 2005. Since no employees were enrolled as of the valuation date, this valuation does not reflect potential changes in employer contributions that may result from that change. We show employee contribution rates in Sections F (for General Members) and H (for Safety Members).

- Purchasing Power COLA. Until May 2005, the Retirement Board had provided a purchasing power benefit to retirees and beneficiaries whose COLA Bank was greater than 25%. At its meeting on May 18, 2005, the Retirement Board approved freezing this purchasing power benefit (also know as a supplemental COLA benefit) at its current level. In the future, this benefit will not increase for anyone currently receiving it, and no one who is not already receiving it would begin to receive it.

C. Funded Position

The primary responsibility of Plan Trustees is to ensure that there is enough money to pay for Plan benefits. We check our progress in this area by comparing the assets that have been set aside to pay for plan benefits with plan liabilities.

In this report, we will look separately at the funded position of Regular Benefits, Settlement Benefits and Non-Valuation Benefits.

Funded Position – Regular Benefits

The primary target liability for FCERA is the Actuarial Accrued Liability for Regular Plan Benefits. The **Actuarial Accrued Liability (AAL)** is the portion of the Present Value of Benefits attributed to the past. In other words,

- If current plan benefits had always been in place, and
- If the current assumptions had always been in place, and
- If the plan had always been funded under the current funding method, and
- If plan experience had always matched the assumptions, then

The Actuarial Value of Assets would be equal to the Actuarial Accrued Liability. It is the value often used as a funding target.

Current Funded Position

Regular Benefits are funded through a combination of employer and member contributions. Plan members are responsible for Basic contributions as specified in the County Employees Retirement Law and half the cost of the COL benefits. The employers are responsible for paying the cost for the rest of the benefits.

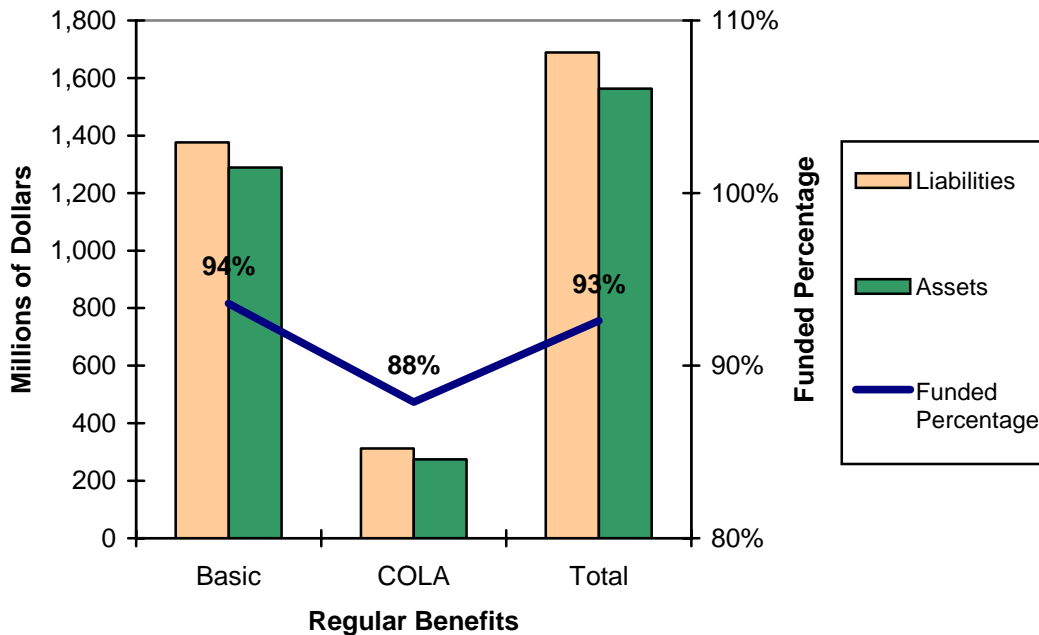
The following table compares the Employer's portion of Plan liabilities with the assets attributed to those benefits. The portion of the Plan guaranteed by Employer contributions currently has a funded percentage for Regular Benefits of 92.6%. It is calculated by dividing the Actuarial Value of Assets by the Actuarial Accrued Liability.

Dollar amounts in Millions	Basic Benefits	COL* Benefits	All Regular Benefits
Actuarial Accrued Liability	\$ 1,376.4	\$ 312.0	\$ 1,688.4
Actuarial Value of Assets	<u>\$ 1,288.8</u>	<u>\$ 274.4</u>	<u>\$ 1,563.2</u>
Unfunded Actuarial Accrued Liability	\$ 87.6	\$ 37.6	\$ 125.2
Funded Percentage	93.6%	87.9%	92.6%

Numbers may not add due to rounding.

* 50% of the AAL for COL Benefits is covered by Employer contributions and the other 50% is covered by Member COL Contributions.

Current Funded Position



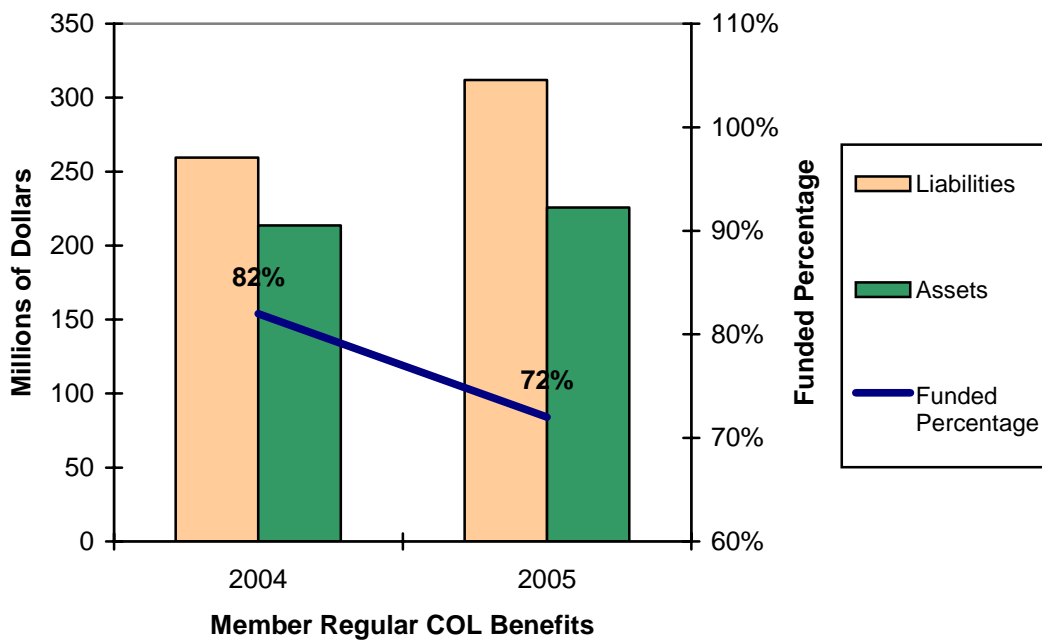
The table below compares the Members' portion of Plan liabilities with the assets attributed to those benefits. The portion of the Plan to be paid from Member COL contributions currently has a funded percentage for Regular Benefits of 72.4%. It is calculated by dividing the Actuarial Value of Assets by the Actuarial Accrued Liability.

	COL*
	Benefits
Dollar amounts in Millions	
Actuarial Accrued Liability	\$ 312.0
Actuarial Value of Assets	<u>\$ 225.7</u>
Unfunded Actuarial Accrued Liability	\$ 86.3
Funded Percentage	72.4%

Numbers may not add due to rounding.

* 50% of the AAL for COL Benefits is covered by Employer contributions and the other 50% is covered by Member COL Contributions.

Current Funded Position



Change in Funded Position

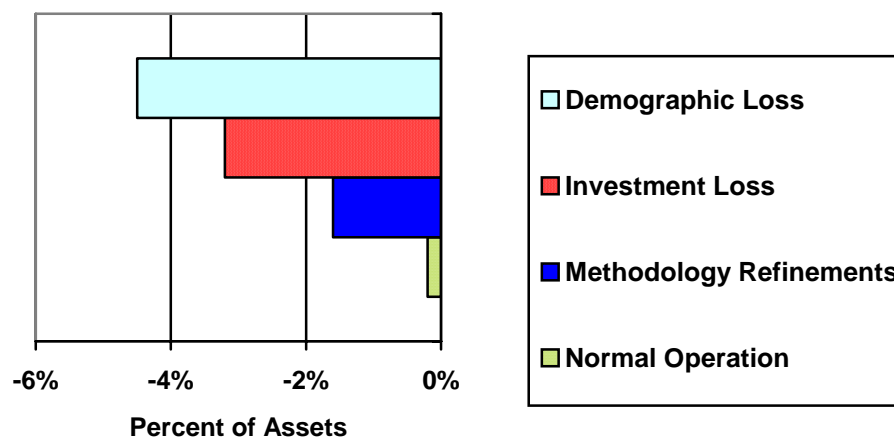
The funded percentage for the Employer portion of Regular Benefits decreased to 92.6% as of June 30, 2005 from 102.1% as of June 30, 2004, primarily due to the following events:

- Normal Operation of the plan decreased the funded percentage by 0.2%.



- Methodology refinements decreased the funded percentage by 1.6%. This included a decrease of 0.2% to reflect the Board action to continue the COLA on the TAO benefit for current retirees and a decrease of 1.1% due to the use of actual past service in the cost allocation.
- Investment losses decreased the funded percentage by 3.2%.
- Demographic experience different than projected decreased the funded percentage by 4.5%.

Impact of Major Events on Funded Percentage



Funded Position – Settlement Benefits

When the Ventura Settlement was put into place, it was hoped that the entire cost of the additional benefits provided under that agreement would be paid from Undistributed Earnings. Undistributed Earnings are the amount that remains after earnings have been used to credit interest to the Plan's reserves. They are generally thought of as earnings in excess of those assumed to be earned under the actuarial valuation.

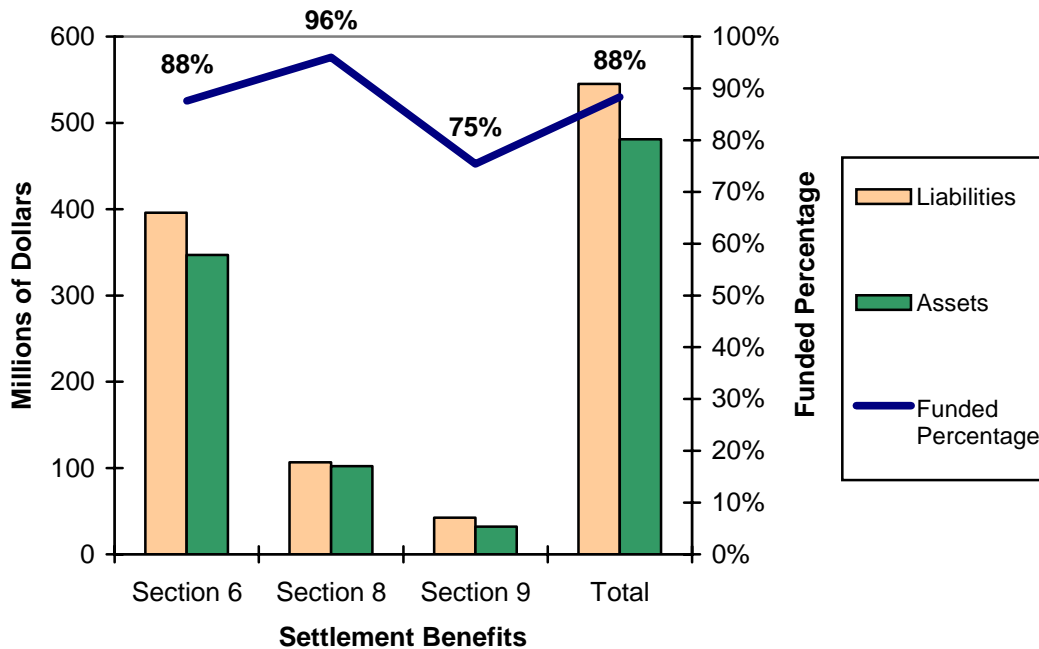
By their very nature, Undistributed Earnings are produced on an inconsistent basis and cannot be counted on to appear in any single time period. As is the case in the current year, when the reserves set aside to pay for Settlement Benefits are not sufficient to cover all liabilities and there are no assets available in Undistributed Earnings, Plan Members, the County and other Participating Employers will be required to make contributions. In this situation, we measure the funded position of Settlement Benefits using the Actuarial Accrued Liability as a target, just like we did for Regular Benefits.

As the following table shows, Settlement Benefits were 88.3% funded on this basis. This was calculated by dividing the Actuarial Value of Assets by the Actuarial Accrued Liability.

Dollar amounts in Millions	Supplemental (Section 6)	\$15 Retiree (Section 8)	Health (Section 9)	All Settlement Benefits
Actuarial Accrued Liability	\$ 395.9	\$ 106.7	\$ 42.6	\$ 545.2
Actuarial Value of Assets	<u>\$ 346.7</u>	<u>\$ 102.4</u>	<u>\$ 32.1</u>	<u>\$ 481.2</u>
Unfunded Actuarial Accrued Liability	\$ 49.2	\$ 4.3	\$ 10.5	\$ 64.0
Funded Percentage	87.6%	96.0%	75.4%	88.3%

Numbers may not add due to rounding.

Current Funded Position

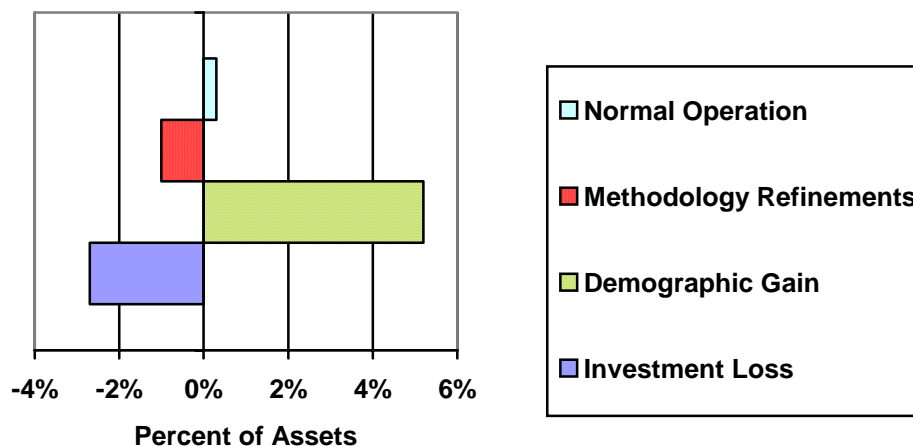


Changes from the Prior Valuation

Overall, there was an increase in the funded position from 86.5% as of June 30, 2004 to 88.3% as of June 30, 2005. This was due to the following factors.

- Normal Operation of the Plan increased the funded percentage by 0.3%
- Methodology refinements decreased the funded percentage by 1.0%. This included a decrease of 1.1% due to the use of actual past service in the cost allocation.
- Investment losses during the year decreased the funded percentage by 2.7%.
- Demographic experience different than projected increased the funded percentage an additional 5.2%.

Impact of Major Events on Funded Percentage



D. Employer Contribution Rates

Each year, recommended contribution rates are determined separately for members and employers. Employer contributions are determined as the sum of two elements: the Normal Cost and an Amortization of the Unfunded Actuarial Accrued Liability (UAAL).

The **Normal Cost (NC)** is the portion of the Present Value of Benefits attributed to the current year. In other words,

- If current plan benefits had always been in place, and
- If the current assumptions had always been in place, and
- If plan experience had always matched the assumptions, then

A contribution equal to the Normal Cost would be sufficient to keep the plan right on target, at 100% funding.

In the normal course of operating a retirement plan, there are a number of reasons why the plan may be someplace other than at 100% funding.

- **Plan Amendments** – These are changes in the benefits that are to be paid to plan members, such as the improvement to the 2.5%-at-50 plan for Safety members.
- **Assumption Changes** – Periodically, the plan actuaries and trustees adjust their expectation for the future. This occurred in 2003 with the triennial experience analysis.
- **Methodology Changes** – Every few years, the actuary recommends a refinement in its actuarial methodology. This might be a change in the method used to allocate plan liabilities or in the smoothing method used to determine the actuarial value of assets.
- **Gain or Loss** – Each year actual plan experience is different than the experience expected under the plan assumptions. When actual experience reduces the Unfunded Actuarial Accrued Liability, it is called a gain. When plan experience increases the Unfunded Actuarial Accrued Liability, it is called a loss.

The amount that the funding is off target is added to the NC (when behind target) or reduced from the NC (when ahead of target) over a series of years.

In the June 30, 2003 actuarial valuation, the entire UAAL was amortized as a level percentage of payroll over a thirty-year period. After that year, changes in UAAL due to Plan Amendments will continue to be amortized as a level percentage of payroll over a thirty-year period. All other changes will be amortized as a level percentage of payroll over a fifteen-year period, as long as the average amortization period does not extend past thirty years.

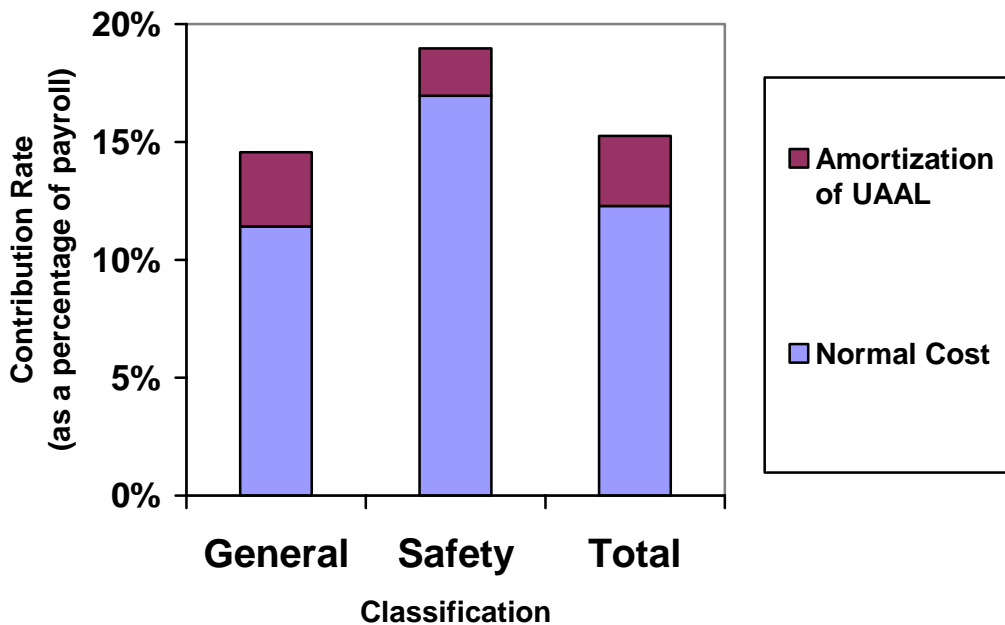
Contribution Rates – Regular Benefits

As we mentioned earlier, Regular Benefits are funded separately from Settlement Benefits. Regular Benefits are those benefits that were in effect prior to the Ventura Settlement. They are funded on a more traditional basis.

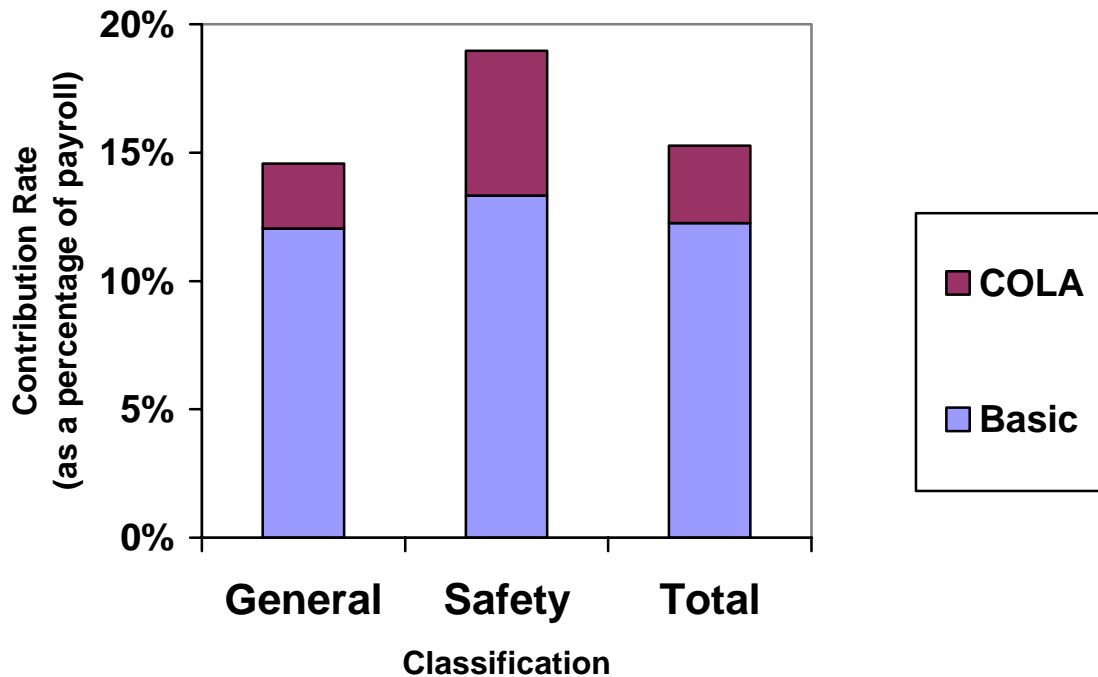
Current Contribution Rates

Employer Contributions towards Regular Benefits (Regular Contributions) for the coming year will be 15.26% of pay, or approximately \$55.7 million. These costs are split between General and Safety as follows:

Dollar amounts in Millions	General	Safety	Total
Normal Cost	11.41%	16.95%	12.28%
Amortization of UAAL	<u>3.16%</u>	<u>2.02%</u>	<u>2.98%</u>
Total Contribution Rate	14.57%	18.97%	15.26%
Dollar Amount of Contribution (in Millions)	\$ 44.8	\$ 10.9	\$ 55.7



These contribution rates include required contributions for both Basic Benefits and COLA Benefits, which are split as shown in the graph below.

