

Sacramento County Employees' Retirement System

Actuarial Valuation and Review as of
June 30, 2013



This report has been prepared at the request of the Board of Retirement to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety. The measurements shown in the actuarial valuation may not be applicable for other purposes.

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October 28, 2013

*Board of Retirement
Sacramento County Employees' Retirement System
980 9th Street, Suite 1900
Sacramento, CA 95814*

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2013. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2014-2015 and analyzes the preceding year's experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement System. The census information and financial information on which our calculations were based was prepared by the Retirement System. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, Enrolled Actuary.

The measurements shown in this actuarial valuation may not be applicable for other purposes. 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); and changes in plan provisions or applicable law.

The actuarial calculations were directed under our supervision. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Retirement System.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By: 

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Senior Vice President and Actuary*

MYM/hy



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SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

Purpose

This report has been prepared by The Segal Company to present a valuation of the Sacramento County Employees' Retirement System as of June 30, 2013. The valuation was performed to determine whether the asset and contribution levels will be sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement System, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of June 30, 2013, provided by the Retirement System;
- The assets of the plan as of June 30, 2013, provided by the Retirement System;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

One of the general goals of an actuarial valuation is to establish contributions which fully fund the System's liabilities, and which, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the System's assets, liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the System's staff. This information has not been audited by us, but it has been reviewed and found to be consistent, both internally and with prior year's information.

The contribution requirements are determined as a percentage of payroll. The System's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, we have applied the funding policy adopted by the Board on June 19, 2013 to continue (1) to amortize the unfunded actuarial accrued liability (UAAL) established as a result of the 2010 Early Retirement Incentive Program for the Sacramento County Law Enforcement Managers Association (LEMA) members over a 10-year period beginning June 30, 2010 and (2) to amortize the System's remaining outstanding balance of the June 30, 2012 UAAL over a declining 23-year period (22 years as of June 30, 2013). Effective with the June 30, 2013 valuation, the Board of Retirement's funding policy is to amortize any change in UAAL that arises due to actuarial gains or losses or from changes in actuarial assumptions or methods at each valuation over its own declining 20-year period. Any change in UAAL that arises due to plan amendments will be amortized over its own declining 15-year period and any change in UAAL due to retirement incentive programs will be amortized over its own declining period

SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

of up to 5 years. The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2014 through June 30, 2015.

Significant Issues in Valuation Year

- The results of this valuation reflect changes in actuarial methods as recommended by Segal and adopted by the Board for the June 30, 2013 valuation. These changes were documented in our Review of Actuarial Funding Policy letter dated June 13, 2013. The most significant of the funding policy changes was a change from the aggregate Entry Age funding method to the individual Entry Age funding method to calculate the Normal Cost. In addition, there was a change to the amortization periods used for various future changes in liability. In particular, actuarial experience gains and losses (including gains and losses in 2012/2013) identified in the annual valuation will be amortized over a period of 20 years.
- The County has recently reached an agreement with the Deputy Sheriffs' Association (DSA) to allow its members who submitted an application indicating that they would retire before June 30, 2015 to receive pay increases for retirement and other purposes that would otherwise be deferred for these and other DSA members. SCERS has compiled a list of those members who elected to participate in this retirement incentive program. Following discussions we had with SCERS, we believe it is reasonable not to include in the valuation any explicit cost for the retirement incentive program attributable to the change in the timing of the pay increases for retirement purposes. We have measured the increase in liability as a result of these members retiring earlier than expected under our retirement assumptions and have amortized that additional liability over the 5-year period for retirement incentive programs.

Reference: Pg. 20

- The aggregate employer rate increased from 25.00% of payroll to 27.57%. The reasons for this change in contribution rate are lower than expected returns on investments (after "smoothing"), the impact of the final year of the two-year phase-in of the contribution rate impact of the change in economic assumptions for the June 30, 2012 valuation, the change in actuarial funding methods, an increase in UAAL rate due to lower than expected increase in payroll, a retirement incentive for certain DSA members and other experience losses, offset to some degree by lower than expected salary increases during 2012/2013. A reconciliation of the System's aggregate employer rate is provided in Section 2, Subsection D (see Chart 14).

Reference: Pg. 56

- The ratio of the actuarial value of assets to actuarial accrued liabilities decreased from 83.3% to 82.8%. On a market value of assets basis, the funded ratio increased from 77.5% to 82.7%. The System's unfunded actuarial accrued liability increased from \$1,308 million as of June 30, 2012 to \$1,413 million as of June 30, 2013. The change in the UAAL is mainly due to investment returns (after "smoothing") lower than the 7.50% investment return assumption (used in the June 30, 2012 valuation) offset to some degree by lower than expected salary increases during 2012/2013. A reconciliation of the System's unfunded actuarial accrued liability is provided in Section 3, Exhibit H.

Reference: Pg. 49

SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

- Reference:* Pg. 21
- The aggregate member rate calculated in this valuation has decreased from 6.42% of payroll to 6.39% of payroll. The decrease in member rate is due to changes in demographics offset by the change in actuarial funding method. Note that the change in the aggregate member rate due to the change in the actuarial funding method is primarily a result of how the new method accounts for member contributions (mainly with regard to the 30-year cessation for the legacy tiers). The individual member rates remain virtually unchanged as a result of the new method. A reconciliation of the System's aggregate member rate is provided in Section 2, Subsection D (see Chart 15).

Also of note is that based on our discussions with SCERS, we have used the discretion made recently available by AB1380 to no longer round the member's contribution rates to the nearest ¼% as previously required by the California Public Employees' Pension Reform Act of 2013 (CalPEPRA). This should allow for exactly one-half of the Normal Cost to be paid by each of the employee and employer covered under CalPEPRA plans.
 - The results in the main body of this report have been prepared using the tiers of benefit provided by the employer as of June 30, 2013. In particular, we have included the results based on demographics of actual members enrolled and reported for the first time in the new Miscellaneous Tier 5 and Safety Tier 4 that became available on and after January 1, 2013 under CalPEPRA.
- Reference:* Pg. 6
- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total net unrecognized investment loss as of June 30, 2013 is \$9.8 million. Note that in the previous valuation, this amount was \$456.0 million. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes over the next six years. That means if the System earns the assumed rate of investment return of 7.50% per year on a market value basis, there will be investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed rate of 7.50% and all the other actuarial assumptions are met, the employer contribution requirements would increase slightly in the next few years.
 - The unrecognized investment losses represent about 0.1% of the market value of assets. Unless offset by future investment gains or other favorable experience, the recognition of the \$9.8 million in past market losses is expected to have a slight impact on the System's future funded ratio and the aggregate employer contributions. This potential impact may be illustrated as follows:
 - If the deferred losses were recognized immediately in the actuarial value of assets, the funded percentage would decrease from 82.8% to 82.7%.
 - If the deferred losses were recognized immediately in the actuarial value of assets, the aggregate employer contribution rate would increase from 27.57% of payroll to 27.65% of payroll.

SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

- The footnote in Chart 7 shows that under the asset smoothing method the \$9.8 million in net deferred losses will be recognized in the next six years, but in a very non-level (uneven) pattern. In particular, there will be losses of \$125.8 million recognized in each of the next two years, followed by offsetting gains of \$128.7 million and \$91.5 million in the two years after that (and then a relatively small loss followed by a relatively small gain), so as to ultimately recognize all of the current total net deferred losses of \$9.8 million. This means that, absent any new gains or losses in the future, there will be two more years of increases in the employer contribution rate followed by two years of decreases (and then another increase followed by another decrease) before the \$9.8 million in net deferred losses are full recognized.
- In keeping with model actuarial practice for this situation, effective July 1, 2013, the asset smoothing method could be modified by combining the net deferred losses of \$9.8 million from the current valuation into a single six year smoothing “layer” and thereby recognizing those net deferred losses of \$9.8 million over the next six years in six level amounts of approximately \$1.63 million in each year. This would reduce the volatility associated with the current pattern of the deferred gain/loss recognition and thereby result in more stable funded ratios (on an actuarial value basis) and more level employer contribution rates.

Please note that this change would have no impact on the current June 30, 2013 valuation results as the total amount of unrecognized losses as of June 30, 2013 remain unchanged. Also, note that we recommend using a six-year smoothing period for the combined deferred losses as that will complete the recognition of those net losses over the same time period as under the current separate smoothing layers. We will provide more discussion of this policy option during our presentation of the June 30, 2013 valuation.

- The actuarial valuation report as of June 30, 2013 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.
- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. It is important to note that the new GASB rules only redefine pension expense for financial reporting purposes, and do not apply to contribution amounts for actual pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices. Because these new Statements are not effective until the fiscal year ending June 30, 2014 for plan reporting and the fiscal year ending June 30, 2015 for employer reporting, the financial reporting information in this report continues to be in accordance with Statements 25 and 27.

SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

Impact of Future Experience on Contribution Rates

Future contribution requirements may differ from those determined in the valuation because of:

- difference between actual experience and anticipated experience;
- changes in actuarial assumptions or methods;
- changes in statutory provisions; and
- difference between the contribution rates determined by the valuation and those adopted by the Board.

SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

Summary of Key Valuation Results

| | June 30, 2013 | | June 30, 2012 | |
|---|---------------------------|---|---------------------------|---|
| Employer Contribution Rates (Dollar amounts in thousands): | | | | |
| | Total Rate | Estimated Annual Amount ⁽¹⁾ | Total Rate | Estimated Annual Amount ⁽¹⁾ |
| Miscellaneous Tier 1 | 23.05% | \$3,408 | 20.96% | \$3,100 |
| Miscellaneous Tier 2 | 20.71% | 1,145 | 18.28% | 1,010 |
| Miscellaneous Tier 3 | 23.63% | 149,881 | 21.51% | 136,443 |
| Miscellaneous Tier 4 | 17.91% | 3,065 | 16.33% | 2,793 |
| Miscellaneous Tier 5 | 17.29% | 1,746 | 15.17% | 1,532 |
| Safety Tier 1 | 43.59% | 20,737 | 41.85% | 19,909 |
| Safety Tier 2 | 41.92% | 59,254 | 37.00% | 52,299 |
| Safety Tier 3 | 41.06% | 2,127 | 35.55% | 1,842 |
| Safety Tier 4 | 35.61% | 629 | 29.28% | 517 |
| All Categories Combined | 27.57% | \$241,992 | 25.00% | \$219,445 |
| Aggregate Member Contribution Rates (Dollar amounts in thousands): | | | | |
| | Total Rate | Estimated Annual Amount ⁽¹⁾ | Total Rate | Estimated Annual Amount ⁽¹⁾ |
| All Categories Combined | 6.39% | \$56,082 | 6.42% | \$56,346 |
| Individual Member Contribution Rates: | | | | |
| | Total Rate ⁽²⁾ | Per Member Annual Amount ⁽³⁾ | Total Rate ⁽²⁾ | Per Member Annual Amount ⁽³⁾ |
| Miscellaneous Tier 1 | 5.43% | \$4,126 | 5.38% | \$4,089 |
| Miscellaneous Tier 2 | 3.82% | 2,460 | 3.82% | 2,460 |
| Miscellaneous Tier 3 | 5.18% | 3,453 | 5.18% | 3,457 |
| Miscellaneous Tier 4 | 7.80% | 4,339 | 7.82% | 4,352 |
| Miscellaneous Tier 5 | 8.78% | 3,976 | 7.50% | 3,397 |
| Safety Tier 1 | 14.30% | 17,203 | 14.52% | 17,460 |
| Safety Tier 2 | 11.94% | 11,688 | 11.99% | 11,732 |
| Safety Tier 3 | 11.82% | 8,463 | 11.86% | 8,492 |
| Safety Tier 4 | 13.86% | 9,063 | 12.00% | 7,847 |

⁽¹⁾ Based on June 30, 2013 projected annual compensation.

⁽²⁾ Based on single full-rates payable by members who enter on or after January 1, 1975.

⁽³⁾ Based on average projected annual compensation for members in each respective tier.

SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

Summary of Key Valuation Results – continued

| | June 30, 2013 | June 30, 2012 |
|--|---------------|---------------|
| Funded Status (Dollar Amounts in thousands): | | |
| Actuarial accrued liability ⁽¹⁾ | \$8,210,980 | \$7,838,223 |
| Actuarial value of assets (AVA) ⁽¹⁾ | 6,797,757 | 6,529,895 |
| Market value of assets (MVA) | 6,787,995 | 6,073,926 |
| Funded percentage on an AVA basis | 82.8% | 83.3% |
| Funded percentage on a MVA basis | 82.7% | 77.5% |
| Unfunded actuarial accrued liability on an AVA basis | \$1,413,223 | \$1,308,328 |
| Unfunded actuarial accrued liability on a MVA basis | 1,422,985 | 1,764,297 |
| Key Assumptions: | | |
| Interest rate | 7.50% | 7.50% |
| Inflation rate | 3.25% | 3.25% |
| Across-the-board real salary increase | 0.25% | 0.25% |

⁽¹⁾ Includes non-valuation reserves and designations.

SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

Summary of Key Valuation Demographic and Financial Data

| | June 30, 2013 | June 30, 2012 | Percentage Change |
|---|---------------|---------------|-------------------|
| Active Members: | | | |
| Number of members | 12,026 | 12,155 | -1.1% |
| Average age | 47.0 | 46.8 | N/A |
| Average service | 12.9 | 12.6 | N/A |
| Projected total compensation | \$877,655,709 | \$875,671,753 | 0.2% |
| Average projected compensation | \$72,980 | \$72,042 | 1.3% |
| Retired Member and Beneficiaries: | | | |
| Number of members: | | | |
| Service retired | 7,557 | 7,211 | 4.8% |
| Disability retired | 716 | 721 | -0.7% |
| Beneficiaries | 1,361 | 1,307 | 4.1% |
| Total | 9,634 | 9,239 | 4.3% |
| Average age | 69.0 | 68.8 | N/A |
| Average monthly benefit | \$2,865 | \$2,780 | 3.1% |
| Vested Terminated Members: | | | |
| Number of terminated vested members ⁽¹⁾ | 3,249 | 2,851 | 14.0% |
| Average age | 47.0 | 47.1 | N/A |
| Summary of Financial Data (dollar amounts in thousands): | | | |
| Market value of assets | \$6,787,995 | \$6,073,926 | 11.8% |
| Return on market value of assets | 12.73% | -0.16% | N/A |
| Actuarial value of assets | \$6,797,757 | \$6,529,895 | 4.1% |
| Return on actuarial value of assets | 5.07% | 2.57% | N/A |
| Valuation value of assets | \$6,805,319 | \$6,529,606 | 4.2% |
| Return on valuation value of assets | 5.19% | 3.73% | N/A |

⁽¹⁾ Includes terminated members due a refund of member contributions.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, vested terminated members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the member population has changed over the past ten valuations can be seen in this chart.

CHART 1
Member Population: 2004 – 2013

| Year Ended June 30 | Active Members | Vested Terminated Members⁽¹⁾ | Retired Members and Beneficiaries | Ratio of Non-Actives to Actives |
|---------------------------|-----------------------|--|--|--|
| 2004 | 13,672 | 2,110 | 6,291 | 0.61 |
| 2005 | 13,728 | 2,135 | 6,784 | 0.65 |
| 2006 | 14,412 | 2,192 | 7,108 | 0.65 |
| 2007 | 14,716 | 2,437 | 7,464 | 0.67 |
| 2008 | 15,180 | 2,661 | 7,709 | 0.68 |
| 2009 | 14,796 | 2,818 | 7,968 | 0.73 |
| 2010 | 13,340 | 2,740 | 8,346 | 0.83 |
| 2011 | 12,434 | 2,710 | 8,821 | 0.93 |
| 2012 | 12,155 | 2,851 | 9,239 | 0.99 |
| 2013 | 12,026 | 3,249 | 9,634 | 1.07 |

⁽¹⁾ Includes terminated members due a refund of member contributions

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 12,026 active members with an average age of 47.0, average years of service of 12.9 years and average compensation of \$72,980. The 12,155 active members in the prior valuation had an average age of 46.8, average service of 12.6 years and average compensation of \$72,042.

Inactive Members

In this year's valuation, there were 3,249 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 2,851 in the prior valuation.

These graphs show a distribution of active members by age and by years of service.

