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## **June 30, 2010, Actuarial Valuation with November 16, 2010, Revised Exhibit 12**

This PDF file contains SamCERA's June 30, 2010, actuarial valuation, along with a letter containing a revision to exhibit 12, dated November 16, 2010.

The purpose of the revision to exhibit 12 is to update County contribution rates.

The valuation dated September 16, 2010, found that the County's contribution rate (calculated under SamCERA's funding policy) decreased for the next year but is projected to increase significantly in the following years. Due to this result, the Board elected to adopt County contribution rates that are the same as the current County rates.

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

**San Mateo County Employees'  
Retirement Association**

**ACTUARIAL VALUATION  
June 30, 2010**

*SamCERA*



By

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Enrolled Actuary  
Member, American Academy of Actuaries

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September 13, 2010

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, 2011.

***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."

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.

Offices in Principal Cities Worldwide

### ***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, 2010. 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 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 2011 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 exception(s):



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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.

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,

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

Karen I. Steffen, FSA, EA, MAAA  
Consulting Actuary

NJC/KIS/nlo

# San Mateo County Employees' Retirement Association

## Table of Contents

	Page
<b>Section 1: Summary of the Findings .....</b>	<b>1</b>
Exhibit 1: Summary of Recommendations .....	2
Exhibit 2: Summary of Significant Valuation Results.....	8
<b>Section 2: Scope of the Report .....</b>	<b>9</b>
<b>Section 3: Assets.....</b>	<b>11</b>
Exhibit 3: Statement of Plan Net Assets for the Years Ended June 30, 2009 and 2010..	14
Exhibit 4: Statement of Changes in Plan Net Assets .....	15
Exhibit 5: Allocation of Assets by Accounting Reserve Amounts .....	16
Exhibit 6: 5-Year Smoothing of Gains and Losses on Market Value – History .....	17
Exhibit 7: 5-Year Smoothing – Development of Valuation Assets.....	18
Exhibit 8: Allocation of Valuation Assets (Dollars in Thousands).....	19
<b>Section 4: Actuarial Liabilities.....</b>	<b>21</b>
Exhibit 9: Actuarial Balance Sheet – June 30, 2010 .....	22
<b>Section 5: Member Contributions .....</b>	<b>27</b>
Exhibit 10: Sample Member Contribution Rates Effective July 1, 2011 .....	29
<b>Section 6: County Contributions.....</b>	<b>31</b>
Exhibit 11a: Calculated Employer Normal Cost Contribution Rates – June 30, 2010.....	33
Exhibit 11b: Calculated Employer Normal Cost Contribution Rates – June 30, 2010 (continued).....	34
Exhibit 12a: Total Employer Contributions .....	35
Exhibit 12b: Total Employer Contributions (continued) .....	36
Exhibit 12c: Supplemental Detail on UAAL Payments .....	37
<b>Section 7: Information for Comprehensive Annual Financial Report (CAFR) .....</b>	<b>39</b>
Exhibit 13: Schedule of Funding Progress .....	41
Exhibit 14: Schedule of Contributions from the Employer .....	42
Exhibit 15: Solvency Test.....	43
Exhibit 16: History of Employer Contribution Rates .....	44
Exhibit 17: Actuarial Analysis of Financial Experience.....	45
Exhibit 18: Summary of Significant Actuarial Statistics and Measures .....	46
Exhibit 19: Summary of <i>SamCERA</i> Membership .....	47
Exhibit 20: Summary of Active Member Valuation Data.....	48
Exhibit 21: Summary of Demographic Activity of Retirees and Beneficiaries .....	49
Exhibit 22: Average Salary and Active Counts by Employer.....	50
Exhibit 23: Summary of Retired and Inactive Benefits .....	51
Exhibit 24a: Summary of Assumptions.....	52
Exhibit 24b: Summary of Assumptions.....	53

**Table of Contents  
(continued)**

**Appendices**

<b>Appendix A:</b>	<b>Actuarial Procedures and Assumptions .....</b>	<b>A-1</b>
<b>Appendix B:</b>	<b>Summary of Benefit Provisions .....</b>	<b>B-1</b>
<b>Appendix C:</b>	<b>Valuation Data and Schedules .....</b>	<b>C-1</b>
<b>Appendix D:</b>	<b>Member Contribution Rates .....</b>	<b>D-1</b>
<b>Appendix E:</b>	<b>Glossary .....</b>	<b>E-1</b>



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# San Mateo County Employees' Retirement Association

## Section 1: Summary of the Findings



### 2010 Valuation Results

	June 30, 2010	June 30, 2009
County Contribution Rate	31.40%	34.00%
Funded Ratio	70.3%	63.9%

### Overview

This report presents the results of the June 30, 2010 actuarial valuation. Several key points are summarized as follows:

- **Funding:** The Funded Ratio increased from 63.9% to 70.3%. This increase was primarily due to higher than expected earnings on investments. This was directly reflected in the Actuarial Value of Assets (AVA) due to the 120% corridor.
- **Contribution Rates:** The County Normal Cost rate of 11.57% decreased from 11.62% reported in the prior year, due to the changes in the membership being valued. These changes were within an expected range for year-to-year changes. The rates will vary as the average entry age of the membership changes and as a greater proportion of members enter Plans 3 & 4 which are less expensive than Plans 1 & 2.

The County's required contribution rate to finance the UAAL over 15 years decreased from 22.38% to 19.83%. The overall result is a decrease in the required total contribution rate from the prior valuation of 2.60% (from 34.00% to 31.40% of payroll). The decrease was almost entirely due to higher than expected earnings on investments. This entire gain was directly reflected in the Actuarial Value of Assets (AVA) due to the 120% corridor.

- **Investment Returns:** *SamCERA's* investment return for the prior year (12.2%) was greater than the actuarial assumed rate of 7.75%. This resulted in an increase in the actuarial value of assets which caused an increase in the system's funding status and a decrease in the required County contribution rate.

Note that currently a \$467 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)**

**Asset Corridor:** *SamCERA's* asset smoothing method recognizes asset gains and losses over separate five-year periods. Thus, generally only 20% of the loss is recognized each year. However, an asset corridor limits the amount that the valuation assets can deviate from market value. The preliminary smoothed value was outside of the corridor, which caused all asset gains this year (approximately \$89 million) to be recognized immediately.

- **New Benefits:** This report reflects the enhanced benefits and increased member contribution rates recently adopted by the San Mateo County Mosquito and Vector Control District. These benefits and contribution rates are the same as those for the County General members, except that only the County members pay cost-sharing contributions. This only had a minor impact on the overall valuation, but significantly increased the rates paid by the district.

**Summary of  
Recommendations**

The following exhibit summarizes our recommendations to the Board.

**Exhibit 1      Summary of Recommendations**

**Recommendation #1: Adopt new employer contribution rates for fiscal year beginning July 1, 2011**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>Increase / (Decrease)</u>
Gross Normal Cost	21.28%	21.35%	(0.07)%
Member Contributions	<u>(9.71)%</u>	<u>(9.73)%</u>	<u>0.02%</u>
County Normal Cost	11.57%	11.62%	(0.05)%
UAAL Amortization	<u>19.83%</u>	<u>22.38%</u>	<u>(2.55)%</u>
Total County Rate	31.40%	34.00%	(2.60)%

*Notes:*

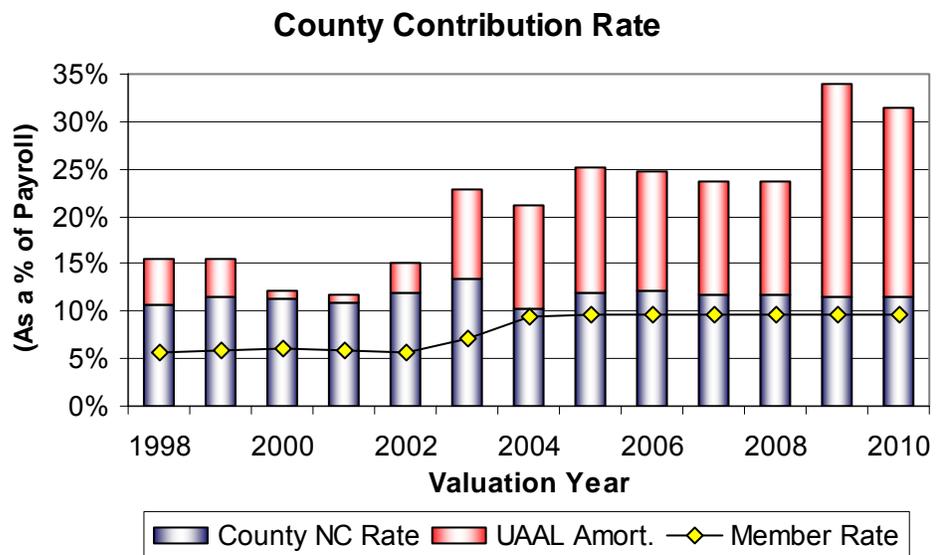
- 1) Detailed contribution rates by plan are shown in Section 6, Exhibits 12a & 12b.
- 2) As of the 2010 actuarial valuation, the member contribution rates for the Mosquito and Vector Control District are the same as those for General County members.

## County Contribution Rate

Under the Board's current funding objectives, the calculated County contribution rate for the fiscal year beginning July 1, 2011 is 31.40% of payroll. This is equal to the payment of the County 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 31.40% is a weighted average for all *SamCERA* plans. The actual percent of payroll to be contributed by the County varies by plan. See Exhibits 11a and 11b for Normal Cost rates by plan.

The new rate is effective for the fiscal year beginning July 1, 2011. The 31.40% 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. See Exhibits 12a and 12b for the total employer contribution rates by plan.

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



## Comparison with Last Year

A detailed analysis of the sources of the changes in both the County contribution rate and the funded ratio was performed. As discussed earlier, the asset gain was the overriding factor in the decrease in the contribution rate and increase in the funded ratio.

**Comparison with Last Year (continued)**

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

Sources of Change	County Contribution Rate	Funded Ratio
<b>June 30, 2009 Actuarial Valuation</b>	<b>34.00%</b>	<b>63.9%</b>
Expected Year-to-Year Change	0.00%	<b>1.5%</b>
Recognized Asset Gain/Loss		
From Current Year	<b>-1.90%</b>	<b>2.8%</b>
From Prior Years	0.00%	0.0%
Retiree COLAs Less than Expected	<b>-0.89%</b>	0.9%
Salary / Payroll Variation	0.42%	0.9%
Change in Average Entry Age and Plan	-0.05%	0.0%
Assumption Changes	0.00%	0.0%
Other Experience Changes	-0.18%	0.3%
<b>Total Change</b>	<b>-2.60%</b>	<b>6.4%</b>
<b>June 30, 2010 Actuarial Valuation</b>	<b>31.40%</b>	<b>70.3%</b>

**Funding Progress**

Based on the 2009 valuation, the expected UAAL as of June 30, 2010 was \$1,105 million. The actual UAAL for the fiscal year ending June 30, 2010 is \$919 million. This was primarily caused by several factors: the asset gain for the prior year, 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.

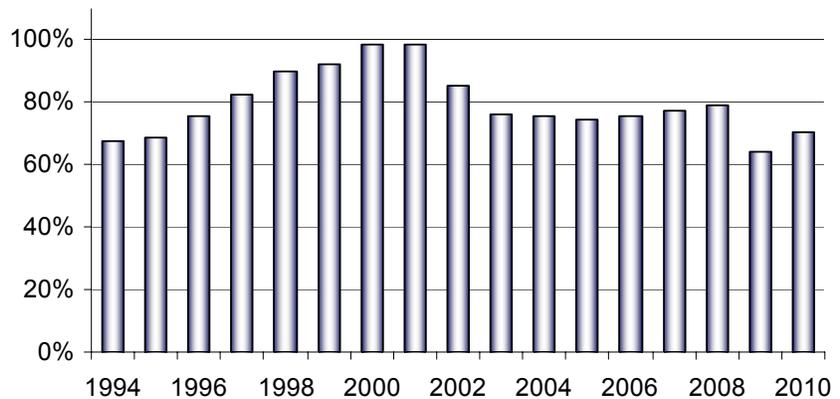
One measure of the funding adequacy of the system is the Funded Ratio which compares the value of the Actuarial Value of Assets (net of certain non-valuation reserves) to the Actuarial Accrued Liability (AAL), for all *SamCERA* plans combined. *SamCERA*'s Funded Ratio increased rapidly in the last half 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 70.3%; that is, the actuarial value of assets of \$2,179 million is about 30% less than the actuarial accrued liabilities of \$3,098 million. Note that if the market value of assets was used, the Funded Ratio would be significantly less at 58.6%.

**Funding Progress  
(continued)**

(All dollar amounts in millions)

	Market Value of Total Assets	Actuarial Value		Actuarial Accrued Liability	Funded Ratio
		Valuation	Non-Valuation		
2001	\$1,308	\$1,385	\$51	\$1,404	98.6%
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

**Historical Funded Ratios**



**Assets**

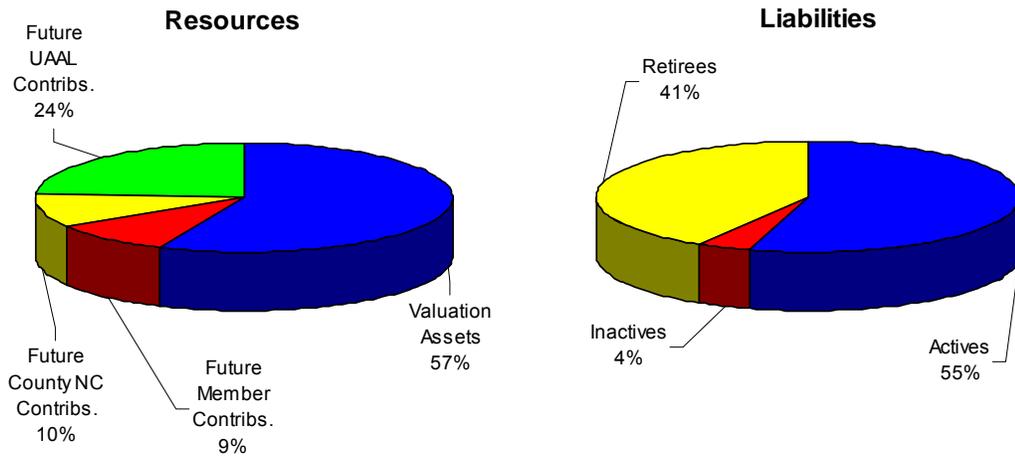
For the fiscal year ending June 30, 2010, we estimate that *SamCERA* earned 12.2%, net of investment expenses, on its market assets. Note that our return figure may be slightly different than that shown in the 2010 CAFR due to timing of contributions and benefit payments, as well as the treatment of 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 immediate recognition of the prior year asset gain in the corridor method, the return on actuarial valuation assets, at 12.7%, net of investment expenses, was higher 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.

