

Sacramento County Employees' Retirement System

***Actuarial Valuation and Review
as of June 30, 2011***

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November 4, 2011

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

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2011. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2012-2013 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.

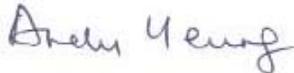
We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: 

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



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

ST/bqb

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

Purpose

This report has been prepared by The Segal Company to present a valuation of the Sacramento County Employees' Retirement System as of June 30, 2011. 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, 2011, provided by the Retirement System;
- The assets of the Plan as of June 30, 2011, 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 the policy adopted by the Board at the October 5, 2010 meeting (1) to amortize the unfunded actuarial accrued liability (UAAL) established as a result of the 2010 Early Retirement Incentive Program for the Sacramento County Law Enforcement Managers Association (LEMA) members over a 10-year period beginning June 30, 2010 and (2) to amortize the System's remaining UAAL as of June 30, 2011 over a declining 24-year period. The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2012 through June 30, 2013.

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

Significant Issues in Valuation Year

- The actuarial gain from 2009/2010 salary experience in the June 30, 2010 valuation was under-reported for Safety due to an overstatement of the actuarial accrued liability (AAL). The net impact of the overstatement of the AAL in the June 30, 2010 valuation for Safety Tier 2 was about \$55 million. As the AAL for Safety Tier 2 was pooled with the AAL for Safety Tier 1 in determining the contribution rate to the UAAL, the UAAL contribution rate for Safety Tiers 1 and 2 was overstated by 1.88% of payroll.

There were also overstatements of the Safety Tier 2 employer and member Normal Cost rates by 0.40% and 0.05% of payroll, respectively. Of note is that the 0.05% is the impact for members paying full-rate. For members paying half-rate, the impact is 0.03% of payroll.

Furthermore, had the correct UAAL been reflected in the June 30, 2010 valuation, the funded percentage for the entire System would have been 87.7% instead of 87.0%.

The June 30, 2010 results shown in this report have been revised to reflect these changes. A more detailed discussion of the revisions is provided in our letter dated November 4, 2011.

Reference: Pg. 45

- The results in this valuation have been prepared using the actuarial assumptions approved by the Board based on our review of the economic assumptions as of June 30, 2011 and our review of the non-economic assumptions in our triennial experience study as of June 30, 2010. The adopted assumption changes are outlined in Section 4, Exhibit IV.

Reference: Pg. 18

- The aggregate employer rate increased from 21.43% of payroll to 22.52%. The reasons for this change in contribution rate are lower than expected returns on investments (after “smoothing”), a slight increase in the proportion of active members reported as paying half rate in this valuation relative to the last valuation, an increase in UAAL rate due to lower than expected increase in payroll and other experience losses, offset to some degree by lower than expected salary increases during 2010/2011, lower than expected cost-of-living increases for retirees during 2010/2011 and changes in actuarial assumptions. A reconciliation of the System’s aggregate employer rate is provided in Section 2, Subsection D (see Chart 14).

Reference: Pg. 38

- The ratio of the actuarial value of assets to actuarial accrued liabilities decreased from 87.7% to 87.0%. The System’s unfunded actuarial accrued liability increased from \$873.5 million as of June 30, 2010 to \$962.1 million as of June 30, 2011. The change in the UAAL is mainly due to investment returns (after “smoothing”) lower than the 7.75% investment return assumption offset to some degree by lower than expected salary increases during 2010/2011, lower than expected cost-of-living increases for retirees during 2010/2011 and changes in actuarial assumptions. A reconciliation of the System’s unfunded actuarial accrued liability is provided in Section 3, Exhibit H.