CHART 2
Distribution of Active Members by Age as of June 30, 2013

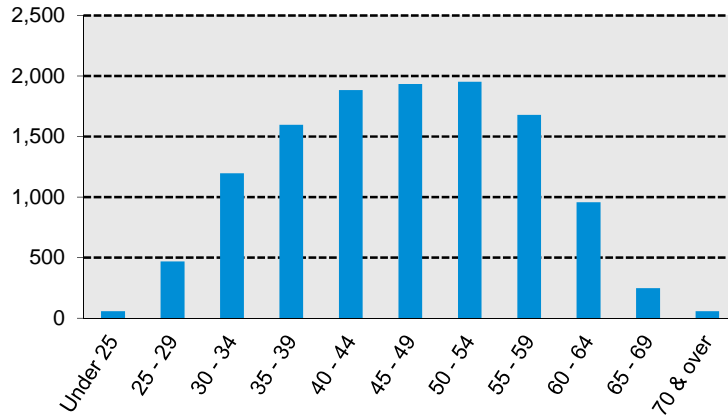
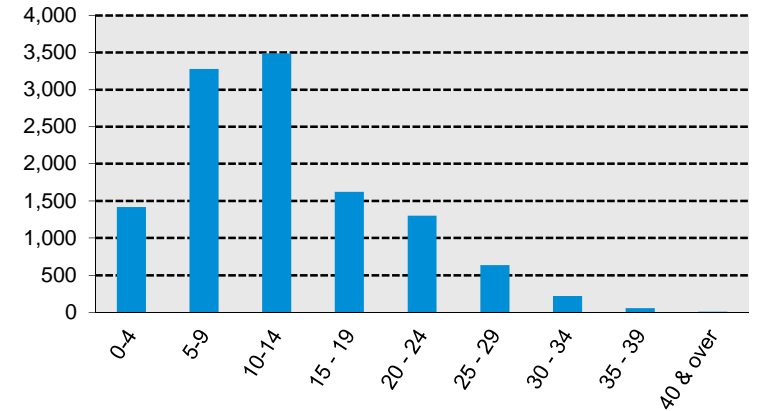


CHART 3
Distribution of Active Members by Years of Service as of June 30, 2013



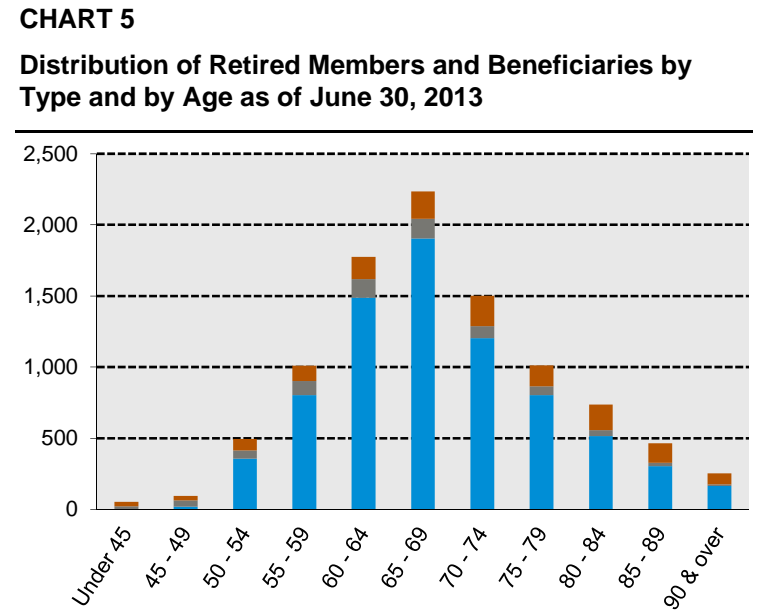
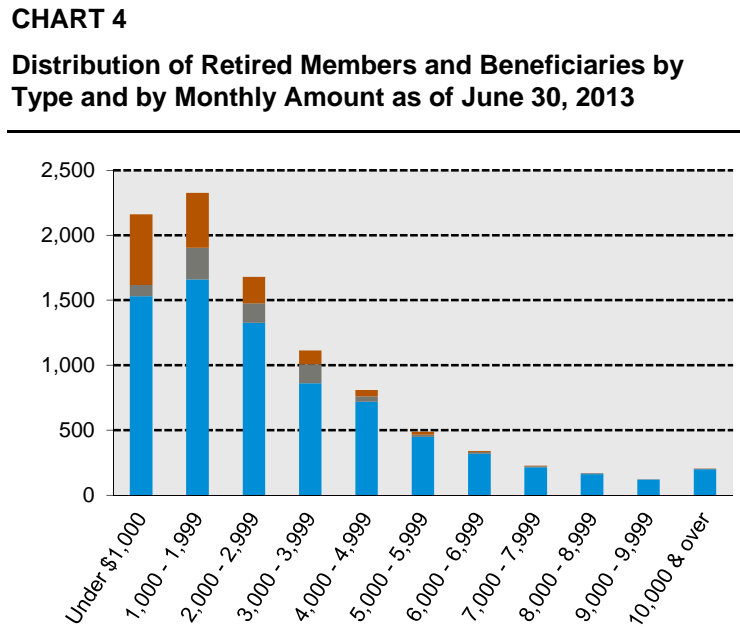
SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

Retired Members and Beneficiaries

As of June 30, 2013, 8,273 retired members and 1,361 beneficiaries were receiving total monthly benefits of \$27,597,978. For comparison, in the previous valuation, there were 7,932 retired members and 1,307 beneficiaries receiving monthly benefits of \$25,682,586.

These graphs show a distribution of the current retired members and beneficiaries based on their monthly amount and age, by type of pension.

- Service
- Disability
- Beneficiaries



SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

B. FINANCIAL INFORMATION

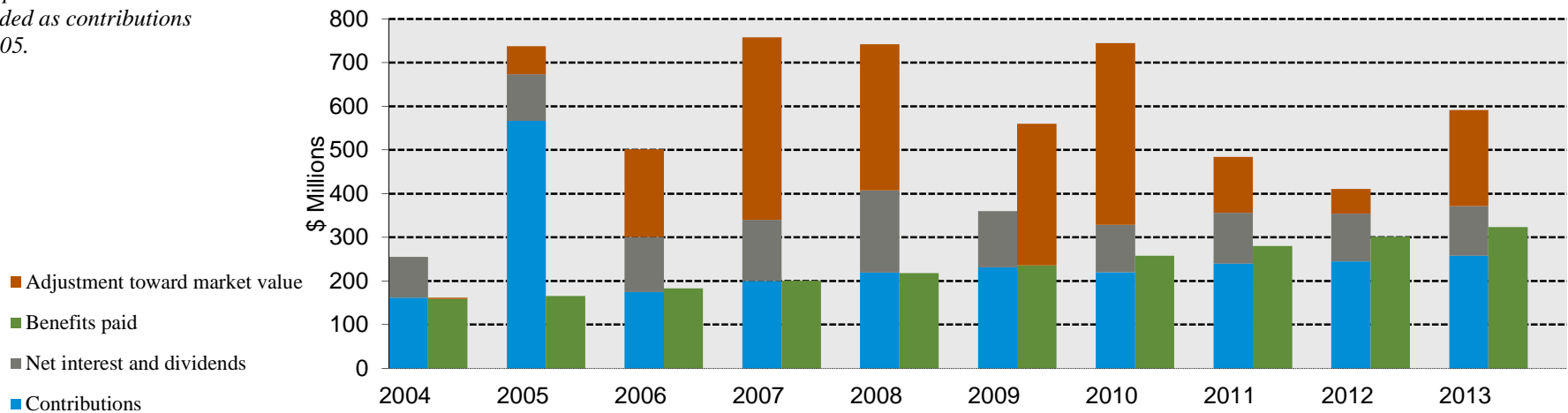
Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. The adjustment toward market value shown in the chart is the “non-cash” earnings on investments implicitly included in the actuarial value of assets. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D and E.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases. POB proceeds were included as contributions in 2005.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2004 - 2013



SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Retirement has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets does not have an impact on the actuarial value of assets.

The determination of the Actuarial and Valuation Value of Assets is provided on the following page.

In developing the actuarial value of assets as of June 30, 2013, we have used the investment gains/losses from the prior five years. The investment gain for the year ending June 30, 2013 was calculated by comparing the actual market return against an expected market return of 7.50% per annum used in the June 30, 2012 valuation. As adopted by the Board, any investment gains/losses established after July 1, 2008 will be recognized over a seven-year period and the deferred return will be further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

CHART 7 - Determination of Actuarial and Valuation Value of Assets for Year Ended June 30, 2013

| From | To | Contributions | Benefits | Market Value | Average Market Value |
|--------|--------|---------------|---------------|-----------------|----------------------|
| 7/2008 | 6/2009 | \$231,634,350 | \$235,677,778 | \$4,407,858,000 | \$5,807,291,027 |
| 7/2009 | 6/2010 | 219,555,464 | 258,023,786 | 4,980,962,000 | 4,462,064,342 |
| 7/2010 | 6/2011 | 240,071,877 | 280,594,039 | 6,140,644,000 | 5,040,052,530 |
| 7/2011 | 6/2012 | 244,788,721 | 301,803,914 | 6,073,926,000 | 6,187,197,677 |
| 7/2012 | 6/2013 | 257,906,339 | 323,566,930 | 6,787,995,000 | 6,124,682,749 |

| From | To | Total Actual Market Return (net) | Expected Market Return (net) | Investment Gain (Loss) | Deferred Factor | Deferred Return |
|--------|--------|----------------------------------|------------------------------|------------------------|-----------------|-----------------|
| 7/2008 | 6/2009 | (\$1,324,427,572) | \$457,324,168 | (\$1,781,751,740) | 0.286 | (\$509,071,926) |
| 7/2009 | 6/2010 | 611,572,322 | 351,387,567 | 260,184,755 | 0.429 | 111,507,752 |
| 7/2010 | 6/2011 | 1,200,204,162 | 390,604,071 | 809,600,091 | 0.571 | 462,628,623 |
| 7/2011 | 6/2012 | (9,702,807) | 479,507,820 | (489,210,627) | 0.714 | (349,436,162) |
| 7/2012 | 6/2013 | 779,729,591 | 459,351,206 | 320,378,385 | 0.857 | 274,610,044 |

The chart shows the determination of the actuarial and the valuation value of assets as of the valuation date.

| | |
|---|-----------------|
| 1. Total Deferred Return ⁽¹⁾ | (\$9,761,669) |
| 2. Net Market Value | 6,787,995,000 |
| 3. Actuarial Value of Assets (Item 2 – Item 1) | 6,797,756,669 |
| 4. Actuarial Value as a Percentage of Market Value (Before Corridor: Item 3 / Item 2) | 100.14% |
| 5. Actuarial Value of Assets – Corridor Limits: | |
| a. Lower Limit – 70% of Net Market Value | 4,751,596,500 |
| b. Upper Limit – 130% of Net Market Value | 8,824,393,500 |
| 6. Actuarial Value of Assets (within corridor) | 6,797,756,669 |
| 7. Non-valuation reserves and designations: | |
| a. Contingency Reserve | 0 |
| b. Other Non-Valuation Reserves | 0 |
| c. Subtotal | \$0 |
| 8. Preliminary Valuation Value of Assets (Item 6 – Item 7c) | 6,797,756,669 |
| 9. Adjustment to Preliminary Valuation Value of Assets | |
| a. Balance of transfer to offset member COLA rate | 24,646,000 |
| b. Surplus/(deficit) for withdrawn employers (preliminary) ⁽²⁾ | (32,207,928) |
| c. Subtotal | (\$7,561,928) |
| 10. Final Valuation Value of Assets (Item 8 – Item 9c) | \$6,805,318,597 |

⁽¹⁾ The amounts of deferred return that will be recognized in each subsequent valuation are as follows:

| | | | |
|-----------|-----------------|-----------|----------------|
| 6/30/2014 | (\$125,828,448) | 6/30/2017 | \$91,538,264 |
| 6/30/2015 | (\$125,828,448) | 6/30/2018 | (\$24,118,892) |
| 6/30/2016 | \$128,707,515 | 6/30/2019 | \$45,768,340 |

⁽²⁾ Based on the latest estimates available as of June 30, 2006 for Library Authority, June 30, 2007 for Air Quality and June 30, 2012 for Florin Fire adjusted with interest to June 30, 2013.

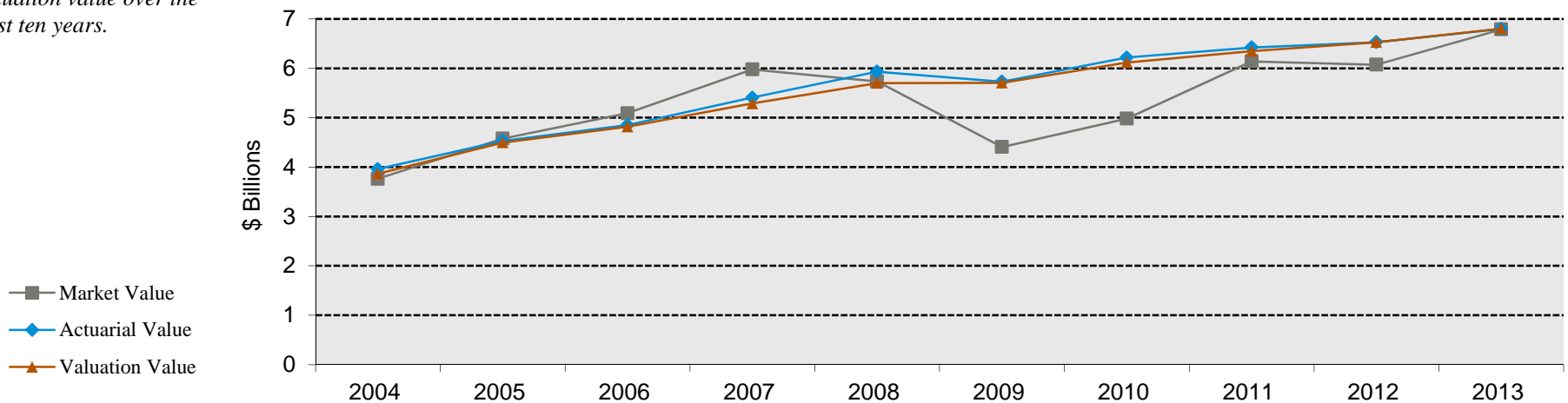
SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

The market value, actuarial value, and valuation value of assets are representations of SCERS' financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets, but with less volatility. The valuation value of assets is the actuarial value, excluding any non-valuation reserves. The valuation asset value is significant because SCERS' liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in market value, actuarial value and valuation value over the past ten years.

CHART 8

Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2004 – 2013



SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term

development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The net experience loss was \$55.5 million, \$152.2 million loss from investments and \$96.6 million gain from all other sources. The net experience variation from individual sources other than investments was 1.2% of the actuarial accrued liability. An explanation of the experience variation is provided on page 12 and in Section 3, Exhibit H. A discussion of the major components of the actuarial experience is on the following pages.

CHART 9

Actuarial Experience for Year Ended June 30, 2013

| | |
|--|----------------------|
| 1. Net loss from investments ⁽¹⁾ | -\$152,155,000 |
| 2. Net gain from other experience ⁽²⁾ | <u>96,624,000</u> |
| 3. Net experience loss: (1) + (2) | <u>-\$55,531,000</u> |

⁽¹⁾ Details in Chart 10.

⁽²⁾ Details in Section 3, Exhibit H. Does not include the effect of plan or assumption changes, if any.

This chart provides a summary of the actuarial experience during the past year.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on SCERS' investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 7.50% in the June 30, 2012 valuation. The actual rate of return on a valuation basis for the 2012/2013 plan year was 5.19%.

Since the actual return on the valuation value of assets for the year was less than the assumed return, SCERS experienced an actuarial loss during the year ended June 30, 2013 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 10
Investment Experience for Year Ended June 30, 2013 – Market, Actuarial and Valuation Value of Assets

| | Market Value | Actuarial Value | Valuation Value |
|-------------------------------------|----------------------|------------------------|------------------------|
| 1. Actual return | \$779,729,000 | \$333,523,000 | \$341,373,000 |
| 2. Average value of assets | 6,124,683,000 | 6,580,652,000 | 6,580,363,000 |
| 3. Actual rate of return: (1) ÷ (2) | 12.73% | 5.07% | 5.19% |
| 4. Assumed rate of return | 7.50% | 7.50% | 7.50% |
| 5. Expected return: | <u>459,351,000</u> | <u>493,550,000</u> | <u>493,528,000</u> |
| 6. Actuarial gain/(loss): (1) – (5) | <u>\$320,378,000</u> | <u>-\$160,027,000</u> | <u>-\$152,155,000</u> |

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial, valuation, and market basis for the last ten years.

CHART 11

Investment Return – Market Value, Actuarial Value and Valuation Value: 2004 – 2013

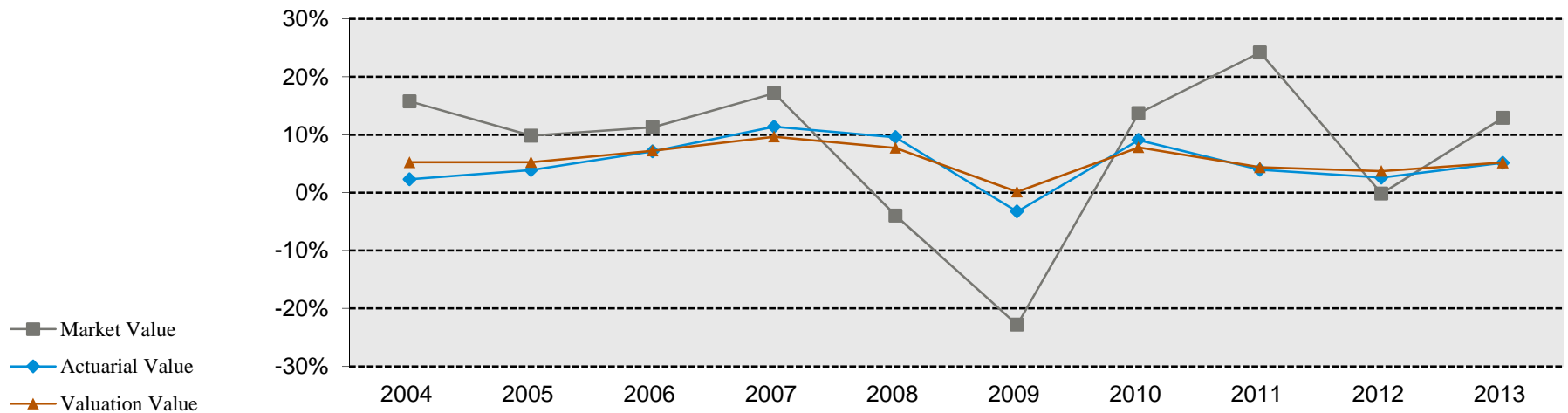
| Year Ended June 30 | Market Value Investment Return | | Actuarial Value Investment Return | | Valuation Value Investment Return | |
|-------------------------|-----------------------------------|----------|--------------------------------------|---------|--------------------------------------|---------|
| | Amount | Percent | Amount | Percent | Amount | Percent |
| 2004 | \$518,587,000 | 15.75% | \$89,988,000 | 2.30% | \$193,128,000 | 5.24% |
| 2005 | \$414,220,000 | 9.82% | \$171,384,000 | 3.88% | \$227,539,000 | 5.26% |
| 2006 | \$522,803,000 | 11.30% | \$326,688,000 | 7.13% | \$329,339,000 | 7.24% |
| 2007 | \$885,687,000 | 17.19% | \$558,262,000 | 11.37% | \$470,717,000 | 9.65% |
| 2008 | (\$240,661,000) | (3.98%) | \$523,169,000 | 9.56% | \$413,272,000 | 7.72% |
| 2009 | (\$1,324,428,000) | (22.81%) | (\$196,500,000) | (3.27%) | \$9,241,000 | 0.16% |
| 2010 | \$611,573,000 | 13.71% | \$525,248,000 | 9.08% | \$450,949,000 | 7.83% |
| 2011 | \$1,200,204,000 | 23.81% | \$244,352,000 | 3.89% | \$269,937,000 | 4.37% |
| 2012 | (\$9,702,000) | (0.16%) | \$166,087,000 | 2.57% | \$238,467,000 | 3.73% |
| 2013 | \$779,729,000 | 12.73% | \$333,523,000 | 5.07% | \$341,373,000 | 5.19% |
| Ten-Year Average Return | | 6.89% | | 5.08% | | 5.61% |

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 2004 - 2013.

