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## **June 30, 2011, Actuarial Valuation with October 18, 2011, Addendum**

This PDF file contains SamCERA's June 30, 2011, actuarial valuation, along with an addendum dated October 18, 2011.

The purpose of the addendum is to provide employer and member contribution rates for new plans for the fiscal year beginning July 1, 2012.

The revised rates are provided because after the valuation report was completed and dated September 16, 2011, new plan provisions went into effect for newly hired employees. The addendum also outlines employer contribution rates, which the Board adopted on October 25, 2011.

The full actuarial valuation immediately follows this page. The addendum has been attached at the end of the valuation. The analysis follows immediately after the addendum.

**San Mateo County Employees'  
Retirement Association**

**ACTUARIAL VALUATION  
June 30, 2011**

*SamCERA*



By

Nick J. Collier

Associate, Society of Actuaries  
Enrolled Actuary  
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September 16, 2011

Board of Retirement  
San Mateo County Employees' Retirement Association  
100 Marine Parkway, Suite 125  
Redwood Shores, CA 94065-5208

Dear Members of the Board:

As requested, we have completed an actuarial valuation for the San Mateo County Employees' Retirement Association (*SamCERA*). The purpose of the valuation is to recommend the employer and member contribution rates for the fiscal year beginning July 1, 2012.

#### ***Actuarial Certification – Per SamCERA Consulting Contract***

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices, including Actuarial Standards of Practice (ASOPs) Nos. 4, 27 and 35. In particular, it reflects the actuary's responsibility under Section 5.8 of ASOP No. 4 for assessing the implications of overall results, in terms of short- and long-range benefit security and expected cost progression.

To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our best professional judgment, the assumptions and methodologies as adopted by the Board of Retirement, individually and in combination, are reasonably related to the experience of and the expectations for *SamCERA*, and will not, in and of themselves, expose the retirement system to 'unsound financial risk'. In this regard, we consider 'unsound financial risk' to mean the following:

- A substantial likelihood that future required contribution rates as a percentage of payroll will be dramatically higher than the rates shown in this report, given the uncertainties of actuarial projections and assuming the full payment of all recommended contributions; or
- A substantial likelihood that *SamCERA*'s assets will be insufficient to pay benefit payments when due, given the uncertainties of actuarial projections and assuming the full payment of all recommended contributions.

In preparing this report, we have complied with all quality assurance procedures detailed on page 14 of our November 28, 2005 proposal titled "Response for Request for Actuarial Services."

#### ***Actuarial Certification – Milliman***

The major findings of the valuation are contained in this report. This report reflects the benefit provisions and contribution rates in effect as of June 30, 2011. In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by *SamCERA*'s staff. This information includes, but is not limited to, statutory provisions, employee data and

This work product was prepared solely for *SamCERA*. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

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financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any data of this information is inaccurate or incomplete, our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for *SamCERA* have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of *SamCERA* and reasonable expectations) and which, in combination, offer a reasonable estimate of anticipated experience affecting *SamCERA*. We will next be reviewing the assumptions in 2014 as part of our triennial investigation.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Board of Retirement has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix A.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for *SamCERA*. Actuarial computations under GASB Statement No. 25 are for purposes of fulfilling financial accounting requirements. The computations prepared for this purpose may differ as disclosed in our report. The calculations in this report have been made on a basis consistent with our understanding of *SamCERA*'s current funding requirements and of GASB Statements No. 25. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of *SamCERA*. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

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

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We would like to express our appreciation to Mr. David Bailey, Chief Executive Officer of *SamCERA*, and to members of his staff, who gave substantial assistance in supplying the data on which this report is based.

We respectfully submit the following report, and we look forward to discussing it with you.

Sincerely,

A handwritten signature in black ink that reads "Nick Collier".

Nick J. Collier, ASA, EA, MAAA  
Consulting Actuary

NJC/nlo

# San Mateo County Employees' Retirement Association

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# San Mateo County Employees' Retirement Association

## Section 1: Summary of the Findings



### 2011 Valuation Results

	June 30, 2011	June 30, 2010
Employer Contribution Rate	30.97%	31.40%
Funded Ratio	74.1%	70.3%

### Overview

This report presents the results of the June 30, 2011 actuarial valuation. Several key points are summarized as follows:

- **Funding:** The Funded Ratio increased from 70.3% to 74.1%. This increase was primarily due to the required contributions made to fund the plan.
- **Contribution Rates:** The Employer Normal Cost rate of 11.25% decreased from 11.57% reported in the prior year. This rate was influenced in part by the new assumptions adopted as a result of the June 30, 2011 experience study. A revision was also made in the adjustment for the member contribution offset to the Gross Normal Cost for the upcoming year which reduced the Employer Normal Cost rate. Additionally, the rates will vary slightly from year to year as the average entry age of the membership changes and as a greater proportion of members enter Plans 3, 4, 5 & 6, which are less expensive than Plans 1 & 2.

The employer's required contribution rate to finance the Unfunded Actuarial Accrued Liability (UAAL) over 15 years decreased from 19.83% to 19.72%. The overall result is a decrease in the required total contribution rate from the prior valuation of 0.43% (from 31.40% to 30.97% of payroll).

- **Investment Returns:** *SamCERA's* investment return on the market value of assets for the prior year (23.7%, based on Milliman's estimate) was greater than the actuarial assumed rate of 7.75%. However, this was offset by the recognition of investment losses from prior years. The net result was a return on the actuarial value of assets which was slightly less than expected. This caused a small decrease in the system's funding status and a small increase in the required employer contribution rate. The increase in the employer contribution rate due to the actuarial investment return was offset by other factors, and the final result was a small decrease.

Note that currently an \$88 million net asset loss is being deferred. This is because the asset-smoothing method has not yet recognized a portion of the net asset losses from the prior four years. These deferred losses will be reflected in future valuations.



**Overview  
(continued)**

- **New Assumptions:** New assumptions were recently adopted with the June 30, 2011 investigation of experience, with the most significant being a stronger mortality assumption (i.e., longer life expectancies). The overall impact of the assumption changes was a small increase in the required member and employer contribution rates and a decrease in the Funded Ratio.
- **New Benefits:** New benefit provisions and member contributions rates have been negotiated recently for certain employees. For current members as of June 30, 2011, the only change is to members of the California Nurses Association (CNA) who have agreed to contribute 25% of the expected cost of post-retirement cost-of-living-adjustments (COLAs). This is in addition to their current member contributions and cost sharing and begins in January 2012. This change has been reflected in the current valuation report. Note that several new plans began in July 2011; however, they are not reflected in the results as the new plans do not apply to any current members as of the valuation date. Information on these new plans is contained in an addendum to the valuation report.

**Comparison with  
Prior Year**

Note that for comparison purposes, the prior year employer contribution rates shown in this report are those from the June 30, 2010 actuarial valuation. The County is currently contributing at a higher level than those calculated rates.

**Summary of  
Recommendations**

The following exhibit summarizes our recommendations to the Board.

**Exhibit 1a      Summary of Recommendations**

**Recommendation #1: Adopt new employer contribution rates for fiscal year beginning July 1, 2012**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Increase / (Decrease)</u>
Gross Normal Cost	21.57%	21.28%	0.29%
Member Contributions	(10.32)%	(9.71)%	(0.61)%
Employer Normal Cost	11.25%	11.57%	(0.32)%
UAAL Amortization	19.72%	19.83%	(0.11)%
Total County Rate	30.97%	31.40%	(0.43)%

*Notes:*

- 1) Detailed contribution rates by plan are shown in Section 6, Exhibits 12a & 12b, and page 2 of the Addendum.
- 2) As of the 2011 actuarial valuation, the member contribution rates for current members of the California Nurses Association reflect 25% of the cost of COLA, in addition to previously effective member rates and cost sharing.
- 3) The member contribution rates this year reflect changes resulting from the 2011 Investigation of Experience and a revision to the timing adjustment.

**Exhibit 1b Summary of Recommendations (continued)**

**Recommendation #2: Adopt new member contribution rates for fiscal year beginning July 1, 2012**

	Entry Age	Recommended Rates			Current	Ratio (New/Curr)
		Basic	Cost Sharing	Total as a % of Pay	Total as a % of Pay	
<b>General Members - County<sup>(1)</sup></b>						
Plans 1 & 2	25	6.06%	3.00%	9.06%	9.03%	100.3%
	35	7.25%	3.00%	10.25%	10.22%	100.3%
	45	8.71%	3.00%	11.71%	11.67%	100.3%
Plan 4	25	5.80%	3.00%	8.80%	8.78%	100.2%
	35	6.94%	3.00%	9.94%	9.91%	100.3%
	45	8.29%	3.00%	11.29%	11.26%	100.3%
<b>General Members - SMC M&amp;VCD</b>						
Plans 1 & 2	25	6.06%	0.00%	6.06%	6.03%	100.5%
	35	7.25%	0.00%	7.25%	7.22%	100.4%
	45	8.71%	0.00%	8.71%	8.67%	100.5%
Plan 4	25	5.80%	0.00%	5.80%	5.78%	100.3%
	35	6.94%	0.00%	6.94%	6.91%	100.4%
	45	8.29%	0.00%	8.29%	8.26%	100.4%
<b>Probation Members (Reflects Employer Pick-up)</b>						
Plans 1 & 2	25	6.57%	3.50%	10.07%	10.03%	100.4%
	35	7.88%	3.50%	11.38%	11.33%	100.4%
	45	9.27%	3.50%	12.77%	12.71%	100.5%
Plan 4	25	6.29%	3.50%	9.79%	9.75%	100.4%
	35	7.54%	3.50%	11.04%	10.99%	100.5%
	45	8.72%	3.50%	12.22%	12.16%	100.5%
<b>Safety Members - Other than Deputy Sheriff<sup>(2)</sup></b>						
Plans 1 & 2	25	8.21%	5.00%	13.21%	13.16%	100.4%
	35	9.85%	5.00%	14.85%	14.78%	100.5%
	45	11.59%	5.00%	16.59%	16.52%	100.4%
Plan 4	25	7.86%	5.00%	12.86%	12.81%	100.4%
	35	9.43%	5.00%	14.43%	14.37%	100.4%
	45	10.90%	5.00%	15.90%	15.83%	100.4%

(1) Does not include members of the California Nurses Association, who will also contribute 25% of the cost of the COLA beginning with the 2011 actuarial valuation. See Appendix D of this report for a full schedule of rates.

(2) Cost Sharing varies for Deputy Sheriffs as follows:

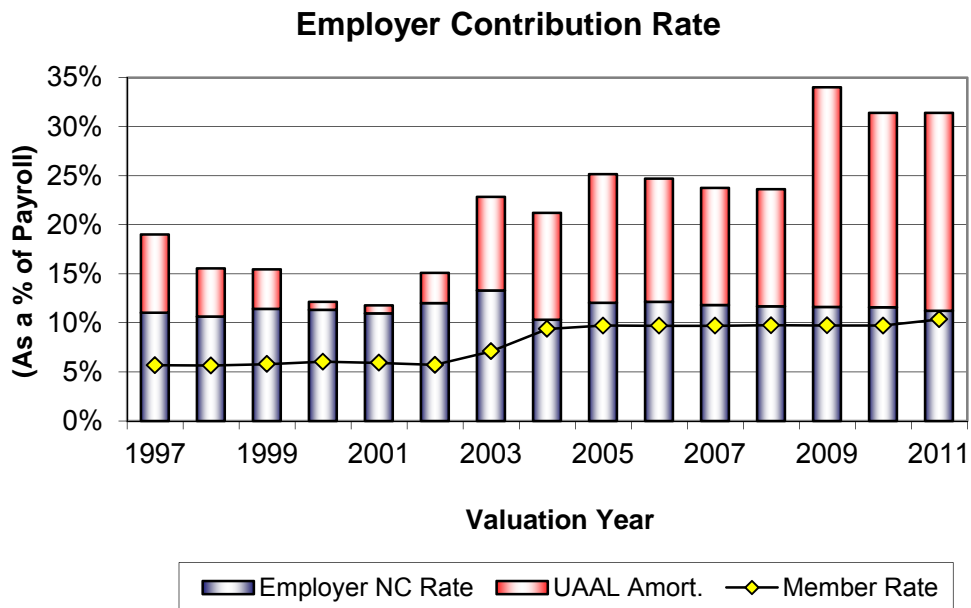
- 3.0% if employee is less than 45 and has less than 5 years of service.
- 3.5% if employee is less than 45 and has between 5 and 15 years of service.
- 4.5% if employee is older than 45 or has at least 15 years of service.

## Employer Contribution Rate

Under the Board's current funding objectives, the calculated employer contribution rate for the fiscal year beginning July 1, 2012 is 30.97% of payroll. This is equal to the payment of the Employer Normal Cost rate plus a 15-year layered amortization of the UAAL for each year beginning with the UAAL as of June 30, 2008. It should be noted that the 30.97% is a weighted average for all *SamCERA* plans. The actual percent of payroll to be contributed by the employer varies by plan. See Exhibits 12a and 12b for the total employer contribution rates by plan.

The new rate is effective for the fiscal year beginning July 1, 2012. The 30.97% contribution rate is currently adequate to maintain the funding of the retirement system benefits based on the actuarial methods and assumptions shown in Appendix A of this report.

A historical perspective of the total employer contribution rate is shown in the following graph.



## Comparison with Last Year

A detailed analysis of the sources of the changes in both the employer contribution rate and the Funded Ratio was performed. As discussed earlier, contributions made to fund the plan were the primary reason for the increase in the Funded Ratio. There were several factors that influenced the employer contribution rate, with the overall impact being a small decrease.

**Comparison with Last Year (continued)**

The following chart shows how the various factors affected the overall funding of *SamCERA*, as compared to the last valuation. The most significant factors are shown in bold.

Sources of Change	Employer Contribution Rate	Funded Ratio
<b>June 30, 2010 Actuarial Valuation</b>	<b>31.40%</b>	<b>70.3%</b>
Expected Year-to-Year Change	0.00%	<b>2.8%</b>
Recognized Asset Gain/Loss		
From Current Year	<b>-0.91%</b>	1.3%
From Prior Years	<b>1.18%</b>	<b>-1.6%</b>
Retiree COLAs Less than Expected	<b>-0.60%</b>	0.6%
Salary / Payroll Variation	-0.05%	1.1%
Change in Average Entry Age and Plan	0.00%	0.0%
Assumption & Method Changes*	0.25%	-0.4%
County Rate > Required	-0.26%	0.0%
Increase in CNA Member Rate	-0.08%	0.0%
Other Experience Changes	0.04%	0.0%
<b>Total Change</b>	<b>-0.43%</b>	<b>3.8%</b>
<b>June 30, 2011 Actuarial Valuation</b>	<b>30.97%</b>	<b>74.1%</b>

\*Includes assumption changes adopted based on the 2011 Investigation of Experience and an adjustment to the methodology for member contribution rate timing.

**Funding Progress**

Based on the 2010 valuation, the expected UAAL as of June 30, 2011 was \$888 million. The actual UAAL for the fiscal year ending June 30, 2011 is \$842 million. This was primarily caused by smaller than assumed salary increases for active members and smaller than assumed cost-of-living adjustments for retired members. There were other factors that had a lesser impact on the UAAL. These factors are shown in detail at the end of Section 4.

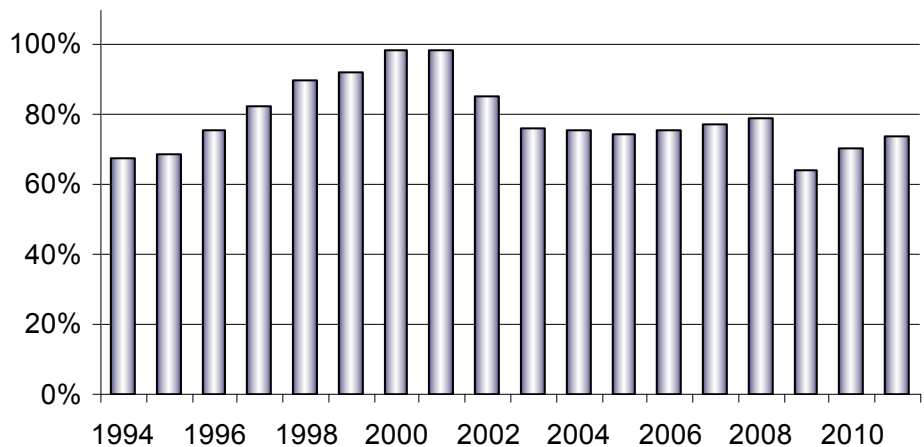
One measure of the funding adequacy of the system is the Funded Ratio, which compares the value of the Actuarial Value of Assets (net of certain non-valuation reserves) to the Actuarial Accrued Liability (AAL), for all *SamCERA* plans combined. *SamCERA*'s Funded Ratio increased rapidly in the last half of the 1990's, reaching almost 100% in 2001. However, due primarily to asset losses this decade, the Funded Ratio has decreased significantly since then. Currently, the Funded Ratio is 74.1%; that is, the actuarial value of assets of \$2,405 million is about 26% less than the actuarial accrued liabilities of \$3,247 million. Note that if the market value of assets was used, the Funded Ratio would be 71.4%.

**Funding Progress  
(continued)**

(All dollar amounts in millions)

	Market Value of Total Assets	Actuarial Value		Actuarial Accrued Liability	Funded Ratio
		Valuation	Non-Valuation		
2002	\$1,207	\$1,417	\$32	\$1,661	85.3%
2003	1,233	1,354	34	1,782	76.0
2004	1,435	1,453	31	1,921	75.6
2005	1,599	1,616	0	2,178	74.2
2006	1,790	1,769	0	2,345	75.4
2007	2,132	1,977	0	2,555	77.4
2008	2,011	2,219	0	2,806	79.1
2009	1,591	1,910	0	2,988	63.9
2010	1,816	2,179	0	3,098	70.3
2011	2,317	2,405	0	3,247	74.1

**Historical Funded Ratios**



**Assets**

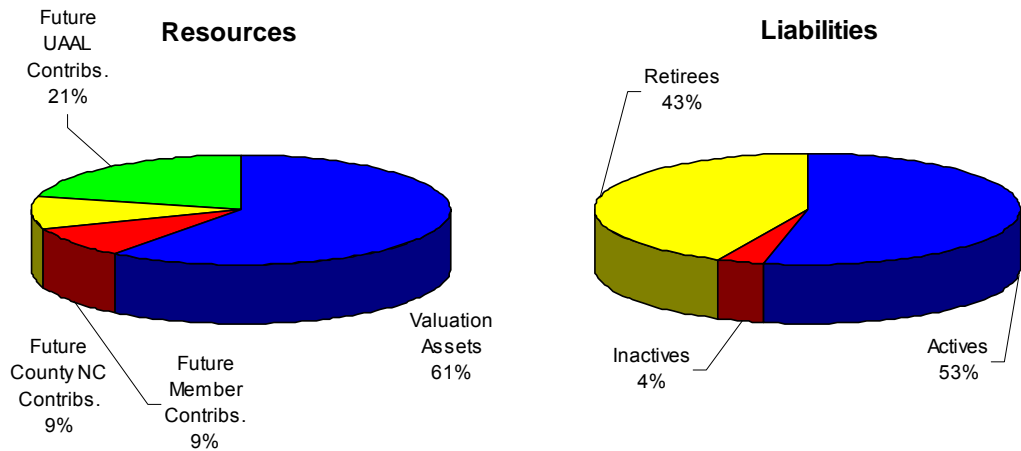
For the fiscal year ending June 30, 2011, we estimate that *SamCERA* earned 23.7%, net of investment expenses, on its market assets. Note that our return figure may be slightly different than that shown in the 2011 CAFR due to timing of contributions and benefit payments, as well as the treatment of expenses.

*SamCERA* uses an asset-smoothing method in the calculation of the UAAL contribution. Under this method, the market value returns are smoothed over a five-year period. Due to the recognition of deferred prior year asset losses, the return on actuarial valuation assets, at 7.2%, net of expenses, was less than the market return.

**Actuarial Balance Sheet**

The first step in the valuation process is to compare the total valuation assets of *SamCERA* with its total liabilities for all plans. In this analysis, *SamCERA*'s resources equal the actuarial assets plus the expected future contributions by both the employers and members. Liabilities reflect benefits already earned in the past and those expected to be earned in the future by current members. This relationship is shown in the following chart. The AAL is the total of these liabilities less expected future Normal Cost contributions.

Comparing the current and future resources to the current and future liabilities, we then determine the annual contribution amount for the coming fiscal year.

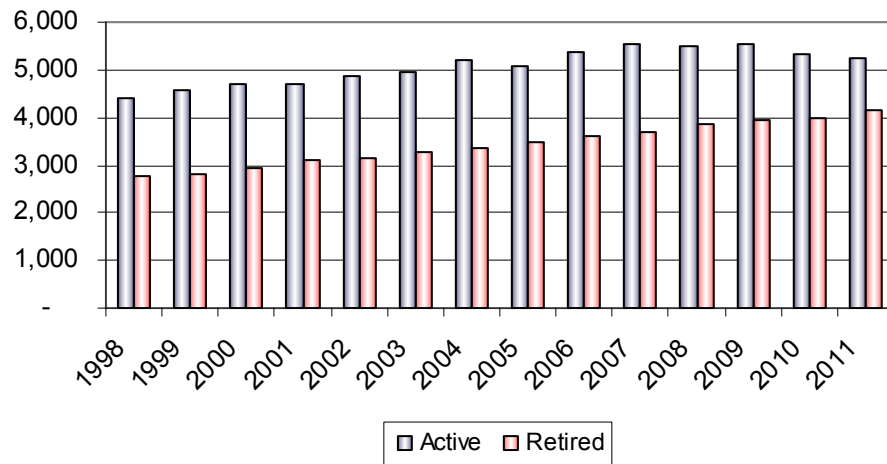


## Member Information

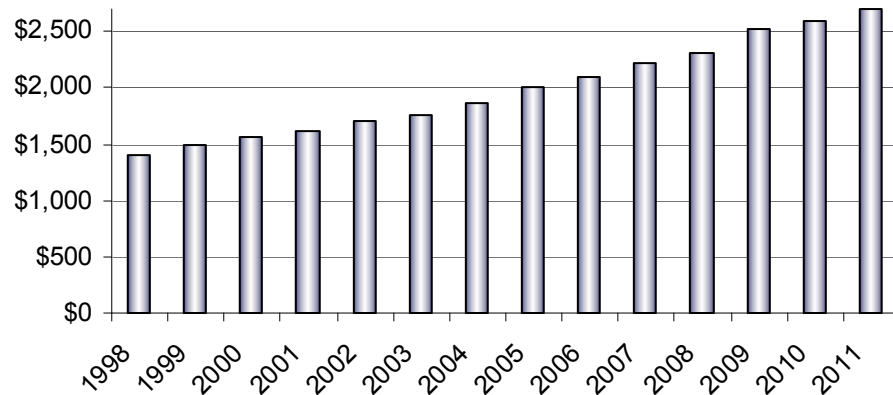
The number of active members included in the valuation decreased by 1.9% from 5,347 in 2010 to 5,245 in 2011.

Retired member counts and average retirement benefit amounts continue to increase steadily. For 2011, there were 4,147 retired members and beneficiaries with an average benefit of \$2,706 per month. This represents a 3.6% increase in count (up from 4,002 in 2010), and a 4.1% increase in the average monthly benefit (up from \$2,601 over the period).

### Membership Count



### Average Monthly Retirement Benefit



## Analysis of Change in Member Population

The following table summarizes the year-to-year change in member population.

	Active Contributing Members	Deferred Members*	Retirees, Disabilities, & Beneficiaries
<b>June 30, 2010 Valuation</b>	<b>5,347</b>	<b>1,207</b>	<b>4,002</b>
Termination without Refund	(173)	173	-
Termination with Refund	(106)	(21)	-
Active/Deferred Death with Annuity	(5)	(2)	7
Service Retirement	(161)	(77)	238
Disability Retirement	(3)	(5)	8
Retiree Death without Beneficiary	-	-	(108)
New Entrants	261	-	-
Rehires	85	(85)	-
<b>Total Change</b>	<b>(102)</b>	<b>(17)</b>	<b>145</b>
<b>June 30, 2011 Valuation</b>	<b>5,245</b>	<b>1,190</b>	<b>4,147</b>

## Summary Valuation Results

The following Exhibit 2 presents a summary of key results from June 30, 2011 and June 30, 2010, and how they changed over the past year. More detail on each of these elements can be found in the following Sections and Exhibits of this report.



## San Mateo County Employees' Retirement Association

### Exhibit 2: Summary of Significant Valuation Results

	June 30, 2011	June 30, 2010	Relative Change
1. Total Membership			
A. Active Members	5,245	5,347	(1.9)%
B. Retired Members & Beneficiaries	4,147	4,002	3.6%
C. Vested Terminated Members	1,190	1,207	(1.4)%
D. Total	10,582	10,556	0.2 %
2. Pay Rate			
A. Annual Total (\$thousands)	\$ 432,542	\$ 437,130	(1.0)%
B. Monthly Average	\$ 6,872	\$ 6,813	0.9%
3. Average Monthly Benefit to Current Retirees and Beneficiaries			
A. Service Retirement	\$ 2,839	\$ 2,723	4.3%
B. Disability Retirement	\$ 2,797	\$ 2,720	2.8%
C. Surviving Spouse and Dependents	\$ 1,836	\$ 1,800	2.0%
D. Total	\$ 2,706	\$ 2,601	4.1%
4. Actuarial Accrued Liability (\$thousands)			
A. Active Members	\$ 1,380,509	\$ 1,353,308	2.0%
B. Retired Members	\$ 1,719,251	\$ 1,588,037	8.3%
C. Vested Terminated Members	\$ 146,967	\$ 157,108	(6.5)%
D. Total	\$ 3,246,727	\$ 3,098,453	4.8%
5. Assets			
A. Market Value of Fund (\$thousands)	\$ 2,317,493	\$ 1,815,896	27.6%
B. Return on Market Value*	23.7%	12.2%	
C. Actuarial Value (\$thousands)	\$ 2,405,140	\$ 2,179,076	10.4%
D. Return on Actuarial Value*	7.2%	12.7%	
<i>* May differ from return reported in CAFR due to timing of contributions and benefit payments and treatment of expenses.</i>			
6. Unfunded Actuarial Accrued Liability or Surplus Funding (\$thousands)	\$ 841,587	\$ 919,377	(8.5)%
7. Required employer contribution rate for all plans combined as a percent of total payroll			
A. Gross Normal Cost	21.57%	21.28%	1.4%
B. Member Contributions	(10.32)%	(9.71)%	6.3%
C. Employer Normal Cost	11.25%	11.57%	(2.8)%
D. UAAL Amortization	19.72%	19.83%	(0.6)%
E. Total Employer Rate	30.97%	31.40%	(1.4)%
8. Funded Ratio (5C / 4D)	74.1%	70.3%	5.3%
9. Results Based on Market Value (No Asset Smoothing) -- For Informational Purposes Only			
A. Total Employer Rate	33.30%	38.96%	(14.5)%
B. Funded Ratio (5A / 4D)	71.4%	58.6%	21.8%

# San Mateo County Employees' Retirement Association

## Section 2: Scope of the Report

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This report presents the actuarial valuation of the San Mateo County Employees' Retirement Association as of June 30, 2011. This valuation was requested by the Board. Section 31453 of the County Employees Retirement Law of 1937 (the '37 Act) requires an actuarial valuation to be performed at least every three years for the purposes of setting contribution rates.

In reading our cover letter, please pay particular attention to the guidelines employed in the preparation of this report. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings depend. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings resulting from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of SamCERA. The assets and investment income are presented in Exhibits 3-5. Exhibits 6-8 develop the Actuarial Value of Assets as of June 30, 2011.