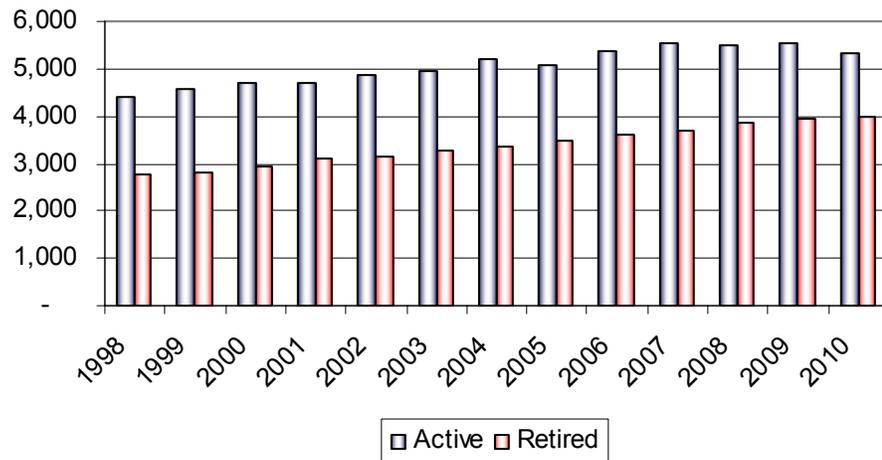


## Member Information

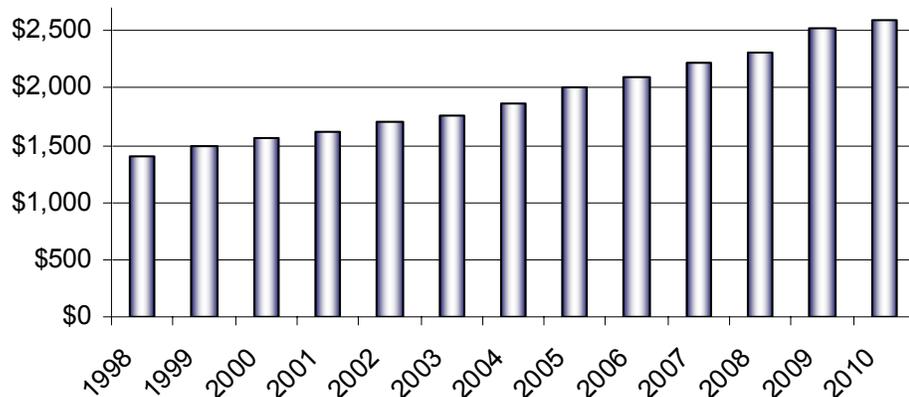
The number of active members included in the valuation decreased by 3.5% from 5,543 in 2009 to 5,347 in 2010.

Retired member counts and average retirement benefit amounts continue to increase steadily. For 2010, there were 4,002 retired members and beneficiaries with an average benefit of \$2,601 per month. This represents a 1.7% increase in count (up from 3,935 in 2009), and a 3.2% increase in the average monthly benefit (up from \$2,521 over the period).

### Membership Count



### Average Monthly Retirement Benefit



## Summary Valuation Results

The following Exhibit 2 presents a summary of key data elements on June 30, 2010 and June 30, 2009, 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, 2010	June 30, 2009	Relative Change
1. Total Membership			
A. Active Members	5,347	5,543	(3.5)%
B. Retired Members & Beneficiaries	4,002	3,935	1.7%
C. Vested Terminated Members	1,207	1,230	(1.9)%
D. Total	10,556	10,708	(1.4)%
2. Pay Rate			
A. Annual Total (\$thousands)	\$ 437,130	\$ 445,152	(1.8)%
B. Monthly Average	\$ 6,813	\$ 6,692	1.8%
3. Average Monthly Benefit to Current Retirees and Beneficiaries			
A. Service Retirement	\$ 2,723	\$ 2,639	3.2%
B. Disability Retirement	\$ 2,720	\$ 2,663	2.1%
C. Surviving Spouse and Dependents	\$ 1,800	\$ 1,757	2.4%
D. Total	\$ 2,601	\$ 2,521	3.2%
4. Actuarial Accrued Liability (\$thousands)			
A. Active Members	\$ 1,353,308	\$ 1,317,165	2.7%
B. Retired Members	\$ 1,588,037	\$ 1,521,461	4.4%
C. Vested Terminated Members	\$ 157,108	\$ 149,086	5.4%
D. Total	\$ 3,098,453	\$ 2,987,712	3.7%
5. Assets			
A. Market Value of Fund (\$thousands)	\$ 1,815,896	\$ 1,591,400	14.1%
B. Return on Market Value*	12.2%	-22.5%	
C. Actuarial Value (\$thousands)	\$ 2,179,076	\$ 1,909,679	14.1%
D. Return on Actuarial Value*	12.7%	-14.1%	
<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)	\$ 919,377	\$ 1,078,032	(14.7)%
7. Required County contribution rate for all plans combined as a percent of total payroll			
A. Gross Normal Cost	21.28%	21.35%	(0.3)%
B. Member Contributions	(9.71)%	(9.73)%	(0.2)%
C. County Normal Cost	11.57%	11.62%	(0.4)%
D. UAAL Amortization	19.83%	22.38%	(11.4)%
E. Total County Rate	31.40%	34.00%	(7.6)%
8. Funded Ratio (5C / 4D)	70.3%	63.9%	10.0%
9. Results Based on Market Value (No Asset Smoothing) -- For Informational Purposes Only			
A. Total County Rate	38.96%	40.72%	(4.3)%
B. Funded Ratio (5A / 4D)	58.6%	53.3%	10.0%

# 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, 2010. 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, 2010.

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 County 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, 2010.
- 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.

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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, 2010. 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 County 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 Total Assets	Actuarial Value	
		Non- Valuation Reserves	Valuation Assets
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

On June 30, 2010, the total market value of the fund was about \$1.82 billion. The actuarial value of the fund was determined to be \$2.18 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.

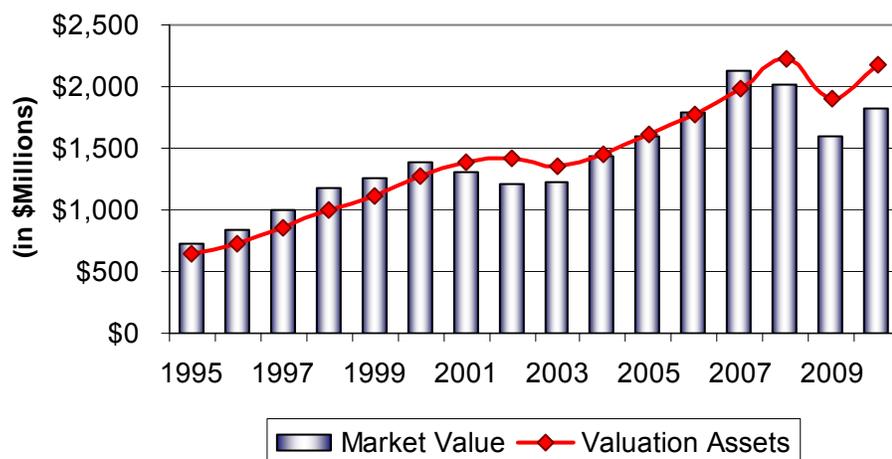
## Actuarial Asset Method

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, 2010 actuarial value of assets is shown in Exhibits 6 and 7. Note the smoothing process has recognized all of the investment losses from 2005 and earlier over the last few years. However, there are still large 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, 2009 and 2010

	2010	2009
<b>Assets</b>		
Cash and Cash Equivalents	74,232,656	67,909,157
Securities Lending Cash Collateral	181,645,752	119,950,929
<b>Total Cash</b>	<b>\$ 255,878,408</b>	<b>\$ 187,860,087</b>
Receivables		
Contributions	7,464,274	7,008,366
Due from broker for investments sold	83,850,705	64,890,282
Investment Income	4,654,787	4,210,923
Other receivables	113,787	313,211
Securities Lending Income	47,428	92,244
<b>Total Receivables</b>	<b>96,130,980</b>	<b>76,515,027</b>
Prepaid Expense	7,669	7,669
Investments at Fair Value		
Domestic fixed income securities	505,441,320	482,472,397
Domestic equities	797,467,287	604,210,620
International equities	341,048,550	359,981,040
Real estate	109,210,472	118,894,616
<b>Total Investments</b>	<b>1,753,167,629</b>	<b>1,565,558,673</b>
Capital Assets Net of Depreciation	-	-
<b>Total Assets</b>	<b>2,105,184,686</b>	<b>1,829,941,455</b>
<b>Liabilities</b>		
Payables		
Investment management fees	1,562,410	1,132,707
Due to broker for investments purchased	105,212,469	110,091,607
Collateral Payable for Securities Lending	181,645,752	119,950,929
Mortgage Note Payable		
Due within one year	-	-
Due in more than one year	-	-
Other	867,600	7,366,654
<b>Total Liabilities</b>	<b>289,288,231</b>	<b>238,541,897</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 1,815,896,455</b>	<b>\$ 1,591,399,558</b>

## San Mateo County Employees' Retirement Association

### Exhibit 4: Statement of Changes in Plan Net Assets for the Years Ended June 30, 2009 and 2010

#### STATEMENT OF CHANGES IN PLAN NET ASSETS

For the Year Ended June 30, 2010 and 2009:

	2010	2009
<b>Additions</b>		
Contributions		
Employer	\$ 106,265,329	\$ 106,123,055
Employee	50,318,477	50,371,592
Total Contributions	156,583,806	156,494,646
Investment Income/(Loss)		
Interest and dividends	42,179,828	42,096,352
Net appreciation/(depreciation) in Fair Value	162,137,189	(488,287,851)
	204,317,017	(446,191,499)
Less investment expense	8,905,477	11,078,919
Net Investment Income/(Loss)	195,411,540	(457,270,418)
Securities Lending Income		
Earnings	988,514	3,328,894
Less securities lending expense	245,578	1,697,620
Net Securities Lending Income	742,936	1,631,274
Other Additions	41,474	(15,957)
<b>Total Additions/(Declines)</b>	<b>352,779,756</b>	<b>(299,160,455)</b>
<b>Deductions</b>		
Association Benefits		
Service retirement allowances	106,607,286	99,208,814
Disability retirement allowances	14,585,746	13,816,561
Medical Benefits	-	-
Death and other death benefits	948,059	965,432
Total Association Benefits	122,141,091	113,990,807
Refunds of members' contributions	2,736,025	2,794,916
Administrative Expense	3,372,967	3,325,893
Other Expense	32,776	67,139
<b>Total Deductions</b>	<b>128,282,859</b>	<b>120,178,756</b>
Net Increase/(Decrease)	224,496,897	(419,339,210)
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	1,591,399,558	2,010,738,768
<b>End of Year</b>	<b>1,815,896,455</b>	<b>1,591,399,558</b>
Estimated Return, Net of Investment Expenses *	12.2%	-22.5%

\* 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, 2009 and 2010**

Valuation Reserves	2010	2009
1. Member Deposit Reserve	\$ 449,354,818	\$ 412,146,516
2. County Advance Reserve	264,507,768	235,873,867
3. Retiree Reserves	693,630,776	636,170,664
4. Cost of Living Reserve	<u>682,673,956</u>	<u>625,488,423</u>
<b>5. Total Valuation Reserves</b>	<b>\$ 2,090,167,318</b>	<b>\$ 1,909,679,470</b>
Non-Valuation Reserves	2010	2009
1. Contingency Reserve		
a. Reserves for Deficiencies in Interest Earnings	\$ -	\$ -
b. Unallocated Earnings / Loss Account	<u>88,908,428</u>	<u>-</u>
c. Total	\$ 88,908,428	\$ -
2. Market Stabilization Account	<u>(363,179,291)</u>	<u>(318,279,912)</u>
<b>3. Total Non-Valuation Reserves</b>	<b>\$ (274,270,863)</b>	<b>\$ (318,279,912)</b>
<b>4. Total Reserves (Market Value of Assets)</b>	<b>\$ 1,815,896,455</b>	<b>\$ 1,591,399,558</b>

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

## San Mateo County Employees' Retirement Association

### Exhibit 6: 5-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)
6/30/2010	\$ 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
12/31/2006	1,789,897,817	113,965,567	47,360,082	2,035,751,839	3.875%	72,065,900	179,248,537	107,182,637
6/30/2006	1,787,576,077	23,551,946	45,624,067	1,789,897,817	4.000%	71,011,738	24,393,861	(46,617,877)

## San Mateo County Employees' Retirement Association

### Exhibit 7: 5-Year Smoothing – Development of Valuation Assets

#### Development of Market Stabilization Reserve

Six-Month Period Ended	Percent Excluded	Phase-Out of Gain / (Loss)		Gain / (Loss) Excluded
		x	Unexpected Gain / (Loss)	
6/30/2010	90%	x	\$ (138,062,572)	= \$ (124,256,315)
12/31/2009	80%	x	195,837,576	= 156,670,061
6/30/2009	70%	x	(32,021,328)	= (22,414,930)
12/31/2008	60%	x	(569,104,010)	= (341,462,406)
6/30/2008	50%	x	(236,598,249)	= (118,299,124)
12/31/2007	40%	x	(112,208,308)	= (44,883,323)
6/30/2007	30%	x	37,872,259	= 11,361,678
12/31/2006	20%	x	107,182,637	= 21,436,527
6/30/2006	10%	x	(46,617,877)	= (4,661,788)
Total Gain / (Loss) Excluded = Market Stabilization Reserve =				\$ (466,509,620)

#### Development of Valuation Assets

1. Market Value of Assets as of June 30, 2010		\$ 1,815,896,455
2. Preliminary Market Stabilization Reserve		(466,509,620)
3. Preliminary Actuarial Value of Assets (1) - (2)		2,282,406,075
4. Corridor Around Market Value		
a) Minimum = 80% of Market	1,452,717,164	
b) Maximum = 120% of Market	2,179,075,746	
c) Corridor Adjustment		(103,330,329)
5. Market Stabilization Reserve	(363,179,291)	
6. Gross Actuarial Valuation of Assets (3) - (4c)		\$ 2,179,075,746
7. Non-Valuation Reserves and Designations		
a) Reserves for Interest Fluctuations	0	
b) Medicare Part B Reserve	0	
c) Total		0
8. Valuation Assets (1) - (5) - (6)		\$ 2,179,075,746

**San Mateo County Employees'  
Retirement Association**

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

	General	Safety	Probation	Total
1. Prior Year UAAL	\$ 739,649	\$ 270,399	\$ 67,985	\$ 1,078,033
2. Expected UAAL Contribution for Preceding Year	(37,067)	(13,402)	(3,432)	(53,901)
3. Expected Interest at 7.75%	55,913	20,446	5,138	81,497
4. Expected UAAL Based on Prior Year Assumptions	758,495	277,443	69,691	1,105,629
5. Percentage of Total Expected UAAL	68.60%	25.09%	6.30%	100.00%
6. Actual UAAL Based on Prior Year Assumptions				918,705
7. Actual AAL Based on Prior Year Assumptions	\$ 2,284,409	\$ 632,984	\$ 180,388	\$ 3,097,781
8. Allocated UAAL Based on Prior Year Assumptions	630,259	230,537	57,909	918,705
<b>9. Actuarial Value of Assets</b>	<b>\$ 1,654,150</b>	<b>\$ 402,447</b>	<b>\$ 122,479</b>	<b>\$ 2,179,076</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, 2010. 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 County 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, 2010.