CHART 12
Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2004 – 2013



SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation.

These include:

- actual turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2013 amounted to \$96.6 million which is 1.2% of the actuarial accrued liability. See Exhibit H for a detailed development of the Unfunded Actuarial Accrued Liability, and the breakdown of the actuarial gain/loss from other experience.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is expressed as a level percentage of the member's compensation.

Contribution to the Unfunded

Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative unfunded actuarial accrued liability) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual inflation rate of 3.50% (i.e., 3.25% inflation plus 0.25% real across-the-board salary increase). The UAAL established as a result of the Early Retirement Incentive Program for LEMA members is amortized over a 10-year period beginning June 30, 2010. Effective with the June 30, 2013 valuation, the System's remaining outstanding balance of the June 30, 2012 UAAL is being amortized over a declining 23-year period (22 years as of June 30, 2013). The change in UAAL that arises due to actuarial gains or losses or from changes in actuarial assumptions or methods at each valuation is amortized over its own declining 20-year period. Any change in UAAL that arises due to plan amendments will be amortized over its own declining 15-year period and any change in UAAL due to retirement incentive programs will be amortized over its own declining period of up to 5 years.

The recommended employer contributions are provided on Chart 13.

Employer normal cost and UAAL contribution rates are calculated assuming payments made at the end of every pay period.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

Member Contributions

Miscellaneous Tiers 1, 2, 3 & 4
Safety Tiers 1, 2, & 3

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for Miscellaneous members and Safety members, respectively, in the legacy tiers. The basic contribution rate is determined as that percentage of compensation which if paid annually from a member's first year of membership through the prescribed retirement age would accumulate to the amount necessary to fund a prescribed annuity.

The annuity is equal to:

- 1/240 of Final Average Salary per year of service at age 55 for current Miscellaneous Tier 1, Tier 2 and Tier 3 members
- 1/120 of Final Average Salary per year of service at age 60 for current Miscellaneous Tier 4 members
- 1/100 of Final Average Salary per year of service at age 50 for current Safety Tier 1, Tier 2 and Tier 3 members

In addition to their basic contributions, members in the legacy tiers pay one-half of the total normal cost necessary to fund their cost-of-living benefits. The cost to provide the cost-of-living benefits is offset somewhat by the balance available in an account maintained in the valuation to offset member's COLA rates in the legacy tiers. Accumulation includes semi-annual crediting of interest at the assumed investment earning rate. For members paying half rates, their rates should be exactly one-half of the rates described above.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

Miscellaneous Tier 5 & Safety Tier 4

Pursuant to Section 7522.30(a) of the Government Code, Miscellaneous Tier 5 and Safety Tier 4 members are required to contribute at least 50% of the Normal Cost rate. In addition, there are certain additional requirements that would have to be met such as requiring the new employees to pay the contribution rate of “similarly situated employees”, if it is greater. (reference: Section 7522.30(c)). We further understand that different rules may have to be applied for collectively bargained employees, non-represented, managerial or other supervisory employees. (reference: section 7522.30(e)). In preparing the Normal Cost rates in this report, we have assumed that exactly 50% of the Normal Cost would be paid by the new members and we have taken into account in this valuation only the requirements of Section 7522.30(c), but not requirements of Section 7522.30(e). Also of note is that based on our discussions with SCERS, we have used the discretion made recently available by AB1380 to no longer round the member’s contribution rates to the nearest ¼% as previously required by CalPEPRA. This should allow for exactly one-half of the normal cost to be paid by each of the employee and employer covered under CalPEPRA plans.

The member contribution rates are provided in Appendix A.

Member contributions are assumed to be made at the end of every pay period.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

CHART 13

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

| County Only⁽¹⁾ | June 30, 2013 | | June 30, 2012 | |
|---------------------------------------|----------------------------|--|----------------------------|--|
| | Actuarial Valuation | | Actuarial Valuation | |
| | Rate | Estimated Annual Amount⁽²⁾ | Rate | Estimated Annual Amount⁽²⁾ |
| Miscellaneous – Tier 1 Members | | | | |
| Normal Cost | 14.65% | \$2,125 | 13.84% | \$2,008 |
| UAAL | 8.26% | 1,199 | 6.99% | 1,014 |
| Total Contribution | 22.91% | \$3,324 | 20.83% | \$3,022 |
| Miscellaneous – Tier 2 Members | | | | |
| Normal Cost | 12.45% | \$688 | 11.33% | \$626 |
| UAAL | 8.26% | 457 | 6.95% | 384 |
| Total Contribution | 20.71% | \$1,145 | 18.28% | \$1,010 |
| Miscellaneous – Tier 3 Members | | | | |
| Normal Cost | 15.03% | \$90,856 | 14.27% | \$86,262 |
| UAAL | 8.26% | 49,945 | 6.91% | 41,771 |
| Total Contribution | 23.29% | \$140,801 | 21.18% | \$128,033 |
| Miscellaneous – Tier 4 Members | | | | |
| Normal Cost | 9.65% | \$1,651 | 9.36% | \$1,601 |
| UAAL | 8.26% | 1,414 | 6.97% | 1,192 |
| Total Contribution | 17.91% | \$3,065 | 16.33% | \$2,793 |
| Miscellaneous – Tier 5 Members | | | | |
| Normal Cost | 8.88% | \$876 | 8.12% | \$801 |
| UAAL | 8.26% | 815 | 6.89% | 680 |
| Total Contribution | 17.14% | \$1,691 | 15.01% | \$1,481 |

⁽¹⁾ Includes Superior Court and elected officials (Board of Supervisors, Sheriff, District Attorney and Assessor).

⁽²⁾ Based on June 30, 2013 projected annual payroll, see page 19.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

CHART 13 (continued)

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

| County Only ⁽¹⁾ | June 30, 2013 Actuarial Valuation | | June 30, 2012 Actuarial Valuation | |
|---------------------------------------|--------------------------------------|---|--------------------------------------|---|
| | Rate | Estimated Annual Amount ⁽¹⁾ | Rate | Estimated Annual Amount ⁽¹⁾ |
| Safety – Tier 1 Members | | | | |
| Normal Cost | 23.28% | \$11,075 | 25.05% | \$11,917 |
| UAAL | 20.31% | 9,662 | 16.80% | 7,992 |
| Total Contribution | 43.59% | \$20,737 | 41.85% | \$19,909 |
| Safety – Tier 2 Members | | | | |
| Normal Cost | 21.61% | \$30,546 | 20.32% | \$28,722 |
| UAAL | 20.31% | 28,708 | 16.68% | 23,577 |
| Total Contribution | 41.92% | \$59,254 | 37.00% | \$52,299 |
| Safety – Tier 3 Members | | | | |
| Normal Cost | 20.75% | \$1,075 | 18.84% | \$976 |
| UAAL | 20.31% | 1,052 | 16.71% | 866 |
| Total Contribution | 41.06% | \$2,127 | 35.55% | \$1,842 |
| Safety – Tier 4 Members | | | | |
| Normal Cost | 15.30% | \$270 | 12.68% | \$224 |
| UAAL | 20.31% | 359 | 16.60% | 293 |
| Total Contribution | 35.61% | \$629 | 29.28% | \$517 |
| All County Categories Combined | | | | |
| Normal Cost | 16.42% | \$139,162 | 15.71% | \$133,137 |
| UAAL | 11.05% | 93,611 | 9.18% | 77,769 |
| Total Contribution | 27.47% | \$232,773 | 24.89% | \$210,906 |

⁽¹⁾ Includes Superior Court and elected officials (Board of Supervisors, Sheriff, District Attorney and Assessor).

⁽²⁾ Based on June 30, 2013 projected annual payroll, see page 19.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

CHART 13 (continued)

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

| District Only | June 30, 2013 Actuarial Valuation | | June 30, 2012 Actuarial Valuation | |
|--|--------------------------------------|--|--------------------------------------|--|
| | Rate | Estimated Annual Amount ⁽¹⁾ | Rate | Estimated Annual Amount ⁽¹⁾ |
| Miscellaneous – Tier 1 Members | | | | |
| Normal Cost | 14.59% | \$41 | 13.76% | \$39 |
| UAAL | 15.41% | 43 | 14.01% | 39 |
| Total Contribution | 30.00% | \$84 | 27.77% | \$78 |
| Miscellaneous – Tier 3 Members | | | | |
| Normal Cost | 15.09% | \$4,492 | 14.32% | \$4,263 |
| UAAL | 15.41% | 4,588 | 13.93% | 4,147 |
| Total Contribution | 30.50% | \$9,080 | 28.25% | \$8,410 |
| Miscellaneous – Tier 5 Members | | | | |
| Normal Cost | 8.78% | \$20 | 8.12% | \$19 |
| UAAL | 15.41% | 35 | 13.91% | 32 |
| Total Contribution | 24.19% | \$55 | 22.03% | \$51 |
| All District Categories Combined | | | | |
| Normal Cost | 15.04% | \$4,553 | 14.27% | \$4,321 |
| UAAL | 15.41% | 4,666 | 13.93% | 4,218 |
| Total Contribution | 30.45% | \$9,219 | 28.20% | \$8,539 |
| All County and District Categories Combined | | | | |
| Normal Cost | 16.37% | \$143,715 | 15.66% | \$137,458 |
| UAAL | 11.20% | 98,277 | 9.34% | 81,987 |
| Total Contribution | 27.57% | \$241,992 | 25.00% | \$219,445 |

⁽¹⁾ Based on June 30, 2013 projected annual payroll, see page 19.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

CHART 13 (continued)

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

June 30, 2013 projected annual payroll used in developing employer contribution rates on the three previous pages

| | <u>County⁽¹⁾</u> | <u>District</u> | <u>Total</u> |
|----------------------|-----------------------------|-----------------|---------------|
| Miscellaneous Tier 1 | \$14,506 | \$281 | \$14,787 |
| Miscellaneous Tier 2 | 5,526 | 0 | 5,526 |
| Miscellaneous Tier 3 | 604,497 | 29,770 | 634,267 |
| Miscellaneous Tier 4 | 17,109 | 0 | 17,109 |
| Miscellaneous Tier 5 | <u>9,870</u> | <u>230</u> | <u>10,100</u> |
| Subtotal | \$651,508 | \$30,281 | \$681,789 |
| Safety Tier 1 | \$47,571 | \$0 | \$47,571 |
| Safety Tier 2 | 141,350 | 0 | 141,350 |
| Safety Tier 3 | 5,181 | 0 | 5,181 |
| Safety Tier 4 | <u>1,766</u> | <u>0</u> | <u>1,766</u> |
| Subtotal | \$195,868 | \$0 | \$195,868 |
| Total | \$847,376 | \$30,281 | \$877,657 |

⁽¹⁾ Includes Superior Court and elected officials (Board of Supervisors, Sheriff, District Attorney and Assessor).

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

The contribution rates as of June 30, 2013 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting

future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution Rate

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

CHART 14
Reconciliation of Average Recommended Employer Contribution Rate from June 30, 2012 to June 30, 2013 (Dollar Amounts in Thousands)

The chart reconciles the contribution rate from the prior valuation to the amount determined in this valuation.

| | Contribution Rate | Estimated Annual Dollar Cost ⁽¹⁾ |
|---|-------------------|---|
| Average Recommended Contribution Rate as of June 30, 2012, After Reflecting Members Paying Half and Full Rates | 25.00% | \$219,445 |
| Effect of investment losses | 1.26% | 11,058 |
| Effect of difference in actual versus expected individual salary increases | -0.94% | (8,250) |
| Effect of increase in UAAL rate from lower than expected increase in total payroll | 0.32% | 2,809 |
| Effect of Deputy Sheriffs' Association retirement incentive | 0.14% | 1,229 |
| Effect of phase-in of employer's contribution rate impact due to change in economic assumptions over two years | 0.77% | 6,758 |
| Effect of change to individual Entry Age actuarial funding method | 0.60% | 5,266 |
| Effect of demographic changes and other actuarial (gains)/losses ⁽²⁾ | <u>0.42%</u> | <u>3,677</u> |
| Subtotal | 2.57% | 22,547 |
| Average Recommended Contribution Rate as of June 30, 2013, After Reflecting Members Paying Half and Full Rates | 27.57% | \$241,992 |

⁽¹⁾ Based on June 30, 2013 projected annual payroll of \$877,657,000.

⁽²⁾ About one-half is due to contribution loss from scheduled lag in implementing contribution rates one-year after the date of the valuation and about one-half is due to higher than expected liability for new retirees and members reclassified as inactive assumed to elect a deferred benefit upon termination.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

The member contribution rates as of June 30, 2013 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution Rate
The chart below details the changes in the recommended member contribution rate from the prior valuation to the current year's valuation.

The chart reconciles the member contribution rate from the prior valuation to the amount determined in this valuation.

CHART 15
Reconciliation of Average Recommended Member Contribution Rate from June 30, 2012 to June 30, 2013 (Dollar Amounts in Thousands)

| | Contribution Rate | Estimated Amount ⁽¹⁾ |
|---|----------------------|---------------------------------|
| Average Recommended Contribution Rate as of June 30, 2012, After Reflecting Members Paying Half and Full Rates | 6.42% ⁽²⁾ | \$56,346 |
| Effect of change to individual Entry Age actuarial funding method ⁽³⁾ | 0.09% | 790 |
| Effect of reduction in COLA offset reserve | 0.01% | 88 |
| Effect of demographic changes | <u>-0.13%</u> | <u>(1,142)</u> |
| Subtotal | -0.03% | (264) |
| Average Recommended Contribution Rate as of June 30, 2013, After Reflecting Members Paying Half and Full Rates | 6.39% ⁽²⁾ | \$56,082 |

⁽¹⁾ Based on June 30, 2013 projected annual payroll of \$877,657,000.

⁽²⁾ Rates have been adjusted to reflect a reserve carried by the Board to reduce part of the COLA contributions.

⁽³⁾ This is due to a change in how the new method accounts for member contributions (mainly with regard to the 30-year cessation for the legacy tiers). The individual member contribution rates remain virtually unchanged.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

E. INFORMATION REQUIRED BY GASB

Governmental Accounting Standards Board (GASB) reporting provides standardized information for comparative purposes regarding governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contributions to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 16 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan that is well positioned to pay benefits when they are due. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 16
Required Versus Actual Contributions

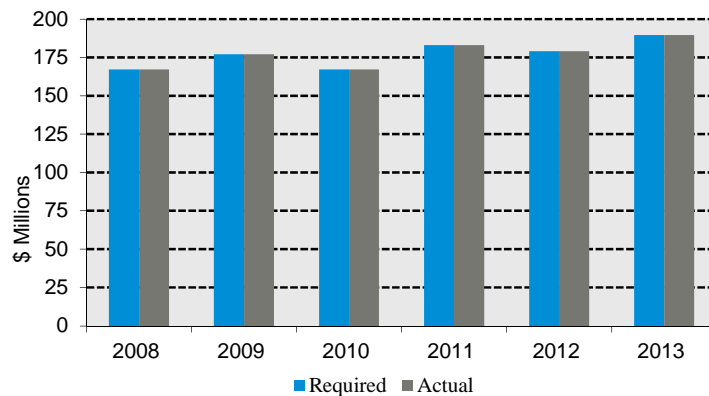
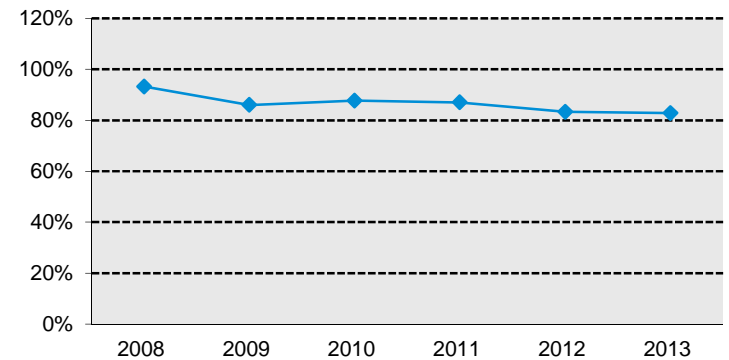


CHART 17
Funded Ratio



SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

F. VOLATILITY RATIOS

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measure since it is based on the current level of assets.

For SCERS, the current AVR is 7.7. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to 7.7% of one-year's payroll. Since SCERS amortizes actuarial gains and losses over a period of 20 years as of June 30, 2013, there would be a 0.6% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the

Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded. The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions.

For SCERS, the current LVR is 9.4. This is about 22% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long-term. These ratios are not only sensitive to changes in assets and liability but also to changes in payroll. A comparative schedule of assets, liabilities and payroll is provided in Section 4, Exhibit III.

This chart shows how the asset and liability volatility ratios have varied over time.