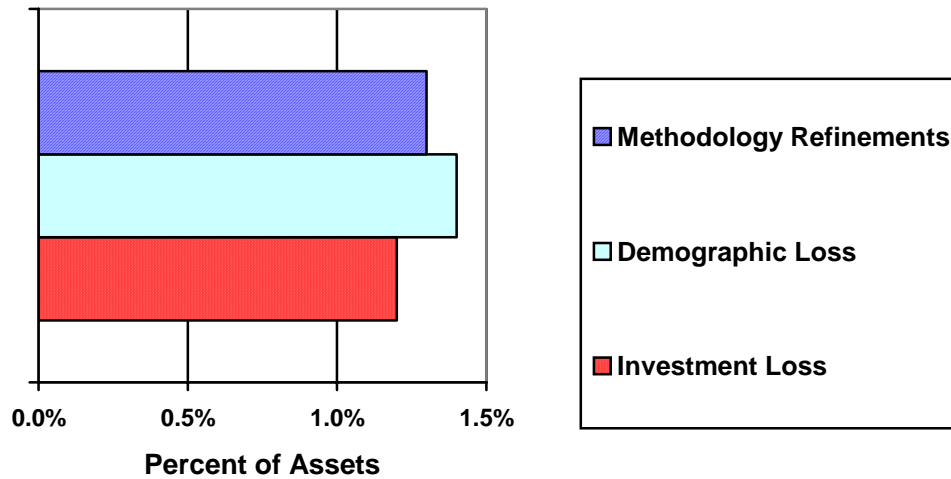


Changes from the Prior Valuation

Overall, there was an increase in the contribution rate for regular benefits from 11.37% for the 2005-2006 Fiscal Year to 15.26% for the 2006-2007 Fiscal Year. This was due to the following events:

- Investment losses, including the actual contributions and benefit payments to FCERA, increased contribution rates by approximately 1.2% of pay.
- Methodology refinements increased the contribution rates by approximately 1.3% of pay. This included an increase of 0.1% of pay to reflect the Board action to continue the COLA on the TAO benefit for current retirees and a decrease of 0.5% of pay due to the use of actual past service in the cost allocation, along with refinements in the reflection of reciprocal salary increases and leave balances.
- Demographic experience different than projected increased the contribution rates by approximately 1.4% of pay.

Impact of Major Events on Contribution Rate



Contribution Rates – Settlement Benefits

When the Ventura Settlement was put into place, it was hoped that the entire cost of the additional benefits provided under that agreement would be paid from Undistributed Earnings. This would include payment of any contributions required on an ongoing basis.

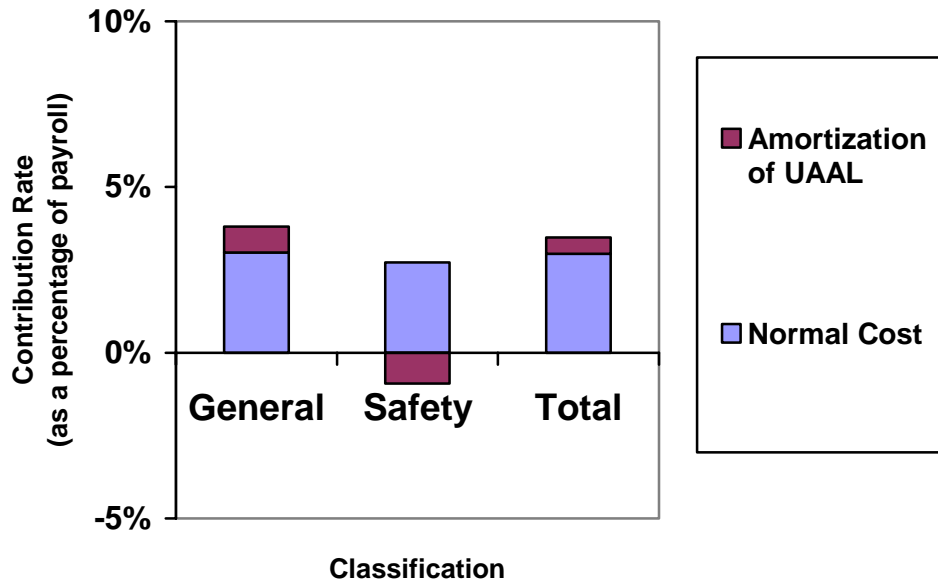
These contributions are a combination of a Normal Cost component and an amortization of any Unfunded Actuarial Accrued Liability for Settlement Benefits.

Current Contribution Rates

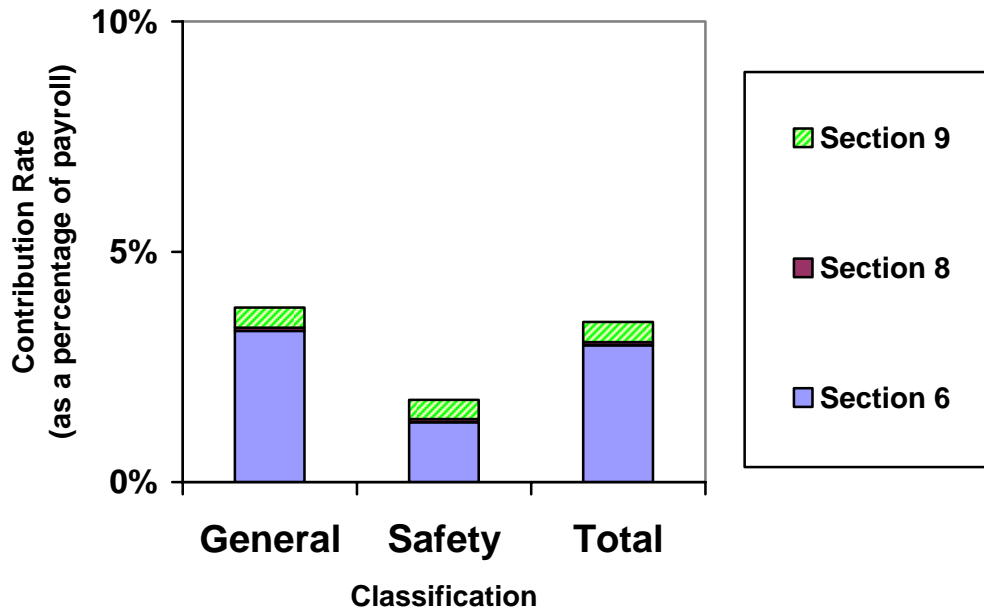
Employer Contributions toward Settlement Benefits (Settlement Contributions) for the coming year are 3.69% of pay, or approximately \$13.5 million. These costs are split between General and Safety as follows:

Dollar amounts in Millions	General	Safety	Total
Normal Cost	3.02%	2.72%	2.98%
Amortization of UAAL	<u>0.78%</u>	<u>(0.93%)</u>	<u>0.50%</u>
Total Contribution Rate	3.80%	1.79%	3.48%
Contribution (in Millions)	\$ 11.7	\$ 1.0	\$ 12.7

Numbers may not add due to rounding.



These contribution rates include required contributions for benefits provided under Sections 6, 8 and 9 of the Settlement agreement, which are split as shown in the graph below.



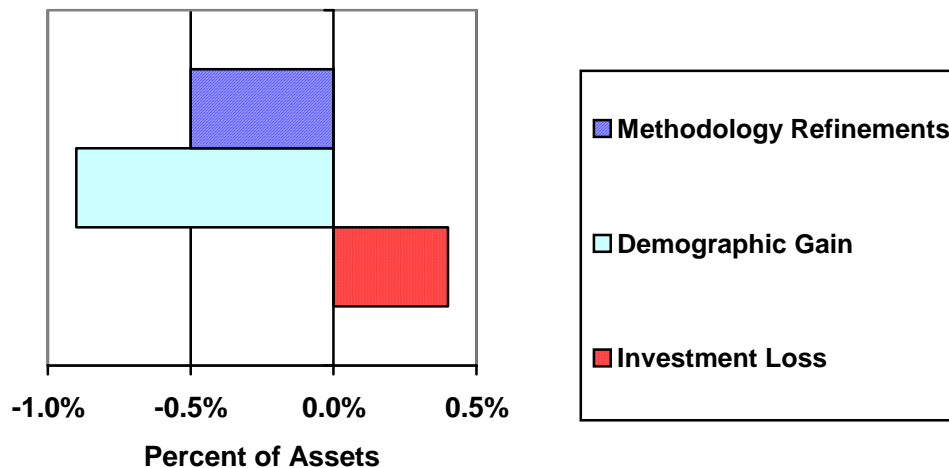
Since there are no assets available from Undistributed Earnings as of June 30, 2005, these contributions will be required from the County for fiscal year 2006-2007.

Changes from the Prior Valuation

Overall, there was a decrease in the contribution rate for Settlement benefits from 4.53% for the 2005-2006 Fiscal Year to 3.48% for the 2006-2007 Fiscal Year. This was due to the following events:

- Investment losses, including the actual contributions and benefit payments to FCERA, increased contribution rates by approximately 0.4% of pay.
- Methodology refinements decreased the contribution rates by approximately 0.5% of pay. This included a decrease of 0.1% of pay due to the use of actual past service in the cost allocation and refinements in the reflection of reciprocal salary increases and leave balances.
- Demographic experience different than projected decreased the contribution rates by approximately 0.9% of pay.

Impact of Major Events on Contribution Rate



E. Member Contribution Rates

Each year, recommended contribution rates are determined separately for members and employers. Member contributions are made up of three components: Basic Contributions, Cost of Living (COL) Contributions and Settlement Contributions.

- **Basic Contributions** are amounts, defined in the County Employees Retirement Law of 1937 (1937 Act), that are generally designed to pay for approximately one-quarter of the Regular Benefit that the member is projected to receive if he or she retires at the normal retirement age. Basic contribution rates are calculated as a percentage of the member's pay, on the basis of the member's age at entry into System, the classification of the member, the Plan's economic assumptions and the member's life expectancy at the retirement age specified for this purpose in the 1937 Act. Basic Contribution rates do not vary from year-to-year based on demographic or investment experience.
- **COL Contributions** are defined in Article 16.5 of the 1937 Act and are designed to pay for 50% of the Cost of Living (COLA) Benefit. They are determined on the basis of the value of COLA Benefits for current Plan Members and the amount of assets set aside in the Plan to pay for these benefits. These contributions are determined as a portion of the Basic Contributions and are affected by changes in assumptions as well as demographic and investment experience.
- **Settlement Contributions** are supplemental contributions required to help pay for the additional benefits agreed to under the Ventura Settlement Agreement. The language in the Ventura Settlement Agreement does not provide detailed guidance on how these contributions are to be calculated. For this valuation, we have looked at the proposed legislation designed by the parties to the Settlement to implement Section 7 of the Ventura Settlement (Assembly Bill 2063). Although the bill was vetoed by the Governor, it proposes an approach to calculating Member Contributions for this purpose in a manner similar to the method used for Basic Contributions. Like the Regular Member Contributions, the Settlement Contributions have both Basic and COL elements. In this valuation, the Basic Settlement Contributions for Members are those amounts which, when added to the Basic Contributions, would be sufficient to pay for a projected retirement benefit equal to 1/160th of the Member's projected final compensation for each year of service paid on a monthly basis beginning at age 55 for General Members or age 50 for Safety Members. Settlement Contributions will no longer be required for any member electing to participate in Tier Two.

General Member Contributions

Current Year Contributions

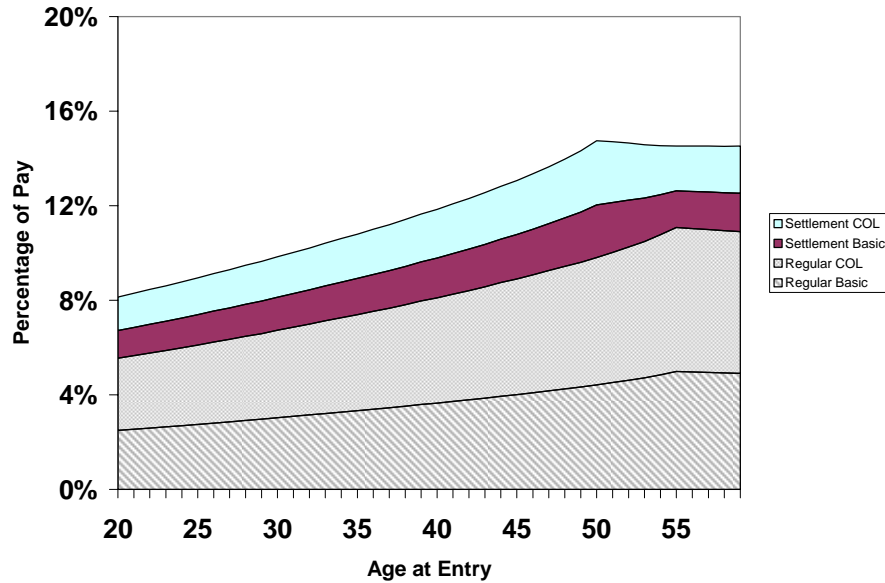
Since the prior valuation, there have been changes to the COL Contribution Rates for General Members.

Basic Contributions. The Basic Contribution Rates for General Members were calculated in accordance with Section 31621.5 of the 1937 Act. The rates under this section are designed to be sufficient to pay for a projected benefit of 1/200th of the Member's projected final compensation for each year of service paid on a monthly basis beginning at age 60. The rates are the same as those calculated in the prior valuation. The Basic Contribution Rates for General Members are shown in Section F of the Technical Information portion of this report.

COL Contributions. The COL Contribution for General Members increased from 92% of Basic and Settlement Contribution Rates in the June 30, 2004 actuarial valuation to 122% of Basic and Settlement Contribution Rates in this valuation. The COL Contribution Rates for General Members are shown in Section F of the Technical Information portion of this report.

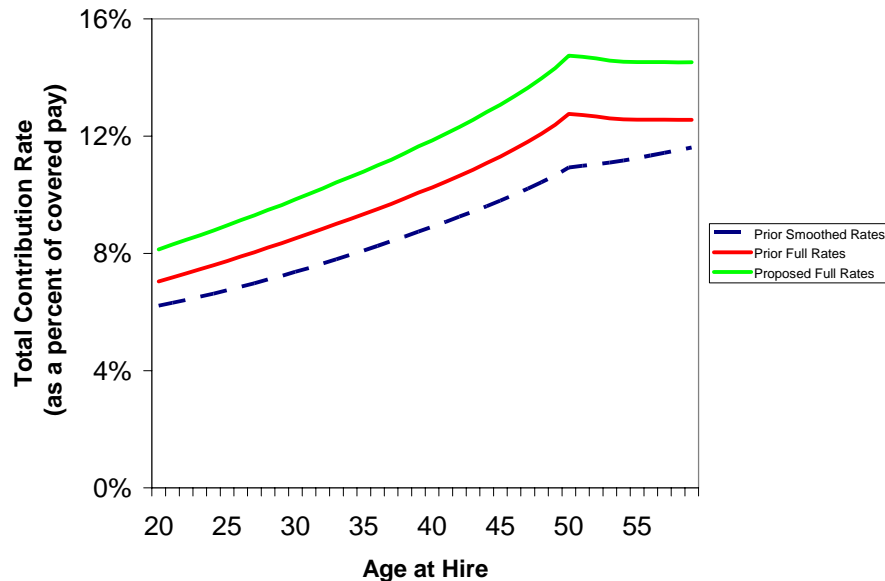
Settlement Contributions. Tier I Members are asked to make additional contributions under Section 6 of the Ventura Settlement Agreement to help pay for the additional benefits provided under the Agreement when Undistributed Earnings are not available to pay for those benefits. Plan Members will be asked to make Settlement Contributions in the coming year because there are no Undistributed Earnings available to make those payments. The Settlement Contribution Rates for General Members are shown in Section F of the Technical Information portion of this report.

The contributions required from General Members for the coming year will be a combination of the Basic Contribution Rates, the Settlement Contribution Rates and the COL Contribution Rates. They will vary based on the Member's age at hire, and are shown in the graph below.



Comparison with Prior Contributions

The total contribution rates required of General Members will be approximately 33% higher than those required in the past year, as is shown in the following graph. This is due to last year's decision by the Retirement Board to phase the prior year's proposed rate increase over a two-year period. The following graph compares this year's rates with the rates paid from the past valuation.

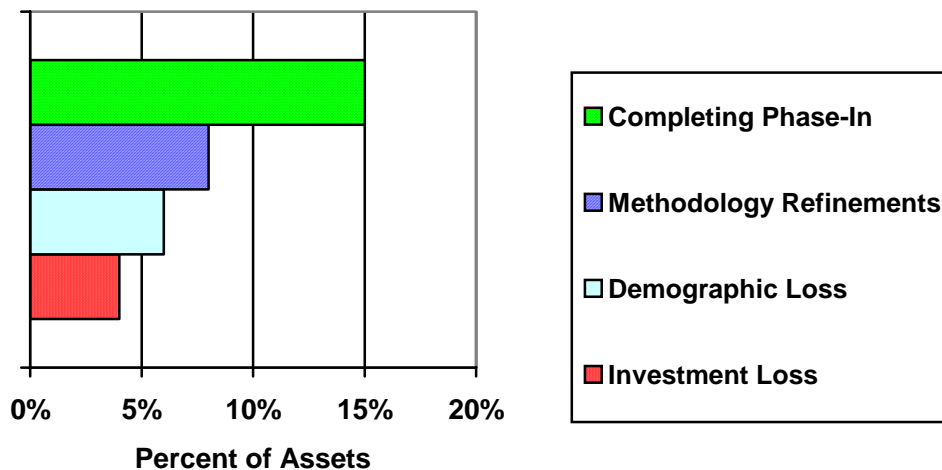


Changes from the Prior Valuation

Overall, there was an increase in the contribution rate for General Members of approximately 33% from the smoothed rates adopted for the 2005-2006 Fiscal Year. This was due to the following events:

- Phasing in the second year of smoothing increased the rates by approximately 15%.
- Investment losses, including the actual contributions and benefit payments to FCERA, increased contribution rates by approximately 4%.
- Methodology refinements increased the contribution rates by approximately 8%.
- Demographic experience different than projected increased the contribution rates by approximately 6%.

Impact of Major Events on Contribution Rate



Safety Members

Current Year Contributions

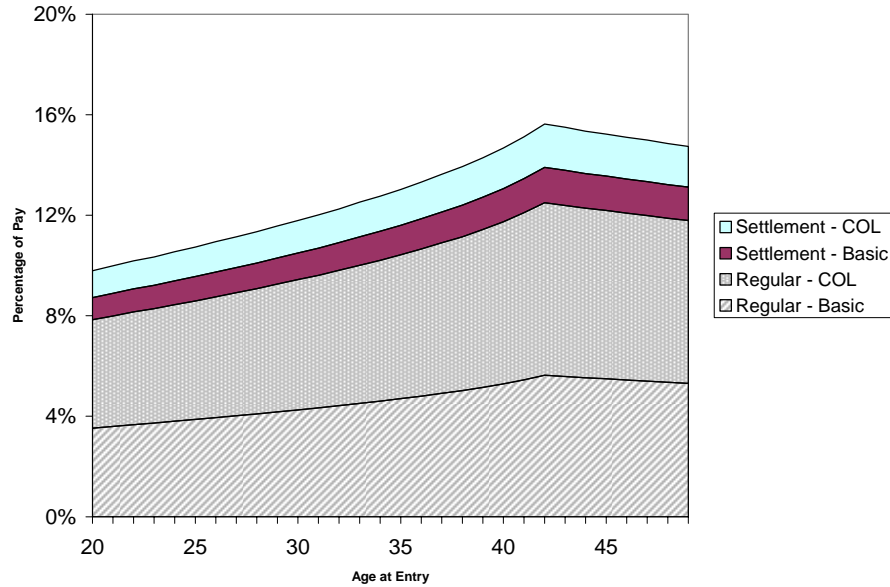
Since the prior valuation, there have been changes to the COL Contribution Rates for Safety Members.

