

Sacramento County Employees' Retirement System

***Actuarial Valuation and Review
as of June 30, 2008***

Copyright © 2008

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



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

December 8, 2008

*Board of Retirement
Sacramento County Employees' Retirement System
980 9th Street, Suite 1800
Sacramento, CA 95814*

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2008. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2009-2010 and analyzes the preceding year's experience.

The census information on which our calculations were based was prepared by the SCERS and the financial information was provided by the Retirement System. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, Enrolled Actuary.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Retirement are reasonably related to the experience of and the expectations for the Plan. The undersigned are members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

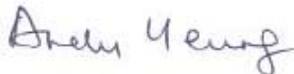
We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: 

*Paul Angelo, FSA, EA, MAAA
Senior Vice President and Actuary*



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

MYM/gxk

SECTION 1

VALUATION SUMMARY

Purpose	i
Significant Issues in Valuation Year.....	ii
Summary of Key Valuation Results.....	iv
Summary of Key Valuation Demographic and Financial Data.....	v

SECTION 2

VALUATION RESULTS

A. Member Data	1
B. Financial Information.....	4
C. Actuarial Experience.....	8
D. Employer and Member Contributions	13
E. Information Required by the GASB.....	20

SECTION 3

SUPPLEMENTAL INFORMATION

EXHIBIT A

Table of Plan Coverage	
i. Miscellaneous Tier 1	21
ii. Miscellaneous Tier 2	22
iii. Miscellaneous Tier 3	23
iv. Safety Tier 1	24
v. Safety Tier 2.....	25

EXHIBIT B

Members in Active Service During Year Ended June 30, 2008	
i. Miscellaneous Tier 1	26
ii. Miscellaneous Tier 2	27
iii. Miscellaneous Tier 3	28
iv. Safety Tier 1	29
v. Safety Tier 2.....	30

EXHIBIT C

Reconciliation of Member Data – June 30, 2007 to June 30, 2008	31
---	----

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis.....	32
---	----

EXHIBIT E

Summary Statement of Assets	33
-----------------------------------	----

EXHIBIT F

Actuarial Balance Sheet.....	34
------------------------------	----

EXHIBIT G

Summary of Reported Asset Infor- mation as of June 30, 2008.....	35
---	----

EXHIBIT H

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2008	38
--	----

EXHIBIT I

Section 415 Limitations.....	39
------------------------------	----

EXHIBIT J

Definitions of Pension Terms	40
------------------------------------	----

SECTION 4

REPORTING INFORMATION

EXHIBIT I

Supplementary Information Required by the GASB – Schedule of Employer Contributions	42
---	----

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Funding Progress	43
---	----

EXHIBIT III

Supplementary Information Required by the GASB	44
---	----

EXHIBIT IV

Actuarial Assumptions/Methods.....	45
------------------------------------	----

EXHIBIT V

Summary of Plan Provisions.....	53
---------------------------------	----

Appendix A

Member Contribution Rates.....	59
--------------------------------	----

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, 2008. 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, 2008, provided by the Retirement System;
- The assets of the Plan as of June 30, 2008, 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 continued with the Board's funding policy to amortize the System's entire unfunded actuarial accrued liability as of June 30, 2008 over a declining 25-year period. The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2009 through June 30, 2010.

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

Significant Issues in Valuation Year

- The aggregate employer rate increased from 19.17% of payroll to 19.29%. The reasons for this change in contribution rate are lower than expected returns on investments (after “smoothing”) and higher than expected salary increases during 2007/2008 that were offset to some degree by demographic changes, and other actuarial gains. A reconciliation of the System’s aggregate employer rate is provided in Section 2, Subsection D (see Chart 14).
- The ratio of the actuarial value of assets to actuarial accrued liabilities decreased from 93.4% to 93.2%. The System’s unfunded actuarial accrued liability increased from \$381.9 million as of June 30, 2007 to \$432.6 million as of June 30, 2008. This increase is mainly due to investment returns (after “smoothing”) lower than the 7.75% and higher than expected salary increases during 2007/2008, offset to some degree by experience gains. The 7.875% assumed return adopted by the Board in the June 30, 2007 valuation will be used in setting the interest crediting benchmark beginning with fiscal year 2008/2009. A reconciliation of the System’s unfunded actuarial accrued liability is provided in Section 3, Exhibit H.
- The aggregate member rate calculated in this valuation has increased from 4.85% of payroll to 4.92% of payroll. The change in member rate is due to the change in member population for the June 30, 2008 valuation and the ongoing depletion of the reserve carried by the Board to reduce part of the COLA contributions. A reconciliation of the System’s aggregate member rate is provided in Section 2, Subsection D (see Chart 15).
- There are no changes in actuarial assumptions in the June 30, 2008 valuation. A description of these assumptions can be found in Section 4, Exhibit IV of this report.
- In this valuation, we have excluded the \$203.9 million Contingency Reserve in developing the employer’s contribution rate to amortize the Unfunded Actuarial Accrued Liability (UAAL). Included in the Contingency Reserve is \$112.3 million, which is 100% of earnings in excess of the interest required to credit regular interest to the reserves for the year ending June 30, 2008.
- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment loss as of June 30, 2008 is \$194.4 million. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes over the next four years. That means if the System earns the assumed rate of investment return of 7.875% 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 7.875% and all the other actuarial assumptions are met, the employer contribution requirements would increase in each of the next few years.
- The actuarial valuation report as of June 30, 2008 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increase will decrease the actuarial cost of the plan.

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, 2008		June 30, 2007	
Employer Contribution Rates (Dollar amounts in thousands):				
	Total Rate	Estimated Annual Amount ⁽¹⁾	Total Rate	Estimated Annual Amount ⁽¹⁾
Miscellaneous Tier 1	15.67%	\$5,887	15.26%	\$5,733
Miscellaneous Tier 2	13.08%	950	12.58%	913
Miscellaneous Tier 3	16.15%	107,319	15.71%	104,397
Safety Tier 1	33.73%	22,217	34.81%	22,924
Safety Tier 2	29.53%	37,782	30.61%	39,166
All Categories Combined	19.29%	\$174,155	19.17%	\$173,133
Aggregate Member Contribution Rates (Dollar amounts in thousands):				
	Total Rate	Estimated Annual Amount ⁽¹⁾	Total Rate	Estimated Annual Amount ⁽¹⁾
All Categories Combined	4.92%	\$44,426	4.85%	\$43,794
Individual Member Contribution Rates:				
	Total Rate ⁽²⁾	Per Member Annual Amount ⁽³⁾	Total Rate ⁽²⁾	Per Member Annual Amount ⁽³⁾
Miscellaneous Tier 1	4.79%	\$3,461	4.76%	\$3,437
Miscellaneous Tier 2	3.62%	2,140	3.62%	2,140
Miscellaneous Tier 3	4.87%	2,608	4.81%	2,574
Safety Tier 1	12.26%	12,135	12.14%	12,019
Safety Tier 2	10.91%	7,606	10.82%	7,543
Funded Status (Dollar Amounts in thousands):				
Actuarial accrued liability ⁽⁴⁾	\$6,363,355		\$5,788,336	
Actuarial value of assets ⁽⁴⁾	5,930,758		5,406,461	
Funded percentage	93.2%		93.4%	
Unfunded actuarial accrued liability	\$ 432,597		\$ 381,875	
Key Assumptions:				
Interest rate	7.875%		7.875%	
Inflation rate	3.50%		3.50%	
Real across-the-board salary increase	0.25%		0.25%	

(1) Based on June 30, 2008 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.

(4) 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, 2008	June 30, 2007	Percentage Change
Active Members:			
Number of members	15,180	14,716	3.2%
Average age	44.1	44.0	N/A
Average service	9.6	9.5	N/A
Projected total compensation	\$902,970,958	\$832,483,736	8.5%
Average projected compensation	\$59,484	\$56,570	5.2%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	5,852	5,641	3.7%
Disability retired	700	707	-1.0%
Beneficiaries	1,157	1,116	3.7%
Total	7,709	7,464	3.3%
Average age	68.4	68.2	N/A
Average monthly benefit	\$2,429	\$2,310	5.2%
Vested Terminated Members:			
Number of terminated vested members ⁽¹⁾	2,661	2,437	9.2%
Average age	46.1	46.1	N/A
Summary of Financial Data (dollar amounts in thousands):			
Market value of assets	\$5,736,329	\$5,975,862	-4.0%
Return on market value of assets	-3.98%	17.19%	N/A
Actuarial value of assets	\$5,930,758	\$5,406,461	9.7%
Return on actuarial value of assets	9.56%	11.37%	N/A
Valuation value of assets	\$5,701,063	\$5,286,663	7.8%
Return on valuation value of assets	7.72%	9.65%	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 seven valuations can be seen in this chart.

CHART 1
Member Population: 2002 – 2008

Year Ended June 30	Active Members	Vested Terminated Members*	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2002	14,033	1,994	5,742	0.55
2003	14,133	1,885	5,882	0.55
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

**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 15,180 active members with an average age of 44.1, average years of service of 9.6 years and average compensation of \$59,484. The 14,716 active members in the prior valuation had an average age of 44.0, average service of 9.5 years and average compensation of \$56,570.