CHART 18

Volatility Ratios for Years Ended June 30, 2008 – 2013

| Year Ended June 30 | Asset Volatility Ratio | Liability Volatility Ratio |
|--------------------|------------------------|----------------------------|
| 2008 | 6.4 | 7.0 |
| 2009 | 4.6 | 6.9 |
| 2010 | 5.5 | 7.8 |
| 2011 | 7.0 | 8.4 |
| 2012 | 6.9 | 9.0 |
| 2013 | 7.7 | 9.4 |

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

i. Miscellaneous Tier 1

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|--------------|-------------------------------|
| | 2013 | 2012 | |
| Active members in valuation | | | |
| Number | 191 | 238 | -19.7% |
| Average age | 58.9 | 58.4 | N/A |
| Average service | 32.6 | 31.9 | N/A |
| Projected total compensation ^{(1),(2)} | \$14,787,229 | \$18,762,434 | -21.2% |
| Projected average compensation | \$77,420 | \$78,834 | -1.8% |
| Account balances | \$29,628,245 | \$37,518,067 | -21.0% |
| Total active vested members | 191 | 238 | -19.7% |
| Vested terminated members | | | |
| Number ⁽³⁾ | 87 | 101 | -13.9% |
| Average age | 61.4 | 60.8 | N/A |
| Retired members | | | |
| Number in pay status | 3,122 | 3,174 | -1.6% |
| Average age | 73.5 | 73.0 | N/A |
| Average monthly benefit | \$3,073 | \$2,935 | 4.7% |
| Disabled members | | | |
| Number in pay status | 213 | 224 | -4.9% |
| Average age | 73.7 | 73.2 | N/A |
| Average monthly benefit | \$2,004 | \$1,942 | 3.2% |
| Beneficiaries | | | |
| Number in pay status | 760 | 752 | 1.1% |
| Average age | 76.6 | 76.3 | N/A |
| Average monthly benefit | \$1,512 | \$1,434 | 5.4% |

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$77,625.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

ii. Miscellaneous Tier 2

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|-------------|-------------------------------|
| | 2013 | 2012 | |
| Active members in valuation | | | |
| Number | 84 | 87 | -3.4% |
| Average age | 53.8 | 52.8 | N/A |
| Average service | 22.8 | 21.9 | N/A |
| Projected total compensation ^{(1),(2)} | \$5,526,399 | \$5,779,602 | -4.4% |
| Projected average compensation | \$65,790 | \$66,432 | -1.0% |
| Account balances | \$5,965,917 | \$5,903,148 | 1.1% |
| Total active vested members | 84 | 87 | -3.4% |
| Vested terminated members | | | |
| Number ⁽³⁾ | 213 | 229 | -7.0% |
| Average age | 55.1 | 54.3 | N/A |
| Retired members | | | |
| Number in pay status | 286 | 275 | 4.0% |
| Average age | 66.8 | 66.7 | N/A |
| Average monthly benefit | \$993 | \$998 | -0.5% |
| Disabled members | | | |
| Number in pay status | 32 | 34 | -5.9% |
| Average age | 64.1 | 63.6 | N/A |
| Average monthly benefit | \$892 | \$895 | -0.3% |
| Beneficiaries | | | |
| Number in pay status | 39 | 37 | 5.4% |
| Average age | 68.2 | 66.9 | N/A |
| Average monthly benefit | \$641 | \$628 | 2.1% |

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$65,205.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

iii. Miscellaneous Tier 3

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|---------------|-------------------------------|
| | 2013 | 2012 | |
| Active members in valuation | | | |
| Number | 9,315 | 9,809 | -5.0% |
| Average age | 48.1 | 47.5 | N/A |
| Average service | 12.8 | 11.9 | N/A |
| Projected total compensation ^{(1),(2)} | \$634,266,710 | \$658,065,940 | -3.6% |
| Projected average compensation | \$68,091 | \$67,088 | 1.5% |
| Account balances | \$423,142,349 | \$406,196,191 | 4.2% |
| Total active vested members | 8,587 | 8,411 | 2.1% |
| Vested terminated members | | | |
| Number ⁽³⁾ | 2,398 | 2,067 | 16.0% |
| Average age | 46.9 | 46.7 | N/A |
| Retired members | | | |
| Number in pay status | 2,818 | 2,491 | 13.1% |
| Average age | 66.1 | 65.8 | N/A |
| Average monthly benefit | \$2,114 | \$2,021 | 4.6% |
| Disabled members | | | |
| Number in pay status | 224 | 215 | 4.2% |
| Average age | 61.3 | 60.7 | N/A |
| Average monthly benefit | \$1,688 | \$1,629 | 3.6% |
| Beneficiaries | | | |
| Number in pay status | 252 | 225 | 12.0% |
| Average age | 63.5 | 63.0 | N/A |
| Average monthly benefit | \$887 | \$844 | 5.1% |

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$68,310.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

iv. Miscellaneous Tier 4

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|-------------|-------------------------------|
| | 2013 | 2012 | |
| Active members in valuation | | | |
| Number | 300 | 122 | 145.9% |
| Average age | 37.4 | 36.6 | N/A |
| Average service | 0.9 | 0.2 | N/A |
| Projected total compensation ^{(1),(2)} | \$17,108,752 | \$6,829,815 | 150.5% |
| Projected average compensation | \$57,029 | \$55,982 | 1.9% |
| Account balances | \$1,051,762 | \$98,839 | 964.1% |
| Total active vested members | 1 | 1 | 0.0% |
| Vested terminated members | | | |
| Number ⁽³⁾ | 37 | 3 | 1133.3% |
| Average age | 40.4 | 52.2 | N/A |
| Retired members | | | |
| Number in pay status | -- | -- | N/A |
| Average age | -- | -- | N/A |
| Average monthly benefit | -- | -- | N/A |
| Disabled members | | | |
| Number in pay status | -- | -- | N/A |
| Average age | -- | -- | N/A |
| Average monthly benefit | -- | -- | N/A |
| Beneficiaries | | | |
| Number in pay status | -- | -- | N/A |
| Average age | -- | -- | N/A |
| Average monthly benefit | -- | -- | N/A |

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$43,470.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

**Table of Plan Coverage
v. Miscellaneous Tier 5**

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|-------------|-----------------------------------|
| | 2013 | 2012 | |
| Active members in valuation | | | |
| Number | 223 | -- | N/A |
| Average age | 38.5 | -- | N/A |
| Average service | 0.3 | -- | N/A |
| Projected total compensation ^{(1),(2)} | \$10,099,684 | -- | N/A |
| Projected average compensation | \$45,290 | -- | N/A |
| Account balances | \$194,755 | -- | N/A |
| Total active vested members | -- | -- | N/A |
| Vested terminated members | | | |
| Number ⁽³⁾ | 11 | -- | N/A |
| Average age | 43.3 | -- | N/A |
| Retired members | | | |
| Number in pay status | -- | -- | N/A |
| Average age | -- | -- | N/A |
| Average monthly benefit | -- | -- | N/A |
| Disabled members | | | |
| Number in pay status | -- | -- | N/A |
| Average age | -- | -- | N/A |
| Average monthly benefit | -- | -- | N/A |
| Beneficiaries | | | |
| Number in pay status | -- | -- | N/A |
| Average age | -- | -- | N/A |
| Average monthly benefit | -- | -- | N/A |

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$43,470.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

vi. Safety Tier 1

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|--------------|-------------------------------|
| | 2013 | 2012 | |
| Active members in valuation | | | |
| Number | 391 | 438 | -10.7% |
| Average age | 49.1 | 48.5 | N/A |
| Average service | 22.7 | 21.9 | N/A |
| Projected total compensation ^{(1),(2)} | \$47,570,559 | \$50,551,004 | -5.9% |
| Projected average compensation | \$121,664 | \$115,413 | 5.4% |
| Account balances | \$61,106,741 | \$61,528,232 | -0.7% |
| Total active vested members | 391 | 438 | -10.7% |
| Vested terminated members | | | |
| Number ⁽³⁾ | 114 | 129 | -11.6% |
| Average age | 49.7 | 49.0 | N/A |
| Retired members | | | |
| Number in pay status | 1,099 | 1,058 | 3.9% |
| Average age | 64.7 | 64.6 | N/A |
| Average monthly benefit | \$6,128 | \$5,975 | 2.6% |
| Disabled members | | | |
| Number in pay status | 204 | 209 | -2.4% |
| Average age | 63.5 | 63.1 | N/A |
| Average monthly benefit | \$4,077 | \$3,950 | 3.2% |
| Beneficiaries | | | |
| Number in pay status | 286 | 269 | 6.3% |
| Average age | 66.2 | 66.4 | N/A |
| Average monthly benefit | \$2,688 | \$2,634 | 2.1% |

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$121,095.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

vii. Safety Tier 2

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|---------------|-------------------------------|
| | 2013 | 2012 | |
| Active members in valuation | | | |
| Number | 1,424 | 1,424 | 0.0% |
| Average age | 41.1 | 40.3 | N/A |
| Average service | 12.6 | 11.8 | N/A |
| Projected total compensation ^{(1),(2)} | \$141,349,687 | \$133,232,980 | 6.1% |
| Projected average compensation | \$99,262 | \$93,562 | 6.1% |
| Account balances | \$97,746,951 | \$84,541,530 | 15.6% |
| Total active vested members | 1,354 | 1,315 | 3.0% |
| Vested terminated members | | | |
| Number ⁽³⁾ | 388 | 322 | 20.5% |
| Average age | 39.3 | 39.5 | N/A |
| Retired members | | | |
| Number in pay status | 232 | 213 | 8.9% |
| Average age | 64.4 | 64.1 | N/A |
| Average monthly benefit | \$4,386 | \$4,328 | 1.3% |
| Disabled members | | | |
| Number in pay status | 43 | 39 | 10.3% |
| Average age | 53.5 | 53.5 | N/A |
| Average monthly benefit | \$2,988 | \$2,999 | -0.4% |
| Beneficiaries | | | |
| Number in pay status | 24 | 24 | 0.0% |
| Average age | 53.4 | 54.1 | N/A |
| Average monthly benefit | \$2,204 | \$2,358 | -6.5% |

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$99,360.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

viii. Safety Tier 3

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|-------------|-------------------------------|
| | 2013 | 2012 | |
| Active members in valuation | | | |
| Number | 71 | 37 | 91.9% |
| Average age | 33.9 | 32.2 | N/A |
| Average service | 1.7 | 0.9 | N/A |
| Projected total compensation ^{(1),(2)} | \$5,181,121 | \$2,449,977 | 111.5% |
| Projected average compensation | \$72,974 | \$66,216 | 10.2% |
| Account balances | \$725,146 | \$193,042 | 275.6% |
| Total active vested members | 3 | 1 | 200.0% |
| Vested terminated members | | | |
| Number ⁽³⁾ | 1 | -- | N/A |
| Average age | 30.3 | -- | N/A |
| Retired members | | | |
| Number in pay status | -- | -- | N/A |
| Average age | -- | -- | N/A |
| Average monthly benefit | -- | -- | N/A |
| Disabled members | | | |
| Number in pay status | -- | -- | N/A |
| Average age | -- | -- | N/A |
| Average monthly benefit | -- | -- | N/A |
| Beneficiaries | | | |
| Number in pay status | -- | -- | N/A |
| Average age | -- | -- | N/A |
| Average monthly benefit | -- | -- | N/A |

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$64,170.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

ix. Safety Tier 4

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|-------------|-------------------------------|
| | 2013 | 2012 | |
| Active members in valuation | | | |
| Number | 27 | -- | N/A |
| Average age | 32.2 | -- | N/A |
| Average service | 0.6 | -- | N/A |
| Projected total compensation ^{(1),(2)} | \$1,765,567 | -- | N/A |
| Projected average compensation | \$65,391 | -- | N/A |
| Account balances | \$97,790 | -- | N/A |
| Total active vested members | 1 | -- | N/A |
| Vested terminated members | | | |
| Number ⁽³⁾ | -- | -- | N/A |
| Average age | -- | -- | N/A |
| Retired members | | | |
| Number in pay status | -- | -- | N/A |
| Average age | -- | -- | N/A |
| Average monthly benefit | -- | -- | N/A |
| Disabled members | | | |
| Number in pay status | -- | -- | N/A |
| Average age | -- | -- | N/A |
| Average monthly benefit | -- | -- | N/A |
| Beneficiaries | | | |
| Number in pay status | -- | -- | N/A |
| Average age | -- | -- | N/A |
| Average monthly benefit | -- | -- | N/A |

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$64,170.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

i. Miscellaneous Tier 1

| Age | Years of Service | | | | | | | | | |
|--------------|------------------|-----|----------|----------|----------|----------|----------|----------|----------|-----------|
| | Total | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 30 - 34 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 35 - 39 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 40 - 44 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 45 - 49 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 50 - 54 | 38 | -- | 1 | -- | -- | 2 | 2 | 30 | 3 | -- |
| 55 - 59 | \$74,916 | -- | \$32,728 | -- | -- | \$55,217 | \$48,896 | \$77,704 | \$91,583 | -- |
| 60 - 64 | 80 | -- | -- | -- | 2 | 6 | 8 | 48 | 16 | -- |
| 65 - 69 | 76,825 | -- | -- | -- | \$96,604 | 51,273 | 95,239 | 78,812 | 68,764 | -- |
| 70 & over | 61 | -- | 1 | 2 | 1 | 1 | 4 | 17 | 29 | 6 |
| | 82,386 | -- | 148,002 | \$74,936 | 44,689 | 85,740 | 110,291 | 80,125 | 85,074 | \$54,473 |
| | 9 | -- | -- | -- | -- | 1 | 1 | 3 | 1 | 3 |
| | 66,892 | -- | -- | -- | -- | 77,438 | 116,889 | 58,416 | 55,931 | 58,840 |
| | 3 | -- | -- | 1 | -- | -- | -- | -- | 1 | 1 |
| | 55,612 | -- | -- | 82,851 | -- | -- | -- | -- | 41,420 | 42,566 |
| Total | 191 | -- | 2 | 3 | 3 | 10 | 15 | 98 | 50 | 10 |
| | \$77,420 | -- | \$90,365 | \$77,575 | \$79,299 | \$58,125 | \$94,517 | \$78,076 | \$78,789 | \$54,593 |

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

ii. Miscellaneous Tier 2

| Age | Years of Service | | | | | | | | | |
|--------------|------------------|-----|-----|----------|----------|----------|----------|----------|-------|-----------|
| | Total | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 30 - 34 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 35 - 39 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 40 - 44 | 4 | -- | -- | -- | -- | 4 | -- | -- | -- | -- |
| 45 - 49 | \$59,271 | -- | -- | -- | -- | \$59,271 | -- | -- | -- | -- |
| 50 - 54 | 21 | -- | -- | 1 | 1 | 17 | 2 | -- | -- | -- |
| 55 - 59 | 67,548 | -- | -- | \$23,689 | \$73,098 | 71,379 | \$54,146 | -- | -- | -- |
| 60 - 64 | 23 | -- | -- | 2 | 2 | 14 | 5 | -- | -- | -- |
| 65 - 69 | 59,217 | -- | -- | 34,746 | 58,474 | 63,400 | 57,591 | -- | -- | -- |
| 70 & over | 23 | -- | -- | 1 | 1 | 14 | 7 | -- | -- | -- |
| | 68,971 | -- | -- | 25,710 | 67,781 | 66,180 | 80,905 | -- | -- | -- |
| | 10 | -- | -- | 1 | -- | 5 | 3 | 1 | -- | -- |
| | 72,685 | -- | -- | 83,895 | -- | 81,077 | 64,322 | \$44,606 | -- | -- |
| | 2 | -- | -- | -- | -- | 2 | -- | -- | -- | -- |
| | 66,287 | -- | -- | -- | -- | 66,287 | -- | -- | -- | -- |
| | 1 | -- | -- | -- | -- | 1 | -- | -- | -- | -- |
| | 63,036 | -- | -- | -- | -- | 63,036 | -- | -- | -- | -- |
| Total | 84 | -- | -- | 5 | 4 | 57 | 17 | 1 | -- | -- |
| | \$65,790 | -- | -- | \$40,557 | \$64,457 | \$67,818 | \$67,973 | \$44,606 | -- | -- |

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

iii. Miscellaneous Tier 3

| Age | Years of Service | | | | | | | | | |
|----------------------|------------------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| | Total | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25 | 9 | 8 | 1 | -- | -- | -- | -- | -- | -- | -- |
| | \$48,044 | \$48,948 | \$40,807 | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | 266 | 104 | 158 | 4 | -- | -- | -- | -- | -- | -- |
| | 50,687 | 48,821 | 51,600 | \$63,120 | -- | -- | -- | -- | -- | -- |
| 30 - 34 | 834 | 170 | 530 | 133 | 1 | -- | -- | -- | -- | -- |
| | 58,810 | 56,537 | 60,027 | 56,892 | \$55,398 | -- | -- | -- | -- | -- |
| 35 - 39 | 1,119 | 108 | 527 | 449 | 34 | 1 | -- | -- | -- | -- |
| | 64,715 | 59,975 | 64,820 | 64,797 | 77,093 | \$62,891 | -- | -- | -- | -- |
| 40 - 44 | 1,368 | 96 | 462 | 569 | 195 | 45 | 1 | -- | -- | -- |
| | 68,720 | 63,136 | 64,621 | 68,091 | 82,980 | 68,183 | \$99,538 | -- | -- | -- |
| 45 - 49 | 1,490 | 95 | 352 | 475 | 265 | 243 | 54 | 6 | -- | -- |
| | 70,678 | 62,291 | 65,343 | 66,101 | 78,895 | 79,003 | 81,324 | \$83,011 | -- | -- |
| 50 - 54 | 1,641 | 63 | 332 | 465 | 276 | 298 | 170 | 37 | -- | -- |
| | 71,916 | 62,800 | 63,039 | 65,817 | 77,635 | 78,406 | 85,287 | 87,379 | -- | -- |
| 55 - 59 | 1,449 | 48 | 292 | 407 | 238 | 239 | 169 | 53 | 3 | -- |
| | 72,788 | 69,758 | 64,181 | 64,062 | 74,056 | 79,479 | 90,656 | 94,159 | \$125,202 | -- |
| 60 - 64 | 853 | 26 | 175 | 291 | 140 | 129 | 79 | 13 | -- | -- |
| | 67,333 | 60,022 | 62,991 | 62,026 | 75,364 | 72,103 | 74,120 | 84,156 | -- | -- |
| 65 - 69 | 233 | 10 | 63 | 78 | 42 | 26 | 11 | 3 | -- | -- |
| | 66,242 | 52,832 | 67,610 | 62,812 | 65,777 | 69,409 | 79,313 | 102,558 | -- | -- |
| 70 & over | 53 | 1 | 9 | 25 | 13 | 2 | 2 | 1 | -- | -- |
| | 60,655 | 36,985 | 64,903 | 55,860 | 67,138 | 73,419 | 50,797 | 75,878 | -- | -- |
| Total | 9,315 | 729 | 2,901 | 2,896 | 1,204 | 983 | 486 | 113 | 3 | -- |
| | \$68,091 | \$58,939 | \$62,930 | \$64,944 | \$77,246 | \$77,256 | \$84,650 | \$90,257 | \$125,202 | -- |