Section 4 describes the benefit obligations of SamCERA. Exhibit 9 is the Actuarial Balance Sheet. Additional analysis on the change in UAAL is also provided in this section.

Section 5 discusses the Member contribution rates.

Section 6 discusses the employer contributions needed to fund the benefits under the actuarial cost method in use.

Section 7 discloses the information required under Statement No. 25 of the Governmental Accounting Standards Board (GASB).

This report includes several appendices:

- Appendix A A summary of the actuarial procedures and assumptions used to estimate liabilities and contributions.
- Appendix B A summary of the current benefit structure, as determined by the provisions of governing law on June 30, 2011.
- Appendix C Schedules of valuation data classified by various categories of members by plan.
- Appendix D Member contribution rates by plan.
- Appendix E A glossary of actuarial terms used in this report.
- Addendum Contribution rates for new Plans 5 & 6.

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## San Mateo County Employees' Retirement Association

### Section 3: Assets



In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date which, for this valuation, is June 30, 2011. On that date, the assets available for the payment of retirement benefits are appraised. These assets are compared with the accrued and future actuarial liabilities, which are generally well in excess of the actuarial assets. The purpose of the valuation is to determine what future contributions by the members and employer are needed to pay all expected future benefits.

This section of the report deals with the determination of assets used for funding purposes. In the next section, the actuarial liabilities will be discussed. Sections 5 and 6 deal with the process for determining required contributions based on the relationship between the actuarial assets and the actuarial liabilities.

A historical summary of *SamCERA's* assets is presented below:

	All dollar amounts in millions		
	Market Value of <u>Total Assets</u>	Actuarial Value	
		<u>Non- Valuation Reserves</u>	<u>Valuation Assets</u>
2000	\$ 1,381	\$ 49	\$ 1,271
2001	1,308	51	1,385
2002	1,207	32	1,417
2003	1,233	34	1,354
2004	1,435	31	1,453
2005	1,599	0	1,616
2006	1,790	0	1,769
2007	2,132	0	1,977
2008	2,011	0	2,219
2009	1,591	0	1,910
2010	1,816	0	2,179
2011	2,317	0	2,405

On June 30, 2011, the total market value of the fund was about \$2.32 billion. The actuarial value of the fund was determined to be \$2.41 billion, including the non-valuation reserves.

## Financial Exhibits

Exhibit 3 presents a Statement of Plan Net Assets and Exhibit 4 presents a Statement of Changes in Plan Net Assets. Exhibit 5 describes the allocation of *SamCERA*'s assets by the various reserve values determined for accounting purposes.

Exhibits 3-5 are taken directly from data furnished to us by *SamCERA* for their annual financial report. We have accepted these tables for use in this report without audit, but we have reviewed them for reasonableness and consistency with previous reports.

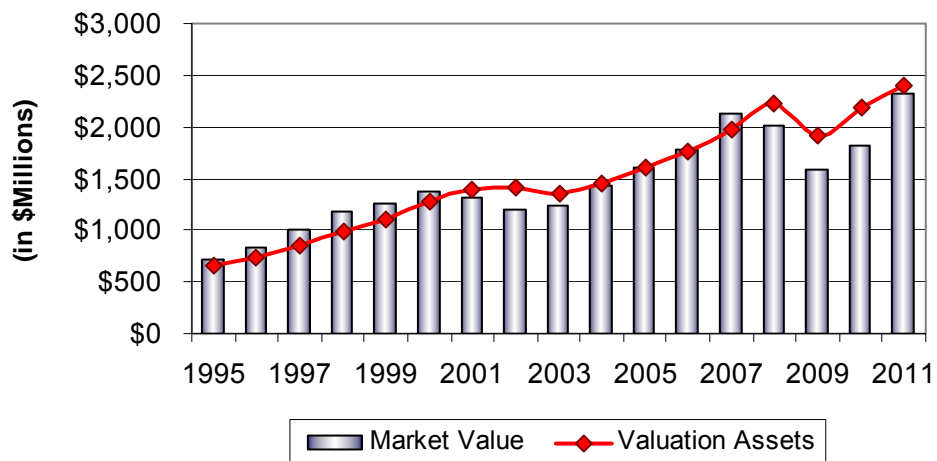
## Actuarial Asset Method

The actuarial asset method computes the expected market value of assets based on the prior year's market value of assets, the actual cash flow of contributions and benefit payments, and the assumed investment rate of return. The current assumed rate of return, as recommended for this valuation, is 7.75%, net of all expenses. The difference between the actual market value and the computed expected market value is smoothed, or recognized over a five-year period.

## Actuarial Value of Assets

The development of the June 30, 2011 actuarial value of assets is shown in Exhibits 6 and 7. Note the smoothing process has recognized all of the investment gains and losses from 2006 and earlier over the last few years. However, there are still portions of investment losses that have not yet been recognized by the asset smoothing method. The result is a market value of assets that is less than the actuarial value. The following graph shows a historical comparison of the actuarial and market assets used for valuation purposes.

### Applicable Valuation Assets



**Valuation Assets**

Valuation Assets are the actuarial value of the fund, less the value of any reserves which have been set aside for current liabilities and special benefits (if any) that are to be funded outside of the actuarially determined contribution rates.

**Allocation of Assets**

Valuation assets are allocated by classification (general, safety and probation) as shown in Exhibit 8. This is because UAAL contribution rates are determined separately by class.

In the calculation of the required contribution rate, the Normal Cost is determined separately for each plan. The UAAL portion of the rate is allocated proportionately to each classification. To determine the UAAL amount by classification, the valuation assets are allocated in proportion to the expected UAAL, after reflecting expected contributions from the prior year to pay down the UAAL.

## San Mateo County Employees' Retirement Association

### Exhibit 3: Statement of Plan Net Assets for the Years Ended June 30, 2010 and 2011

	2011	2010
<b>Assets</b>		
Cash and Cash Equivalents	253,934,047	74,232,656
Securities Lending Cash Collateral	5,196,620	181,645,752
<b>Total Cash</b>	<b>\$ 259,130,667</b>	<b>\$ 255,878,408</b>
Receivables		
Contributions	10,470,382	7,464,274
Due from broker for investments sold	148,074,596	83,850,705
Investment Income	5,800,573	4,654,787
Other receivables	113,735	113,787
Securities Lending Income	67,915	47,428
<b>Total Receivables</b>	<b>164,527,200</b>	<b>96,130,980</b>
Prepaid Expense	7,669	7,669
Investments at Fair Value		
Domestic fixed income securities	585,292,394	505,441,320
Domestic equities	932,277,233	797,467,287
International equities	398,753,172	341,048,550
Real estate	135,475,106	109,210,472
Private Equities	3,458,419	-
Risk Parity	145,620,720	-
Hedge Funds	69,986,280	-
<b>Total Investments</b>	<b>2,270,863,323</b>	<b>1,753,167,629</b>
Capital Assets Net of Depreciation	-	-
<b>Total Assets</b>	<b>2,694,528,860</b>	<b>2,105,184,686</b>
<b>Liabilities</b>		
Payables		
Investment management fees	1,869,336	1,562,410
Due to broker for investments purchased	175,192,142	105,212,469
Collateral Payable for Securities Lending	196,435,881	181,645,752
Mortgage Note Payable		
Due within one year	-	-
Due in more than one year	-	-
Other	3,538,208	867,600
<b>Total Liabilities</b>	<b>377,035,567</b>	<b>289,288,231</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 2,317,493,293</b>	<b>\$ 1,815,896,455</b>

## San Mateo County Employees' Retirement Association

### Exhibit 4: Statement of Changes in Plan Net Assets for the Years Ended June 30, 2010 and 2011

	2011	2010
<b>Additions</b>		
Contributions		
Employer	\$ 150,474,872	\$ 106,265,329
Employee	49,013,027	50,318,477
Total Contributions	199,487,899	156,583,806
Investment Income/(Loss)		
Interest and dividends	44,187,379	42,179,828
Net appreciation/(depreciation) in Fair Value	407,110,954	162,137,189
	451,298,333	204,317,017
Less investment expense	13,926,969	8,905,477
Net Investment Income/(Loss)	437,371,363	195,411,540
Securities Lending Income		
Earnings	558,768	988,514
Less securities lending expense	28,457	245,578
Net Securities Lending Income	530,311	742,936
Other Additions	73,305	41,474
<b>Total Additions/(Declines)</b>	<b>637,462,878</b>	<b>352,779,756</b>
<b>Deductions</b>		
Association Benefits		
Service retirement allowances	114,422,667	106,607,286
Disability retirement allowances	14,552,927	14,585,746
Medical Benefits	-	-
Death and other death benefits	858,946	948,059
Total Association Benefits	129,834,541	122,141,091
Refunds of members' contributions	2,474,445	2,736,025
Administrative Expense	3,547,526	3,372,967
Other Expense	9,529	32,776
<b>Total Deductions</b>	<b>135,866,040</b>	<b>128,282,859</b>
Net Increase/(Decrease)	501,596,838	224,496,897
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	1,815,896,455	1,591,399,558
<b>End of Year</b>	<b>2,317,493,293</b>	<b>1,815,896,455</b>
Estimated Return, Net of Investment Expenses *	23.7%	12.2%

\* May differ from return reported in CAFR due to timing of contributions and benefit payments and treatment of expenses.



**San Mateo County Employees'  
Retirement Association**

**Exhibit 5: Allocation of Assets by Accounting Reserve Amounts  
for the Years Ended June 30, 2010 and 2011**

Valuation Reserves	2011	2010
1. Member Deposit Reserve	\$ 485,125,877	\$ 449,354,818
2. County Advance Reserve	310,568,622	264,507,768
3. Retiree Reserves	765,312,627	693,630,776
4. Cost of Living Reserve	<u>760,505,829</u>	<u>682,673,956</u>
<b>5. Total Valuation Reserves</b>	<b>\$ 2,321,512,954</b>	<b>\$ 2,090,167,318</b>
Non-Valuation Reserves	2011	2010
1. Contingency Reserve		
a. Reserves for Deficiencies in Interest Earnings	\$ -	\$ -
b. Unallocated Earnings / Loss Account	<u>83,627,120</u>	<u>88,908,428</u>
c. Total	\$ 83,627,120	\$ 88,908,428
2. Market Stabilization Account	<u>(87,646,780)</u>	<u>(363,179,291)</u>
<b>3. Total Non-Valuation Reserves</b>	<b>\$ (4,019,660)</b>	<b>\$ (274,270,863)</b>
<b>4. Total Reserves (Market Value of Assets)</b>	<b>\$ 2,317,493,293</b>	<b>\$ 1,815,896,455</b>

Note: These amounts were determined by SamCERA for accounting purposes.

## San Mateo County Employees' Retirement Association

### Exhibit 6: Five-Year Smoothing of Gains and Losses on Market Value – History

#### History of Unexpected Asset Gains and Losses

Six-Month Period Ended	Market Value at Beginning of Period	Contributions	Benefit Payments	Market Value at End of Period	Assumed Rate of Return	Expected Return	Actual Return	Unexpected Gain / (Loss)
6/30/2011	\$ 2,167,939,516	\$ 96,998,690	\$ 67,484,144	2,317,493,293	3.875%	\$ 85,497,449	\$ 120,039,230	\$ 34,541,781
12/31/2010	1,815,896,455	102,489,209	64,824,842	2,167,939,516	3.875%	72,262,382	314,378,695	242,116,312
6/30/2010	1,863,720,265	80,266,609	63,207,613	1,815,896,455	3.875%	73,179,765	(64,882,806)	(138,062,572)
12/31/2009	1,591,399,558	76,317,198	61,669,503	1,863,720,265	3.875%	61,835,437	257,673,013	195,837,576
6/30/2009	1,594,401,527	27,183,773	59,331,550	1,591,399,558	3.875%	61,167,136	29,145,808	(32,021,328)
12/31/2008	2,010,738,768	129,310,873	57,454,173	1,594,401,527	3.875%	80,910,069	(488,193,941)	(569,104,010)
6/30/2008	2,180,911,208	37,433,714	55,033,629	2,010,738,768	3.875%	84,025,724	(152,572,525)	(236,598,249)
12/31/2007	2,131,614,629	128,017,039	52,010,887	2,180,911,208	3.875%	85,498,735	(26,709,573)	(112,208,308)
6/30/2007	2,035,751,839	29,280,037	49,671,897	2,131,614,629	3.875%	78,382,391	116,254,650	37,872,259

## San Mateo County Employees' Retirement Association

### Exhibit 7: Five-Year Smoothing – Development of Valuation Assets

#### Development of Market Stabilization Reserve

Six-Month Period Ended	Percent Excluded	Phase-Out of Gain / (Loss)		
		x	Unexpected Gain / (Loss)	Gain / (Loss) Excluded
6/30/2011	90%	x	\$ 34,541,781	= \$ 31,087,603
12/31/2010	80%	x	242,116,312	= 193,693,050
6/30/2010	70%	x	(138,062,572)	= (96,643,800)
12/31/2009	60%	x	195,837,576	= 117,502,546
6/30/2009	50%	x	(32,021,328)	= (16,010,664)
12/31/2008	40%	x	(569,104,010)	= (227,641,604)
6/30/2008	30%	x	(236,598,249)	= (70,979,475)
12/31/2007	20%	x	(112,208,308)	= (22,441,662)
6/30/2007	10%	x	37,872,259	= <u>3,787,226</u>
Total Gain / (Loss) Excluded = Market Stabilization Reserve				= \$ (87,646,780)

#### Development of Valuation Assets

1. Market Value of Assets as of June 30, 2011		\$	2,317,493,293
2. Preliminary Market Stabilization Reserve			<u>(87,646,780)</u>
3. Preliminary Actuarial Value of Assets (1) - (2)			2,405,140,073
4. Corridor Around Market Value			
a) Minimum = 80% of Market	1,853,994,634		
b) Maximum = 120% of Market	2,780,991,951		
c) Corridor Adjustment			0
5. Market Stabilization Reserve	(87,646,780)		
6. Gross Actuarial Valuation of Assets (3) - (4c)		\$	2,405,140,073
7. Non-Valuation Reserves and Designations			
a) Reserves for Interest Fluctuations	0		
b) Medicare Part B Reserve	<u>0</u>		
c) Total			0
8. Valuation Assets (6) - (7c)		\$	2,405,140,073

**San Mateo County Employees'  
Retirement Association**

**Exhibit 8: Allocation of Valuation Assets**  
(Dollars in Thousands)

	General	Safety	Probation	Total
1. Prior Year UAAL	\$ 630,931	\$ 230,537	\$ 57,909	\$ 919,377
2. Expected UAAL Contribution for Preceding Year	(68,140)	(25,676)	(6,138)	(99,954)
3. Expected Interest at 7.75%	46,306	16,890	4,255	67,451
4. Expected UAAL Based on Prior Year Assumptions	609,097	221,751	56,026	886,874
5. Percentage of Total Expected UAAL	68.68%	25.00%	6.32%	100.00%
6. Actual UAAL Based on Prior Year Assumptions				822,133
7. Actual AAL Based on Prior Year Assumptions	\$ 2,379,915	\$ 657,404	\$ 189,954	\$ 3,227,273
8. Allocated UAAL Based on Prior Year Assumptions	564,634	205,563	51,936	822,133
<b>9. Actuarial Value of Assets</b>	<b>\$ 1,815,281</b>	<b>\$ 451,841</b>	<b>\$ 138,018</b>	<b>\$ 2,405,140</b>

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## San Mateo County Employees' Retirement Association

### Section 4: Actuarial Liabilities

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In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of *SamCERA*'s assets as of the valuation date, June 30, 2011. In this section, the discussion will focus on the commitments of *SamCERA* for retirement benefits, which are referred to as its actuarial liabilities.

In an active system, the actuarial liabilities will almost always exceed the actuarial assets. This is usually expected in all but a fully closed down fund, where no further contributions of any sort are anticipated. This deficiency has to be provided by future contributions and investment returns. An actuarial valuation method sets out a schedule of future contributions that will deal with this deficiency in an orderly fashion. The determination of the level of future contributions needed is discussed in the next section.

#### Actuarial Balance Sheet – Liabilities

First, we need to determine the amount of the deficiency. We compare the Actuarial Value of the Valuation Assets to the Actuarial Liabilities. The difference is the amount that needs to be funded by the member and employer contributions in the future. Both the current and future assets (contributions) are compared to the actuarial liabilities in the Actuarial Balance Sheet.

Exhibit 9 contains an analysis of the actuarial present value of all future benefits for retired, deferred vested and active members. The analysis is given by class of membership and by type of benefit.

The actuarial liabilities include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes measures of both benefits already earned and future benefits to be earned. For all members, active and inactive, the value extends over the rest of their lives and for the lives of any surviving beneficiaries. All liabilities reflect the benefits effective through June 30, 2011.

The actuarial assumptions used to determine the liabilities are based on the results of our investigation of experience report for the period ending April 30, 2011. These assumptions were adopted by the Board at their July 2011 meeting and are shown in Appendix A. The assumptions will next be reviewed in detail in 2014 as part of the triennial investigation.

## San Mateo County Employees' Retirement Association

### Exhibit 9: Actuarial Balance Sheet – June 30, 2011 (Dollars in Thousands)

Resources				
	General	Safety	Probation	Total
Valuation Assets (Actuarial)	\$ 1,815,281	\$ 451,841	\$ 138,018	\$ 2,405,140
Present Value of Future Member Contributions	\$ 290,602	\$ 52,084	\$ 23,595	\$ 366,281
Present Value of Future Employer Contributions to Fund:				
a) Normal Cost	\$ 264,706	\$ 71,889	\$ 44,202	\$ 380,797
b) Unfunded Actuarial Accrued Liability	\$ 579,208	\$ 209,839	\$ 52,540	\$ 841,587
<b>Total Resources</b>	<b>\$ 2,949,797</b>	<b>\$ 785,653</b>	<b>\$ 258,355</b>	<b>\$ 3,993,805</b>

Liabilities				
	General	Safety	Probation	Total
Present Value of Future Benefits				
1. Present Retired Members	\$ 1,232,144	\$ 402,812	\$ 84,295	\$ 1,719,251
2. Current Inactive Members	123,503	17,427	6,037	146,967
3. Current Active Members				
- Service Retirement	1,433,851	333,057	150,722	1,917,630
- Disability Retirement	55,822	16,385	8,355	80,562
- Death Benefits	23,588	6,741	3,321	33,650
- Deferred Vested Benefit	56,020	7,843	5,090	68,953
- Refund of Member Contributions	24,869	1,388	535	26,792
- Total Active	1,594,150	365,414	168,023	2,127,587
<b>Total Actuarial Liabilities</b>	<b>\$ 2,949,797</b>	<b>\$ 785,653</b>	<b>\$ 258,355</b>	<b>\$ 3,993,805</b>

## Actuarial Balance Sheet – Resources

For the purpose of the Actuarial Balance Sheet, *SamCERA*'s resources are equal to the sum of:

- (a) Assets currently available to pay benefits and considered for funding purposes, the Valuation Assets,
- (b) The present value of future contributions expected to be made by current active Members, and
- (c) The present value of future contributions expected to be made by the employer.

## Actuarial Cost Method

The Actuarial Balance sheet determines the amount of future contributions that are needed, but the method used to determine the incidence of when those future contributions are yet to be made in future years is called the “actuarial cost method”. For this valuation, the entry age actuarial cost method has been used. Under this method – or essentially any actuarial cost method – the contributions required to meet the difference between current assets and current actuarial liabilities are allocated each year between two elements:

- A Normal Cost amount; and
- Whatever amount is left over, which is used to amortize what is called the UAAL.

## Normal Cost

The two items described above, the Normal Cost and UAAL, are the keys to understanding the actuarial cost method.

The Normal Cost is the theoretical contribution rate that will meet the ongoing costs of a group of average new employees. Suppose that a group of new employees was covered under a separate fund from which all benefits and to which all contributions and associated investment returns were paid.

Under the entry age actuarial cost method, the Normal Cost contribution rate maintains the funding of benefits as a level percentage of pay. If experience follows the actuarial assumptions precisely, the fund would be completely liquidated when the last payment to the last survivor of the group was made.



**Normal Cost  
(continued)**

By applying the Normal Cost contribution rate to the present value of salaries expected to be paid in the future, we determine the present value of future Normal Cost contributions. Future contributions are expected to be made by both the members and the employer. The member contribution rates are determined based upon requirements established in the '37 Act and the actuarial assumptions. Based on these member contribution rates, we determine the present value of future member contributions. We subtract that value from the total future Normal Cost contributions expected, based on the entry age cost method. The remaining difference is the employer's portion of the future Normal Cost contributions.

**Actuarial Accrued  
Liability**

The difference between the present value of all future obligations and the present value of the future Normal Cost contributions is referred to as the "actuarial accrued liability". The AAL is then compared to the value of assets available to fund benefits, and the difference is referred to as the UAAL. The results for *SamCERA* for all plans are summarized below:

(Dollars in millions)	<u>2011</u>	<u>2010</u>	<u>Percent Change</u>
A. Actuarial present value of all future benefits for contributing members, former contributing members, and their survivors	\$ 3,994	\$ 3,835	4.1%
B. Actuarial present value of total future Normal Costs for current members	<u>747</u>	<u>737</u>	1.4%
C. Actuarial accrued liability [A-B]	\$ 3,247	\$ 3,098	4.8%
D. Valuation Assets	<u>2,405</u>	<u>2,179</u>	10.4%
E. UAAL or Surplus Funding [C-D]	\$ 842	\$ 919	(8.5)%
F. Funded Ratio [D/C]	74.1%	70.3%	5.3%

## Unfunded Actuarial Accrued Liability/ Surplus Funding

The portion allocated to service already rendered or accrued is called the Actuarial Accrued Liability. The difference between the Actuarial Accrued Liability and the Valuation Assets is called the Unfunded Actuarial Accrued Liability (UAAL). If a UAAL amount exists, it usually results from prior years' benefit or assumption changes and the net effect of accumulated gains and losses. If the employer had always contributed the current Normal Cost, if there were no prior benefit or assumption changes and if actual experience exactly matched the actuarial assumptions, the present value of all future Normal Cost contributions would be sufficient to fund all benefits and there would be no UAAL.

Exhibit 9 shows how the UAAL was derived for each classification. In the Actuarial Balance sheet, the total actuarial accrued liability for all future benefits must be equal to the current and future assets.

## Funding Adequacy

A key consideration in determining the adequacy of the funding of *SamCERA* is how the UAAL is being funded. If the UAAL amount is positive, that is, the Actuarial Accrued Liability to be funded is greater than the Valuation Assets, then the UAAL is amortized. Under the current funding method, the June 30, 2008 UAAL is amortized over a fixed period ending June 30, 2023. Any change in the UAAL in future years will be amortized separately over new 15-year periods from the valuation date at which the difference is calculated, including the change in UAAL as of June 30, 2011.

## Analysis of Change in UAAL

The UAAL, at any date after establishment of a system, is affected by any actuarial gains or losses arising when the actual experience of the system varies from the experience anticipated by the actuarial assumptions used in the valuations. To the extent actual experience, as it develops, differs from that expected according to the assumptions used, so also will the emerging costs differ from the estimated costs.

The 2011 actuarial valuation reflects a decrease in the UAAL of \$77.8 million for the fiscal year just ended.

<b>Unfunded Actuarial Accrued Liability - June 30, 2010</b>	<b>\$</b>	<b>919.4</b>
Expected Increase / (Decrease) *		(31.5)
<b>Expected UAAL - June 30, 2011</b>	<b>\$</b>	<b>887.9</b>
Asset (Gains) and Losses		12.5
Retiree COLA Less than Expected		(27.6)
Salary Increases Less than Expected		(48.5)
Assumption Changes		19.4
Other Liability (Gain)/Loss		(2.1)
<b>Total Changes</b>		<b>(46.3)</b>
<b>Actual UAAL - June 30, 2011</b>	<b>\$</b>	<b>841.6</b>

\* Based on calculated contribution.

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## San Mateo County Employees' Retirement Association

### Section 5: Member Contributions



#### Basic Contributions

For *SamCERA*, member contributions are of two types: Basic contributions and Cost Sharing contributions.

Basic contributions for each plan are defined in the following sections of the County Employees' Retirement Law:

Plan	Code Section	Contribution Provides Average Annuity of
General Plans 1, 2 & 4	31621.9	1/120 <sup>th</sup> of FAC at age 55
General Plan 5	31621	1/120 <sup>th</sup> of FAC at age 60
Probation & Safety	31639.25	1/100 <sup>th</sup> of FAC at age 50

*FAC = Final Average Compensation*

There are no member contributions under General Plan 3.

Basic member contributions are determined using the Entry Age Normal Funding Method and the following actuarial assumptions:

1. Expected rate of return on assets
2. Individual salary increase rate (wage growth + merit)
3. Mortality for members on service retirement
4. No COLAs are assumed

The member contribution rates were recalculated as of the June 30, 2011 valuation to reflect the assumptions adopted in the June 30, 2011 investigation of experience report. The rates are shown in Appendix D.

#### Cost-Sharing Contributions

In addition to the basic rate, Plan 1, 2 and 4 County employees make additional cost-sharing contributions as shown in Appendix B. For valuation purposes, cost-sharing contributions are assumed to be permanent. The cost-sharing contributions are fixed and not impacted by changes in assumptions.

#### Cost-of-Living Contributions

Beginning in January 2012, current (as of August 6, 2011) members of the California Nurses Association will contribute 25% of the cost of COLA, in addition to all base and cost-sharing rates applicable. This change has been reflected in the 2011 valuation.

Other current members do not contribute towards the cost-of-living benefit.

## **Member Contribution Rates**

A sample of the current member contribution rates (basic plus cost-sharing) can be found in Exhibit 10.

Note that a portion of some of the member contribution rates is paid for (“picked up”) by the employer and may or may not be considered part of the member’s contribution account for refund purposes. Consistent with past practice, we have reflected the pick-up for Probation members, but not other classes, due to the differing treatment of contributions for refund purposes.

Full disclosure of the member rates, showing both the basic and the total (basic plus cost-sharing) contribution rates, can be found in Appendix D.

## San Mateo County Employees' Retirement Association

### Exhibit 10: Sample Member Contribution Rates Effective July 1, 2012

	Entry Age	Recommended Rates			Current	Ratio (New/Curr)
		Basic	Cost Sharing	Total as a % of Pay	Total as a % of Pay	
<b>General Members - County<sup>(1)</sup></b>						
Plans 1 & 2	25	6.06%	3.00%	9.06%	9.03%	100.3%
	35	7.25%	3.00%	10.25%	10.22%	100.3%
	45	8.71%	3.00%	11.71%	11.67%	100.3%
Plan 4	25	5.80%	3.00%	8.80%	8.78%	100.2%
	35	6.94%	3.00%	9.94%	9.91%	100.3%
	45	8.29%	3.00%	11.29%	11.26%	100.3%
<b>General Members - SMC M&amp;VCD</b>						
Plans 1 & 2	25	6.06%	0.00%	6.06%	6.03%	100.5%
	35	7.25%	0.00%	7.25%	7.22%	100.4%
	45	8.71%	0.00%	8.71%	8.67%	100.5%
Plan 4	25	5.80%	0.00%	5.80%	5.78%	100.3%
	35	6.94%	0.00%	6.94%	6.91%	100.4%
	45	8.29%	0.00%	8.29%	8.26%	100.4%
<b>Probation Members (Reflects Employer Pick-up)</b>						
Plans 1 & 2	25	6.57%	3.50%	10.07%	10.03%	100.4%
	35	7.88%	3.50%	11.38%	11.33%	100.4%
	45	9.27%	3.50%	12.77%	12.71%	100.5%
Plan 4	25	6.29%	3.50%	9.79%	9.75%	100.4%
	35	7.54%	3.50%	11.04%	10.99%	100.5%
	45	8.72%	3.50%	12.22%	12.16%	100.5%
<b>Safety Members - Other than Deputy Sheriff<sup>(2)</sup></b>						
Plans 1 & 2	25	8.21%	5.00%	13.21%	13.16%	100.4%
	35	9.85%	5.00%	14.85%	14.78%	100.5%
	45	11.59%	5.00%	16.59%	16.52%	100.4%
Plan 4	25	7.86%	5.00%	12.86%	12.81%	100.4%
	35	9.43%	5.00%	14.43%	14.37%	100.4%
	45	10.90%	5.00%	15.90%	15.83%	100.4%

(1) Does not include members of the California Nurses Association, who will also contribute 25% of the cost of the COLA beginning with the 2011 actuarial valuation. See Appendix D of this report for a full schedule of rates.