Inactive Members

In this year's valuation, there were 2,661 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 2,437 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, 2008

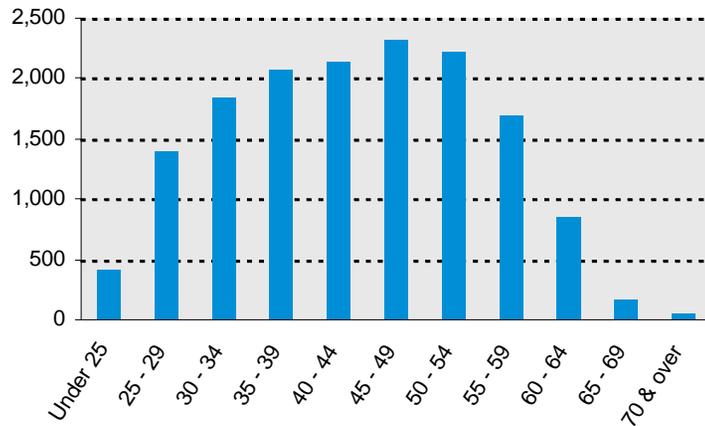
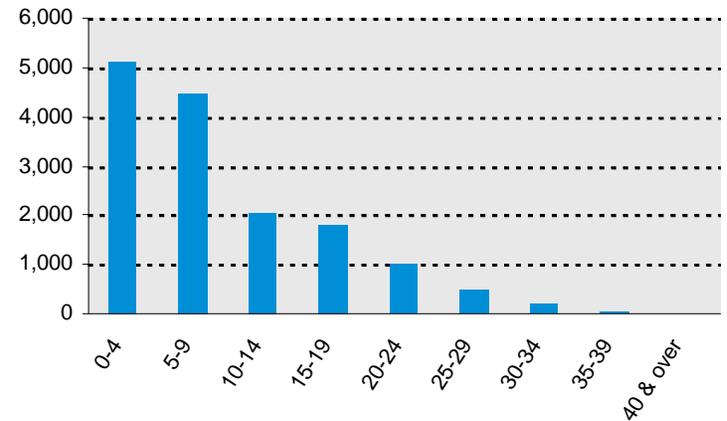


CHART 3
Distribution of Active Members by Years of Service as of June 30, 2008



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

Retired Members and Beneficiaries

As of June 30, 2008, 6,552 retired members and 1,157 beneficiaries were receiving total monthly benefits of \$18,722,448. For comparison, in the previous valuation, there were 6,348 retired members and 1,116 beneficiaries receiving monthly benefits of \$17,240,582.

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

CHART 4
Distribution of Retired Members and Beneficiaries by Type and by Monthly Amount as of June 30, 2008

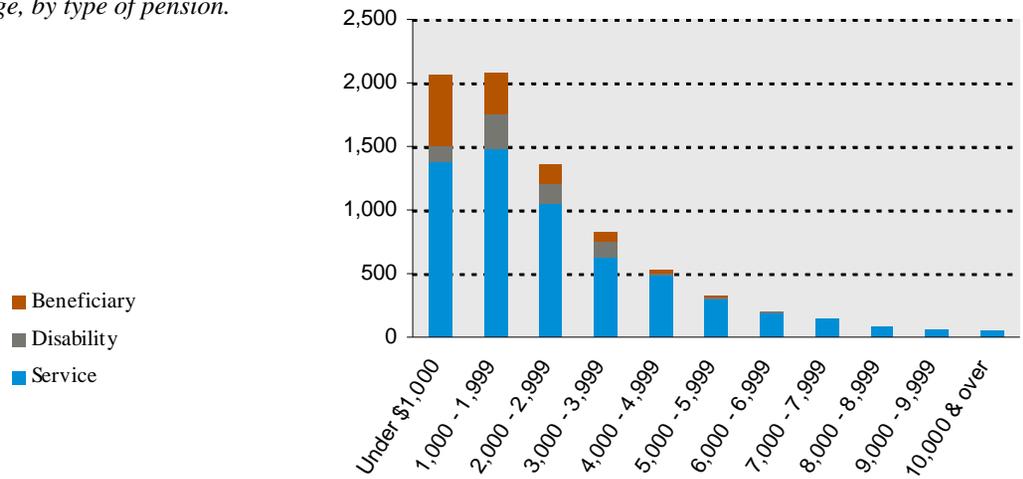
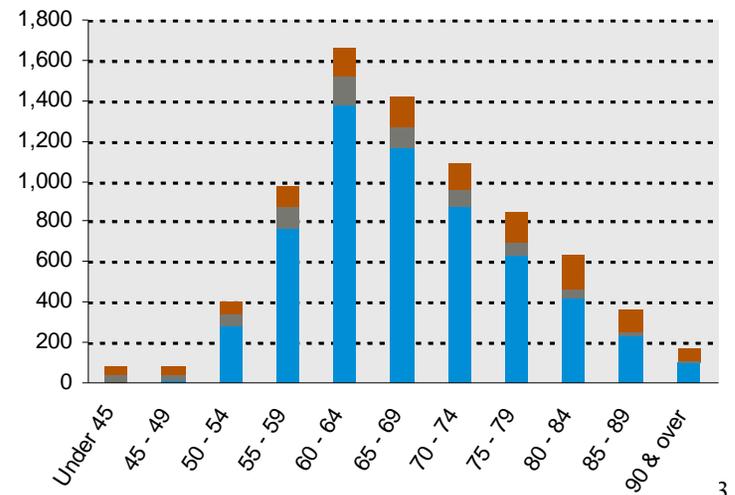


CHART 5
Distribution of Retired Members and Beneficiaries by Type and by Age as of June 30, 2008



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

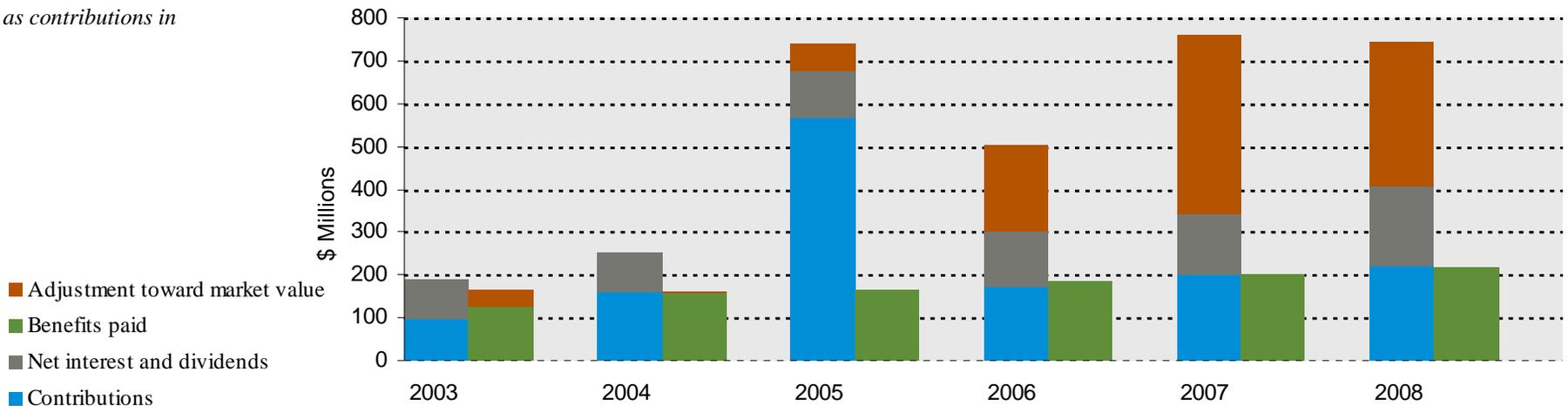
B. FINANCIAL INFORMATION

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 six 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, 2003 - 2008



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, 2008, we have used the investment gains/losses from the prior five years. The investment gain for the year ending June 30, 2008 was calculated by comparing the actual market return against an expected market return of 7.75% per annum. The 7.875% assumed return adopted by the Board in the June 30, 2007 valuation will be used in setting the interest crediting benchmark beginning with fiscal year 2008/2009.