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

iv. Miscellaneous Tier 4

| Age | Years of Service | | | | | | | | | |
|----------------------|------------------|----------|-----|-------|-------|-------|-------|-------|-------|-----------|
| | Total | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25 | 22 | 22 | -- | -- | -- | -- | -- | -- | -- | -- |
| | \$44,922 | \$44,922 | -- | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | 66 | 66 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 55,452 | 55,452 | -- | -- | -- | -- | -- | -- | -- | -- |
| 30 - 34 | 61 | 61 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 54,233 | 54,233 | -- | -- | -- | -- | -- | -- | -- | -- |
| 35 - 39 | 49 | 49 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 57,716 | 57,716 | -- | -- | -- | -- | -- | -- | -- | -- |
| 40 - 44 | 27 | 27 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 55,521 | 55,521 | -- | -- | -- | -- | -- | -- | -- | -- |
| 45 - 49 | 27 | 27 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 57,373 | 57,373 | -- | -- | -- | -- | -- | -- | -- | -- |
| 50 - 54 | 29 | 29 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 64,709 | 64,709 | -- | -- | -- | -- | -- | -- | -- | -- |
| 55 - 59 | 15 | 15 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 65,669 | 65,669 | -- | -- | -- | -- | -- | -- | -- | -- |
| 60 - 64 | 3 | 3 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 65,402 | 65,402 | -- | -- | -- | -- | -- | -- | -- | -- |
| 65 - 69 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 70 & over | 1 | 1 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 218,372 | 218,372 | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 300 | 300 | -- | -- | -- | -- | -- | -- | -- | -- |
| | \$57,029 | \$57,029 | -- | -- | -- | -- | -- | -- | -- | -- |

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

v. Miscellaneous Tier 5

| Age | Years of Service | | | | | | | | | |
|----------------------|------------------|----------|-----|-------|-------|-------|-------|-------|-------|-----------|
| | Total | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25 | 17 | 17 | -- | -- | -- | -- | -- | -- | -- | -- |
| | \$37,023 | \$37,023 | -- | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | 49 | 49 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 44,176 | 44,176 | -- | -- | -- | -- | -- | -- | -- | -- |
| 30 - 34 | 39 | 39 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 43,420 | 43,420 | -- | -- | -- | -- | -- | -- | -- | -- |
| 35 - 39 | 26 | 26 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 44,315 | 44,315 | -- | -- | -- | -- | -- | -- | -- | -- |
| 40 - 44 | 31 | 31 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 40,466 | 40,466 | -- | -- | -- | -- | -- | -- | -- | -- |
| 45 - 49 | 16 | 16 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 41,134 | 41,134 | -- | -- | -- | -- | -- | -- | -- | -- |
| 50 - 54 | 23 | 23 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 50,250 | 50,250 | -- | -- | -- | -- | -- | -- | -- | -- |
| 55 - 59 | 13 | 13 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 52,125 | 52,125 | -- | -- | -- | -- | -- | -- | -- | -- |
| 60 - 64 | 9 | 9 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 79,346 | 79,346 | -- | -- | -- | -- | -- | -- | -- | -- |
| 65 - 69 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 70 & over | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 223 | 223 | -- | -- | -- | -- | -- | -- | -- | -- |
| | \$45,290 | \$45,290 | -- | -- | -- | -- | -- | -- | -- | -- |

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

vi. Safety Tier 1

| Age | Years of Service | | | | | | | | | |
|--------------|------------------|-----|-----------|-----------|-----------|-----------|-----------|-----------|-------|-----------|
| | Total | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 30 - 34 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 35 - 39 | 3 | -- | -- | -- | 3 | -- | -- | -- | -- | -- |
| 40 - 44 | \$106,241 | -- | -- | -- | \$106,241 | -- | -- | -- | -- | -- |
| 45 - 49 | 67 | -- | -- | 1 | 41 | 25 | -- | -- | -- | -- |
| 50 - 54 | 122,272 | -- | -- | \$103,840 | 119,671 | \$127,276 | -- | -- | -- | -- |
| 55 - 59 | 170 | -- | -- | 5 | 35 | 88 | 41 | 1 | -- | -- |
| 60 - 64 | 125,930 | -- | -- | 116,514 | 121,171 | 123,851 | \$135,424 | \$133,304 | -- | -- |
| 65 - 69 | 103 | -- | 1 | 3 | 14 | 41 | 43 | 1 | -- | -- |
| 70 & over | 119,550 | -- | \$124,296 | 91,265 | 118,381 | 112,604 | 127,714 | 149,767 | -- | -- |
| | 45 | -- | -- | 4 | 5 | 18 | 16 | 2 | -- | -- |
| | 110,787 | -- | -- | 62,611 | 111,652 | 107,936 | 124,966 | 117,209 | -- | -- |
| | 3 | -- | -- | -- | 1 | 2 | -- | -- | -- | -- |
| | 117,466 | -- | -- | -- | 121,497 | 115,451 | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 391 | -- | 1 | 13 | 99 | 174 | 100 | 4 | -- | -- |
| | \$121,664 | -- | \$124,296 | \$93,127 | \$119,225 | \$119,950 | \$130,435 | \$129,372 | -- | -- |

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

vii. Safety Tier 2

| Age | Years of Service | | | | | | | | | |
|----------------------|------------------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Total | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25 | 1 | 1 | -- | -- | -- | -- | -- | -- | -- | -- |
| | \$90,207 | \$90,207 | -- | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | 45 | 20 | 21 | 4 | -- | -- | -- | -- | -- | -- |
| | 88,721 | 75,732 | \$96,664 | \$111,967 | -- | -- | -- | -- | -- | -- |
| 30 - 34 | 241 | 18 | 168 | 54 | 1 | -- | -- | -- | -- | -- |
| | 92,764 | 86,478 | 90,083 | 102,099 | \$152,218 | -- | -- | -- | -- | -- |
| 35 - 39 | 390 | 14 | 103 | 222 | 51 | -- | -- | -- | -- | -- |
| | 95,005 | 82,346 | 89,809 | 94,653 | 110,505 | -- | -- | -- | -- | -- |
| 40 - 44 | 381 | 5 | 33 | 178 | 151 | 13 | 1 | -- | -- | -- |
| | 105,050 | 55,122 | 94,534 | 101,816 | 111,718 | \$114,430 | \$148,385 | -- | -- | -- |
| 45 - 49 | 208 | 2 | 20 | 62 | 78 | 41 | 5 | -- | -- | -- |
| | 106,120 | 100,434 | 90,617 | 109,579 | 107,687 | 106,559 | 99,475 | -- | -- | -- |
| 50 - 54 | 88 | 3 | 8 | 28 | 23 | 17 | 8 | -- | 1 | -- |
| | 97,912 | 103,774 | 96,430 | 90,565 | 105,751 | 91,723 | 111,401 | -- | \$114,883 | -- |
| 55 - 59 | 50 | 7 | 12 | 13 | 7 | 6 | 3 | 2 | -- | -- |
| | 103,429 | 116,542 | 105,610 | 99,621 | 100,523 | 95,804 | 103,971 | \$101,430 | -- | -- |
| 60 - 64 | 17 | -- | 4 | 7 | 3 | 2 | 1 | -- | -- | -- |
| | 95,813 | -- | 82,246 | 101,879 | 102,183 | 89,080 | 101,972 | -- | -- | -- |
| 65 - 69 | 3 | -- | -- | 2 | 1 | -- | -- | -- | -- | -- |
| | 115,179 | -- | -- | 105,251 | 135,036 | -- | -- | -- | -- | -- |
| 70 & over | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 1,424 | 70 | 369 | 570 | 315 | 79 | 18 | 2 | 1 | -- |
| | \$99,262 | \$84,541 | \$91,366 | \$99,379 | \$109,951 | \$103,402 | \$108,381 | \$101,430 | \$114,883 | -- |

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

viii. Safety Tier 3

| Age | Years of Service | | | | | | | | | |
|----------------------|------------------|----------|----------|----------|-------|-------|-------|-------|-------|-----------|
| | Total | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25 | 3 | 3 | -- | -- | -- | -- | -- | -- | -- | -- |
| | \$52,663 | \$52,663 | -- | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | 29 | 27 | 2 | -- | -- | -- | -- | -- | -- | -- |
| | 67,803 | 70,731 | \$28,279 | -- | -- | -- | -- | -- | -- | -- |
| 30 - 34 | 18 | 18 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 73,644 | 73,644 | -- | -- | -- | -- | -- | -- | -- | -- |
| 35 - 39 | 8 | 7 | -- | 1 | -- | -- | -- | -- | -- | -- |
| | 80,240 | 77,504 | -- | \$99,385 | -- | -- | -- | -- | -- | -- |
| 40 - 44 | 5 | 5 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 73,506 | 73,506 | -- | -- | -- | -- | -- | -- | -- | -- |
| 45 - 49 | 1 | 1 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 76,209 | 76,209 | -- | -- | -- | -- | -- | -- | -- | -- |
| 50 - 54 | 4 | 4 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 93,951 | 93,951 | -- | -- | -- | -- | -- | -- | -- | -- |
| 55 - 59 | 2 | 2 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 78,923 | 78,923 | -- | -- | -- | -- | -- | -- | -- | -- |
| 60 - 64 | 1 | 1 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 111,936 | 111,936 | -- | -- | -- | -- | -- | -- | -- | -- |
| 65 - 69 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 70 & over | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 71 | 68 | 2 | 1 | -- | -- | -- | -- | -- | -- |
| | \$72,974 | \$73,900 | \$28,279 | \$99,385 | -- | -- | -- | -- | -- | -- |

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

ix. Safety Tier 4

| Age | Years of Service | | | | | | | | | |
|----------------------|------------------|----------|----------|-------|-------|-------|-------|-------|-------|-----------|
| | Total | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25 | 4 | 4 | -- | -- | -- | -- | -- | -- | -- | -- |
| | \$56,331 | \$56,331 | -- | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | 12 | 12 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 59,985 | 59,985 | -- | -- | -- | -- | -- | -- | -- | -- |
| 30 - 34 | 4 | 4 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 62,694 | 62,694 | -- | -- | -- | -- | -- | -- | -- | -- |
| 35 - 39 | 3 | 3 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 76,149 | 76,149 | -- | -- | -- | -- | -- | -- | -- | -- |
| 40 - 44 | 1 | 1 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 113,700 | 113,700 | -- | -- | -- | -- | -- | -- | -- | -- |
| 45 - 49 | 1 | -- | 1 | -- | -- | -- | -- | -- | -- | -- |
| | 55,642 | -- | \$55,642 | -- | -- | -- | -- | -- | -- | -- |
| 50 - 54 | 2 | 2 | -- | -- | -- | -- | -- | -- | -- | -- |
| | 85,931 | 85,931 | -- | -- | -- | -- | -- | -- | -- | -- |
| 55 - 59 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 60 - 64 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 65 - 69 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 70 & over | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 27 | 26 | 1 | -- | -- | -- | -- | -- | -- | -- |
| | \$65,391 | \$65,766 | \$55,642 | -- | -- | -- | -- | -- | -- | -- |

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT C

Reconciliation of Member Data – June 30, 2012 to June 30, 2013

| | Active Members | Vested Terminated Members⁽¹⁾ | Pensioners | Disableds | Beneficiaries | Total |
|-----------------------------------|---------------------------|--|-------------------|------------------|----------------------|--------------|
| Number as of June 30, 2012 | 12,155 | 2,851 | 7,211 | 721 | 1,307 | 24,245 |
| New members | 579 | 467 ⁽²⁾ | 0 | 0 | 101 | 1,147 |
| Terminations – with vested rights | -251 | 251 | 0 | 0 | 0 | 0 |
| Contributions refunds | -87 | -153 | 0 | 0 | 0 | -240 |
| Retirements | -368 | -127 | 495 | 0 | 0 | 0 |
| New disabilities | -11 | -4 | -4 | 19 | 0 | 0 |
| Return to work | 22 | -22 | 0 | 0 | 0 | 0 |
| Deaths | -13 | -9 | -159 | -29 | -52 | -262 |
| Data adjustments | 0 | -5 | 14 | 5 | 5 | 19 |
| Number as of June 30, 2013 | 12,026 | 3,249 | 7,557 | 716 | 1,361 | 24,909 |

⁽¹⁾ Includes terminated members due a refund of member contributions.

⁽²⁾ Of this group, 375 members were previously assumed in the valuation by Segal as members who had already received a refund of member contributions. Based on discussions with and clarifications provided by SCERS for the 2013 valuation, as no refunds had been made these members have been reclassified as vested terminated members.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

| | Year Ended June 30, 2013 | Year Ended June 30, 2012 |
|--|--------------------------|--------------------------|
| Contribution income: | | |
| Employer contributions | \$189,664,000 | \$179,099,000 |
| Employee contributions | <u>68,242,000</u> | <u>65,690,000</u> |
| Net contribution income | \$257,906,000 | \$244,789,000 |
| Investment income: | | |
| Interest, dividends and other income | \$157,323,000 | \$145,148,000 |
| Recognition of capital appreciation | 219,533,000 | 56,537,000 |
| Less investment and administrative fees | <u>-43,333,000</u> | <u>-35,599,000</u> |
| Net investment income | <u>333,523,000</u> | <u>166,086,000</u> |
| Total income available for benefits | \$591,429,000 | \$410,875,000 |
| Less benefit payments: | | |
| Benefits paid | \$320,828,000 | \$298,764,000 |
| Withdrawal of contributions | <u>2,739,000</u> | <u>3,040,000</u> |
| Net benefit payments | \$323,567,000 | \$301,804,000 |
| Change in reserve for future benefits | \$267,862,000 | \$109,071,000 |

Note: Results may be slightly off due to rounding.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT E

Summary Statement of Assets

| | Year Ended June 30, 2013 | Year Ended June 30, 2012 |
|--|---------------------------------|---------------------------------|
| Cash equivalents | \$574,066,000 | \$779,834,000 |
| Accounts receivable: | | |
| Securities sold | \$179,053,000 | \$49,096,000 |
| Accrued investment income | 19,758,000 | 34,229,000 |
| Employee and employer contributions | <u>8,328,000</u> | <u>6,587,000</u> |
| Total accounts receivable | 207,139,000 | 89,912,000 |
| Investments: | | |
| Equities | \$3,432,020,000 | \$3,229,826,000 |
| Hedge Funds | 561,309,000 | 322,609,000 |
| Opportunities | 54,030,000 | 184,668,000 |
| Fixed income investments | 1,301,670,000 | 1,073,081,000 |
| Real estate | 1,062,269,000 | 663,128,000 |
| Securities lending collateral | <u>255,615,000</u> | <u>538,443,000</u> |
| Total investments at market value | 6,666,913,000 | 6,011,755,000 |
| Other assets | <u>6,367,000</u> | <u>3,351,000</u> |
| Total assets | \$7,454,485,000 | \$6,884,852,000 |
| Less accounts payable: | | |
| Accounts payable and other liabilities | -\$26,822,000 | -\$31,354,000 |
| Investment trades, mortgages, and warrants payable | -384,053,000 | -241,129,000 |
| Securities lending liability | <u>-255,615,000</u> | <u>-538,443,000</u> |
| Total accounts payable | -\$666,490,000 | -\$810,926,000 |
| Net assets at market value | <u>\$6,787,995,000</u> | <u>\$6,073,926,000</u> |
| Net assets at actuarial value | <u>\$6,797,757,000</u> | <u>\$6,529,895,000</u> |
| Net assets at valuation value | <u>\$6,805,319,000</u> | <u>\$6,529,606,000</u> |

Note: Results may be slightly off due to rounding.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT F

Actuarial Balance Sheet

An overview of the Plan's funding is given by an Actuarial Balance Sheet. In this approach, we first determine the amount and timing of all future payments that will be made by the Plan for current participants. We then discount these payments at the valuation interest rate to the date of the valuation, thereby determining their present value. We refer to this present value as the "liability" of the Plan.

Second, we determine how this liability will be met. These actuarial "assets" include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments.

| Actuarial Balance Sheet (Dollar Amounts in Thousands) | | | |
|---|------------------|----------------|------------------|
| Assets | <u>Basic</u> | <u>Cola</u> | <u>Total</u> |
| 1. Total valuation assets | | | |
| a. Valuation value assets | \$4,652,125 | \$2,153,194 | \$6,805,319 |
| b. Balance of transfer to offset member COLA rate | 0 | 24,646 | 24,646 |
| c. Retiree health benefit reserve | 0 | 0 | 0 |
| d. Adjustment to 1a. for surplus/(deficit) for withdrawn employers (preliminary) ⁽¹⁾ | -32,208 | 0 | -32,208 |
| e. Contingency Reserve | 0 | 0 | 0 |
| 2. Present value of future contributions by members | 339,249 | 111,174 | 450,423 |
| 3. Present value of future employer contributions for: | | | |
| a. Entry age normal cost | 915,721 | 150,265 | 1,065,986 |
| b. Unfunded actuarial accrued liability | <u>1,227,585</u> | <u>185,638</u> | <u>1,413,223</u> |
| 4. Total current and future assets | \$7,102,472 | \$2,624,917 | \$9,727,389 |
| Liabilities | | | |
| 5. Present value of retirement allowances payable to present retired members | \$2,673,206 | \$1,554,962 | \$4,228,168 |
| 6. Present value of retirement allowances to be granted | | | |
| a. Active members | 4,187,712 | 1,005,673 | 5,193,385 |
| b. Inactive members with vested rights | 273,762 | 64,282 | 338,044 |
| 7. Retiree health benefit reserve | 0 | 0 | 0 |
| 8. Surplus/(deficit) for withdrawn employers (preliminary) ⁽¹⁾ | -32,208 | 0 | -32,208 |
| 9. Contingency Reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| 10. Total liabilities | \$7,102,472 | \$2,624,917 | \$9,727,389 |

⁽¹⁾ Based on the latest estimates available as of June 30, 2006 for Library Authority, June 30, 2007 for Air Quality and June 30, 2012 for Florin Fire adjusted with interest to June 30, 2013.