(2) Cost Sharing varies for Deputy Sheriffs as follows:

3.0% if employee is less than 45 and has less than 5 years of service.

3.5% if employee is less than 45 and has between 5 and 15 years of service.

4.5% if employee is older than 45 or has at least 15 years of service.

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# San Mateo County Employees' Retirement Association

## Section 6: Employer Contributions

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Contributions to *SamCERA* are determined using the Entry Age Normal Cost Funding Method. The portion of the actuarial present value of retirement benefits allocated to a valuation year by the Actuarial Cost Method is called the Normal Cost. These amounts are usually expressed as a percentage of payroll and called the Normal Cost Contribution Rate. Exhibits 11a & 11b illustrate the Normal Cost Rates by type of benefit and for each plan based on this valuation. A comparison with last year is also shown.

### Calculated Contribution Rate

It should be noted that when we use the term “Gross Normal Cost rate,” we are referring to the value of benefits earned by active members allocated to the valuation year. The Employer Normal Cost is the portion of the annual benefit that the employer is responsible for. This is simply the Gross Normal Cost rate less the contributions made by the members.

The total calculated employer contribution rates for each plan, along with a comparison to the prior year’s computed rates, can be found in Exhibits 12a & 12b. These results are expressed as a percentage of payroll and annual contribution dollars. Note that *SamCERA*’s UAAL is determined separately for each class. Thus, the employer funds the UAAL evenly as a percentage of pay over salaries for all members within a class.

The total calculated employer contribution rate was 31.40% for the fiscal year beginning July 1, 2011. For the fiscal year beginning in 2012, the calculated rate based on this report decreased to 30.97%. This is equal to the aggregate Employer Normal Cost contribution rate of 11.25% based on Milliman’s 2011 valuation, plus appropriate amounts to amortize the UAAL according to the funding policy, over layered 15-year closed periods.

### Employer Contribution Rate (all values as a % of Payroll)

Employer Normal Cost	11.25%
Total Amortization of UAAL	<u>19.72%</u>
Total Employer Contribution	30.97%



## Calculated Contribution Rate (continued)

The UAAL rate reflects a layered 15-year amortization beginning with the June 30, 2008 valuation. Gains and losses after that date are reflected over new 15-year periods starting with the valuation date. A one-year deferral in the implementation of the new rate is reflected. Therefore, the new employer contribution rate calculated in the 2011 valuation is paid over the remaining 14 years and is effective July 1, 2012.

Exhibit 12c shows detail information on how the contribution rate is calculated using the layered method.

Note that in the following exhibits "SMCM&VCD" refers to the San Mateo County Mosquito and Vector Control District.

## Changes in the Normal Cost Rate

The change in the calculated Normal Cost contribution rates from year-to-year is generally due to two factors. The two factors are:

- (1) **Experience:** Normal experience from year-to-year, reflecting differences in both the weighting between membership groups and in their characteristics, as well as on what was assumed to occur during the past fiscal year and what actually occurred, particularly with respect to salary increases and turnover experience. Based on current system benefit provisions, the aggregate Normal Cost rate is expected to decrease as a greater number of members are covered by Plans 3 and 4, instead of the slightly more expensive Plans 1 and 2. However, the change will be fairly gradual. This trend will continue as new members join Plans 5 and 6.
- (2) **Contribution Shut-Off:** For general members hired prior to March 7, 1973 and all Safety members, basic member contributions are not collected after the member has 30 years of service. Thereafter, the member contributions towards the total annual Normal Cost is equal to the cost-sharing, resulting in a sizable increase in the employer's share of the Normal Cost contributions for the years when the member has more than 30 years of service. The employer's share of the Normal Cost rates for those groups can be expected to increase rather than remain level, as otherwise expected under the entry age cost method. As most general members hired prior to March 7, 1973 have now attained 30 years of service, this statement applies mainly to Safety groups.

Additionally, this year the Normal Cost changed due to the adoption of new assumptions with the June 30, 2011 experience study. Finally, we made a slight adjustment to the methodology for the member normal cost contribution timing, which resulted in a reduction to the Employer Normal Cost Rate.

## San Mateo County Employees' Retirement Association

### Exhibit 11a: Calculated Employer Normal Cost Contribution Rates – June 30, 2011

A. Normal Cost Contribution Rate	General - County (Excluding CNA members)					General - CNA Members**					General - SMCM&VCD*			
	Plan 1	Plan 2	Plan 3	Plan 4	Total	Plan 1	Plan 2	Plan 3	Plan 4	Total	Plan 1	Plan 2	Plan 4	Total
Service Retirement	15.96%	16.38%	7.23%	15.73%	15.64%	15.96%	16.38%	7.23%	15.73%	15.64%	13.74%	22.04%	14.24%	15.63%
Disability Retirement	0.77%	0.89%	0.00%	0.99%	0.93%	0.77%	0.89%	0.00%	0.99%	0.93%	0.64%	1.20%	0.90%	0.22%
Death while Active	0.28%	0.32%	0.00%	0.31%	0.30%	0.28%	0.32%	0.00%	0.31%	0.30%	0.29%	0.47%	0.29%	0.30%
Termination (No Refund)	1.31%	1.22%	0.46%	1.20%	1.19%	1.31%	1.22%	0.46%	1.20%	1.19%	1.34%	1.12%	1.23%	1.23%
Refund of Member Contributions	1.50%	1.51%	0.00%	1.56%	1.50%	1.50%	1.51%	0.00%	1.56%	1.50%	0.92%	1.20%	1.06%	1.06%
<b>Total</b>	<b>19.82%</b>	<b>20.32%</b>	<b>7.69%</b>	<b>19.79%</b>	<b>19.56%</b>	<b>19.82%</b>	<b>20.32%</b>	<b>7.69%</b>	<b>19.79%</b>	<b>19.56%</b>	<b>16.93%</b>	<b>26.03%</b>	<b>17.72%</b>	<b>18.44%</b>
B. Member Contributions	(9.27)%	(9.94)%	0.00%	(10.26)%	(9.85)%	(10.69)%	(11.12)%	0.00%	(11.10)%	(10.86)%	0.00%	(8.57)%	(6.83)%	(6.47)%
C. Net Employer Normal Cost as of June 30, 2011 (A) - (B)	10.55%	10.38%	7.69%	9.53%	9.71%	9.13%	9.20%	7.69%	8.69%	8.70%	16.93%	17.46%	10.89%	11.97%
D. Net Employer Normal Cost as of June 30, 2010	11.18%	10.83%	7.81%	9.79%	10.05%	11.18%	10.83%	7.81%	9.79%	10.05%	10.76%	16.52%	10.93%	11.70%
E. Increase (Decrease) as a Percentage of Payroll (C) - (D)	(0.63)%	(0.45)%	(0.12)%	(0.26)%	(0.34)%	(2.05)%	(1.63)%	(0.12)%	(1.10)%	(1.35)%	6.17%	0.94%	(0.04)%	0.27%

\* Normal Cost rates for Mosquito and Vector Control District reflect adoption of "enhanced" General County benefit formula beginning with 2010 actuarial valuation.

\*\* General County members belonging to the California Nurses' Association (CNA) contribute 25% of the cost of the COLA, in addition to regular member rates and cost sharing. The Gross Normal Cost Rate shown is the aggregate rate by Plan for General County and General CNA members.

## San Mateo County Employees' Retirement Association

### Exhibit 11b: Calculated Employer Normal Cost Contribution Rates – June 30, 2011 (continued)

	Safety				Probation				All Plans
	Plan 1	Plan 2	Plan 4	Total	Plan 1*	Plan 2	Plan 4	Total	
<b>A. Normal Cost Contribution Rate</b>									
Service Retirement	33.43%	27.91%	26.35%	26.92%	28.29%	27.22%	24.57%	25.26%	17.48%
Disability Retirement	1.97%	1.97%	2.38%	2.24%	1.77%	1.89%	1.93%	1.92%	1.14%
Death while Active	1.01%	0.99%	0.91%	0.94%	1.03%	0.88%	0.84%	0.85%	0.41%
Termination (No Refund)	1.19%	1.31%	1.21%	1.24%	1.42%	1.29%	1.29%	1.29%	1.20%
Refund of Member Contributions	0.66%	0.64%	0.75%	0.71%	0.48%	0.53%	0.56%	0.55%	1.35%
<b>Total</b>	<b>38.26%</b>	<b>32.82%</b>	<b>31.60%</b>	<b>32.05%</b>	<b>32.99%</b>	<b>31.81%</b>	<b>29.19%</b>	<b>29.87%</b>	<b>21.57%</b>
<b>B. Member Contributions</b>	<b>(10.57)%</b>	<b>(12.99)%</b>	<b>(13.14)%</b>	<b>(13.08)%</b>	<b>(3.50)%</b>	<b>(10.24)%</b>	<b>(10.39)%</b>	<b>(10.35)%</b>	<b>(10.32)%</b>
<b>C. Net Employer Normal Cost as of June 30, 2011 (A) - (B)</b>	<b>27.69%</b>	<b>19.83%</b>	<b>18.46%</b>	<b>18.97%</b>	<b>29.49%</b>	<b>21.57%</b>	<b>18.80%</b>	<b>19.52%</b>	<b>11.25%</b>
<b>D. Net Employer Normal Cost as of June 30, 2010</b>	<b>25.55%</b>	<b>20.31%</b>	<b>18.06%</b>	<b>19.01%</b>	<b>24.36%</b>	<b>22.13%</b>	<b>18.88%</b>	<b>19.85%</b>	<b>11.57%</b>
<b>E. Increase (Decrease) as a Percentage of Payroll (C) - (D)</b>	<b>2.14%</b>	<b>(0.48)%</b>	<b>0.40%</b>	<b>(0.04)%</b>	<b>5.13%</b>	<b>(0.56)%</b>	<b>(0.08)%</b>	<b>(0.33)%</b>	<b>(0.32)%</b>

\* Only two active members remain in Probation Plan 1 remain. Both are assumed to retire immediately; therefore, there is no normal cost calculated for the upcoming year.  
The Normal Cost Contribution Rate is set equal to the prior year's rate. The member rate is set equal to the cost-sharing rate, since the basic member rate has been "shut off."

## San Mateo County Employees' Retirement Association

### Exhibit 12a: Total Employer Contributions (Dollars In Thousands)

	General - County (Excludes CNA members)					General - CNA Members					General - SMCM&VCD**			
	Plan 1	Plan 2	Plan 3	Plan 4	Total	Plan 1	Plan 2	Plan 3	Plan 4	Total	Plan 1	Plan 2	Plan 4	Total
A. Basic Employer Normal Cost Rate	4.49%	5.44%	7.69%	6.09%	5.94%	3.88%	4.82%	7.69%	5.55%	5.32%	11.65%	11.20%	7.80%	8.44%
B. COLA Normal Cost Rate	6.06%	4.94%	0.00%	3.44%	3.77%	5.23%	4.38%	0.00%	3.14%	3.38%	5.28%	6.26%	3.09%	3.53%
C. Employer Normal Cost Rate	10.55%	10.38%	7.69%	9.53%	9.71%	9.11%	9.20%	7.69%	8.69%	8.70%	16.93%	17.46%	10.89%	11.97%
D. UAAL Contribution Rate	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%
<b>E. Total June 30, 2011 Contribution Rate (C) + (D)</b>	<b>26.96%</b>	<b>26.79%</b>	<b>24.10%</b>	<b>25.94%</b>	<b>26.12%</b>	<b>25.52%</b>	<b>25.61%</b>	<b>24.10%</b>	<b>25.10%</b>	<b>25.11%</b>	<b>33.34%</b>	<b>33.87%</b>	<b>27.30%</b>	<b>28.38%</b>
F. Total June 30, 2010 Contribution Rate***	27.53%	27.18%	24.16%	26.14%	26.40%	27.53%	27.18%	24.16%	26.14%	26.40%	27.11%	32.87%	27.28%	28.05%
G. Estimated Payroll for fiscal year beginning July 1, 2012	\$ 5,242	\$ 89,140	\$ 10,481	\$ 230,679	\$ 335,542	\$ 748	\$ 11,783	\$ 886	\$ 26,766	\$ 40,183	\$ 127	\$ 146	\$ 1,269	\$ 1,542
<b>H. Estimated Annual Contribution (E x G)*</b>	<b>\$ 1,413</b>	<b>\$ 23,876</b>	<b>\$ 2,525</b>	<b>\$ 59,827</b>	<b>\$ 87,628</b>	<b>\$ 191</b>	<b>\$ 3,017</b>	<b>\$ 213</b>	<b>\$ 6,717</b>	<b>\$ 10,088</b>	<b>\$ 42</b>	<b>\$ 49</b>	<b>\$ 346</b>	<b>\$ 438</b>

\* Estimated contributions shown for illustrative purposes based on monthly contributions. Actual contributions will vary depending on actual payroll and timing.

\*\*Normal Cost rates for Mosquito and Vector Control District reflect adoption of "enhanced" General County benefit formula beginning with 2010 actuarial valuation.

\*\*\*Prior year rates shown are those calculated in the June 30, 2010 actuarial valuation. The County elected to contribute higher rates than those shown.

## San Mateo County Employees' Retirement Association

### Exhibit 12b: Total Employer Contributions (continued) (Dollars In Thousands)

	Safety				Probation				All Plans
	Plan 1	Plan 2	Plan 4	Total	Plan 1	Plan 2	Plan 4	Total	
A. Basic Employer Normal Cost Rate	14.57%	10.89%	12.22%	11.80%	14.59%	12.92%	12.96%	12.96%	7.02%
B. COLA Normal Cost Rate	13.12%	8.94%	6.24%	7.17%	14.90%	8.65%	5.84%	6.56%	4.23%
C. Employer Normal Cost Rate	27.69%	19.83%	18.46%	18.97%	29.49%	21.57%	18.80%	19.52%	11.25%
D. UAAL Contribution Rate	40.16%	40.16%	40.16%	40.16%	21.62%	21.62%	21.62%	21.62%	19.72%
<b>E. Total June 30, 2011 Contribution Rate (C) + (D)</b>	<b>67.85%</b>	<b>59.99%</b>	<b>58.62%</b>	<b>59.13%</b>	<b>51.11%</b>	<b>43.19%</b>	<b>40.42%</b>	<b>41.14%</b>	<b>30.97%</b>
F. Total June 30, 2010 Contribution Rate**	70.05%	64.81%	62.56%	63.51%	45.98%	43.75%	40.50%	41.47%	31.40%
G. Estimated Payroll for fiscal year beginning July 1, 2012	\$ 922	\$ 18,126	\$ 36,182	\$ 55,230	\$ 192	\$ 7,015	\$ 18,875	\$ 26,082	\$ 457,037
<b>H. Estimated Annual Contribution (E x G)*</b>	<b>\$ 626</b>	<b>\$ 10,874</b>	<b>\$ 21,211</b>	<b>\$ 32,659</b>	<b>\$ 98</b>	<b>\$ 3,030</b>	<b>\$ 7,629</b>	<b>\$ 10,730</b>	<b>\$ 141,544</b>

\* Estimated contributions shown for illustrative purposes based on monthly contributions. Actual contributions will vary depending on actual payroll and timing.

\*\*Prior year rates shown are those calculated in the June 30, 2010 actuarial valuation. The County elected to contribute higher rates than those shown.

## San Mateo County Employees' Retirement Association

### Exhibit 12c: Supplemental Detail on UAAL Payments (Dollars in Thousands)

General							
Date Established	Description	Balance as of June 30, 2011	Interest on Balance	Amort. Payment on June 30, 2012 <sup>1</sup>	Balance as of June 30, 2012 <sup>2</sup>	Remaining Period as of June 30, 2012	July 1, 2012 Amortization Payment
June 30, 2008	Initial UAAL	\$ 380,673	\$ 29,502	\$ 41,224	\$ 368,951	11 Years	\$ 40,558
June 30, 2009	(Gain) / Loss	\$ 361,496	\$ 28,016	\$ 36,734	\$ 352,778	12 Years	\$ 36,141
June 30, 2010	(Gain) / Loss	\$ (132,418)	\$ (10,262)	\$ (12,701)	\$ (129,979)	13 Years	\$ (12,496)
June 30, 2011	(Gain) / Loss	\$ (30,543)	\$ (2,367)	\$ 5,809 <sup>3</sup>	\$ (38,719)	14 Years	\$ (3,513)
Total Amortization Payment July 1, 2012:							\$ 60,690
Projected Payroll July 1, 2012:							\$ 369,939
UAAL as of June 30, 2011:		<u>\$ 579,208</u>		UAAL Contribution Rate (as a % of Payroll) FYB July 1, 2012:		<u>16.41%</u>	

Safety							
Date Established	Description	Balance as of June 30, 2011	Interest on Balance	Amort. Payment on June 30, 2012 <sup>1</sup>	Balance as of June 30, 2012 <sup>2</sup>	Remaining Period as of June 30, 2012	July 1, 2012 Amortization Payment
June 30, 2008	Initial UAAL	\$ 138,914	\$ 10,766	\$ 15,043	\$ 134,637	11 Years	\$ 14,800
June 30, 2009	(Gain) / Loss	\$ 132,576	\$ 10,275	\$ 13,472	\$ 129,379	12 Years	\$ 13,254
June 30, 2010	(Gain) / Loss	\$ (49,532)	\$ (3,839)	\$ (4,751)	\$ (48,620)	13 Years	\$ (4,674)
June 30, 2011	(Gain) / Loss	\$ (12,119)	\$ (939)	\$ 4,899 <sup>3</sup>	\$ (17,957)	14 Years	\$ (1,629)
Total Amortization Payment July 1, 2012:							\$ 21,751
Projected Payroll July 1, 2012:							\$ 54,157
UAAL as of June 30, 2011:		<u>\$ 209,839</u>		UAAL Contribution Rate (as a % of Payroll) FYB July 1, 2012:		<u>40.16%</u>	

Probation							
Date Established	Description	Balance as of June 30, 2011	Interest on Balance	Amort. Payment on June 30, 2012 <sup>1</sup>	Balance as of June 30, 2012 <sup>2</sup>	Remaining Period as of June 30, 2012	July 1, 2012 Amortization Payment
June 30, 2008	Initial UAAL	\$ 34,804	\$ 2,697	\$ 3,769	\$ 33,732	11 Years	\$ 3,708
June 30, 2009	(Gain) / Loss	\$ 33,370	\$ 2,586	\$ 3,392	\$ 32,564	12 Years	\$ 3,337
June 30, 2010	(Gain) / Loss	\$ (12,089)	\$ (937)	\$ (1,160)	\$ (11,866)	13 Years	\$ (1,141)
June 30, 2011	(Gain) / Loss	\$ (3,545)	\$ (275)	\$ 300 <sup>3</sup>	\$ (4,120)	14 Years	\$ (374)
Total Amortization Payment July 1, 2012:							\$ 5,530
Projected Payroll July 1, 2012:							\$ 25,576
UAAL as of June 30, 2011:		<u>\$ 52,540</u>		UAAL Contribution Rate (as a % of Payroll) FYB July 1, 2012:		<u>21.62%</u>	

Explanatory Notes:

<sup>1</sup> Amortization Payments are based on a fixed schedule that increases by the payroll assumption each year.

<sup>2</sup> The calculation of assets and liabilities used in the calculation of UAAL are as of June 30, 2011; whereas, the contribution rates are not effective until July 1, 2012. Therefore, the UAAL is adjusted to June 30, 2012 in the calculation of contribution rates.

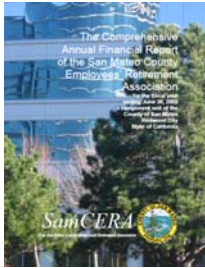
<sup>3</sup> The 15-year amortization of UAAL does not begin until July 1, 2012; however, the UAAL amount is adjusted based on the July 1, 2011 contribution rate.

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## San Mateo County Employees' Retirement Association

### Section 7: Information for Comprehensive Annual Financial Report (CAFR)

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The Governmental Accounting Standards Board (GASB) sets standards for defined benefit pension plan reporting and disclosures (Statement No. 25). The reporting requirements for Statement No. 25 include certain supplementary information that must be added to the financial statements. These include:

- (1) A Schedule of Funding Progress
- (2) A Schedule of Employer Contributions

The Schedule of Funding Progress, Exhibit 13, compares actuarial assets and liabilities of *SamCERA*, based on the actuarial funding method used. The required Schedule of Employer Contributions, Exhibit 14, compares the employer contributions required based on the actuarial valuation (the actuarial required contribution, or ARC) with the employer contributions actually made. The ARC must be calculated based on certain parameters required for disclosure purposes.

We believe the actuarial methods and assumptions used in this valuation to determine the employer's contribution for funding purposes satisfy the GASB reporting requirements.

GASB Statement No. 27 specifies required reporting for pension accounting by state and local governmental employers.

The comparability of the data from year-to-year can be affected by changes in actuarial assumptions, benefit provisions, accounting policies, etc.

Exhibit 15 compares the Actuarial Value of Valuation Assets to the types of Actuarial Accrued Liabilities, applying them first to Active Member contributions, then to retirees and beneficiaries, and then the remaining amount to the active members' benefits. This is referred to as the Solvency Test. Although not required under GASB, this test is part of the CAFR guidelines specified by the Government Finance Officers Association (GFOA).



**CAFR  
(continued)**

In addition to the exhibits mentioned above, the following supporting information is supplied for inclusion in *SamCERA's* CAFR:

- Exhibit 16 – History of employer contribution rates.
- Exhibit 17 – Actuarial analysis of financial experience.
- Exhibit 18 – Summary of significant actuarial statistics and measurements.
- Exhibit 19 – Summary of *SamCERA* membership. For more detailed information on the valuation data, see Appendix C.
- Exhibit 20 – Summary of active member valuation data.
- Exhibit 21 – Summary of demographic activity of retirees and beneficiaries.
- Exhibit 22 – Average salary and active counts by employer.
- Exhibit 23 – Summary of retired and inactive benefits.
- Exhibit 24 – Summary of actuarial assumptions and cost method. For more detailed information, see Appendix A.

**San Mateo County Employees'  
Retirement Association**

**Exhibit 13: Schedule of Funding Progress  
(Dollars In Thousands)**

<u>Actuarial Valuation Date*</u>	<u>(a) Actuarial Value of Valuation Assets</u>	<u>(b) Actuarial Accrued Liabilities</u>	<u>(b-a) Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>[(b-a)/c] UAAL as a Percentage of Covered Payroll</u>
June 30, 2002	\$ 1,416,821	\$ 1,660,566	\$ 243,745	85.3%	\$ 301,891	80.74%
June 30, 2003	1,353,941	1,781,544	427,603	76.0%	323,896	132.02%
June 30, 2004	1,452,621	1,921,328	468,707	75.6%	365,385	128.28%
June 30, 2005	1,615,585	2,177,759	562,174	74.2%	334,315	168.16%
June 30, 2006	1,769,021	2,345,149	576,128	75.4%	368,972	156.14%
June 30, 2007	1,976,731	2,555,504	578,773	77.4%	407,912	141.92%
June 30, 2008	2,218,937	2,806,222	587,285	79.1%	416,243	141.09%
June 30, 2009	1,909,679	2,987,712	1,078,033	63.9%	436,424	247.02%
June 30, 2010	2,179,076	3,098,453	919,377	70.3%	428,559	214.53%
June 30, 2011	2,405,140	3,246,727	841,587	74.1%	424,061	198.46%

\*Information for years prior to 2005 reported by prior actuaries.

**San Mateo County Employees'  
Retirement Association**

**Exhibit 14: Schedule of Contributions from the Employer  
(All Dollars In Thousands)**

Fiscal Year Ending*	Annual Required Contribution (ARC)**	Actual Employer Contributions	Percentage of ARC Contributed
6/30/2002	33,541	33,541	100%
6/30/2003	36,070	36,070	100%
6/30/2004	60,042	60,042	100%
6/30/2005	76,931	76,931	100%
6/30/2006	76,090	76,090	100%
6/30/2007	100,550	100,550	100%
6/30/2008	105,340	105,340	100%
6/30/2009	106,123	106,123	100%
6/30/2010	106,265	106,265	100%
6/30/2011	150,475	150,475	100%

*\*Information for years prior to 2005 reported by prior actuaries.*

*\*\*GASB Annual Required Contribution (ARC) is set equal to actual employer contribution when the actual employer contribution meets GASB ARC criteria.*

## San Mateo County Employees' Retirement Association

### Exhibit 15: Solvency Test (Dollars In Thousands)

Actuarial Valuation Date <sup>(1)</sup>	Valuation Assets	Actuarial Accrued Liabilities for			Portion of Actuarial Accrued Liabilities Covered by Assets		
		Active Member Contributions (A)	Retirees and Beneficiaries <sup>(2)</sup> (B)	Active Members (Employer Financed Portion) (C)	(A)	(B)	(C)
June 30, 2002	\$ 1,416,821	\$ 190,450	\$ 866,985	\$ 785,082	100%	100%	46%
June 30, 2003	1,353,941	202,551	858,273	915,108	100%	100%	32%
June 30, 2004	1,452,621	259,731	942,765	718,832	100%	100%	35%
June 30, 2005	1,615,585	281,231	1,133,351	763,177	100%	100%	26%
June 30, 2006	1,769,021	317,521	1,234,005	793,623	100%	100%	27%
June 30, 2007	1,976,731	359,484	1,348,013	848,007	100%	100%	32%
June 30, 2008	2,218,937	385,300	1,550,875	870,047	100%	100%	32%
June 30, 2009	1,909,679	412,147	1,670,547	905,018	100%	90%	0%
June 30, 2010	2,179,076	449,355	1,745,146	903,952	100%	99%	0%
June 30, 2011	2,405,140	485,126	1,866,219	895,382	100%	100%	6%

(1) Information for years prior to 2005 reported by prior actuaries.

(2) Includes deferred vested.