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, 2008

From	To	Contributions	Benefits	Market Value	Average Market Value	
7/2003	6/2004	\$162,007,721	\$157,755,337	\$3,761,664,994	\$3,291,717,325	
7/2004	6/2005	566,534,348 ⁽¹⁾	165,974,515	4,576,444,496	4,217,141,165	
7/2005	6/2006	174,666,832	182,983,796	5,090,929,000	4,627,908,014	
7/2006	6/2007	199,676,048	200,430,640	5,975,862,000	5,151,956,900	
7/2007	6/2008	219,196,650	218,068,237	5,736,329,000	6,044,702,267	
		Total Actual				
From	To	Market Return (net)	Expected Market Return (net)	Investment Gain (Loss)	Deferred Factor	Deferred Return
7/2003	6/2004	\$518,586,566	\$263,337,386	\$255,249,180	0.00	\$0
7/2004	6/2005	414,219,669	337,371,293	76,848,376	0.20	15,369,675
7/2005	6/2006	522,801,468	358,662,871	164,138,597	0.40	65,655,439
7/2006	6/2007	885,687,592	399,276,660	486,410,932	0.60	291,846,560
7/2007	6/2008	(240,661,413)	468,464,426	(709,125,838)	0.80	(567,300,671)
						1. Total Deferred Return (\$194,428,997)
						2. Net Market Value 5,736,329,000
						3. Actuarial Value of Assets (Item 2 – Item 1) 5,930,757,997
						4. Actuarial Value of Assets – Corridor Limits:
a. Lower Limit – 80% of Net Market Value						4,589,063,200
b. Upper Limit – 120% of Net Market Value						6,883,594,800
5. Actuarial Value of Assets (within corridor)						5,930,757,997
6. Non-valuation reserves and designations:						
a. Contingency Reserve						203,926,024
b. Retirees Health Benefit Reserve						1,566,863
c. Other Non-Valuation Reserves						0
d. Subtotal						\$205,492,887
7. Preliminary Valuation Value of Assets (Item 5 – Item 6)						5,725,265,110
8. Adjustment to Preliminary Valuation Value of Assets						
a. Balance of transfer to offset member COLA rate						34,546,000
b. Surplus/(deficit) for withdrawn employers (preliminary) ⁽²⁾						(10,343,673)
c. Subtotal						\$24,202,327
9. Final Valuation Value of Assets (Item 7 – Item 8)						5,701,062,783

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

⁽¹⁾ Includes proceeds from Pension Obligation Bonds issued by the County and Sacramento Metro Fire District.

⁽²⁾ Based on the latest estimate available as of June 30, 2006.

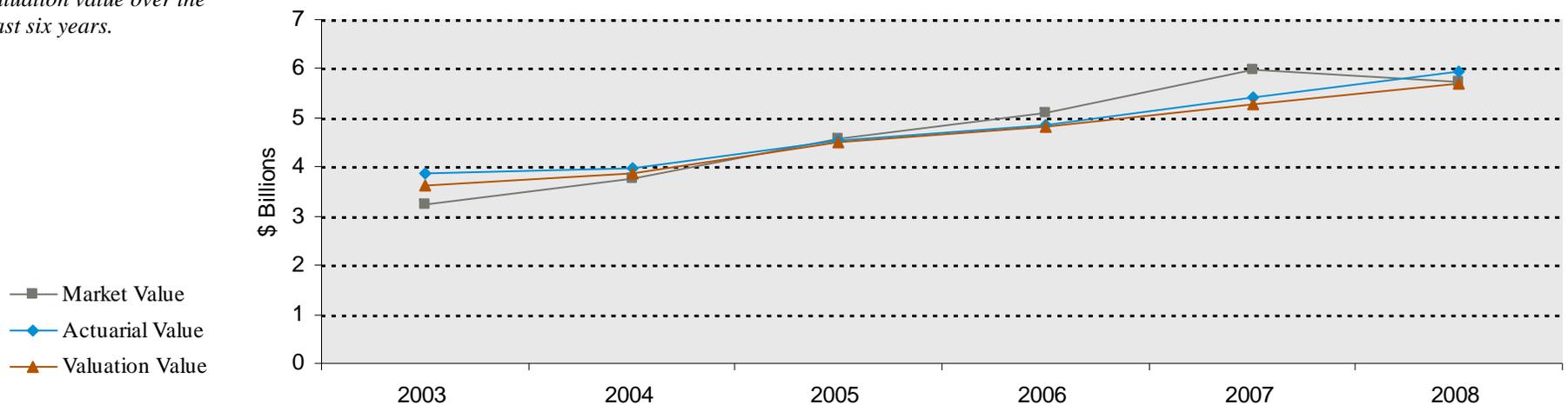
SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

The market value, actuarial value, and valuation value of assets are representations of SCERS's 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's 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 six years.

CHART 8

Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2003 – 2008



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 \$58.0 million, \$8.5 million loss from investments and \$49.5 million loss from all other sources. The net experience variation from individual sources other than investments was 0.8% 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, 2008

1. Net loss from investments ⁽¹⁾	-\$8,473,000
2. Net loss from other experience	<u>-49,490,000</u>
3. Net experience loss: (1) + (2)	<u>-\$57,963,000</u>

⁽¹⁾ Details in Chart 10.

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's investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 7.875% (based on June 30, 2007 valuation). The actual rate of return on a valuation basis for the 2007/2008 plan year was 7.72%.

Since the actual return for the year was less than the assumed return, SCERS experienced an actuarial loss during the year ended June 30, 2008 with regard to its investments.

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

CHART 10
Investment Experience for Year Ended June 30, 2008 – Valuation Value of Assets

	Valuation Value
1. Actual return	\$413,272,000
2. Average value of assets	5,355,503,000
3. Actual rate of return: (1) ÷ (2)	7.72%
4. Assumed rate of return	7.875%
5. Expected return:	<u>421,745,000</u>
6. Actuarial gain/(loss): (1) – (5)	<u>\$(8,473,000)</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 four years.

Based on this experience and future expectations, we have maintained the investment return assumption of 7.875% for the June 30, 2008 valuation.

CHART 11

Investment Return – Actuarial Value, Valuation Value and Market Value: 2004 - 2008

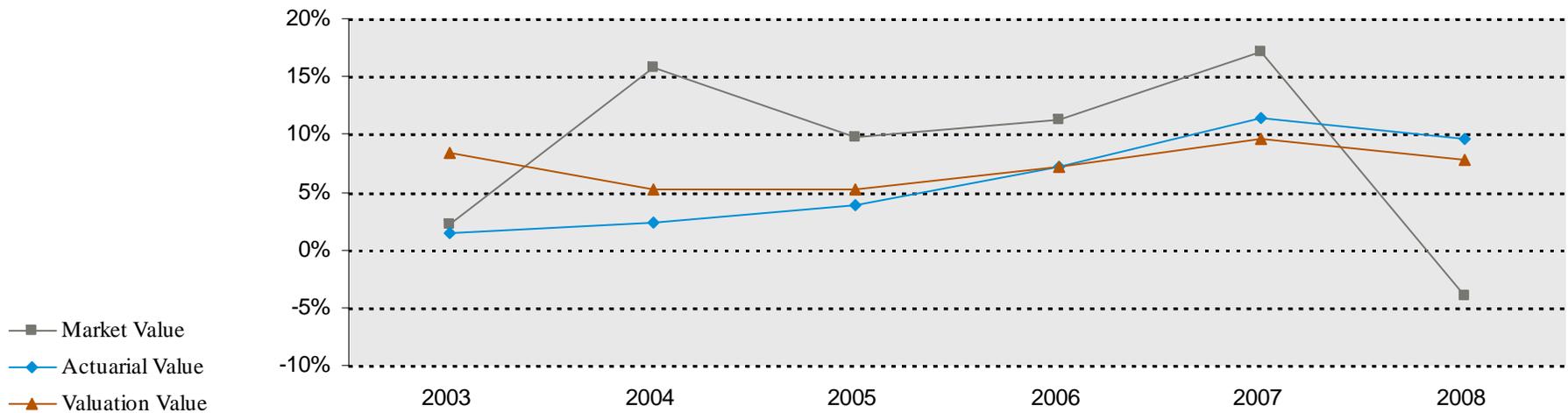
Year Ended June 30	Valuation Value Investment Return		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2004	\$193,128,000	5.24%	\$89,988,000	2.30%	\$518,587,000	15.75%
2005	\$227,539,000	5.26%	\$171,384,000	3.88%	\$414,220,000	9.82%
2006	\$329,339,000	7.24%	\$326,688,000	7.13%	\$522,803,000	11.30%
2007	\$470,717,000	9.65%	\$558,262,000	11.37%	\$885,687,000	17.19%
2008	\$413,272,000	7.72%	\$523,169,000	9.56%	(\$240,661,000)	(3.98%)

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 2003 - 2008.

CHART 12
Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2003 – 2008



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 loss from this other experience for the year ended June 30, 2008 amounted to \$49.5 million which is 0.8% 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 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 3.75% (i.e., 3.50% inflation plus 0.25% real across-the-board salary increase). The current UAAL is being recognized over a declining 25-year period.

The recommended employer contributions are provided on Chart 13.

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

Member Contributions

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and Safety members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to 1/240 Final Average Salary for Miscellaneous members and 1/100 of Final Average Salary for Safety members. That age is 55 for all General and 50 for all Safety members. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions, members pay one-half of the total normal cost necessary to fund their cost-of-living benefits. 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.

The member contribution rates are provided in Appendix A.