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, 2008. These assumptions were adopted by the Board at their August 2008 meeting and are shown in Appendix A. The assumptions will next be reviewed in 2011 as part of the triennial investigation.

**San Mateo County Employees'  
Retirement Association**

**Exhibit 9: Actuarial Balance Sheet – June 30, 2010  
(Dollars in Thousands)**

Resources				
	General	Safety	Probation	Total
Valuation Assets (Actuarial)	\$ 1,654,150	\$ 402,447	\$ 122,479	\$ 2,179,076
Present Value of Future Member Contributions	290,125	48,295	24,412	362,832
Present Value of Future Employer Contributions to Fund:				
a) Normal Cost	265,020	63,975	44,649	373,644
b) Unfunded Actuarial Accrued Liability	630,931	230,537	57,909	919,377
<b>Total Resources</b>	<b>\$ 2,840,226</b>	<b>\$ 745,254</b>	<b>\$ 249,449</b>	<b>\$ 3,834,929</b>

Liabilities				
	General	Safety	Probation	Total
Present Value of Future Benefits				
1. Present Retired Members	\$ 1,139,248	\$ 381,521	\$ 67,269	\$ 1,588,037
2. Current Inactive Members	124,605	17,905	14,598	157,108
3. Current Active Members				
- Service Retirement	1,418,663	316,248	150,247	1,885,159
- Disability Retirement	45,789	14,047	7,812	67,649
- Death Benefits	23,648	6,472	3,343	33,463
- Deferred Vested Benefit	60,228	7,642	5,448	73,318
- Refund of Member Contributions	28,044	1,419	732	30,195
- Total Active	1,576,372	345,828	167,583	2,089,783
<b>Total Actuarial Liabilities</b>	<b>\$ 2,840,226</b>	<b>\$ 745,254</b>	<b>\$ 249,449</b>	<b>\$ 3,834,929</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 County.

## **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 County. 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 County'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>2010</u>	<u>2009</u>	<u>Percent Change</u>
A. Actuarial present value of all future benefits for contributing members, former contributing members, and their survivors	\$ 3,835	\$ 3,749	2.3%
B. Actuarial present value of total future Normal Costs for current members	<u>737</u>	<u>716</u>	2.9%
C. Actuarial accrued liability [A-B]	\$ 3,098	\$ 2,988	3.7%
D. Valuation Assets	<u>2,179</u>	<u>1,910</u>	14.1%
E. UAAL or Surplus Funding [C-D]	\$ 919	\$ 1,078	(14.7)%
F. Funded Ratio [D/C]	70.3%	63.9%	9.9%

## 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 County 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 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, 2010.

## 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 2010 actuarial valuation reflects a decrease in the UAAL of \$156.2 million for the fiscal year just ended.

<b>Unfunded Actuarial Accrued Liability - June 30, 2009</b>	<b>\$ 1,078.0</b>
Expected Increase / (Decrease) *	27.4
<b>Expected UAAL - June 30, 2010</b>	<b>\$ 1,105.4</b>
Asset (Gains) and Losses	(88.5)
Retiree COLA Less than Expected	(41.3)
Salary Increases Less than Expected	(42.0)
Assumption Changes	-
Other Liability (Gain)/Loss	<u>(14.2)</u>
<b>Total Changes</b>	<b><u>(186.0)</u></b>
<b>Actual UAAL - June 30, 2010</b>	<b>\$ 919.4</b>

\* Based on actual 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 – County	31621.9	1/120 <sup>th</sup> of FAC at age 55
General – SMCMVCD	31621.9*	1/120 <sup>th</sup> of FAC at age 55
Probation & Safety	31639.25	1/100 <sup>th</sup> of FAC at age 50

*FAC = Final Average Compensation*

*\*All current and future Mosquito and Vector Control District members contribute under Code Section 31621.9 beginning with the 2010 actuarial valuation.*

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, 2008 valuation to reflect the assumptions adopted in the April 30, 2008 investigation of experience report. The rates are shown in Appendix D.

#### Cost-Sharing Contributions

In addition to the basic rate, members 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

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 County 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, 2011

	<u>Entry Age</u>	<u>Basic</u>	<u>Cost Sharing</u>	<u>Total as a % of Pay</u>
<b>General Members - County</b>				
<b>Plans 1 &amp; 2</b>	25	6.03%	3.00%	9.03%
	35	7.22%	3.00%	10.22%
	45	8.67%	3.00%	11.67%
<b>Plan 4</b>	25	5.78%	3.00%	8.78%
	35	6.91%	3.00%	9.91%
	45	8.26%	3.00%	11.26%
<b>General Members - SMCM&amp;VCD**</b>				
<b>Plans 1 &amp; 2</b>	25	6.03%	0.00%	6.03%
	35	7.22%	0.00%	7.22%
	45	8.67%	0.00%	8.67%
<b>Plan 4</b>	25	5.78%	0.00%	5.78%
	35	6.91%	0.00%	6.91%
	45	8.26%	0.00%	8.26%
<b>Probation Members (Reflects Employer Pick-up)</b>				
<b>Plans 1 &amp; 2</b>	25	6.53%	3.50%	10.03%
	35	7.83%	3.50%	11.33%
	45	9.21%	3.50%	12.71%
<b>Plan 4</b>	25	6.25%	3.50%	9.75%
	35	7.49%	3.50%	10.99%
	45	8.66%	3.50%	12.16%
<b>Safety Members - Other than Deputy Sheriff*</b>				
<b>Plans 1 &amp; 2</b>	25	8.16%	5.00%	13.16%
	35	9.78%	5.00%	14.78%
	45	11.52%	5.00%	16.52%
<b>Plan 4</b>	25	7.81%	5.00%	12.81%
	35	9.37%	5.00%	14.37%
	45	10.83%	5.00%	15.83%

\* 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.

\*\*Beginning with the 2010 actuarial valuation, all current and future Mosquito and Vector Control District members contribute the same basic member rates as General County members.

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# San Mateo County Employees' Retirement Association

## Section 6: County 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 (or County) 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 County funds the UAAL evenly as a percentage of pay over salaries for all members within a class. Exhibit 12c (supplemental information) contains details on the UAAL.

The total County contribution rate was 34.00% for the fiscal year beginning July 1, 2010. For the fiscal year beginning in 2011, the calculated rate based on this report decreased to 31.40%. This is equal to the aggregate County Normal Cost contribution rate of 11.57% based on Milliman’s 2010 valuation, plus appropriate amounts to amortize the UAAL according to the funding policy, over layered 15-year closed periods.

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

County Normal Cost	11.57%
Total Amortization of UAAL	<u>19.83</u>
Total County Contribution	31.40%

**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 County contribution rate calculated in the 2010 valuation is paid over the remaining 14 years and is effective July 1, 2011.

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 (formerly the Mosquito Abatement 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.
- (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 County's share of the Normal Cost contributions for the years when the member has more than 30 years of service. The County'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.

## San Mateo County Employees' Retirement Association

### Exhibit 11a: Calculated Employer Normal Cost Contribution Rates – June 30, 2010

	General - County					General - SMCM&VCD*			
	Plan 1	Plan 2	Plan 3	Plan 4	Total	Plan 1	Plan 2	Plan 4	Total
<b>A. Normal Cost Contribution Rate</b>									
Service Retirement	15.93%	16.30%	7.30%	15.55%	15.52%	13.59%	20.48%	14.00%	15.43%
Disability Retirement	0.64%	0.73%	0.00%	0.82%	0.77%	0.53%	0.97%	0.72%	0.19%
Death while Active	0.29%	0.32%	0.00%	0.31%	0.31%	0.30%	0.48%	0.29%	0.31%
Termination (No Refund)	1.38%	1.30%	0.51%	1.27%	1.26%	1.38%	1.08%	1.29%	1.27%
Refund of Member Contributions	1.48%	1.55%	0.00%	1.62%	1.55%	0.15%	1.19%	1.09%	1.03%
<b>Total</b>	<b>19.72%</b>	<b>20.20%</b>	<b>7.81%</b>	<b>19.57%</b>	<b>19.41%</b>	<b>15.95%</b>	<b>24.20%</b>	<b>17.39%</b>	<b>18.24%</b>
<b>B. Member Contributions</b>	<b>(8.54)%</b>	<b>(9.37)%</b>	<b>0.00%</b>	<b>(9.78)%</b>	<b>(9.36)%</b>	<b>(5.19)%</b>	<b>(7.68)%</b>	<b>(6.46)%</b>	<b>(6.54)%</b>
<b>C. Net Employer Normal Cost as of June 30, 2010 (A) - (B)</b>	<b>11.18%</b>	<b>10.83%</b>	<b>7.81%</b>	<b>9.79%</b>	<b>10.05%</b>	<b>10.76%</b>	<b>16.52%</b>	<b>10.93%</b>	<b>11.70%</b>
<b>D. Net Employer Normal Cost as of June 30, 2009</b>	<b>11.04%</b>	<b>10.94%</b>	<b>7.80%</b>	<b>9.81%</b>	<b>10.11%</b>	<b>9.04%</b>	<b>8.97%</b>	<b>8.04%</b>	<b>8.25%</b>
<b>E. Increase (Decrease) as a Percentage of Payroll (C) - (D)</b>	<b>0.14%</b>	<b>(0.11)%</b>	<b>0.01%</b>	<b>(0.02)%</b>	<b>(0.06)%</b>	<b>1.72%</b>	<b>7.55%</b>	<b>2.89%</b>	<b>3.45%</b>

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

**San Mateo County Employees'  
Retirement Association**

**Exhibit 11b: Calculated Employer Normal Cost Contribution Rates – June 30, 2010 (continued)**

	<u>Safety</u>				<u>Probation</u>				<u>All Plans</u>
	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 4</u>	<u>Total</u>	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 4</u>	<u>Total</u>	
<b>A. Normal Cost Contribution Rate</b>									
Service Retirement	31.92%	27.81%	25.61%	26.53%	28.29%	27.35%	24.47%	25.33%	17.26%
Disability Retirement	1.77%	1.78%	2.00%	1.91%	1.77%	1.73%	1.73%	1.73%	0.94%
Death while Active	1.03%	0.99%	0.93%	0.95%	1.03%	0.89%	0.83%	0.85%	0.40%
Termination (No Refund)	1.33%	1.31%	1.21%	1.25%	1.42%	1.33%	1.29%	1.30%	1.26%
Refund of Member Contributions	0.73%	0.73%	0.83%	0.79%	0.48%	0.62%	0.64%	0.63%	1.42%
<b>Total</b>	<b>36.78%</b>	<b>32.62%</b>	<b>30.58%</b>	<b>31.43%</b>	<b>32.99%</b>	<b>31.92%</b>	<b>28.96%</b>	<b>29.84%</b>	<b>21.28%</b>
<b>B. Member Contributions</b>	<b>(11.23)%</b>	<b>(12.31)%</b>	<b>(12.52)%</b>	<b>(12.42)%</b>	<b>(8.63)%</b>	<b>(9.79)%</b>	<b>(10.08)%</b>	<b>(9.99)%</b>	<b>(9.71)%</b>
<b>C. Net Employer Normal Cost as of June 30, 2010 (A) - (B)</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>D. Net Employer Normal Cost as of June 30, 2009</b>	<b>24.37%</b>	<b>20.42%</b>	<b>18.26%</b>	<b>19.21%</b>	<b>24.47%</b>	<b>22.19%</b>	<b>18.90%</b>	<b>19.92%</b>	<b>11.62%</b>
<b>E. Increase (Decrease) as a Percentage of Payroll (C) - (D)</b>	<b>1.18%</b>	<b>(0.11)%</b>	<b>(0.20)%</b>	<b>(0.20)%</b>	<b>(0.11)%</b>	<b>(0.06)%</b>	<b>(0.02)%</b>	<b>(0.07)%</b>	<b>(0.05)%</b>

**SAN MATEO COUNTY EMPLOYEES RETIREMENT ASSOCIATION**

**Exhibit 12a: Total Employer Contributions**

	<b>General - County</b>					<b>General - SMCM&amp;VCD**</b>			
	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 3</u>	<u>Plan 4</u>	<u>Total</u>	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 4</u>	<u>Total</u>
A. Basic Employer Normal Cost Rate	5.37%	6.10%	7.81%	6.50%	6.40%	5.60%	10.72%	7.90%	8.13%
B. COLA Normal Cost Rate	5.81%	4.73%	0.00%	3.29%	3.65%	5.16%	5.80%	3.03%	3.57%
C. Employer Normal Cost Rate	11.18%	10.83%	7.81%	9.79%	10.05%	10.76%	16.52%	10.93%	11.70%
D. UAAL Contribution Rate	18.26%	18.51%	18.39%	18.42%	18.46%	18.26%	18.51%	18.42%	18.46%
<b>E. Total June 30, 2010 Contribution Rate (C) + (D)</b>	<b>29.44%</b>	<b>29.34%</b>	<b>26.20%</b>	<b>28.21%</b>	<b>28.51%</b>	<b>29.02%</b>	<b>35.03%</b>	<b>29.35%</b>	<b>30.16%</b>
F. Total June 30, 2009 Contribution Rate	29.44%	29.34%	26.20%	28.21%	28.51%	24.13%	24.06%	23.13%	23.34%
G. Estimated Payroll for fiscal year beginning July 1, 2011	\$ 7,663	\$ 108,238	\$ 11,106	\$ 256,552	\$ 383,559	\$ 112	\$ 219	\$ 1,246	\$ 1,577
<b>H. Estimated Annual Contribution (E x G)*</b>	<b>\$ 2,256</b>	<b>\$ 31,757</b>	<b>\$ 2,910</b>	<b>\$ 72,373</b>	<b>\$ 109,353</b>	<b>\$ 33</b>	<b>\$ 77</b>	<b>\$ 366</b>	<b>\$ 476</b>
I. Last Year's Estimated Annual Contribution	\$ 2,906	\$ 33,568	\$ 2,974	\$ 72,214	\$ 111,650	\$ 25	\$ 50	\$ 248	\$ 323
J. Increase / (Decrease) in Annual Contribution	\$ (650)	\$ (1,811)	\$ (64)	\$ 159	\$ (2,297)	\$ 8	\$ 27	\$ 118	\$ 153

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

\*\*2010 Normal Cost and UAAL rates for Mostquito and Vector Control District reflect adoption of "enhanced" General County benefit formula as of 2010 actuarial valuation.