## San Mateo County Employees' Retirement Association

### Exhibit 16: History of Employer Contribution Rates (Dollars In Thousands)

County Rates <sup>(1)</sup>												
Valuation Year	General Member (excluding Nurses)			General Member (Nurses)			Safety Member			Probation Member		
	Normal	UAAL	Total	Normal	UAAL	Total	Normal	UAAL	Total	Normal	UAAL	Total
2002	9.71%	0.70%	10.41%	Same as County General			17.22%	1.50%	18.72%	16.76%	1.17%	17.93%
2003	11.00%	4.60%	15.60%	Same as County General			21.99%	12.74%	34.73%	23.45%	8.10%	31.55%
2004	9.76%	8.25%	18.01%	Same as County General			15.34%	24.82%	40.16%	16.17%	15.28%	31.45%
2005	10.36%	10.38%	20.74%	Same as County General			20.43%	32.02%	52.45%	21.10%	16.43%	37.53%
2006	10.49%	9.97%	20.46%	Same as County General			20.18%	30.52%	50.70%	21.59%	14.85%	36.44%
2007	10.19%	9.46%	19.65%	Same as County General			19.94%	29.32%	49.26%	20.83%	14.06%	34.89%
2008	10.16%	9.81%	19.97%	Same as County General			19.32%	27.31%	46.63%	20.05%	12.81%	32.86%
2009	10.11%	18.40%	28.51%	Same as County General			19.21%	51.83%	71.04%	19.92%	23.84%	43.76%
2010	10.05%	16.35%	26.40%	Same as County General			19.01%	44.50%	63.51%	19.85%	21.62%	41.47%
2011	9.71%	16.41%	26.12%	8.70%	16.41%	25.11%	18.87%	41.75%	60.62%	19.50%	22.30%	41.80%

Rates for Mosquito and Vector Control District <sup>(2)</sup>			
Valuation Year	General Member		
	Normal	UAAL	Total
2006	8.76%	8.18%	16.94%
2007	8.50%	7.76%	16.26%
2008	8.55%	8.04%	16.59%
2009	8.25%	15.09%	23.34%
2010	11.70%	16.35%	28.05%
2011	11.48%	16.96%	28.44%

(1) Information for years prior to 2005 reported by prior actuaries.

(2) Beginning with the 2010 actuarial valuation, the Mosquito and Vector Control District adopted the same benefit formula and member contribution rates as Plan 1, 2 & 4 General County members (excluding cost sharing on member rates).

(3) Beginning with the 2011 actuarial valuation, members of the California Nurses Association contribute 25% of the cost of COLA, in addition to current member rates and cost sharing.

**San Mateo County Employees'  
Retirement Association**

**Exhibit 17: Actuarial Analysis of Financial Experience**

<u>Summary of (Gains) / Losses</u>	<u>Change In Liability</u>				
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Unfunded Liability as of July 1	\$ 919,377,000	\$ 1,078,033,000	\$ 587,285,000	\$ 578,773,000	\$ 576,128,000
Expected Change in UAAL	(31,508,000)	27,388,000	(11,786,000)	(31,649,000)	(16,745,000)
Salary (Gain) / Loss	(51,831,000)	(43,598,000)	(10,081,000)	(19,946,000)	45,157,000
Fewer Withdrawals than expected					
Retiree COLA more / (less) than expected	(27,561,000)	(41,258,000)	1,080,000	937,000	(3,380,000)
Asset (Gain) / Loss	12,548,000	(88,485,000)	522,444,000	(20,078,000)	(22,639,000)
Change due to Assumption Changes	19,402,000			61,011,000	
Ventura Benefits & Asset transfers					
Miscellaneous Experience	1,160,000	(12,703,000)	(10,909,000)	18,237,000	252,000
Change Due to New Formula					
Unfunded Liability as of June 30	\$ 841,587,000	\$ 919,377,000	\$ 1,078,033,000	\$ 587,285,000	\$ 578,773,000

## San Mateo County Employees' Retirement Association

### Exhibit 18: Summary of Significant Actuarial Statistics and Measures

	June 30th of		Relative Change
	2011	2010	
<b>I. Active Members</b>			
Number of Members	5,245	5,347	(1.9)%
Average Age	45.7	45.4	0.7%
Average Credited Service	10.6	10.2	3.9%
Total Active Payroll (\$thousands)	\$ 432,542	\$ 437,130	(1.0)%
Average Monthly Salary	\$ 6,872	\$ 6,813	0.9%
<b>II. Retired Members</b>			
Number of Members			
Service Retirement	3,242	3,108	4.3 %
Disability Retirement	370	365	1.4 %
Beneficiaries	535	529	1.1 %
Average Age	71.3	71.3	(0.1)%
Actual Retiree Benefits Paid (\$thousands)	\$ 129,835	\$ 122,141	6.3 %
Average Monthly Pension	\$ 2,706	\$ 2,601	4.0%
<b>III. Inactive Vested Members</b>			
	1,190	1,207	(1.4)%
<b>IV. Assets</b>			
Market Value of Fund (\$thousands)	\$ 2,317,493	\$ 1,815,896	27.6%
Return on Market Value	23.7%	12.2%	
Valuation Assets (\$thousands)	\$ 2,405,140	\$ 2,179,076	10.4%
Return on Valuation Assets	7.2%	12.7%	
<b>V. Liability Values (\$thousands)</b>			
Actuarial Accrued Liability	\$ 3,246,727	\$ 3,098,453	4.8%
Unfunded Actuarial Accrued Liability	\$ 841,587	\$ 919,377	(8.5)%
Deferred Asset (Gains) / Losses	\$ 87,647	\$ 363,179	
<b>VI. Funded Ratio</b>			
GASB 25 (based on valuation assets)	74.1%	70.3%	5.3%

## San Mateo County Employees' Retirement Association

### Exhibit 19: Summary of SamCERA Membership

Plan	One	Two	Three	Four	Total
<b>Retirees and beneficiaries currently receiving benefits:</b>					
General	1,979	1,389	102	153	3,623
Safety	285	110	-	10	405
Probation	71	42	-	6	119
Subtotal	<u>2,335</u>	<u>1,541</u>	<u>102</u>	<u>169</u>	<u>4,147</u>
<b>Terminated employees entitled to but not currently receiving benefits (Deferred):</b>					
General	31	458	111	481	1,081
Safety	1	32	-	31	64
Probation	-	20	-	25	45
Subtotal	<u>32</u>	<u>510</u>	<u>111</u>	<u>537</u>	<u>1,190</u>
<b>Current employees:</b>					
<b>Vested:</b>					
General	63	1,102	77	1,957	3,199
Safety	6	132	-	195	333
Probation	2	75	-	181	258
<b>Non-Vested:</b>					
General	-	-	74	1,221	1,295
Safety	-	-	-	113	113
Probation	-	-	-	47	47
Subtotal	<u>71</u>	<u>1,309</u>	<u>151</u>	<u>3,714</u>	<u>5,245</u>
<b>Total SamCERA Membership</b>	<b>2,438</b>	<b>3,360</b>	<b>364</b>	<b>4,420</b>	<b>10,582</b>



## San Mateo County Employees' Retirement Association

### Exhibit 20: Summary of Active Member Valuation Data

Valuation Date	Members	Annual Salary	Average Annual Salary	% Change Average Salary	
2002	General	4,159	\$250,344,000	\$60,192	6.7%
	Safety	431	\$34,405,000	\$79,824	5.1%
	Probation	282	\$17,142,000	\$60,792	6.8%
	Total	4,872	\$301,891,000	\$61,968	6.6%
2003	General	4,213	\$267,150,000	\$63,408	5.3%
	Safety	434	\$37,973,000	\$87,492	9.6%
	Probation	290	\$18,773,000	\$64,740	6.5%
	Total	4,937	\$323,896,000	\$65,964	5.9%
2004	General	4,487	\$303,786,879	\$67,700	6.8%
	Safety	411	\$40,796,852	\$99,202	13.4%
	Probation	288	\$20,800,813	\$72,225	11.6%
	Total	5,186	\$365,384,544	\$70,448	6.8%
2005	General	4,411	\$304,289,437	\$68,984	1.8%
	Safety	409	\$39,999,593	\$97,799	-1.4%
	Probation	278	\$20,123,863	\$72,388	0.2%
	Total	5,098	\$364,412,893	\$71,482	1.4%
2006*	General	4,614	\$312,934,324	\$67,823	-1.7%
	Safety	428	\$41,407,772	\$96,747	-1.1%
	Probation	313	\$22,009,210	\$70,317	-1.6%
	Total	5,355	\$376,351,306	\$70,280	-1.7%
2007	General	4,767	\$346,319,017	\$72,649	7.1%
	Safety	443	\$45,386,411	\$102,452	5.9%
	Probation	329	\$24,364,268	\$74,056	5.3%
	Total	5,539	\$416,069,696	\$75,116	6.9%
2008	General	4,743	\$353,518,525	\$74,535	2.6%
	Safety	432	\$46,326,906	\$107,238	4.7%
	Probation	325	\$24,741,003	\$76,126	2.8%
	Total	5,500	\$424,586,434	\$77,198	2.8%
2009	General	4,777	\$370,760,830	\$77,614	4.1%
	Safety	436	\$48,120,081	\$110,367	2.9%
	Probation	330	\$26,270,802	\$79,608	4.6%
	Total	5,543	\$445,151,713	\$80,309	4.0%
2010	General	4,609	\$363,305,740	\$78,825	1.6%
	Safety	425	\$48,576,912	\$114,299	3.6%
	Probation	313	\$25,247,595	\$80,663	1.3%
	Total	5,347	\$437,130,248	\$81,752	1.8%
2011	General	4,494	\$355,876,715	\$79,189	0.5%
	Safety	446	\$52,073,940	\$116,758	2.2%
	Probation	305	\$24,591,392	\$80,628	0.0%
	Total	5,245	\$432,542,046	\$82,468	0.9%

\*Numbers prior to 2006 were reported on a different basis.

## San Mateo County Employees' Retirement Association

### Exhibit 21: Summary of Demographic Activity of Retirees and Beneficiaries

Year Ended	Added to Rolls(1)		Removed from Rolls		Rolls end of year		% Increase in Payroll	Average Monthly Allowances
	No.	Annual Allowances in Thousands	No.	Annual Allowances in Thousands	No.(2)	Total Retiree Payroll in Thousands		
June 30, 2002	194	\$ N/A	138	\$ N/A	3,309	\$ 66,974	7.3 %	\$ 1,627
June 30, 2003	128	N/A	115	N/A	3,322	69,451	3.7	1,676
June 30, 2004	193	N/A	120	N/A	3,539	75,943	8.7	1,778
June 30, 2005	238	N/A	95	N/A	3,682	84,183	11.5	1,905
June 30, 2006	206	N/A	112	N/A	3,613	91,006	8.1	2,099
June 30, 2007	155	N/A	74	N/A	3,694	98,790	8.6	2,229
June 30, 2008	218	N/A	70	N/A	3,842	109,616	11.0	2,378
June 30, 2009	159	12,717	66	3,281	3,935	119,052	8.6	2,521
June 30, 2010	163	9,076	96	3,240	4,002	124,888	4.9	2,601
June 30, 2011	209	19,539	64	2,916	4,147	135,675	14.0	2,706

(1) Amount added to rolls includes COLAs granted in year to continuing retirees and beneficiaries.

(2) For 6/30/2004 and 6/30/2005, retirees/beneficiaries who are entitled to multiple benefits are counted more than once. Starting 6/30/2006, the counts reflect only one benefit per retiree.

**San Mateo County Employees'  
Retirement Association**

**Exhibit 22: Average Salary and Active Counts by Employer**

**Schedule of Average Monthly Salary of Active Members\*  
(By Plan and Membership Type)**

	2011	2010	2009	2008	2007
General Plan 1	\$7,630	\$7,543	\$7,534	\$7,252	\$7,175
General Plan 2	\$7,208	\$7,193	\$7,120	\$6,872	\$6,688
General Plan 3	\$5,968	\$5,818	\$5,791	\$5,619	\$5,287
General Plan 4	\$6,398	\$6,348	\$6,212	\$5,914	\$5,714
General Plan Total	\$6,599	\$6,569	\$6,468	\$6,211	\$6,054
Safety Plan 1	\$12,073	\$11,578	\$10,889	\$11,113	\$10,212
Safety Plan 2	\$10,789	\$10,548	\$10,135	\$9,612	\$9,299
Safety Plan 4	\$9,230	\$8,931	\$8,610	\$8,349	\$7,882
Safety Plan Total	\$9,730	\$9,525	\$9,197	\$8,937	\$8,538
Probation Plan 1	\$7,533	\$8,922	\$9,751	\$9,791	\$8,522
Probation Plan 2	\$7,349	\$7,393	\$7,341	\$6,960	\$6,899
Probation Plan 4	\$6,505	\$6,456	\$6,291	\$5,978	\$5,766
Probation Plan Total	\$6,719	\$6,722	\$6,634	\$6,344	\$6,171
Grand Total	\$6,872	\$6,813	\$6,692	\$6,433	\$6,260

\*Numbers prior to 2006 were reported on a different basis.

**Participating Employers and Active Members**

	2011	2010	2009	2008	2007
<i>County of San Mateo</i>					
General Members	4,476	4,589	4,758	4,718	4,742
Safety Members	446	425	436	432	443
Probation Members	305	313	330	325	329
Total	5,227	5,327	5,524	5,475	5,514
<i>San Mateo County Mosquito and Vector Control District</i>					
General Members Total	18	20	19	25	25
<b>Total Active Membership</b>	<b>5,245</b>	<b>5,347</b>	<b>5,543</b>	<b>5,500</b>	<b>5,539</b>

## San Mateo County Employees' Retirement Association

### Exhibit 23: Summary of Retired and Inactive Benefits

Retired Members	2011	2010	2009	2008	2007
<b>Service Retirement</b>					
Number	3,242	3,108	3,032	2,958	2,835
Annual Allowance					
Basic Only	\$ 87,254,000	\$ 79,007,000	\$ 73,038,000	\$ 66,704,000	\$ 59,687,000
COLA	\$ 23,212,000	\$ 22,542,000	\$ 22,964,000	\$ 21,289,000	\$ 19,382,000
Total	\$ 110,466,000	\$ 101,549,000	\$ 96,002,000	\$ 87,993,000	\$ 79,069,000
Average Monthly Payment	\$ 2,839	\$ 2,723	\$ 2,639	\$ 2,479	\$ 2,324
<b>Disability Retirement</b>					
Number	370	365	369	361	351
Annual Allowance					
Basic Only	\$ 9,414,000	\$ 8,988,000	\$ 8,722,000	\$ 8,214,000	\$ 7,571,000
COLA	\$ 3,005,000	\$ 2,926,000	\$ 3,070,000	\$ 2,847,000	\$ 2,569,000
Total	\$ 12,419,000	\$ 11,914,000	\$ 11,792,000	\$ 11,061,000	\$ 10,140,000
Average Monthly Payment	\$ 2,797	\$ 2,720	\$ 2,663	\$ 2,553	\$ 2,407
<b>Beneficiaries</b>					
Number	535	529	534	523	508
Annual Allowance					
Basic Only	\$ 6,672,000	\$ 6,309,000	\$ 6,052,000	\$ 5,757,000	\$ 5,220,000
COLA	\$ 5,118,000	\$ 5,116,000	\$ 5,206,000	\$ 4,805,000	\$ 4,361,000
Total	\$ 11,790,000	\$ 11,425,000	\$ 11,258,000	\$ 10,562,000	\$ 9,581,000
Average Monthly Payment	\$ 1,836	\$ 1,800	\$ 1,757	\$ 1,683	\$ 1,572
<b>Total Retired Members</b>					
Number	4,147	4,002	3,935	3,842	3,694
Annual Allowance					
Basic Only	\$ 103,340,000	\$ 94,304,000	\$ 87,812,000	\$ 80,675,000	\$ 72,478,000
COLA	\$ 31,335,000	\$ 30,584,000	\$ 31,240,000	\$ 28,941,000	\$ 26,312,000
Total	\$ 134,675,000	\$ 124,888,000	\$ 119,052,000	\$ 109,616,000	\$ 98,790,000
Average Monthly Payment	\$ 2,706	\$ 2,601	\$ 2,521	\$ 2,378	\$ 2,229
<b>Inactive Members</b>	1,190	1,207	1,230	1,225	1,151

The data in the table above originates from PensionGold, SamCERA's retirement benefit administration system.

**San Mateo County Employees'  
Retirement Association**

**Exhibit 24a: Summary of Assumptions**

**Assumptions & Methods for Most Recent Actuarial Valuation**

Actuarial Methods	
Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	Original unfunded amount (UAAL) as of June 30, 2008 is amortized over 15 years as of the valuation date. Future actuarial gains and losses are amortized over new 15-year periods (including the change in UAAL as of June 30, 2011). This is referred to as 15-year layered amortization.
Asset Valuation Method	5-year smoothed market with 20% corridor
Actuarial Assumptions	
Rate of Investment Return	7.75%
Price Inflation (CPI)	3.50%
Payroll Increases	4.00%
Average Projected Salary Increases	5.20%
Attributable to Wage Inflation	4.00%
Attributable to Merit and Longevity	1.20% (actual rates vary by service)
Sample Rates of Separation	Shown on following page
Additional Assumptions	Shown in Appendix A

## San Mateo County Employees' Retirement Association

### Exhibit 24b: Summary of Assumptions

#### Probability of Separation During Active Service

Years of Service	Other Terminations		Age	Disability		Death while Active		Service Retirement
	Ordinary	Vested		Ordinary	Service	Ordinary	Service	
<b>General Plan 1, 2 &amp; 4 Male Members</b>								
0	0.1300	0.0000	20	0.0002	0.0004	0.0003	0.0000	0.0000
5	0.0285	0.0348	30	0.0003	0.0004	0.0004	0.0000	0.0000
10	0.0172	0.0238	40	0.0006	0.0010	0.0009	0.0000	0.0000
15	0.0099	0.0191	50	0.0010	0.0016	0.0017	0.0000	0.0500
20	0.0040	0.0150	60	0.0015	0.0022	0.0036	0.0000	0.1500
30 & Above	0.0000	0.0000	70	0.0000	0.0000	0.0000	0.0000	1.0000
<b>General Plan 1, 2 &amp; 4 Female Members</b>								
0	0.1200	0.0000	20	0.0002	0.0003	0.0002	0.0000	0.0000
5	0.0285	0.0348	30	0.0002	0.0004	0.0002	0.0000	0.0000
10	0.0153	0.0212	40	0.0004	0.0007	0.0006	0.0000	0.0000
15	0.0088	0.0172	50	0.0012	0.0017	0.0013	0.0000	0.0400
20	0.0040	0.0150	60	0.0019	0.0029	0.0030	0.0000	0.1500
30 & Above	0.0000	0.0000	70	0.0000	0.0000	0.0000	0.0000	1.0000
<b>General Plan 3 Male Members</b>								
0	0.1300	0.0000	20	0.0000	0.0000	0.0003	0.0000	0.0000
5	0.0285	0.0348	30	0.0000	0.0000	0.0004	0.0000	0.0000
10	0.0172	0.0238	40	0.0000	0.0000	0.0009	0.0000	0.0000
15	0.0099	0.0191	50	0.0000	0.0000	0.0017	0.0000	0.0000
20	0.0040	0.0150	60	0.0000	0.0000	0.0036	0.0000	0.0300
30 & Above	0.0000	0.0000	70	0.0000	0.0000	0.0000	0.0000	1.0000
<b>General Plan 3 Female Members</b>								
0	0.1200	0.0000	20	0.0000	0.0000	0.0002	0.0000	0.0000
5	0.0285	0.0348	30	0.0000	0.0000	0.0002	0.0000	0.0000
10	0.0153	0.0212	40	0.0000	0.0000	0.0006	0.0000	0.0000
15	0.0088	0.0172	50	0.0000	0.0000	0.0013	0.0000	0.0000
20	0.0040	0.0150	60	0.0000	0.0000	0.0030	0.0000	0.0400
30 & Above	0.0000	0.0000	70	0.0000	0.0000	0.0000	0.0000	1.0000
<b>Safety and Probation Male Members</b>								
0	0.0700	0.0000	20	0.0000	0.0015	0.0003	0.0010	0.0000
5	0.0082	0.0151	30	0.0000	0.0018	0.0004	0.0010	0.0000
10	0.0050	0.0105	40	0.0000	0.0028	0.0009	0.0010	0.0000
15	0.0016	0.0094	50	0.0000	0.0044	0.0017	0.0010	0.1500
20 & Above	0.0000	0.0000	60	0.0000	0.0000	0.0036	0.0010	1.0000
			70	0.0000	0.0000	0.0000	0.0000	1.0000
<b>Safety and Probation Female Members</b>								
0	0.0700	0.0000	20	0.0000	0.0015	0.0002	0.0010	0.0000
5	0.0082	0.0151	30	0.0000	0.0018	0.0003	0.0010	0.0000
10	0.0050	0.0105	40	0.0000	0.0028	0.0007	0.0010	0.0000
15	0.0016	0.0094	50	0.0000	0.0044	0.0017	0.0010	0.1500
20 & Above	0.0000	0.0000	60	0.0000	0.0000	0.0039	0.0010	1.0000
			70	0.0000	0.0000	0.0000	0.0000	1.0000

## San Mateo County Employees' Retirement Association

### Appendix A: Actuarial Procedures and Assumptions

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The actuarial procedures and assumptions used in the valuation are described in this section. The assumptions were reviewed and changed as a result of the 2011 Investigation of Experience Study.

The actuarial assumptions used in the valuations are intended to estimate the future experience of the members of *SamCERA* and of *SamCERA* itself in areas that affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of *SamCERA*'s benefits.

Table A-1 summarizes the assumptions. The mortality rates are taken from the sources listed.

Tables A-2 and A-3 show how members are expected to leave retired status due to death.

Table A-4 presents the probability of refund of contributions upon termination of employment while vested.

Table A-5 presents the expected annual percentage increase in salaries.

Tables A-6 to A-11 present the probabilities a member will leave the system for various reasons.

**NOTE: Assumptions for Probation members are assumed to be the same as Safety members unless otherwise noted.**

## Actuarial Cost Method

The actuarial valuation is prepared using the entry age actuarial cost method (CERL 31453.5). Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age).

For members who transferred from Plan 3 to another General plan, entry age is based on the transfer date.

The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets, and (b) the actuarial present value of future normal costs is called the Unfunded Actuarial Accrued Liability (UAAL). The UAAL as of June 30, 2008 is amortized as a level percentage of the projected salaries of present and future members of *SamCERA* over the remaining period from the valuation date to June 30, 2023. This is commonly referred to as a "closed amortization method". Actuarial gains and losses after the June 30, 2008 valuation are amortized over new closed 15-year periods from their respective valuation dates.

Beginning with the June 30, 2010 actuarial valuation, the San Mateo County Mosquito and Vector Control District adopted the same "enhanced" benefit formula that applies to Plan 1, 2 & 4 County General members and the same member rates currently being paid by County General members from those plans. However, because the Mosquito and Vector Control District does not participate in cost sharing on the member rates, it will have a separate normal cost rate and expected member contribution rate from the County General group.

The normal cost rate is calculated separately for County General and for the Mosquito and Vector Control District. These normal cost rates will differ from each other for two reasons:

- 1) The demographics within the two groups will vary (specifically, the groups will have different average entry ages), and
- 2) The expected refund of contributions, which is a component of the normal cost, will differ between the County and the Mosquito and Vector Control District, since the District does not participate in cost sharing on the member rates.



<b>Records and Data</b>	The data used in this valuation consist of financial information and the age, service, and income records for active and inactive members and their survivors. All of the data were supplied by <i>SamCERA</i> and are accepted for valuation purposes without audit.
<b>Replacement of Terminated Members</b>	The ages and relative salaries at entry of future members are assumed to follow a new entrant distribution based on the pattern of current members. Under this assumption, the normal cost rates for active members will remain fairly stable in future years unless there are changes in the governing law, the actuarial assumptions or the pattern of the new entrants.
<b>Growth in Membership</b>	For benefit determination purposes, no growth in the membership of <i>SamCERA</i> is assumed. For funding purposes, if amortization is required, the total payroll of covered members is assumed to grow due to the combined effects of future wage increases of current active members and the replacement of the current active members by new employees. No growth in the total number of active members is assumed.
<b>Internal Revenue Code Section 415 Limit</b>	The Internal Revenue Code Section 415 maximum benefit limitations are not reflected in the valuation for funding purposes. Any limitation is reflected in a member's benefit after retirement.
<b>Internal Revenue Code Section 401(a)(17)</b>	The Internal Revenue Code Section 401(a)(17) maximum compensation limitation is not reflected in the valuation for funding purposes. Any limitation is reflected in a member's benefit after retirement.
<b>Employer Contributions</b>	The employer contribution rate is set by the Retirement Board based on actuarial valuations.
<b>Member Contributions</b>	<p>The member contribution rates vary by entry age and are described in the law. Code references are shown in Appendix B of the valuation report. The methods and assumptions used are detailed later in this section.</p> <p>The individual member rates by entry age, plan and class are illustrated in Appendix D of the valuation report.</p>
<b>Valuation of Assets</b>	The assets are valued using a five-year smoothed method based on the difference between the expected market value and the actual market value of the assets as of the valuation date. The expected market value is the prior year's market value increased with the net increase in the cash flow of funds, all increased with interest during the past fiscal year at the expected investment return rate assumption.

**Investment Earnings and Expenses**

The future investment earnings of the assets of *SamCERA* are assumed to accrue at an annual rate of 7.75% compounded annually, net of both investment and administrative expenses. This rate was adopted June 30, 2005.

**Postretirement Benefit Increases**

Postretirement increases are described in Appendix B. Assumed increases for valuation purposes are:

	General	Safety	Probation
Plan 1	3.50%	3.50%	3.00%
Plan 2	2.75%	2.75%	2.75%
Plan 3	0.00%	N/A	N/A
Plan 4	2.00%	2.00%	2.00%

Assumed Plan 1 General and Safety COLAs are set at the inflation (CPI) assumption of 3.5% per year. Since Plan 2 does not have a COLA bank, it is expected that increases will be limited in some years. This reduces the overall expected rate and is reflected in a lower assumed increase.

**Interest on Member Contributions**

The annual credited interest rate on member contributions is assumed to be 7.75% compounded semi-annually for an annualized rate of 7.90%. This rate was adopted June 30, 2005.

**Future Salaries**

The rates of annual salary increase assumed for the purpose of the valuation are illustrated in Table A-5. In addition to increases in salary due to promotions and longevity, this scale includes an assumed 4.00% per annum rate of increase in the general wage level of the membership.

Increases are assumed to occur mid-year. The mid-year timing reflects that salary increases occur throughout the year, or on average mid-year.

*SamCERA* supplied two types of compensation data: 1) pensionable pay from the most recent bi-weekly pay period; and 2) pensionable pay from the prior year. We annualized by bi-weekly pay (by multiplying by 26) and then used the greater of the two amounts.

**Social Security Wage Base**

Plan 3 members have their benefits offset by an assumed Social Security Benefit. For valuation funding purposes, we need to project the Social Security Benefit. We assume the current Social Security provisions will continue and the annual Wage Base will increase at the rate of 3.5% per year. Note, statutory provisions describe how to compute a member's offset amount at time of termination or retirement.

## Retirement

The retirement rates vary by age and are shown by plan in Tables A-6 through A-11.

All General members who attain or who have attained age 70 and all Safety members who have attained age 60 are assumed to retire immediately. Additionally, if a member's benefit is equal to or greater than the 100% of compensation limit, they are also assumed to retire immediately. For purposes of the valuation, immediate retirement is assumed at:

- Age 62 with 38 years of service (General, except Plan 3)
- Any age with 33 years of service (Safety & Probation)

Deferred vested members are assumed to retire at the later of current age and:

- Age 55 (General Members, except Plan 3)
- Age 65 (General Plan 3 Members)
- Age 50 (Probation and Safety members)

The retirement rates were adopted June 30, 2011.

## Disablement

The rates of disablement used in the valuation are also illustrated in Tables A-6 through A-11.

The disability rates were adopted June 30, 2011.

## Mortality – Other Than Disabled Members

The same postretirement mortality rates are used in the valuation for active members, members retired for service, and beneficiaries. These rates are illustrated in Table A-2. Beneficiary mortality is assumed to be the same as for healthy members. Beneficiaries are assumed to be of the opposite sex, and have the same mortality as General members.

*General Males* RP-2000 Healthy Annuitant Mortality Table for Males with adjustment for White Collar workers. Ages are set back three years.

*Safety Males* Same as General.

*General Females* RP-2000 Healthy Combined Mortality Table for Females with adjustment for White Collar workers. Ages are set back three years.