Basic Contributions. The Basic Contribution Rates for Safety Members were calculated in accordance with Section 31639.5 of the 1937 Act. The rates under this section are designed to be sufficient to pay for a projected benefit of 1/200th of the Member's projected final compensation for each year of service paid on a monthly basis beginning at age 50. The rates have not changed since the prior valuation. The Basic Contribution Rates for Safety Members are shown in Section H of the Technical Information portion of this report.

COL Contributions. The COL Contribution for Safety Members increased from 92% of Basic and Settlement Contribution Rates in the June 30, 2004 actuarial valuation to 122% of Basic and Settlement Contribution Rates in this valuation. The COL Contribution Rates for Safety Members are shown in Section H of the Technical Information portion of this report.

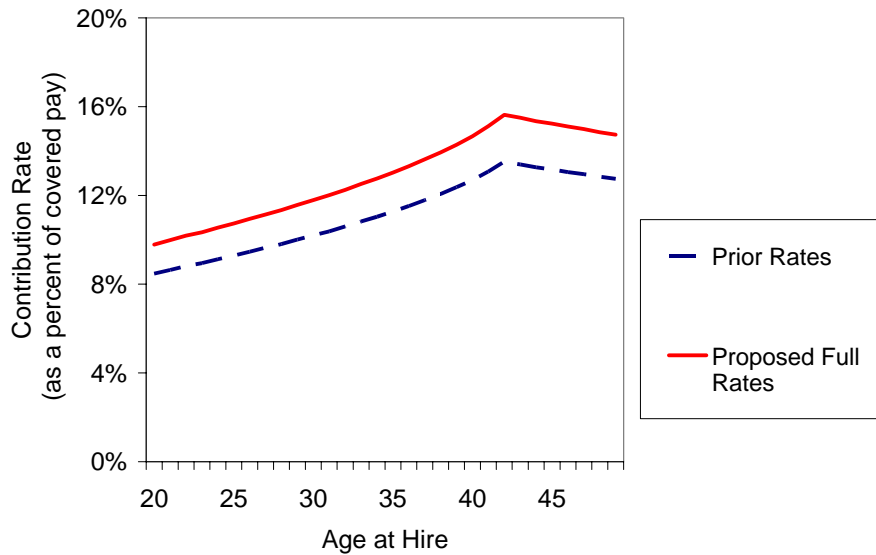
Settlement Contributions. Tier I Members are asked to make additional contributions under Section 6 of the Ventura Settlement Agreement to help pay for the additional benefits provided under the Agreement when Undistributed Earnings are not available to pay for those benefits. Plan Members will be asked to make Settlement Contributions in the coming year because there are no Undistributed Earnings available to make those payments. The Settlement Contribution Rates for Safety Members are shown in Section H of the Technical Information portion of this report.

The contributions required from Safety Members for the coming year will be a combination of the Basic Contribution Rates, Settlement Contribution Rates and the COL Contribution Rates. They will vary based on the Member's age at hire, and are shown in the graph below.



Comparison with Prior Contributions

These contributions are approximately 16% greater than those that were required in the past year, as is shown in the following graph. This is due to the increase in required COL contributions.

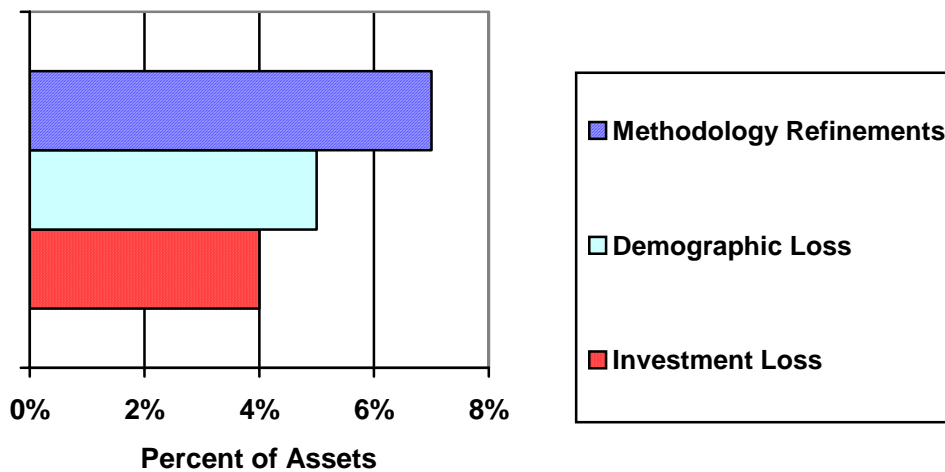


Changes from the Prior Valuation

Overall, there was an increase in the contribution rate for Safety Members of approximately 16% from the rates adopted for the 2005-2006 Fiscal Year. This was due to the following events:

- Investment losses, including the actual contributions and benefit payments to FCERA, increased contribution rates by approximately 4%.
- Methodology refinements increased the contribution rates by approximately 7%.
- Demographic experience different than projected increased the contribution rates by approximately 5%.

Impact of Major Events on Contribution Rate



Section
3 **Technical Information**

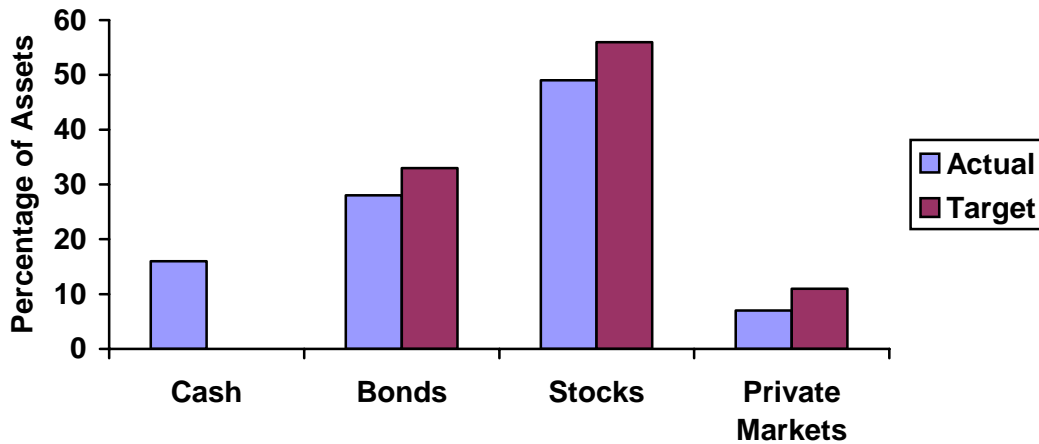
A. Asset Information

Net Plan Assets at Market Value as of June 30, 2005

	<i>Dollars (in 000's)</i>	<i>Actual %</i>	<i>Target %</i>
Cash and Cash Equivalents	75,295	3%	0%
Core Bonds	688,563	29%	30%
Global Bonds	71,355	3%	3%
Domestic Stocks	931,839	40%	38%
International Stocks	389,578	17%	18%
Private Markets	181,076	8%	11%
Net Assets	2,337,706	100%	100%

* Percentages may not add up to 100% due to rounding.

Asset Allocation



Development of Actuarial Value of Assets

Development of Unexpected Gains and Losses

Six Month Period Ended	Market Value Beginning of Period	Contributions	Benefit Payments	Market Value End of Period	Assumed Rate of Return	Expected Return	Actual Return	Unexpected Gain (Loss)
6/30/2001	1,779,761,263.16	4,937,695.67	37,255,638.32	1,690,810,873.08	8.42%	72,747,271.31	(56,632,447.43)	(129,379,718.74)
12/31/2001	1,690,810,873.08	8,507,566.17	39,853,836.30	1,619,512,835.08	8.42%	69,098,174.84	(39,951,767.87)	(109,049,942.71)
6/30/2002	1,619,512,835.08	13,706,567.93	42,800,063.60	1,565,541,761.01	8.42%	66,203,646.89	(24,877,578.40)	(91,081,225.29)
12/31/2002	1,565,541,761.01	22,759,411.04	44,501,232.89	1,443,914,316.36	8.16%	62,186,834.00	(99,885,622.80)	(162,072,456.80)
6/30/2003	1,443,914,316.36	30,798,277.44	49,290,498.40	1,550,639,977.14	8.16%	57,386,728.24	125,217,881.74	67,831,153.50
12/31/2003	1,550,639,977.14	29,321,451.66	52,517,237.59	1,730,505,556.06	8.16%	61,561,683.37	203,061,364.85	141,499,681.48
6/30/2004	1,730,505,556.06	431,868,046.94	55,476,120.31	2,140,711,926.45	8.16%	76,748,060.78	33,814,443.76	(42,933,617.02)
12/31/2004	2,140,711,926.45	39,393,357.26	57,290,905.94	2,319,742,781.61	8.16%	85,270,526.08	196,928,403.84	111,657,877.76
6/30/2005	2,319,742,781.61	41,210,301.40	59,241,193.02	2,337,706,244.05	8.16%	92,429,093.43	35,994,354.06	(56,434,739.37)



Actuaries you can understand

Development of Market Stabilization Reserve

Six-Month Period Ended	Unexpected Gain (Loss)	Percent Recognized	Gain (Loss) Excluded
6/30/2001	(129,379,719)	90%	(12,937,972)
12/31/2001	(109,049,943)	80%	(21,809,988)
6/30/2002	(91,081,225)	70%	(27,324,368)
12/31/2002	(162,072,457)	60%	(64,828,983)
6/30/2003	67,831,154	50%	33,915,577
12/31/2003	141,499,681	40%	84,899,809
6/30/2004	(42,933,617)	30%	(30,053,532)
12/31/2004	111,657,878	20%	89,326,302
6/30/2005	(56,434,739)	10%	(50,791,265)
<i>Total</i>			<i>395,580</i>

Development of Actuarial Value of Assets

1. Market Value of Assets as June 30	\$ 2,337,706,244
2. Market Stabilization Reserve	395,580
3. Preliminary Actuarial Value: (1) – (2)	2,337,310,664
4. Corridor Around Market Value	
(a) Minimum = 80% of Market	1,870,164,995
(b) Maximum = 120% of Market	2,805,247,493
5. Gross Actuarial Value of Assets	2,337,310,664

Reconciliation of Assets for the Year Ended June 30, 2005

	Market Value	Actuarial Value	Valuation Assets
1. Value as of beginning of year	2,140,711,926	2,265,388,108	2,190,549,805
2. Contributions			
a. Employer	56,342,754	56,342,754	56,342,754
b. Employee	24,260,905	24,260,905	24,260,905
c. Total Contributions	80,603,659	80,603,659	80,603,659
3. Payments to Plan Participants			
a. Benefit Payments	(115,128,805)	(115,128,805)	(107,720,678)
b. Refunds	(1,403,294)	(1,403,294)	(1,403,294)
c. Total Payments to Plan Participants	(116,532,099)	(116,532,099)	(109,123,972)
4. Investment Income			
a. Interest and Dividends	50,473,188		
b. Realized and Unrealized Gains / Losses	168,581,740		
c. Other Additions	25,234,812		
d. Investment Expenses	(8,882,923)		
e. Net Investment Income	235,406,817	110,335,055	106,719,898
5. Administrative and other Expenses	(2,484,059)	(2,484,059)	(2,484,059)
6. Transfer from non-Valuation assets	n/a	n/a	3,875,339
7. Value as of end of year	2,337,706,244	2,337,310,664	2,270,140,670
8. Estimated Rate of Return Net of Expenses	10.97%	4.80%	4.79%

Allocation of Actuarial Value of Assets for Valuation Purposes

Valuation Reserves

Reserve	Market Value	Actuarial Value
<i>Members' Accumulated Contributions</i>		
General - Basic	142,662,844	139,723,912
General – COL*	85,754,589	83,987,999
Safety - Basic	28,473,469	27,886,900
Safety – COL*	18,507,268	18,126,008
General - Settlement	12,522,026	12,264,066
Safety - Settlement	1,612,227	1,579,014
<i>Current Service Reserve</i>		
General - Regular	422,856,918	414,145,839
Safety - Regular	84,428,106	82,688,842
General - Settlement	94,203,866	92,263,216
Safety - Settlement	14,148,529	13,857,062
<i>Annuity Pension Reserve</i>		
General - Regular	77,273,973	75,682,088
Safety - Regular	17,046,560	16,695,392
General - Settlement	542,441	531,267
Safety - Settlement	80,079	78,429
<i>Current Service Pension Reserve</i>		
General	406,647,004	398,269,858
Safety	133,369,403	130,621,922
<i>Supplemental Annuity Reserve</i>		
General	184,242,254	180,446,765
Safety	46,647,844	45,686,873
<i>Survivors' Death Benefit Reserve</i>	3,116,259	3,052,063
<i>Cost of Living Adjustment Reserve</i>	406,422,620	398,050,097
<i>Supplemental Benefit Reserve</i>	104,539,839	102,386,262
<i>Retiree Health Insurance Reserve (Section 9)</i>	32,792,336	32,116,796
Total Valuation Reserves	2,317,890,455	2,270,140,670

* Effective July 1, 2005, the Board of Retirement transferred \$3,956,853 from non-valuation reserves into Member Accumulated Contribution COL reserves to cover the Member's liability related to current retirees receiving a continuing COLA after age 62 on the temporary portion of the Temporary Annuity Option.

Non-Valuation Reserves

Reserve	Market Value	Actuarial Value
<i>Contingency Reserve</i>	(49,162,627)	0
<i>Supplemental Cost of Living Reserve</i>	5,271,769	5,163,168
<i>Retiree Health Insurance Reserve (Board of Retirement)*</i>	63,311,068	62,006,826
<i>Market Stabilization Account**</i>	395,580	0
<i>Undistributed Earnings</i>	<u>0</u>	<u>0</u>
Total Non-Valuation Reserves	19,815,789	67,169,994
Total Reserves	2,337,706,244	2,337,310,664

* Effective July 1, 2005, the Board of Retirement transferred \$3,956,853 from non-valuation reserves into Member Accumulated Contribution COL reserves to cover the Member's liability related to current retirees receiving a continuing COLA after age 62 on the temporary portion of the Temporary Annuity Option.

** Equals the difference between Market and Actuarial Values.

Actuarial Adjustment Factor

1. Included Reserves	
a) Total Reserves	2,337,706,244
b) Market Stabilization Account	395,580
c) Contingency Reserve (if less than zero)	(49,162,627)
d) Included Reserves = (a) - (b) - (c)	2,386,473,291
2. Actuarial Value of Assets	2,337,310,664
3. Adjustment Factor = (2) / (1d)	0.9793994648

Allocation of Reserves for Valuation

Regular Valuation Reserves

	General	Safety	Total
<u>Basic</u>			
Member Accumulated Contributions	139,723,912	27,886,900	167,610,812
Current Service Reserve	398,269,858	130,621,922	528,891,780
Annuity Pension Reserve	75,682,088	16,695,392	92,377,480
Current Service Pension Reserve	414,145,839	82,688,842	496,834,681
Survivor's Death Benefit Reserve*	2,439,870	612,193	3,052,063
Total Basic	1,030,261,567	258,505,249	1,288,766,816
<u>COLA</u>			
Member Accumulated Contributions	187,455,540	38,295,922	225,751,462
Cost of Living Reserve**	228,756,173	45,656,469	274,412,642
Total COL	416,211,713	83,952,391	500,164,104

* The Survivors' Death Benefit Reserve has been allocated between General and Safety on the same proportion as the other Basic Reserves.

** The Cost of Living Reserve was allocated between General and Safety in the same proportion as the Cost of Living contributions in the Member Accumulated Contribution Reserves. The Cost of Living was allocated between Members and Employer COL Reserve assuming that all amounts other than the Pension Obligation Bond allocation from 2004, and the allocation from non-valuation reserves related to the TAO cost of living adjustment were evenly split between the Members and Employer. The Pension Obligation Bond allocation was assigned to the Employer COL Reserves in an amount amortized over 30 years. The allocation from non-valuation reserves related to the TAO COLA was allocated to the Member COL Reserves in an amount amortized over 15 years.

Settlement Reserves

	General	Safety	Total
<u>Supplemental Benefit (Section 6)</u>			
Supplemental Annuity Reserve	180,446,765	45,686,873	226,133,638
Member Accumulated Contributions	12,264,066	1,579,014	13,843,080
Annuity Pension Reserves	531,267	78,429	609,696
Current Service Reserves	92,263,216	13,857,062	106,120,278
Total	285,505,314	61,201,378	346,706,692
 <u>\$15 Dollar Retiree (Section 8)</u>			
Supplemental Benefit Reserve			102,386,262
Total			102,386,262
 <u>Retiree Health (Section 9)</u>			
Included Reserve			32,116,796

Non-Valuation Reserves

Undistributed Earnings		0
 <u>Other Non-Valuation Reserves</u>		
i) Supplemental COLA		5,136,168
ii) Contingency Reserve		0
iii) Retiree Health Reserve		<u>62,006,826</u>
iv) Total Other Non-Valuation Reserves		67,169,994

Summary of Reserves

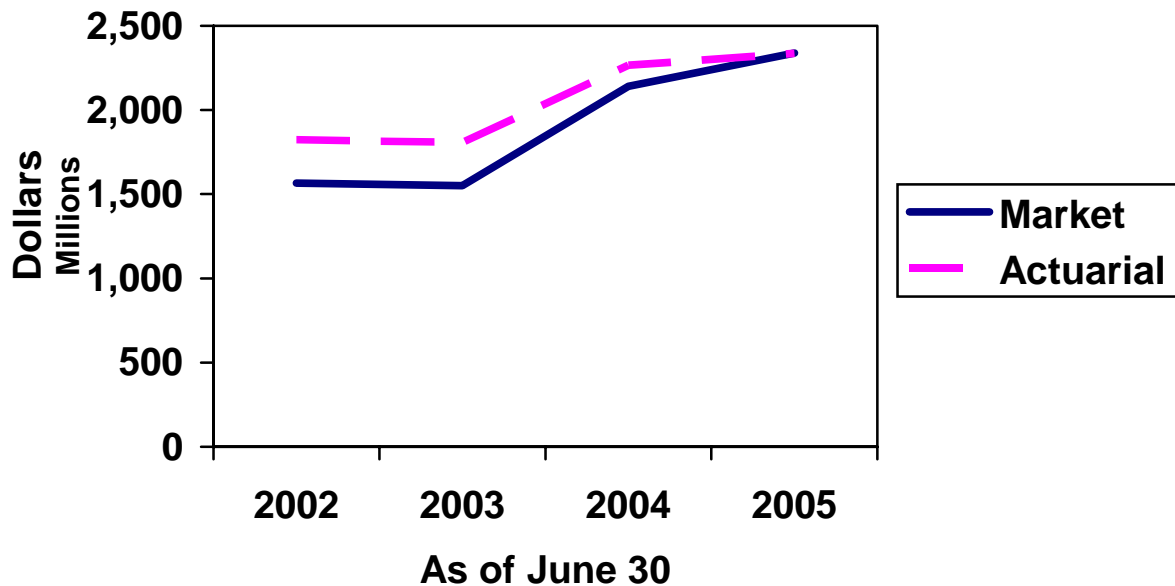
Valuation Reserves		
Regular Reserves		1,788,930,920
Settlement Reserves		<u>481,209,750</u>
Total Valuation Reserves		2,270,140,670
 Non-Valuation Reserves		
Undistributed Earnings		0
Other Non-Valuation Reserves		<u>67,169,994</u>
Total Non-Valuation Reserves		67,169,994

Historical Asset Values

Asset Values as of June 30

Year	Market Value	Actuarial Value
2005	\$2,337,706,244	\$2,337,310,664
2004	\$2,140,711,926	\$2,265,388,108
2003	\$1,550,639,977	\$1,806,494,028
2002	\$1,565,541,761	\$1,824,037,501

Comparison of Asset Values



Historical Contribution Amounts

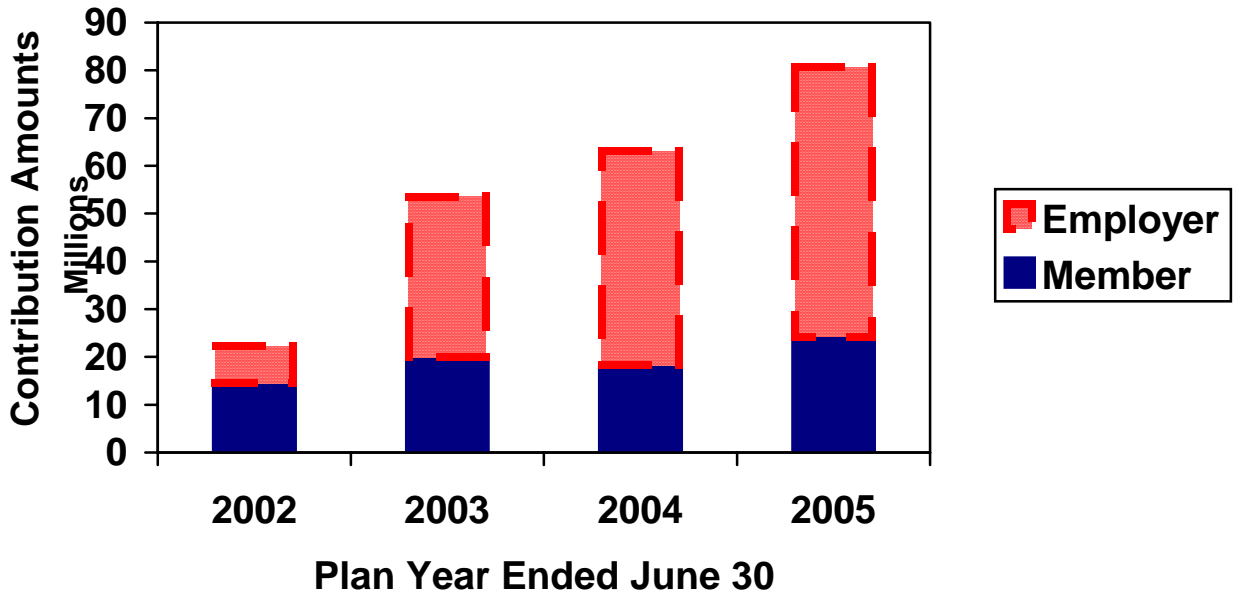
Contribution Amounts for the Plan Years ended June 30

Year	Member Contributions	Employer Contributions
2005	\$ 24,260,905	\$ 56,342,754
2004	\$ 18,239,943	\$442,949,556*
2003	\$ 19,974,230	\$33,583,459*
2002	\$ 14,434,332	\$7,779,802*

* The employer contributions for 2004 include \$398,140,728 in proceeds from Pension Obligation Bonds issued by Fresno County in March 2004. The regular contributions totaled \$44,808,828, which is the amount shown in the graph below.