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

- Reference:* Pg. 19
- The aggregate member rate calculated in this valuation has decreased from 6.19% of payroll to 6.17% of payroll. The reduction in member rate is due to a slight increase in the proportion of active members reported as paying half rate in this valuation relative to the last valuation, offset slightly by changes in demographics. There were slight increases in the Miscellaneous members' rates and slight decreases in Safety members' rates as a result of the change in actuarial assumptions. The increase in the COLA member rates for Miscellaneous Tier 1 and Safety Tier 1 is primarily a result of continued depletion of the balance of reserve to offset part of the members' COLA rate contributions. A reconciliation of the System's aggregate member rate is provided in Section 2, Subsection D (see Chart 15).
 - The results in the main body of this report have been prepared using the tiers of benefit provided by the employer as of June 30, 2011. In particular, we have not included the results for the new Miscellaneous Tier 4 and Safety Tier 3 that become available on and after January 1, 2012 as adopted by the County.

As actual membership data for these new tiers would not be available until the next valuation as of June 30, 2012, we have estimated the 2010/2011 employer and member contribution rates for these new tiers using the actuarial assumptions previously approved by the Board for the June 30, 2010 actuarial valuation. Those results were provided in our September 9, 2011 special new tiers study report. The 2011/2012 fiscal year employer and member contributions rates for these new tiers have been updated to reflect the actuarial assumptions adopted by the Board for the June 30, 2011 actuarial valuation. The contribution rates for the two fiscal years are provided in Appendix B of this report.

- Reference:* Pg. 6
- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment loss as of June 30, 2011 (before considering a balance of \$77.0 million in the Contingency Reserve) is \$280.2 million. Note that in the previous valuation, this amount was \$1,236.0 million. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes over the next six years. That means if the System earns the assumed rate of investment return of 7.75% 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 7.75% and all the other actuarial assumptions are met, the employer contribution requirements would increase in each of the next few years.
 - The unrecognized investment losses represent 5% of the market value of assets. Unless offset by future investment gains or other favorable experience, the recognition of the \$280.2 million in past market losses is expected to have an impact on the System's future funded ratio and the aggregate employer contributions. This potential impact may be illustrated as follows:
 - If the deferred losses (net of amounts held in the Contingency Reserve) were recognized immediately in the actuarial value of assets, the funded percentage would decrease from 87.0% to 84.1%.
 - If the deferred losses (net of amounts held in the Contingency Reserve) were recognized immediately in the actuarial value of assets, the aggregate employer contribution rate would increase from 22.52% of payroll to 24.01% of payroll.

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

- The actuarial valuation report as of June 30, 2011 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 increases will decrease the actuarial cost of the plan.

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, 2011		June 30, 2010	
Employer Contribution Rates (Dollar amounts in thousands):				
		Estimated		Estimated
	Total Rate	Annual Amount ⁽¹⁾	Total Rate	Annual Amount ⁽¹⁾
Miscellaneous Tier 1	19.31%	\$4,518	18.32%	\$4,288
Miscellaneous Tier 2	16.55%	979	15.63%	925
Miscellaneous Tier 3	19.65%	132,079	18.78%	126,219
Safety Tier 1	37.39%	20,029	35.23%	18,870
Safety Tier 2	32.38%	40,699	30.60%	38,467
All Categories Combined	22.52%	\$198,304	21.43%	\$188,769
Aggregate Member Contribution Rates (Dollar amounts in thousands):				
		Estimated		Estimated
	Total Rate	Annual Amount ⁽¹⁾	Total Rate	Annual Amount ⁽¹⁾
All Categories Combined	6.17%	\$54,343	6.19%	\$54,519
Individual Member Contribution Rates:				
		Per Member		Per Member
	Total Rate ⁽²⁾	Annual Amount ⁽³⁾	Total Rate ⁽²⁾	Annual Amount ⁽³⁾
Miscellaneous Tier 1	5.32%	\$4,114	5.12%	\$3,966
Miscellaneous Tier 2	3.72%	2,394	3.70%	2,381
Miscellaneous Tier 3	5.03%	3,264	5.02%	3,258
Safety Tier 1	14.22%	15,665	14.12%	15,559
Safety Tier 2	11.55%	9,974	11.55%	9,971
Funded Status (Dollar Amounts in thousands):				
Actuarial accrued liability ⁽⁴⁾	\$7,382,897		\$7,090,497	
Actuarial value of assets ⁽⁴⁾	6,420,824		6,216,994	
Funded percentage	87.0%		87.7%	
Unfunded actuarial accrued liability	\$962,073		\$873,503	
Key Assumptions:				
Interest rate	7.75%		7.75%	
Inflation rate	3.50%		3.50%	
Real across-the-board salary increase	0.25%		0.25%	