*Safety Females* Same as General.

The rates of retired mortality were adopted June 30, 2011.

## **Mortality – Disabled Members**

For disabled members, the mortality rates used in the valuation rates are illustrated in Table A-3.

<i>General Males</i>	Average of RP-2000 Healthy Combined Mortality Table for Males with adjustment for White Collar workers and the RP-2000 Disabled Annuitant Mortality Table for Males, both set back three years.
<i>Safety Males</i>	RP-2000 Healthy Combined Mortality Table for Males with adjustment for White Collar workers (minimum is 1.0%).
<i>General Females</i>	Average of RP-2000 Healthy Combined Mortality Table for Females with adjustment for White Collar workers and the RP-2000 Disabled Annuitant Mortality Table for Females, both set back three years.
<i>Safety Females</i>	RP-2000 Healthy Combined Mortality Table for Females with adjustment for White Collar workers (minimum is 1.0%).

The rates of mortality were adopted June 30, 2011.

## **Other Employment Terminations**

Tables A-6 to A-11 show, for all ages, the rates assumed in this valuation for future termination from active service other than for death, disability or retirement. These rates do not apply to members eligible for service retirement.

Terminating employees may withdraw their contributions immediately upon termination of employment and forfeit the right to further benefits, or they may leave their contributions with *SamCERA*. Former contributing members whose contributions are on deposit may later elect to receive a refund, may return to work or may remain inactive until becoming eligible to receive a retirement benefit under either *SamCERA* or a reciprocal retirement system. All terminating members who are not eligible for vested benefits are assumed to withdraw their contributions immediately.

The rates of termination were adopted June 30, 2011.

## **Probability of Refund**

Table A-4 gives the assumed probabilities that vested members will withdraw their contributions and elect a refund immediately upon termination and the probability the remaining members will elect a deferred vested benefit. For Plan 3, 100% of members are assumed to elect a vested benefit. All non-vested members are assumed to elect a refund and withdraw their contributions.

The probability of refund assumptions were adopted June 30, 2011.

**Probability of Eligible Survivor**

For members not currently in pay status, 80% of all males and 55% of all females are assumed to have eligible survivors (spouses or qualified domestic partners). Survivors are assumed to be three years younger than male members and three years older than female members. Survivors are assumed to be of the opposite sex as the member. There is no explicit assumption for children's benefits. We believe the survivor benefits based on this assumption are sufficient to cover children's benefits as they occur.

**Valuation of Current Deferred Members**

Current non-vested members who have terminated active employment are assumed to take a refund of their contributions.

Current vested members who have terminated active employment are assumed to keep their accounts with *SamCERA* and retire as specified in this section. An adjustment is made to the salary data provided for these individuals, as it is our understanding that the salary data may not be complete in many cases. The adjustment is based on the average pay for all members of the active group divided by average pay for the deferred group. The average pay for the active group is based on the average pay over the last five-year period using the information supplied in the CAFR.

**Reciprocal Benefits**

35% of future deferred vested General members and 45% of future deferred vested Safety members are assumed to immediately join a reciprocal agency. For future reciprocal members, salaries are assumed to increase at the same rate as if they had remained in active employment with *SamCERA*. For current deferred vested members, eligibility is based on the data supplied by *SamCERA* and future salaries are assumed to increase at 4.5% annually.

**Part-Time Employees**

For valuation purposes, part-time employees are assumed to continue working the same number of hours in the future.

**Member Contribution Rate Assumptions**

The following assumptions summarize the procedures used to compute member contribution rates based on entry age:

In general, the member rate is determined by the present value of the future benefit (PVFB) payable at retirement age, divided by the present value of all future salaries payable between age at entry and retirement age. For these purposes, per the CERL:

- A. The annuity factor used for General members is based on a 33% / 67% blend of the male and female annuity factors using current valuation assumptions and no COLA. For Safety members it is based on an 83% / 17% blend of the male and female annuity factors using current valuation assumptions.
- B. The annuity factor used in determining the present value of future benefits (PVFB) at entry age is equal to the life only annuity factor at 7.75%.

**Member Contribution  
Rate Assumptions  
(continued)**

- C. The Final Compensation is based on the salary paid in the year prior to attaining the retirement age.

Example: For a Plan 4 Member who enters at age 54 or earlier, the Final Compensation at retirement (age 55) will be the monthly average of the annual salary for age 54.

- D. For purposes of calculating the value of the member's future contribution, interest is assumed to be credited at 7.75% semiannually (7.90% annual rate).
- E. Member Rates are assumed to increase with entry age. There are a few exceptions at the higher entry ages where the calculated rate is less than the previous entry age. In these cases the member contribution rate is adjusted so that it is no less than the value for the previous entry age.
- F. Member Rates for the California Nurses Association are loaded to account for a 25% COLA share. The COLA loads are applied to the otherwise applicable basic member rates, prior to the addition of cost-sharing. The loads were determined based on 2011 information and were applied as follows:

Plan 1 CNA members: 22.74% load  
Plan 2 CNA members: 17.00% load  
Plan 4 CNA members: 11.58% load

For purposes of determining cost-sharing, 85% of Safety members (excluding Probation members) were assumed to be deputy sheriffs.

## San Mateo County Employees' Retirement Association

**Table A-1: Summary of Valuation Assumptions as of June 30, 2011**

I.	Economic assumptions	
A.	General wage increases	4.00%
B.	Investment earnings	7.75%
C.	Growth in active membership	0.00%
D.	CPI inflation assumption	3.50%
II.	Demographic assumptions	
A.	Salary increases due to service	Table A-5
B.	Retirement	Tables A-6 to A-11
C.	Disablement	Tables A-6 to A-11
D.	Mortality for active members prior to termination*	Tables A-6 to A-11

Basis-- RP-2000 Employees Table with age adjustments:

<u>Class of Members</u>	<u>Age Adjustment</u>
General – Males	-3 years
General – Females	-3 years
Safety – Males	-3 years
Safety – Females	-3 years

E.	Mortality for active members after termination and service retired members*	Table A-2
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Basis – RP-2000 Healthy Combined Mortality Table with adjustment for White Collar workers:

<u>Class of Members</u>	<u>Age Adjustment</u>
General – Males	-3 years
General – Females	-3 years
Safety – Males	-3 years
Safety – Females	-3 years

**Table A-1: Summary of Valuation Assumptions as of June 30, 2010  
(continued)**

F. Mortality among disabled members\* Table A-3

Basis – Average of RP-2000 Healthy Combined Mortality Table with adjustment for White Collar workers and RP-2000 Disabled Annuitant Mortality Table:

<u>Class of Members</u>	<u>Age Adjustment</u>	<u>Minimum Rate</u>
General – Males	-3 years	None
General – Females	-3 years	None

Basis – RP-2000 Healthy Combined Mortality Table with adjustment for White Collar workers:

<u>Class of Members</u>	<u>Age Adjustment</u>	<u>Minimum Rate</u>
Safety – Males	none	1.00%
Safety – Females	none	0.40%

G. Mortality for beneficiaries\* Table A-2

Basis – Beneficiaries are assumed to be of the opposite sex and have the same mortality as General members.

H. Other terminations of employment Tables A-6 to A-11

I. Refund of contributions on vested termination Table A-4

\* *The current mortality assumptions contain a margin to account for expected future mortality improvement. Refer to the 2011 Investigation of Experience Report for details.*



## San Mateo County Employees' Retirement Association

**Table A-2: Mortality for Members Retired for Service**

<b>Age</b>	<b>General Male</b>	<b>General Female</b>	<b>Safety Male</b>	<b>Safety Female</b>
20	0.030%	0.018%	0.030%	0.018%
25	0.037%	0.019%	0.037%	0.019%
30	0.038%	0.022%	0.038%	0.022%
35	0.043%	0.036%	0.043%	0.036%
40	0.071%	0.053%	0.071%	0.053%
45	0.103%	0.076%	0.103%	0.076%
50	0.158%	0.123%	0.158%	0.123%
55	0.250%	0.192%	0.250%	0.192%
60	0.409%	0.332%	0.409%	0.332%
65	0.731%	0.599%	0.731%	0.599%
70	1.404%	1.094%	1.404%	1.094%
75	2.387%	1.878%	2.387%	1.878%
80	4.236%	3.155%	4.236%	3.155%
85	7.493%	5.337%	7.493%	5.337%
90	13.019%	9.248%	13.019%	9.248%

**San Mateo County Employees'  
Retirement Association**

**Table A-3: Mortality for Members Retired for Disability**

<b>Age</b>	<b>General Male</b>	<b>General Female</b>	<b>Safety Male</b>	<b>Safety Female</b>
20	1.144%	0.382%	1.000%	0.400%
25	1.147%	0.382%	1.000%	0.400%
30	1.148%	0.384%	1.000%	0.400%
35	1.150%	0.391%	1.000%	0.400%
40	1.164%	0.399%	1.000%	0.400%
45	1.180%	0.411%	1.000%	0.400%
50	1.335%	0.509%	1.000%	0.400%
55	1.703%	0.769%	1.000%	0.400%
60	2.106%	1.099%	1.000%	0.468%
65	2.615%	1.503%	1.106%	0.865%
70	3.424%	2.114%	1.928%	1.519%
75	4.664%	3.082%	3.363%	2.572%
80	6.725%	4.555%	5.941%	4.308%
85	9.840%	6.783%	10.467%	7.419%
90	14.271%	10.350%	17.827%	12.615%

## San Mateo County Employees' Retirement Association

**Table A-4: Immediate Refund of Contributions Upon Termination of Employment  
(Excludes Plan 3)**

Years of Service	General	Safety
0	100%	100%
1	100%	100%
2	100%	100%
3	100%	100%
4	100%	100%
5	45%	35%
6	45%	35%
7	45%	35%
8	44%	34%
9	43%	33%
10	42%	32%
11	41%	31%
12	40%	30%
13	38%	25%
14	36%	20%
15	34%	15%
16	32%	10%
17	30%	5%
18	27%	4%
19	24%	3%
20	21%	0%
21	18%	0%
22	15%	0%
23	12%	0%
24	9%	0%
25	6%	0%
26	3%	0%
27	0%	0%
28	0%	0%
29	0%	0%
30 & Up	0%	0%

## San Mateo County Employees' Retirement Association

**Table A-5: Annual Increase in Salary**

Years of Service	Due to Promotion and Longevity	Total Annual Increase*
<1	6.00%	10.24%
1	4.00%	8.16%
2	3.00%	7.12%
3	2.50%	6.60%
4	2.00%	6.08%
5	1.75%	5.82%
6	1.50%	5.56%
7	1.25%	5.30%
8	1.05%	5.09%
9	0.90%	4.94%
10	0.80%	4.83%
11	0.70%	4.73%
12	0.60%	4.62%
13	0.50%	4.52%
14	0.50%	4.52%
15	0.50%	4.52%
16	0.50%	4.52%
17	0.50%	4.52%
18	0.50%	4.52%
19	0.50%	4.52%
20 or More	0.50%	4.52%

*\* The total expected increase in salary is the increase due to promotions and longevity, adjusted for an assumed 4.00% per annum increase in the general wage level of the membership. The total result is compounded rather than additive.*

## San Mateo County Employees' Retirement Association

### Appendix A: Rates of Separation From Active Service Tables A-6 to A-11

A schedule of the probabilities of termination of employment due to the following causes can be found on the following pages:

Service Retirement:	Member retires after meeting age and service requirements for reasons other than disability.
Withdrawal:	Member terminates and elects a refund of member contributions, or a deferred vested retirement benefit.
Service Disability:	Member receives disability retirement; disability is service related.
Ordinary Disability:	Member receives disability retirement; disability is not service related.
Service Death:	Member dies before retirement; death is service related.
Ordinary Death:	Member dies before retirement; death is not service related.

Each rate represents the probability that a member will separate from service at each age due to the particular cause. For example, a rate of 0.0300 for a member's service retirement at age 50 means we assume that 30 out of 1,000 members who are age 50 will retire at that age.

Each table represents the detailed rates needed for each *SamCERA* plan by sex:

Table A-6: General Plan 1, 2 & 4 Males	A-10: Safety Plans 1, 2 & 4 Males
A-7: General Plan 1, 2 & 4 Females	A-11: Safety Plans 1, 2 & 4 Females
A-8: General Plan 3 Males	
A-9: General Plan 3 Females	

## San Mateo County Employees' Retirement Association

**Table A-6: Rate of Separation From Active Service  
General Plans 1, 2 & 4 – Male**

Age	Service Retirement*	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	0.0004	0.0002	N/A	0.0003	0	0.1300
19	0.0000	0.0004	0.0002	N/A	0.0003	1	0.1100
20	0.0000	0.0004	0.0002	N/A	0.0003	2	0.0900
21	0.0000	0.0004	0.0002	N/A	0.0003	3	0.0800
22	0.0000	0.0004	0.0002	N/A	0.0003	4	0.0700
23	0.0000	0.0004	0.0002	N/A	0.0003	5	0.0633
24	0.0000	0.0004	0.0002	N/A	0.0004	6	0.0567
25	0.0000	0.0004	0.0002	N/A	0.0004	7	0.0500
26	0.0000	0.0004	0.0002	N/A	0.0004	8	0.0470
27	0.0000	0.0004	0.0002	N/A	0.0004	9	0.0440
28	0.0000	0.0004	0.0002	N/A	0.0004	10	0.0410
29	0.0000	0.0004	0.0003	N/A	0.0004	11	0.0380
30	0.0000	0.0004	0.0003	N/A	0.0004	12	0.0350
31	0.0000	0.0005	0.0003	N/A	0.0004	13	0.0330
32	0.0000	0.0005	0.0003	N/A	0.0004	14	0.0310
33	0.0000	0.0005	0.0004	N/A	0.0004	15	0.0290
34	0.0000	0.0006	0.0004	N/A	0.0005	16	0.0270
35	0.0000	0.0006	0.0004	N/A	0.0006	17	0.0250
36	0.0000	0.0007	0.0004	N/A	0.0006	18	0.0230
37	0.0000	0.0007	0.0005	N/A	0.0007	19	0.0210
38	0.0000	0.0008	0.0005	N/A	0.0008	20	0.0190
39	0.0000	0.0008	0.0006	N/A	0.0008	21	0.0170
40	0.0000	0.0010	0.0006	N/A	0.0009	22	0.0150
41	0.0000	0.0010	0.0007	N/A	0.0010	23	0.0140
42	0.0000	0.0011	0.0007	N/A	0.0010	24	0.0130
43	0.0000	0.0011	0.0008	N/A	0.0011	25	0.0120
44	0.0000	0.0012	0.0008	N/A	0.0011	26	0.0110
45	0.0000	0.0013	0.0009	N/A	0.0012	27	0.0100
46	0.0000	0.0014	0.0009	N/A	0.0013	28	0.0100
47	0.0000	0.0014	0.0010	N/A	0.0014	29	0.0100
48	0.0000	0.0015	0.0010	N/A	0.0015	30 & Above	0.0000
49	0.0000	0.0016	0.0010	N/A	0.0016		
50	0.0500	0.0016	0.0010	N/A	0.0017		
51	0.0450	0.0016	0.0011	N/A	0.0019		
52	0.0450	0.0017	0.0011	N/A	0.0020		
53	0.0500	0.0017	0.0012	N/A	0.0021		
54	0.0500	0.0018	0.0012	N/A	0.0023		
55	0.0600	0.0018	0.0012	N/A	0.0024		
56	0.0600	0.0019	0.0012	N/A	0.0026		
57	0.0800	0.0019	0.0013	N/A	0.0028		
58	0.1200	0.0020	0.0014	N/A	0.0030		
59	0.1200	0.0021	0.0014	N/A	0.0033		
60	0.1500	0.0022	0.0015	N/A	0.0036		
61	0.2000	0.0023	0.0015	N/A	0.0040		
62	0.3250	0.0024	0.0016	N/A	0.0044		
63	0.2500	0.0025	0.0017	N/A	0.0049		
64	0.2500	0.0026	0.0018	N/A	0.0054		
65	0.2500	0.0028	0.0018	N/A	0.0059		
66	0.3500	0.0029	0.0019	N/A	0.0065		
67	0.3500	0.0030	0.0020	N/A	0.0070		
68	0.3000	0.0031	0.0021	N/A	0.0076		
69	0.3000	0.0032	0.0022	N/A	0.0081		
70	1.0000	0.0000	0.0000	N/A	0.0000		

\* 100% probability of retirement is assumed at ages 62 and above with 38 or more years of service.

## San Mateo County Employees' Retirement Association

**Table A-7: Rate of Separation From Active Service  
General Plans 1, 2 & 4 – Female**

Age	Service Retirement*	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	0.0003	0.0002	N/A	0.0002	0	0.1200
19	0.0000	0.0003	0.0002	N/A	0.0002	1	0.1000
20	0.0000	0.0003	0.0002	N/A	0.0002	2	0.0850
21	0.0000	0.0003	0.0002	N/A	0.0002	3	0.0750
22	0.0000	0.0003	0.0002	N/A	0.0002	4	0.0700
23	0.0000	0.0003	0.0002	N/A	0.0002	5	0.0633
24	0.0000	0.0003	0.0002	N/A	0.0002	6	0.0567
25	0.0000	0.0003	0.0002	N/A	0.0002	7	0.0500
26	0.0000	0.0003	0.0002	N/A	0.0002	8	0.0455
27	0.0000	0.0003	0.0002	N/A	0.0002	9	0.0410
28	0.0000	0.0003	0.0002	N/A	0.0002	10	0.0365
29	0.0000	0.0003	0.0002	N/A	0.0002	11	0.0320
30	0.0000	0.0004	0.0002	N/A	0.0002	12	0.0275
31	0.0000	0.0004	0.0002	N/A	0.0002	13	0.0270
32	0.0000	0.0004	0.0002	N/A	0.0002	14	0.0265
33	0.0000	0.0004	0.0003	N/A	0.0003	15	0.0260
34	0.0000	0.0004	0.0003	N/A	0.0003	16	0.0255
35	0.0000	0.0005	0.0003	N/A	0.0003	17	0.0250
36	0.0000	0.0005	0.0003	N/A	0.0004	18	0.0230
37	0.0000	0.0005	0.0004	N/A	0.0004	19	0.0210
38	0.0000	0.0006	0.0004	N/A	0.0005	20	0.0190
39	0.0000	0.0006	0.0004	N/A	0.0005	21	0.0170
40	0.0000	0.0007	0.0004	N/A	0.0006	22	0.0150
41	0.0000	0.0007	0.0004	N/A	0.0006	23	0.0140
42	0.0000	0.0007	0.0005	N/A	0.0006	24	0.0130
43	0.0000	0.0008	0.0005	N/A	0.0007	25	0.0120
44	0.0000	0.0008	0.0006	N/A	0.0008	26	0.0110
45	0.0000	0.0010	0.0006	N/A	0.0009	27	0.0100
46	0.0000	0.0010	0.0007	N/A	0.0009	28	0.0100
47	0.0000	0.0011	0.0007	N/A	0.0010	29	0.0100
48	0.0000	0.0013	0.0009	N/A	0.0011	30 & Above	0.0000
49	0.0000	0.0015	0.0010	N/A	0.0012		
50	0.0400	0.0017	0.0012	N/A	0.0013		
51	0.0400	0.0019	0.0013	N/A	0.0014		
52	0.0400	0.0022	0.0014	N/A	0.0016		
53	0.0400	0.0023	0.0015	N/A	0.0017		
54	0.0500	0.0023	0.0016	N/A	0.0018		
55	0.0600	0.0025	0.0016	N/A	0.0020		
56	0.0600	0.0025	0.0017	N/A	0.0021		
57	0.0800	0.0026	0.0018	N/A	0.0023		
58	0.1200	0.0027	0.0018	N/A	0.0025		
59	0.1200	0.0028	0.0018	N/A	0.0028		
60	0.1500	0.0029	0.0019	N/A	0.0030		
61	0.2000	0.0029	0.0020	N/A	0.0033		
62	0.3000	0.0030	0.0020	N/A	0.0036		
63	0.2500	0.0030	0.0020	N/A	0.0039		
64	0.2500	0.0030	0.0020	N/A	0.0043		
65	0.3000	0.0030	0.0020	N/A	0.0047		
66	0.4000	0.0030	0.0020	N/A	0.0050		
67	0.4000	0.0030	0.0020	N/A	0.0054		
68	0.3000	0.0030	0.0020	N/A	0.0058		
69	0.3000	0.0030	0.0020	N/A	0.0062		
70	1.0000	0.0000	0.0000	N/A	0.0000		

\* 100% probability of retirement is assumed at ages 62 and above with 38 or more years of service.

## San Mateo County Employees' Retirement Association

**Table A-8: Rate of Separation From Active Service  
General Plan 3 – Male**

Age	Service Retirement	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	N/A	N/A	N/A	0.0003	0	0.1300
19	0.0000	N/A	N/A	N/A	0.0003	1	0.1100
20	0.0000	N/A	N/A	N/A	0.0003	2	0.0900
21	0.0000	N/A	N/A	N/A	0.0003	3	0.0800
22	0.0000	N/A	N/A	N/A	0.0003	4	0.0700
23	0.0000	N/A	N/A	N/A	0.0003	5	0.0633
24	0.0000	N/A	N/A	N/A	0.0004	6	0.0567
25	0.0000	N/A	N/A	N/A	0.0004	7	0.0500
26	0.0000	N/A	N/A	N/A	0.0004	8	0.0470
27	0.0000	N/A	N/A	N/A	0.0004	9	0.0440
28	0.0000	N/A	N/A	N/A	0.0004	10	0.0410
29	0.0000	N/A	N/A	N/A	0.0004	11	0.0380
30	0.0000	N/A	N/A	N/A	0.0004	12	0.0350
31	0.0000	N/A	N/A	N/A	0.0004	13	0.0330
32	0.0000	N/A	N/A	N/A	0.0004	14	0.0310
33	0.0000	N/A	N/A	N/A	0.0004	15	0.0290
34	0.0000	N/A	N/A	N/A	0.0005	16	0.0270
35	0.0000	N/A	N/A	N/A	0.0006	17	0.0250
36	0.0000	N/A	N/A	N/A	0.0006	18	0.0230
37	0.0000	N/A	N/A	N/A	0.0007	19	0.0210
38	0.0000	N/A	N/A	N/A	0.0008	20	0.0190
39	0.0000	N/A	N/A	N/A	0.0008	21	0.0170
40	0.0000	N/A	N/A	N/A	0.0009	22	0.0150
41	0.0000	N/A	N/A	N/A	0.0010	23	0.0140
42	0.0000	N/A	N/A	N/A	0.0010	24	0.0130
43	0.0000	N/A	N/A	N/A	0.0011	25	0.0120
44	0.0000	N/A	N/A	N/A	0.0011	26	0.0110
45	0.0000	N/A	N/A	N/A	0.0012	27	0.0100
46	0.0000	N/A	N/A	N/A	0.0013	28	0.0100
47	0.0000	N/A	N/A	N/A	0.0014	29	0.0100
48	0.0000	N/A	N/A	N/A	0.0015	30 & Above	0.0100
49	0.0000	N/A	N/A	N/A	0.0016		
50	0.0000	N/A	N/A	N/A	0.0017		
51	0.0000	N/A	N/A	N/A	0.0019		
52	0.0000	N/A	N/A	N/A	0.0020		
53	0.0000	N/A	N/A	N/A	0.0021		
54	0.0000	N/A	N/A	N/A	0.0023		
55	0.0300	N/A	N/A	N/A	0.0024		
56	0.0300	N/A	N/A	N/A	0.0026		
57	0.0300	N/A	N/A	N/A	0.0028		
58	0.0300	N/A	N/A	N/A	0.0030		
59	0.0300	N/A	N/A	N/A	0.0033		
60	0.0300	N/A	N/A	N/A	0.0036		
61	0.0600	N/A	N/A	N/A	0.0040		
62	0.1500	N/A	N/A	N/A	0.0044		
63	0.1000	N/A	N/A	N/A	0.0049		
64	0.1500	N/A	N/A	N/A	0.0054		
65	0.3000	N/A	N/A	N/A	0.0059		
66	0.3000	N/A	N/A	N/A	0.0065		
67	0.3000	N/A	N/A	N/A	0.0070		
68	0.3000	N/A	N/A	N/A	0.0076		
69	0.3000	N/A	N/A	N/A	0.0081		
70	1.0000	N/A	N/A	N/A	0.0000		



## San Mateo County Employees' Retirement Association

**Table A-9: Rate of Separation From Active Service  
General Plan 3 – Female**

<u>Age</u>	<u>Service Retirement</u>	<u>Service Disability</u>	<u>Ordinary Disability</u>	<u>Service Death</u>	<u>Ordinary Death</u>	<u>Years of Service</u>	<u>Other Terminations</u>
18	0.0000	N/A	N/A	N/A	0.0002	0	0.1200
19	0.0000	N/A	N/A	N/A	0.0002	1	0.1000
20	0.0000	N/A	N/A	N/A	0.0002	2	0.0850
21	0.0000	N/A	N/A	N/A	0.0002	3	0.0750
22	0.0000	N/A	N/A	N/A	0.0002	4	0.0700
23	0.0000	N/A	N/A	N/A	0.0002	5	0.0633
24	0.0000	N/A	N/A	N/A	0.0002	6	0.0567
25	0.0000	N/A	N/A	N/A	0.0002	7	0.0500
26	0.0000	N/A	N/A	N/A	0.0002	8	0.0455
27	0.0000	N/A	N/A	N/A	0.0002	9	0.0410
28	0.0000	N/A	N/A	N/A	0.0002	10	0.0365
29	0.0000	N/A	N/A	N/A	0.0002	11	0.0320
30	0.0000	N/A	N/A	N/A	0.0002	12	0.0275
31	0.0000	N/A	N/A	N/A	0.0002	13	0.0270
32	0.0000	N/A	N/A	N/A	0.0002	14	0.0265
33	0.0000	N/A	N/A	N/A	0.0003	15	0.0260
34	0.0000	N/A	N/A	N/A	0.0003	16	0.0255
35	0.0000	N/A	N/A	N/A	0.0003	17	0.0250
36	0.0000	N/A	N/A	N/A	0.0004	18	0.0230
37	0.0000	N/A	N/A	N/A	0.0004	19	0.0210
38	0.0000	N/A	N/A	N/A	0.0005	20	0.0190
39	0.0000	N/A	N/A	N/A	0.0005	21	0.0170
40	0.0000	N/A	N/A	N/A	0.0006	22	0.0150
41	0.0000	N/A	N/A	N/A	0.0006	23	0.0140
42	0.0000	N/A	N/A	N/A	0.0006	24	0.0130
43	0.0000	N/A	N/A	N/A	0.0007	25	0.0120
44	0.0000	N/A	N/A	N/A	0.0008	26	0.0110
45	0.0000	N/A	N/A	N/A	0.0009	27	0.0100
46	0.0000	N/A	N/A	N/A	0.0009	28	0.0100
47	0.0000	N/A	N/A	N/A	0.0010	29	0.0100
48	0.0000	N/A	N/A	N/A	0.0011	30 & Above	0.0100
49	0.0000	N/A	N/A	N/A	0.0012		
50	0.0000	N/A	N/A	N/A	0.0013		
51	0.0000	N/A	N/A	N/A	0.0014		
52	0.0000	N/A	N/A	N/A	0.0016		
53	0.0000	N/A	N/A	N/A	0.0017		
54	0.0000	N/A	N/A	N/A	0.0018		
55	0.0400	N/A	N/A	N/A	0.0020		
56	0.0400	N/A	N/A	N/A	0.0021		
57	0.0400	N/A	N/A	N/A	0.0023		
58	0.0400	N/A	N/A	N/A	0.0025		
59	0.0400	N/A	N/A	N/A	0.0028		
60	0.0400	N/A	N/A	N/A	0.0030		
61	0.0600	N/A	N/A	N/A	0.0033		
62	0.1500	N/A	N/A	N/A	0.0036		
63	0.1000	N/A	N/A	N/A	0.0039		
64	0.1500	N/A	N/A	N/A	0.0043		
65	0.3000	N/A	N/A	N/A	0.0047		
66	0.3000	N/A	N/A	N/A	0.0050		
67	0.3000	N/A	N/A	N/A	0.0054		
68	0.3000	N/A	N/A	N/A	0.0058		
69	0.3000	N/A	N/A	N/A	0.0062		
70	1.0000	N/A	N/A	N/A	0.0000		