This work product was prepared solely to provide assistance to 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 12b: Total Employer Contributions**

	<b>Safety</b>				<b>Probation</b>				<b>All Plans</b>
	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 4</u>	<u>Total</u>	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 4</u>	<u>Total</u>	
A. Basic Employer Normal Cost Rate	13.05%	11.49%	12.05%	11.85%	14.59%	13.49%	13.12%	13.23%	7.38%
B. COLA Normal Cost Rate	12.50%	8.82%	6.01%	7.16%	9.77%	8.64%	5.76%	6.62%	4.19%
C. Employer Normal Cost Rate	25.55%	20.31%	18.06%	19.01%	24.36%	22.13%	18.88%	19.85%	11.57%
D. UAAL Contribution Rate	50.65%	51.94%	52.03%	52.03%	23.95%	23.90%	23.86%	23.91%	22.43%
<b>E. Total June 30, 2010 Contribution Rate (C) + (D)</b>	<b>76.20%</b>	<b>72.25%</b>	<b>70.09%</b>	<b>71.04%</b>	<b>48.31%</b>	<b>46.03%</b>	<b>42.74%</b>	<b>43.76%</b>	<b>34.00%</b>
F. Total June 30, 2009 Contribution Rate	76.20%	72.25%	70.09%	71.04%	48.31%	46.03%	42.74%	43.76%	34.00%
G. Estimated Payroll for fiscal year beginning July 1, 2011	\$ 1,179	\$ 19,198	\$ 31,144	\$ 51,521	\$ 341	\$ 7,622	\$ 18,815	\$ 26,778	\$ 463,435
<b>H. Estimated Annual Contribution (E x G)*</b>	<b>\$ 898</b>	<b>\$ 13,871</b>	<b>\$ 21,829</b>	<b>\$ 36,601</b>	<b>\$ 165</b>	<b>\$ 3,508</b>	<b>\$ 8,042</b>	<b>\$ 11,718</b>	<b>\$ 157,568</b>
I. Last Year's Estimated Annual Contribution	\$ 1,056	\$ 14,258	\$ 20,967	\$ 36,255	\$ 360	\$ 3,784	\$ 8,076	\$ 12,192	\$ 160,432
J. Increase / (Decrease) in Annual Contribution	\$ (158)	\$ (387)	\$ 862	\$ 346	\$ (195)	\$ (276)	\$ (34)	\$ (474)	\$ (2,864)

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

This work product was prepared solely to provide assistance to 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 12c: Supplemental Detail on UAAL Payments (Dollars in Thousands)

General							
Date Established	Description	Balance as of June 30, 2010	Interest on Balance	Amort. Payment on June 30, 2011 <sup>1</sup>	Balance as of June 30, 2011 <sup>2</sup>	Remaining Period as of June 30, 2011	July 1, 2011 Amortization Payment
June 30, 2008	Initial UAAL	\$ 390,080	\$ 30,231	\$ 39,638	\$ 380,673	12 Years	\$ 38,998
June 30, 2009	(Gain) / Loss	\$ 368,276	\$ 28,541	\$ 35,321	\$ 361,496	13 Years	\$ 34,751
June 30, 2010	(Gain) / Loss	\$ (127,425)	\$ (9,875)	\$ (4,882) <sup>3</sup>	\$ (132,418)	14 Years	\$ (12,015)
Total Amortization Payment July 1, 2011:							\$ 61,733
Projected Payroll July 1, 2011:							\$ 377,657
<b>UAAL as of June 30, 2010:</b>		<b><u>\$ 630,931</u></b>		<b>UAAL Contribution Rate (as a % of Payroll) FYB July 1, 2011:</b>		<b><u>16.35%</u></b>	

Safety							
Date Established	Description	Balance as of June 30, 2010	Interest on Balance	Amort. Payment on June 30, 2011 <sup>1</sup>	Balance as of June 30, 2011 <sup>2</sup>	Remaining Period as of June 30, 2011	July 1, 2011 Amortization Payment
June 30, 2008	Initial UAAL	\$ 142,346	\$ 11,032	\$ 14,464	\$ 138,914	12 Years	\$ 14,230
June 30, 2009	(Gain) / Loss	\$ 135,062	\$ 10,467	\$ 12,953	\$ 132,576	13 Years	\$ 12,744
June 30, 2010	(Gain) / Loss	\$ (46,871)	\$ (3,632)	\$ (971) <sup>3</sup>	\$ (49,532)	14 Years	\$ (4,494)
Total Amortization Payment July 1, 2011:							\$ 22,480
Projected Payroll July 1, 2011:							\$ 50,520
<b>UAAL as of June 30, 2010:</b>		<b><u>\$ 230,537</u></b>		<b>UAAL Contribution Rate (as a % of Payroll) FYB July 1, 2011:</b>		<b><u>44.50%</u></b>	

Probation							
Date Established	Description	Balance as of June 30, 2010	Interest on Balance	Amort. Payment on June 30, 2011 <sup>1</sup>	Balance as of June 30, 2011 <sup>2</sup>	Remaining Period as of June 30, 2011	July 1, 2011 Amortization Payment
June 30, 2008	Initial UAAL	\$ 35,664	\$ 2,764	\$ 3,624	\$ 34,804	12 Years	\$ 3,565
June 30, 2009	(Gain) / Loss	\$ 33,996	\$ 2,635	\$ 3,261	\$ 33,370	13 Years	\$ 3,208
June 30, 2010	(Gain) / Loss	\$ (11,751)	\$ (911)	\$ (573) <sup>3</sup>	\$ (12,089)	14 Years	\$ (1,097)
Total Amortization Payment July 1, 2011:							\$ 5,677
Projected Payroll July 1, 2011:							\$ 26,257
<b>UAAL as of June 30, 2010:</b>		<b><u>\$ 57,909</u></b>		<b>UAAL Contribution Rate (as a % of Payroll) FYB July 1, 2011:</b>		<b><u>21.62%</u></b>	

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, 2010; whereas, the contribution rates are not effective until June 1, 2011. Therefore, the UAAL is adjusted to June 30, 2011 in the calculation of contribution rates.

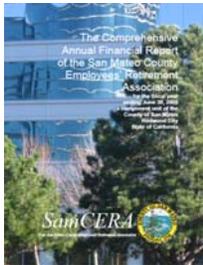
<sup>3</sup> The 15-year amortization of UAAL does not begin until July 1, 2011; however, the UAAL amount is adjusted based on the July 1, 2010 contribution rate.

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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, 2001	\$ 1,384,586	\$ 1,404,060	\$ 19,474	98.6%	\$ 274,318	7.10%
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%

\*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
6/30/2001	39,482	39,482	100%
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%

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

## 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, 2001	\$ 1,384,586	\$ 174,066	\$ 789,104	\$ 440,890	100%	100%	96%
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%

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

Rates for Mosquito and Vector Control District <sup>(2)</sup>			
Valuation	General Member		
Year	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%

(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 General County members (excluding cost sharing on member rates).

**San Mateo County Employees'  
Retirement Association**

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

<b>Summary of (Gains) / Losses</b>	<b>Change In Liability</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Unfunded Liability as of July 1	\$ 1,078,033,000	\$ 587,285,000	\$ 578,773,000	\$ 576,128,000	\$ 562,174,000
Expected Change in UAAL	27,388,000)	(11,786,000)	(31,649,000)	(16,745,000)	2,980,000
Salary (Gain) / Loss	(43,598,000)	(10,081,000)	(19,946,000)	45,157,000	19,671,000
Fewer Withdrawals than expected					
Retiree COLA more / (less) than expected	(41,258,000)	1,080,000	937,000	(3,380,000)	(13,862,000)
Asset (Gain) / Loss	(88,485,000)	522,444,000	(20,078,000)	(22,639,000)	(1,363,000)
Change due to Assumption Changes			61,011,000		
Ventura Benefits & Asset transfers					
Miscellaneous Experience	(12,703,000)	(10,909,000)	18,237,000	252,000	6,528,000
Change Due to New Formula					
Unfunded Liability as of June 30	\$ 919,377,000	\$ 1,078,033,000	\$ 587,285,000	\$ 578,773,000	\$ 576,128,000

## San Mateo County Employees' Retirement Association

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

	June 30th of		Relative Change
	2010	2009	
<b>I. Active Members</b>			
Number of Members	5,347	5,543	(3.5)%
Average Age	45.4	44.9	1.1%
Average Credited Service	10.2	9.6	6.3%
Total Active Payroll (\$thousands)	\$ 437,130	\$ 445,152	(1.8)%
Average Monthly Salary	\$ 6,813	\$ 6,692	1.8%
<b>II. Retired Members</b>			
Number of Members			
Service Retirement	3,108	3,032	2.5 %
Disability Retirement	365	369	(1.1)%
Beneficiaries	529	534	(0.9)%
Average Age	71.3	71.3	0.1 %
Actual Retiree Benefits Paid (\$thousands)	\$ 122,141	\$ 113,991	7.1 %
Average Monthly Pension	\$ 2,601	\$ 2,521	3.2%
<b>III. Inactive Vested Members</b>			
	1,207	1,230	(1.9)%
<b>IV. Assets</b>			
Market Value of Fund (\$thousands)	\$ 1,815,896	\$ 1,591,400	14.1%
Return on Market Value	12.2%	-22.5%	
Valuation Assets (\$thousands)	\$ 2,179,076	\$ 1,909,679	14.1%
Return on Valuation Assets	12.7%	-14.1%	
<b>V. Liability Values (\$thousands)</b>			
Actuarial Accrued Liability	\$ 3,098,453	\$ 2,987,712	3.7%
Unfunded Actuarial Accrued Liability	\$ 919,377	\$ 1,078,032	(14.7)%
Deferred Asset (Gains) / Losses	\$ 363,179	\$ 318,279	
<b>VI. Funded Ratio</b>			
GASB 25 (based on valuation assets)	70.3%	63.9%	10.0%

## 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	2,031	1,282	90	101	3,504
Safety	286	100	-	9	395
Probation	69	29	-	5	103
Subtotal	2,386	1,411	90	115	4,002
<b>Terminated employees entitled to but not currently receiving benefits (Deferred):</b>					
General	42	498	117	430	1,087
Safety	2	32	-	29	63
Probation	1	28	-	28	57
Subtotal	45	558	117	487	1,207
<b>Current employees:</b>					
<b>Vested:</b>					
General	81	1,183	71	1,689	3,024
Safety	8	143	-	171	322
Probation	3	81	-	155	239
<b>Non-Vested:</b>					
General	-	2	79	1,504	1,585
Safety	-	-	-	103	103
Probation	-	-	-	74	74
Subtotal	92	1,409	150	3,696	5,347
<b>Total SamCERA Membership</b>	<b>2,523</b>	<b>3,378</b>	<b>357</b>	<b>4,298</b>	<b>10,556</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
2001	General	4,040	\$ 227,848,000	\$56,400	5.6%
	Safety	416	\$ 31,611,000	\$75,984	3.1%
	Probation	261	\$ 14,859,000	\$56,928	6.8%
	Total	4,717	\$ 274,318,000	\$58,152	5.3%
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	\$ 323,896,00	\$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%

\*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 <sup>(1)</sup>		Removed from Rolls		Rolls end of year		% Increase in Payroll	Average Monthly Allowances
	No.	Annual Allowances in Thousands	No.	Annual Allowances in Thousands	No. <sup>(2)</sup>	Total Retiree Payroll in Thousands		
June 30, 2001	233	\$ N/A	82	\$ N/A	3,253	\$ 62,416	13.1 %	\$ 1,543
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

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

<sup>(2)</sup> 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)**

	2010	2009	2008	2007	2006
General Plan 1	\$ 7,543	\$ 7,534	\$ 7,252	\$ 7,175	\$ 6,749
General Plan 2	\$ 7,193	\$ 7,120	\$ 6,872	\$ 6,688	\$ 6,148
General Plan 3	\$ 5,818	\$ 5,791	\$ 5,619	\$ 5,287	\$ 4,988
General Plan 4	\$ 6,348	\$ 6,212	\$ 5,914	\$ 5,714	\$ 5,315
General Plan Total	\$ 6,569	\$ 6,468	\$ 6,211	\$ 6,054	\$ 5,652
Safety Plan 1	\$11,578	\$10,889	\$11,113	\$10,212	\$10,019
Safety Plan 2	\$10,548	\$10,135	\$ 9,612	\$ 9,299	\$ 8,585
Safety Plan 4	\$ 8,931	\$ 8,610	\$ 8,349	\$ 7,882	\$ 7,403
Safety Plan Total	\$ 9,525	\$ 9,197	\$ 8,937	\$ 8,538	\$ 8,062
Probation Plan 1	\$ 8,922	\$ 9,751	\$ 9,791	\$ 8,522	\$ 7,735
Probation Plan 2	\$ 7,393	\$ 7,341	\$ 6,960	\$ 6,899	\$ 6,479
Probation Plan 4	\$ 6,456	\$ 6,291	\$ 5,978	\$ 5,766	\$ 5,444
Probation Plan Total	\$ 6,722	\$ 6,634	\$ 6,344	\$ 6,171	\$ 5,860
Grand Total	\$ 6,813	\$ 6,692	\$ 6,433	\$ 6,260	\$ 5,857

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

**Participating Employers and Active Members**

	2010	2009	2008	2007	2006
<i>County of San Mateo</i>					
General Members	4,589	4,758	4,718	4,742	4,594
Safety Members	425	436	432	443	428
Probation Members	313	330	325	329	313
Total	5,327	5,524	5,475	5,514	5,335
<i>San Mateo County Mosquito and Vector Control District</i>					
General Members Total	20	19	25	25	20
Total Active Membership	5,347	5,543	5,500	5,539	5,355

## San Mateo County Employees' Retirement Association

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

Retired Members	2010	2009	2008	2007	2006	2005
<b>Service Retirement</b>						
Number	3,108	3,032	2,958	2,835	2,783	2,865
Annual Allowance						
Basic Only	\$ 79,007,000	\$ 73,038,000	\$ 66,704,000	\$ 59,687,000	\$ 54,942,000	\$ 49,760,000
COLA	\$ 22,542,000	\$ 22,964,000	\$ 21,289,000	\$ 19,382,000	\$ 18,188,000	\$ 17,759,000
Total	\$ 101,549,000	\$ 96,002,000	\$ 87,993,000	\$ 79,069,000	\$ 73,130,000	\$ 67,519,000
Average Monthly Payment	\$ 2,723	\$ 2,639	\$ 2,479	\$ 2,324	\$ 2,190	\$ 1,964
<b>Disability Retirement</b>						
Number	365	369	361	351	342	334
Annual Allowance						
Basic Only	\$ 8,988,000	\$ 8,722,000	\$ 8,214,000	\$ 7,571,000	\$ 6,915,000	\$ 6,575,000
COLA	\$ 2,926,000	\$ 3,070,000	\$ 2,847,000	\$ 2,569,000	\$ 2,356,000	\$ 2,205,000
Total	\$ 11,914,000	\$ 11,792,000	\$ 11,061,000	\$ 10,140,000	\$ 9,271,000	\$ 8,780,000
Average Monthly Payment	\$ 2,720	\$ 2,663	\$ 2,553	\$ 2,407	\$ 2,259	\$ 2,191
<b>Beneficiaries</b>						
Number	529	534	523	508	488	483
Annual Allowance						
Basic Only	\$ 6,309,000	\$ 6,052,000	\$ 5,757,000	\$ 5,220,000	\$ 4,659,000	\$ 4,084,000
COLA	\$ 5,116,000	\$ 5,206,000	\$ 4,805,000	\$ 4,361,000	\$ 3,946,000	\$ 3,800,000
Total	\$ 11,425,000	\$ 11,258,000	\$ 10,562,000	\$ 9,581,000	\$ 8,605,000	\$ 7,884,000
Average Monthly Payment	\$ 1,800	\$ 1,757	\$ 1,683	\$ 1,572	\$ 1,469	\$ 1,360
<b>Total Retired Members</b>						
Number	4,002	3,935	3,842	3,694	3,613	3,682
Annual Allowance						
Basic Only	\$ 94,304,000	\$ 87,812,000	\$ 80,675,000	\$ 72,478,000	\$ 66,516,000	\$ 60,419,000
COLA	\$ 30,584,000	\$ 31,240,000	\$ 28,941,000	\$ 26,312,000	\$ 24,490,000	\$ 23,764,000
Total	\$ 124,888,000	\$ 119,052,000	\$ 109,616,000	\$ 98,790,000	\$ 91,006,000	\$ 84,183,000
Average Monthly Payment	\$ 2,601	\$ 2,521	\$ 2,378	\$ 2,229	\$ 2,099	\$ 1,905
<b>Inactive Members</b>	1,207	1,230	1,225	1,151	1,089	872