Note: Results may be slightly off due to rounding.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2013

| | Reserves |
|--|-------------------|
| <u>Included in Valuation Value of Assets</u> | |
| Employee reserve | \$699,964,648 |
| Employer reserve | 2,433,921,661 |
| Retiree reserve | 3,649,191,924 |
| Retiree death benefit reserve | <u>14,678,436</u> |
| Subtotal: Preliminary Valuation Value of Assets ⁽¹⁾ | 6,797,756,669 |
| <u>Not Included in Valuation Value of Assets</u> | |
| Retiree health benefit reserve | \$0 |
| Contingency Reserve | <u>0</u> |
| Subtotal: Actuarial Value of Assets | \$6,797,756,669 |
| Market stabilization reserve | <u>-9,761,669</u> |
| Total Market Value of Assets | \$6,787,995,000 |

⁽¹⁾ Please note that the final Valuation Value of Assets (i.e. \$6,805,318,597) is calculated by taking the preliminary Valuation Value of Assets and adjusting for the balance of transfer to offset member COLA rate and for the surplus/(deficit) for withdrawn employers.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2013 (Continued) – Change in Reserves

| | Balance at 06/30/2012 | Interest Credited | Contributions | Benefits | Transfers | Balance at 06/30/2013 |
|-----------------------------------|----------------------------------|------------------------------|-----------------------------|-------------------------------|-------------------|----------------------------------|
| Employee Reserve | \$674,006,435 | \$6,942,424 | \$68,242,619 | \$(2,738,868) | \$(46,487,962) | \$699,964,648 |
| Employer Reserve | 2,358,852,321 | 127,952,291 | 189,663,720 | (542,107) | (242,004,564) | 2,433,921,661 |
| Retiree Reserve | 3,482,411,932 | 197,820,588 | 0 | (319,533,122) | 288,492,526 | 3,649,191,924 |
| Death Benefit Reserve | <u>14,623,814</u> | <u>807,455</u> | <u>0</u> | <u>(752,833)</u> | <u>0</u> | <u>14,678,436</u> |
| Subtotal | \$6,529,894,502 | \$333,522,758 | \$257,906,339 | \$(323,566,930) | \$0 | \$6,797,756,669 |
| Contingency Reserve | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Retiree Health Benefit Reserve | <u>0</u> | <u>0</u> | <u>0</u> | <u>\$0</u> | <u>0</u> | <u>0</u> |
| Subtotal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Allocated Reserves | \$6,529,894,502 | \$333,522,758 | \$257,906,339 | \$(323,566,930) | \$0 | \$6,797,756,669 |
| Market Stabilization Reserve | <u>\$(455,968,502)</u> | <u>\$446,206,833</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$(9,761,669)</u> |
| Net Market Value of Assets | <u><u>\$6,073,926,000</u></u> | <u><u>\$779,729,591</u></u> | <u><u>\$257,906,339</u></u> | <u><u>\$(323,566,930)</u></u> | <u><u>\$0</u></u> | <u><u>\$6,787,995,000</u></u> |

Note: Results may be slightly off due to rounding.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2013 (Continued) – Summary of Earnings

| | <u>Per Excess Earnings Policy</u> |
|--|---------------------------------------|
| Earnings from July 1, 2012 to June 30, 2013 | \$779,729,591 |
| Contingency Reserve | <u>0</u> |
| Subtotal: | \$779,729,591 |
| Amounts Credited for: | |
| Market Stabilization Reserve | \$(446,206,833) |
| Regular Interest Crediting | <u>(333,522,758)</u> |
| Subtotal | \$(779,729,591) |
| Net Earnings | \$0 |
| Amount Credited Under Excess Earnings Policy for: | |
| Contingency Reserve | \$0 |
| Board Provided Supplemental Benefits | 0 |
| Amount Over Reserved Benefits | 0 |
| Employer Reserves | 0 |
| Member Future COLA Contribution Offset | <u>0</u> |
| Subtotal | \$0 |
| Remaining Excess Earnings | <u>\$0</u> |

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT H

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2013

| | | | |
|----|--|---------------|------------------------|
| 1. | Unfunded actuarial accrued liability at beginning of year | | \$1,308,328,000 |
| 2. | Total normal cost | | 198,039,000 |
| 3. | Actual employer and member contributions ⁽¹⁾ | | -244,907,000 |
| 4. | Interest | | <u>90,098,000</u> |
| 5. | Expected unfunded actuarial accrued liability ⁽²⁾ | | \$1,351,558,000 |
| 6. | Actuarial (gain)/loss due to all changes: | | |
| | (a) Investment return | \$152,155,000 | |
| | (b) Salary increases less than expected ⁽³⁾ | -112,754,000 | |
| | (c) Other experience loss ^{(3),(4)} | 16,130,000 | |
| | (d) Deputy Sheriffs' Association retirement incentive | 6,134,000 | |
| | (e) Total changes | | <u>\$61,665,000</u> |
| 7. | Unfunded actuarial accrued liability at end of year | | <u>\$1,413,223,000</u> |

(1) Excludes approximately \$13 million in contributions toward payment of Additional Retirement Credit (ARC).

(2) Includes a contribution loss of about \$17 million due to the one-year lag in implementation of the contribution rates determined in the June 30, 2012 valuation and the two-year phase in of the contribution rate impact of the change in economic assumptions for the June 30, 2012 valuation.

(3) The sum of 6(b) and 6(c) is equal to the net gain of \$96.6 million shown in Section 2, Chart 9.

(4) Primarily due to higher than expected liability for new retirees, prior terminations and members newly reported as inactive assumed to elect a deferred benefit upon termination.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT I

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar amount indexed for inflation. That limit is \$205,000 for 2013. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits for members in non-CalPEPRA tiers in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Contributions rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT J

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial

Assumptions:

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age; and
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost:

The amount of contributions required to fund the level cost allocated to the current year of service.

Actuarial Accrued Liability

For Actives:

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability

For Pensioners:

The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued

Liability:

The extent to which the actuarial accrued liability of the Plan exceeds (or is exceeded by) the assets of the Plan. There is a wide range of approaches to recognizing the unfunded or overfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

**Amortization of the Unfunded
(Overfunded) Actuarial
Accrued Liability:**

Payments made over a period of years equal in value to the Plan's unfunded or overfunded actuarial accrued liability.

Investment Return:

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the market value gains and losses to avoid significant swings in the value of assets from one year to the next.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

| | |
|---|--------|
| 1. Retired members as of the valuation date (including 1,361 beneficiaries in pay status) | 9,634 |
| 2. Members inactive during year ended June 30, 2013 with vested rights | 3,249 |
| 3. Members active during the year ended June 30, 2013 | 12,026 |

The actuarial factors as of the valuation date are as follows (amounts in 000s):

| | | |
|--|-------------|-------------|
| 1. Normal cost | | \$199,797 |
| 2. Present value of future benefits | | 9,759,597 |
| 3. Present value of future normal costs | | 1,541,055 |
| 4. Actuarial accrued liability ⁽¹⁾ | | 8,218,542 |
| Retired members and beneficiaries | \$4,228,168 | |
| Inactive members with vested rights | 338,044 | |
| Active members | 3,652,330 | |
| 5. Valuation value of assets ⁽¹⁾ (\$6,787,995 at market value as reported by Retirement System) | | 6,805,319 |
| 6. Unfunded actuarial accrued liability | | \$1,413,223 |

⁽¹⁾ Excludes non-valuation reserves and designations.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The determination of the recommended average employer contribution is as follows
(amounts in 000s):

| | Dollar Amount | % of Payroll |
|---|----------------------|---------------------|
| 1. Total normal cost | \$199,797 | 22.76% |
| 2. Expected employee contributions | <u>-56,082</u> | <u>-6.39%</u> |
| 3. Employer normal cost: (1) + (2) | \$143,715 | 16.37% |
| 4. Amortization of unfunded actuarial accrued liability | <u>98,277</u> | <u>11.20%</u> |
| 5. Total recommended average employer contribution: (3) + (4) | \$241,992 | 27.57% |
| 6. Projected compensation | \$877,657 | |

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

EXHIBIT II

Supplementary Information Required by GASB – Schedule of Employer Contributions

| Plan Year Ended June 30 | Annual Required Contributions | Actual Contributions | Percentage Contributed |
|------------------------------------|--|---------------------------------|-----------------------------------|
| 2008 | \$167,054,356 | \$167,054,356 | 100.0% |
| 2009 | 177,011,005 | 177,011,005 | 100.0% |
| 2010 | 167,141,893 | 167,141,893 | 100.0% |
| 2011 | 182,920,751 | 182,920,751 | 100.0% |
| 2012 | 179,098,469 | 179,098,469 | 100.0% |
| 2013 | 189,663,720 | 189,663,720 | 100.0% |

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

EXHIBIT III

Supplementary Information Required by GASB – Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets⁽¹⁾ (a) | Actuarial Accrued Liability (AAL)⁽¹⁾ (b) | Unfunded/ (Overfunded) AAL (UAAL) (b) - (a) | Funded Ratio (%) (a) / (b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (%) [(b) - (a)] / (c) |
|---------------------------------|--|--|--|---------------------------------------|--------------------------------|--|
| 6/30/2008 | \$5,930,758,000 | \$6,363,355,000 | \$432,597,000 | 93.2 | \$902,971,000 | 47.9 |
| 6/30/2009 | 5,730,215,000 | 6,661,993,000 | 931,778,000 | 86.0 | 968,130,000 | 96.2 |
| 6/30/2010 | 6,216,994,000 | 7,090,497,000 | 873,503,000 | 87.7 | 912,644,000 | 95.7 |
| 6/30/2011 | 6,420,824,000 | 7,382,897,000 | 962,073,000 | 87.0 | 880,766,000 | 109.2 |
| 6/30/2012 | 6,529,895,000 | 7,838,223,000 | 1,308,328,000 | 83.3 | 875,672,000 | 149.4 |
| 6/30/2013 | 6,797,757,000 | 8,210,980,000 | 1,413,223,000 | 82.8 | 877,657,000 | 161.0 |

⁽¹⁾ Includes contingency reserve and retiree health benefit reserve.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

EXHIBIT IV

Supplementary Information Required by GASB

| | |
|--|--|
| Valuation date | June 30, 2013 |
| Actuarial cost method | Entry Age Cost Method |
| Amortization method | Level percent of payroll for total unfunded liability (assuming a 3.50% payroll increase) |
| Remaining amortization period | 22 years (declining) as of June 30, 2013 for the outstanding balance of the June 30, 2012 UAAL. The UAAL established as a result of the Early Retirement Incentive Program for LEMA members is amortized over a 10-year period, beginning June 30, 2010. Effective June 30, 2013, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with each valuation. Any change in UAAL that arises due to plan amendments will be amortized over its own declining 15-year period and any change in UAAL due to retirement incentive programs will be amortized over a declining period of up to 5 years. |
| Asset valuation method | The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between actual and expected returns on a market value basis and is recognized over a seven-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets. |
| Actuarial assumptions: | |
| Investment rate of return ⁽¹⁾ | 7.50% |
| Projected salary increases ⁽²⁾ | 4.89% to 11.30% for Miscellaneous; 3.50% to 9.51% for Safety |
| Cost of living adjustments | 3.25% of Miscellaneous and Safety Tier 1 retirement income, 2.00% of Miscellaneous Tier 3, Tier 4 and Tier 5 and Safety Tier 2, Tier 3 and Tier 4 retirement income, and 0.00% of Miscellaneous Tier 2 retirement income. |
| Plan membership: | |
| Retired members and beneficiaries receiving benefits | 9,634 |
| Terminated members entitled to, but not yet receiving benefits | 3,249 |
| Active members | <u>12,026</u> |
| Total | 24,909 |

⁽¹⁾ Includes inflation at 3.25%.

⁽²⁾ Includes inflation at 3.25%, plus real across-the-board salary increase of 0.25%, plus merit and promotion increases. See Exhibit V for these increases.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

EXHIBIT V

Actuarial Assumptions/Methods

Post – Retirement Mortality Rates:

| | |
|-----------------------------------|---|
| <i>Healthy:</i> | For Miscellaneous Members and Beneficiaries: RP-2000 Combined Healthy Mortality Table set back two years. For Safety Members: RP-2000 Combined Healthy Mortality Table set back one year. |
| <i>Disabled:</i> | For Miscellaneous Members: RP-2000 Disabled Retiree Mortality Table set forward one year. For Safety members: RP-2000 Combined Healthy Mortality Table set back one year. The mortality tables shown above were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a review of the mortality experience in the June 30, 2010 Actuarial Experience Study. |
| <i>Member Contribution Rates:</i> | For Miscellaneous members: RP-2000 Combined Healthy Mortality Table set back two years weighted 40% male and 60% female. For Safety members: RP-2000 Combined Healthy Mortality Table set back one year weighted 70% male and 30% female. |

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Termination Rates Before Retirement:

| Age | Rate (%) Mortality | | | |
|-----|--------------------|--------|--------|--------|
| | Miscellaneous | | Safety | |
| | Male | Female | Male | Female |
| 25 | 0.04 | 0.02 | 0.04 | 0.02 |
| 30 | 0.04 | 0.02 | 0.04 | 0.02 |
| 35 | 0.06 | 0.04 | 0.07 | 0.04 |
| 40 | 0.10 | 0.06 | 0.10 | 0.06 |
| 45 | 0.13 | 0.09 | 0.14 | 0.10 |
| 50 | 0.19 | 0.14 | 0.20 | 0.16 |
| 55 | 0.29 | 0.22 | 0.32 | 0.24 |
| 60 | 0.53 | 0.39 | 0.59 | 0.44 |
| 65 | 1.00 | 0.76 | 1.13 | 0.86 |

All Miscellaneous pre-retirement deaths are assumed to be non-duty. For Safety, 25% of pre-retirement deaths are assumed to be non-duty and the rest are assumed to be duty.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Termination Rates Before Retirement (continued):

| Age | Rate (%) | |
|------------|------------------------------------|-----------------------------|
| | Disability | |
| | Miscellaneous⁽¹⁾ | Safety⁽²⁾ |
| 20 | 0.00 | 0.10 |
| 25 | 0.01 | 0.10 |
| 30 | 0.03 | 0.19 |
| 35 | 0.05 | 0.34 |
| 40 | 0.08 | 0.49 |
| 45 | 0.16 | 0.64 |
| 50 | 0.26 | 0.82 |
| 55 | 0.36 | 1.68 |
| 60 | 0.61 | 0.00 |

⁽¹⁾ 20% of Miscellaneous disabilities are assumed to be duty disabilities. The other 80% are assumed to be non-duty disabilities.

⁽²⁾ 90% of Safety disabilities are assumed to be duty disabilities. The other 10% are assumed to be non-duty disabilities.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Termination Rates Before Retirement (continued):

| Rate (%) | | |
|---|----------------------|---------------|
| Withdrawal (< 5 Years of Service) | | |
| Years of Service | Miscellaneous | Safety |
| 0 | 15.00 | 10.00 |
| 1 | 9.00 | 6.00 |
| 2 | 8.00 | 5.00 |
| 3 | 6.00 | 4.00 |
| 4 | 5.00 | 3.00 |
| Withdrawal (5+ Years of Service) * | | |
| Age | Miscellaneous | Safety |
| 20 | 5.10 | 3.00 |
| 25 | 4.85 | 3.00 |
| 30 | 4.60 | 3.00 |
| 35 | 4.35 | 2.70 |
| 40 | 3.80 | 2.20 |
| 45 | 2.90 | 1.70 |
| 50 | 2.02 | 0.00 |
| 55 | 1.58 | 0.00 |
| 60 | 0.00 | 0.00 |

* 50% of the Miscellaneous members and 40% of the Safety members are assumed to elect a refund of contribution balance while the remaining 50% and 60% of Miscellaneous and Safety members, respectively, are assumed to elect a deferred retirement benefit. No withdrawal is assumed after a member is assumed to retire.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Retirement Rates:

| Age | Rate (%) | | | | | | |
|-----|----------------------|---------------------------|----------------------|----------------------|--------------------|---------------|---------------|
| | Miscellaneous Tier 1 | Miscellaneous Tiers 2 & 3 | Miscellaneous Tier 4 | Miscellaneous Tier 5 | Safety Tiers 1 & 2 | Safety Tier 3 | Safety Tier 4 |
| 45 | 0.00 | 0.00 | 0.00 | 0.00 | 2.00 | 1.50 | 0.00 |
| 46 | 0.00 | 0.00 | 0.00 | 0.00 | 2.00 | 1.50 | 0.00 |
| 47 | 0.00 | 0.00 | 0.00 | 0.00 | 2.00 | 1.50 | 0.00 |
| 48 | 0.00 | 0.00 | 0.00 | 0.00 | 2.00 | 1.50 | 0.00 |
| 49 | 0.00 | 0.00 | 0.00 | 0.00 | 5.00 | 4.00 | 0.00 |
| 50 | 6.00 | 2.00 | 2.00 | 0.00 | 25.00 | 10.00 | 15.00 |
| 51 | 4.00 | 2.00 | 2.00 | 0.00 | 20.00 | 12.00 | 10.50 |
| 52 | 4.00 | 2.00 | 2.00 | 4.00 | 20.00 | 14.00 | 12.00 |
| 53 | 4.00 | 3.00 | 2.00 | 1.50 | 25.00 | 16.00 | 14.00 |
| 54 | 7.00 | 4.00 | 3.00 | 2.50 | 25.00 | 18.00 | 15.50 |
| 55 | 10.00 | 6.00 | 4.00 | 3.50 | 25.00 | 50.00 | 40.00 |
| 56 | 12.00 | 6.00 | 5.00 | 4.50 | 30.00 | 30.00 | 25.00 |
| 57 | 15.00 | 8.00 | 6.00 | 5.50 | 30.00 | 30.00 | 25.00 |
| 58 | 20.00 | 13.00 | 7.00 | 6.50 | 30.00 | 30.00 | 25.00 |
| 59 | 24.00 | 15.00 | 8.00 | 7.50 | 30.00 | 30.00 | 25.00 |
| 60 | 29.00 | 18.00 | 9.00 | 8.50 | 50.00 | 50.00 | 50.00 |
| 61 | 32.00 | 20.00 | 10.00 | 9.50 | 60.00 | 60.00 | 60.00 |
| 62 | 35.00 | 30.00 | 18.00 | 17.00 | 75.00 | 75.00 | 75.00 |
| 63 | 40.00 | 35.00 | 16.00 | 15.00 | 75.00 | 75.00 | 75.00 |
| 64 | 45.00 | 40.00 | 20.00 | 19.00 | 75.00 | 75.00 | 75.00 |
| 65 | 50.00 | 45.00 | 25.00 | 24.00 | 100.00 | 100.00 | 100.00 |
| 66 | 45.00 | 45.00 | 20.00 | 20.00 | 100.00 | 100.00 | 100.00 |
| 67 | 45.00 | 45.00 | 20.00 | 20.00 | 100.00 | 100.00 | 100.00 |
| 68 | 50.00 | 50.00 | 30.00 | 30.00 | 100.00 | 100.00 | 100.00 |
| 69 | 60.00 | 60.00 | 40.00 | 40.00 | 100.00 | 100.00 | 100.00 |
| 70 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

**Retirement Age and Benefit for
Deferred Vested Members:**

For deferred vested members, we make the following retirement assumption:

Miscellaneous Age: 59
Safety Age: 53

We assume that 50% of future Miscellaneous and 60% of future Safety deferred vested members will continue to work for a reciprocal employer. For reciprocals, we assume 5.40% compensation increases per annum.