⁽¹⁾ Based on June 30, 2011 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, 2011	June 30, 2010	Percentage Change
Active Members:			
Number of members	12,434	13,340	-6.8%
Average age	46.4	45.8	N/A
Average service	12.1	11.4	N/A
Projected total compensation	\$880,765,607	\$912,643,963	-3.5%
Average projected compensation	\$70,835	\$68,414	3.5%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	6,876	6,434	6.9%
Disability retired	706	701	0.7%
Beneficiaries	1,239	1,211	2.3%
Total	8,821	8,346	5.7%
Average age	68.7	68.6	N/A
Average monthly benefit	\$2,683	\$2,588	3.7%
Vested Terminated Members:			
Number of terminated vested members ⁽¹⁾	2,710	2,740	-1.1%
Average age	47.0	46.6	N/A
Summary of Financial Data (dollar amounts in thousands):			
Market value of assets	\$6,140,644	\$4,980,962	23.3%
Return on market value of assets	23.81%	13.71%	N/A
Actuarial value of assets	\$6,420,824	\$6,216,994	3.3%
Return on actuarial value of assets	3.89%	9.08%	N/A
Valuation value of assets	\$6,348,155	\$6,118,741	3.7%
Return on valuation value of assets	4.37%	7.83%	N/A

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

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

A. MEMBER DATA

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

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

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

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

CHART 1
Member Population: 2002 – 2011

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
2009	14,796	2,818	7,968	0.73
2010	13,340	2,740	8,346	0.83
2011	12,434	2,710	8,821	0.93

**Includes terminated members due a refund of member contributions*

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

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 12,434 active members with an average age of 46.4, average years of service of 12.1 years and average compensation of \$70,835. The 13,340 active members in the prior valuation had an average age of 45.8, average service of 11.4 years and average compensation of \$68,414.

Inactive Members

In this year's valuation, there were 2,710 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 2,740 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, 2011

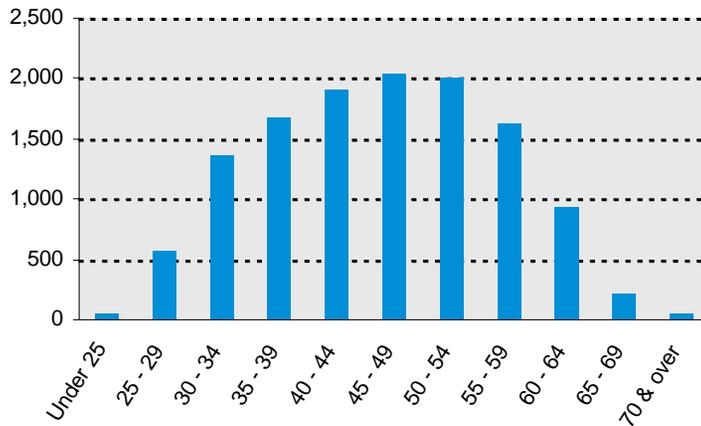
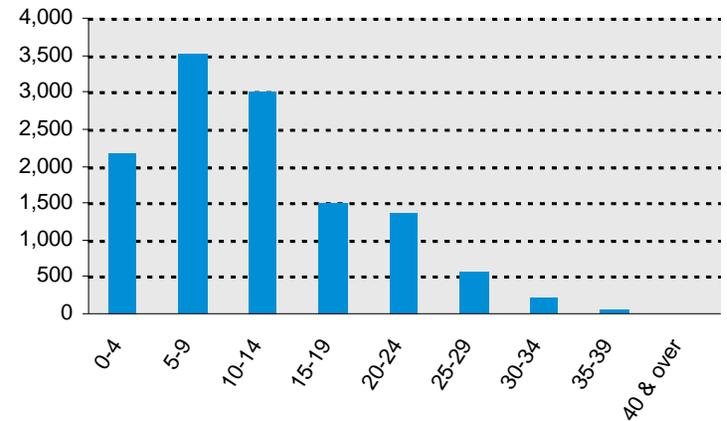


CHART 3
Distribution of Active Members by Years of Service as of June 30, 2011



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

Retired Members and Beneficiaries

As of June 30, 2011, 7,582 retired members and 1,239 beneficiaries were receiving total monthly benefits of \$23,667,419. For comparison, in the previous valuation, there were 7,135 retired members and 1,211 beneficiaries receiving monthly benefits of \$21,601,045.