## San Mateo County Employees' Retirement Association

**Table A-10: Rate of Separation From Active Service  
Safety & Probation Plans – Male**

Age	Service Retirement*	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	0.0015	0.0000	0.0010	0.0003	0	0.0700
19	0.0000	0.0015	0.0000	0.0010	0.0003	1	0.0650
20	0.0000	0.0015	0.0000	0.0010	0.0003	2	0.0450
21	0.0000	0.0015	0.0000	0.0010	0.0003	3	0.0300
22	0.0000	0.0015	0.0000	0.0010	0.0003	4	0.0250
23	0.0000	0.0015	0.0000	0.0010	0.0003	5	0.0233
24	0.0000	0.0015	0.0000	0.0010	0.0004	6	0.0217
25	0.0000	0.0015	0.0000	0.0010	0.0004	7	0.0200
26	0.0000	0.0015	0.0000	0.0010	0.0004	8	0.0185
27	0.0000	0.0015	0.0000	0.0010	0.0004	9	0.0170
28	0.0000	0.0016	0.0000	0.0010	0.0004	10	0.0155
29	0.0000	0.0017	0.0000	0.0010	0.0004	11	0.0140
30	0.0000	0.0018	0.0000	0.0010	0.0004	12	0.0125
31	0.0000	0.0019	0.0000	0.0010	0.0004	13	0.0120
32	0.0000	0.0020	0.0000	0.0010	0.0004	14	0.0115
33	0.0000	0.0021	0.0000	0.0010	0.0004	15	0.0110
34	0.0000	0.0022	0.0000	0.0010	0.0005	16	0.0105
35	0.0000	0.0023	0.0000	0.0010	0.0006	17	0.0100
36	0.0000	0.0024	0.0000	0.0010	0.0006	18	0.0080
37	0.0000	0.0025	0.0000	0.0010	0.0007	19	0.0060
38	0.0000	0.0026	0.0000	0.0010	0.0008	20 & Above	0.0000
39	0.0000	0.0027	0.0000	0.0010	0.0008		
40	0.0000	0.0028	0.0000	0.0010	0.0009		
41	0.0000	0.0029	0.0000	0.0010	0.0010		
42	0.0000	0.0030	0.0000	0.0010	0.0010		
43	0.0000	0.0031	0.0000	0.0010	0.0011		
44	0.0000	0.0032	0.0000	0.0010	0.0011		
45	0.0000	0.0033	0.0000	0.0010	0.0012		
46	0.0000	0.0034	0.0000	0.0010	0.0013		
47	0.0000	0.0035	0.0000	0.0010	0.0014		
48	0.0000	0.0038	0.0000	0.0010	0.0015		
49	0.0000	0.0041	0.0000	0.0010	0.0016		
50	0.1500	0.0044	0.0000	0.0010	0.0017		
51	0.1500	0.0047	0.0000	0.0010	0.0019		
52	0.1500	0.0050	0.0000	0.0010	0.0020		
53	0.2000	0.0064	0.0000	0.0010	0.0021		
54	0.1300	0.0078	0.0000	0.0010	0.0023		
55	0.3000	0.0092	0.0000	0.0010	0.0024		
56	0.2500	0.0106	0.0000	0.0010	0.0026		
57	0.2000	0.0120	0.0000	0.0010	0.0028		
58	0.2500	0.0108	0.0000	0.0010	0.0030		
59	0.2500	0.0096	0.0000	0.0010	0.0033		
60	1.0000	0.0000	0.0000	0.0000	0.0000		

\* 100% probability of retirement is assumed at ages 50 and above with 33 or more years of service.

## San Mateo County Employees' Retirement Association

**Table A-11: Rate of Separation From Active Service  
Safety & Probation Plans – Female**

Age	Service Retirement*	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	0.0015	0.0000	0.0010	0.0002	0	0.0700
19	0.0000	0.0015	0.0000	0.0010	0.0002	1	0.0650
20	0.0000	0.0015	0.0000	0.0010	0.0002	2	0.0450
21	0.0000	0.0015	0.0000	0.0010	0.0002	3	0.0300
22	0.0000	0.0015	0.0000	0.0010	0.0002	4	0.0250
23	0.0000	0.0015	0.0000	0.0010	0.0002	5	0.0233
24	0.0000	0.0015	0.0000	0.0010	0.0002	6	0.0217
25	0.0000	0.0015	0.0000	0.0010	0.0002	7	0.0200
26	0.0000	0.0015	0.0000	0.0010	0.0002	8	0.0185
27	0.0000	0.0015	0.0000	0.0010	0.0002	9	0.0170
28	0.0000	0.0016	0.0000	0.0010	0.0002	10	0.0155
29	0.0000	0.0017	0.0000	0.0010	0.0002	11	0.0140
30	0.0000	0.0018	0.0000	0.0010	0.0002	12	0.0125
31	0.0000	0.0019	0.0000	0.0010	0.0002	13	0.0120
32	0.0000	0.0020	0.0000	0.0010	0.0002	14	0.0115
33	0.0000	0.0021	0.0000	0.0010	0.0003	15	0.0110
34	0.0000	0.0022	0.0000	0.0010	0.0003	16	0.0105
35	0.0000	0.0023	0.0000	0.0010	0.0003	17	0.0100
36	0.0000	0.0024	0.0000	0.0010	0.0004	18	0.0080
37	0.0000	0.0025	0.0000	0.0010	0.0004	19	0.0060
38	0.0000	0.0026	0.0000	0.0010	0.0005	20 & Above	0.0000
39	0.0000	0.0027	0.0000	0.0010	0.0005		
40	0.0000	0.0028	0.0000	0.0010	0.0006		
41	0.0000	0.0029	0.0000	0.0010	0.0006		
42	0.0000	0.0030	0.0000	0.0010	0.0006		
43	0.0000	0.0031	0.0000	0.0010	0.0007		
44	0.0000	0.0032	0.0000	0.0010	0.0008		
45	0.0000	0.0033	0.0000	0.0010	0.0009		
46	0.0000	0.0034	0.0000	0.0010	0.0009		
47	0.0000	0.0035	0.0000	0.0010	0.0010		
48	0.0000	0.0038	0.0000	0.0010	0.0011		
49	0.0000	0.0041	0.0000	0.0010	0.0012		
50	0.1500	0.0044	0.0000	0.0010	0.0013		
51	0.1500	0.0047	0.0000	0.0010	0.0014		
52	0.1500	0.0050	0.0000	0.0010	0.0016		
53	0.2000	0.0064	0.0000	0.0010	0.0017		
54	0.1300	0.0078	0.0000	0.0010	0.0018		
55	0.3000	0.0092	0.0000	0.0010	0.0020		
56	0.2500	0.0106	0.0000	0.0010	0.0021		
57	0.2000	0.0120	0.0000	0.0010	0.0023		
58	0.2500	0.0108	0.0000	0.0010	0.0025		
59	0.2500	0.0096	0.0000	0.0010	0.0028		
60	1.0000	0.0000	0.0000	0.0000	0.0000		

\* 100% probability of retirement is assumed at ages 50 and above with 33 or more years of service.

# San Mateo County Employees' Retirement Association

## Appendix B: Summary of Benefit Provisions



All actuarial calculations are based on our understanding of the statutes governing the *SamCERA* as contained in the County Employees Retirement Law (CERL) of 1937, with provisions adopted by the *SamCERA* Board, effective through June 30, 2010. The benefit and contribution provisions of this law are summarized briefly below, along with corresponding references to the State Code. This summary does not attempt to cover all the detailed provisions of the law.

**Government  
Code Section**

### MEMBERSHIP IN RETIREMENT PLANS

The County has established ten defined benefit plans based on a member's date of entry into *SamCERA*. Plans 1, 2 & 4 are open to all members depending on their date of entry. Only General members are eligible for Plan 3.

Employees of the Mosquito and Vector Control District are eligible for participation in all General retirement plans, except for Plan 3.

**Plan 1:** Employees hired on July 6, 1980 and earlier.

**Plan 2:** Employees hired after July 6, 1980, but on or before July 12, 1997.

**Plan 3:** General members may elect to participate in Plan 3. After five years of service, Plan 3 members can elect membership under the open contributory plan. Members currently working in a contributory plan with Plan 3 service may purchase an upgrade of their Plan 3 service. (31496)

**Plan 4:** Employees hired after July 12, 1997 (if Plan 3 not elected).

**MEMBER CONTRIBUTIONS**

<b>Basic: All Plans Except 3:</b>	<p>Contributions are based on the entry age and class of each member and are required of all members in all plans except Plan 3. See section 5 for details on this calculation. Current member rates are shown in Appendix D.</p> <p>Contributions cease when general members are credited with 30 years of service in a contributory plan provided they were members of <i>SamCERA</i> or a reciprocal system on March 7, 1973, and continuously thereafter. All safety members are eligible for the 30-year cessation of contributions. This provision does not apply to cost-sharing contributions.</p> <p>Interest is credited to contributions semiannually on June 30 and December 31 at an interest rate set by the Board of Retirement on amounts that have been on deposit for at least six months.</p>	<p>(31625.2, 31664.1)</p> <p>(31591, 31700)</p>										
<b>Plan 3:</b>	No member contributions are required under Plan 3.											
<b>Cost-of-Living: Plans 1, 2 &amp; 4:</b>	<p>Members of the California Nurses Association contribute 25% of the cost of the COLA, in addition to other current member rates and cost sharing.</p> <p>No other Plan 1, 2 &amp; 4 members contribute towards the cost-of-living benefit.</p>											
<b>Cost-Sharing: Plans 1, 2 &amp; 4:</b>	<p><b>General County members:</b> Members contribute basic rate plus 3.0%.</p> <p><b>Safety members (except Deputy Sheriffs):</b> Members contribute basic rate plus 5.0%.</p> <p><b>Safety members (Deputy Sheriffs only):</b> Members contribute basic rate plus varying cost-sharing rates based on age and service:</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-left: 20px;">If age 45 or older</td> <td style="text-align: right;">4.5%</td> </tr> <tr> <td style="padding-left: 20px;">If age is less than 45</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">▪ Service is less than 5 years:</td> <td style="text-align: right;">3.0%</td> </tr> <tr> <td style="padding-left: 40px;">▪ Service between 5 &amp; 15 years:</td> <td style="text-align: right;">3.5%</td> </tr> <tr> <td style="padding-left: 40px;">▪ Service is more than 15 years</td> <td style="text-align: right;">4.5%</td> </tr> </table> <p><b>Probation members:</b> Members contribute basic rate plus 3.5%.</p>	If age 45 or older	4.5%	If age is less than 45		▪ Service is less than 5 years:	3.0%	▪ Service between 5 & 15 years:	3.5%	▪ Service is more than 15 years	4.5%	<p>(31678.2)</p>
If age 45 or older	4.5%											
If age is less than 45												
▪ Service is less than 5 years:	3.0%											
▪ Service between 5 & 15 years:	3.5%											
▪ Service is more than 15 years	4.5%											

**MEMBER CONTRIBUTIONS (Continued)**

**Employer Pick-Up:**

**General members:** The County provides a variety of refundable service-based employer pick-up of contribution programs for members in several of its unions. (31581.2)

Employer rates have not been adjusted to reflect the payment of the refundable employer pick-up of member contributions programs because the county payroll system captures these costs on a pay-as-you-go basis while processing each individual's biweekly pay.

**Safety members:** The County provides a variety of refundable service-based employer pick-up of contribution programs for members in several of its unions. (31678.2)

Employer rates have not been adjusted to reflect the payment of the refundable employer pick-up of member contributions programs because the county payroll system captures these costs on a pay-as-you-go basis while processing each individual's biweekly pay.

**Probation members:** The County provides a variety of refundable service-based employer pick-up of contribution programs for members in several of its unions. (31639.85)

Employer rates have been adjusted to reflect the 20% non-refundable County pick-up, effective April 2006.

**EMPLOYER CONTRIBUTIONS**

The employer (County or district) contributes to the retirement fund a percent of the total compensation provided for all members based on an actuarial investigation, valuation and recommendation of the actuary. (31453, 31453.5, 31453.6, 31454 31581)

## SERVICE RETIREMENT ALLOWANCE

<b><u>Eligibility:</u></b> <b>Plans 1, 2 &amp; 4*</b>	<b>General members:</b> Age 50 with 10 years of service; Any age with 30 years of service; or Age 70 regardless of service.	(31672)
	<b>All Safety &amp; Probation members:</b> Age 50 with 10 years of service; Any age with 20 years of service.	(31663.25)
	<i>* For part-time employees, age 50 is replaced with age 55.</i>	(31672.1)
<b>Plan 3:</b>	Age 65 with 10 years of service. A reduced benefit is also payable at age 55 with 10 years of service.	(31496)
<b><u>Final Compensation:</u></b> <b>Plans 1 &amp; 2:</b>	Monthly average of a member's highest 12 consecutive months of compensation.	(31462.1)
<b>Plans 3 &amp; 4:</b>	Monthly average of a member's highest compensation during any three years. Years do not have to be consecutive.	[31462, 31496.3(d)]
<b><u>Compensation Limit:</u></b> <b>All Plans:</b>	The amount of compensation that is taken into account in computing benefits payable to any person who first becomes a member on or after July 1, 1996, shall not exceed the dollar limitations in Section 401(a)(17) of Title 26 of the US Code.	(31671)
<b><u>Monthly Allowance:</u></b> <b>Plans 1, 2 &amp; 4:</b>	<b>General members:</b> 1/60 x Final Compensation x General age factor x years of service.	(31676.14)
	<b>All Safety &amp; Probation members:</b> 3% x Final Compensation x Safety age factor x years of service.	(31664.1)

**SERVICE RETIREMENT ALLOWANCE (Continued)**

**Plan 3:** **General members: (a)+(b)-(c) where:** (31496)

- (a) 2% x Final Compensation x (Years of Service, (up to 35 years), plus
- (b) 1 % x Final Compensation x Years of Service in excess of 35 (up to 10)
- (c) Estimated Primary Insurance Amount (PIA) x Years of Covered Service (up to 35) divided by 35.

The PIA is calculated based on certain assumptions specified by statute, and an assumed Social Security retirement age of 65.

If retirement occurs prior to age 65, benefit amount is adjusted by an actuarial equivalent factor (see Sample Plan Age Factors).

**Percentage of Final Average Compensation at Sample Ages:**

<u>Plan</u>	<u>Age 50</u>	<u>Age 55</u>	<u>Age 60</u>	<u>Age 65 &amp; Up</u>	
County General 1,2&4	1.475%	1.948%	2.440%	2.611%	(31676.14)
SMCM&VCD*	1.475%	1.948%	2.440%	2.611%	(31676.14)
General Plan 3**	N/A	0.780%	1.220%	2.000%	(31496)
Safety & Probation	3.000%	3.000%	3.000%	3.000%	(31664.1)

\* As of the June 30, 2010 actuarial valuation, SMCM&VCD has adopted the same benefit structure as County General.

\*\* Prior to reduction for PIA benefit. Actual percentage will be less.

**Maximum Allowance:**

**Plans 1, 2 & 4:** Allowance may not exceed 100% of final compensation.

**Plan 3:** The sum of the normal retirement allowance and the estimated PIA cannot exceed 70% of Final Compensation for a member with 35 or less years of service, and cannot exceed 80% of Final Compensation if service exceeds 35 years. (31496)



**SERVICE RETIREMENT ALLOWANCE (Continued)**

**Unmodified Retirement Allowance (Normal Form):**

**Plans 1, 2 & 4:** Life Annuity payable to retired member with 60% continuance to an eligible survivor (or eligible children). (31760.1)

**Plan 3:** Life Annuity payable to retired member with 50% continuance to an eligible survivor (or eligible children). (31497.71)

Eligible survivor includes certain domestic partners. (31780.2)

**Optional Retirement Allowance:**

A member may elect to have the actuarial equivalent of the service or disability retirement allowance applied to a lesser retirement allowance during the retired member's life in order to provide an optional survivor allowance.

**Option 1:** Member's allowance is reduced to pay a cash refund of any unpaid annuity payments (up to the amount of the member's contributions at retirement) to the member's estate or to a beneficiary having an insurable interest in the life of the member. (31761)

**Option 2:** 100% of member's reduced allowance is payable to an eligible survivor or beneficiary having an insurable interest in the life of the member. (31762)

**Option 3:** 50% of member's reduced allowance is payable to an eligible survivor or beneficiary having an insurable interest in the life of the member. (31763)

**Option 4:** Other % of member's reduced allowance is payable to an eligible survivor or beneficiary(ies) having an insurable interest in the life of the member. (31764)

For Options 2, 3 or 4, the continuance will not be paid if the member revokes their election and names another beneficiary after retirement. (31782)

**All Allowances:** All allowances are made on a pro rata basis (based on the number of days in that month) if not in effect for the entire month of retirement. For deaths that occur mid-month, the full month's payment is made. (31600)

**SERVICE-CONNECTED DISABILITY RETIREMENT ALLOWANCE**

<b><u>Eligibility:</u></b>		
<b>Plans 1, 2 &amp; 4:</b>	Any age or years of service; disability must result from occupational injury or disease, and member must be permanently incapacitated for the performance of duty.	(31720, 31720.5, 31720.6, 31720.7, 31720.9)
<b>Plan 3:</b>	Not available under Plan 3.	(31487)
<b><u>Monthly Allowance:</u></b>	Greater of (1) 50% of final compensation, and (2) the service retirement allowance, if eligible to retire.	(31727.4)
<b><u>Normal Form Of Payment:</u></b>	Life Annuity with 100% continuance to a surviving spouse (or eligible children).	(31760, 31786)

**RECIPROCAL SERVICE-CONNECTED DISABILITY ALLOWANCE**

<b><u>Eligibility:</u></b>		
<b>Plans 1, 2 &amp; 4:</b>	Any member regardless of age or years of service who leaves their accumulated contributions on deposit and receives a disability retirement allowance from CalPERS or another '37 Act system. The member must be eligible for a reciprocal benefit and the disability must be service-connected.	(31837)
<b>Plan 3:</b>	Not available under Plan 3.	
<b><u>Monthly Allowance:</u></b>	Same as nonservice-connected disability, but in no case shall the allowance be greater than if all service was with one entity.	(31837, 31838.5)
<b><u>Normal Form of Payment:</u></b>	Life Annuity with 100% continuance to a surviving spouse (or eligible children).	(31760, 31786)

## NONSERVICE-CONNECTED DISABILITY RETIREMENT ALLOWANCE

<b><u>Eligibility:</u></b>		
<b>Plans 1, 2 &amp; 4:</b>	Any age with five years of service and permanently incapacitated for the performance of duty.	(31720, 31836)
<b>Plan 3:</b>	Not available under Plan 3.	(31487)
<b><u>Monthly Allowance:</u></b>		
	The monthly allowance is equal to a service retirement allowance if the member is eligible to retire, otherwise allowance equals (a) or (b) where:	(31726, 31726.5)
<b>General Members:</b>	(a) 90% of 1/60th of Final Compensation x years of service, if member must rely on service in another retirement system in order to be eligible to retire, or allowance exceeds 1/3 of final compensation.	(31727(a))
	(b) 90% of 1/60th of Final Compensation x years of service projected to age 65, not to exceed 1/3 of Final Compensation.	(31727(b))
<b>Safety Members:</b>	1/60 is replaced by 1/50 and age 65 is replaced by age 55 in (a) and (b) above.	(31727.2)
<b><u>Normal Form Of Payment:</u></b>	Life Annuity with 60% continuance to a surviving spouse (or eligible children).	(31760.1)

## SERVICE-CONNECTED DEATH BENEFITS

<b><u>Eligibility</u></b>		
<b>Plans 1, 2 &amp; 4:</b>	Active members who die in service as a result of injury or disease arising out of and in the course of employment.	(31787)
<b>Plan 3:</b>	Not available under Plan 3.	(31487)
<b><u>Monthly Allowance:</u></b>		
	An annual death allowance is payable monthly to an eligible survivor (or eligible children) equal to 50% of the member's Final Compensation.	(31787)

**SERVICE-CONNECTED DEATH BENEFITS (Continued)**

**Optional Combined Benefit:** (31781.3)

In lieu of the monthly allowance above, an eligible survivor may elect:

- (a) A lump sum equal to 1/12 of the compensation earned in the preceding 12 months x years of service (benefit not to exceed 50% of the 12 months' compensation), plus
- (b) A monthly payment equal to 50% of the member's Final Compensation, reduced by a monthly amount, which is the actuarial equivalent of (a) above based on the age of eligible survivor.

**Death Benefit (Lump Sum):** (31781)

The member's normal contributions and interest, plus 1/12 of the compensation earned in the preceding 12 months x years of service (benefit not to exceed 50% of the 12 months' compensation).

**Additional Allowance for Children:** (31787.5)

25% of death allowance (whether or not the monthly allowance or combined benefit is chosen) for one child, 40% for two children, and 50% for three or more children.

**Additional Amount for Spouse of Safety Member:** (31787.6)

An eligible survivor of a safety member is also entitled to receive a lump-sum death benefit equal to 12 x monthly rate of compensation at the time of member's death in addition to all other benefits.

**Note:** For valuation purposes, an unmarried member is assumed to take the lump sum benefit. A married member is assumed to take the monthly allowance or the lump sum, whichever is more valuable.

**NONSERVICE-CONNECTED DEATH BENEFITS**

**Eligibility:**

**Plans 1, 2 & 4** Active members who die while in service or while physically or mentally incapacitated for the performance of duty. (31780)

**Plan 3:** Not available under Plan 3.

**Death Benefit (Lump Sum):** (31781)

The member's normal contributions and interest, plus 1/12 of the Compensation earned in preceding 12 months x the number of completed years of service (benefit not to exceed 50% of the 12 months' compensation).

**Optional Death Benefit:**

In lieu of the lump-sum death benefit, several optional death benefits are available to provide flexibility to survivors, as follows.

**First Optional Death Benefit:** (31781.1)

If a member who would have been entitled to a nonservice-connected disability retirement allowance dies prior to retirement as a result of such disability, the eligible survivor (or eligible children) may elect to receive an optional death allowance equal to 60% of the monthly retirement allowance to which the member would have been entitled as of the date of death.

**Second Optional Death Benefit:** (31781.2, 31765.2)

If a member dies prior to reaching the minimum retirement age but has 10 or more years of service, an eligible survivor (or eligible children) may elect to leave the amount of the death benefit on deposit until the earliest date the member could have retired and at that time receive the allowance provided for in 31765.2 (a 60% continuance).

**Third Optional Death Benefit:**

An eligible survivor of a member who dies after five years of service may elect a combined benefit equal to:

(a) A lump sum equal to 1/12 of the compensation earnable in the preceding 12 months x the number of completed years of service (benefit not to exceed 50% of the 12 months' compensation), plus (31781.3)

(b) A monthly payment equal to 60% of the monthly retirement allowance to which the member would have been entitled if the member retired or had been retired for a nonservice-connected disability as of the date of death, reduced by a monthly amount which is the actuarial equivalent of (a) above based on the age of the eligible survivor. (31781.1)

**NONSERVICE-CONNECTED DEATH BENEFITS (Continued)**

**Fourth Optional Death Benefit:**

If a member dies while eligible for a service retirement and the eligible survivor is designated as beneficiary, the spouse (or eligible children) may elect to receive 60% of the monthly retirement allowance to which the member would have been entitled as of the date of death. (31765.1)

Note for Third and Fourth Optional Death Benefits: In order to leave the eligible survivor the greatest benefit, the member is assumed to have retired for nonservice-connected disability, elected the Option 2 retirement allowance, and then died the next day.

**Fifth Optional Death Benefit:**

If a member dies while eligible for a service retirement and the eligible survivor is designated as beneficiary and survives the member by not less than 30 days the spouse (or eligible children) may elect to receive the same retirement allowance as the spouse would have received had the member retired on the date of death and selected Option 3. (31765)

**Note:** For valuation purposes, an unmarried member is assumed to take the lump sum benefit. A married member is assumed to receive an annuity or a lump-sum, whichever is more valuable. The annuity is equal to the Option 2-100% Continuance calculation for the larger of either (1) a non-service connected disability benefit or (2) the member's earned service retirement benefit (if eligible).

**DEFERRED VESTED BENEFITS**

**Eligibility:**

**Plans 1, 2 & 4:** Age 50 with 10 years of membership. Member contributions must be left on deposit and the member must have terminated with five years of service or entered a reciprocal agency. Members are eligible for service retirement when they would have reached eligibility if they would have remained in an active position. (31700)

**Plan 3:** Age 55 with 10 years of service. (31496)

**Monthly Allowance:**

**Plans 1, 2 & 4:** Same as service retirement allowance; payable anytime after the member would have been eligible for service retirement. (31703, 31704, 31705)

If a terminated member dies before the effective date of the deferred retirement allowance, the member's accumulated contributions are paid to the estate or to the named beneficiary. (31702)

**Plan 3:** Same as service retirement allowance at normal retirement age 65 or in an actuarially equivalent reduced amount at early retirement, after age 55. (31496)

No benefit is paid for death while deferred.

**COST-OF-LIVING INCREASES**

<p>Cost-of-living increases (or decreases) are applied to all retirement allowances (service and disability), optional death allowances, and annual death allowances effective April 1, based on changes in the Consumer Price Index (CPI) from the previous January 1 to the current January 1, to the nearest ½ of 1%.</p>		<p>(31870, 31870.1, 31870.2, 31874.4)</p>
<b>Plan 1:</b>	<p><b>General &amp; Safety</b> Members (and their beneficiaries) are limited to a maximum 5% cost-of-living increase.</p>	<p>(31870.2)</p>
	<p><b>Probation</b> Members (and their beneficiaries) are limited to a maximum 3% cost-of-living increase.</p>	<p>(31870.1)</p>
<b>Plan 2:</b>	<p><b>All members</b> Members (and their beneficiaries) are limited to a maximum 3% cost-of-living increase.</p>	<p>(31870.1)</p>
<b>Plan 3:</b>	<p><b>Plan 3</b> does not have a COLA.</p>	<p>(31487)</p>
<b>Plan 4:</b>	<p><b>All members</b> Members (and their beneficiaries) are limited to a maximum 2% cost-of-living increase.</p>	<p>(31870)</p>
<b>COLA Bank</b>		
<b>Plan 1:</b>	<p>When the CPI exceeds the applicable percentage (3% or 5%), the difference between the actual CPI and the maximum cost-of-living increase given in any year is credited to the COLA Accumulation (COLA Bank). It may be used in future years to provide cost-of-living increases when the CPI falls below the applicable percentage.</p>	<p>(31870.1, 31870.2)</p>
<b>Plans 2 &amp; 4:</b>	<p>Plans 2 &amp; 4 do not have a COLA bank.</p>	<p>(31874.4)</p>



## San Mateo County Employees' Retirement Association

### Appendix C: Valuation Data and Schedules

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Data on *SamCERA* membership as of June 30, 2011 was supplied to us by the system staff. On the following table, Exhibit C-1, we present a summary of *SamCERA* membership at June 30, 2010 for active members. Similar information is shown in Exhibit C-2 for deferred vested members and Exhibits C-3a and C-3b for retired members.