The above contribution amounts for retirement benefits are paid by the County and other participating employers to the Retirement System. The County and other participating employers may pay other amounts which are also related to retirement benefits to other entities.

Comparison of Contribution Amounts

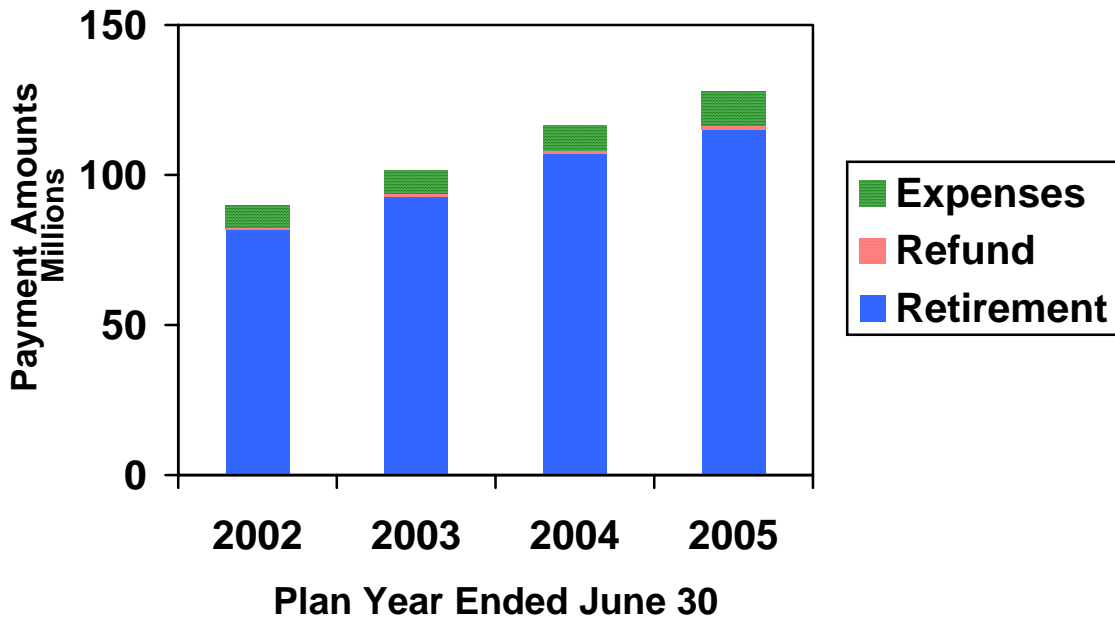


Historical Payment Amounts

Payment Amounts for the Plan Years ended June 30

Year	Retirement Benefits	Refunds	Administrative Expenses	Investment Expenses
2005	\$115,128,805	\$1,403,294	\$2,484,059	\$8,882,923
2004	\$107,052,147	\$ 941,211	\$2,001,117	\$6,636,799
2003	\$ 92,887,466	\$ 904,265	\$2,057,601	\$5,503,319
2002	\$ 81,784,396	\$ 869,504	\$1,544,363	\$5,729,812

Comparison of Payment Amounts



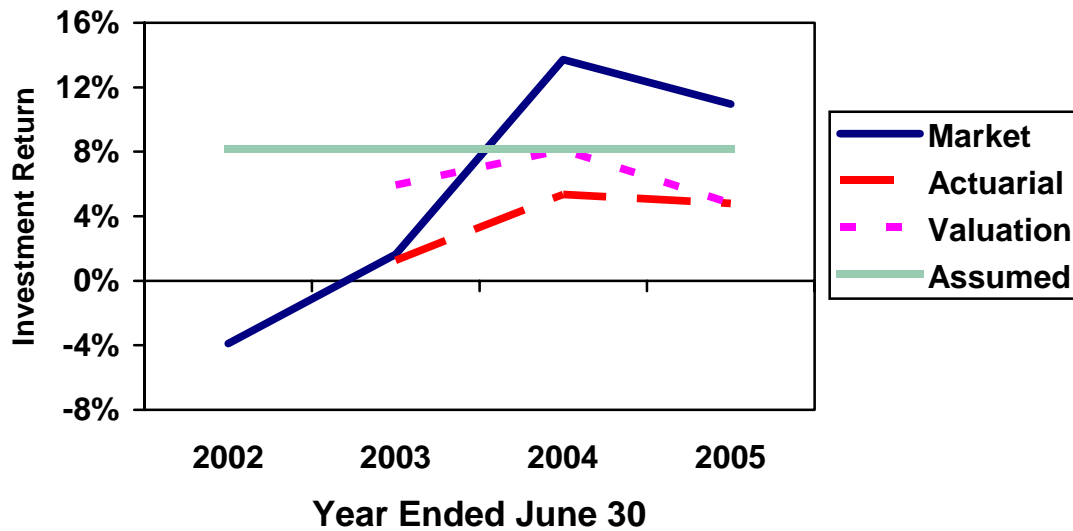
Historical Rates of Investment Return

Estimated Investment Return for the Year Ended June 30

Year	Market Assets	Actuarial Assets	Valuation Assets	Assumed Assets
2005	10.97%	4.80%	4.79%	8.16%
2004	13.71%	5.34%	4.61%	8.16%
2003	1.64%	1.26%	5.92%	8.16%
2002	-3.90%	n/a	n/a	8.16%

Note that there was no actuarial valuation performed as of June 30, 2001, so there is no actuarial asset value as of that date. This means that a rate of return cannot be calculated for actuarial assets or valuation assets for the 2001/2002 Fiscal Year.

Comparison of Investment Return



B. Liability Information

Present Value of Projected Benefits

Present Value of Projected Benefits – Basic

	Regular Benefits	Regular and Settlement Benefits
1. Retirees and Beneficiaries		
A. General	518,701,129	684,419,545
B. Safety	<u>121,502,410</u>	<u>150,863,117</u>
C. Total	640,203,539	835,282,662
2. Deferred Vested Members		
A. General	66,437,098	84,523,674
B. Safety	<u>6,775,642</u>	<u>8,542,474</u>
C. Total	73,212,740	93,066,148
3. Active Members		
A. General	822,549,142	1,077,906,205
B. Safety	<u>218,930,852</u>	<u>261,372,181</u>
C. Total	1,041,479,994	1,339,278,386
4. All Members		
A. General	1,407,687,369	1,846,849,424
B. Safety	<u>347,208,904</u>	<u>420,777,772</u>
C. Total	1,754,896,273	2,267,627,196

Present Value of Projected Benefits – Basic and Cost of Living

	Regular Benefits	Regular and Settlement Benefits
1. Retirees and Beneficiaries		
A. General	830,496,385	1,056,422,325
B. Safety	<u>198,185,311</u>	<u>239,130,526</u>
C. Total	1,028,681,696	1,295,552,851
2. Deferred Vested Members		
A. General	85,910,754	108,865,744
B. Safety	<u>9,064,699</u>	<u>11,403,795</u>
C. Total	94,975,453	120,269,539
3. Active Members		
A. General	1,081,670,528	1,414,677,967
B. Safety	<u>295,175,731</u>	<u>351,388,677</u>
C. Total	1,376,846,259	1,766,066,644
4. All Members		
A. General	1,998,077,666	2,579,966,036
B. Safety	<u>502,425,741</u>	<u>601,922,998</u>
C. Total	2,500,503,408	3,181,889,034

Present Value of Projected Benefits – Settlement Basic

	Section 6	Section 8	Section 9
1. Retirees and Beneficiaries			
A. General	77,492,371	65,196,670	23,029,375
B. Safety	<u>16,939,539</u>	<u>8,852,765</u>	<u>3,568,403</u>
C. Total	94,431,910	74,049,435	26,597,778
2. Deferred Vested Members			
A. General	16,539,382	0	1,547,194
B. Safety	<u>1,683,950</u>	<u>0</u>	<u>82,882</u>
C. Total	18,223,332	0	1,630,076
3. Active Members			
A. General	237,353,422	0	18,003,641
B. Safety	<u>39,378,241</u>	<u>0</u>	<u>3,063,088</u>
C. Total	276,731,663	0	21,066,729
4. All Members			
A. General	331,385,175	65,196,670	42,580,210
B. Safety	<u>58,001,730</u>	<u>8,852,765</u>	<u>6,714,373</u>
C. Total	389,386,905	74,049,435	49,294,583

Present Value of Projected Benefits – Settlement Basic and COLA

	Section 6	Section 8	Section 9
1. Retirees and Beneficiaries			
A. General	109,280,772	93,615,793	23,029,375
B. Safety	<u>24,332,003</u>	<u>13,044,809</u>	<u>3,568,403</u>
C. Total	133,612,775	106,660,602	26,597,778
2. Deferred Vested Members			
A. General	21,407,796	0	1,547,194
B. Safety	<u>2,256,214</u>	<u>0</u>	<u>82,882</u>
C. Total	23,664,010	0	1,630,076
3. Active Members			
A. General	315,003,799	0	18,003,641
B. Safety	<u>53,149,858</u>	<u>0</u>	<u>3,063,088</u>
C. Total	368,153,656	0	21,066,729
4. All Members			
A. General	445,692,367	93,615,793	42,580,210
B. Safety	<u>79,738,074</u>	<u>13,044,809</u>	<u>6,714,373</u>
C. Total	525,430,441	106,660,602	49,294,583

Actuarial Accrued Liability

Actuarial Accrued Liability – Basic

	Regular Benefits	Regular and Settlement Benefits
1. Retirees and Beneficiaries		
A. General	518,701,129	684,419,545
B. Safety	<u>121,502,410</u>	<u>150,863,117</u>
C. Total	640,203,539	835,282,662
2. Deferred Vested Members		
A. General	66,437,098	84,523,674
B. Safety	<u>6,775,642</u>	<u>8,542,474</u>
C. Total	73,212,740	93,066,148
3. Active Members		
A. General	534,364,270	701,958,698
B. Safety	<u>128,612,171</u>	<u>154,685,392</u>
C. Total	662,976,441	856,644,090
4. All Members		
A. General	1,119,502,497	1,470,901,917
B. Safety	<u>256,890,223</u>	<u>314,090,983</u>
C. Total	1,376,392,720	1,784,992,900

Actuarial Accrued Liability – Basic and Cost of Living

	Regular Benefits	Regular and Settlement Benefits
1. Retirees and Beneficiaries		
A. General	830,496,385	1,056,422,325
B. Safety	<u>198,185,311</u>	<u>239,130,526</u>
C. Total	1,028,681,696	1,295,552,851
2. Deferred Vested Members		
A. General	85,910,754	108,865,744
B. Safety	<u>9,064,699</u>	<u>11,403,795</u>
C. Total	94,975,453	120,269,539
3. Active Members		
A. General	704,249,428	922,657,602
B. Safety	<u>172,539,018</u>	<u>207,140,047</u>
C. Total	876,788,445	1,129,797,649
4. All Members		
A. General	1,620,656,566	2,087,945,671
B. Safety	<u>379,789,028</u>	<u>457,674,368</u>
C. Total	2,000,445,594	2,545,620,039

Actuarial Accrued Liability – Settlement Basic

	Section 6	Section 8	Section 9
1. Retirees and Beneficiaries			
A. General	77,492,371	65,196,670	23,029,375
B. Safety	<u>16,939,539</u>	<u>8,852,765</u>	<u>3,568,403</u>
C. Total	94,431,910	74,049,435	26,597,778
2. Deferred Vested Members			
A. General	16,539,382	0	1,547,194
B. Safety	<u>1,683,950</u>	<u>0</u>	<u>82,882</u>
C. Total	18,223,332	0	1,630,076
3. Active Members			
A. General	155,190,852	0	12,403,576
B. Safety	<u>24,132,537</u>	<u>0</u>	<u>1,940,684</u>
C. Total	179,323,389	0	14,344,260
4. All Members			
A. General	249,222,605	65,196,670	36,980,145
B. Safety	<u>42,756,026</u>	<u>8,852,765</u>	<u>5,591,969</u>
C. Total	291,978,631	74,049,435	42,572,114

Actuarial Accrued Liability – Settlement Basic and COLA

	Section 6	Section 8	Section 9
1. Retirees and Beneficiaries			
A. General	109,280,772	93,615,793	23,029,375
B. Safety	<u>24,332,003</u>	<u>13,044,809</u>	<u>3,568,403</u>
C. Total	133,612,775	106,660,602	26,597,778
2. Deferred Vested Members			
A. General	21,407,796	0	1,547,194
B. Safety	<u>2,256,214</u>	<u>0</u>	<u>82,882</u>
C. Total	23,664,010	0	1,630,076
3. Active Members			
A. General	206,004,599	0	12,403,576
B. Safety	<u>32,660,345</u>	<u>0</u>	<u>1,940,684</u>
C. Total	238,664,944	0	14,344,260
4. All Members			
A. General	336,693,167	93,615,793	36,980,145
B. Safety	<u>59,248,562</u>	<u>13,044,809</u>	<u>5,591,969</u>
C. Total	395,941,729	106,660,602	42,572,114

Normal Cost

Normal Cost – Basic

	Regular Benefits	Regular and Settlement Benefits
<i>Dollar Amounts</i>		
A. General	27,001,371	34,026,018
B. Safety	<u>7,358,252</u>	<u>8,538,419</u>
C. Total	34,359,623	42,564,437
<i>As a Percent of Payroll</i>		
A. General	9.13%	11.51%
B. Safety	13.30%	15.44%
C. Total	9.79%	12.12%

Normal Cost – Basic and Cost of Living

	Regular Benefits	Regular and Settlement Benefits
<i>Dollar Amounts</i>		
A. General	37,874,218	48,170,770
B. Safety	<u>10,669,296</u>	<u>12,392,096</u>
C. Total	48,543,514	60,562,866
<i>As a Percent of Payroll</i>		
A. General	12.81%	16.29%
B. Safety	19.29%	22.41%
C. Total	13.83%	17.25%

Normal Cost – Settlement Benefits with Cost of Living

	Supplemental Benefit (Section 6)	\$15 Retiree (Section 8)	Retiree Health (Section 9)
<i>Dollar Amounts</i>			
A. General	9,537,791	0	758,761
B. Safety	<u>1,595,542</u>	<u>0</u>	<u>127,258</u>
C. Total	11,133,333	0	886,019
<i>As a Percent of Payroll</i>			
A. General	3.23%	0.00%	0.26%
B. Safety	2.88%	0.00%	0.23%
C. Total	3.17%	0.00%	0.25%

C. Funded Percentage

Regular Benefits – Employer Portion

	Basic Benefits	COL Benefits *	Total Benefits
1. Actuarial Accrued Liability			
A. General	1,119,502,497	250,577,035	1,370,079,532
B. Safety	<u>256,890,223</u>	<u>61,449,402</u>	<u>318,339,626</u>
C. Total	1,376,392,720	312,026,437	1,688,419,157
2. Actuarial Value of Assets			
A. General	1,030,261,567	228,756,173	1,259,017,740
B. Safety	<u>258,505,249</u>	<u>45,656,469</u>	<u>304,161,718</u>
C. Total	1,288,766,816	274,412,642	1,563,179,458
3. Unfunded Actuarial Accrued Liability			
A. General	89,240,930	21,820,862	111,061,792
B. Safety	<u>(1,615,026)</u>	<u>15,792,933</u>	<u>14,177,908</u>
C. Total	87,625,904	37,613,795	125,239,699
4. Funded Percentages			
A. General	92.03%	91.29%	91.89%
B. Safety	100.63%	74.30%	95.55%
C. Total	93.63%	87.95%	92.58%

* 50% of the AAL for COL Benefits is covered by Employer contributions and the other 50% is covered by Member COL Contributions. The asset allocation for the COL Benefits is shown in the asset section.

Regular Benefits – Active Member Portion

COL Benefits *

1. Actuarial Accrued Liability	
A. General	250,577,035
B. Safety	<u>61,449,402</u>
C. Total	312,026,437
2. Actuarial Value of Assets	
A. General	187,455,540
B. Safety	<u>38,295,922</u>
C. Total	225,751,462
3. Unfunded Actuarial Accrued Liability	
A. General	63,121,495
B. Safety	<u>23,153,480</u>
C. Total	86,274,975
4. Funded Percentages	
A. General	74.81%
B. Safety	62.32%
C. Total	72.35%

- * 50% of the AAL for COL Benefits is covered by Employer contributions and the other 50% is covered by Member COL Contributions. The asset allocation for the COL Benefits is shown in the asset section.