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

CHART 3
Distribution of Retired Members and Beneficiaries by Type and by Monthly Amount as of June 30, 2011

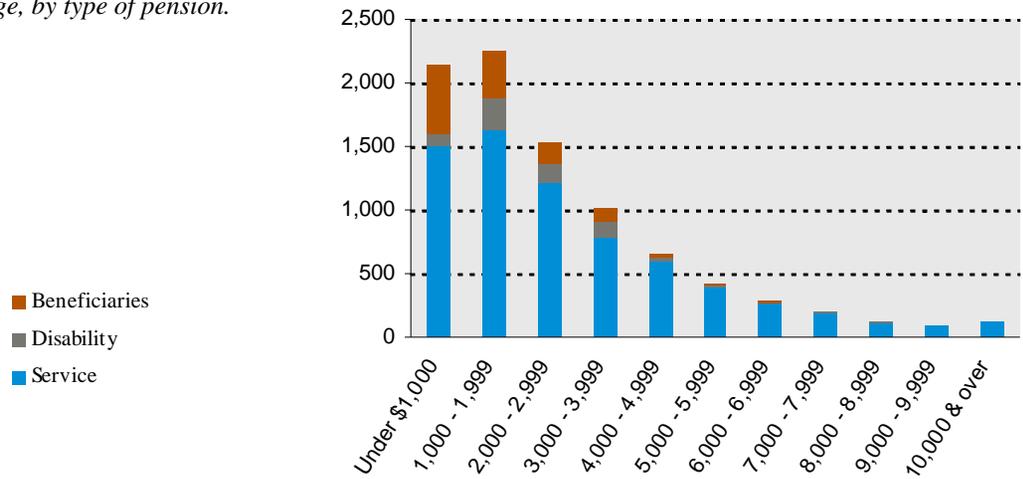
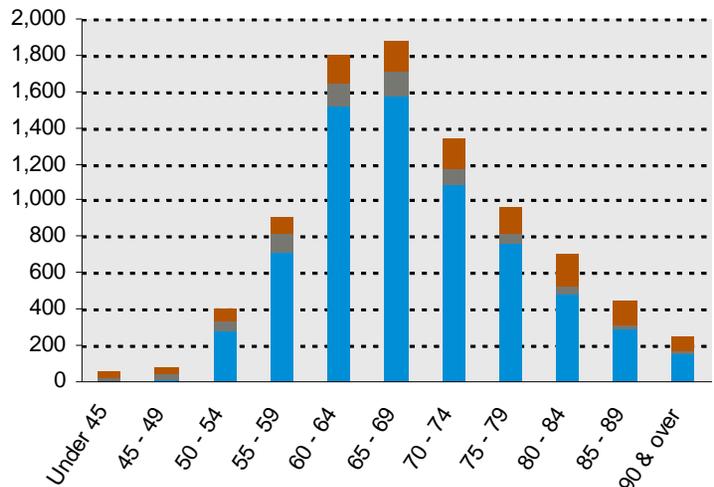


CHART 4
Distribution of Retired Members and Beneficiaries by Type and by Age as of June 30, 2011