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

CHART 13

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

County Only	June 30, 2008 Actuarial Valuation		June 30, 2007 Actuarial Valuation	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
Miscellaneous – Tier 1 Members				
Normal Cost	13.36%	\$4,856	13.45%	\$4,889
UAAL	2.10%	764	1.59%	578
Total Contribution	15.46%	\$5,620	15.04%	\$5,467
Miscellaneous – Tier 2 Members				
Normal Cost	10.97%	\$797	10.99%	\$798
UAAL	2.10%	153	1.59%	115
Total Contribution	13.07%	\$950	12.58%	\$913
Miscellaneous – Tier 3 Members				
Normal Cost	13.78%	\$87,815	13.84%	\$88,197
UAAL	2.10%	13,392	1.59%	10,132
Total Contribution	15.88%	\$101,207	15.43%	\$98,329
Safety Tier 1 Members				
Normal Cost	28.11%	\$18,239	28.25%	\$18,330
UAAL	5.54%	3,594	6.46%	4,192
Total Contribution	33.65%	\$21,833	34.71%	\$22,522
Safety Tier 2 Members				
Normal Cost	23.99%	\$30,695	24.15%	\$30,900
UAAL	5.54%	7,087	6.46%	8,266
Total Contribution	29.53%	\$37,782	30.61%	\$39,166
All Categories Combined				
Normal Cost	16.30%	\$142,402	16.38%	\$143,114
UAAL	2.86%	24,990	2.66%	23,283
Total Contribution	19.16%	\$167,392	19.04%	\$166,397

* Based on June 30, 2008 projected annual payroll, see page 17.

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

CHART 13

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

District Only	June 30, 2008 Actuarial Valuation		June 30, 2007 Actuarial Valuation	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
Miscellaneous – Tier 1 Members				
Normal Cost	13.17%	\$159	13.29%	\$161
UAAL	8.91%	108	8.69%	105
Total Contribution	22.08%	\$267	21.98%	\$266
Miscellaneous – Tier 3 Members				
Normal Cost	13.66%	\$3,699	13.72%	\$3,715
UAAL	8.91%	2,413	8.69%	2,353
Total Contribution	22.57%	\$6,112	22.41%	\$6,068
Safety Tier 1 Members				
Normal Cost	22.25%	\$218	22.34%	\$218
UAAL	17.00%	166	18.81%	184
Total Contribution	39.25%	\$384	41.15%	\$402
All Categories Combined				
Normal Cost	13.93%	\$4,076	13.99%	\$4,094
UAAL	9.18%	2,687	9.03%	2,642
Total Contribution	23.11%	\$6,763	23.02%	\$6,736
County and District Categories Combined				
Normal Cost	16.22%	\$146,478	16.30%	\$147,208
UAAL	3.07%	27,677	2.87%	25,925
Total Contribution	19.29%	\$174,155	19.17%	\$173,133

* Based on June 30, 2008 projected annual payroll, see page 17.

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

CHART 13

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

June 30, 2008 projected annual payroll used in developing employer contribution rates on the two previous pages

	<u>County</u>	<u>District</u>	<u>Total</u>
Miscellaneous Tier 1	\$36,348	\$1,209	\$37,557
Miscellaneous Tier 2	7,263	0	7,263
Miscellaneous Tier 3	<u>637,263</u>	<u>27,076</u>	<u>664,339</u>
Subtotal	\$680,874	\$28,285	\$709,159
Safety Tier 1	\$64,884	\$978	\$65,862
Safety Tier 2	<u>127,950</u>	<u>0</u>	<u>127,950</u>
Subtotal	\$192,834	\$978	\$193,812
Total	\$873,708	\$29,263	\$902,971

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

The contribution rates as of June 30, 2008 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.

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

CHART 14
Reconciliation of Average Recommended Employer Contribution Rate from June 30, 2007 to June 30, 2008 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Annual Dollar Cost ⁽¹⁾
Average Recommended Contribution Rate as of June 30, 2007, After Reflecting Members Paying Half and Full Rates	19.17%	\$173,133
Effect of investment losses	0.06%	542
Effect of difference in actual versus expected individual salary increase	0.39%	3,522
Effect of reduction in UAAL rate from higher than expected increase in total payroll	-0.12%	(1,083)
Effect of demographic changes (reduction in Normal Cost)	-0.07%	(632)
Effect of other actuarial (gains)/losses	<u>-0.14%</u>	<u>(1,327)</u>
Subtotal	0.12%	1,022
Average Recommended Contribution Rate as of June 30, 2008, After Reflecting Members Paying Half and Full Rates	19.29%	\$174,155

⁽¹⁾ Based on June 30, 2008 projected annual payroll of \$902,971,000.

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

The member contribution rates as of June 30, 2008 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, 2007 to June 30, 2008 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Amount ⁽¹⁾
Average Recommended Contribution Rate as of June 30, 2007, After Reflecting Members Paying Half and Full Rates	4.85% ⁽²⁾	\$43,794
Effect of changes in member population and reduction of the reserve carried by the Board to reduce part of the COLA contributions	0.07%	632
Average Recommended Contribution Rate as of June 30, 2008, After Reflecting Members Paying Half and Full Rates	4.92% ⁽²⁾	\$44,426

⁽¹⁾ Based on June 30, 2008 projected compensation of \$902,971,000.

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

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

E. INFORMATION REQUIRED BY THE 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 I, II, and III.

These graphs show key GASB factors. Pension Obligation Bond proceeds were included in both required and actual contributions in 2005.

CHART 16
Required Versus Actual Contributions

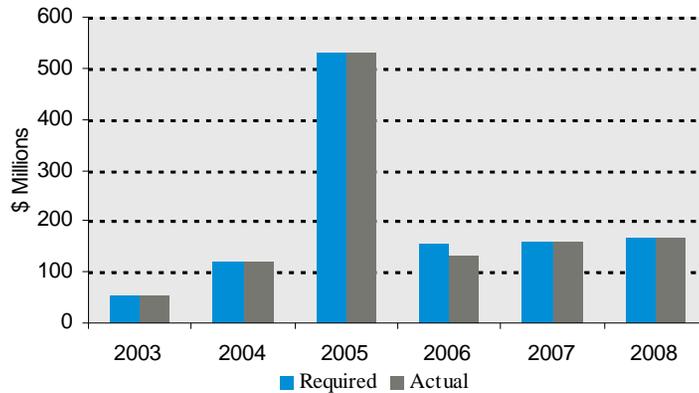
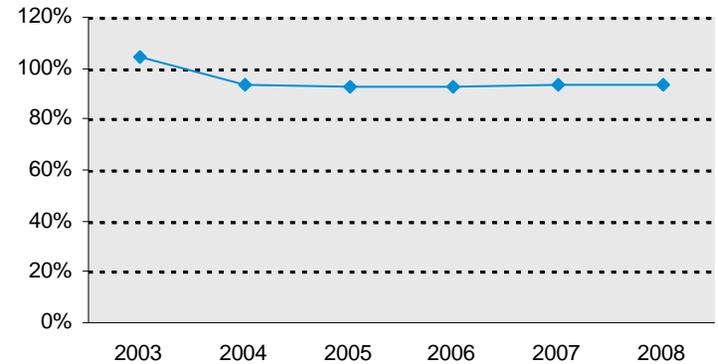


CHART 17
Funded Ratio



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
	2008	2007	
Active members in valuation			
Number	510	581	-12.2%
Average age	56.3	55.5	N/A
Average service	29.5	28.7	N/A
Projected total compensation ^{(1) (2)}	\$37,557,142	\$41,924,859	-10.4%
Projected average compensation	\$73,641	\$72,160	2.1%
Account balances	\$76,112,546	\$84,106,120	-9.5%
Total active vested members	508	579	-12.3%
Vested terminated members			
Number	171	193	-11.4%
Average age	58.0	57.3	N/A
Retired members			
Number in pay status	3,259	3,292	-1.0%
Average age	71.5	71.2	N/A
Average monthly benefit	\$2,489	\$2,346	6.1%
Disabled members			
Number in pay status	279	304	-8.2%
Average age	70.7	70.0	N/A
Average monthly benefit	\$1,731	\$1,736	-0.3%
Beneficiaries			
Number in pay status	753	746	0.9%
Average age	75.2	74.9	N/A
Average monthly benefit	\$1,240	\$1,191	4.1%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2007-2008 by 3.75%.

⁽²⁾ For members without a salary reported for the June 30, 2008 valuation, we have assigned them an annual salary of \$73,663.

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
	2008	2007	
Active members in valuation			
Number	120	332	-63.9%
Average age	51.1	50.0	N/A
Average service	18.5	17.7	N/A
Projected total compensation ^{(1) (2)}	\$7,262,827	\$21,159,265	-65.7%
Projected average compensation	\$60,524	\$63,733	-5.0%
Account balances	\$7,167,774	\$20,378,654	-64.8%
Total active vested members	120	332	-63.9%
Vested terminated members			
Number	290	305	-4.9%
Average age	51.5	50.8	N/A
Retired members			
Number in pay status	209	193	8.3%
Average age	65.4	65.1	N/A
Average monthly benefit	\$843	\$803	5.0%
Disabled members			
Number in pay status	37	36	2.8%
Average age	62.0	61.7	N/A
Average monthly benefit	\$950	\$907	4.7%
Beneficiaries			
Number in pay status	31	31	0.0%
Average age	65.4	64.9	N/A
Average monthly benefit	\$439	\$489	-10.2%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2007-2008 by 3.75%.

⁽²⁾ For members without a salary reported for the June 30, 2008 valuation, we have assigned them an annual salary of \$60,175.