Settlement Benefits

	Settlement Benefits	Total All Benefits
1. Actuarial Accrued Liability		
A. General	467,289,105	1,837,368,636
B. Safety	<u>77,885,340</u>	<u>396,224,966</u>
C. Total	545,174,445	2,233,593,602
2. Actuarial Value of Assets	481,209,750	2,044,389,208
3. Unfunded Actuarial Accrued Liability	63,964,695	189,204,394
4. Funded Percentages	88.27%	91.53%

Amortization Schedule

Amortization of Unfunded Actuarial Accrued Liabilities - General

Basic Benefits

Date of Origin	Source	Years Left	Original Balance	Current Balance	Amortization Payment
6/30/2003	Original - Basic	28	11,729,120	12,224,775	705,428
6/30/2004	Basic (Gain) Loss	14	(27,456,515)	(27,128,719)	(2,469,469)
6/30/2005	Basic (Gain) Loss	15	104,144,874	<u>104,144,874</u>	<u>9,006,639</u>
SUBTOTAL				89,240,930	7,242,598

COL Benefits

Date of Origin	Source	Years Left	Original Balance	Current Balance	Amortization Payment
6/30/2003	Original - COL	28	2,413,681	2,515,679	145,167
6/30/2004	COL (Gain) Loss	14	(14,244,679)	(14,074,616)	(1,281,182)
6/30/2005	COL (Gain) Loss	15	33,379,799	<u>33,379,799</u>	<u>2,886,746</u>
SUBTOTAL				21,820,862	1,750,731

Settlement - Section 6 Benefits

Date of Origin	Source	Years Left	Original Balance	Current Balance	Amortization Payment
6/30/2003	Original	28	89,718,658	93,510,033	5,395,978
6/30/2004	(Gain) Loss	14	(53,734,761)	(53,093,236)	(4,832,964)
6/30/2005	(Gain) Loss	15	10,771,055	<u>10,771,055</u>	<u>931,501</u>
SUBTOTAL				51,187,853	1,494,515

Amortization of Unfunded Actuarial Accrued Liabilities – Safety

Basic Benefits

Date of Origin	Source	Years Left	Original Balance	Current Balance	Amortization Payment
6/30/2003	Original - Basic	28	2,289,313	2,386,056	137,687
6/30/2004	Basic (Gain) Loss	14	(13,148,618)	(12,991,640)	(1,182,601)
6/30/2005	Basic (Gain) Loss	15	8,990,558	<u>8,990,558</u>	<u>777,520</u>
SUBTOTAL				(1,615,026)	(267,394)

COL Benefits

Date of Origin	Source	Years Left	Original Balance	Current Balance	Amortization Payment
6/30/2003	Original - COL	28	1,570,444	1,636,808	94,452
6/30/2004	COL (Gain) Loss	14	5,125,935	5,064,737	461,032
6/30/2005	COL (Gain) Loss	15	9,091,388	<u>9,091,388</u>	<u>786,240</u>
SUBTOTAL				15,792,933	1,341,724

Settlement - Section 6 Benefits

Date of Origin	Source	Years Left	Original Balance	Current Balance	Amortization Payment
6/30/2003	Original	28	14,026,312	14,691,044	843,589
6/30/2004	(Gain) Loss	14	(8,540,823)	(8,438,856)	(768,171)
6/30/2005	(Gain) Loss	15	(8,133,004)	<u>(8,133,004)</u>	<u>(703,357)</u>
SUBTOTAL				(1,952,816)	(627,939)

D. Employer Contribution Rates

Regular Benefits

Basic

	General	Safety	Total
1. Normal Cost	27,001,371	7,358,252	34,359,623
2. UAAL Amortization Payment	7,242,598	(267,394)	6,975,204
3. Preliminary Contribution = (1) + (2)	34,243,969	7,090,858	41,334,827
4. Interest for Payments during year	1,369,759	283,634	1,653,393
5. Adjustment for payment during next fiscal year	1,424,549	294,980	1,719,529
6. Required Contribution = (3) + (4) + (5)			
a) Dollar Amount	37,038,277	7,669,472	44,707,749
b) Percentage of Payroll	12.04%	13.33%	12.25%

Allocation of Contribution Rate

	General	Safety	Total
Normal Cost	9.50%	13.84%	10.18%
UAAL Amortization Payment	<u>2.54%</u>	<u>(0.51%)</u>	<u>2.07%</u>
Total Basic Contribution Rate	12.04%	13.33%	12.25%

COL

	General	Safety	Total
1. Normal Cost			
a) Total Normal Cost	10,872,847	3,311,044	14,183,891
b) Portion paid by Employers	50%	50%	50%
c) Employer Normal Cost = (a) X (b)	5,436,424	1,655,522	7,091,946
2. UAAL Amortization Payment	1,750,731	1,341,724	3,092,455
3. Preliminary Contribution = (1) + (2)	7,187,155	2,997,246	10,184,401
4. Interest for Payments during year	287,486	119,890	407,376
5. Adjustment for payment during next fiscal year	298,986	124,685	423,671
6. Required Contribution = (3) + (4) + (5)			
a) Dollar Amount	7,773,627	3,241,821	11,015,448
b) Percentage of Payroll	2.53%	5.64%	3.02%

Allocation of Contribution Rate

	General	Safety	Total
Normal Cost	1.91%	3.11%	2.10%
UAAL Amortization Payment	<u>0.62%</u>	<u>2.53%</u>	<u>0.92%</u>
Total COL Contribution Rate	2.53%	5.64%	3.02%

Total Regular Benefits

	General	Safety	Total
1. Normal Cost	32,437,795	9,013,774	41,451,569
2. UAAL Amortization Payment	8,993,329	1,074,330	10,067,659
3. Preliminary Contribution = (1) + (2)	41,431,124	10,088,104	51,519,228
4. Interest for Payments during year	1,657,245	403,524	2,060,769
5. Adjustment for payment during next fiscal year	1,723,535	419,665	2,143,200
6. Required Contribution = (3) + (4) + (5)			
a) Dollar Amount	44,811,904	10,911,293	55,723,197
b) Percentage of Payroll	14.57%	18.97%	15.26%

Allocation of Contribution Rate

	General	Safety	Total
Normal Cost	11.41%	16.95%	12.28%
UAAL Amortization Payment	<u>3.16%</u>	<u>2.02%</u>	<u>2.98%</u>
Total Regular Contribution Rate	14.57%	18.97%	15.26%

Settlement Benefits

Supplemental Settlement Benefits (Section 6)

	General	Safety	Total
1. Normal Cost	7,840,726	1,317,437	9,158,163
2. UAAL Amortization Payment	1,494,515	(627,939)	866,576
3. Preliminary Contribution = (1) + (2c)	9,335,241	689,498	10,024,739
4. Interest for Payments during year	373,410	27,580	400,990
5. Adjustment for payment during next fiscal year	388,346	28,683	417,029
6. Required Contribution = (3) + (4) + (5)			
a) Dollar Amount	10,096,997	745,761	10,842,758
b) Percentage of Payroll	3.28%	1.30%	2.97%

Allocation of Contribution Rate

	General	Safety	Total
Normal Cost	2.76%	2.48%	2.71%
UAAL Amortization Payment	<u>0.52%</u>	<u>(1.18%)</u>	<u>0.26%</u>
Total Section 6 Contribution Rate	3.28%	1.30%	2.97%



\$15 Retiree Settlement Benefits (Section 8)

	General	Safety	Total
1. UAAL Amortization Payment			
a) UAAL			
i) Actuarial Accrued Liability			106,660,602
ii) Actuarial Value of Assets			102,386,262
iii) Unfunded Actuarial Accrued Liability			4,274,340
b) Amortization Factor			17.32959
c) Amortization Payment			246,650
d) Covered Payroll	295,740,566	55,308,619	351,049,185
e) UAAL Amortization Percentage	0.07%	0.07%	0.07%
f) Amortization Payment	207,018	38,716	245,734
2. Preliminary Contribution	207,018	38,716	245,734
3. Interest for Payments during year	8,281	1,549	9,830
4. Adjustment for payment during next fiscal year	8,612	1,611	10,223
5. Required Contribution			
= (2) + (3) + (4)			
a) Dollar Amount	223,911	41,876	265,787
b) Percentage of Payroll	0.07%	0.07%	0.07%

Allocation of Contribution Rate

	General	Safety	Total
Normal Cost	0.00%	0.00%	0.00%
UAAL Amortization Payment	<u>0.07%</u>	<u>0.07%</u>	<u>0.07%</u>
Total Section 8 Contribution Rate	0.07%	0.07%	0.07%

Retiree Health Benefits from Settlement (Section 9)

	General	Safety	Total
1. Normal Cost	758,761	127,258	886,019
2. UAAL Amortization Payment			
a) UAAL			
i) Actuarial Accrued Liability			42,572,114
ii) Actuarial Value of Assets			32,116,796
iii) Unfunded Actuarial Accrued Liability			10,455,318
b) Amortization Factor			17.32959
c) Amortization Payment = (a) / (b)			603,322
d) Covered Payroll	295,740,566	55,308,619	351,049,185
e) UAAL Amortization Percentage = (c) / (d)	0.17%	0.17%	0.17%
f) Amortization Payment = (d) X (e)	502,759	94,025	596,784
3. Preliminary Contribution = (1) + (2f)	1,261,520	221,283	1,482,803
4. Interest for Payments during year	50,461	8,851	59,312
5. Adjustment for payment during next fiscal year	52,479	9,205	61,684
6. Required Contribution = (3) + (4) + (5)			
a) Dollar Amount	1,364,460	239,339	1,603,799
b) Percentage of Payroll	0.44%	0.42%	0.44%

Allocation of Contribution Rate

	General	Safety	Total
Normal Cost	0.27%	0.24%	0.26%
UAAL Amortization Payment	<u>0.17%</u>	<u>0.18%</u>	<u>0.18%</u>
Total Section 9 Contribution Rate	0.44%	0.42%	0.44%

Total Settlement Benefits

	General	Safety	Total
1. Normal Cost	8,599,487	1,444,695	10,044,182
2. UAAL Amortization Payment	2,204,292	(495,198)	1,709,094
3. Preliminary Contribution = (1) + (2)	10,803,779	949,497	11,753,276
4. Interest for Payments during year	432,151	37,980	470,131
5. Adjustment for payment during next fiscal year	449,437	39,499	488,936
6. Required Employer Contribution			
a) Dollar Amount	11,685,367	1,026,976	12,712,343
b) Percentage of Payroll	3.80%	1.79%	3.48%

Allocation of Contribution Rate

	General	Safety	Total
Normal Cost	3.02%	2.72%	2.98%
UAAL Amortization Payment	<u>0.78%</u>	<u>(0.93%)</u>	<u>0.50%</u>
Total Section 9 Contribution Rate	3.80%	1.79%	3.48%

E. Summary of Major Plan Provisions – General Members

Membership:

Employment (at least 50% of full-time) with County or participating District. Enter on first day of the first pay period after entrance into service.

Final Average Salary (FAS):

Highest one-year average

Years of Credited Service::

Some plan members are eligible to convert different types of annual leave to service upon retirement.

Members of Annual Leave Plan II (those who entered the plan after October 10, 1983 but prior to December 13, 1998 and in bargaining groups who have agreed to this plan) may convert hours in excess of 400 hours. Members of the New Annual Leave Plan (entered the plan on or before October 10, 1983 and in bargaining groups who have agreed to this plan).may convert hours in excess of 1100 hours.

Members of the Vacation/Sick Leave Plans (those who entered the plan on or after December 14, 1998 and in bargaining groups who have agreed to these plans) may convert all accrued sick leave hours to service upon retirement.

Members of the Annual Leave IV Plan or the Old Annual Leave Plan (hired on or after October 10, 1983 or prior to that date, respectively, and who are in bargaining groups who have agreed to these plans, management or are unrepresented) may convert any frozen balance of hours to service upon retirement.

Service Retirement

Eligibility: 10 years of service and age 50, or 30 years of service regardless of age, or age 70 regardless of service.

Benefit: 2.5% of FAS per year of service times RAF

Retirement Age Factor (RAF): Adjustment factor for benefit commencing at age other than 55. Sample factors:

Age	Factor
50	0.7454
55	1.0000
60	1.3093

Integration with Social Security: Benefits based on first \$350 of monthly FAS are reduced by 1/3. Benefits for some District members are not integrated with Social Security.

Maximum Benefit: 100% of FAS

Normal Form of Benefit: Life annuity; 60% continuance to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Nonservice Connected Disability

Eligibility: 5 years of service.

Disabled Definition: Unable to perform their own job.

Benefit: 90% of accrued benefit, or 2.25% of FAS multiplied by service projected to age 62, but not more than one-third of FAS. Cannot be less than Service Retirement benefit (if eligible for Service Retirement at time of commencement).

Normal Form of Benefit:

Life annuity; 60% continuance to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Service Connected Disability

Eligibility:

First day of work

Disabled Definition:

Disability is substantially caused by employment and unable to perform his or her own job.

Benefit:

50% of salary, but not less than Service Retirement benefit (if eligible at time of commencement).

Normal Form of Benefit:

Life annuity; 100% continuance to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Nonservice Connected Death

Before eligible for Nonservice Connected Disability or Service Retirement:

Refund of employee contributions with interest, plus 1 month's salary for each year of service (maximum 6 months' salary).

After eligible for Nonservice Connected Disability or Service Retirement:

60% of Nonservice Connected Disability Benefit or Service Retirement Benefit the member would have received for retirement on day of death payable to surviving eligible spouse for the life of the spouse. If there is no surviving spouse, the benefit is paid to eligible children.

Service Connected Death

Eligibility:	First day of work
Benefit:	50% of salary, but not less than Service Retirement benefit (if eligible at time of commencement).
Normal Form of Benefit:	Life annuity to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Deferred Service Retirement

Eligibility:	5 years of service
Additional requirement:	Must leave contributions on deposit
Benefit:	Same as service retirement benefit
FAS:	If reciprocity provisions apply, includes compensation earned at reciprocal agency.
Normal Form of Benefit:	Same as service retirement benefit

Withdrawal

Eligibility:	First day of work
Other Requirement:	Forfeits right to receive other benefit from retirement system.
Benefit:	Accumulated contributions with interest
Form of Benefit:	Lump sum

Cost of Living Benefits

Timing:

Annually, effective April 1 for all those who retired on or before April 1. Based on change in Consumer Price Index (CPI) for the San Francisco Bay Area for the preceding calendar year.

Maximum:

3% per year, with "banking" of COLAs. In past years, when the COLA bank for a retiree or beneficiary exceeded 25%, the Retirement Board provided additional benefits to maintain a retiree's benefit at 75% of their original purchasing power. At its meeting on May 18, 2005, the Retirement Board approved freezing this purchasing power benefit (also known as a supplemental COLA benefit) at its current level. In the future, this benefit will not increase for anyone currently receiving it, and no one who is not already receiving it would begin to receive it. These purchasing power benefits are not guaranteed by the County (or other participating employers) and are considered non-Valuation benefits. These benefits have historically been paid out of a Non-Valuation reserve set aside from Undistributed Earnings for that purpose.

Health Benefits

Eligibility:

Receipt of a lifetime annuity upon service retirement, disability retirement, deferred vested retirement, or death in service.

Benefit:

For members entering the plan prior to 1/1/1990, the monthly total health benefit is \$45 plus \$6.50 per year of service. For members entering the plan on or after 1/1/90, the total health benefit is \$8 per year of service.

Only a portion of the total health benefit is

guaranteed. Under the terms of the Ventura Settlement, a benefit of \$3 per year of service is guaranteed by the County (and other participating employers). This portion of the health benefit is capped at \$90 per month. Any remaining health benefit is not guaranteed, although it is the intention of the Board to use Undistributed Earnings to pay for these non-Valuation benefits. The non-guaranteed portion is capped at \$150 per month.

Normal Form of Benefit:

Life annuity; 100% continuance to spouse after death of member.

Member Contributions

Basic:

Contribution is set by a table adopted by the Retirement Board designed to be sufficient to provide an average annuity, at age 60, equal to 1/200 of the final compensation of members.

Settlement – Basic:

Additional contribution is set by a table adopted by the Retirement Board designed to be sufficient (along with Basic Contributions for Regular Benefits) to provide an average annuity, at age 55, equal to 1/160 of the final compensation of members. This additional amount is paid from Undistributed Earnings when Undistributed Earnings are available.

COLA:

Members pay for 50% of the cost of the COLA. For the current year, that would increase Basic Contribution rates by 122%.

Percentage of Basic Contribution Payable by Member:

Employees with more than 30 years of service who were hired prior to March 7, 1973, do not pay employee contributions.

Integration with Social Security:

Members integrated with Social Security pay 2/3 of the full rate on first \$350 of pay each month.

Other Provisions:

Rates based on age at entry into System.

F. Member Contribution Rates – General Members

Member contribution rates are calculated as a percentage of the member's pay, on the basis of the member's age at entry into System, the classification of the member, the Plan's economic assumptions and the member's life expectancy at the retirement age specified for this purpose in the County Employees Retirement Law of 1937 (1937 Act).

Tier 1 General Member *Basic* Contribution Rates

Tier 1 Members will be required to make contributions based on the following schedule.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	1.67%	2.50%	40	2.43%	3.65%
21	1.70%	2.55%	41	2.48%	3.72%
22	1.73%	2.60%	42	2.53%	3.79%
23	1.77%	2.65%	43	2.57%	3.86%
24	1.80%	2.70%	44	2.63%	3.94%
25	1.83%	2.75%	45	2.67%	4.01%
26	1.87%	2.81%	46	2.73%	4.09%
27	1.91%	2.86%	47	2.78%	4.17%
28	1.95%	2.92%	48	2.83%	4.25%
29	1.98%	2.97%	49	2.89%	4.33%
30	2.02%	3.03%	50	2.95%	4.42%
31	2.06%	3.09%	51	3.01%	4.52%
32	2.10%	3.15%	52	3.08%	4.62%
33	2.14%	3.21%	53	3.15%	4.72%
34	2.18%	3.27%	54	3.23%	4.85%
35	2.22%	3.33%	55	3.33%	4.99%
36	2.26%	3.39%	56	3.31%	4.97%
37	2.30%	3.45%	57	3.30%	4.95%
38	2.35%	3.52%	58	3.29%	4.93%
39	2.39%	3.59%	59	3.27%	4.91%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 1/3 male and 2/3 female), with adjustment for white collar workers.

Tier 1 General Member *Settlement* Basic Contribution Rates

Tier 1 Members will be required to make contributions based on the following schedule.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	0.78%	1.17%	40	1.12%	1.69%
21	0.79%	1.19%	41	1.15%	1.72%
22	0.81%	1.21%	42	1.17%	1.76%
23	0.82%	1.23%	43	1.20%	1.79%
24	0.84%	1.26%	44	1.22%	1.83%
25	0.85%	1.28%	45	1.25%	1.88%
26	0.87%	1.30%	46	1.28%	1.92%
27	0.88%	1.33%	47	1.32%	1.98%
28	0.90%	1.35%	48	1.36%	2.04%
29	0.92%	1.38%	49	1.41%	2.12%
30	0.93%	1.40%	50	1.48%	2.22%
31	0.95%	1.43%	51	1.40%	2.10%
32	0.97%	1.45%	52	1.32%	1.98%
33	0.99%	1.48%	53	1.23%	1.84%
34	1.01%	1.51%	54	1.13%	1.70%
35	1.02%	1.54%	55	1.04%	1.55%
36	1.04%	1.56%	56	1.05%	1.57%
37	1.06%	1.59%	57	1.06%	1.59%
38	1.08%	1.62%	58	1.07%	1.61%
39	1.10%	1.65%	59	1.09%	1.63%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 1/3 male and 2/3 female), with adjustment for white collar workers.

Tier 1 General Member Regular COL Contribution Rates

In many prior years, the additional contributions required to pay for cost of living benefits, for both members and employers, were often provided through Undistributed Earnings. Since there are no Undistributed Earnings available at this time to pay for the cost of living benefits, members will be required to make contributions based on the following schedule.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	2.03%	3.05%	40	2.97%	4.45%
21	2.07%	3.11%	41	3.03%	4.54%
22	2.11%	3.17%	42	3.08%	4.62%
23	2.15%	3.23%	43	3.14%	4.71%
24	2.19%	3.29%	44	3.21%	4.81%
25	2.24%	3.36%	45	3.26%	4.89%
26	2.29%	3.43%	46	3.33%	4.99%
27	2.33%	3.49%	47	3.39%	5.09%
28	2.37%	3.56%	48	3.46%	5.19%
29	2.41%	3.62%	49	3.52%	5.28%
30	2.47%	3.70%	50	3.59%	5.39%
31	2.51%	3.77%	51	3.67%	5.51%
32	2.56%	3.84%	52	3.76%	5.64%
33	2.61%	3.92%	53	3.84%	5.76%
34	2.66%	3.99%	54	3.95%	5.92%
35	2.71%	4.06%	55	4.06%	6.09%
36	2.76%	4.14%	56	4.04%	6.06%
37	2.81%	4.21%	57	4.03%	6.04%
38	2.86%	4.29%	58	4.01%	6.01%
39	2.92%	4.38%	59	3.99%	5.99%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 1/3 male and 2/3 female), with adjustment for white collar workers.

Tier 1 General Member Settlement COL Contribution Rates

Settlement Contributions can be broken down into Basic and COL components, just like Regular Contributions. Tier 1 Members will be required to make contributions based on the following schedule.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	0.95%	1.42%	40	1.37%	2.06%
21	0.97%	1.45%	41	1.40%	2.10%
22	0.99%	1.48%	42	1.43%	2.14%
23	1.00%	1.50%	43	1.46%	2.19%
24	1.02%	1.53%	44	1.49%	2.24%
25	1.04%	1.56%	45	1.53%	2.29%
26	1.06%	1.59%	46	1.57%	2.35%
27	1.08%	1.62%	47	1.61%	2.41%
28	1.10%	1.65%	48	1.66%	2.49%
29	1.12%	1.68%	49	1.73%	2.59%
30	1.14%	1.71%	50	1.81%	2.71%
31	1.16%	1.74%	51	1.71%	2.57%
32	1.18%	1.77%	52	1.61%	2.41%
33	1.21%	1.81%	53	1.50%	2.25%
34	1.23%	1.84%	54	1.38%	2.07%
35	1.25%	1.87%	55	1.26%	1.89%
36	1.27%	1.91%	56	1.28%	1.92%
37	1.29%	1.94%	57	1.29%	1.94%
38	1.32%	1.98%	58	1.31%	1.96%
39	1.35%	2.02%	59	1.33%	1.99%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 1/3 male and 2/3 female), with adjustment for white collar workers.



Tier 1 General Member Contribution Rates (Basic plus Settlement with COL)

The following schedule shows the total contribution rates required of Tier 1 General Members for the coming year.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	5.43%	8.14%	40	7.89%	11.85%
21	5.53%	8.30%	41	8.06%	12.08%
22	5.64%	8.46%	42	8.21%	12.31%
23	5.74%	8.61%	43	8.37%	12.55%
24	5.85%	8.78%	44	8.55%	12.82%
25	5.96%	8.95%	45	8.71%	13.07%
26	6.09%	9.13%	46	8.91%	13.35%
27	6.20%	9.30%	47	9.10%	13.65%
28	6.32%	9.48%	48	9.31%	13.97%
29	6.43%	9.65%	49	9.55%	14.32%
30	6.56%	9.84%	50	9.83%	14.74%
31	6.68%	10.03%	51	9.79%	14.70%
32	6.81%	10.21%	52	9.77%	14.65%
33	6.95%	10.42%	53	9.72%	14.57%
34	7.08%	10.61%	54	9.69%	14.54%
35	7.20%	10.80%	55	9.69%	14.52%
36	7.33%	11.00%	56	9.68%	14.52%
37	7.46%	11.19%	57	9.68%	14.52%
38	7.61%	11.41%	58	9.68%	14.51%
39	7.76%	11.64%	59	9.68%	14.52%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 1/3 male and 2/3 female), with adjustment for white collar workers.