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

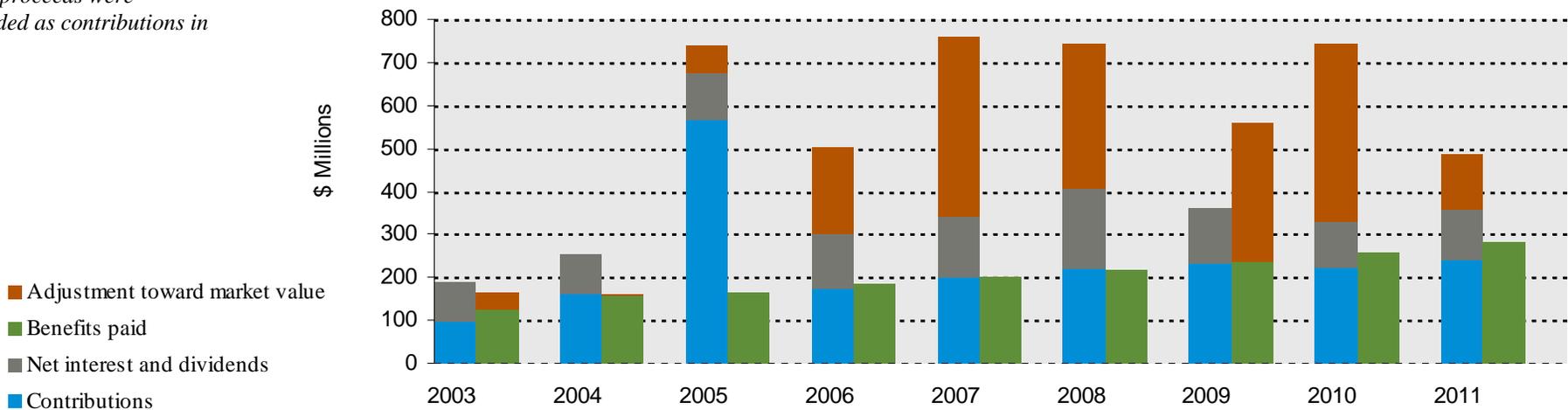
B. FINANCIAL INFORMATION

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 nine 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 5
Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2003 - 2011



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, 2011, we have used the investment gains/losses from the prior five years. The investment gain for the year ending June 30, 2011 was calculated by comparing the actual market return against an expected market return of 7.75% per annum used in the June 30, 2010 valuation. As adopted by the Board, any investment gains/losses established after July 1, 2008 will be recognized over a seven-year period and the deferred return will be further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.

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

CHART 7 - Determination of Actuarial and Valuation Value of Assets for Year Ended June 30, 2011

From	To	Contributions	Benefits	Market Value	Average Market Value
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
7/2008	6/2009	231,634,350	235,677,778	4,407,858,000	5,807,291,027
7/2009	6/2010	219,555,464	258,023,786	4,980,962,000	4,462,064,342
7/2010	6/2011	240,071,877	280,594,039	6,140,644,000	5,040,052,530

From	To	Total Actual Market Return (net)	Expected Market Return (net)	Investment Gain (Loss)	Deferred Factor	Deferred Return
7/2006	6/2007	\$885,687,592	\$399,276,660	\$486,410,932	0.000	\$0
7/2007	6/2008	(240,661,413)	468,464,426	(709,125,838)	0.200	(141,825,168)
7/2008	6/2009	(1,324,427,572)	457,324,168	(1,781,751,740)	0.571	(1,018,143,852)
7/2009	6/2010	611,572,322	351,387,567	260,184,755	0.714	185,846,254
7/2010	6/2011	1,200,204,162	390,604,071	809,600,091	0.857	693,942,935
1.	Total Deferred Return ⁽¹⁾					(\$280,179,831)
2.	Net Market Value					6,140,644,000
3.	Actuarial Value of Assets (Item 2 – Item 1)					6,420,823,831
4.	Actuarial Value as a Percentage of Market Value (Before Corridor: Item 3 / Item 2)					104.6%
5.	Actuarial Value of Assets – Corridor Limits:					
a.	Lower Limit – 70% of Net Market Value					4,298,450,800
b.	Upper Limit – 130% of Net Market Value					7,982,837,200
6.	Actuarial Value of Assets (within corridor)					6,420,823,831
7.	Non-valuation reserves and designations:					
a.	Contingency Reserve					76,991,416
b.	Retirees Health Benefit Reserve					699,153
c.	Other Non-Valuation Reserves					0
d.	Subtotal					\$77,690,569
8.	Preliminary Valuation Value of Assets (Item 6 – Item 7d)					6,343,133,262
9.	Adjustment to Preliminary Valuation Value of Assets					
a.	Balance of transfer to offset member COLA rate					28,038,000
b.	Surplus/(deficit) for withdrawn employers (preliminary) ⁽²⁾					(33,060,147)
c.	Subtotal					(\$5,022,147)
10.	Final Valuation Value of Assets (Item 8 – Item 9c)					6,348,155,409