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, 2010
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, 2010). 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	0.0003	0.0003	0.0000	0.0000
5	0.0285	0.0348	30	0.0002	0.0004	0.0004	0.0000	0.0000
10	0.0172	0.0238	40	0.0004	0.0007	0.0010	0.0000	0.0000
15	0.0099	0.0191	50	0.0009	0.0013	0.0019	0.0000	0.0600
20	0.0040	0.0150	60	0.0015	0.0022	0.0040	0.0000	0.1500
30 & Above	0.0000	0.0000	70	0.0000	0.0000	0.0091	0.0000	1.0000
<b>General Plan 1, 2 &amp; 4 Female Members</b>								
0	0.1300	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	0.0172	0.0238	40	0.0004	0.0007	0.0006	0.0000	0.0000
15	0.0099	0.0191	50	0.0009	0.0013	0.0013	0.0000	0.0600
20	0.0040	0.0150	60	0.0015	0.0022	0.0030	0.0000	0.1500
30 & Above	0.0000	0.0000	70	0.0000	0.0000	0.0066	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	0.0010	0.0000	0.0000
15	0.0099	0.0191	50	0.0000	0.0000	0.0019	0.0000	0.0000
20	0.0040	0.0150	60	0.0000	0.0000	0.0040	0.0000	0.0300
30 & Above	0.0000	0.0000	70	0.0000	0.0000	0.0091	0.0000	1.0000
<b>General Plan 3 Female Members</b>								
0	0.1300	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	0.0172	0.0238	40	0.0000	0.0000	0.0006	0.0000	0.0000
15	0.0099	0.0191	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	0.0066	0.0000	1.0000
<b>Safety and Probation Male Members</b>								
0	0.0800	0.0000	20	0.0003	0.0012	0.0003	0.0010	0.0000
5	0.0105	0.0128	30	0.0004	0.0014	0.0004	0.0010	0.0000
10	0.0071	0.0099	40	0.0006	0.0022	0.0010	0.0010	0.0000
15	0.0041	0.0079	50	0.0009	0.0035	0.0019	0.0010	0.2000
20	0.0008	0.0032	60	0.0017	0.0067	0.0040	0.0010	1.0000
30 & Above	0.0000	0.0000	70	0.0000	0.0000	0.0091	0.0010	1.0000
<b>Safety and Probation Female Members</b>								
0	0.0800	0.0000	20	0.0003	0.0012	0.0002	0.0010	0.0000
5	0.0105	0.0128	30	0.0004	0.0014	0.0002	0.0010	0.0000
10	0.0071	0.0099	40	0.0006	0.0022	0.0006	0.0010	0.0000
15	0.0041	0.0079	50	0.0009	0.0035	0.0013	0.0010	0.2000
20	0.0008	0.0032	60	0.0017	0.0067	0.0030	0.0010	1.0000
30 & Above	0.0000	0.0000	70	0.0000	0.0000	0.0066	0.0010	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 2008 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.

As of the June 30, 2010 actuarial valuation, the San Mateo County Mosquito and Vector Control District has adopted the same "enhanced" benefit formula that applies to County General members and the same member rates currently being paid by County General members. However, because the Mosquito and Vector Control District does not participant 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.

As of the June 30, 2010 actuarial valuation, the normal cost rate will be 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>County Contributions</b>	The County contribution rate is recommend by the Retirement Board and adopted by the Board of Supervisors 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>

**Valuation of Assets**

The assets are valued using a five-year smoothed method (actually 10 six-month periods) 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.

After applying the smoothing method, the valuation assets are limited to be not less than 80% and not more than 120% of the market value of assets. This is referred to as a 20% asset corridor.

**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 exactly how to compute the offset for purposes of determining 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, 2008.

**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, 2008.

**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 assumption as 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 two years.

*Safety Males* Same as General.

*General Females* RP-2000 Healthy Annuitant 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, 2008.

**Mortality – Disabled Members**

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

*General Males* RP-2000 Healthy Annuitant Mortality Table for Males with adjustment for White Collar workers and minimum rate of 1.5%.

*Safety Males* Same as General except minimum is 1.0%.

*General Females* RP-2000 Healthy Annuitant Mortality Table for Females with adjustment for White Collar workers and minimum rate of 1.25%.

*Safety Females* Same as General except minimum is 1.0%.

The rates of disabled mortality were adopted June 30, 2008.

## **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, 2008.

## **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, 2008.

## **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.

## **Reciprocal Benefits**

40% of future deferred vested members are assumed to immediately join a reciprocal agency. For current deferred vested members, eligibility is based on the data supplied by *SamCERA*.

## **Adjustment to Plan 3 Normal Cost Rate**

Plan 3 members are eligible to transfer to Plan 2 or Plan 4 (depending on entry date) after five years of service. We have adjusted the Plan 3 Normal Cost to account for this. The adjusted Plan 3 Normal Cost rate is 50% of the unadjusted Plan 3 Normal Cost rate and 50% of the Plan 4 Normal Cost rate.

## 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, the:

- A. 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%.
- 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.

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, 2010**

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 after termination and service retired members	Table A-2	
	Basis – RP-2000 Healthy Annuitant Mortality Table with adjustment for White Collar workers:		
	<u>Class of Members</u>	<u>Age Adjustment</u>	
	General – Males	-2 years	
	General – Females	-3 years	
	Safety – Males	-2 years	
	Safety – Females	-3 years	
E.	Mortality among disabled members	Table A-3	
	Basis – RP-2000 Healthy Annuitant Mortality Table with adjustment for White Collar workers:		
	<u>Class of Members</u>	<u>Age Adjustment</u>	<u>Minimum Rate</u>
	General – Males	none	1.50%
	General – Females	none	1.25%
	Safety – Males	none	1.00%
	Safety – Females	none	1.00%
F.	Mortality for beneficiaries	Table A-2	
	Basis – Beneficiaries are assumed to be of the opposite sex and have the same mortality as General members.		
G.	Other terminations of employment	Tables A-6 to A-11	
H.	Refund of contributions on vested termination	Table A-4	

## San Mateo County Employees' Retirement Association

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

Age	General Male	General Female	Safety Male	Safety Female
20	0.032%	0.018%	0.032%	0.018%
25	0.037%	0.019%	0.037%	0.019%
30	0.039%	0.022%	0.039%	0.022%
35	0.048%	0.036%	0.048%	0.036%
40	0.077%	0.053%	0.077%	0.053%
45	0.112%	0.076%	0.112%	0.076%
50	0.171%	0.123%	0.171%	0.123%
55	0.271%	0.192%	0.271%	0.192%
60	0.449%	0.332%	0.449%	0.332%
65	0.848%	0.599%	0.848%	0.599%
70	1.557%	1.094%	1.557%	1.094%
75	2.671%	1.878%	2.671%	1.878%
80	4.748%	3.155%	4.748%	3.155%
85	8.398%	5.337%	8.398%	5.337%
90	14.487%	9.248%	14.487%	9.248%

**San Mateo County Employees'  
Retirement Association**

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

<u>Age</u>	<u>General Male</u>	<u>General Female</u>	<u>Safety Male</u>	<u>Safety Female</u>
20	1.500%	1.250%	1.000%	1.000%
25	1.500%	1.250%	1.000%	1.000%
30	1.500%	1.250%	1.000%	1.000%
35	1.500%	1.250%	1.000%	1.000%
40	1.500%	1.250%	1.000%	1.000%
45	1.500%	1.250%	1.000%	1.000%
50	1.500%	1.250%	1.000%	1.000%
55	1.500%	1.250%	1.000%	1.000%
60	1.500%	1.250%	1.000%	1.000%
65	1.500%	1.250%	1.106%	1.000%
70	1.928%	1.519%	1.928%	1.519%
75	3.363%	2.572%	3.363%	2.572%
80	5.941%	4.308%	5.941%	4.308%
85	10.467%	7.419%	10.467%	7.419%
90	17.827%	12.615%	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%	45%
6	45%	45%
7	45%	45%
8	44%	42%
9	43%	39%
10	42%	36%
11	41%	33%
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**

<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	0.0003	0.0002	N/A	0.0003	0	0.1300
19	0.0000	0.0003	0.0002	N/A	0.0003	1	0.1100
20	0.0000	0.0003	0.0002	N/A	0.0003	2	0.0900
21	0.0000	0.0003	0.0002	N/A	0.0003	3	0.0800
22	0.0000	0.0003	0.0002	N/A	0.0003	4	0.0700
23	0.0000	0.0003	0.0002	N/A	0.0004	5	0.0633
24	0.0000	0.0003	0.0002	N/A	0.0004	6	0.0567
25	0.0000	0.0003	0.0002	N/A	0.0004	7	0.0500
26	0.0000	0.0003	0.0002	N/A	0.0004	8	0.0470
27	0.0000	0.0003	0.0002	N/A	0.0004	9	0.0440
28	0.0000	0.0003	0.0002	N/A	0.0004	10	0.0410
29	0.0000	0.0003	0.0002	N/A	0.0004	11	0.0380
30	0.0000	0.0004	0.0002	N/A	0.0004	12	0.0350
31	0.0000	0.0004	0.0002	N/A	0.0004	13	0.0330
32	0.0000	0.0004	0.0002	N/A	0.0004	14	0.0310
33	0.0000	0.0004	0.0003	N/A	0.0005	15	0.0290
34	0.0000	0.0004	0.0003	N/A	0.0006	16	0.0270
35	0.0000	0.0005	0.0003	N/A	0.0006	17	0.0250
36	0.0000	0.0005	0.0003	N/A	0.0007	18	0.0230
37	0.0000	0.0005	0.0004	N/A	0.0008	19	0.0210
38	0.0000	0.0006	0.0004	N/A	0.0008	20	0.0190
39	0.0000	0.0006	0.0004	N/A	0.0009	21	0.0170
40	0.0000	0.0007	0.0004	N/A	0.0010	22	0.0150
41	0.0000	0.0007	0.0004	N/A	0.0010	23	0.0140
42	0.0000	0.0007	0.0005	N/A	0.0011	24	0.0130
43	0.0000	0.0008	0.0005	N/A	0.0011	25	0.0120
44	0.0000	0.0008	0.0006	N/A	0.0012	26	0.0110
45	0.0000	0.0010	0.0006	N/A	0.0013	27	0.0100
46	0.0000	0.0010	0.0007	N/A	0.0014	28	0.0100
47	0.0000	0.0011	0.0007	N/A	0.0015	29	0.0100
48	0.0000	0.0011	0.0008	N/A	0.0016	30 & Above	0.0000
49	0.0000	0.0012	0.0008	N/A	0.0017		
50	0.0600	0.0013	0.0009	N/A	0.0019		
51	0.0500	0.0014	0.0009	N/A	0.0020		
52	0.0500	0.0014	0.0010	N/A	0.0021		
53	0.0500	0.0016	0.0010	N/A	0.0023		
54	0.0500	0.0016	0.0011	N/A	0.0024		
55	0.0600	0.0017	0.0012	N/A	0.0026		
56	0.0600	0.0018	0.0012	N/A	0.0028		
57	0.0800	0.0019	0.0013	N/A	0.0030		
58	0.1200	0.0020	0.0014	N/A	0.0033		
59	0.1200	0.0021	0.0014	N/A	0.0036		
60	0.1500	0.0022	0.0015	N/A	0.0040		
61	0.2000	0.0023	0.0015	N/A	0.0044		
62	0.3500	0.0024	0.0016	N/A	0.0049		
63	0.2500	0.0025	0.0017	N/A	0.0054		
64	0.2500	0.0026	0.0018	N/A	0.0059		
65	0.4000	0.0028	0.0018	N/A	0.0065		
66	0.3000	0.0029	0.0019	N/A	0.0070		
67	0.3000	0.0030	0.0020	N/A	0.0076		
68	0.3000	0.0031	0.0021	N/A	0.0081		
69	0.3000	0.0032	0.0022	N/A	0.0086		
70	1.0000	0.0000	0.0000	N/A	0.0091		

\* 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**

<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	0.0003	0.0002	N/A	0.0002	0	0.1300
19	0.0000	0.0003	0.0002	N/A	0.0002	1	0.1100
20	0.0000	0.0003	0.0002	N/A	0.0002	2	0.0900
21	0.0000	0.0003	0.0002	N/A	0.0002	3	0.0800
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	0.0470
27	0.0000	0.0003	0.0002	N/A	0.0002	9	0.0440
28	0.0000	0.0003	0.0002	N/A	0.0002	10	0.0410
29	0.0000	0.0003	0.0002	N/A	0.0002	11	0.0380
30	0.0000	0.0004	0.0002	N/A	0.0002	12	0.0350
31	0.0000	0.0004	0.0002	N/A	0.0002	13	0.0330
32	0.0000	0.0004	0.0002	N/A	0.0002	14	0.0310
33	0.0000	0.0004	0.0003	N/A	0.0003	15	0.0290
34	0.0000	0.0004	0.0003	N/A	0.0003	16	0.0270
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	0.0011	0.0008	N/A	0.0011	30 & Above	0.0000
49	0.0000	0.0012	0.0008	N/A	0.0012		
50	0.0600	0.0013	0.0009	N/A	0.0013		
51	0.0500	0.0014	0.0009	N/A	0.0014		
52	0.0500	0.0014	0.0010	N/A	0.0016		
53	0.0500	0.0016	0.0010	N/A	0.0017		
54	0.0500	0.0016	0.0011	N/A	0.0018		
55	0.0600	0.0017	0.0012	N/A	0.0020		
56	0.0600	0.0018	0.0012	N/A	0.0021		
57	0.0800	0.0019	0.0013	N/A	0.0023		
58	0.1200	0.0020	0.0014	N/A	0.0025		
59	0.1200	0.0021	0.0014	N/A	0.0028		
60	0.1500	0.0022	0.0015	N/A	0.0030		
61	0.2000	0.0023	0.0015	N/A	0.0033		
62	0.3500	0.0024	0.0016	N/A	0.0036		
63	0.2500	0.0025	0.0017	N/A	0.0039		
64	0.2500	0.0026	0.0018	N/A	0.0043		
65	0.4000	0.0028	0.0018	N/A	0.0047		
66	0.3000	0.0029	0.0019	N/A	0.0050		
67	0.3000	0.0030	0.0020	N/A	0.0054		
68	0.3000	0.0031	0.0021	N/A	0.0058		
69	0.3000	0.0032	0.0022	N/A	0.0062		
70	1.0000	0.0000	0.0000	N/A	0.0066		