Tier Two General Member *Basic* Contribution Rates

Members will be required to make contributions based on the following schedule.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	1.39%	2.08%	40	2.03%	3.04%
21	1.41%	2.12%	41	2.07%	3.10%
22	1.45%	2.17%	42	2.11%	3.16%
23	1.47%	2.21%	43	2.15%	3.22%
24	1.50%	2.25%	44	2.19%	3.28%
25	1.53%	2.29%	45	2.23%	3.34%
26	1.56%	2.34%	46	2.27%	3.41%
27	1.59%	2.38%	47	2.31%	3.47%
28	1.62%	2.43%	48	2.36%	3.54%
29	1.65%	2.48%	49	2.41%	3.61%
30	1.68%	2.52%	50	2.45%	3.68%
31	1.71%	2.57%	51	2.51%	3.76%
32	1.75%	2.62%	52	2.57%	3.85%
33	1.78%	2.67%	53	2.63%	3.94%
34	1.81%	2.72%	54	2.69%	4.04%
35	1.85%	2.77%	55	2.77%	4.16%
36	1.89%	2.83%	56	2.76%	4.14%
37	1.92%	2.88%	57	2.75%	4.13%
38	1.95%	2.93%	58	2.74%	4.11%
39	1.99%	2.99%	59	2.73%	4.10%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 1/3 male and 2/3 female), with adjustment for white collar workers.

Tier Two General Member COL Contribution Rates

In many prior years, the additional contributions required to pay for cost of living benefits, for both members and employers, were often provided through Undistributed Earnings. Since there are no Undistributed Earnings available at this time to pay for the cost of living benefits, members will be required to make contributions based on the following schedule.

Age	Rate on First	Rate on	Age	Rate on First	Rate on
	\$350 of	Compensation		\$350 of	Compensation
	Monthly	in Excess of		Monthly	in Excess of
	Compensation	\$350 per		Compensation	\$350 per
		Month			Month
20	1.69%	2.54%	40	2.47%	3.71%
21	1.73%	2.59%	41	2.52%	3.78%
22	1.77%	2.65%	42	2.57%	3.86%
23	1.80%	2.70%	43	2.62%	3.93%
24	1.83%	2.75%	44	2.67%	4.00%
25	1.86%	2.79%	45	2.71%	4.07%
26	1.90%	2.85%	46	2.77%	4.16%
27	1.93%	2.90%	47	2.82%	4.23%
28	1.97%	2.96%	48	2.88%	4.32%
29	2.02%	3.03%	49	2.93%	4.40%
30	2.05%	3.07%	50	2.99%	4.49%
31	2.09%	3.14%	51	3.06%	4.59%
32	2.13%	3.20%	52	3.13%	4.70%
33	2.17%	3.26%	53	3.21%	4.81%
34	2.21%	3.32%	54	3.29%	4.93%
35	2.25%	3.38%	55	3.39%	5.08%
36	2.30%	3.45%	56	3.37%	5.05%
37	2.34%	3.51%	57	3.36%	5.04%
38	2.38%	3.57%	58	3.34%	5.01%
39	2.43%	3.65%	59	3.33%	5.00%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 1/3 male and 2/3 female), with adjustment for white collar workers.

Tier Two General Member Contribution Rates (Basic plus COL)

The following schedule shows the total contribution rates required of Tier Two General Members for the coming year.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	3.08%	4.62%	40	4.50%	6.75%
21	3.14%	4.71%	41	4.59%	6.88%
22	3.22%	4.82%	42	4.68%	7.02%
23	3.27%	4.91%	43	4.77%	7.15%
24	3.33%	5.00%	44	4.86%	7.28%
25	3.39%	5.08%	45	4.94%	7.41%
26	3.46%	5.19%	46	5.04%	7.57%
27	3.52%	5.28%	47	5.13%	7.70%
28	3.59%	5.39%	48	5.24%	7.86%
29	3.67%	5.51%	49	5.34%	8.01%
30	3.73%	5.59%	50	5.44%	8.17%
31	3.80%	5.71%	51	5.57%	8.35%
32	3.88%	5.82%	52	5.70%	8.55%
33	3.95%	5.93%	53	5.84%	8.75%
34	4.02%	6.04%	54	5.98%	8.97%
35	4.10%	6.15%	55	6.16%	9.24%
36	4.19%	6.28%	56	6.13%	9.19%
37	4.26%	6.39%	57	6.11%	9.17%
38	4.33%	6.50%	58	6.08%	9.12%
39	4.42%	6.64%	59	6.06%	9.10%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 1/3 male and 2/3 female), with adjustment for white collar workers.

G. Summary of Major Plan Provisions – Safety Members

Membership:

Employment (at least 50% of full-time) with County or participating district. Enter on first day of the first pay period after entrance into service. Positions must be one in which the principal duties consist of either active law enforcement or active fire suppression.

Final Average Salary (FAS):

Highest one-year average

Years of Credited Service::

Some plan members are eligible to convert different types of annual leave to service upon retirement.

Members of Annual Leave Plan II (those who entered the plan after October 10, 1983 but prior to December 13, 1998 and in bargaining groups who have agreed to this plan) may convert hours in excess of 400 hours.

Members of the New Annual Leave Plan (entered the plan on or before October 10, 1983 and in bargaining groups who have agreed to this plan) may convert hours in excess of 1100 hours.

Members of the Vacation/Sick Leave Plans (those who entered the plan on or after December 14, 1998 and in bargaining groups who have agreed to these plans) may convert all accrued sick leave hours to service.

Members of the Annual Leave IV Plan or Old Annual Leave Plan (hired on or after October 10, 1983 or prior to that date, respectively, and who are in bargaining groups who agreed to these plans, management or are unrepresented) may convert any frozen balance of hours to service at retirement.

Service Retirement

Eligibility:	10 years of service and age 50, or 20 years of service regardless of age.								
Benefit:	2.5% of FAS per year of service times RAF								
Retirement Age Factor (RAF):	Adjustment factor for benefit commencing at age other than 50. Sample factors: <table><thead><tr><th>Age</th><th>Factor</th></tr></thead><tbody><tr><td>45</td><td>0.7805</td></tr><tr><td>50</td><td>1.0000</td></tr><tr><td>55</td><td>1.3099</td></tr></tbody></table>	Age	Factor	45	0.7805	50	1.0000	55	1.3099
Age	Factor								
45	0.7805								
50	1.0000								
55	1.3099								
Integration with Social Security:	Benefits based on first \$350 of monthly FAS are reduced by 1/3. Benefits for some District members are not integrated with Social Security.								
Maximum Benefit:	100% of FAS								
Normal Form of Benefit:	Life annuity; 60% continuance to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.								

Nonservice Connected Disability

Eligibility:	5 years of service.
Disabled Definition:	Unable to perform their own job.
Benefit:	90% of accrued benefit, or 2.25% of FAS multiplied by service projected to age 55, but not more than one-third of FAS. Cannot be less than Service Retirement benefit (if eligible for Service Retirement at time of commencement).
Normal Form of Benefit:	Life annuity; 60% continuance to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Service Connected Disability

Eligibility:	First day of work
Disabled Definition:	Disability is substantially caused by employment and unable to perform his or her own job.
Benefit:	50% of salary, but not less than Service Retirement benefit (if eligible at time of commencement).
Normal Form of Benefit:	Life annuity; 100% continuance to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Nonservice Connected Death

Before eligible for Nonservice Connected Disability or Service Retirement:	Refund of employee contributions with interest, plus 1 month's salary for each year of service (maximum 6 months' salary).
After eligible for Nonservice Connected Disability or Service Retirement:	60% of Nonservice Connected Disability Benefit or Service Retirement Benefit the member would have received for retirement on day of death payable to surviving eligible spouse for the life of the spouse. If there is no surviving spouse, the benefit is paid to eligible children.

Service Connected Death

Eligibility:	First day of work
Benefit:	50% of salary, but not less than Service Retirement benefit (if eligible at time of commencement).
Normal Form of Benefit:	Life annuity to spouse after death of member. If there is no surviving spouse, the benefit is paid to eligible children.

Deferred Service Retirement

Eligibility:	5 years of service
Additional requirement:	Must leave contributions on deposit
Benefit:	Same as service retirement benefit
FAS:	If reciprocity provisions apply, includes compensation earned at reciprocal agency.
Normal Form of Benefit:	Same as service retirement benefit

Withdrawal

Eligibility:	First day of work
Other Requirement:	Forfeits right to receive other benefit from retirement system.
Benefit:	Accumulated contributions with interest
Form of Benefit:	Lump sum

Cost of Living Benefits

Timing:	Annually, effective April 1 for all those who retired prior to April 1. Based on change in Consumer Price Index (CPI) for the San Francisco Bay Area for the preceding calendar year.
Maximum:	3% per year, with "banking" of COLAs. In past years, when the COLA bank for a retiree or beneficiary exceeded 25%, the Retirement Board provided additional benefits that would maintain a retiree's benefit at 75% of their original purchasing power. At its meeting on May 18, 2005, the Retirement Board approved freezing this purchasing power benefit (also known as a supplemental COLA benefit) at its

current level. In the future, this benefit will not increase for anyone currently receiving it, and no one who is not already receiving it would begin to receive it. These purchasing power benefits are not guaranteed by the County (or other participating employers) and are considered non-Valuation benefits. These benefits have historically been paid out of a Non-Valuation reserve set aside from Undistributed Earnings for that purpose.

Health Benefits

Eligibility:

Receipt of a lifetime annuity upon service retirement, disability retirement, deferred vested retirement, or death in service.

Benefit:

For members entering the plan prior to 1/1/1990, the monthly total health benefit is \$45 plus \$6.50 per year of service. For members entering the plan on or after 1/1/90, the total health benefit is \$8 per year of service.

Only a portion of the total health benefit is guaranteed. Under the terms of the Ventura Settlement, a benefit of \$3 per year of service is guaranteed by the County (and other participating employers). This portion of the health benefit is capped at \$90 per month. Any remaining health benefit is not guaranteed, although it is the intention of the Board to use Undistributed Earnings to pay for these non-Valuation benefits. The non-guaranteed portion is capped at \$150 per month.

Normal Form of Benefit:

Life annuity; 100% continuance to spouse after death of member.

Member Contributions

Basic:	Contribution is set by a table adopted by the Retirement Board designed to be sufficient to provide an average annuity, at age 50, equal to 1/200 of the final compensation of members.
Settlement – Basic:	Additional contribution is set by a table adopted by the Retirement Board designed to be sufficient (along with Basic Contributions for Regular Benefits) to provide an average annuity, at age 50, equal to 1/160 of the final compensation of members. This additional amount is paid from Undistributed Earnings when Undistributed Earnings are available.
COLA:	Members pay for 50% of the cost of the COLA. For the current year, that would increase Basic Contribution rates by 122%.
Percentage of Full Contribution Payable by Member:	Employees with more than 30 years of service do not pay employee contributions.
Integration with Social Security:	Members integrated with Social Security pay 2/3 of the full rate on first \$350 of pay each month.
Other Provisions:	Rates based on age at entry into System.

H. Member Contribution Rates – Safety Members

Member contribution rates are calculated as a percentage of the member's pay, on the basis of the member's age at entry into System, the classification of the member, the Plan's economic assumptions and the member's life expectancy at the retirement age specified for this purpose in the County Employees Retirement Law of 1937 (1937 Act).

Tier 1 Safety Member *Basic* Contribution Rates

Tier 1 Members will be required to make contributions based on the following schedule.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	2.35%	3.53%	35	3.13%	4.70%
21	2.40%	3.60%	36	3.20%	4.80%
22	2.45%	3.67%	37	3.27%	4.91%
23	2.49%	3.73%	38	3.35%	5.02%
24	2.53%	3.80%	39	3.43%	5.15%
25	2.58%	3.87%	40	3.53%	5.29%
26	2.63%	3.94%	41	3.63%	5.45%
27	2.68%	4.02%	42	3.75%	5.63%
28	2.73%	4.09%	43	3.72%	5.58%
29	2.78%	4.17%	44	3.69%	5.53%
30	2.83%	4.25%	45	3.66%	5.49%
31	2.89%	4.33%	46	3.63%	5.44%
32	2.95%	4.42%	47	3.60%	5.40%
33	3.01%	4.51%	48	3.57%	5.35%
34	3.07%	4.60%	49	3.54%	5.31%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 5/6 male and 1/6 female), with adjustment for blue collar workers.

Tier 1 Safety Member Basic *Settlement* Contribution Rates

Tier 1 Members will be required to make contributions based on the following schedule.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	0.59%	0.88%	35	0.78%	1.17%
21	0.60%	0.90%	36	0.80%	1.20%
22	0.61%	0.92%	37	0.82%	1.23%
23	0.62%	0.93%	38	0.84%	1.26%
24	0.63%	0.95%	39	0.86%	1.29%
25	0.65%	0.97%	40	0.88%	1.32%
26	0.66%	0.99%	41	0.91%	1.36%
27	0.67%	1.00%	42	0.94%	1.41%
28	0.68%	1.02%	43	0.93%	1.40%
29	0.69%	1.04%	44	0.92%	1.38%
30	0.71%	1.06%	45	0.91%	1.37%
31	0.72%	1.08%	46	0.91%	1.36%
32	0.73%	1.10%	47	0.90%	1.35%
33	0.75%	1.13%	48	0.89%	1.34%
34	0.77%	1.15%	49	0.89%	1.33%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 5/6 male and 1/6 female), with adjustment for blue collar workers.

Tier 1 Safety Member Regular COL Contribution Rates

In past years, the additional contributions required to pay for cost of living benefits, for both members and employers, were often provided through Undistributed Earnings. Since there are no Undistributed Earnings available at this time to pay for the cost of living benefits, members will be required to make contributions based on the following schedule.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	2.88%	4.31%	35	3.83%	5.73%
21	2.93%	4.39%	36	3.91%	5.86%
22	2.98%	4.48%	37	4.00%	5.99%
23	3.03%	4.55%	38	4.07%	6.12%
24	3.10%	4.64%	39	4.19%	6.28%
25	3.14%	4.72%	40	4.30%	6.45%
26	3.20%	4.81%	41	4.43%	6.65%
27	3.27%	4.90%	42	4.58%	6.87%
28	3.32%	4.99%	43	4.54%	6.81%
29	3.39%	5.09%	44	4.50%	6.75%
30	3.46%	5.19%	45	4.47%	6.70%
31	3.52%	5.28%	46	4.42%	6.64%
32	3.60%	5.39%	47	4.39%	6.59%
33	3.67%	5.50%	48	4.35%	6.53%
34	3.74%	5.61%	49	4.32%	6.48%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 5/6 male and 1/6 female), with adjustment for blue collar workers.

Tier 1 Safety Member *Settlement* COL Contribution Rates

Settlement Contributions can be broken down into Basic and COL components, just like Regular Contributions. Tier 1 Members will be required to make contributions based on the following schedule.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	0.71%	1.07%	35	0.95%	1.43%
21	0.73%	1.10%	36	0.97%	1.46%
22	0.75%	1.12%	37	1.00%	1.50%
23	0.75%	1.13%	38	1.03%	1.54%
24	0.77%	1.16%	39	1.05%	1.57%
25	0.79%	1.18%	40	1.07%	1.61%
26	0.81%	1.21%	41	1.11%	1.66%
27	0.81%	1.22%	42	1.15%	1.72%
28	0.83%	1.24%	43	1.14%	1.71%
29	0.85%	1.27%	44	1.12%	1.68%
30	0.86%	1.29%	45	1.11%	1.67%
31	0.88%	1.32%	46	1.11%	1.66%
32	0.89%	1.34%	47	1.10%	1.65%
33	0.92%	1.38%	48	1.09%	1.63%
34	0.93%	1.40%	49	1.08%	1.62%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 5/6 male and 1/6 female), with adjustment for blue collar workers.

Tier 1 Safety Member Contribution Rates (Basic plus Settlement with COL)

The following schedule shows the total contribution rates required of Tier 1 Safety Members for the coming year.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	6.53%	9.79%	35	8.69%	13.03%
21	6.66%	9.99%	36	8.88%	13.32%
22	6.79%	10.19%	37	9.09%	13.63%
23	6.89%	10.34%	38	9.29%	13.94%
24	7.03%	10.55%	39	9.53%	14.29%
25	7.16%	10.74%	40	9.78%	14.67%
26	7.30%	10.95%	41	10.08%	15.12%
27	7.43%	11.14%	42	10.42%	15.63%
28	7.56%	11.34%	43	10.33%	15.50%
29	7.71%	11.57%	44	10.23%	15.34%
30	7.86%	11.79%	45	10.15%	15.23%
31	8.01%	12.01%	46	10.07%	15.10%
32	8.17%	12.25%	47	9.99%	14.99%
33	8.35%	12.52%	48	9.90%	14.85%
34	8.51%	12.76%	49	9.83%	14.74%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 5/6 male and 1/6 female), with adjustment for blue collar workers.

Tier Two Safety Member *Basic* Contribution Rates

Tier Two Members will be required to make contributions based on the following schedule.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	2.35%	3.53%	35	3.13%	4.70%
21	2.40%	3.60%	36	3.20%	4.80%
22	2.45%	3.67%	37	3.27%	4.91%
23	2.49%	3.73%	38	3.35%	5.02%
24	2.53%	3.80%	39	3.43%	5.15%
25	2.58%	3.87%	40	3.53%	5.29%
26	2.63%	3.94%	41	3.63%	5.45%
27	2.68%	4.02%	42	3.75%	5.63%
28	2.73%	4.09%	43	3.72%	5.58%
29	2.78%	4.17%	44	3.69%	5.53%
30	2.83%	4.25%	45	3.66%	5.49%
31	2.89%	4.33%	46	3.63%	5.44%
32	2.95%	4.42%	47	3.60%	5.40%
33	3.01%	4.51%	48	3.57%	5.35%
34	3.07%	4.60%	49	3.54%	5.31%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 5/6 male and 1/6 female), with adjustment for blue collar workers.

Tier Two Safety Member Regular COL Contribution Rates

In past years, the additional contributions required to pay for cost of living benefits, for both members and employers, were often provided through Undistributed Earnings. Since there are no Undistributed Earnings available at this time to pay for the cost of living benefits, Tier Two members will be required to make contributions based on the following schedule.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	2.88%	4.31%	35	3.83%	5.73%
21	2.93%	4.39%	36	3.91%	5.86%
22	2.98%	4.48%	37	4.00%	5.99%
23	3.03%	4.55%	38	4.07%	6.12%
24	3.10%	4.64%	39	4.19%	6.28%
25	3.14%	4.72%	40	4.30%	6.45%
26	3.20%	4.81%	41	4.43%	6.65%
27	3.27%	4.90%	42	4.58%	6.87%
28	3.32%	4.99%	43	4.54%	6.81%
29	3.39%	5.09%	44	4.50%	6.75%
30	3.46%	5.19%	45	4.47%	6.70%
31	3.52%	5.28%	46	4.42%	6.64%
32	3.60%	5.39%	47	4.39%	6.59%
33	3.67%	5.50%	48	4.35%	6.53%
34	3.74%	5.61%	49	4.32%	6.48%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 5/6 male and 1/6 female), with adjustment for blue collar workers.

**Tier Two Safety Member Contribution Rates
 (Basic plus COL)**

The following schedule shows the total contribution rates required of Tier Two Safety Members for the coming year.

Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month	Age	Rate on First \$350 of Monthly Compensation	Rate on Compensation in Excess of \$350 per Month
20	5.23%	7.84%	35	6.95%	10.43%
21	5.33%	7.99%	36	7.11%	10.66%
22	5.43%	8.15%	37	7.27%	10.90%
23	5.52%	8.28%	38	7.43%	11.14%
24	5.63%	8.44%	39	7.62%	11.43%
25	5.73%	8.59%	40	7.83%	11.74%
26	5.83%	8.75%	41	8.07%	12.10%
27	5.95%	8.92%	42	8.33%	12.50%
28	6.05%	9.08%	43	8.26%	12.39%
29	6.17%	9.26%	44	8.19%	12.28%
30	6.29%	9.44%	45	8.13%	12.19%
31	6.41%	9.61%	46	8.05%	12.08%
32	6.54%	9.81%	47	7.99%	11.99%
33	6.67%	10.01%	48	7.92%	11.88%
34	6.81%	10.21%	49	7.86%	11.79%

The above rates are based on 8.16% interest and RP-2000 Healthy Annuitant Mortality (weighted 5/6 male and 1/6 female), with adjustment for blue collar workers.

I. Summary of Actuarial Assumptions and Funding Methods

This actuarial valuation report has been prepared in accordance with generally accepted actuarial principles and practices. The major assumptions and methods used in this valuation are as follows:

Economic Assumptions

Interest:	8.16% per year.
Salary Increase – Total Payroll:	4.0 % per year.
Salary Increase – Individual:	Rates varying by service, as shown in Schedule 1.
Inflation:	4.0% per year.
Employee Contribution Interest Crediting Rate:	8.16% per year (8.00% nominal interest rate compounded semi-annually) for those members who eventually retire. 3.0% per year for those members who terminate employment and take a refund of their contributions.