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

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

6/30/2012	(\$243,534,724)	6/30/2015	(\$101,709,556)
6/30/2013	(\$101,709,556)	6/30/2016	\$152,826,407
6/30/2014	(\$101,709,556)	6/30/2017	\$115,657,156

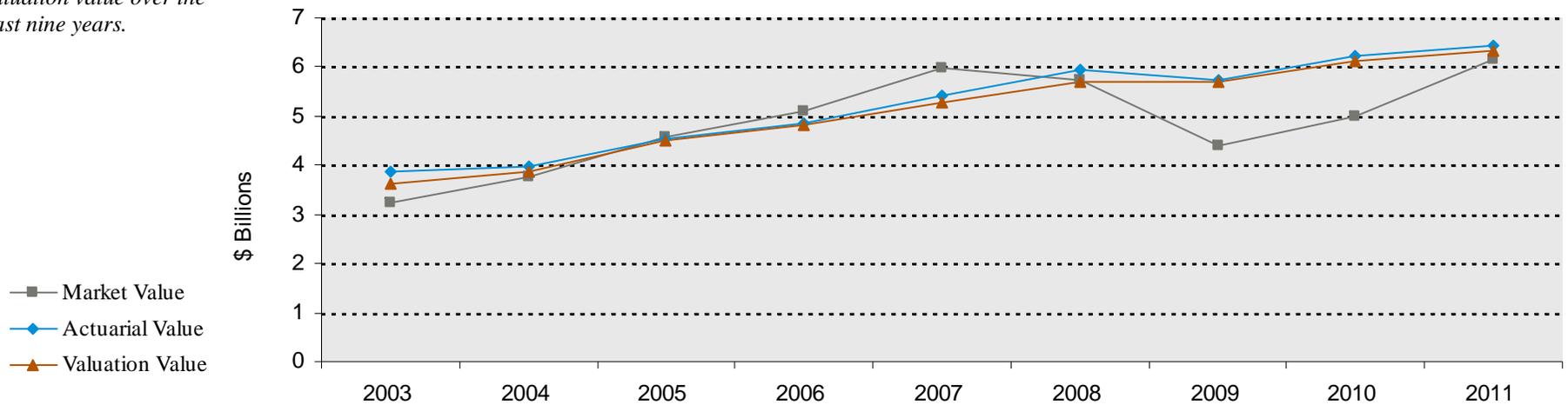
⁽²⁾ Based on the latest estimates available as of June 30, 2006 for Library Authority, June 30, 2007 for Air Quality and June 30, 2010 for Florin Fire adjusted with interest to June 30, 2011.

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

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

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

CHART 8
Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2003 – 2011



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 \$93.8 million, \$208.8 million loss from investments and \$115.0 million gain from all other sources. The net experience variation from individual sources other than investments was 1.6% 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, 2011

1. Net loss from investments ⁽¹⁾	-\$208,845,000
2. Net gain from other experience ⁽²⁾	<u>114,998,000</u>
3. Net experience loss: (1) + (2)	<u>-\$93,847,000</u>

⁽¹⁾ Details in Chart 10.

⁽²⁾ Details in Section 3, Exhibit H.

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

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

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on SCERS' investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 7.75%. The actual rate of return on a valuation basis for the 2010/2011 plan year was 4.37%.

Since the actual return for the year was less than the assumed return, SCERS experienced an actuarial loss during the year ended June 30, 2011 with regard to its investments.