Future Benefit Accruals:

1.0 year of service per year for the full-time employees. Continuation of current partial service accrual for part-time employees.

Unknown Data for Members:

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Percent Married:

80% of male members; 55% of female members.

Age of Spouse:

Female (or male) spouses are 3 years younger (or older) than their spouses.

**Service From Unused
Sick Leave Conversion:**

The following assumptions for service converted from unused sick leave as a percentage of service at retirement are used:

Service Retirements:

Miscellaneous: 1.50%
Safety: 2.25%

Disability Retirements:

Miscellaneous: 0.00%
Safety: 0.25%

Pursuant to Section 31641.01, the cost of this benefit will be charged only to employers and will not affect member contribution rates.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Net Investment Return: 7.50%; net of administration and investment expenses.

Employee Contribution Crediting Rate¹: 3.25% (assumed rate of inflation); compounded semi-annually.

Cost-of-Living Adjustment for Retirees: Miscellaneous and Safety Tier 1 benefits are assumed to increase at 3.25% per year. Miscellaneous Tier 3, Tier 4 and Tier 5 and Safety Tier 2, Tier 3 and Tier 4 benefits are assumed to increase at 2.0% per year. Miscellaneous Tier 2 receive no COLA increases.

Salary Increases:

| Annual Rate of Compensation Increase (%) | | |
|---|---------------|--------|
| Inflation: 3.25%, plus “across the board” salary increases of 0.25% per year; plus the following merit and promotional increases. | | |
| Age | Miscellaneous | Safety |
| 20 | 7.80 | 6.01 |
| 25 | 5.13 | 5.12 |
| 30 | 3.73 | 3.97 |
| 35 | 3.17 | 2.78 |
| 40 | 2.66 | 2.24 |
| 45 | 2.36 | 1.86 |
| 50 | 2.00 | 1.74 |
| 55 | 1.58 | 1.64 |
| 60 | 1.39 | 0.00 |

¹ Current policy is to credit the member contribution account with interest up to the current 5-year Treasury rate, if such earnings are available. However, the difference in earnings between the 5-year Treasury rate and the target crediting rate will be applied to the other valuation reserves so that the overall valuation reserve target crediting rate is maintained at 7.50%.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

| | |
|--|---|
| Actuarial Value of Assets: | The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between actual and expected returns on a market value basis and is recognized over a seven-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets. |
| Valuation Value of Assets: | Actuarial value of assets reduced by the value of the non-valuation reserves and designations. |
| Actuarial Cost Method: | Entry Age Normal Actuarial Cost Method. Entry Age is the age at the member's hire date. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation, as if the current benefit formulas have always been in effect (i.e., "replacement life"). |
| Amortization Policy: | <p>The UAAL established as a result of the Early Retirement Incentive Program for LEMA members is amortized over a 10-year period beginning June 30, 2010. The balance of the UAAL as of June 30, 2012 shall be amortized separately from any future changes in UAAL over a period of 23 years from June 30, 2012.</p> <p>Any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of June 30 will be amortized over a period of 20 years.</p> <p>Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 20 years.</p> <p>The change in UAAL as a result of any plan amendments will be amortized over a period of 15 years and the change in UAAL resulting from retirement incentive programs will be amortized over a period of up to 5 years.</p> |
| Changes in Actuarial Cost Method: | Based on the Review of Actuarial Funding Policy, the following actuarial cost method was changed since the previous valuation. Previously, that method was as follows: |
| Actuarial Cost Method: | Entry Age Actuarial Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation. The Normal Cost is calculated on an aggregate basis by taking the Present Value of Future Normal Costs divided by the Present Value of Future Salaries to obtain a normal cost rate. This normal cost rate is then multiplied by the total current salaries. |

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

EXHIBIT VI

Summary of Plan Provisions

This exhibit summarizes the major provisions of the SCERS included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

| | |
|--|---|
| Membership Eligibility: | Membership with SCERS usually begins with the employment by the County or member District as a permanent full-time or part-time employee as provided in the County Salary Resolution or the District's Salary Resolution. |
| <i>Miscellaneous Tier 1</i> | All Miscellaneous members hired prior to September 27, 1981. |
| <i>Miscellaneous Tier 2 and Tier 3</i> | All Miscellaneous members hired on or after September 27, 1981. Membership into Tier 2 or Tier 3 is determined by date of hire and by bargaining unit. |
| <i>Miscellaneous Tier 4</i> | All Miscellaneous members hired on or after January 1, 2012 as adopted by the County. Membership into Tier 4 is determined by date of hire. |
| <i>Miscellaneous Tier 5</i> | All Miscellaneous members hired on or after January 1, 2013. |
| <i>Safety Tier 1 and Tier 2</i> | Membership into Tier 1 or Tier 2 for Safety employee is determined by date of hire and by bargaining unit. |
| <i>Safety Tier 3</i> | All Safety members hired on or after January 1, 2012 as adopted by the County. Membership into Tier 3 is determined by date of hire. |
| <i>Safety Tier 4</i> | All Safety members hired on or after January 1, 2013. |

| | |
|--|--|
| Final Compensation for Benefit Determination: | |
| <i>Miscellaneous and Safety Tier 1</i> | Highest consecutive 1 year (12 months) of compensation earnable (§31462.1) (FAS1) |
| <i>Miscellaneous Tier 2, Tier 3, and Tier 4 and Safety Tier 2 and Tier 3</i> | Highest consecutive 3 years (36 months) of compensation earnable. (§31462) (FAS3) |
| <i>Miscellaneous Tier 5 and Safety Tier 4</i> | Highest consecutive 3 years (36 months) of pensionable compensation. (§7522.10(c), §7522.32 and §7522.34) (FAS3) |

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Service: Years of service. (Yrs)

Service Retirement Eligibility:

Miscellaneous

Tiers 1, 2, 3 and 4

Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years of service, regardless of age (§31672).

Tier 5

Age 52 with 5 years of service (§7522.20(a)).

Safety

Tiers 1, 2 and 3

Age 50 with 10 years of service, or after 20 years of Safety service, regardless of age (§31663.25).

Tier 4

Age 50 with 5 years of service (§7522.25(d)).

Benefit Formula:

| Miscellaneous Plans | Retirement Age | Benefit Formula |
|---|-----------------------|--|
| <i>Miscellaneous Tier 1</i> (§31676.14) | 50 | $(1.48\% \times \text{FAS1} - 1/3 \times 1.48\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 55 | $(1.95\% \times \text{FAS1} - 1/3 \times 1.95\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 60 | $(2.44\% \times \text{FAS1} - 1/3 \times 2.44\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 62 | $(2.61\% \times \text{FAS1} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 65 or later | $(2.61\% \times \text{FAS1} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$ |
| <i>Miscellaneous Tier 2 and Tier 3</i> (§31676.14) | 50 | $(1.48\% \times \text{FAS3} - 1/3 \times 1.48\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 55 | $(1.95\% \times \text{FAS3} - 1/3 \times 1.95\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 60 | $(2.44\% \times \text{FAS3} - 1/3 \times 2.44\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 62 | $(2.61\% \times \text{FAS3} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 65 or later | $(2.61\% \times \text{FAS3} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$ |

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

| | Retirement Age | Benefit Formula |
|---|-----------------------|--|
| <i>Miscellaneous Tier 4 (§31676.1)</i> | 50 | $(1.18\% \times \text{FAS3} - 1/3 \times 1.18\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 55 | $(1.49\% \times \text{FAS3} - 1/3 \times 1.49\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 60 | $(1.92\% \times \text{FAS3} - 1/3 \times 1.92\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 62 | $(2.09\% \times \text{FAS3} - 1/3 \times 2.09\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 65 or later | $(2.43\% \times \text{FAS3} - 1/3 \times 2.43\% \times \$350 \times 12) \times \text{Yrs}$ |
| <i>Miscellaneous Tier 5 (§7522.20(a))</i> | 52 | $1.00\% \times \text{FAS3} \times \text{Yrs}$ |
| | 55 | $1.30\% \times \text{FAS3} \times \text{Yrs}$ |
| | 60 | $1.80\% \times \text{FAS3} \times \text{Yrs}$ |
| | 62 | $2.00\% \times \text{FAS3} \times \text{Yrs}$ |
| | 65 | $2.30\% \times \text{FAS3} \times \text{Yrs}$ |
| | 67 or later | $2.50\% \times \text{FAS3} \times \text{Yrs}$ |
| Safety Plans | | |
| <i>Safety Tier 1 (§31664.1)</i> | Retirement Age | Benefit Formula |
| | 50 | $(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 55 | $(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 60 or later | $(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$ |
| <i>Safety Tier 2 (§31664.1)</i> | 50 | $(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 55 | $(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 60 or later | $(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$ |
| <i>Safety Tier 3 (§31664.2)</i> | 50 | $(2.29\% \times \text{FAS3} - 1/3 \times 2.29\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 55 | $(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$ |
| | 60 or later | $(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$ |

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

| | Retirement Age | Benefit Formula |
|---|-----------------------|--|
| <i>Safety Tier 4 (§7522.25(d))</i> | 50 | 2.00%xFAS3xYrs |
| | 55 | 2.50%xFAS3xYrs |
| | 57 or later | 2.70%xFAS3xYrs |
| Maximum Benefit: | | |
| <i>Miscellaneous Tier 1, Tier 2, Tier 3 and Tier 4 and Safety Tier 1, Tier 2 and Tier 3</i> | | 100% of Highest Average Compensation (§31676.14, §31676.1, §31664.1, §31664.2) |
| <i>Miscellaneous Tier 5 and Safety Tier 4</i> | | None |

Additional Benefit Information:

- For Miscellaneous members of the following Districts, benefits accrued before June 29, 2003 will continue to be calculated using §31676.1.
 1. Fair Oaks Cemetery District
 2. Galt Arno Cemetery District

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Non-duty Disability:

Miscellaneous and Safety Tier 1

Eligibility Five years of service (§31720).
Benefit Formula 1.5% per year of service for Miscellaneous Tier 1 and 1.8% per year of service for Safety Tier 1. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65 for Miscellaneous Tier 1 and 55 for Safety Tier 1, but the total benefit cannot be more than one-third of Final Compensation (§31727 and §31727.2). The Service Retirement benefit is payable, if greater.

Miscellaneous Tier 2, Tier 3, Tier 4,
and Tier 5 and Safety Tier 2, Tier 3
and Tier 4

Eligibility Five years of service (§31720).
Benefit Formula 20% of Final Compensation for the first five years of service plus 2% for each year of additional service for a maximum of 40% of Final Compensation (§31727.7). The Service Retirement benefit is payable, if greater.

Line-of-Duty Disability:

All Members

Eligibility No age or service requirements (§31720).
Benefit Formula 50% of the Final Compensation or 100% of Service Retirement benefit, if greater (§31727.4).

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Pre-Retirement Death:

All Members

Eligibility

No age or service requirements.

Benefit

Refund of employee contributions with interest plus one month's compensation for each year of service to a maximum of six month's compensation (§31781).

Death in Line-of-Duty

50% of Final Compensation or 100% of Service Retirement benefit, if greater, payable to spouse or minor children (§31787).

OR

Vested Members

Eligibility

Five years of service.

Benefit

60% of the greater of Service or Non-duty Disability Retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1), in lieu of above.

Death in Line-of-Duty

50% of Final compensation or 100% of Service Retirement benefit, if greater, payable to spouse or minor children (§31787).

Death After Retirement:

All Members

Service Retirement or Non-Duty Disability

60% of member's unmodified allowance continued to eligible spouse (§31760.1). An additional \$4,000 lump sum benefit is payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was married to the member at least one year prior to the date of retirement (§31760.1).

Line-of-Duty Disability

100% of member's allowance continued to eligible spouse (§31786). An additional \$4,000 lump sum benefit is payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was married to the member at least one year prior to the date of retirement (§31760.1).

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Withdrawal Benefits:

| | |
|--|---|
| <i>Less than Five Years of Service</i> | Refund of accumulated employee contributions with interest, or earned benefit at age 70 (§31628). Effective January 1, 2003, a member may also elect to leave their contributions on deposit in the retirement fund (§31629.5). |
| <i>Five or More Years of Service</i> | If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire (§31700). |

Post-retirement

Cost-of-Living Benefits:

| | |
|---|---|
| <i>Miscellaneous and Safety Tier 1</i> | Future changes based on Consumer Price Index to a maximum of 4% per year, excess “banked.” (§31870.3) |
| <i>Miscellaneous Tier 3, Tier 4 and Tier 5 and Safety Tier 2, Tier 3 and Tier 4</i> | Future changes based on Consumer Price Index to a maximum of 2% per year, excess “banked.” (§31870) |

Note: There is no cost-of-living benefit for Miscellaneous Tier 2.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

| | |
|---|---|
| Member Contributions: | Please refer to Appendix A for the specific rates. |
| <i>Miscellaneous Tier 1</i> | |
| <i>Basic</i> | Provide for an average annuity at age 55 equal to 1/240 of FAS1. (§31621.3) |
| <i>Cost-of-Living</i> | Provide for one-half of future Cost-of-Living costs. |
| <i>Miscellaneous Tier 2</i> | |
| <i>Basic</i> | Provide for an average annuity at age 55 equal to 1/240 of FAS3. (§31621.3) |
| <i>Cost-of-Living</i> | None. |
| <i>Miscellaneous Tier 3</i> | |
| <i>Basic</i> | Provide for an average annuity at age 55 equal to 1/240 of FAS3. (§31621.3) |
| <i>Cost-of-Living</i> | Provide for one-half of future Cost-of-Living costs. |
| <i>Miscellaneous Tier 4</i> | |
| <i>Basic</i> | Provide for an average annuity at age 60 equal to 1/120 of FAS3. (§31621) |
| <i>Cost-of-Living</i> | Provide for one-half of future Cost-of-Living costs. |
| <i>Miscellaneous Tier 5</i> | 50% of the total Normal Cost rate. |
| <i>Safety Tier 1, Tier 2 and Tier 3</i> | |
| <i>Basic</i> | Provide for an average annuity at age 50 equal to 1/100 of FAS1 (FAS3 for Tier 2 and Tier 3). (§31639.25) |
| <i>Cost-of-Living</i> | Provide for one-half of future Cost-of-Living costs. |
| <i>Safety Tier 4</i> | 50% of the total Normal Cost rate. |

Note: The above rates are known as full rates. For members paying half rates, their rates should be one-half of the rates provided in this report. In addition, for members entering the plan on or after January 1, 1975, they pay a rate based on a single entry age (§31621.11 and §31639.26).

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Other Information: Safety Tier 1, Tier 2 and Tier 3 members with 30 or more years of service are exempt from paying member contributions. The same applies for Miscellaneous Tier 1, Tier 2, Tier 3 and Tier 4 members hired on or before March 7, 1973.

Plan Amendment: All members with membership dates on or after January 1, 2013 entered either Miscellaneous Tier 5 or Safety Tier 4.

NOTE: *The summary of major plan provisions is designed to outline principal plan benefits as interpreted for purposes of the actuarial valuation. If the System should find the plan summary not in accordance with the actual provisions, the System should alert the actuary so they can both be sure the proper provisions are valued.*

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

**Appendix A
Member Contribution Rates**

Comparison of Member Rate^{(1),(2)} from June 30, 2012 and June 30, 2013 Valuation

| | June 30, 2013 | | | June 30, 2012 | | | Increase/(Decrease) in Rate | |
|--------|---------------|-------|--------|---------------|-------|--------|--------------------------------|----------------------|
| | Miscellaneous | Basic | COLA | Total | Basic | COLA | | Total |
| Tier 1 | | 4.02% | 1.41% | 5.43% | 4.02% | 1.36% | 5.38% | 0.05% |
| Tier 2 | | 3.82% | 0.00% | 3.82% | 3.82% | 0.00% | 3.82% | 0.00% |
| Tier 3 | | 3.82% | 1.36% | 5.18% | 3.82% | 1.36% | 5.18% | 0.00% |
| Tier 4 | | 6.67% | 1.13% | 7.80% | 6.67% | 1.15% | 7.82% | -0.02% |
| Tier 5 | | 7.41% | 1.37% | 8.78% | 6.27% | 1.23% | 7.50% | 1.28% ⁽³⁾ |
| | | | | | | | | |
| Safety | Basic | COLA | Total | Basic | COLA | Total | Increase/(Decrease) in Rate | |
| Tier 1 | 9.78% | 4.52% | 14.30% | 9.78% | 4.74% | 14.52% | -0.21% | |
| Tier 2 | 9.30% | 2.64% | 11.94% | 9.30% | 2.69% | 11.99% | -0.05% | |
| Tier 3 | 9.30% | 2.52% | 11.82% | 9.30% | 2.56% | 11.86% | -0.04% | |
| Tier 4 | 11.24% | 2.62% | 13.86% | 9.69% | 2.31% | 12.00% | 1.86% ⁽³⁾ | |

⁽¹⁾ For members paying half rates, their rates should be exactly one-half of rates described above.

⁽²⁾ Members who enter on or after 1/1/1975 contribute as indicated above and all others contribute the rate at their respective entry ages.