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
	2008	2007	
Active members in valuation			
Number	12,095	11,414	6.0%
Average age	44.6	44.3	N/A
Average service	8.5	8.1	N/A
Projected total compensation ^{(1) (2)}	\$664,338,731	\$591,412,805	12.3%
Projected average compensation	\$54,927	\$51,815	6.0%
Account balances	\$345,553,585	\$303,547,397	13.8%
Total active vested members	7,649	7,262	5.3%
Vested terminated members			
Number	1,827	1,599	14.3%
Average age	45.1	44.8	N/A
Retired members			
Number in pay status	1,359	1,197	13.5%
Average age	65.0	64.7	N/A
Average monthly benefit	\$1,572	\$1,480	6.2%
Disabled members			
Number in pay status	157	146	7.5%
Average age	59.3	59.6	N/A
Average monthly benefit	\$1,365	\$1,313	4.0%
Beneficiaries			
Number in pay status	136	118	15.3%
Average age	59.3	59.7	N/A
Average monthly benefit	\$752	\$717	4.9%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2007-2008 by 3.75%.

⁽²⁾ For members without a salary reported for the June 30, 2008 valuation, we have assigned them an annual salary of \$54,988.

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

EXHIBIT A

Table of Plan Coverage

iv. Safety Tier 1

Category	Year Ended June 30		Change From Prior Year
	2008	2007	
Active members in valuation			
Number	656	698	-6.0%
Average age	46.6	46.0	N/A
Average service	19.6	18.8	N/A
Projected total compensation ^{(1) (2)}	\$65,862,211	\$65,631,120	0.4%
Projected average compensation	\$100,400	\$94,027	6.8%
Account balances	\$72,005,683	\$70,101,748	2.7%
Total active vested members	656	697	-5.9%
Vested terminated members			
Number	165	169	-2.4%
Average age	46.8	46.2	N/A
Retired members			
Number in pay status	872	815	7.0%
Average age	63.6	63.0	N/A
Average monthly benefit	\$5,294	\$5,045	4.9%
Disabled members			
Number in pay status	200	196	2.0%
Average age	60.9	59.8	N/A
Average monthly benefit	\$3,546	\$3,351	5.8%
Beneficiaries			
Number in pay status	219	206	6.3%
Average age	65.7	65.2	N/A
Average monthly benefit	\$2,282	\$2,201	3.7%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2007-2008 by 3.75%.

⁽²⁾ For members without a salary reported for the June 30, 2008 valuation, we have assigned them an annual salary of \$100,638.

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

EXHIBIT A

**Table of Plan Coverage
v. Safety Tier 2**

Category	Year Ended June 30		Change From Prior Year
	2008	2007	
Active members in valuation			
Number	1,799	1,691	6.4%
Average age	36.1	35.7	N/A
Average service	7.5	7.1	N/A
Projected total compensation ^{(1) (2)}	\$127,950,048	\$112,355,687	13.9%
Projected average compensation	\$71,123	\$66,443	7.0%
Account balances	\$50,341,246	\$42,286,156	19.0%
Total active vested members	1,156	1,070	8.0%
Vested terminated members			
Number	208	171	21.6%
Average age	36.9	36.6	N/A
Retired members			
Number in pay status	153	144	6.3%
Average age	63.6	62.9	N/A
Average monthly benefit	\$3,866	\$3,765	2.7%
Disabled members			
Number in pay status	27	25	8.0%
Average age	51.8	51.9	N/A
Average monthly benefit	\$2,395	\$2,287	4.7%
Beneficiaries			
Number in pay status	18	15	20.0%
Average age	60.9	58.2	N/A
Average monthly benefit	\$1,936	\$1,954	-0.9%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2007-2008 by 3.75%.

⁽²⁾ For members without a salary reported for the June 30, 2008 valuation, we have assigned them an annual salary of \$71,588.

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, 2008
By Age and Years of Service**

i. Miscellaneous Tier 1

Age	Total	Years of Service								
		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	47	--	1	--	1	3	39	3	--	--
	\$66,755	--	\$33,909	--	\$54,854	\$41,353	\$68,754	\$81,090	--	--
50 - 54	160	--	--	2	4	8	88	58	--	--
	73,386	--	--	\$79,940	39,575	70,851	73,146	76,207	--	--
55 - 59	218	2	1	2	2	13	75	100	22	1
	76,579	\$55,728	41,636	43,052	61,292	74,398	79,187	78,152	\$69,973	\$71,548
60 - 64	72	--	1	2	2	3	19	23	20	2
	73,470	--	90,078	62,243	52,905	108,252	71,617	82,154	65,423	43,002
65 - 69	9	--	2	--	--	--	2	3	1	1
	59,264	--	58,002	--	--	--	89,456	43,476	39,578	68,452
70 & over	4	--	--	--	--	--	1	1	2	--
	40,118	--	--	--	--	--	36,352	42,556	40,782	--
Total	510	2	5	6	9	27	224	188	45	4
	\$73,641	\$55,728	\$56,326	\$61,745	\$49,061	\$73,437	\$74,255	\$77,346	\$65,978	\$56,501

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, 2008
By Age and Years of Service**

ii. Miscellaneous Tier 2

Age	Total	Years of Service							
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--
35 - 39	4	--	--	--	4	--	--	--	--
40 - 44	\$55,083	--	--	--	\$55,083	--	--	--	--
45 - 49	23	--	--	3	18	2	--	--	--
50 - 54	59,297	--	--	\$40,838	63,498	\$49,177	--	--	--
55 - 59	26	--	--	5	15	6	--	--	--
60 - 64	55,714	--	--	49,658	57,687	55,829	--	--	--
65 - 69	32	--	--	1	23	8	--	--	--
70 & Over	58,592	--	--	23,690	57,244	66,831	--	--	--
	20	--	1	--	10	7	2	--	--
	69,638	--	\$19,286	--	80,953	54,493	\$91,243	--	--
	12	--	--	--	8	4	--	--	--
	64,381	--	--	--	70,763	51,616	--	--	--
	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
	3	--	--	--	3	--	--	--	--
	63,272	--	--	--	63,272	--	--	--	--
Total	120	--	1	9	81	27	2	--	--
	\$60,524	--	\$19,286	\$43,833	\$63,095	\$57,625	\$91,243	--	--

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, 2008
By Age and Years of Service**

iii. Miscellaneous Tier 3

Age	Total	Years of Service							
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	332	331	1	--	--	--	--	--	--
	\$27,665	\$27,638	\$36,651	--	--	--	--	--	--
25 - 29	1,061	881	180	--	--	--	--	--	--
	38,670	37,147	46,127	--	--	--	--	--	--
30 - 34	1,376	788	554	33	1	--	--	--	--
	47,651	43,161	53,036	\$63,465	\$80,973	--	--	--	--
35 - 39	1,574	648	674	205	47	--	--	--	--
	54,027	45,396	57,108	69,723	60,394	--	--	--	--
40 - 44	1,684	515	553	289	266	58	3	--	--
	57,596	45,142	56,009	68,584	70,056	\$70,583	\$73,981	--	--
45 - 49	1,903	458	574	314	343	184	30	--	--
	59,869	44,834	56,902	67,614	69,593	73,446	70,676	--	--
50 - 54	1,833	402	514	306	304	235	69	3	--
	61,230	46,206	55,304	64,200	68,462	81,780	75,970	\$105,365	--
55 - 59	1,390	265	425	237	241	164	51	7	--
	60,639	47,565	54,764	66,950	67,018	70,120	84,052	86,278	--
60 - 64	748	136	228	123	158	76	24	2	1
	60,785	51,081	54,774	63,674	64,278	72,325	91,101	132,518	\$95,842
65 - 69	148	23	59	34	18	12	2	--	--
	57,154	47,493	54,700	57,201	75,589	62,600	41,262	--	--
70 & Over	46	12	16	11	4	3	--	--	--
	46,621	39,755	45,362	53,557	52,781	47,159	--	--	--
Total	12,095	4,459	3,778	1,552	1,382	732	179	12	1
	\$54,927	\$42,337	\$55,053	\$66,570	\$68,102	\$74,748	\$78,993	\$98,756	\$95,842

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, 2008
By Age and Years of Service**

iv. Safety Tier 1

Age	Total	Years of Service							
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over
Under 25	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
30 - 34	3	--	--	3	--	--	--	--	--
	\$77,371	--	--	\$77,371	--	--	--	--	--
35 - 39	71	--	2	41	28	--	--	--	--
	96,159	--	\$74,944	94,773	\$99,703	--	--	--	--
40 - 44	192	--	2	41	104	44	1	--	--
	100,410	--	80,279	95,056	98,752	\$109,315	\$140,731	--	--
45 - 49	220	--	2	26	74	95	23	--	--
	101,756	--	71,671	90,170	94,869	104,884	126,706	--	--
50 - 54	122	--	6	9	31	39	33	4	--
	102,769	--	67,894	99,474	89,672	103,804	115,611	\$147,969	--
55 - 59	33	--	--	3	6	7	9	8	--
	101,992	--	--	98,264	78,836	89,134	100,768	133,386	--
60 - 64	14	--	1	1	1	2	1	6	2
	81,211	--	101,348	101,257	156,680	94,120	53,983	72,446	\$50,382
65 - 69	1	--	--	--	--	1	--	--	--
	97,322	--	--	--	--	97,322	--	--	--
Total	656	--	13	124	244	188	67	18	2
	\$100,400	--	\$74,039	\$93,958	\$96,278	\$104,956	\$116,881	\$116,313	\$50,382