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

CHART 10
Investment Experience for Year Ended June 30, 2011 – Valuation Value of Assets

	Valuation Value
1. Actual return	\$269,937,000
2. Average value of assets	6,177,832,000
3. Actual rate of return: (1) ÷ (2)	4.37%
4. Assumed rate of return	7.75%
5. Expected return:	<u>478,782,000</u>
6. Actuarial gain/(loss): (1) – (5)	<u>-\$208,845,000</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 eight years.

Based on this experience and future expectations, we have maintained the investment return assumption of 7.75% for the June 30, 2011 valuation.

CHART 11

Investment Return – Actuarial Value, Valuation Value and Market Value: 2004 – 2011

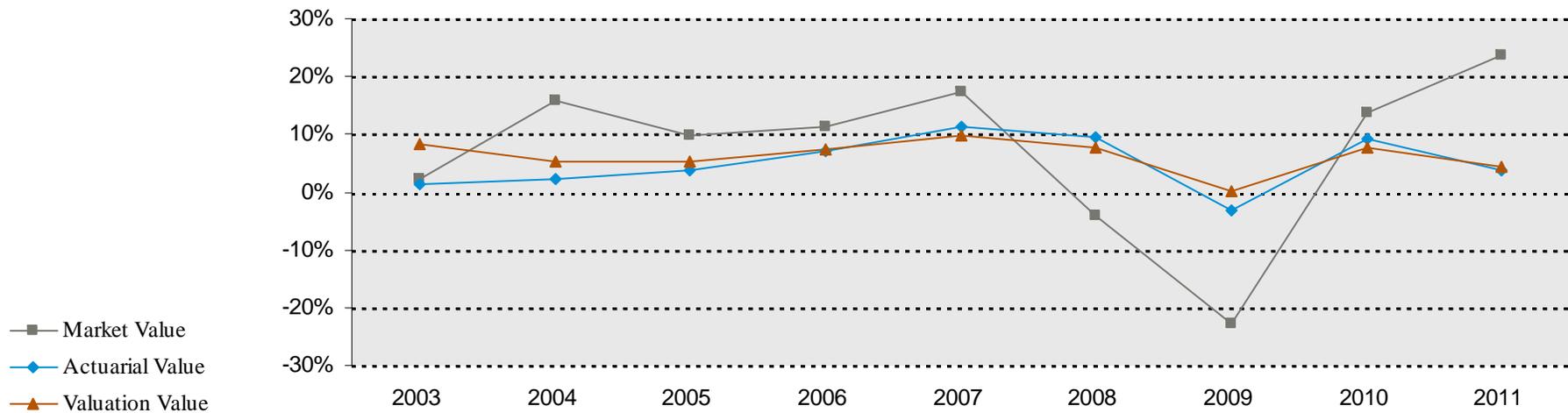
Year Ended June 30	Valuation Value Investment Return		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2004	\$193,128,000	5.24%	\$89,988,000	2.30%	\$518,587,000	15.75%
2005	\$227,539,000	5.26%	\$171,384,000	3.88%	\$414,220,000	9.82%
2006	\$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%)
2009	\$9,241,000	0.16%	(\$196,500,000)	(3.27%)	(\$1,324,428,000)	(22.81%)
2010	\$450,949,000	7.83%	\$525,248,000	9.08%	\$611,573,000	13.71%
2011	\$269,937,000	4.37%	\$244,352,000	3.89%	\$1,200,204,000	23.81%
Eight-Year Average Return		5.90%	5.40%		7.09%	

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 - 2011.

CHART 12
Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2003 – 2011



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

Other Experience

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

These include:

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

The net gain from this other experience for the year ended June 30, 2011 amounted to \$115.0 million which is 1.6% of the actuarial accrued liability. See Exhibit H for a detailed development of the Unfunded Actuarial Accrued Liability, and the breakdown of the actuarial gain/loss from other experience.