Demographic Assumptions

Post-retirement mortality:

- **Service Retirement - General:** RP-2000 Healthy Annuitant Mortality, with adjustment for white collar workers. Life expectancies are shown in Schedules 2.
- **Service Retirement - Safety:** RP-2000 Healthy Annuitant Mortality, with adjustment for blue collar workers. Life expectancies are shown in Schedules 3.
- **Disability Retirement:** RP-2000 Disabled Annuitant Mortality. Life expectancies are shown in

	Schedules 4.
<ul style="list-style-type: none">• Spouse:	RP-2000 Healthy Annuitant Mortality, with adjustment for white collar workers.
<ul style="list-style-type: none">• For Employee Contributions Rate Purposes:	
General	RP-2000 Healthy Annuitant Mortality (weighted 1/3 male and 2/3 female), with adjustment for white collar workers.
Safety	RP-2000 Healthy Annuitant Mortality (weighted 5/6 male and 1/6 female), with adjustment for blue collar workers.
Withdrawal (termination with refund of member contributions):	Rates varying by age, as shown in Schedule 5 (for General males), 6 (for General females) and 7 (for Safety). Proportion of total terminations varying by service, as shown in Schedule 8.
Vested Termination (termination with retirement pension deferred to age 63 for General and age 55 for Safety members):	Rates varying by age, as shown in Schedule 5 (for General males), 6 (for General females) and 7 (for Safety). Proportion of total terminations varying by service, as shown in Schedule 8. Half of all members are assumed to join a reciprocal agency immediately after termination.
Pre-retirement mortality:	Rates varying by age, as shown in Schedule 5 (for General males), 6 (for General females) and 7 (for Safety). There are separate rates for ordinary death and service related death.
Disability:	Total rates of disability varying by age, as shown in Schedule 5 (for General males), 6 (for General females) and 7 (for Safety). One-third of General member disabilities are assumed to be service-connected. All Safety member disabilities are assumed to be service-connected.

Service Retirement:	Rates varying by age, as shown in Schedule 5 (for General males), 6 (for General females) and 7 (for Safety).
Form of Payment:	Life annuity for single members. 60% contingent annuity for married members (100% contingent annuity if receiving service-related disability). We assume that one-fifth of General Members and one-third of Safety Members retiring in future years will elect the Temporary Annuity Option (TAO).
Percentage Married at Retirement:	90% of male active members and 50% of female active members assumed married at retirement.
Benefit Eligibility:	For decrement purposes, all active members are considered potentially eligible for all benefits without regard to service requirements. The demographic decrements take the eligibility requirements into account.
Spouse Ages	For active members reaching retirement, wives are assumed to be three years younger than husbands. Where spousal information was included for retirees, that information was used. If no beneficiary information was present, it was assumed that there was no eligible beneficiary.
Terminal Service	Upon retirement, members of the New Annual Leave Plan and the Annual Leave Plan II are assumed to convert hours of annual leave to service. It is assumed that members in the Annual Leave Plan II will have a leave balance equal to 30 hours of leave per year of service, and members of the New Annual Leave Plan will have a leave balance of 60 hours per year of service. Upon retirement, members of the Vacation/Sick Leave Plans are assumed

to convert hours of sick leave to hours of service. It is assumed that General members will have a sick leave balance equal to 20 hours per year of service, and Safety members will have a sick leave balance of 30 hours per year of service.

Upon retirement, members of the Annual Leave Plan IV are assumed to convert all hours in their frozen Time Off Bank. It is assumed that members will not use up any of their current frozen hours. There are no future accruals to this frozen bank.

Total hours of leave are converted to years of service at a rate of 2080 hours per one year. Members retiring for service, or upon death while active, or Safety members retiring for disability, are assumed to convert leave balances for this purpose.

Actuarial Methods

Funding Method:

Entry Age Normal Funding Method. The Entry Date used to attribute liability over the employee's career is calculated using the total benefit service provided by FCERA.

Amortization Period:

The Unfunded Actuarial Accrued Liability (UAAL) is amortized as a level percentage of payroll in pieces based on how the UAAL developed. The initial UAAL in the June 30, 2003 valuation for Regular Benefits was amortized over a 30-year period beginning with that valuation. The UAAL for Settlement Benefits were also amortized over the same 30-year period. Beginning with the June 30, 2004 valuation, any UAAL arising from a plan amendment, legislative change or court decision will

be amortized over 30 years from the following valuation. Any other UAAL will be amortized over a 15-year period from the valuation in which it arises. The average amortization period for the Plan as a whole cannot be more than 30 years.

Actuarial Value of Assets:

The market value of assets is adjusted to recognize, over a five-year period, investment earnings greater than (or less than) the assumed investment return. Details are shown in the Asset Information Section of the report.

Data Sources

Asset Data:

The asset information is taken directly from statements and spreadsheets furnished by the Retirement Office and used without audit.

Member Data:

Most member data was supplied by the Retirement Office. Annual leave balance information was provided by the County. All data is reviewed for reasonableness and consistency, but no audit was performed. Public Pension Professionals is not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. Additional comments related to data preparation are included in Section K.

Schedule 1

Assumed Rate of Salary Increase

Years of Service	General Members	Safety Members
0	9.00%	6.00%
1	9.00%	6.00%
2	9.00%	6.00%
3	9.00%	6.00%
4	9.00%	6.00%
5	4.75%	6.00%
6	4.75%	6.00%
7	4.75%	6.00%
8 or more	4.75%	5.00%

Schedule 2
Life Expectancies at Sample Ages
Healthy General Members

Age	Male	Female	Age	Male	Female
20	58.04	63.01	70	14.48	16.98
21	57.09	62.03	71	13.76	16.23
22	56.15	61.05	72	13.04	15.26
23	55.21	60.06	73	12.35	14.54
24	54.26	59.08	74	11.67	13.84
25	53.32	58.10	75	11.02	13.16
26	52.38	57.12	76	10.38	12.49
27	51.43	56.13	77	9.77	11.84
28	50.49	55.15	78	9.18	11.21
29	49.54	54.17	79	8.61	10.59
30	48.60	53.19	80	8.06	10.00
31	47.66	52.21	81	7.54	9.43
32	46.72	51.23	82	7.04	8.87
33	45.80	50.26	83	6.56	8.34
34	44.88	49.29	84	6.11	7.84
35	43.96	48.32	85	5.69	7.35
36	43.06	47.35	86	5.29	6.90
37	42.16	46.39	87	4.92	6.47
38	41.26	45.42	88	4.58	6.08
39	40.37	44.46	89	4.26	5.72
40	39.49	43.51	90	3.97	5.38
41	38.61	42.55	91	3.72	5.08
42	37.73	41.60	92	3.49	4.81
43	36.85	40.65	93	3.28	4.57
44	35.99	39.70	94	3.09	4.36
45	35.13	38.76	95	2.93	4.17
46	34.27	37.83	96	2.78	4.01
47	33.43	36.89	97	2.65	3.86
48	32.59	35.96	98	2.53	3.72
49	31.75	35.04	99	2.43	3.59
50	30.93	34.12	100	2.33	3.47
51	30.11	33.20	101	2.25	3.33
52	29.29	32.28	102	2.19	3.19
53	28.46	31.37	103	2.14	3.05
54	27.62	30.46	104	2.11	2.91
55	26.77	29.55	105	2.09	2.78
56	25.91	28.65	106	2.08	2.65
57	25.05	27.76	107	2.08	2.54
58	24.19	26.88	108	2.08	2.44
59	23.32	26.00	109	2.08	2.35
60	22.46	25.13	110	2.07	2.28
61	21.61	24.27	111	2.07	2.21
62	20.76	23.42	112	2.05	2.16
63	19.93	22.57	113	2.04	2.11
64	19.11	21.74	114	2.01	2.06
65	18.30	20.91	115	1.96	2.00
66	17.51	20.10	116	1.87	1.91
67	16.74	19.30	117	1.74	1.77
68	15.97	18.51	118	1.52	1.54
69	15.22	17.74	119	1.15	1.16

General Members – RP-2000 Healthy Mortality, with adjustment for white collar

Schedule 3
Life Expectancies at Sample Ages
Healthy Safety Members

Age	Male	Female	Age	Male	Female
20	56.26	61.99	70	13.31	15.77
21	55.31	61.00	71	12.66	15.05
22	54.36	60.02	72	12.03	14.36
23	53.42	59.03	73	11.41	13.69
24	52.47	58.04	74	10.81	13.03
25	51.52	57.06	75	10.23	12.40
26	50.57	56.07	76	9.66	11.77
27	49.62	55.08	77	9.12	11.17
28	48.67	54.10	78	8.60	10.57
29	47.72	53.11	79	8.09	10.00
30	46.77	52.13	80	7.61	9.43
31	45.82	51.15	81	7.15	8.89
32	44.88	50.16	82	6.71	8.37
33	43.95	49.19	83	6.29	7.87
34	43.02	48.21	84	5.89	7.40
35	42.10	47.23	85	5.52	6.95
36	41.18	46.26	86	5.17	6.53
37	40.27	45.29	87	4.83	6.14
38	39.36	44.32	88	4.53	5.78
39	38.46	43.35	89	4.24	5.45
40	37.56	42.38	90	3.98	5.15
41	36.67	41.42	91	3.74	4.88
42	35.78	40.45	92	3.52	4.64
43	34.89	39.49	93	3.32	4.42
44	34.01	38.54	94	3.14	4.23
45	33.13	37.58	95	2.97	4.05
46	32.26	36.63	96	2.82	3.89
47	31.39	35.69	97	2.69	3.75
48	30.53	34.74	98	2.57	3.62
49	29.68	33.80	99	2.47	3.49
50	28.83	32.86	100	2.37	3.37
51	27.99	31.93	101	2.29	3.24
52	27.16	30.99	102	2.23	3.10
53	26.32	30.05	103	2.18	2.96
54	25.49	29.12	104	2.14	2.82
55	24.67	28.19	105	2.12	2.69
56	23.84	27.27	106	2.12	2.57
57	23.02	26.36	107	2.12	2.46
58	22.21	25.45	108	2.11	2.36
59	21.40	24.56	109	2.11	2.28
60	20.61	23.69	110	2.11	2.20
61	19.82	22.83	111	2.10	2.14
62	19.05	21.98	112	2.09	2.09
63	18.28	21.16	113	2.07	2.04
64	17.53	20.34	114	2.04	2.00
65	16.79	19.55	115	1.98	1.94
66	16.06	18.76	116	1.90	1.86
67	15.35	17.99	117	1.76	1.73
68	14.65	17.24	118	1.53	1.51
69	13.97	16.49	119	1.15	1.15

Safety Members – RP-2000 Healthy Mortality, with adjustment for blue collar



Schedule 4

Life Expectancies at Sample Ages

Disabled General and Safety Members

Age	Male	Female	Age	Male	Female
20	30.81	46.81	70	9.81	12.98
21	30.51	46.16	71	9.43	12.46
22	30.20	45.50	72	9.05	11.96
23	29.89	44.84	73	8.69	11.47
24	29.57	44.17	74	8.33	11.00
25	29.24	43.50	75	7.99	10.53
26	28.90	42.82	76	7.65	10.09
27	28.55	42.14	77	7.33	9.65
28	28.20	41.45	78	7.02	9.23
29	27.84	40.76	79	6.72	8.81
30	27.47	40.06	80	6.43	8.42
31	27.09	39.36	81	6.16	8.03
32	26.70	38.65	82	5.89	7.66
33	26.31	37.93	83	5.63	7.29
34	25.90	37.22	84	5.38	6.94
35	25.49	36.49	85	5.14	6.61
36	25.07	35.76	86	4.90	6.28
37	24.63	35.03	87	4.66	5.97
38	24.19	34.28	88	4.41	5.67
39	23.73	33.54	89	4.16	5.39
40	23.27	32.78	90	3.90	5.12
41	22.79	32.03	91	3.65	4.87
42	22.31	31.26	92	3.43	4.63
43	21.81	30.49	93	3.23	4.40
44	21.30	29.72	94	3.04	4.20
45	20.78	28.94	95	2.88	4.02
46	20.25	28.15	96	2.73	3.85
47	19.73	27.38	97	2.60	3.71
48	19.23	26.62	98	2.49	3.58
49	18.73	25.88	99	2.38	3.46
50	18.25	25.15	100	2.29	3.33
51	17.78	24.44	101	2.21	3.20
52	17.32	23.74	102	2.15	3.07
53	16.86	23.06	103	2.10	2.93
54	16.42	22.39	104	2.06	2.79
55	15.98	21.73	105	2.05	2.66
56	15.55	21.09	106	2.04	2.54
57	15.12	20.46	107	2.04	2.43
58	14.69	19.83	108	2.04	2.34
59	14.27	19.22	109	2.04	2.25
60	13.86	18.62	110	2.03	2.18
61	13.44	18.02	111	2.03	2.11
62	13.03	17.43	112	2.02	2.06
63	12.61	16.85	113	2.00	2.02
64	12.20	16.27	114	1.97	1.98
65	11.80	15.70	115	1.93	1.93
66	11.39	15.14	116	1.85	1.85
67	10.99	14.58	117	1.72	1.72
68	10.59	14.04	118	1.50	1.50
69	10.20	13.50	119	1.14	1.14

Disabled Members – RP-2000 Disabled Mortality

Schedule 5

Probability of Separation from Active Service
(Number separating at each age per 10,000 working at that age)

General Members - Male

Age	Total Termination	Ordinary Death	Service Retirement	Service Death	Total Disability*
20	750	10	-	-	0.50
21	720	10	-	-	0.50
22	710	10	-	-	0.50
23	700	10	-	-	0.50
24	690	11	-	-	0.50
25	680	11	-	-	1.50
26	670	11	-	-	1.50
27	660	11	-	-	1.50
28	650	11	-	-	1.50
29	640	12	-	-	1.50
30	630	12	-	-	1.50
31	620	14	-	-	1.50
32	610	16	-	-	1.50
33	600	18	-	-	2.00
34	590	20	-	-	2.00
35	580	22	-	-	2.50
36	570	24	-	-	2.50
37	560	25	-	-	3.10
38	550	27	-	-	3.10
39	540	29	-	-	3.60
40	530	30	-	-	4.60
41	520	32	-	-	5.20
42	510	34	-	-	5.70
43	500	36	-	-	6.70
44	490	39	-	-	7.20
45	480	42	-	-	8.80
46	470	45	-	-	10.30
47	460	49	-	-	11.90
48	450	52	-	-	13.40
49	440	56	-	-	15.00
50	430	60	500	-	16.50
51	420	60	300	-	18.60
52	410	59	300	-	21.20
53	400	57	300	-	23.70
54	390	56	450	-	26.30
55	380	54	600	-	28.90
56	370	54	1000	-	31.50
57	360	55	1500	-	33.50
58	350	57	2000	-	35.60
59	340	61	2500	-	37.10
60	330	66	3000	-	38.60
61	320	73	3000	-	39.60
62	310	82	5000	-	40.60
63	300	92	3000	-	41.70
64	290	104	3000	-	42.70
65	-	116	4000	-	-
66	-	130	4000	-	-
67	-	144	4000	-	-
68	-	158	6000	-	-
69	-	174	8000	-	-
70	-	-	10,000	-	-

* One-third of General member disabilities are assumed to be service-connected.

Schedule 6

Probability of Separation from Active Service
(Number separating at each age per 10,000 working at that age)

General Members - Female

Age	Total Termination	Ordinary Death	Service Retirement	Service Death	Total Disability*
20	840	3	-	-	0.50
21	804	3	-	-	0.50
22	792	3	-	-	0.50
23	780	3	-	-	0.50
24	768	3	-	-	0.50
25	756	3	-	-	1.50
26	744	3	-	-	1.50
27	732	3	-	-	1.50
28	720	3	-	-	1.50
29	708	4	-	-	2.00
30	696	4	-	-	2.00
31	684	4	-	-	2.00
32	672	5	-	-	2.00
33	660	6	-	-	2.00
34	648	6	-	-	2.00
35	636	7	-	-	3.00
36	624	8	-	-	3.00
37	612	8	-	-	3.00
38	600	9	-	-	4.00
39	588	9	-	-	4.50
40	576	10	-	-	4.50
41	564	11	-	-	5.50
42	552	12	-	-	5.50
43	540	14	-	-	6.50
44	528	15	-	-	6.50
45	516	16	-	-	8.00
46	504	18	-	-	9.00
47	492	19	-	-	10.00
48	480	21	-	-	11.50
49	468	23	-	-	12.50
50	456	24	400	-	14.00
51	444	25	400	-	15.00
52	432	27	400	-	16.50
53	420	29	400	-	18.00
54	408	32	400	-	19.50
55	396	35	1000	-	21.00
56	384	39	1000	-	22.50
57	372	43	1000	-	24.00
58	360	47	1500	-	25.50
59	348	51	1750	-	28.00
60	336	56	2000	-	30.50
61	324	61	2000	-	33.50
62	312	67	4000	-	37.00
63	300	74	2000	-	40.00
64	288	82	2000	-	43.50
65	-	91	4500	-	-
66	-	101	3000	-	-
67	-	112	3000	-	-
68	-	124	3000	-	-
69	-	137	3000	-	-
70	-	-	10,000	-	-

* One-third of General member disabilities are assumed to be service-connected.

Schedule 7

Probability of Separation from Active Service
 (Number separating at each age per 10,000 working at that age)

Safety Members

Age	Total	Ordinary Death		Service	Service	Total
	Termination	Male	Female	Retirement	Death	Disability*
	Unisex			Unisex	Unisex	Unisex
20	701	9.0	2.3	-	10	6
21	641	9.3	2.3	-	10	6
22	608	9.6	2.3	-	10	6
23	575	9.8	2.4	-	10	7
24	543	9.8	2.4	-	10	7
25	513	9.8	2.5	-	10	10
26	500	9.9	2.6	-	10	11
27	500	10.0	2.7	-	10	13
28	520	10.3	2.8	-	10	14
29	553	10.8	3.0	-	10	15
30	593	11.6	3.2	-	10	16
31	627	13.1	3.7	-	10	18
32	567	14.7	4.2	-	10	20
33	507	16.5	4.7	-	10	22
34	447	18.4	5.2	-	10	26
35	393	20.2	5.7	-	10	29
36	340	22.0	6.1	-	10	31
37	307	23.7	6.6	-	10	35
38	273	25.2	7.1	-	10	39
39	240	26.7	7.7	-	10	44
40	207	28.2	8.4	-	10	49
41	180	29.9	9.2	-	10	53
42	153	31.8	10.2	-	10	58
43	120	34.0	11.2	-	10	64
44	93	36.6	12.3	-	10	70
45	80	39.5	13.4	300	10	77
46	67	42.3	14.6	300	10	85
47	53	45.4	15.8	300	10	93
48	45	48.7	17.1	300	10	103
49	37	52.2	18.5	300	10	113
50	33	55.9	20.0	600	10	123
51	27	59.5	20.0	700	10	132
52	27	62.7	20.8	800	10	143
53	20	65.7	22.4	1500	10	154
54	-	68.7	24.8	2500	10	165
55	-	72.1	28.0	5000	10	175
56	-	76.7	32.2	2500	10	186
57	-	82.2	37.4	2500	10	197
58	-	89.0	43.8	4000	10	207
59	-	96.7	51.4	4000	10	218
60				10,000		

* All Safety member disabilities are assumed to be service-connected.

Schedule 8

**Proportion of Terminations
Receiving Refunds and Deferred Vested Benefits**

Years of Service	Refunds	Deferred Vested
0	100%	0%
1	100%	0%
2	100%	0%
3	100%	0%
4	100%	0%
5	25%	75%
6	25%	75%
7	25%	75%
8	25%	75%
9	25%	75%
10	16.7%	83.3%
11	16.7%	83.3%
12	16.7%	83.3%
13	16.7%	83.3%
14	16.7%	83.3%
15	10%	90%
16	10%	90%
17	10%	90%
18	10%	90%
19	10%	90%
20 or more	0%	100%

J. Member Information

Active Participants

General Members	June 30, 2005	June 30, 2004
Total Number	6,679	6,540
Valuation Number*	6,671	6,534
Average Age	43.7	43.5
Average Service**	9.6	9.0
Percent Male	35.3%	35.4%
Average Annual Pay	\$44,325	\$43,325
Total Covered Payroll	\$296,046,064	\$283,345,354
Valuation Payroll*	\$295,740,566	\$283,135,520
Safety Members		
Total Number	965	914
Valuation Number*	963	911
Average Age	39.0	39.5
Average Service**	10.2	10.1
Percent Male	82.7%	83.4%
Average Annual Pay	\$57,532	\$59,899
Total Covered Payroll	\$55,518,004	\$54,747,811
Valuation Payroll*	\$55,308,619	\$54,478,246
Total Active Members		
Total Number	7,644	7,454
Valuation Number*	7,634	7,445
Average Age	43.1	43.0
Average Service**	9.7	9.1
Percent Male	41.3%	41.3%
Average Annual Pay	\$45,992	\$45,357
Total Covered Payroll	\$351,564,068	\$338,093,165
Valuation Payroll*	\$351,049,185	\$337,613,766

*Valuation number is the count for active members excluding those who are assumed to retire immediately (meet retirement eligibility requirements and are older than the last assumed retirement age). The covered payroll shown also excludes pay for these members.