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, 2008
By Age and Years of Service**

v. Safety Tier 2

Age	Years of Service								
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over
Under 25	86	83	3	--	--	--	--	--	--
	\$42,793	\$41,642	\$74,627	--	--	--	--	--	--
25 - 29	344	281	62	1	--	--	--	--	--
	58,272	54,958	72,461	\$109,816	--	--	--	--	--
30 - 34	467	162	256	49	--	--	--	--	--
	67,616	56,230	71,314	85,940	--	--	--	--	--
35 - 39	423	51	199	167	5	1	--	--	--
	80,250	58,685	78,171	89,060	\$81,091	\$118,303	--	--	--
40 - 44	236	27	71	95	37	6	--	--	--
	81,591	51,647	81,257	86,082	91,406	88,683	--	--	--
45 - 49	115	14	36	27	20	16	2	--	--
	78,677	58,125	73,235	84,411	79,970	93,396	\$112,396	--	--
50 - 54	75	16	21	11	11	11	5	--	--
	81,147	64,276	79,044	82,592	93,985	90,939	91,010	--	--
55 - 59	40	7	10	6	5	4	5	3	--
	78,226	74,707	76,124	82,979	71,019	93,142	85,047	\$64,697	--
60 - 64	12	2	5	3	1	1	--	--	--
	82,089	47,896	94,816	92,415	80,103	57,849	--	--	--
65 - 69	1	--	--	--	--	1	--	--	--
	198,237	--	--	--	--	198,237	--	--	--
Total	1,799	643	663	359	79	40	12	3	--
	\$71,123	\$54,210	\$75,158	\$87,282	\$86,783	\$94,343	\$92,090	\$64,697	--

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

EXHIBIT C

Reconciliation of Member Data – June 30, 2007 to June 30, 2008

	Active Members	Vested Terminated Members ⁽¹⁾	Pensioners	Disableds	Beneficiaries	Total
Number as of June 30, 2007	14,716	2,437	5,641	707	1,116	24,617
New members	1,357	194	0	0	104	1,655
Terminations – with vested rights	-187	187	0	0	0	0
Contributions refunds	-451	-57	0	0	0	-508
Retirements	-244	-72	316	0	0	0
New disabilities	-24	-2	-2	28	0	0
Return to work	25	-25	0	0	0	0
Deaths	-12	-1	-151	-42	-63	-269
Data adjustments	0	0	48	7	0	55
Number as of June 30, 2008	15,180	2,661	5,852	700	1,157	25,550

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

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, 2008	Year Ended June 30, 2007
Contribution income:		
Employer contributions	\$167,055,000	\$156,805,000
Employee contributions	<u>52,142,000</u>	<u>42,872,000</u>
Net contribution income	\$219,197,000	\$199,677,000
Investment income:		
Interest, dividends and other income	\$219,907,000	\$175,414,000
Recognition of capital appreciation	334,940,000	417,657,000
Less investment and administrative fees	<u>-31,678,000</u>	<u>-34,809,000</u>
Net investment income	<u>523,169,000</u>	<u>558,262,000</u>
Total income available for benefits	\$742,366,000	\$757,939,000
Less benefit payments:		
Benefits paid	\$214,892,000	\$195,997,000
Withdrawal of contributions	<u>3,177,000</u>	<u>4,434,000</u>
Net benefit payments	\$218,069,000	\$200,431,000
Change in reserve for future benefits	\$524,297,000	\$557,508,000

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, 2008	Year Ended June 30, 2007
Cash equivalents	\$585,820,000	\$282,641,000
Accounts receivable:		
Securities sold	\$203,775,000	\$55,680,000
Accrued investment income	19,049,000	27,178,000
Employee and employer contributions	<u>4,171,000</u>	<u>6,384,000</u>
Total accounts receivable	226,995,000	89,242,000
Investments:		
Equities	\$3,159,297,000	\$3,795,380,000
Opportunities	331,569,000	0
Fixed income investments	1,181,438,000	1,333,330,000
Real estate	886,051,000	840,074,000
Securities lending collateral	<u>656,924,000</u>	<u>864,165,000</u>
Total investments at market value	6,215,279,000	6,832,949,000
Other assets	<u>6,498,000</u>	<u>8,441,000</u>
Total assets	\$7,034,592,000	\$7,213,273,000
Less accounts payable:		
Accounts payable and other liabilities	-\$21,022,000	-\$33,995,000
Investment trades, mortgages, and warrants payable	-620,317,000	-339,251,000
Securities lending liability	<u>-656,924,000</u>	<u>-864,165,000</u>
Total accounts payable	-\$1,298,263,000	-\$1,237,411,000
Net assets at market value	<u>\$5,736,329,000</u>	<u>\$5,975,862,000</u>
Net assets at actuarial value	<u>\$5,930,758,000</u>	<u>\$5,406,461,000</u>
Net assets at valuation value	<u>\$5,701,063,000</u>	<u>\$5,286,663,000</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	\$3,902,922	\$1,798,141	\$5,701,063
b. Balance of transfer to offset member COLA rate	0	34,546	34,546
c. Retiree health benefit reserve	1,567	0	1,567
d. Adjustment to 1a. for surplus/(deficit) for withdrawn employers (preliminary)*	-10,344	0	-10,344
e. Contingency Reserve	203,926	0	203,926
2. Present value of future contributions by members	295,711	94,343	390,054
3. Present value of future employer contributions for:			
a. Entry age normal cost	\$1,036,198	\$187,078	\$1,223,276
b. Unfunded actuarial accrued liability	<u>412,408</u>	<u>20,189</u>	<u>432,597</u>
4. Total current and future assets	\$5,842,388	\$2,134,297	\$7,976,685
Liabilities			
5. Present value of retirement allowances payable to present retired members	\$1,752,263	\$1,130,020	\$2,882,283
6. Present value of retirement allowances to be granted	3,894,976	1,004,277	4,899,253
7. Retiree health benefit reserve	1,567	0	1,567
8. Surplus/(deficit) for withdrawn employers (preliminary)*	-10,344	0	-10,344
9. Contingency Reserve	<u>203,926</u>	<u>0</u>	<u>203,926</u>
10. Total liabilities	\$5,842,388	\$2,134,297	\$7,976,685

**Based on the latest estimate available as of June 30, 2006.*

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

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2008

	Reserves
<u>Included in Valuation Value of Assets</u>	
Employee reserve	\$623,245,225
Employer reserve	2,268,947,871
Retiree reserve	2,818,409,252
Retiree death benefit reserve	<u>14,662,762</u>
Subtotal: Preliminary Valuation Value of Assets *	\$5,725,265,110
<u>Not Included in Valuation Value of Assets</u>	
Retiree health benefit reserve	\$1,566,863
Contingency reserve	<u>203,926,024</u>
Subtotal: Actuarial Value of Assets	\$5,930,757,997
Market stabilization reserve	<u>-194,428,997</u>
Total Market Value of Assets	\$5,736,329,000

* Please note that the final Valuation Value of Assets (i.e. \$5,701,062,783) is calculated by taking the preliminary Valuation Value of Assets and adjusting that for the balance of transfer to offset member COLA rate and 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, 2008 (Continued) – Change in Reserves

	Balance at 06/30/2007	Interest Credited	Contributions	Benefits	Transfers	Balance at 06/30/2008
Employee Reserve	\$595,077,625	\$19,613,263	\$52,142,295	\$(3,177,139)	\$(40,410,819)	\$623,245,225
Employer Reserve	2,123,725,614	171,648,119	167,054,355	(344,703)	(193,135,513)	2,268,947,871
Retiree Reserve	2,580,318,348	218,470,300	0	(213,925,728)	233,546,332	2,818,409,252
Death Benefit Reserve	<u>14,127,536</u>	<u>1,155,893</u>	<u>0</u>	<u>(620,667)</u>	<u>0</u>	<u>14,662,762</u>
Subtotal	\$5,313,249,123	\$410,887,575	\$219,196,650	\$(218,068,237)	0	\$5,725,265,110
Contingency Reserve	\$91,644,754	\$112,281,270	\$0	\$0	\$0	\$203,926,024
Retiree Health Benefit Reserve	<u>1,567,033</u>	<u>0</u>	<u>0</u>	<u>(170)</u>	<u>0</u>	<u>1,566,863</u>
Subtotal	\$93,211,787	\$112,281,270	\$0	\$(170)	0	\$205,492,887
Total Allocated Reserves	\$5,406,460,910	\$523,168,845	\$219,196,650	\$(218,068,407)	\$0	\$5,930,757,997
Market Stabilization Reserve	<u>\$569,401,090</u>	<u>\$(763,830,087)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$(194,428,997)</u>
Net Market Value of Assets	<u>\$5,975,862,000</u>	<u>\$(240,661,242)</u>	<u>\$219,196,650</u>	<u>\$(218,068,407)</u>	<u>\$0</u>	<u>\$5,736,329,000</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, 2008 (Continued) – Summary of Earnings