Note that salary amounts shown are annualized amounts based on the biweekly pay for the period prior to the valuation date. If the annualized amount was less than the total prior earnings, total prior year earnings were used.

Additional statistical data on both active and retired members is shown in the following tables.

Exhibit C-4: Age, Service, Compensation Distribution of Active Members

Exhibit C-5: Age, Retirement Year, Benefit Amount and Plan Distribution of Retired Members

Exhibits C-4 and C-5 are shown for all plans combined as well as for classification separately.

## San Mateo County Employees' Retirement Association

### Exhibit C-1: SamCERA Membership – Active Members as of June 30, 2011

	Total Number	Annual Salary	Average Age	Average Monthly Salary	Average Credited Service
<b>General Members</b>					
Plan 1	63	\$ 5,768,418	59.8	\$ 7,630	32.3
Plan 2	1,102	95,315,230	53.0	7,208	20.6
Plan 3	151	10,814,486	44.4	5,968	8.6
Plan 4	3,178	243,978,581	43.7	6,398	6.7
<b>Total</b>	<b>4,494</b>	<b>\$ 355,876,715</b>	<b>46.2</b>	<b>\$ 6,599</b>	<b>10.5</b>
<b>Safety Members</b>					
Plan 1	6	\$ 869,223	60.7	\$ 12,073	32.4
Plan 2	132	17,090,191	49.7	10,789	20.8
Plan 4	308	34,114,527	41.6	9,230	7.0
<b>Total</b>	<b>446</b>	<b>\$ 52,073,940</b>	<b>44.2</b>	<b>\$ 9,730</b>	<b>11.4</b>
<b>Probation Members</b>					
Plan 1	2	\$ 180,793	62.0	\$ 7,533	34.9
Plan 2	75	6,613,847	46.8	7,349	19.0
Plan 4	228	17,796,752	38.4	6,505	8.4
<b>Total</b>	<b>305</b>	<b>\$ 24,591,392</b>	<b>40.6</b>	<b>\$ 6,719</b>	<b>11.2</b>
<b>Grand Total</b>	<b>5,245</b>	<b>\$ 432,542,046</b>	<b>45.7</b>	<b>\$ 6,872</b>	<b>10.6</b>

**San Mateo County Employees'  
Retirement Association**

**Exhibit C-2: SamCERA Membership – Deferred Vested Members as of June 30, 2011**

	<b>Number</b>	<b>Average Age</b>
<b><i>General Members</i></b>		
Plan 1	31	59.3
Plan 2	458	50.6
Plan 3	111	52.7
Plan 4	481	44.8
Total	1,081	48.5
<b><i>Safety Members</i></b>		
Plan 1	1	60.0
Plan 2	32	46.3
Plan 4	31	43.9
Total	64	45.4
<b><i>Probation Members</i></b>		
Plan 1	-	-
Plan 2	20	44.2
Plan 4	25	43.0
Total	45	43.5
<b><i>Grand Total</i></b>	<b>1,190</b>	<b>48.1</b>

**San Mateo County Employees'  
Retirement Association**

**Exhibit C-3a: SamCERA Membership – Retired Members as of June 30, 2011**

	<u>Number</u>	<u>Average Age</u>	<u>Monthly Allowance</u>	<u>Average Monthly Benefit</u>
<b>General Members</b>				
Plan 1	1,979	77.3	\$ 5,233,176	\$ 2,644
Plan 2	1,389	66.1	2,867,344	2,064
Plan 3	102	69.3	91,178	894
Plan 4	153	62.4	221,954	1,451
<b>Total</b>	<b>3,623</b>	<b>72.2</b>	<b>\$ 8,413,653</b>	<b>\$ 2,322</b>
<b>Safety Members</b>				
Plan 1	285	69.2	\$ 1,682,816	\$ 5,905
Plan 2	110	57.8	590,330	5,367
Plan 4	10	49.8	31,785	3,178
<b>Total</b>	<b>405</b>	<b>65.6</b>	<b>\$ 2,304,931</b>	<b>\$ 5,691</b>
<b>Probation Members</b>				
Plan 1	71	67.5	\$ 339,673	\$ 4,784
Plan 2	42	59.8	149,288	3,554
Plan 4	6	64.8	15,333	2,556
<b>Total</b>	<b>119</b>	<b>64.7</b>	<b>\$ 504,294</b>	<b>\$ 4,238</b>
<b>Grand Total</b>	<b>4,147</b>	<b>71.3</b>	<b>\$ 11,222,878</b>	<b>\$ 2,706</b>

**San Mateo County Employees'  
Retirement Association**

**Exhibit C-3b: SamCERA Membership – Retired Members as of June 30, 2011  
Subtotaled by Class and Retirement Type**

<u>Plan</u>	<u>Retirement Type</u>	<u>Number</u>	<u>Monthly Benefit</u>	<u>Average Monthly Benefit</u>
<b>General Plans:</b>				
	Healthy	2,874	\$ 7,058,197	\$ 2,456
	Disabled	276	604,616	2,191
	Beneficiaries	473	750,840	1,587
	Total	<u>3,623</u>	<u>\$ 8,413,653</u>	<u>\$ 2,322</u>
<b>Safety Plans:</b>				
	Healthy	256	\$ 1,668,775	\$ 6,519
	Disabled	91	424,453	4,664
	Beneficiaries	58	211,703	3,650
	Total	<u>405</u>	<u>\$ 2,304,931</u>	<u>\$ 5,691</u>
<b>Probation Plans:</b>				
	Healthy	112	\$ 478,438	\$ 4,272
	Disabled	3	5,872	1,957
	Beneficiaries	4	19,985	4,996
	Total	<u>119</u>	<u>\$ 504,294</u>	<u>\$ 4,238</u>
<b>Grand Totals</b>				
	Healthy	3,242	\$ 9,205,410	\$ 2,839
	Disabled	370	1,034,941	2,797
	Beneficiaries	535	982,527	1,836
	Total	<u>4,147</u>	<u>\$ 11,222,878</u>	<u>\$ 2,706</u>

## San Mateo County Employees' Retirement Association

**Exhibit C-4: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2011  
All Members**

Age	Years of Service									Total Count
	0-1	1-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	11	17	0	0	0	0	0	0	0	28
25-29	46	167	62	3	0	0	0	0	0	278
30-34	57	272	238	48	1	0	0	0	0	616
35-39	30	196	302	192	20	0	0	0	0	740
40-44	33	183	238	246	99	24	1	0	0	824
45-49	23	113	171	193	100	120	29	0	0	749
50-54	21	108	171	156	99	126	69	17	1	768
55-59	12	97	151	115	74	97	73	30	9	658
60-64	2	53	108	92	49	49	37	31	14	435
65 & Over	1	13	38	33	19	24	12	4	5	149
<b>Total Count</b>	236	1,219	1,479	1,078	461	440	221	82	29	5,245

Age	Years of Service									Average Comp.
	0-1	1-2	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	54,459	66,214	-	-	-	-	-	-	-	61,596
25-29	58,772	67,036	65,702	63,249	-	-	-	-	-	65,331
30-34	69,908	75,268	74,632	72,839	93,113	-	-	-	-	74,366
35-39	69,242	80,146	83,551	83,099	83,319	-	-	-	-	81,945
40-44	83,746	81,215	81,964	87,845	88,177	96,461	74,620	-	-	84,784
45-49	84,010	85,174	79,746	84,839	89,247	95,257	86,324	-	-	86,017
50-54	97,976	79,912	82,761	83,219	85,097	96,303	88,805	92,099	111,717	86,180
55-59	73,192	82,035	80,648	86,629	86,787	96,006	93,657	96,207	77,778	86,830
60-64	100,870	84,101	79,702	85,810	91,664	89,025	87,681	88,454	81,666	85,390
65 & Over	95,742	69,736	65,913	77,614	77,692	78,490	91,337	69,966	129,783	76,866
<b>Avg. Annual Compensation</b>	73,278	77,884	79,550	84,439	87,263	94,179	89,967	91,144	89,792	82,468

## San Mateo County Employees' Retirement Association

**Exhibit C-4a: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2011  
General Members**

<b>Count</b>										
<b>Age</b>	<b>Years of Service</b>									<b>Total Count</b>
	0-1	1-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	11	12	0	0	0	0	0	0	0	23
25-29	44	138	55	3	0	0	0	0	0	240
30-34	51	231	195	38	1	0	0	0	0	516
35-39	26	183	242	126	17	0	0	0	0	594
40-44	23	173	198	177	68	17	1	0	0	657
45-49	15	110	155	151	82	87	23	0	0	623
50-54	14	97	157	145	89	105	56	16	1	680
55-59	10	89	140	110	71	84	65	29	9	607
60-64	2	52	101	90	47	46	33	28	13	412
65 & Over	1	13	34	32	19	24	12	4	3	142
<b>Total Count</b>	197	1,098	1,277	872	394	363	190	77	26	4,494

<b>Compensation</b>										
<b>Age</b>	<b>Years of Service</b>									<b>Average Comp.</b>
	0-1	1-2	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	54,459	58,476	-	-	-	-	-	-	-	56,555
25-29	56,503	63,674	62,812	63,249	-	-	-	-	-	62,156
30-34	65,477	74,407	71,723	66,043	93,113	-	-	-	-	71,931
35-39	62,331	79,643	81,081	76,961	78,715	-	-	-	-	78,875
40-44	69,855	80,369	78,869	83,882	79,427	83,654	74,620	-	-	80,474
45-49	69,078	84,767	78,348	80,425	82,979	86,326	75,533	-	-	81,381
50-54	81,309	75,891	80,300	81,963	82,801	90,984	80,228	89,812	111,717	82,288
55-59	65,188	78,455	78,384	84,942	86,221	91,437	90,150	95,544	77,778	84,159
60-64	100,870	83,541	77,934	84,841	91,027	88,249	81,743	82,201	80,136	83,572
65 & Over	95,742	69,736	62,225	75,650	77,692	78,490	91,337	69,966	123,924	74,974
<b>Avg. Annual Compensation</b>	64,851	76,570	77,048	81,046	83,457	88,457	83,989	88,172	85,587	79,189

## San Mateo County Employees' Retirement Association

**Exhibit C-4b: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2011  
Safety Members**

<b>Count</b>											
<b>Age</b>	<b>Years of Service</b>									<b>Total Count</b>	
	0-1	1-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over		
Under 25	0	4	0	0	0	0	0	0	0	4	
25-29	2	14	5	0	0	0	0	0	0	21	
30-34	6	18	16	7	0	0	0	0	0	47	
35-39	4	8	28	28	2	0	0	0	0	70	
40-44	10	7	22	33	16	5	0	0	0	93	
45-49	8	3	7	25	13	19	4	0	0	79	
50-54	7	11	9	6	8	19	9	1	0	70	
55-59	2	8	8	4	1	10	5	1	0	39	
60-64	0	1	6	1	2	2	3	2	0	17	
65 & Over	0	0	3	1	0	0	0	0	2	6	
<b>Total Count</b>	39	74	104	105	42	55	21	4	2	446	

<b>Compensation</b>											
<b>Age</b>	<b>Years of Service</b>									<b>Average Comp.</b>	
	0-1	1-2	5-9	10-14	15-19	20-24	25-29	30-34	35&Over		
Under 25	-	89,096	-	-	-	-	-	-	-	89,096	
25-29	108,683	99,040	96,676	-	-	-	-	-	-	99,396	
30-34	107,567	98,572	105,261	105,213	-	-	-	-	-	102,987	
35-39	114,168	95,357	113,349	111,064	123,209	-	-	-	-	110,707	
40-44	115,694	108,414	114,249	114,601	128,369	141,932	-	-	-	118,008	
45-49	112,009	100,128	110,482	113,294	128,418	136,077	146,443	-	-	122,062	
50-54	131,310	115,370	129,201	108,390	109,491	126,292	137,181	128,690	-	123,431	
55-59	113,210	121,867	121,082	129,389	113,276	136,789	135,613	115,434	-	127,237	
60-64	-	113,210	109,038	141,358	106,637	108,515	155,817	139,850	-	122,721	
65 & Over	-	-	105,517	140,454	-	-	-	-	138,571	122,358	
<b>Avg. Annual Compensation</b>	115,847	104,008	112,793	113,430	123,149	132,356	141,234	130,956	138,571	116,758	



## San Mateo County Employees' Retirement Association

**Exhibit C-4c: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2011  
Probation Members**

<b>Count</b>										
<b>Age</b>	<b>Years of Service</b>									<b>Total Count</b>
	0-1	1-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	0	1	0	0	0	0	0	0	0	1
25-29	0	15	2	0	0	0	0	0	0	17
30-34	0	23	27	3	0	0	0	0	0	53
35-39	0	5	32	38	1	0	0	0	0	76
40-44	0	3	18	36	15	2	0	0	0	74
45-49	0	0	9	17	5	14	2	0	0	47
50-54	0	0	5	5	2	2	4	0	0	18
55-59	0	0	3	1	2	3	3	0	0	12
60-64	0	0	1	1	0	1	1	1	1	6
65 & Over	0	0	1	0	0	0	0	0	0	1
<b>Total Count</b>	0	47	98	101	25	22	10	1	1	305

<b>Compensation</b>										
<b>Age</b>	<b>Years of Service</b>									<b>Average Comp.</b>
	0-1	1-2	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	-	67,543	-	-	-	-	-	-	-	67,543
25-29	-	68,105	67,764	-	-	-	-	-	-	68,065
30-34	-	65,679	77,491	83,386	-	-	-	-	-	72,699
35-39	-	74,210	76,157	82,847	81,814	-	-	-	-	79,449
40-44	-	66,506	76,547	82,800	84,974	91,638	-	-	-	81,298
45-49	-	-	79,904	82,200	90,200	95,362	90,174	-	-	86,871
50-54	-	-	76,437	89,451	89,661	90,676	100,031	-	-	88,347
55-59	-	-	78,473	101,112	93,646	87,995	99,707	-	-	90,577
60-64	-	-	82,182	117,471	-	85,758	79,239	160,763	101,553	104,494
65 & Over	-	-	72,494	-	-	-	-	-	-	72,494
<b>Avg. Annual Compensation</b>	-	67,454	76,878	83,588	86,961	93,156	95,883	160,763	101,553	80,628

## San Mateo County Employees' Retirement Association

**Exhibit C-5: Distribution of Retired Members by Age and Retirement Year as of June 30, 2011  
All Plans Combined**

Age	Retirement Year								Total Count	Average Monthly Benefit
	Pre-1979	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-14		
Under 35	-	-	-	-	4	2	-	-	6	\$ 1,324
35-39	-	-	-	1	-	2	5	-	8	1,474
40-44	-	-	1	-	1	5	6	-	13	2,449
45-49	-	-	1	2	8	7	15	2	35	2,654
50-54	1	-	1	1	9	19	50	55	136	2,792
55-59	-	-	2	8	12	64	180	75	341	3,006
60-64	1	3	5	24	61	161	310	95	660	3,412
65-69	2	5	15	47	146	212	331	65	823	3,418
70-74	7	3	36	130	158	185	93	10	622	2,580
75-79	15	35	62	108	151	66	23	3	463	2,206
80-84	20	72	92	148	62	12	3	2	411	2,071
85-89	66	94	141	50	9	3	2	-	365	1,848
90-94	70	87	46	6	2	-	-	-	211	1,789
95-99	34	14	1	-	-	-	-	-	49	1,290
100 & Over	3	-	-	-	-	-	1	-	4	1,242
<b>Total Count</b>	219	313	403	525	623	738	1,019	307	<b>4,147</b>	
<b>Avg Monthly Benefit</b>	\$ 1,678	\$ 1,556	\$ 1,981	\$ 2,079	\$ 2,243	\$ 2,904	\$ 3,743	\$ 3,660		\$ 2,706

## San Mateo County Employees' Retirement Association

**Exhibit C-5a: Distribution of Retired Members by Age and Retirement Year as of June 30, 2011  
General Plans Combined**

Age	Retirement Year								Total Count	Average Monthly Benefit
	Pre-1979	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-14		
Under 35	-	-	-	-	4	2	-	-	6	\$ 1,324
35-39	-	-	-	1	-	2	3	-	6	1,965
40-44	-	-	1	-	-	3	5	-	9	1,981
45-49	-	-	1	1	6	3	8	1	20	1,803
50-54	1	-	1	1	8	13	36	37	97	1,544
55-59	-	-	1	5	10	58	142	64	280	2,231
60-64	1	2	2	15	53	122	271	88	554	2,883
65-69	1	3	8	35	101	155	314	61	678	3,051
70-74	2	2	25	105	125	167	91	9	526	2,180
75-79	12	33	56	104	148	62	23	3	441	2,097
80-84	17	68	86	147	61	12	3	2	396	1,986
85-89	56	90	141	50	9	3	2	-	351	1,749
90-94	66	87	46	6	2	-	-	-	207	1,743
95-99	33	14	1	-	-	-	-	-	48	1,288
100 & Over	3	-	-	-	-	-	1	-	4	1,242
<b>Total Count</b>	192	299	369	470	527	602	899	265	<b>3,623</b>	
<b>Avg Monthly Benefit</b>	\$ 1,413	\$ 1,478	\$ 1,828	\$ 1,814	\$ 1,779	\$ 2,345	\$ 3,323	\$ 3,155		\$ 2,322

## San Mateo County Employees' Retirement Association

**Exhibit C-5b: Distribution of Retired Members by Age and Retirement Year as of June 30, 2011  
Safety Plans Combined**

Age	Retirement Year								Total Count	Average Monthly Benefit
	Pre-1979	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-14		
Under 35	-	-	-	-	-	-	-	-	-	\$ -
35-39	-	-	-	-	-	-	2	-	2	-
40-44	-	-	-	-	1	2	1	-	4	3,501
45-49	-	-	-	1	2	3	7	-	13	3,819
50-54	-	-	-	-	1	4	11	12	28	6,844
55-59	-	-	1	3	2	5	29	5	45	7,125
60-64	-	1	3	9	6	36	27	5	87	6,536
65-69	1	2	7	12	35	41	7	1	106	5,452
70-74	5	1	11	23	25	6	1	-	72	5,043
75-79	3	2	6	4	-	-	-	-	15	4,553
80-84	3	4	6	1	-	-	-	-	14	4,354
85-89	10	4	-	-	-	-	-	-	14	4,343
90-94	4	-	-	-	-	-	-	-	4	4,194
95-99	1	-	-	-	-	-	-	-	1	1,350
100 & Over	-	-	-	-	-	-	-	-	-	-
<b>Total Count</b>	27	14	34	53	72	97	85	23	<b>405</b>	
<b>Avg Monthly Benefit</b>	\$ 3,560	\$ 3,209	\$ 3,648	\$ 4,219	\$ 4,873	\$ 6,208	\$ 7,979	\$ 8,044		\$ 5,691



This work product was prepared solely for *SamCERA*. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

## San Mateo County Employees' Retirement Association

**Exhibit C-5c: Distribution of Retired Members by Age and Retirement Year as of June 30, 2011  
Probation Plans Combined**

Age	Retirement Year								Total Count	Average Monthly Benefit
	Pre-1979	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-14		
Under 35	-	-	-	-	-	-	-	-	-	\$ -
35-39	-	-	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-	-	-
45-49	-	-	-	-	-	1	-	1	2	3,590
50-54	-	-	-	-	-	2	3	6	11	3,482
55-59	-	-	-	-	-	1	9	6	16	4,983
60-64	-	-	-	-	2	3	12	2	19	4,540
65-69	-	-	-	-	10	16	10	3	39	4,267
70-74	-	-	-	2	8	12	1	1	24	3,944
75-79	-	-	-	-	3	4	-	-	7	3,997
80-84	-	-	-	-	1	-	-	-	1	3,817
85-89	-	-	-	-	-	-	-	-	-	-
90-94	-	-	-	-	-	-	-	-	-	-
95-99	-	-	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-	-	-
<b>Total Count</b>	-	-	-	2	24	39	35	19	<b>119</b>	
<b>Avg Monthly Benefit</b>	\$ -	\$ -	\$ -	\$ 7,587	\$ 4,531	\$ 3,312	\$ 4,241	\$ 5,409		\$ 4,238



This work product was prepared solely for *SamCERA*. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

## San Mateo County Employees' Retirement Association

### Appendix D: Member Contribution Rates

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This section illustrates the member basic contribution rates and the basic plus cost-sharing contribution rates by entry age.

## San Mateo County Employees' Retirement Association

### Exhibit D-1: Basic Member Contribution Rates

Entry Age *	General (County)		General (SMCM&VCD)		Probation		Safety	
	Plans 1&2	Plan 4	Plans 1&2	Plan 4	Plans 1&2	Plan 4	Plans 1&2	Plan 4
16	5.14%	4.92%	5.14%	4.92%	5.58%	5.34%	6.98%	6.68%
17	5.23%	5.01%	5.23%	5.01%	5.69%	5.44%	7.11%	6.80%
18	5.33%	5.10%	5.33%	5.10%	5.79%	5.54%	7.24%	6.93%
19	5.43%	5.20%	5.43%	5.20%	5.90%	5.64%	7.37%	7.06%
20	5.53%	5.29%	5.53%	5.29%	6.00%	5.75%	7.50%	7.18%
21	5.63%	5.39%	5.63%	5.39%	6.11%	5.85%	7.64%	7.31%
22	5.74%	5.49%	5.74%	5.49%	6.22%	5.96%	7.78%	7.45%
23	5.84%	5.59%	5.84%	5.59%	6.34%	6.07%	7.92%	7.58%
24	5.95%	5.69%	5.95%	5.69%	6.45%	6.18%	8.06%	7.72%
25	6.06%	5.80%	6.06%	5.80%	6.57%	6.29%	8.21%	7.86%
26	6.17%	5.90%	6.17%	5.90%	6.69%	6.40%	8.36%	8.00%
27	6.28%	6.01%	6.28%	6.01%	6.81%	6.52%	8.51%	8.15%
28	6.39%	6.12%	6.39%	6.12%	6.93%	6.64%	8.67%	8.30%
29	6.51%	6.23%	6.51%	6.23%	7.06%	6.76%	8.82%	8.45%
30	6.63%	6.34%	6.63%	6.34%	7.19%	6.88%	8.98%	8.60%
31	6.75%	6.46%	6.75%	6.46%	7.32%	7.01%	9.15%	8.76%
32	6.87%	6.58%	6.87%	6.58%	7.45%	7.14%	9.32%	8.92%
33	6.99%	6.70%	6.99%	6.70%	7.59%	7.27%	9.49%	9.08%
34	7.12%	6.82%	7.12%	6.82%	7.73%	7.40%	9.67%	9.25%
35	7.25%	6.94%	7.25%	6.94%	7.88%	7.54%	9.85%	9.43%
36	7.38%	7.07%	7.38%	7.07%	8.03%	7.68%	10.04%	9.60%
37	7.52%	7.20%	7.52%	7.20%	8.18%	7.82%	10.23%	9.77%
38	7.66%	7.33%	7.66%	7.33%	8.33%	7.96%	10.42%	9.95%
39	7.80%	7.47%	7.80%	7.47%	8.48%	8.09%	10.60%	10.11%
40	7.95%	7.61%	7.95%	7.61%	8.63%	8.22%	10.79%	10.27%
41	8.10%	7.75%	8.10%	7.75%	8.78%	8.34%	10.97%	10.43%
42	8.26%	7.89%	8.26%	7.89%	8.91%	8.46%	11.14%	10.57%
43	8.41%	8.03%	8.41%	8.03%	9.04%	8.56%	11.31%	10.70%
44	8.56%	8.16%	8.56%	8.16%	9.16%	8.65%	11.45%	10.81%
45	8.71%	8.29%	8.71%	8.29%	9.27%	8.72%	11.59%	10.90%
46	8.85%	8.42%	8.85%	8.42%	9.37%	8.76%	11.71%	10.95%
47	8.99%	8.53%	8.99%	8.53%	9.43%	8.76%	11.79%	10.95%
48	9.12%	8.64%	9.12%	8.64%	9.46%	9.07%	11.83%	11.33%
49	9.25%	8.73%	9.25%	8.73%	9.46%	9.40%	11.83%	11.75%
50	9.36%	8.80%	9.36%	8.80%	9.46%	9.40%	11.83%	11.75%
51	9.45%	8.84%	9.45%	8.84%	9.46%	9.40%	11.83%	11.75%
52	9.52%	8.84%	9.52%	8.84%	9.46%	9.40%	11.83%	11.75%
53	9.55%	9.15%	9.55%	9.15%	9.46%	9.40%	11.83%	11.75%
54	9.55%	9.49%	9.55%	9.49%	9.46%	9.40%	11.83%	11.75%
55	9.55%	9.49%	9.55%	9.49%	9.46%	9.40%	11.83%	11.75%
56	9.55%	9.49%	9.55%	9.49%	9.46%	9.40%	11.83%	11.75%
57	9.55%	9.49%	9.55%	9.49%	9.46%	9.40%	11.83%	11.75%
58	9.55%	9.49%	9.55%	9.49%	9.46%	9.40%	11.83%	11.75%
59	9.55%	9.49%	9.55%	9.49%	9.46%	9.40%	11.83%	11.75%
60	9.55%	9.49%	9.55%	9.49%	9.46%	9.40%	11.83%	11.75%

\* For County General members entering after age 55, the rate equals the rate at age 55. Likewise for Safety and Probation members entering after age 50, the rate equals the rate at age 50. Only Probation rates reflect employer pick-up.