\* 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**

<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	0.0003	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	0.0004	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	0.0005	15	0.0290
34	0.0000	N/A	N/A	N/A	0.0006	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	0.0007	18	0.0230
37	0.0000	N/A	N/A	N/A	0.0008	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	0.0009	21	0.0170
40	0.0000	N/A	N/A	N/A	0.0010	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	0.0011	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	0.0012	26	0.0110
45	0.0000	N/A	N/A	N/A	0.0013	27	0.0100
46	0.0000	N/A	N/A	N/A	0.0014	28	0.0100
47	0.0000	N/A	N/A	N/A	0.0015	29	0.0100
48	0.0000	N/A	N/A	N/A	0.0016	30 & Above	0.0100
49	0.0000	N/A	N/A	N/A	0.0017		
50	0.0000	N/A	N/A	N/A	0.0019		
51	0.0000	N/A	N/A	N/A	0.0020		
52	0.0000	N/A	N/A	N/A	0.0021		
53	0.0000	N/A	N/A	N/A	0.0023		
54	0.0000	N/A	N/A	N/A	0.0024		
55	0.0300	N/A	N/A	N/A	0.0026		
56	0.0300	N/A	N/A	N/A	0.0028		
57	0.0300	N/A	N/A	N/A	0.0030		
58	0.0300	N/A	N/A	N/A	0.0033		
59	0.0300	N/A	N/A	N/A	0.0036		
60	0.0300	N/A	N/A	N/A	0.0040		
61	0.0600	N/A	N/A	N/A	0.0044		
62	0.1500	N/A	N/A	N/A	0.0049		
63	0.1000	N/A	N/A	N/A	0.0054		
64	0.1500	N/A	N/A	N/A	0.0059		
65	0.3000	N/A	N/A	N/A	0.0065		
66	0.3000	N/A	N/A	N/A	0.0070		
67	0.3000	N/A	N/A	N/A	0.0076		
68	0.3000	N/A	N/A	N/A	0.0081		
69	0.3000	N/A	N/A	N/A	0.0086		
70	1.0000	N/A	N/A	N/A	0.0091		

## San Mateo County Employees' Retirement Association

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

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	0.0002	0	0.1300
19	0.0000	N/A	N/A	N/A	0.0002	1	0.1100
20	0.0000	N/A	N/A	N/A	0.0002	2	0.0900
21	0.0000	N/A	N/A	N/A	0.0002	3	0.0800
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	0.0470
27	0.0000	N/A	N/A	N/A	0.0002	9	0.0440
28	0.0000	N/A	N/A	N/A	0.0002	10	0.0410
29	0.0000	N/A	N/A	N/A	0.0002	11	0.0380
30	0.0000	N/A	N/A	N/A	0.0002	12	0.0350
31	0.0000	N/A	N/A	N/A	0.0002	13	0.0330
32	0.0000	N/A	N/A	N/A	0.0002	14	0.0310
33	0.0000	N/A	N/A	N/A	0.0003	15	0.0290
34	0.0000	N/A	N/A	N/A	0.0003	16	0.0270
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	0.0066		

## 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	0.0012	0.0003	0.0010	0.0003	0	0.0800
19	0.0000	0.0012	0.0003	0.0010	0.0003	1	0.0650
20	0.0000	0.0012	0.0003	0.0010	0.0003	2	0.0500
21	0.0000	0.0012	0.0003	0.0010	0.0003	3	0.0350
22	0.0000	0.0012	0.0003	0.0010	0.0003	4	0.0250
23	0.0000	0.0012	0.0003	0.0010	0.0004	5	0.0233
24	0.0000	0.0012	0.0003	0.0010	0.0004	6	0.0217
25	0.0000	0.0012	0.0003	0.0010	0.0004	7	0.0200
26	0.0000	0.0012	0.0003	0.0010	0.0004	8	0.0190
27	0.0000	0.0012	0.0003	0.0010	0.0004	9	0.0180
28	0.0000	0.0013	0.0003	0.0010	0.0004	10	0.0170
29	0.0000	0.0014	0.0003	0.0010	0.0004	11	0.0160
30	0.0000	0.0014	0.0004	0.0010	0.0004	12	0.0150
31	0.0000	0.0015	0.0004	0.0010	0.0004	13	0.0140
32	0.0000	0.0016	0.0004	0.0010	0.0004	14	0.0130
33	0.0000	0.0017	0.0004	0.0010	0.0005	15	0.0120
34	0.0000	0.0018	0.0004	0.0010	0.0006	16	0.0110
35	0.0000	0.0018	0.0005	0.0010	0.0006	17	0.0100
36	0.0000	0.0019	0.0005	0.0010	0.0007	18	0.0080
37	0.0000	0.0020	0.0005	0.0010	0.0008	19	0.0060
38	0.0000	0.0021	0.0005	0.0010	0.0008	20 & Above	0.0000
39	0.0000	0.0022	0.0005	0.0010	0.0009		
40	0.0000	0.0022	0.0006	0.0010	0.0010		
41	0.0000	0.0023	0.0006	0.0010	0.0010		
42	0.0000	0.0024	0.0006	0.0010	0.0011		
43	0.0000	0.0025	0.0006	0.0010	0.0011		
44	0.0000	0.0026	0.0006	0.0010	0.0012		
45	0.0000	0.0026	0.0007	0.0010	0.0013		
46	0.0000	0.0027	0.0007	0.0010	0.0014		
47	0.0000	0.0028	0.0007	0.0010	0.0015		
48	0.0000	0.0030	0.0008	0.0010	0.0016		
49	0.0000	0.0033	0.0008	0.0010	0.0017		
50	0.2000	0.0035	0.0009	0.0010	0.0019		
51	0.1500	0.0038	0.0009	0.0010	0.0020		
52	0.1500	0.0040	0.0010	0.0010	0.0021		
53	0.2000	0.0051	0.0013	0.0010	0.0023		
54	0.2000	0.0062	0.0016	0.0010	0.0024		
55	0.3000	0.0074	0.0018	0.0010	0.0026		
56	0.3000	0.0085	0.0021	0.0010	0.0028		
57	0.3000	0.0096	0.0024	0.0010	0.0030		
58	0.3000	0.0086	0.0022	0.0010	0.0033		
59	0.3000	0.0077	0.0019	0.0010	0.0036		
60	1.0000	0.0067	0.0000	0.0010	0.0040		

\* 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	0.0012	0.0003	0.0010	0.0002	0	0.0800
19	0.0000	0.0012	0.0003	0.0010	0.0002	1	0.0650
20	0.0000	0.0012	0.0003	0.0010	0.0002	2	0.0500
21	0.0000	0.0012	0.0003	0.0010	0.0002	3	0.0350
22	0.0000	0.0012	0.0003	0.0010	0.0002	4	0.0250
23	0.0000	0.0012	0.0003	0.0010	0.0002	5	0.0233
24	0.0000	0.0012	0.0003	0.0010	0.0002	6	0.0217
25	0.0000	0.0012	0.0003	0.0010	0.0002	7	0.0200
26	0.0000	0.0012	0.0003	0.0010	0.0002	8	0.0190
27	0.0000	0.0012	0.0003	0.0010	0.0002	9	0.0180
28	0.0000	0.0013	0.0003	0.0010	0.0002	10	0.0170
29	0.0000	0.0014	0.0003	0.0010	0.0002	11	0.0160
30	0.0000	0.0014	0.0004	0.0010	0.0002	12	0.0150
31	0.0000	0.0015	0.0004	0.0010	0.0002	13	0.0140
32	0.0000	0.0016	0.0004	0.0010	0.0002	14	0.0130
33	0.0000	0.0017	0.0004	0.0010	0.0003	15	0.0120
34	0.0000	0.0018	0.0004	0.0010	0.0003	16	0.0110
35	0.0000	0.0018	0.0005	0.0010	0.0003	17	0.0100
36	0.0000	0.0019	0.0005	0.0010	0.0004	18	0.0080
37	0.0000	0.0020	0.0005	0.0010	0.0004	19	0.0060
38	0.0000	0.0021	0.0005	0.0010	0.0005	20 & Above	0.0000
39	0.0000	0.0022	0.0005	0.0010	0.0005		
40	0.0000	0.0022	0.0006	0.0010	0.0006		
41	0.0000	0.0023	0.0006	0.0010	0.0006		
42	0.0000	0.0024	0.0006	0.0010	0.0006		
43	0.0000	0.0025	0.0006	0.0010	0.0007		
44	0.0000	0.0026	0.0006	0.0010	0.0008		
45	0.0000	0.0026	0.0007	0.0010	0.0009		
46	0.0000	0.0027	0.0007	0.0010	0.0009		
47	0.0000	0.0028	0.0007	0.0010	0.0010		
48	0.0000	0.0030	0.0008	0.0010	0.0011		
49	0.0000	0.0033	0.0008	0.0010	0.0012		
50	0.2000	0.0035	0.0009	0.0010	0.0013		
51	0.1500	0.0038	0.0009	0.0010	0.0014		
52	0.1500	0.0040	0.0010	0.0010	0.0016		
53	0.2000	0.0051	0.0013	0.0010	0.0017		
54	0.2000	0.0062	0.0016	0.0010	0.0018		
55	0.3000	0.0074	0.0018	0.0010	0.0020		
56	0.3000	0.0085	0.0021	0.0010	0.0021		
57	0.3000	0.0096	0.0024	0.0010	0.0023		
58	0.3000	0.0086	0.0022	0.0010	0.0025		
59	0.3000	0.0077	0.0019	0.0010	0.0028		
60	1.0000	0.0067	0.0000	0.0010	0.0030		

\* 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: Plans 1, 2 &amp; 4:</b>	Contributions are based on the entry age and class of each member and are required of all members in Plans 1, 2 and 4. See section 5 for details on this calculation. Current member rates are shown in Appendix D.											
	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.	(31625.2, 31664.1)										
	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.	(31591, 31700)										
<b>Plan 3:</b>	No member contributions are required under Plan 3.											
<b>Cost-of-Living: Plans 1, 2 &amp; 4:</b>	Members do not contribute towards the cost-of-living benefit.											
<b>Cost-Sharing: Plans 1, 2 &amp; 4:</b>	<p><b>General 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%	(31678.2)
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):**

<b>Plans 1, 2 &amp; 4:</b>	Life Annuity payable to retired member with 60% continuance to an eligible survivor (or eligible children).	(31760.1)
<b>Plan 3:</b>	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% Continuation 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

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%.		(31870, 31870.1, 31870.2, 31874.4)
<b>Plan 1:</b>	<b>General &amp; Safety</b> Members (and their beneficiaries) are limited to a maximum 5% cost-of-living increase.	(31870.2)
	<b>Probation</b> Members (and their beneficiaries) are limited to a maximum 3% cost-of-living increase.	(31870.1)
<b>Plan 2:</b>	<b>All members</b> Members (and their beneficiaries) are limited to a maximum 3% cost-of-living increase.	(31870.1)
<b>Plan 3:</b>	<b>Plan 3</b> does not have a COLA.	(31487)
<b>Plan 4:</b>	<b>All members</b> Members (and their beneficiaries) are limited to a maximum 2% cost-of-living increase.	(31870)
<b>COLA Bank</b>		
<b>Plan 1:</b>	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.	(31870.1, 31870.2)
<b>Plans 2 &amp; 4:</b>	Plans 2 & 4 do not have a COLA bank.	(31874.4)

## San Mateo County Employees' Retirement Association

### Appendix C: Valuation Data and Schedules

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Data on *SamCERA* membership as of June 30, 2010 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, 2010**

	<b>Total Number</b>	<b>Annual Salary</b>	<b>Average Age</b>	<b>Average Monthly Salary</b>	<b>Average Credited Service</b>
<b>General Members</b>					
Plan 1	81	\$ 7,332,254	59.6	\$ 7,543	31.9
Plan 2	1,185	102,285,689	52.5	7,193	19.7
Plan 3	150	10,471,881	44.7	5,818	8.5
Plan 4	3,193	243,215,917	43.2	6,348	6.0
<b>Total</b>	<b>4,609</b>	<b>\$ 363,305,740</b>	<b>45.9</b>	<b>\$ 6,569</b>	<b>10.0</b>
<b>Safety Members</b>					
Plan 1	8	\$ 1,111,443	60.1	\$ 11,578	30.3
Plan 2	143	18,100,695	48.8	10,548	20.0
Plan 4	274	29,364,774	40.7	8,931	6.9
<b>Total</b>	<b>425</b>	<b>\$ 48,576,912</b>	<b>43.8</b>	<b>\$ 9,525</b>	<b>11.8</b>
<b>Probation Members</b>					
Plan 1	3	\$ 321,176	60.0	\$ 8,922	33.3
Plan 2	81	7,186,247	46.6	7,393	18.3
Plan 4	229	17,740,172	37.5	6,456	7.4
<b>Total</b>	<b>313</b>	<b>\$ 25,247,595</b>	<b>40.1</b>	<b>\$ 6,722</b>	<b>10.5</b>
<b>Grand Total</b>	<b>5,347</b>	<b>\$ 437,130,248</b>	<b>45.4</b>	<b>\$ 6,813</b>	<b>10.2</b>

**San Mateo County Employees'  
Retirement Association**

**Exhibit C-2: SamCERA Membership – Deferred Vested Members as of June 30, 2010**

	<b>Number</b>	<b>Average Age</b>
<b><i>General Members</i></b>		
Plan 1	42	58.9
Plan 2	498	50.0
Plan 3	117	52.1
Plan 4	430	44.5
Total	1,087	48.4
<b><i>Safety Members</i></b>		
Plan 1	2	63.0
Plan 2	32	45.8
Plan 4	29	41.3
Total	63	44.3
<b><i>Probation Members</i></b>		
Plan 1	1	64.0
Plan 2	28	46.5
Plan 4	28	42.0
Total	57	44.6
<b><i>Grand Total</i></b>	<b>1,207</b>	<b>48.0</b>

**San Mateo County Employees'  
Retirement Association**

**Exhibit C-3a: SamCERA Membership – Retired Members as of June 30, 2010**

	<u>Number</u>	<u>Average Age</u>	<u>Monthly Allowance</u>	<u>Average Monthly Benefit</u>
<b>General Members</b>				
Plan 1	2,031	77.0	\$ 5,147,942	\$ 2,535
Plan 2	1,282	65.7	2,456,129	1,916
Plan 3	90	69.1	78,237	869
Plan 4	101	60.9	138,577	1,372
<b>Total</b>	<b>3,504</b>	<b>72.2</b>	<b>\$ 7,820,885</b>	<b>\$ 2,232</b>
<b>Safety Members</b>				
Plan 1	286	68.6	\$ 1,650,192	\$ 5,770
Plan 2	100	57.1	497,664	4,977
Plan 4	9	48.7	30,088	3,343
<b>Total</b>	<b>395</b>	<b>65.2</b>	<b>\$ 2,177,944</b>	<b>\$ 5,514</b>
<b>Probation Members</b>				
Plan 1	69	66.7	\$ 317,583	\$ 4,603
Plan 2	29	60.4	79,052	2,726
Plan 4	5	64.6	11,835	2,367
<b>Total</b>	<b>103</b>	<b>64.8</b>	<b>\$ 408,471</b>	<b>\$ 3,966</b>
<b>Grand Total</b>	<b>4,002</b>	<b>71.3</b>	<b>\$ 10,407,299</b>	<b>\$ 2,601</b>