	<u>Per Excess Earnings Policy</u>
Earnings from July 1, 2007 to June 30, 2008	\$(240,661,242)
Contingency Reserve	<u>0</u>
Subtotal:	\$(240,661,242)
Amounts Credited for:	
Market Stabilization Reserve	\$763,830,087
Regular Interest Crediting	<u>-410,887,575</u>
Subtotal	\$352,942,512
Net Earnings	\$112,281,270
Amount Credited Under Excess Earnings Policy for:	
Contingency Reserve	\$112,281,270
Board Provided Supplemental Benefits	0
Amount Over Reserved Benefits	0
Employer Reserves	0
Member Future COLA Contribution Offset	<u>0</u>
Subtotal	\$112,281,270
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, 2008

1.	Unfunded actuarial accrued liability at beginning of year		\$381,875,000
2.	Total normal cost at middle of year		188,470,000
3.	Actual employer and member contributions		-219,197,000 ⁽²⁾
4.	Interest		<u>23,486,000</u>
5.	Expected unfunded actuarial accrued liability		\$374,634,000
6.	Actuarial (gain)/loss due to all changes:		
	(a) Investment return	\$8,473,000	
	(b) Salary increases greater than expected ⁽¹⁾	55,340,000	
	(c) Other experience gain ⁽¹⁾	<u>-5,850,000</u>	
	(d) Total changes		<u>\$57,963,000</u>
7.	Unfunded actuarial accrued liability at end of year		<u>\$432,597,000</u>

⁽¹⁾ The sum of 6(b) and 6(c) is equal to the net loss of \$49.5 million shown in Section 2, Chart 9.

⁽²⁾ Of this amount, about \$8.5 million were contributions by the members for purchase of Additional Retirement Credit.

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 \$185,000 for 2008 and \$195,000 for 2009. 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 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

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2003	\$52,840,790	\$52,840,790	100.0%
2004	119,114,097	119,114,097	100.0%
2005	529,618,069*	529,618,069*	100.0%
2006	154,052,000	132,708,000	86.1%**
2007	156,804,528	156,804,528	100.0%
2008	167,054,356	167,054,356	100.0%

* Includes proceeds from Pension Obligation Bonds.

**Caused by the phase-in of the employer rates adopted by the Board in the June 30, 2004 actuarial valuation.

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

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (%) (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (%) [(b) - (a)] / (c)
6/30/2003**	\$4,284,400,000	\$4,108,294,000	\$(176,106,000)	104.3	\$733,296,000	-24.0
6/30/2004**	4,379,514,000	4,694,009,000	314,495,000	93.3	714,069,415	44.0
6/30/2005	4,530,583,000	4,860,882,000	330,299,000	93.2	722,015,000	45.7
6/30/2006	4,848,953,000	5,214,915,000	365,962,000	93.0	782,572,000	46.8
6/30/2007	5,406,461,000	5,788,336,000	381,875,000	93.4	832,484,000	45.9
6/30/2008	5,930,758,000	6,363,355,000	432,597,000	93.2	902,971,000	47.9

* Includes contingency reserve and retiree health benefit reserve.

** Includes receivable contributions from Pension Obligation Bonds.

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

EXHIBIT III

Supplementary Information Required by the GASB

Valuation date	June 30, 2008
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll for total unfunded liability
Remaining amortization period	30 years (declining) with 25 years remaining as of June 30, 2008 for all UAAL.
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 five year period. The actuarial value is further adjusted, if necessary, to be within 20% of the market value.

Actuarial assumptions:

Investment rate of return	7.875%
Inflation rate	3.50%
Real across-the-board salary increase	0.25%
Projected salary increases*	5.14% to 11.55% for Miscellaneous; 3.75% to 9.76% for Safety
Cost of living adjustments	3.40% of Miscellaneous and Safety Tier 1 retirement income, 2.00% of Miscellaneous Tier 3 and Safety Tier 2 retirement income, and 0.00% of Miscellaneous Tier 2 retirement income.

Plan membership:

Retired members and beneficiaries receiving benefits	7,709
Terminated members entitled to, but not yet receiving benefits	2,661
Active members	<u>15,180</u>
Total	25,550

* Includes inflation at 3.50%, plus real across-the-board salary increase of 0.25%, plus merit and longevity increases. See Exhibit IV for these increases.

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

EXHIBIT IV

Actuarial Assumptions/Methods

Post – Retirement Mortality Rates:

Healthy:

For Miscellaneous Members: 1994 Group Annuity Mortality Table set back one year.

For Safety Members: 1994 Group Annuity Mortality Table set back one year.

Disabled:

For Miscellaneous Members: 1981 Miscellaneous Disability Mortality Table set back three years.

For Safety members: 1994 Group Annuity Mortality Table set back one year.

Member Contribution Rates:

For Miscellaneous members, 1994 Group Annuity Mortality Table set back one year weighted 40% male and 60% female.

For Safety members, 1994 Group Annuity Mortality Table set back one year weighted 75% male and 25% 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	0.06	0.03	0.06	0.03
30	0.08	0.03	0.08	0.03
35	0.08	0.04	0.08	0.04
40	0.10	0.07	0.10	0.07
45	0.15	0.09	0.15	0.09
50	0.23	0.13	0.23	0.13
55	0.40	0.21	0.40	0.21
60	0.71	0.39	0.71	0.39
65	1.29	0.76	1.29	0.76

All Miscellaneous pre-retirement deaths are assumed to be non-duty. For Safety, 25% 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	0.20
25	0.01	0.20
30	0.03	0.26
35	0.06	0.42
40	0.10	0.56
45	0.17	0.72
50	0.26	0.92
55	0.42	1.90
60	0.80	0.00

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

⁽²⁾ 80% of Safety disabilities are assumed to be duty disabilities. The other 20% 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	Safety
50	6.00	3.00	30.00
51	5.00	2.00	20.00
52	5.00	2.00	20.00
53	5.00	4.00	30.00
54	9.00	5.00	30.00
55	10.00	6.00	30.00
56	12.00	8.00	30.00
57	16.00	10.00	30.00
58	25.00	20.00	30.00
59	27.00	20.00	30.00
60	29.00	22.00	100.00
61	32.00	23.00	100.00
62	41.00	41.00	100.00
63	46.00	46.00	100.00
64	48.00	48.00	100.00
65	52.00	52.00	100.00
66	46.00	46.00	100.00
67	52.00	52.00	100.00
68	60.00	60.00	100.00
69	75.00	75.00	100.00
70	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: 54

We assume that 55% of future Miscellaneous and 65% of future Safety deferred vested members will continue to work for a reciprocal employer. For reciprocals, we assume 5.65% 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: 1.5%

Safety: 2.0%

Disability Retirements:

Miscellaneous: 0.0%

Safety: 0.0%

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: 7.875%; net of administration and investment expenses.

Employee Contribution Crediting Rate¹: 3.50% (assumed rate of inflation); compounded semi-annually.

Cost-of-Living Adjustment for Retirees: Miscellaneous and Safety Tier 1 benefits are assumed to increase at 3.40% per year. Miscellaneous Tier 3 and Safety Tier 2 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: 3.50%, plus “across the board” salary increases of 0.25% per year; plus the following merit and longevity 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 The new 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 7.875%.

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 its recognized over a five year period. The actuarial value is further adjusted, if necessary, to be within 20% of the market value.
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. 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. The total Unfunded Actuarial Accrued Liability is amortized over a declining 25-year period.
Changes in Actuarial Assumptions:	There have been no changes in actuarial assumptions since the previous actuarial valuation.

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

EXHIBIT V

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's or the District 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>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.

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 and Tier 3 and Safety Tier 2</i>	Highest consecutive 3 years (36 months) of compensation earnable. (§31462) (FAS3)

Service:	Years of service. (Yrs)
-----------------	-------------------------

Service Retirement Eligibility:	
<i>General</i>	Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years of service, regardless of age (§31672).
<i>Safety</i>	Age 50 with 10 years of service, or after 20 years of Safety service, regardless of age (§31663.25).

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

Benefit Formula:

	Retirement Age	Benefit Formula
<i>Miscellaneous Tier 1 (§31676.14)</i>	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	$(2.61\% \times \text{FAS1} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$

	Retirement Age	Benefit Formula
<i>Miscellaneous Tier 2 and Tier 3 (§31676.14)</i>	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	$(2.61\% \times \text{FAS3} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$

	Retirement Age	Benefit Formula
<i>Safety Tier 1 (§31664.1)</i>	50	$(3\% \times \text{FAS1} - 1/3 \times 3\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(3\% \times \text{FAS1} - 1/3 \times 3\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(3\% \times \text{FAS1} - 1/3 \times 3\% \times \$350 \times 12) \times \text{Yrs}$
<i>Safety Tier 2 (§31664.1)</i>	50	$(3\% \times \text{FAS3} - 1/3 \times 3\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(3\% \times \text{FAS3} - 1/3 \times 3\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(3\% \times \text{FAS3} - 1/3 \times 3\% \times \$350 \times 12) \times \text{Yrs}$

Maximum Benefit: 100% of Highest Average Compensation (§31676.14, §31676.1, §31664.1)

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

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
-

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,
and Safety Tier 2

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 Ordinary 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 or

Non-Duty Disability Retirement

60% of member's unmodified allowance continued to eligible spouse (§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 and Safety Tier 2</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>Safety Tier 1 and Tier 2</i>	
<i>Basic</i>	Provide for an average annuity at age 50 equal to 1/100 of FAS1 (FAS3 for Tier 2). (§31639.25)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.