**For 2004, service was measured from the plan member's entry date. For 2005, service is based on the benefit service provided by FCERA.



Terminated Vested Participants

General Members	June 30, 2005	June 30, 2004
Number	1,238	1,210
Average Age	48.7	48.3
Percent Male	41.3%	40.7%
Average Service	8.5	8.5
Safety Members		
Number	88	90
Average Age	46.0	44.5
Percent Male	83.0%	80.0%
Average Service	7.4	7.8
All Members		
Number	1,326	1,300
Average Age	48.5	48.1
Percent Male	44.0%	43.4%
Average Service	8.5	8.5

In addition to the counts shown above, as of June 30, 2005, there are 80 General members and 6 Safety members who have ceased active service, have less than five years of service, and who have not yet received a distribution from the plan of their employee account balance.

Retired Participants

General Members

Service Retirements and Beneficiaries

June 30, 2005

June 30, 2004

Number	3,748	3,682
Average Age	69.1	69.4
Percent Male	38.2%	39.5%
Average Monthly Benefit	\$1,958	\$1,784

Disabled

Number	181	166
Average Age	64.9	65.2
Percent Male	41.4%	41.6%
Average Monthly Benefit	\$1,474	\$1,347

Total General

Number	3,929	3,848
Average Age	68.9	69.2
Percent Male	38.4%	39.6%
Average Monthly Benefit	\$1,936	\$1,765

Benefits include settlement benefits, except for Health benefits. Also included are purchasing power benefits.



Safety Members

Service Retirements and Beneficiaries

June 30, 2005

June 30, 2004

Number	398	401
Average Age	64.2	64.1
Percent Male	79.6%	78.8%
Average Monthly Benefit	\$3,430	\$3,186

Disabled

Number	91	82
Average Age	54.3	54.2
Percent Male	78.0%	79.3%
Average Monthly Benefit	\$2,564	\$2,305

Total Safety

Number	489	483
Average Age	62.4	62.4
Percent Male	79.3%	78.9%
Average Monthly Benefit	\$3,269	\$3,036

Benefits include settlement benefits, except for Health benefits. Also included are purchasing power benefits.

Total Members

Service Retirements and Beneficiaries

June 30, 2005

June 30, 2004

Number	4,146	4,083
Average Age	68.7	68.8
Percent Male	42.2%	43.4%
Average Monthly Benefit	\$2,099	\$1,921

Disabled

Number	272	248
Average Age	61.3	61.6
Percent Male	53.7%	54.0%
Average Monthly Benefit	\$1,839	\$1,664

Total Retirees

Number	4,418	4,331
Average Age	68.2	68.4
Percent Male	42.9%	44.0%
Average Monthly Benefit	\$2,083	\$1,907

Benefits include settlement benefits, except for Health benefits. Also included are purchasing power benefits.

Reconciliation of Participants For the Fiscal Year Ending June 30, 2005

General

	<u>Active</u>	<u>Terminated Vested**</u>	<u>Retiree*</u>	<u>Disabled</u>	<u>Beneficiary</u>	<u>Total</u>
As of June 30, 2004	6,540	1,210	3,231	166	451	11,598
New Hire	572	-	-	-	-	572
Terminated - Refund	(97)	(44)	-	-	-	(141)
Vested Termination Deferred Benefit Payable	(110)	110	-	-	-	-
Service Retirement	(122)	(63)	185	-	-	-
Disability Retirement	(1)	(1)	(8)	10	-	-
Death	-	(1)	(144)	(9)	(65)	(219)
New Beneficiary					26	26
Other Adjustments	(75)	43	20	14	52	54
Pending Refund	(28)	(16)	-	-	-	(44)
As of June 30, 2005	6,679	1,238	3,284	181	464	11,846

* Includes 1 retiree with both a General and a Safety benefit.

** Excludes pending refunds.

Reconciliation of Participants For the Fiscal Year Ending June 30, 2005

Safety

	<u>Active</u>	<u>Terminated Vested**</u>	<u>Retiree*</u>	<u>Disabled</u>	<u>Beneficiary</u>	<u>Total</u>
As of June 30, 2004	914	90	355	82	46	1,487
New Hire	88	-	-	-	-	88
Terminated - Refund	(4)	(2)	-	-	-	(6)
Vested Termination Deferred Benefit Payable	(8)	8	-	-	-	-
Service Retirement	(18)	(4)	22	-	-	-
Disability Retirement	-	-	(9)	9	-	-
Death	-	-	(15)	(2)	(10)	(27)
New Beneficiary	-	-	-	-	9	9
Other Adjustments	(3)	(4)	-	2	-	(5)
Pending Refund	(4)	-	-	-	-	(4)
As of June 30, 2005	965	88	353	91	45	1,542

* Includes 1 retiree with both a General and a Safety benefit.

** Excludes pending refunds.

**Reconciliation of Participants
For the Fiscal Year Ending June 30, 2005**

Total General and Safety

	<u>Active</u>	<u>Terminated Vested**</u>	<u>Retiree*</u>	<u>Disabled</u>	<u>Beneficiary</u>	<u>Total</u>
As of June 30, 2004	7,454	1,300	3,586	248	497	13,085
New Hire	660	-	-	-	-	660
Terminated - Refund	(101)	(46)	-	-	-	(147)
Vested Termination Deferred Benefit Payable	(118)	118	-	-	-	-
Service Retirement	(140)	(67)	207	-	-	-
Disability Retirement	(1)	(1)	(17)	19	-	-
Death	-	(1)	(159)	(11)	(75)	(246)
New Beneficiary	-	-	-	-	35	35
Other Adjustments	(78)	39	20	16	52	49
Pending Refund	(32)	(16)	-	-	-	(48)
As of June 30, 2005	7,644	1,326	3,637	272	509	13,388

* Includes 1 retiree with both a General and a Safety benefit.

** Excludes pending refunds.

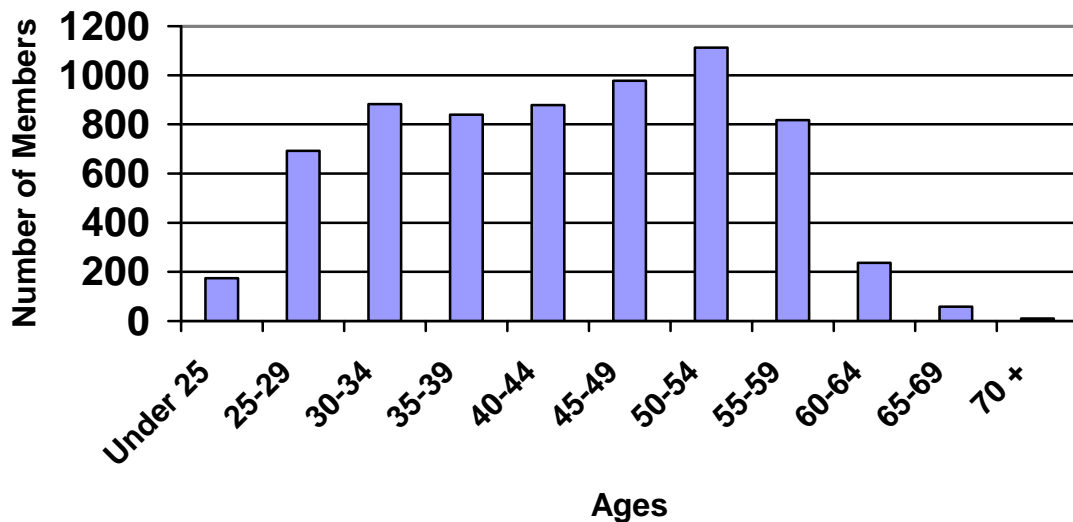


Actuaries you can understand

Active General Members by Age and Service as of June 30, 2005

Service >>	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30 +	Total
Age									
Under 25	93	78	3	0	0	0	0	0	174
25-29	146	427	117	2	0	0	0	0	692
30-34	97	385	345	52	3	0	0	0	882
35-39	68	254	304	167	47	0	0	0	840
40-44	56	215	228	188	150	41	0	0	878
45-49	52	195	210	164	179	106	71	0	977
50-54	35	176	228	171	198	131	128	46	1,113
55-59	28	96	171	136	135	87	92	72	817
60-64	6	41	66	40	49	20	12	3	237
65-69	4	7	16	15	9	3	3	2	59
70 +	0	1	2	4	3	0	0	0	10
Total	585	1,875	1,690	939	773	388	306	123	6,679

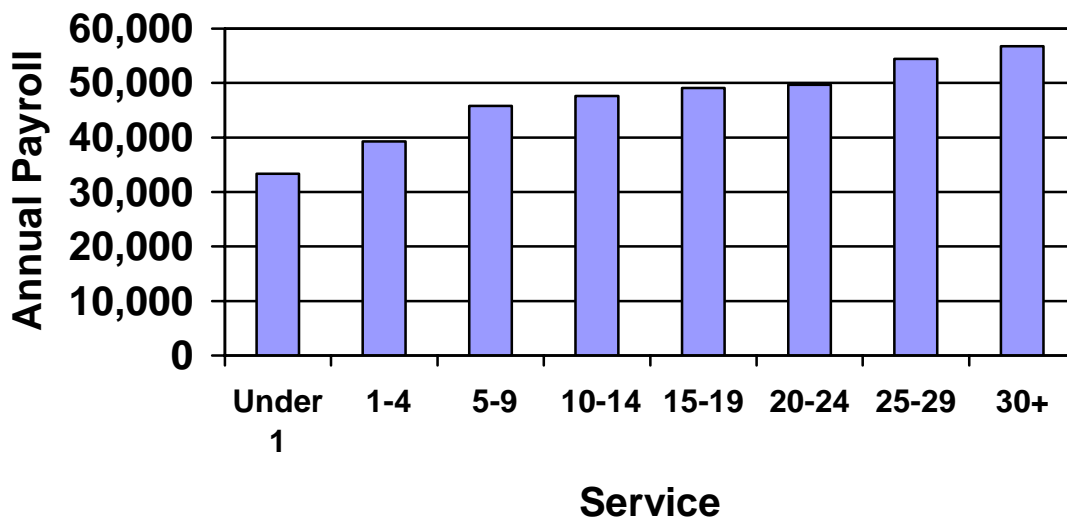
Active General Members by Age



Average Annual Full-Time Compensation for General Members by Age and Service as of June 30, 2005

Service	Under									
>>	1	1-4	5-9	10-14	15-19	20-24	25-29	30 +	Total	
Age										
Under										
25	25,389	27,286	42,564	0	0	0	0	0	26,535	
25-29	29,850	35,489	38,236	38,883	0	0	0	0	34,774	
30-34	32,419	39,422	45,126	42,562	49,131	0	0	0	41,101	
35-39	36,437	39,878	46,364	47,638	41,916	0	0	0	43,604	
40-44	40,170	42,274	45,590	48,337	49,007	44,166	0	0	45,538	
45-49	37,027	38,868	47,659	49,910	53,507	49,644	48,381	0	47,056	
50-54	36,075	45,517	47,747	46,483	48,109	50,272	56,056	55,722	48,480	
55-59	49,584	41,765	46,360	46,058	48,420	51,481	58,246	58,253	49,153	
60-64	31,165	47,438	45,642	47,398	47,962	51,756	46,308	40,702	46,849	
65-69	38,148	48,668	51,629	60,327	40,388	29,670	44,131	51,493	49,358	
70 +	0	48,880	38,625	43,940	32,803	0	0	0	40,030	
Total	33,345	39,260	45,797	47,613	49,056	49,643	54,435	56,768	44,325	

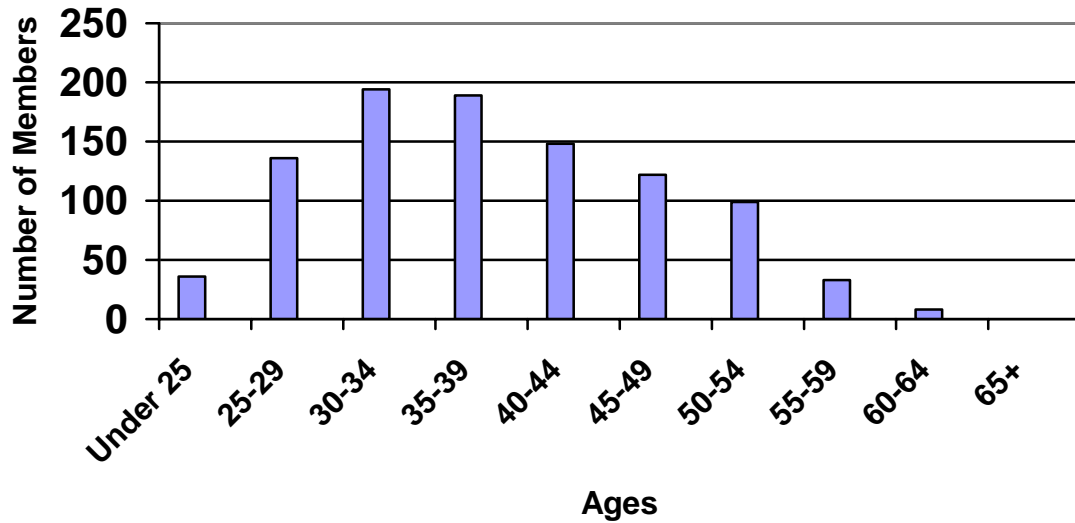
General Member Pay by Service



Active Safety Members by Age and Service as of June 30, 2005

<u>Service</u> >>	<u>Under</u> 1	1-4	5-9	10-14	15-19	20-24	25-29	30 +	Total
<u>Age</u> <u>Under</u> 25	29	7	0	0	0	0	0	0	36
25-29	28	82	26	0	0	0	0	0	136
30-34	20	64	92	18	0	0	0	0	194
35-39	5	39	62	64	19	0	0	0	189
40-44	4	11	38	36	48	11	0	0	148
45-49	2	6	6	19	42	28	19	0	122
50-54	1	4	5	14	16	16	34	9	99
55-59	0	4	12	6	6	1	2	2	33
60-64	0	1	5	0	1	0	0	1	8
65 +	0	0	0	0	0	0	0	0	0
Total	89	218	246	157	132	56	55	12	965

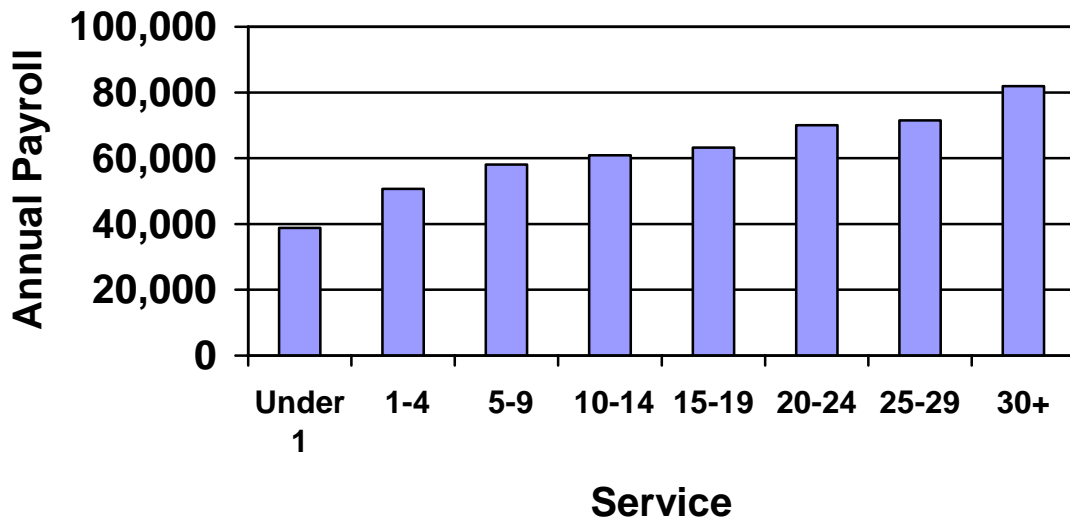
Active Safety Members by Age



Average Annual Full-Time Compensation for Safety Members by Age and Service as of June 30, 2005

Service >>	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30 +	Total
Age									
Under									
25	37,358	47,643	0	0	0	0	0	0	39,358
25-29	39,889	50,812	56,683	0	0	0	0	0	49,685
30-34	39,930	52,363	58,405	60,205	0	0	0	0	54,674
35-39	43,170	49,739	57,562	61,004	64,820	0	0	0	57,462
40-44	35,156	47,913	59,463	61,007	61,871	72,405	0	0	60,066
45-49	32,024	51,882	55,365	60,816	63,415	69,219	71,418	0	64,111
50-54	31,148	46,418	54,920	59,153	66,378	70,648	72,011	72,512	66,798
55-59	0	46,047	57,961	65,355	60,024	56,291	64,237	90,823	60,558
60-64	0	44,982	59,925	0	61,334	0	0	148,050	69,249
65 +	0	0	0	0	0	0	0	0	0
Total	38,770	50,662	58,038	60,892	63,245	70,023	71,524	81,858	57,532

Safety Member Pay by Service



K. Data Adjustments

Other than information related to annual leave (which is discussed in more detail below), all of the member data for the June 30, 2005 actuarial valuation was supplied by the FCERA Retirement Office. It was reviewed for reasonableness and consistency, but no audit was performed. Public Pension Professionals has relied upon the research efforts and knowledge of the Retirement Office staff in providing answers to many of our questions concerning the data.

The non-annual leave data was provided from a single source this year: the main FCERA database. This is the same database used to calculate benefit amounts for retiring members. The computer program used to extract actuarial valuation data from this database was new two years ago, and is still being fine-tuned. In addition, since the settlement benefits are so new, the current database is not yet fully structured to maintain data in a manner optimal for providing valuation data.

Public Pension Professionals has made several modifications or adjustments to the data for the purposes of this valuation. We are not aware of any errors or omissions in the data, as modified, that would have a significant effect on the results of our calculations.

Some of the most significant modifications, adjustments, and assumptions that were made include the following:

- **Part-time employees.** Retirement benefits are calculated on the basis of full-time equivalent pay. For part-time employees, the salary that is received for the valuation was the salary actually paid. In this valuation, we also received information on the portion of the period worked by the employee. Using this information, pay amounts were adjusted to full-time equivalent for all employees.
- **Annual Leave or Sick Leave conversions to service.** Leave balance information is not provided in the FCERA data files. This year, the County provided a separate file containing leave balance information. The data was matched as closely as possible to the FCERA data. Active members who were not included in the County's file were assumed to be in the Annual Leave Plan IV and have no frozen Time Off Bank hours. Other assumptions associated with these balances are shown in the Summary of Actuarial Assumption and Funding Methods section of this report.
- **Compensation.** The valuation uses a pay rate and pay frequency provided by FCERA. The pay rate is the amount paid for the last pay period of the fiscal year. In addition to earnings, it may reflect additional compensated items such as vacation time, holidays, reimbursements, or allowances due to the employee. The pay rate is annualized based on the pay frequency that is biweekly, monthly or semi-monthly. Actual annualized pensionable earnings are not available for the valuation.

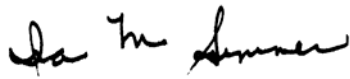
- **Retiree Health Benefits.** The June 30, 2005 data provided by FCERA included health benefit amounts for the regular benefit as well as the benefit of \$3 per year of service provided under Section 9 of the Ventura Settlement to all retired Plan Members. This is the second year these amounts were provided to us.
- **Pending Refunds.** There were approximately 86 participants who are coded by FCERA as terminated, who have less than 5 years of service, and who have left their contributions on deposit or are waiting for a refund. They have not established reciprocity with any other system. These members are treated as “pending refunds” and their account balances are added to the Vested Terminated liability in the valuation.
- **Extra Help.** Employees with a classification of “extra help” are excluded from the valuation. These are members who have separated from normal full-time service and have returned on a temporary basis working fewer than 960 hours per year.
- **Leave of Absence.** Participants who have been on a Leave of Absence for at least two consecutive valuation years are treated as pending withdrawals. During the first year a participant is on a leave of absence, he or she is treated as an active member in the valuation.
- **Retiree Option.** If the data for the retirement benefit option chosen by a retiree was missing from the files that were provided to us, we assumed that the “Unmodified” benefit option was chosen. For these same records, if the beneficiary data was provided, the valuation will use that data.
- **Beneficiary Data for Retirees.** For retirees choosing the Unmodified option, beneficiary information was used only if the Beneficiary Relationship was coded “spouse”.

Public Pension Professionals gratefully acknowledges the Retirement Office staff, as well as staff at the County who we questioned regarding the leave balances, for their hard work and knowledge in providing information on all the data issues that were raised. The FCERA Retirement Office staff is aware of most, if not all, of the data imperfections, and continues to work to improve upon the data used in the actuarial valuations.


L. Actuarial Certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices.

The actuarial assumptions employed in the development of the recommended contribution rates were selected to be individually reasonable (taking into account the experience of the Plan and reasonable expectations) and which, in combination, offer the actuary's best estimate of anticipated experience under the Plan.



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Public Pension Professionals, Inc.

June 2006