**San Mateo County Employees'  
Retirement Association**

**Exhibit C-3b: SamCERA Membership – Retired Members as of June 30, 2010  
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	2,768	\$ 6,525,736	\$ 2,358
	Disabled	270	571,067	2,115
	Beneficiaries	466	724,082	1,554
	Total	3,504	\$ 7,820,885	\$ 2,232
<b>Safety Plans:</b>				
	Healthy	244	\$ 1,553,684	\$ 6,368
	Disabled	92	415,979	4,522
	Beneficiaries	59	208,282	3,530
	Total	395	\$ 2,177,944	\$ 5,514
<b>Probation Plans:</b>				
	Healthy	96	\$ 382,996	\$ 3,990
	Disabled	3	5,785	1,928
	Beneficiaries	4	19,689	4,922
	Total	103	\$ 408,471	\$ 3,966
<b>Grand Totals</b>				
	Healthy	3,108	\$ 8,462,416	\$ 2,723
	Disabled	365	992,831	2,720
	Beneficiaries	529	952,053	1,800
	Total	4,002	\$ 10,407,299	\$ 2,601

## San Mateo County Employees' Retirement Association

**Exhibit C-4: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2010  
All 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	8	24	2	0	0	0	0	0	0	34	
25-29	34	249	53	1	0	0	0	0	0	337	
30-34	45	356	208	36	0	0	0	0	0	645	
35-39	19	265	284	164	22	0	0	0	0	754	
40-44	14	221	231	209	104	18	1	0	0	798	
45-49	12	150	187	151	107	123	27	0	0	757	
50-54	12	137	171	130	101	123	75	12	1	762	
55-59	9	121	150	101	83	111	68	26	17	686	
60-64	6	65	114	67	54	51	39	17	16	429	
65 & Over	3	12	38	31	18	20	14	6	3	145	
<b>Total Count</b>	162	1,600	1,438	890	489	446	224	61	37	5,347	

<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	57,579	55,099	60,601	-	-	-	-	-	-	56,006	
25-29	58,301	66,630	67,373	109,073	-	-	-	-	-	66,033	
30-34	75,024	73,963	77,420	74,824	-	-	-	-	-	75,200	
35-39	74,521	77,412	82,736	83,797	79,082	-	-	-	-	80,782	
40-44	75,832	78,385	84,369	87,955	86,838	90,267	189,811	-	-	84,088	
45-49	89,141	81,000	81,211	84,873	86,386	96,544	83,482	-	-	85,329	
50-54	68,650	79,924	79,832	85,138	84,750	94,391	93,411	90,258	61,984	85,057	
55-59	79,026	78,267	82,393	86,292	92,309	93,548	93,702	104,059	78,901	87,055	
60-64	71,866	86,128	78,243	85,715	90,270	88,640	85,534	86,348	88,294	84,624	
65 & Over	72,437	65,997	64,105	71,848	77,663	79,750	93,221	103,953	143,889	76,041	
<b>Avg. Annual Compensation</b>	71,294	75,651	80,204	84,829	86,929	93,294	91,350	96,398	87,775	81,752	

## San Mateo County Employees' Retirement Association

**Exhibit C-4a: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2010  
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	7	20	2	0	0	0	0	0	0	29	
25-29	32	202	47	0	0	0	0	0	0	281	
30-34	44	310	168	29	0	0	0	0	0	551	
35-39	18	236	220	109	15	0	0	0	0	598	
40-44	14	209	191	146	74	14	0	0	0	648	
45-49	11	143	167	122	88	86	22	0	0	639	
50-54	12	125	159	123	94	100	59	12	1	685	
55-59	8	113	141	98	77	98	57	22	17	631	
60-64	5	62	103	66	52	49	38	17	15	407	
65 & Over	3	11	37	31	18	19	14	6	1	140	
<b>Total Count</b>	154	1,431	1,235	724	418	366	190	57	34	4,609	

<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	54,825	49,957	60,601	-	-	-	-	-	-	51,866	
25-29	57,147	63,942	63,543	-	-	-	-	-	-	63,102	
30-34	75,116	72,884	73,584	69,504	-	-	-	-	-	73,098	
35-39	74,391	75,431	80,183	78,969	73,391	-	-	-	-	77,742	
40-44	75,832	77,375	82,654	82,447	76,621	79,768	-	-	-	80,006	
45-49	90,638	80,524	79,796	81,265	81,264	86,082	78,139	-	-	81,417	
50-54	68,650	76,497	77,765	84,197	83,129	87,985	84,628	90,258	61,984	81,544	
55-59	74,083	75,329	80,696	84,860	90,175	90,826	88,226	98,476	78,901	84,279	
60-64	65,029	84,862	75,700	85,235	89,426	88,188	83,066	86,348	87,411	83,332	
65 & Over	72,437	68,456	62,952	71,848	77,663	77,392	93,221	103,953	156,193	74,859	
<b>Avg. Annual Compensation</b>	70,612	74,134	77,807	81,630	83,081	87,462	85,277	93,705	84,431	78,825	

## San Mateo County Employees' Retirement Association

**Exhibit C-4b: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2010  
Safety Members**

Count											
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	1	3	0	0	0	0	0	0	0	4	
25-29	2	21	5	1	0	0	0	0	0	29	
30-34	1	17	19	4	0	0	0	0	0	41	
35-39	1	17	28	27	3	0	0	0	0	76	
40-44	0	9	17	31	19	3	1	0	0	80	
45-49	1	4	9	18	12	28	2	0	0	74	
50-54	0	12	8	4	6	17	12	0	0	59	
55-59	1	8	6	3	4	9	8	2	0	41	
60-64	1	3	8	0	2	1	1	0	0	16	
65 & Over	0	1	1	0	0	1	0	0	2	5	
<b>Total Count</b>	<b>8</b>	<b>95</b>	<b>101</b>	<b>88</b>	<b>46</b>	<b>59</b>	<b>24</b>	<b>2</b>	<b>2</b>	<b>425</b>	

Compensation											
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	76,855	87,611	-	-	-	-	-	-	-	84,922	
25-29	76,756	95,433	98,414	109,073	-	-	-	-	-	95,129	
30-34	70,953	98,164	107,810	105,162	-	-	-	-	-	102,653	
35-39	76,855	106,598	110,320	103,539	100,956	-	-	-	-	106,269	
40-44	-	105,662	112,181	118,901	126,867	140,766	189,811	-	-	119,582	
45-49	72,684	101,288	108,605	110,886	121,184	129,371	127,820	-	-	118,695	
50-54	-	115,619	120,226	109,215	107,384	130,414	134,863	-	-	123,149	
55-59	118,567	119,770	122,948	133,083	133,134	126,246	133,541	118,533	-	126,532	
60-64	106,051	112,283	111,246	-	112,213	107,290	179,335	-	-	115,245	
65 & Over	-	38,949	106,791	-	-	124,546	-	-	137,737	109,152	
<b>Avg. Annual Compensation</b>	<b>84,435</b>	<b>103,425</b>	<b>110,992</b>	<b>111,855</b>	<b>121,061</b>	<b>129,318</b>	<b>137,978</b>	<b>118,533</b>	<b>137,737</b>	<b>114,299</b>	

## San Mateo County Employees' Retirement Association

**Exhibit C-4c: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2010  
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	0	1
25-29	0	26	1	0	0	0	0	0	0	0	27
30-34	0	29	21	3	0	0	0	0	0	0	53
35-39	0	12	36	28	4	0	0	0	0	0	80
40-44	0	3	23	32	11	1	0	0	0	0	70
45-49	0	3	11	11	7	9	3	0	0	0	44
50-54	0	0	4	3	1	6	4	0	0	0	18
55-59	0	0	3	0	2	4	3	2	0	0	14
60-64	0	0	3	1	0	1	0	0	1	0	6
65 & Over	0	0	0	0	0	0	0	0	0	0	0
<b>Total Count</b>	0	74	102	78	25	21	10	2	1		313

<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	-	60,403	-	-	-	-	-	-	-	-	60,403
25-29	-	64,252	92,198	-	-	-	-	-	-	-	65,287
30-34	-	71,309	80,609	85,797	-	-	-	-	-	-	75,814
35-39	-	75,025	76,882	83,553	84,019	-	-	-	-	-	79,295
40-44	-	66,917	78,055	83,108	86,426	85,758	-	-	-	-	81,313
45-49	-	76,640	80,279	82,317	91,129	94,390	93,106	-	-	-	86,027
50-54	-	-	81,225	91,600	101,379	99,079	98,607	-	-	-	93,888
55-59	-	-	81,025	-	92,818	86,654	91,522	150,997	-	-	96,563
60-64	-	-	77,551	117,365	-	92,132	-	-	101,535	-	90,614
65 & Over	-	-	-	-	-	-	-	-	-	-	-
<b>Avg. Annual Compensation</b>	-	69,323	78,742	84,025	88,467	93,738	94,831	150,997	101,535		80,663

## San Mateo County Employees' Retirement Association

**Exhibit C-5: Distribution of Retired Members by Age and Retirement Year as of June 30, 2010  
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	3	-	-	7	\$ 1,189
35-39	-	-	-	1	-	1	6	-	8	1,628
40-44	-	-	2	1	1	6	7	-	17	2,304
45-49	-	-	-	-	8	10	15	-	33	2,642
50-54	-	-	1	2	11	22	74	18	128	2,743
55-59	-	-	2	10	11	76	205	21	325	2,834
60-64	1	3	7	30	84	174	325	25	649	3,414
65-69	2	6	18	68	162	222	284	10	772	3,195
70-74	7	9	54	130	151	166	76	2	595	2,493
75-79	15	33	61	116	141	45	17	1	429	2,108
80-84	36	80	100	133	47	12	3	-	411	1,943
85-89	81	112	142	40	4	-	1	-	380	1,913
90-94	80	84	30	3	1	-	-	-	198	1,601
95-99	32	12	1	-	-	-	1	-	46	1,255
100 & Over	4	-	-	-	-	-	-	-	4	1,426
<b>Total Count</b>	258	339	418	534	625	737	1,014	77	<b>4,002</b>	
<b>Avg Monthly Benefit</b>	\$ 1,637	\$ 1,534	\$ 1,958	\$ 2,064	\$ 2,205	\$ 2,865	\$ 3,682	\$ 4,175		\$ 2,601

## San Mateo County Employees' Retirement Association

**Exhibit C-5a: Distribution of Retired Members by Age and Retirement Year as of June 30, 2010  
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	3	-	-	7	\$ 1,189
35-39	-	-	-	1	-	1	4	-	6	2,171
40-44	-	-	2	1	-	4	5	-	12	1,688
45-49	-	-	-	-	6	6	9	-	21	2,074
50-54	-	-	1	1	9	13	54	10	88	1,632
55-59	-	-	1	8	10	73	161	18	271	2,054
60-64	1	2	3	17	73	124	293	24	537	2,892
65-69	1	3	10	50	103	169	271	10	617	2,785
70-74	3	9	42	113	134	153	75	1	530	2,205
75-79	12	31	55	112	139	43	17	1	410	1,990
80-84	31	76	96	133	47	12	3	-	398	1,890
85-89	68	108	142	40	4	-	1	-	363	1,803
90-94	76	84	30	3	1	-	-	-	194	1,596
95-99	32	12	1	-	-	-	1	-	46	1,255
100 & Over	4	-	-	-	-	-	-	-	4	1,426
<b>Total Count</b>	228	325	383	479	530	601	894	64	<b>3,504</b>	
<b>Avg Monthly Benefit</b>	\$ 1,414	\$ 1,464	\$ 1,808	\$ 1,801	\$ 1,753	\$ 2,314	\$ 3,265	\$ 3,582		\$ 2,232

**San Mateo County Employees'  
Retirement Association**

**Exhibit C-5b: Distribution of Retired Members by Age and Retirement Year as of June 30, 2010  
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	2	-	5	3,783
45-49	-	-	-	-	2	3	6	-	11	3,834
50-54	-	-	-	1	2	6	15	6	30	6,098
55-59	-	-	1	2	1	3	34	3	44	7,341
60-64	-	1	4	13	9	45	21	1	94	6,121
65-69	1	3	8	18	42	35	4	-	111	5,182
70-74	4	-	12	15	14	3	1	-	49	5,128
75-79	3	2	6	4	-	-	-	-	15	4,818
80-84	5	4	4	-	-	-	-	-	13	3,544
85-89	13	4	-	-	-	-	-	-	17	4,265
90-94	4	-	-	-	-	-	-	-	4	1,832
95-99	-	-	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-	-	-
<b>Total Count</b>	30	14	35	53	71	97	85	10	<b>395</b>	
<b>Avg Monthly Benefit</b>	\$ 3,333	\$ 3,162	\$ 3,598	\$ 4,240	\$ 4,817	\$ 6,116	\$ 7,864	\$ 7,939		\$ 5,514



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, 2010  
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	1,439
50-54	-	-	-	-	-	3	5	2	10	2,449
55-59	-	-	-	-	-	-	10	-	10	4,142
60-64	-	-	-	-	2	5	11	-	18	4,837
65-69	-	-	-	-	17	18	9	-	44	3,936
70-74	-	-	-	2	3	10	-	1	16	3,957
75-79	-	-	-	-	2	2	-	-	4	4,073
80-84	-	-	-	-	-	-	-	-	-	1,275
85-89	-	-	-	-	-	-	-	-	-	-
90-94	-	-	-	-	-	-	-	-	-	-
95-99	-	-	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-	-	-
<b>Total Count</b>	-	-	-	2	24	39	35	3	<b>103</b>	
<b>Avg Monthly Benefit</b>	\$ -	\$ -	\$ -	\$ 7,475	\$ 4,464	\$ 3,263	\$ 4,178	\$ 4,293		\$ 3,966