## San Mateo County Employees' Retirement Association

### Exhibit D-2: Basic Plus Cost-Sharing Member Contribution Rates

Entry Age *	General (County)		General (SMCM&VCD)***		Probation		Safety**	
	Plans 1&2	Plan 4	Plans 1&2	Plan 4	Plans 1&2	Plan 4	Plans 1&2	Plan 4
16	8.14%	7.92%	5.14%	4.92%	9.08%	8.84%	11.98%	11.68%
17	8.23%	8.01%	5.23%	5.01%	9.19%	8.94%	12.11%	11.80%
18	8.33%	8.10%	5.33%	5.10%	9.29%	9.04%	12.24%	11.93%
19	8.43%	8.20%	5.43%	5.20%	9.40%	9.14%	12.37%	12.06%
20	8.53%	8.29%	5.53%	5.29%	9.50%	9.25%	12.50%	12.18%
21	8.63%	8.39%	5.63%	5.39%	9.61%	9.35%	12.64%	12.31%
22	8.74%	8.49%	5.74%	5.49%	9.72%	9.46%	12.78%	12.45%
23	8.84%	8.59%	5.84%	5.59%	9.84%	9.57%	12.92%	12.58%
24	8.95%	8.69%	5.95%	5.69%	9.95%	9.68%	13.06%	12.72%
25	9.06%	8.80%	6.06%	5.80%	10.07%	9.79%	13.21%	12.86%
26	9.17%	8.90%	6.17%	5.90%	10.19%	9.90%	13.36%	13.00%
27	9.28%	9.01%	6.28%	6.01%	10.31%	10.02%	13.51%	13.15%
28	9.39%	9.12%	6.39%	6.12%	10.43%	10.14%	13.67%	13.30%
29	9.51%	9.23%	6.51%	6.23%	10.56%	10.26%	13.82%	13.45%
30	9.63%	9.34%	6.63%	6.34%	10.69%	10.38%	13.98%	13.60%
31	9.75%	9.46%	6.75%	6.46%	10.82%	10.51%	14.15%	13.76%
32	9.87%	9.58%	6.87%	6.58%	10.95%	10.64%	14.32%	13.92%
33	9.99%	9.70%	6.99%	6.70%	11.09%	10.77%	14.49%	14.08%
34	10.12%	9.82%	7.12%	6.82%	11.23%	10.90%	14.67%	14.25%
35	10.25%	9.94%	7.25%	6.94%	11.38%	11.04%	14.85%	14.43%
36	10.38%	10.07%	7.38%	7.07%	11.53%	11.18%	15.04%	14.60%
37	10.52%	10.20%	7.52%	7.20%	11.68%	11.32%	15.23%	14.77%
38	10.66%	10.33%	7.66%	7.33%	11.83%	11.46%	15.42%	14.95%
39	10.80%	10.47%	7.80%	7.47%	11.98%	11.59%	15.60%	15.11%
40	10.95%	10.61%	7.95%	7.61%	12.13%	11.72%	15.79%	15.27%
41	11.10%	10.75%	8.10%	7.75%	12.28%	11.84%	15.97%	15.43%
42	11.26%	10.89%	8.26%	7.89%	12.41%	11.96%	16.14%	15.57%
43	11.41%	11.03%	8.41%	8.03%	12.54%	12.06%	16.31%	15.70%
44	11.56%	11.16%	8.56%	8.16%	12.66%	12.15%	16.45%	15.81%
45	11.71%	11.29%	8.71%	8.29%	12.77%	12.22%	16.59%	15.90%
46	11.85%	11.42%	8.85%	8.42%	12.87%	12.26%	16.71%	15.95%
47	11.99%	11.53%	8.99%	8.53%	12.93%	12.26%	16.79%	15.95%
48	12.12%	11.64%	9.12%	8.64%	12.96%	12.57%	16.83%	16.33%
49	12.25%	11.73%	9.25%	8.73%	12.96%	12.90%	16.83%	16.75%
50	12.36%	11.80%	9.36%	8.80%	12.96%	12.90%	16.83%	16.75%
51	12.45%	11.84%	9.45%	8.84%	12.96%	12.90%	16.83%	16.75%
52	12.52%	11.84%	9.52%	8.84%	12.96%	12.90%	16.83%	16.75%
53	12.55%	12.15%	9.55%	9.15%	12.96%	12.90%	16.83%	16.75%
54	12.55%	12.49%	9.55%	9.49%	12.96%	12.90%	16.83%	16.75%
55	12.55%	12.49%	9.55%	9.49%	12.96%	12.90%	16.83%	16.75%
56	12.55%	12.49%	9.55%	9.49%	12.96%	12.90%	16.83%	16.75%
57	12.55%	12.49%	9.55%	9.49%	12.96%	12.90%	16.83%	16.75%
58	12.55%	12.49%	9.55%	9.49%	12.96%	12.90%	16.83%	16.75%
59	12.55%	12.49%	9.55%	9.49%	12.96%	12.90%	16.83%	16.75%
60	12.55%	12.49%	9.55%	9.49%	12.96%	12.90%	16.83%	16.75%

\* For County General members entering after age 55, the rate equals the rate at age 55. Likewise for Safety and Probation members entering after age 50, the rate equals the rate at age 50. Only Probation rates reflect employer pick-up.

\*\* Cost sharing is less for deputy sheriffs

\*\*\*Mosquito and Vector Control District does not participate in cost sharing.



## San Mateo County Employees' Retirement Association

### Exhibit D-3: Basic Plus Cost-Sharing Member Contribution Rates, with 25% COLA share\*\*

Entry Age *	California Nurses Association		
	Plan 1	Plan 2	Plan 4
16	9.31%	9.01%	8.74%
17	9.42%	9.12%	8.84%
18	9.54%	9.24%	8.95%
19	9.66%	9.35%	9.06%
20	9.79%	9.47%	9.17%
21	9.91%	9.59%	9.28%
22	10.05%	9.72%	9.40%
23	10.17%	9.83%	9.52%
24	10.30%	9.96%	9.64%
25	10.44%	10.09%	9.76%
26	10.57%	10.22%	9.88%
27	10.71%	10.35%	10.01%
28	10.84%	10.48%	10.13%
29	10.99%	10.62%	10.26%
30	11.14%	10.76%	10.40%
31	11.28%	10.90%	10.53%
32	11.43%	11.04%	10.67%
33	11.58%	11.18%	10.80%
34	11.74%	11.33%	10.94%
35	11.90%	11.48%	11.09%
36	12.06%	11.63%	11.23%
37	12.23%	11.80%	11.39%
38	12.40%	11.96%	11.55%
39	12.57%	12.13%	11.70%
40	12.76%	12.30%	11.87%
41	12.94%	12.48%	12.04%
42	13.14%	12.66%	12.22%
43	13.32%	12.84%	12.38%
44	13.51%	13.02%	12.55%
45	13.69%	13.19%	12.72%
46	13.86%	13.35%	12.87%
47	14.03%	13.52%	13.03%
48	14.19%	13.67%	13.18%
49	14.35%	13.82%	13.32%
50	14.49%	13.95%	13.44%
51	14.60%	14.06%	13.54%
52	14.68%	14.14%	13.62%
53	14.72%	14.17%	13.66%
54	14.72%	14.17%	13.66%
55	14.72%	14.17%	13.66%
56	14.72%	14.17%	13.66%
57	14.72%	14.17%	13.66%
58	14.72%	14.17%	13.66%
59	14.72%	14.17%	13.66%
60	14.72%	14.17%	13.66%

\* For County General members entering after age 55, the rate equals the rate at age 55.

\*\* Beginning with the 2011 valuation, current members of the California Nurses Association will contribute 25% of the cost of COLA, in addition to the current member rates and cost sharing for General members. To reflect this cost, the basic rates for current General members are multiplied by the following factors (prior to the addition of cost-sharing): 1.2274 for Plan 1 CNA members, 1.170 for Plan 2 CNA members, and 1.1158 for Plan 4 CNA members. These loads are based on 25% of the calculated cost of COLA.

## San Mateo County Employees' Retirement Association

### Appendix E: Glossary

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The following definitions include excerpts from a list adopted by the major actuarial organizations in the United States. In some cases, the definitions have been modified for specific applicability to *SamCERA* and include terms used exclusively by *SamCERA*. Defined terms are capitalized throughout this Appendix.

<b>Accrued Benefit</b>	The amount of an individual's benefit (whether or not vested) as of a specific date, determined in accordance with the terms of a pension plan and based on compensation and service to that date.
<b>Actuarial Accrued Liability</b>	That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Normal Costs.
<b>Actuarial Assumptions</b>	Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement, and retirement; changes in compensation; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items.
<b>Actuarial Gain (Loss)</b>	A measure of the difference between actual experience and that expected based on a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.
<b>Actuarial Present Value</b>	The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions.
<b>Actuarial Valuation</b>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.
<b>Actuarial Value of Assets</b>	The value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an Actuarial Valuation.
<b>Actuarially Equivalent</b>	Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions.
<b>Amortization Payment</b>	That portion of the pension plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<b>COLA</b>	Cost of living adjustments to benefit payments are made each April 1. See full description in Appendix B.

<b>Employer Reserve</b>	The accumulation of employer contributions for future retirement benefit payments. Additions include contributions from employers and related earnings. Deductions include annuity payments to retired members and survivors, lump sum death benefit payments to member survivors, and supplemental disability payments.
<b>Entry Age Actuarial Cost Method</b>	A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.
<b>Funded Ratio</b>	A measurement of the funded status of the system. The Funded Ratio is calculated by dividing the Valuation Assets by the Actuarial Accrued Liability. For example, a Funded Ratio of 90% indicates assets are 10% less than liabilities.
<b>Member Reserve</b>	The accumulation of member contributions. Additions include member contributions and related earnings. Deductions include annuity payments to retirees and refunds to members.
<b>Non-Valuation Reserves</b>	Reserves excluded from the calculation of contribution rates.
<b>Normal Cost</b>	That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.
<b>Plan Year</b>	A 12-month period beginning July 1 and ending June 30.
<b>Projected Benefits</b>	Those pension plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.
<b>Unfunded Actuarial Accrued Liability</b>	The excess, if any, of the Actuarial Accrued Liability over the Actuarial Value of Assets.
<b>Valuation Date</b>	The date upon which the Normal Cost, Actuarial Accrued Liability, and Actuarial Value of Assets are determined. Generally, the Valuation Date will coincide with the ending of a Plan Year.
<b>Valuation Reserves</b>	All reserves excluding the Non-Valuation Reserves.



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October 18, 2011

Board of Retirement  
San Mateo County Employees' Retirement Association  
100 Marine Parkway, Suite 125  
Redwood Shores, CA 94065-5208

Re: June 30, 2011 Actuarial Valuation Addendum -- New Plans

Dear Members of the Board:

We have performed an actuarial valuation for the San Mateo County Employees' Retirement Association (*SamCERA*) as of June 30, 2011. Our valuation report covers only members of the system as of that date. Subsequent to that date, new plan provisions are in effect for newly hired employees. The purpose of this addendum to the valuation is to recommend the employer and member contribution rates for the fiscal year beginning July 1, 2012 for members subject to the new plan provisions.

Additionally, it is our understanding the Board will elect to adopt employer contribution rates that are the same as the rates the employer is currently paying for Plans 1-4. We are also providing employer contribution rates under that alternative.

### **Plan Design for New General Employees**

The following is our understanding of the new plan that will be offered to General members hired on or after August 7, 2011, as communicated to us by the County. New employees may choose one of the following plan options:

1. Current General Plan 3 – noncontributory plan (Section 31497.3 of the '37 Act)
2. Plan 5 (Pre-enhancement Formula) – 1.725% at age 58 (Section 31676.1 of the '37 Act)

Employees who choose the pre-enhancement formula will have the option to transfer into the current Plan 4 – 2.0% at age 55.5 (Section 31676.14) – after earning 10 years of service. Employees choosing this option will be required to pay the total actuarial equivalent cost of the increase in benefits between the pre-enhancement formula and the current Plan 4 related to past service at the date of purchase.

Normal member contributions under the pre-enhancement formula are based on Section 31621 of the '37 Act – 1/120<sup>th</sup> at age 60. Members who transfer to the current Plan 4 will then pay normal member contributions under Section 31621.9 – 1/120<sup>th</sup> at age 55 – the same as current Plan 4 members. In addition, transferring members will pay the 3% cost sharing contributions paid by current Plan 4 members.

This DRAFT work product was prepared solely for *SamCERA* for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.



All new employees under the pre-enhancement formula and those who transfer to the Plan 4 formula will pay 50% of the COLA cost under Section 31873 of the '37 Act.

The current Plan 3 is noncontributory.

**Plan Design for New Safety / Probation Employees**

The following is our understanding of the new plan that will be offered to different Safety member groups hired on or after January 8, 2012, as communicated to us by the County. Several of these plan designs may require legislation to first be enacted. We have not explored any legal issues related to these plan design options.

	Plan 5	Plan 6
Bargaining Units	Choice (PDA, OSS & Mgmt.) Mandatory (DSA)	Choice (PDA, OSS & Mgmt.)
Effective Date	January 8, 2012	January 8, 2012
'37 Act Section	31664.2	31664
Benefit formula:	3% at age 55	2% at age 50
Member contribution formula:	1/100 <sup>th</sup> at age 50	1/100 <sup>th</sup> at age 50
COLA contributions:	member pays 50%	member pays 50%
Cost sharing contributions:	4.0% (OSS & Mgmt) 3.5% (PDA), Current (DSA)	0.00%

*Additional Notes: 1) Employer picks up 20% of basic member contributions for PDA.*

**Results – Calculated Employer Contribution Rates Effective July 1, 2012**

Employer contribution rates are shown in the following table for each class of member and plan, as well as separately by bargaining unit where there is a difference. In addition to the members paying a portion of the COLA cost, members participating in some of the new plans may pay some cost sharing.



Class / Plan	Employer Normal Cost Rate	UAAL Rate	Total Employer Rate
General Plan 5	8.70%	16.41%	25.11%
Safety Plan 5	15.21%	40.16%	55.37%
Probation Plan 5	13.97%	21.62%	35.59%
Safety Plan 6 (OSS & Mgmt. Only)	14.75%	40.16%	54.91%
Probation Plan 6	14.45%	21.62%	36.07%

**Member Contribution Rates**

Member contribution rates are shown in the attached Exhibits 1-5. The exhibits show the basic member rate, the COLA portion, and the cost-sharing piece (if applicable). Note that it is our understanding that the cost-sharing piece for Plan 5 requires legislation. It is also our understanding that this enabling legislation (AB 89) was recently passed.

**Results – Adjusted Employer Contribution Rates Effective July 1, 2012**

As previously discussed, it is our understanding that the Board will adopt higher employer contribution rates than required under the current funding policy. These contribution rates will be consistent with the employer rates currently being paid. Under this alternative, the employer rates would be as follows:

Class / Plan	Employer Normal Cost Rate	UAAL Rate	Total Employer Rate
General Plan 5	8.70%	18.68%	27.38%
Safety Plan 5	15.21%	52.28%	67.49%
Probation Plan 5	13.97%	24.05%	38.02%
Safety Plan 6 (OSS & Mgmt. Only)	14.75%	52.19%	66.94%
Probation Plan 6	14.45%	23.97%	38.42%

This work product was prepared solely for *SamCERA* for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

## Assumptions & Methods

The rates shown here are based on prior studies completed for the County. Specifically, the employer rates reflect the data, methods and assumptions used for the June 30, 2008, actuarial valuation report of *SamCERA* dated September 15, 2008, except where noted. Adjustments have been made to account for the new assumptions adopted with the 2011 Investigation of Experience as follows:

- The gross normal cost rate has been increased by a relative 0.7%. That is, the gross normal cost from our study has been multiplied by 100.7%.
- The average member rate used in the calculation of the employer normal cost rate has been increased by a relative 0.3%.
- All member rates shown in Exhibits 1 -5 have been recalculated using the new mortality assumptions.

The ultimate cost of each plan will depend on several factors, including the demographic make-up (primarily number of new hires at each entry age) of the group that selects each plan. Since it is not known what the new hire demography will be, we have assumed it will be the same as that of the existing Plan 4 population. To the extent that new hires selecting each plan are demographically different from that population, the employer Normal Cost rate will change.

In addition, we expect that over the next several years the demography of new hires will evolve until a somewhat stable population demographic is reached. Until that time, we expect that the aggregate employer Normal Cost may be subject to fluctuations from year to year that are greater than those of the current *SamCERA* plans.

Alternate retirement rates were used for Plans 5 and 6 due to the reduced benefit levels as shown in Exhibit 6. These adjustments to the retirement rates are based on an estimate of how the proposed change in benefits may impact members' behaviors. They are subjective assumptions, although we have looked at the rates used by other systems with similar formulas. Also, since the new benefit plans will only apply to new employees, it will be many years before employees actually retire under the new plans. It will be at least 10 to 20 years before hard evidence will emerge regarding the various retirement patterns. During that period of time, other factors may also impact employees' retirement patterns, such as retiree health coverage, longer life expectations, the national economy, etc.

## Certification

In preparing this analysis and the June 30, 2008 and 2011 valuations, we relied, without audit, on information (some oral and some in writing) supplied by the *SamCERA* and County staff. This information includes, but is not limited to, asset information, statutory provisions, and employee data. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since these results are dependent on the integrity of the information supplied, the results can be expected to differ if the



underlying information is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for *SamCERA* have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of *SamCERA* and reasonable expectations) and which, in combination, offer a reasonable estimate of anticipated experience affecting *SamCERA*. We will next be reviewing the assumptions in 2014 as part of our triennial investigation.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for *SamCERA*. Actuarial computations under GASB Statement No. 25 are for purposes of fulfilling financial accounting requirements. The computations prepared for this purpose may differ as disclosed in our report. The calculations in this report have been made on a basis consistent with our understanding of *SamCERA*'s current funding requirements and of GASB Statements No. 25. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of *SamCERA*. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

- (a) The System may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.
- (b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.





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

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Sincerely,

A handwritten signature in black ink that reads "Nick Collier".

Nick J. Collier, ASA, EA, MAAA  
Consulting Actuary

NJC/nlo

Enclosures

**San Mateo County Employees' Retirement Association**  
**General Member Rates**  
**Plan 5, 1.725% @ 58**  
**Effective July 1, 2012**

**Exhibit 1**

Entry Age	Basic Member	COLA Member	Total Member
	Rates	Rates	Rates
16	4.24%	0.92%	5.16%
17	4.32%	0.94%	5.26%
18	4.40%	0.95%	5.35%
19	4.48%	0.97%	5.45%
20	4.57%	0.99%	5.56%
21	4.65%	1.01%	5.66%
22	4.74%	1.03%	5.77%
23	4.83%	1.05%	5.88%
24	4.92%	1.07%	5.99%
25	5.01%	1.09%	6.10%
26	5.10%	1.11%	6.21%
27	5.19%	1.12%	6.31%
28	5.29%	1.15%	6.44%
29	5.39%	1.17%	6.56%
30	5.48%	1.19%	6.67%
31	5.58%	1.21%	6.79%
32	5.69%	1.23%	6.92%
33	5.79%	1.25%	7.04%
34	5.89%	1.28%	7.17%
35	6.00%	1.30%	7.30%
36	6.11%	1.32%	7.43%
37	6.22%	1.35%	7.57%
38	6.33%	1.37%	7.70%
39	6.45%	1.40%	7.85%
40	6.57%	1.42%	7.99%
41	6.69%	1.45%	8.14%
42	6.81%	1.48%	8.29%
43	6.94%	1.50%	8.44%
44	7.06%	1.53%	8.59%
45	7.20%	1.56%	8.76%
46	7.33%	1.59%	8.92%
47	7.46%	1.62%	9.08%
48	7.59%	1.64%	9.23%
49	7.72%	1.67%	9.39%
50	7.84%	1.70%	9.54%
51	7.96%	1.72%	9.68%
52	8.07%	1.75%	9.82%
53	8.17%	1.77%	9.94%
54	8.25%	1.79%	10.04%
55	8.32%	1.80%	10.12%
56	8.36%	1.81%	10.17%
57	8.36%	1.81%	10.17%
58	8.65%	1.87%	10.52%
59	8.97%	1.94%	10.91%

This work product was prepared solely for *SamCERA* for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.



**San Mateo County Employees' Retirement Association  
Safety Member Rates  
Plan 5, 3% @ 55  
Effective July 1, 2012**

**Exhibit 2**

Entry Age	Basic Member Rates	COLA Member Rates	Total Member Rates (w/o cost share) *
16	6.68%	2.04%	8.72%
17	6.80%	2.07%	8.87%
18	6.93%	2.11%	9.04%
19	7.06%	2.15%	9.21%
20	7.18%	2.19%	9.37%
21	7.31%	2.23%	9.54%
22	7.45%	2.27%	9.72%
23	7.58%	2.31%	9.89%
24	7.72%	2.35%	10.07%
25	7.86%	2.40%	10.26%
26	8.00%	2.44%	10.44%
27	8.15%	2.49%	10.64%
28	8.30%	2.53%	10.83%
29	8.45%	2.58%	11.03%
30	8.60%	2.62%	11.22%
31	8.76%	2.67%	11.43%
32	8.92%	2.72%	11.64%
33	9.08%	2.77%	11.85%
34	9.25%	2.82%	12.07%
35	9.43%	2.88%	12.31%
36	9.60%	2.93%	12.53%
37	9.77%	2.98%	12.75%
38	9.95%	3.03%	12.98%
39	10.11%	3.08%	13.19%
40	10.27%	3.13%	13.40%
41	10.43%	3.18%	13.61%
42	10.57%	3.22%	13.79%
43	10.70%	3.26%	13.96%
44	10.81%	3.30%	14.11%
45	10.90%	3.32%	14.22%
46	10.95%	3.34%	14.29%
47	10.95%	3.34%	14.29%
48	11.33%	3.46%	14.79%
49	11.75%	3.58%	15.33%
50	11.75%	3.58%	15.33%
51	11.75%	3.58%	15.33%
52	11.75%	3.58%	15.33%
53	11.75%	3.58%	15.33%
54	11.75%	3.58%	15.33%

\* Cost share varies by bargaining group, and age and service of members.

Members (except Deputy Sheriffs) contribute 4.0% cost sharing.

Deputy Sheriffs contribute the following cost sharing:

4.5% if age 45 or older

3.0% if less than age 45 and service is less than 5 years

3.5% if less than age 45 and service is between 5 and 15 years

4.5% if less than age 45 and service is more than 15 years

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**San Mateo County Employees' Retirement Association**  
**Probation Member Rates**  
**Plan 5, 3% @ 55, 20% employer pick-up reflected in basic member rates**  
**Effective July 1, 2012**

**Exhibit 3**

Entry Age	Basic Member	COLA Member	Total Member		Total Member
	Rates	Rates	Rates	Cost Share	Rates
16	5.34%	2.01%	7.35%	3.50%	10.85%
17	5.44%	2.05%	7.49%	3.50%	10.99%
18	5.54%	2.09%	7.63%	3.50%	11.13%
19	5.64%	2.13%	7.77%	3.50%	11.27%
20	5.75%	2.17%	7.92%	3.50%	11.42%
21	5.85%	2.21%	8.06%	3.50%	11.56%
22	5.96%	2.25%	8.21%	3.50%	11.71%
23	6.07%	2.29%	8.36%	3.50%	11.86%
24	6.18%	2.33%	8.51%	3.50%	12.01%
25	6.29%	2.37%	8.66%	3.50%	12.16%
26	6.40%	2.41%	8.81%	3.50%	12.31%
27	6.52%	2.46%	8.98%	3.50%	12.48%
28	6.64%	2.50%	9.14%	3.50%	12.64%
29	6.76%	2.55%	9.31%	3.50%	12.81%
30	6.88%	2.59%	9.47%	3.50%	12.97%
31	7.01%	2.64%	9.65%	3.50%	13.15%
32	7.14%	2.69%	9.83%	3.50%	13.33%
33	7.27%	2.74%	10.01%	3.50%	13.51%
34	7.40%	2.79%	10.19%	3.50%	13.69%
35	7.54%	2.84%	10.38%	3.50%	13.88%
36	7.68%	2.90%	10.58%	3.50%	14.08%
37	7.82%	2.95%	10.77%	3.50%	14.27%
38	7.96%	3.00%	10.96%	3.50%	14.46%
39	8.09%	3.05%	11.14%	3.50%	14.64%
40	8.22%	3.10%	11.32%	3.50%	14.82%
41	8.34%	3.14%	11.48%	3.50%	14.98%
42	8.46%	3.19%	11.65%	3.50%	15.15%
43	8.56%	3.23%	11.79%	3.50%	15.29%
44	8.65%	3.26%	11.91%	3.50%	15.41%
45	8.72%	3.29%	12.01%	3.50%	15.51%
46	8.76%	3.30%	12.06%	3.50%	15.56%
47	8.76%	3.30%	12.06%	3.50%	15.56%
48	9.07%	3.42%	12.49%	3.50%	15.99%
49	9.40%	3.54%	12.94%	3.50%	16.44%
50	9.40%	3.54%	12.94%	3.50%	16.44%
51	9.40%	3.54%	12.94%	3.50%	16.44%
52	9.40%	3.54%	12.94%	3.50%	16.44%
53	9.40%	3.54%	12.94%	3.50%	16.44%
54	9.40%	3.54%	12.94%	3.50%	16.44%

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**San Mateo County Employees' Retirement Association**  
**Safety Member Rates**  
**Plan 6, 2% @ 50**  
**Effective July 1, 2012**

**Exhibit 4**

Entry Age	Basic Member Rates	COLA Member Rates	Total Member Rates
16	6.68%	1.80%	8.48%
17	6.80%	1.83%	8.63%
18	6.93%	1.86%	8.79%
19	7.06%	1.90%	8.96%
20	7.18%	1.93%	9.11%
21	7.31%	1.96%	9.27%
22	7.45%	2.00%	9.45%
23	7.58%	2.04%	9.62%
24	7.72%	2.08%	9.80%
25	7.86%	2.11%	9.97%
26	8.00%	2.15%	10.15%
27	8.15%	2.19%	10.34%
28	8.30%	2.23%	10.53%
29	8.45%	2.27%	10.72%
30	8.60%	2.31%	10.91%
31	8.76%	2.35%	11.11%
32	8.92%	2.40%	11.32%
33	9.08%	2.44%	11.52%
34	9.25%	2.49%	11.74%
35	9.43%	2.53%	11.96%
36	9.60%	2.58%	12.18%
37	9.77%	2.63%	12.40%
38	9.95%	2.67%	12.62%
39	10.11%	2.72%	12.83%
40	10.27%	2.76%	13.03%
41	10.43%	2.80%	13.23%
42	10.57%	2.84%	13.41%
43	10.70%	2.88%	13.58%
44	10.81%	2.91%	13.72%
45	10.90%	2.93%	13.83%
46	10.95%	2.94%	13.89%
47	10.95%	2.94%	13.89%
48	11.33%	3.05%	14.38%
49	11.75%	3.16%	14.91%

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**San Mateo County Employees' Retirement Association**  
**Probation Member Rates**  
**Plan 6, 2% @ 50, 20% employer pick-up reflected in basic member rates**  
**Effective July 1, 2012**

**Exhibit 5**

Entry Age	Basic Member Rates	COLA Member Rates	Total Member Rates
16	5.34%	1.77%	7.11%
17	5.44%	1.80%	7.24%
18	5.54%	1.84%	7.38%
19	5.64%	1.87%	7.51%
20	5.75%	1.91%	7.66%
21	5.85%	1.94%	7.79%
22	5.96%	1.98%	7.94%
23	6.07%	2.01%	8.08%
24	6.18%	2.05%	8.23%
25	6.29%	2.09%	8.38%
26	6.40%	2.12%	8.52%
27	6.52%	2.16%	8.68%
28	6.64%	2.20%	8.84%
29	6.76%	2.24%	9.00%
30	6.88%	2.28%	9.16%
31	7.01%	2.33%	9.34%
32	7.14%	2.37%	9.51%
33	7.27%	2.41%	9.68%
34	7.40%	2.46%	9.86%
35	7.54%	2.50%	10.04%
36	7.68%	2.55%	10.23%
37	7.82%	2.59%	10.41%
38	7.96%	2.64%	10.60%
39	8.09%	2.68%	10.77%
40	8.22%	2.73%	10.95%
41	8.34%	2.77%	11.11%
42	8.46%	2.81%	11.27%
43	8.56%	2.84%	11.40%
44	8.65%	2.87%	11.52%
45	8.72%	2.89%	11.61%
46	8.76%	2.91%	11.67%
47	8.76%	2.91%	11.67%
48	9.07%	3.01%	12.08%
49	9.40%	3.12%	12.52%

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**San Mateo County Employees' Retirement Association  
June 30, 2011 Actuarial Valuation**

**Exhibit 6  
Retirement Rates**

<u>Age*</u>	<u>General</u>	<u>Probation and Safety</u>
45	0.000	0.000
46	0.000	0.000
47	0.000	0.000
48	0.000	0.000
49	0.000	0.000
50	0.030	0.030
51	0.030	0.030
52	0.030	0.030
53	0.030	0.030
54	0.030	0.030
55	0.050	0.050
56	0.060	0.060
57	0.080	0.080
58	0.100	0.100
59	0.100	0.100
60	0.120	0.120
61	0.150	0.150
62	0.250	0.250
63	0.200	0.200
64	0.200	0.200
65	0.400	0.400
66	0.250	0.250
67	0.250	0.250
68	0.250	0.250
69	0.250	0.250
70 & Up	1.000	1.000

\* 100% probability is assumed when member reaches following age/svc combinations:

	<u>General</u>		<u>Probation and Safety</u>	
	<u>Age</u>	<u>Service</u>	<u>Age</u>	<u>Service</u>
Plan 5	62	38	50	33
Plan 6	n/a	n/a	55	38

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