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).

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

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^(*,**) from June 30, 2007 and June 30, 2008 Valuation

	June 30, 2008			June 30, 2007			Increase/(Decrease) in Rate	
	Miscellaneous	Basic	COLA	Total	Basic	COLA		Total
Tier 1		3.81%	0.98%	4.79%	3.81%	0.95%	4.76%	0.03%
Tier 2		3.62%	0.00%	3.62%	3.62%	0.00%	3.62%	0.00%
Tier 3		3.62%	1.25%	4.87%	3.62%	1.19%	4.81%	0.06%
	Safety	Basic	COLA	Total	Basic	COLA	Total	Increase/(Decrease) in Rate
Tier 1		9.28%	2.98%	12.26%	9.28%	2.86%	12.14%	0.12%
Tier 2		8.80%	2.11%	10.91%	8.80%	2.02%	10.82%	0.09%

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

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

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, 2008 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 & 3	Tier 1	Tier 2 & 3	Tier 1	Tier 3	Tier 1	Tier 3	Tier 1	Tier 3	Tier 1	Tier 3
16	2.37%		3.55%		0.61%		0.91%		2.98%		4.46%	
17	2.37%		3.56%		0.61%		0.92%		2.98%		4.48%	
18	2.38%		3.57%		0.61%		0.92%		2.99%		4.49%	
19	2.38%		3.57%		0.61%		0.92%		2.99%		4.49%	
20	2.39%		3.58%		0.61%		0.92%		3.00%		4.50%	
21	2.38%		3.57%		0.61%		0.92%		2.99%		4.49%	
22	2.38%		3.57%		0.61%		0.92%		2.99%		4.49%	
23	2.39%		3.58%		0.61%		0.92%		3.00%		4.50%	
24	2.39%		3.58%		0.61%		0.92%		3.00%		4.50%	
25	2.39%		3.59%		0.61%		0.92%		3.00%		4.51%	
26	2.40%		3.60%		0.62%		0.93%		3.02%		4.53%	
27	2.41%		3.62%		0.62%		0.93%		3.03%		4.55%	
28	2.42%		3.63%		0.63%		0.94%		3.05%		4.57%	
29	2.43%		3.65%		0.63%		0.94%		3.06%		4.59%	
30	2.45%		3.67%		0.63%		0.94%		3.08%		4.61%	
31	2.46%		3.69%		0.63%		0.95%		3.09%		4.64%	
32	2.47%		3.71%		0.64%		0.96%		3.11%		4.67%	
33	2.49%		3.74%		0.64%		0.96%		3.13%		4.70%	
34	2.51%		3.76%		0.65%		0.97%		3.16%		4.73%	
35	2.53%		3.79%		0.65%		0.97%		3.18%		4.76%	
36	2.54%	2.41%	3.81%	3.62%	0.65%	0.83%	0.98%	1.25%	3.19%	3.24%	4.79%	4.87%
37	2.56%		3.84%		0.66%		0.99%		3.22%		4.83%	
38	2.58%		3.87%		0.67%		1.00%		3.25%		4.87%	
39	2.60%		3.90%		0.67%		1.00%		3.27%		4.90%	
40	2.62%		3.93%		0.67%		1.01%		3.29%		4.94%	
41	2.65%		3.97%		0.68%		1.02%		3.33%		4.99%	
42	2.67%		4.00%		0.69%		1.03%		3.36%		5.03%	
43	2.69%		4.04%		0.69%		1.04%		3.38%		5.08%	
44	2.71%		4.07%		0.70%		1.05%		3.41%		5.12%	
45	2.74%		4.11%		0.71%		1.06%		3.45%		5.17%	
46	2.77%		4.15%		0.71%		1.07%		3.48%		5.22%	
47	2.79%		4.19%		0.72%		1.08%		3.51%		5.27%	
48	2.82%		4.23%		0.73%		1.09%		3.55%		5.32%	
49	2.85%		4.27%		0.73%		1.10%		3.58%		5.37%	
50	2.87%		4.31%		0.74%		1.11%		3.61%		5.42%	
51	2.91%		4.36%		0.75%		1.12%		3.66%		5.48%	
52	2.94%		4.41%		0.75%		1.13%		3.69%		5.54%	
53	2.97%		4.46%		0.77%		1.15%		3.74%		5.61%	

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, 2008 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 & 3	Tier 1	Tier 2 & 3	Tier 1	Tier 3	Tier 1	Tier 3	Tier 1	Tier 3	Tier 1	Tier 3
54	3.01%		4.51%		0.77%		1.16%		3.78%		5.67%	
55	3.01%		4.51%		0.77%		1.16%		3.78%		5.67%	
56	3.01%		4.51%		0.77%		1.16%		3.78%		5.67%	
57	3.01%		4.51%		0.77%		1.16%		3.78%		5.67%	
58	3.01%		4.51%		0.77%		1.16%		3.78%		5.67%	
59 & Over	3.01%		4.51%		0.77%		1.16%		3.78%		5.67%	

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.

Interest: 7.875% per annum

COLA: Tier 1: 3.40%
Tier 2: 0.00%
Tier 3: 2.00%

Mortality: 1994 Group Annuity Mortality Table set back one year weighted 40% male and 60% female.

Salary increase: Inflation (3.50%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV).

COLA Loading Factor*: Tier 1: 25.73%
Tier 3: 34.59%

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

Non-Refundability factor:

Tier 1: 99.95%
Tier 2: 99.03%
Tier 3: 95.72%

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, 2008 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 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2
18	6.05%		9.07%		1.94%		2.91%		7.99%		11.98%	
19	6.06%		9.09%		1.95%		2.92%		8.01%		12.01%	
20	6.07%		9.10%		1.95%		2.92%		8.02%		12.02%	
21	6.07%		9.10%		1.95%		2.92%		8.02%		12.02%	
22	6.07%		9.10%		1.95%		2.92%		8.02%		12.02%	
23	6.07%		9.11%		1.95%		2.92%		8.02%		12.03%	
24	6.08%		9.12%		1.95%		2.93%		8.03%		12.05%	
25	6.09%		9.14%		1.95%		2.93%		8.04%		12.07%	
26	6.11%		9.16%		1.96%		2.94%		8.07%		12.10%	
27	6.13%		9.19%		1.97%		2.95%		8.10%		12.14%	
28	6.15%		9.23%		1.97%		2.96%		8.12%		12.19%	
29	6.19%	5.87%	9.28%	8.80%	1.99%	1.41%	2.98%	2.11%	8.18%	7.28%	12.26%	10.91%
30	6.22%		9.33%		1.99%		2.99%		8.21%		12.32%	
31	6.26%		9.39%		2.01%		3.01%		8.27%		12.40%	
32	6.30%		9.45%		2.02%		3.03%		8.32%		12.48%	
33	6.35%		9.52%		2.04%		3.06%		8.39%		12.58%	
34	6.40%		9.60%		2.05%		3.08%		8.45%		12.68%	
35	6.45%		9.68%		2.07%		3.11%		8.52%		12.79%	
36	6.51%		9.77%		2.09%		3.13%		8.60%		12.90%	
37	6.57%		9.86%		2.11%		3.16%		8.68%		13.02%	
38	6.63%		9.95%		2.13%		3.19%		8.76%		13.14%	
39	6.70%		10.05%		2.15%		3.23%		8.85%		13.28%	
40	6.77%		10.15%		2.17%		3.26%		8.94%		13.41%	
41	6.83%		10.25%		2.19%		3.29%		9.02%		13.54%	
42	6.91%		10.36%		2.21%		3.32%		9.12%		13.68%	
43	6.97%		10.46%		2.24%		3.36%		9.21%		13.82%	
44	7.05%		10.58%		2.26%		3.39%		9.31%		13.97%	
45	7.13%		10.69%		2.29%		3.43%		9.42%		14.12%	
46	7.21%		10.81%		2.31%		3.47%		9.52%		14.28%	
47	7.29%		10.93%		2.34%		3.51%		9.63%		14.44%	
48	7.37%		11.05%		2.37%		3.55%		9.74%		14.60%	
49 & Over	7.45%		11.17%		2.39%		3.59%		9.84%		14.76%	

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

Interest:	7.875% per annum
COLA:	Tier 1: 3.40%
	Tier 2: 2.00%
Mortality:	1994 Group Annuity Mortality Table set back one year weighted 75% male and 25% female.
Salary increase:	Inflation (3.50%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV).
COLA Loading Factor*:	Tier 1: 32.09%
	Tier 2: 23.97%

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

Non-Refundability factor:

Tier 1:	98.76%
Tier 2:	95.96%

5016866v1/05750.002