## 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	5.12%	4.90%	5.12%	4.90%	5.55%	5.31%	6.93%	6.64%
17	5.21%	4.99%	5.21%	4.99%	5.65%	5.41%	7.06%	6.76%
18	5.31%	5.08%	5.31%	5.08%	5.75%	5.51%	7.19%	6.88%
19	5.41%	5.18%	5.41%	5.18%	5.86%	5.61%	7.32%	7.01%
20	5.51%	5.27%	5.51%	5.27%	5.96%	5.71%	7.45%	7.14%
21	5.61%	5.37%	5.61%	5.37%	6.07%	5.81%	7.59%	7.27%
22	5.71%	5.47%	5.71%	5.47%	6.18%	5.92%	7.73%	7.40%
23	5.82%	5.57%	5.82%	5.57%	6.30%	6.03%	7.87%	7.53%
24	5.92%	5.67%	5.92%	5.67%	6.41%	6.14%	8.01%	7.67%
25	6.03%	5.78%	6.03%	5.78%	6.53%	6.25%	8.16%	7.81%
26	6.14%	5.88%	6.14%	5.88%	6.64%	6.36%	8.31%	7.95%
27	6.25%	5.99%	6.25%	5.99%	6.76%	6.48%	8.46%	8.10%
28	6.37%	6.10%	6.37%	6.10%	6.89%	6.59%	8.61%	8.24%
29	6.48%	6.21%	6.48%	6.21%	7.01%	6.71%	8.77%	8.39%
30	6.60%	6.32%	6.60%	6.32%	7.14%	6.84%	8.93%	8.55%
31	6.72%	6.43%	6.72%	6.43%	7.27%	6.96%	9.09%	8.70%
32	6.84%	6.55%	6.84%	6.55%	7.40%	7.09%	9.26%	8.86%
33	6.97%	6.67%	6.97%	6.67%	7.54%	7.22%	9.43%	9.03%
34	7.09%	6.79%	7.09%	6.79%	7.68%	7.36%	9.60%	9.19%
35	7.22%	6.91%	7.22%	6.91%	7.83%	7.49%	9.78%	9.37%
36	7.35%	7.04%	7.35%	7.04%	7.98%	7.63%	9.97%	9.54%
37	7.49%	7.17%	7.49%	7.17%	8.13%	7.77%	10.16%	9.71%
38	7.63%	7.30%	7.63%	7.30%	8.28%	7.90%	10.35%	9.88%
39	7.77%	7.44%	7.77%	7.44%	8.43%	8.04%	10.53%	10.05%
40	7.92%	7.58%	7.92%	7.58%	8.57%	8.17%	10.72%	10.21%
41	8.07%	7.72%	8.07%	7.72%	8.72%	8.29%	10.90%	10.36%
42	8.22%	7.86%	8.22%	7.86%	8.86%	8.40%	11.07%	10.50%
43	8.37%	8.00%	8.37%	8.00%	8.99%	8.50%	11.23%	10.63%
44	8.52%	8.13%	8.52%	8.13%	9.10%	8.59%	11.38%	10.74%
45	8.67%	8.26%	8.67%	8.26%	9.21%	8.66%	11.52%	10.83%
46	8.82%	8.38%	8.82%	8.38%	9.30%	8.70%	11.63%	10.88%
47	8.96%	8.50%	8.96%	8.50%	9.37%	8.70%	11.71%	10.88%
48	9.09%	8.60%	9.09%	8.60%	9.40%	9.01%	11.75%	11.26%
49	9.21%	8.69%	9.21%	8.69%	9.40%	9.34%	11.75%	11.68%
50	9.32%	8.76%	9.32%	8.76%	9.40%	9.34%	11.75%	11.68%
51	9.41%	8.80%	9.41%	8.80%	9.40%	9.34%	11.75%	11.68%
52	9.48%	8.80%	9.48%	8.80%	9.40%	9.34%	11.75%	11.68%
53	9.51%	9.11%	9.51%	9.11%	9.40%	9.34%	11.75%	11.68%
54	9.51%	9.45%	9.51%	9.45%	9.40%	9.34%	11.75%	11.68%
55	9.51%	9.45%	9.51%	9.45%	9.40%	9.34%	11.75%	11.68%
56	9.51%	9.45%	9.51%	9.45%	9.40%	9.34%	11.75%	11.68%
57	9.51%	9.45%	9.51%	9.45%	9.40%	9.34%	11.75%	11.68%
58	9.51%	9.45%	9.51%	9.45%	9.40%	9.34%	11.75%	11.68%
59	9.51%	9.45%	9.51%	9.45%	9.40%	9.34%	11.75%	11.68%
60	9.51%	9.45%	9.51%	9.45%	9.40%	9.34%	11.75%	11.68%

\* 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.

\*\*Beginning with the 2010 actuarial valuation, all current and future Mosquito and Vector Control District members contribute the same member rates as General County members.

## 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	8.12%	7.90%	5.12%	4.90%	9.05%	8.81%	11.93%	11.64%
17	8.21%	7.99%	5.21%	4.99%	9.15%	8.91%	12.06%	11.76%
18	8.31%	8.08%	5.31%	5.08%	9.25%	9.01%	12.19%	11.88%
19	8.41%	8.18%	5.41%	5.18%	9.36%	9.11%	12.32%	12.01%
20	8.51%	8.27%	5.51%	5.27%	9.46%	9.21%	12.45%	12.14%
21	8.61%	8.37%	5.61%	5.37%	9.57%	9.31%	12.59%	12.27%
22	8.71%	8.47%	5.71%	5.47%	9.68%	9.42%	12.73%	12.40%
23	8.82%	8.57%	5.82%	5.57%	9.80%	9.53%	12.87%	12.53%
24	8.92%	8.67%	5.92%	5.67%	9.91%	9.64%	13.01%	12.67%
25	9.03%	8.78%	6.03%	5.78%	10.03%	9.75%	13.16%	12.81%
26	9.14%	8.88%	6.14%	5.88%	10.14%	9.86%	13.31%	12.95%
27	9.25%	8.99%	6.25%	5.99%	10.26%	9.98%	13.46%	13.10%
28	9.37%	9.10%	6.37%	6.10%	10.39%	10.09%	13.61%	13.24%
29	9.48%	9.21%	6.48%	6.21%	10.51%	10.21%	13.77%	13.39%
30	9.60%	9.32%	6.60%	6.32%	10.64%	10.34%	13.93%	13.55%
31	9.72%	9.43%	6.72%	6.43%	10.77%	10.46%	14.09%	13.70%
32	9.84%	9.55%	6.84%	6.55%	10.90%	10.59%	14.26%	13.86%
33	9.97%	9.67%	6.97%	6.67%	11.04%	10.72%	14.43%	14.03%
34	10.09%	9.79%	7.09%	6.79%	11.18%	10.86%	14.60%	14.19%
35	10.22%	9.91%	7.22%	6.91%	11.33%	10.99%	14.78%	14.37%
36	10.35%	10.04%	7.35%	7.04%	11.48%	11.13%	14.97%	14.54%
37	10.49%	10.17%	7.49%	7.17%	11.63%	11.27%	15.16%	14.71%
38	10.63%	10.30%	7.63%	7.30%	11.78%	11.40%	15.35%	14.88%
39	10.77%	10.44%	7.77%	7.44%	11.93%	11.54%	15.53%	15.05%
40	10.92%	10.58%	7.92%	7.58%	12.07%	11.67%	15.72%	15.21%
41	11.07%	10.72%	8.07%	7.72%	12.22%	11.79%	15.90%	15.36%
42	11.22%	10.86%	8.22%	7.86%	12.36%	11.90%	16.07%	15.50%
43	11.37%	11.00%	8.37%	8.00%	12.49%	12.00%	16.23%	15.63%
44	11.52%	11.13%	8.52%	8.13%	12.60%	12.09%	16.38%	15.74%
45	11.67%	11.26%	8.67%	8.26%	12.71%	12.16%	16.52%	15.83%
46	11.82%	11.38%	8.82%	8.38%	12.80%	12.20%	16.63%	15.88%
47	11.96%	11.50%	8.96%	8.50%	12.87%	12.20%	16.71%	15.88%
48	12.09%	11.60%	9.09%	8.60%	12.90%	12.51%	16.75%	16.26%
49	12.21%	11.69%	9.21%	8.69%	12.90%	12.84%	16.75%	16.68%
50	12.32%	11.76%	9.32%	8.76%	12.90%	12.84%	16.75%	16.68%
51	12.41%	11.80%	9.41%	8.80%	12.90%	12.84%	16.75%	16.68%
52	12.48%	11.80%	9.48%	8.80%	12.90%	12.84%	16.75%	16.68%
53	12.51%	12.11%	9.51%	9.11%	12.90%	12.84%	16.75%	16.68%
54	12.51%	12.45%	9.51%	9.45%	12.90%	12.84%	16.75%	16.68%
55	12.51%	12.45%	9.51%	9.45%	12.90%	12.84%	16.75%	16.68%
56	12.51%	12.45%	9.51%	9.45%	12.90%	12.84%	16.75%	16.68%
57	12.51%	12.45%	9.51%	9.45%	12.90%	12.84%	16.75%	16.68%
58	12.51%	12.45%	9.51%	9.45%	12.90%	12.84%	16.75%	16.68%
59	12.51%	12.45%	9.51%	9.45%	12.90%	12.84%	16.75%	16.68%
60	12.51%	12.45%	9.51%	9.45%	12.90%	12.84%	16.75%	16.68%

\* 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

## 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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November 16, 2010

Mr. David Bailey  
Chief Executive Officer  
San Mateo County Employees' Retirement Association  
100 Marine Parkway, Suite 125  
Redwood Shores, CA 94065-5208

Re: June 30, 2010 Actuarial Valuation – Revised Exhibit 12

Dear David:

We presented the results of *SamCERA*'s June 30, 2010 actuarial valuation at the September Board meeting. One of the key results was that the County's contribution rate (calculated under *SamCERA*'s funding policy) decreased for the next year but was projected to increase significantly in the following years. Due to this result, the Board elected to adopt County contribution rates that are the same as the rates the County is currently paying. Since, we did not provide contribution rates by plan under this scenario in our report, we are providing this letter which includes revised Exhibits 12a & 12b with the County contribution rates by plan.

The attached exhibits show the County contribution rates for each plan broken down by the portion for Normal Cost and the portion going towards paying off the Unfunded Actuarial Accrued Liability (UAAL). Line E represents the rates that should be paid by the County for the fiscal year beginning July 1, 2011. Lines C & D display the break down between Normal Cost and UAAL contributions. Note that there have also been small changes in the contribution rates calculated for the San Mateo County Mosquito and Vector Control District, so that the district pays a UAAL contribution rate consistent with the County's (for General members).

### **Actuarial Certification**

All data, methods and assumptions are the same as those used in our June 30, 2010 actuarial valuation for *SamCERA*. Please refer to that report for further details.

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 2011 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 of the valuation report.

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.



Mr. David Bailey  
November 16, 2010  
Page 3

We respectfully submit this letter. If you have any questions, please let us know.

Sincerely,

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

Nick J. Collier, ASA, EA, MAAA  
Principal and Consulting Actuary  
NJC/nlo  
Enclosures

**SAN MATEO COUNTY EMPLOYEES RETIREMENT ASSOCIATION**

**Exhibit 12a: Total Employer Contributions**

	<b>General - County</b>					<b>General - SMCM&amp;VCD**</b>			
	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 3</u>	<u>Plan 4</u>	<u>Total</u>	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 4</u>	<u>Total</u>
A. Basic Employer Normal Cost Rate	5.37%	6.10%	7.81%	6.50%	6.40%	5.60%	10.72%	7.90%	8.13%
B. COLA Normal Cost Rate	5.81%	4.73%	0.00%	3.29%	3.65%	5.16%	5.80%	3.03%	3.57%
C. Employer Normal Cost Rate	11.18%	10.83%	7.81%	9.79%	10.05%	10.76%	16.52%	10.93%	11.70%
D. UAAL Contribution Rate	18.26%	18.51%	18.39%	18.42%	18.46%	18.26%	18.51%	18.42%	18.46%
<b>E. Total June 30, 2010 Contribution Rate (C) + (D)</b>	<b>29.44%</b>	<b>29.34%</b>	<b>26.20%</b>	<b>28.21%</b>	<b>28.51%</b>	<b>29.02%</b>	<b>35.03%</b>	<b>29.35%</b>	<b>30.16%</b>
F. Total June 30, 2009 Contribution Rate	29.44%	29.34%	26.20%	28.21%	28.51%	24.13%	24.06%	23.13%	23.34%
G. Estimated Payroll for fiscal year beginning July 1, 2011	\$ 7,663	\$ 108,238	\$ 11,106	\$ 256,552	\$ 383,559	\$ 112	\$ 219	\$ 1,246	\$ 1,577
<b>H. Estimated Annual Contribution (E x G)*</b>	<b>\$ 2,256</b>	<b>\$ 31,757</b>	<b>\$ 2,910</b>	<b>\$ 72,373</b>	<b>\$ 109,353</b>	<b>\$ 33</b>	<b>\$ 77</b>	<b>\$ 366</b>	<b>\$ 476</b>
I. Last Year's Estimated Annual Contribution	\$ 2,906	\$ 33,568	\$ 2,974	\$ 72,214	\$ 111,650	\$ 25	\$ 50	\$ 248	\$ 323
J. Increase / (Decrease) in Annual Contribution	\$ (650)	\$ (1,811)	\$ (64)	\$ 159	\$ (2,297)	\$ 8	\$ 27	\$ 118	\$ 153

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

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

This work product was prepared solely to provide assistance to 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 12b: Total Employer Contributions**

	<b>Safety</b>				<b>Probation</b>				<b>All Plans</b>
	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 4</u>	<u>Total</u>	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 4</u>	<u>Total</u>	
A. Basic Employer Normal Cost Rate	13.05%	11.49%	12.05%	11.85%	14.59%	13.49%	13.12%	13.23%	7.38%
B. COLA Normal Cost Rate	12.50%	8.82%	6.01%	7.16%	9.77%	8.64%	5.76%	6.62%	4.19%
C. Employer Normal Cost Rate	25.55%	20.31%	18.06%	19.01%	24.36%	22.13%	18.88%	19.85%	11.57%
D. UAAL Contribution Rate	50.65%	51.94%	52.03%	52.03%	23.95%	23.90%	23.86%	23.91%	22.43%
<b>E. Total June 30, 2010 Contribution Rate (C) + (D)</b>	<b>76.20%</b>	<b>72.25%</b>	<b>70.09%</b>	<b>71.04%</b>	<b>48.31%</b>	<b>46.03%</b>	<b>42.74%</b>	<b>43.76%</b>	<b>34.00%</b>
F. Total June 30, 2009 Contribution Rate	76.20%	72.25%	70.09%	71.04%	48.31%	46.03%	42.74%	43.76%	34.00%
G. Estimated Payroll for fiscal year beginning July 1, 2011	\$ 1,179	\$ 19,198	\$ 31,144	\$ 51,521	\$ 341	\$ 7,622	\$ 18,815	\$ 26,778	\$ 463,435
<b>H. Estimated Annual Contribution (E x G)*</b>	<b>\$ 898</b>	<b>\$ 13,871</b>	<b>\$ 21,829</b>	<b>\$ 36,601</b>	<b>\$ 165</b>	<b>\$ 3,508</b>	<b>\$ 8,042</b>	<b>\$ 11,718</b>	<b>\$ 157,568</b>
I. Last Year's Estimated Annual Contribution	\$ 1,056	\$ 14,258	\$ 20,967	\$ 36,255	\$ 360	\$ 3,784	\$ 8,076	\$ 12,192	\$ 160,432
J. Increase / (Decrease) in Annual Contribution	\$ (158)	\$ (387)	\$ 862	\$ 346	\$ (195)	\$ (276)	\$ (34)	\$ (474)	\$ (2,864)

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

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