⁽³⁾ There is a large difference in the contribution rates between the 2012 and the 2013 valuations for the CalPEPRA tiers as 2013 is the first valuation that actual membership information is used to set the contribution rates for those tiers. Also, the switch to the individual Entry Age method has a larger impact for those tiers.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Appendix A

Member Contribution Rates (Continued)

Miscellaneous Members' Contribution Rates from the June 30, 2013 Actuarial Valuation

| Entry Age | Basic Only | | | | | | COLA Only | | | | | | Total | | | | | |
|-----------|-------------------------------|-----------------|--------|---------------------------|-----------------|--------|-------------------------------|--------|--------|---------------------------|--------|--------|-------------------------------|--------|--------|---------------------------|--------|--------|
| | First \$350 of Monthly Salary | | | Salary in Excess of \$350 | | | First \$350 of Monthly Salary | | | Salary in Excess of \$350 | | | First \$350 of Monthly Salary | | | Salary in Excess of \$350 | | |
| | Tier 1 | Tier 2 & Tier 3 | Tier 4 | Tier 1 | Tier 2 & Tier 3 | Tier 4 | Tier 1 | Tier 3 | Tier 4 | Tier 1 | Tier 3 | Tier 4 | Tier 1 | Tier 3 | Tier 4 | Tier 1 | Tier 3 | Tier 4 |
| 16 | 2.52% | | | 3.78% | | | 0.88% | | | 1.32% | | | 3.40% | | | 5.10% | | |
| 17 | 2.53% | | | 3.79% | | | 0.89% | | | 1.33% | | | 3.42% | | | 5.12% | | |
| 18 | 2.53% | | | 3.80% | | | 0.89% | | | 1.33% | | | 3.42% | | | 5.13% | | |
| 19 | 2.53% | | | 3.80% | | | 0.89% | | | 1.33% | | | 3.42% | | | 5.13% | | |
| 20 | 2.53% | | | 3.80% | | | 0.89% | | | 1.33% | | | 3.42% | | | 5.13% | | |
| 21 | 2.53% | | | 3.80% | | | 0.89% | | | 1.33% | | | 3.42% | | | 5.13% | | |
| 22 | 2.53% | | | 3.79% | | | 0.89% | | | 1.33% | | | 3.42% | | | 5.12% | | |
| 23 | 2.53% | | | 3.80% | | | 0.89% | | | 1.33% | | | 3.42% | | | 5.13% | | |
| 24 | 2.53% | | | 3.80% | | | 0.89% | | | 1.33% | | | 3.42% | | | 5.13% | | |
| 25 | 2.54% | | | 3.81% | | | 0.89% | | | 1.33% | | | 3.43% | | | 5.14% | | |
| 26 | 2.55% | | | 3.82% | | | 0.89% | | | 1.34% | | | 3.44% | | | 5.16% | | |
| 27 | 2.55% | | | 3.83% | | | 0.89% | | | 1.34% | | | 3.44% | | | 5.17% | | |
| 28 | 2.57% | | | 3.85% | | | 0.90% | | | 1.35% | | | 3.47% | | | 5.20% | | |
| 29 | 2.57% | | | 3.86% | | | 0.90% | | | 1.35% | | | 3.47% | | | 5.21% | | |
| 30 | 2.59% | | | 3.88% | | | 0.91% | | | 1.36% | | | 3.50% | | | 5.24% | | |
| 31 | 2.60% | | | 3.90% | | | 0.91% | | | 1.37% | | | 3.51% | | | 5.27% | | |
| 32 | 2.61% | | | 3.92% | | | 0.91% | | | 1.37% | | | 3.52% | | | 5.29% | | |
| 33 | 2.63% | | | 3.94% | | | 0.92% | | | 1.38% | | | 3.55% | | | 5.32% | | |
| 34 | 2.65% | | | 3.97% | | | 0.93% | | | 1.39% | | | 3.58% | | | 5.36% | | |
| 35 | 2.66% | | | 3.99% | | | 0.93% | | | 1.40% | | | 3.59% | | | 5.39% | | |
| 36 | 2.68% | 2.55% | 4.45% | 4.02% | 3.82% | 6.67% | 0.94% | 0.91% | 0.75% | 1.41% | 1.36% | 1.13% | 3.62% | 3.46% | 5.20% | 5.43% | 5.18% | 7.80% |
| 37 | 2.70% | | | 4.05% | | | 0.95% | | | 1.42% | | | 3.65% | | | 5.47% | | |
| 38 | 2.71% | | | 4.07% | | | 0.95% | | | 1.43% | | | 3.66% | | | 5.50% | | |
| 39 | 2.73% | | | 4.10% | | | 0.96% | | | 1.44% | | | 3.69% | | | 5.54% | | |
| 40 | 2.75% | | | 4.13% | | | 0.97% | | | 1.45% | | | 3.72% | | | 5.58% | | |
| 41 | 2.78% | | | 4.17% | | | 0.97% | | | 1.46% | | | 3.75% | | | 5.63% | | |
| 42 | 2.80% | | | 4.20% | | | 0.98% | | | 1.47% | | | 3.78% | | | 5.67% | | |
| 43 | 2.82% | | | 4.23% | | | 0.99% | | | 1.48% | | | 3.81% | | | 5.71% | | |
| 44 | 2.85% | | | 4.27% | | | 1.00% | | | 1.50% | | | 3.85% | | | 5.77% | | |
| 45 | 2.87% | | | 4.31% | | | 1.01% | | | 1.51% | | | 3.88% | | | 5.82% | | |
| 46 | 2.89% | | | 4.34% | | | 1.01% | | | 1.52% | | | 3.90% | | | 5.86% | | |
| 47 | 2.92% | | | 4.38% | | | 1.02% | | | 1.53% | | | 3.94% | | | 5.91% | | |
| 48 | 2.95% | | | 4.42% | | | 1.03% | | | 1.55% | | | 3.98% | | | 5.97% | | |
| 49 | 2.97% | | | 4.46% | | | 1.04% | | | 1.56% | | | 4.01% | | | 6.02% | | |
| 50 | 3.01% | | | 4.51% | | | 1.05% | | | 1.58% | | | 4.06% | | | 6.09% | | |
| 51 | 3.03% | | | 4.55% | | | 1.06% | | | 1.59% | | | 4.09% | | | 6.14% | | |

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Appendix A

Member Contribution Rates (Continued)

Miscellaneous Members' Contribution Rates from the June 30, 2013 Actuarial Valuation

| Entry Age | Basic Only | | | | | | COLA Only | | | | | | Total | | | | | |
|-----------|-------------------------------|-----------------|--------|---------------------------|-----------------|--------|-------------------------------|--------|--------|---------------------------|--------|--------|-------------------------------|--------|--------|---------------------------|--------|--------|
| | First \$350 of Monthly Salary | | | Salary in Excess of \$350 | | | First \$350 of Monthly Salary | | | Salary in Excess of \$350 | | | First \$350 of Monthly Salary | | | Salary in Excess of \$350 | | |
| | Tier 1 | Tier 2 & Tier 3 | Tier 4 | Tier 1 | Tier 2 & Tier 3 | Tier 4 | Tier 1 | Tier 3 | Tier 4 | Tier 1 | Tier 3 | Tier 4 | Tier 1 | Tier 3 | Tier 4 | Tier 1 | Tier 3 | Tier 4 |
| 52 | 3.07% | | | 4.60% | | | 1.07% | | | 1.61% | | | 4.14% | | | 6.21% | | |
| 53 | 3.10% | | | 4.65% | | | 1.09% | | | 1.63% | | | 4.19% | | | 6.28% | | |
| 54 | 3.13% | | | 4.70% | | | 1.10% | | | 1.65% | | | 4.23% | | | 6.35% | | |
| 55 | 3.13% | | | 4.70% | | | 1.10% | | | 1.65% | | | 4.23% | | | 6.35% | | |
| 56 | 3.13% | | | 4.70% | | | 1.10% | | | 1.65% | | | 4.23% | | | 6.35% | | |
| 57 | 3.13% | | | 4.70% | | | 1.10% | | | 1.65% | | | 4.23% | | | 6.35% | | |
| 58 | 3.13% | | | 4.70% | | | 1.10% | | | 1.65% | | | 4.23% | | | 6.35% | | |
| 59 & Over | 3.13% | | | 4.70% | | | 1.10% | | | 1.65% | | | 4.23% | | | 6.35% | | |

The rates above are full contribution rates expressed as a percentage of salary based upon the following interest and salary scale assumptions. Members who enter prior to 1/1/1975 contribute on the basis of their actual entry age and all others contribute on the basis of a single entry age of 36.

| All members | Tier 5 | | |
|-------------|---------------------------------|-----------|-------|
| | All Eligible Pay ⁽¹⁾ | | |
| | Basic Only | COLA Only | Total |
| | 7.41% | 1.37% | 8.78% |

⁽¹⁾ It is our understanding that in the determination of pension benefits under the CalPEPRA formulas, the compensation that can be taken into account for 2013 is equal to the Social Security Taxable Wage Base or \$113,700 (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2013 (reference: Section 7522.10(d)).

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Appendix A

Member Contribution Rates (Continued)

Miscellaneous Members' Contribution Rates from the June 30, 2013 Actuarial Valuation

| | |
|----------------------|--|
| Interest: | 7.50% per annum |
| COLA: | Tier 1: 3.25% |
| | Tier 2: 0.00% |
| | Tier 3: 2.00% |
| | Tier 4: 2.00% |
| | Tier 5: 2.00% |
| Mortality: | RP-2000 Combined Healthy Mortality Table set back two years weighted 40% male and 60% female |
| Salary increase: | Inflation (3.25%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit V). |
| COLA Loading Factor: | Tier 1 ⁽²⁾ : 35.02% |
| | Tier 3 ⁽²⁾ : 35.52% |
| | Tier 4 ⁽²⁾ : 16.95% |
| | Tier 5: 18.49% |

⁽²⁾ Factors have been adjusted to reflect a reserve carried by the Board to reduce part of the COLA contributions.

Non-Refundability factor:

| | |
|---------|---------|
| Tier 1: | 100.00% |
| Tier 2: | 99.76% |
| Tier 3: | 97.26% |
| Tier 4: | 91.21% |
| Tier 5: | 90.11% |

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

**Appendix A
Member Contribution Rates (Continued)**

Safety Members' Contribution Rates from the June 30, 2013 Actuarial Valuation

| Entry Age | Basic Only | | | | COLA Only | | | | | | Total | | | | | |
|-----------|-------------------------------|-----------------|---------------------------|-----------------|-------------------------------|--------|--------|---------------------------|--------|--------|-------------------------------|--------|--------|---------------------------|--------|--------|
| | First \$350 of Monthly Salary | | Salary in Excess of \$350 | | First \$350 of Monthly Salary | | | Salary in Excess of \$350 | | | First \$350 of Monthly Salary | | | Salary in Excess of \$350 | | |
| | Tier 1 | Tier 2 & Tier 3 | Tier 1 | Tier 2 & Tier 3 | Tier 1 | Tier 2 | Tier 3 | Tier 1 | Tier 2 | Tier 3 | Tier 1 | Tier 2 | Tier 3 | Tier 1 | Tier 2 | Tier 3 |
| 18 | 6.42% | | 9.63% | | 2.97% | | | 4.45% | | | 9.39% | | | 14.08% | | |
| 19 | 6.43% | | 9.64% | | 2.97% | | | 4.46% | | | 9.40% | | | 14.10% | | |
| 20 | 6.43% | | 9.64% | | 2.97% | | | 4.46% | | | 9.40% | | | 14.10% | | |
| 21 | 6.43% | | 9.64% | | 2.97% | | | 4.46% | | | 9.40% | | | 14.10% | | |
| 22 | 6.42% | | 9.63% | | 2.97% | | | 4.45% | | | 9.39% | | | 14.08% | | |
| 23 | 6.42% | | 9.63% | | 2.97% | | | 4.45% | | | 9.39% | | | 14.08% | | |
| 24 | 6.43% | | 9.64% | | 2.97% | | | 4.46% | | | 9.40% | | | 14.10% | | |
| 25 | 6.44% | | 9.66% | | 2.98% | | | 4.47% | | | 9.42% | | | 14.13% | | |
| 26 | 6.45% | | 9.68% | | 2.99% | | | 4.48% | | | 9.44% | | | 14.16% | | |
| 27 | 6.47% | | 9.70% | | 2.99% | | | 4.49% | | | 9.46% | | | 14.19% | | |
| 28 | 6.49% | | 9.74% | | 3.01% | | | 4.51% | | | 9.50% | | | 14.25% | | |
| 29 | 6.52% | 6.20% | 9.78% | 9.30% | 3.01% | 1.76% | 1.68% | 4.52% | 2.64% | 2.52% | 9.53% | 7.96% | 7.88% | 14.30% | 11.94% | 11.82% |
| 30 | 6.55% | | 9.83% | | 3.03% | | | 4.55% | | | 9.58% | | | 14.38% | | |
| 31 | 6.59% | | 9.88% | | 3.05% | | | 4.57% | | | 9.64% | | | 14.45% | | |
| 32 | 6.63% | | 9.95% | | 3.07% | | | 4.60% | | | 9.70% | | | 14.55% | | |
| 33 | 6.67% | | 10.01% | | 3.09% | | | 4.63% | | | 9.76% | | | 14.64% | | |
| 34 | 6.73% | | 10.09% | | 3.11% | | | 4.67% | | | 9.84% | | | 14.76% | | |
| 35 | 6.78% | | 10.17% | | 3.13% | | | 4.70% | | | 9.91% | | | 14.87% | | |
| 36 | 6.83% | | 10.25% | | 3.16% | | | 4.74% | | | 9.99% | | | 14.99% | | |
| 37 | 6.89% | | 10.34% | | 3.19% | | | 4.78% | | | 10.08% | | | 15.12% | | |
| 38 | 6.96% | | 10.44% | | 3.22% | | | 4.83% | | | 10.18% | | | 15.27% | | |
| 39 | 7.02% | | 10.53% | | 3.25% | | | 4.87% | | | 10.27% | | | 15.40% | | |
| 40 | 7.09% | | 10.63% | | 3.28% | | | 4.92% | | | 10.37% | | | 15.55% | | |
| 41 | 7.15% | | 10.73% | | 3.31% | | | 4.96% | | | 10.46% | | | 15.69% | | |
| 42 | 7.22% | | 10.83% | | 3.34% | | | 5.01% | | | 10.56% | | | 15.84% | | |
| 43 | 7.29% | | 10.94% | | 3.37% | | | 5.06% | | | 10.66% | | | 16.00% | | |
| 44 | 7.37% | | 11.05% | | 3.41% | | | 5.11% | | | 10.78% | | | 16.16% | | |
| 45 | 7.44% | | 11.16% | | 3.44% | | | 5.16% | | | 10.88% | | | 16.32% | | |
| 46 | 7.52% | | 11.28% | | 3.48% | | | 5.22% | | | 11.00% | | | 16.50% | | |
| 47 | 7.60% | | 11.40% | | 3.51% | | | 5.27% | | | 11.11% | | | 16.67% | | |
| 48 | 7.68% | | 11.52% | | 3.55% | | | 5.33% | | | 11.23% | | | 16.85% | | |
| 49 & Over | 7.76% | | 11.64% | | 3.59% | | | 5.38% | | | 11.35% | | | 17.02% | | |

The rates above are full contribution rates expressed as a percentage of salary based upon the following interest and salary scale assumptions. Members who enter prior to 1/1/1975 contribute on the basis of their actual entry age and all others contribute on the basis of a single entry age of 29.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

**Appendix A
Member Contribution Rates (Continued)**

Safety Members' Contribution Rates from the June 30, 2013 Actuarial Valuation

| | Tier 4 | | |
|-------------|---------------------------------|-----------|--------|
| | All Eligible Pay ⁽¹⁾ | | |
| | Basic Only | COLA Only | Total |
| All members | 11.24% | 2.62% | 13.86% |

⁽¹⁾ It is our understanding that in the determination of pension benefits under the CalPEPRA formulas, the compensation that can be taken into account for 2013 is equal to the Social Security Taxable Wage Base or \$113,700 (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2013 (reference: Section 7522.10(d)).

| | |
|----------------------|---|
| Interest: | 7.50% per annum |
| COLA: | Tier 1: 3.25% |
| | Tier 2: 2.00% |
| | Tier 3: 2.00% |
| | Tier 4: 2.00% |
| Mortality: | RP-2000 Combined Healthy Mortality Table set back one year weighted 70% male and 30% female |
| Salary increase: | Inflation (3.25%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit V). |
| COLA Loading Factor: | Tier 1 ⁽²⁾ : 46.26% |
| | Tier 2 ⁽²⁾ : 28.42% |
| | Tier 3 ⁽²⁾ : 27.14% |
| | Tier 4: 23.31% |

⁽²⁾ Factors have been adjusted to reflect a reserve carried by the Board to reduce part of the COLA contributions.

Non-Refundability factor:

| | |
|---------|--------|
| Tier 1: | 99.88% |
| Tier 2: | 98.15% |
| Tier 3: | 94.71% |
| Tier 4: | 93.33% |

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Appendix B

UAAL Amortization Schedule as of June 30, 2013 (Dollar Amounts in Thousands)

| | Date Established | Source | Initial Amount | Outstanding Balance | Years Remaining | Annual Payment |
|----------------------|-------------------------|--------------------------|-----------------------|----------------------------|------------------------|-----------------------|
| Miscellaneous | June 30, 2012 | Restart amortization | \$814,400 | \$819,502 | 22 | \$56,045 |
| | June 30, 2013 | Actuarial loss | 34,060 | <u>34,060</u> | 20 | <u>2,479</u> |
| Subtotal | | | | \$853,562 | | \$58,524 |
| Safety | June 30, 2010 | LEMA | \$4,047 | \$3,331 | 7 | 553 |
| | June 30, 2012 | Restart amortization | 493,928 | 497,022 | 22 | 33,991 |
| | June 30, 2013 | Actuarial loss | 53,174 | 53,174 | 20 | 3,871 |
| | June 30, 2013 | DSA Retirement Incentive | 6,134 | <u>6,134</u> | 5 | <u>1,374</u> |
| Subtotal | | | | \$559,661 | | \$39,789 |
| Grand Total | | | | <u>\$1,413,223</u> | | <u>\$98,313</u> |

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