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

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost

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

Contribution to the Unfunded

Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative unfunded actuarial accrued liability) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual inflation rate of 3.75% (i.e., 3.50% inflation plus 0.25% real across-the-board salary increase). The UAAL established as a result of the Early Retirement Incentive Program for LEMA members is amortized over a 10-year period beginning June 30, 2010. The remaining UAAL is being recognized over a declining 24-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 of Final Average Salary for current Miscellaneous members and 1/100 of Final Average Salary for current Safety members. That age is 55 for all current Miscellaneous and 50 for all current 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⁽¹⁾	June 30, 2011 Actuarial Valuation		June 30, 2010 Actuarial Valuation	
	Rate	Estimated Annual Amount⁽²⁾	Rate	Estimated Annual Amount⁽²⁾
Miscellaneous – Tier 1 Members				
Normal Cost	13.69%	\$3,096	13.58%	\$3,071
UAAL	5.40%	1,221	4.53%	1,024
Total Contribution	19.09%	\$4,317	18.11%	\$4,095
Miscellaneous – Tier 2 Members				
Normal Cost	11.15%	\$660	11.10%	\$657
UAAL	5.40%	319	4.53%	268
Total Contribution	16.55%	\$979	15.63%	\$925
Miscellaneous – Tier 3 Members				
Normal Cost	13.96%	\$89,651	13.96%	\$89,651
UAAL	5.40%	34,663	4.53%	29,091
Total Contribution	19.36%	\$124,314	18.49%	\$118,742
Safety Tier 1 Members				
Normal Cost	24.58%	\$13,031	23.99%	\$12,718
UAAL	12.61%	6,683	11.04%	5,853
Total Contribution	37.19%	\$19,714	35.03%	\$18,571
Safety Tier 2 Members				
Normal Cost	19.77%	\$24,853	19.56%	\$24,589
UAAL	12.61%	15,846	11.04%	13,878
Total Contribution	32.38%	\$40,699	30.60%	\$38,467
All Categories Combined				
Normal Cost	15.46%	\$131,291	15.38%	\$130,686
UAAL	6.91%	58,732	5.90%	50,114
Total Contribution	22.37%	\$190,023	21.28%	\$180,800

⁽¹⁾ Includes Superior Court.

⁽²⁾ Based on June 30, 2011 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, 2011 Actuarial Valuation		June 30, 2010 Actuarial Valuation	
	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾
Miscellaneous – Tier 1 Members				
Normal Cost	13.63%	\$107	13.56%	\$107
UAAL	11.96%	94	10.89%	86
Total Contribution	25.59%	\$201	24.45%	\$193
Miscellaneous – Tier 3 Members				
Normal Cost	13.94%	\$4,180	14.05%	\$4,212
UAAL	11.96%	3,585	10.89%	3,265
Total Contribution	25.90%	\$7,765	24.94%	\$7,477
Safety Tier 1 Members				
Normal Cost	23.63%	\$130	23.27%	\$128
UAAL	33.77%	185	31.15%	171
Total Contribution	57.40%	\$315	54.42%	\$299
All Categories Combined				
Normal Cost	14.11%	\$4,417	14.20%	\$4,447
UAAL	12.34%	3,864	11.25%	3,522
Total Contribution	26.45%	\$8,281	25.45%	\$7,969
County and District Categories Combined				
Normal Cost	15.41%	\$135,708	15.34%	\$135,133
UAAL	7.11%	62,596	6.09%	53,636
Total Contribution	22.52%	\$198,304	21.43%	\$188,769

⁽¹⁾ Based on June 30, 2011 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, 2011 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	\$22,614	\$787	\$23,401
Miscellaneous Tier 2	5,919	0	5,919
Miscellaneous Tier 3	<u>642,196</u>	<u>29,978</u>	<u>672,174</u>
Subtotal	\$670,729	\$30,765	\$701,494
Safety Tier 1	\$53,015	\$548	\$53,563
Safety Tier 2	<u>125,709</u>	<u>0</u>	<u>125,709</u>
Subtotal	\$178,724	\$548	\$179,272
Total	\$849,453	\$31,313	\$880,766

** Includes Superior Court.*

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

The contribution rates as of June 30, 2011 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting

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

Reconciliation of Recommended Contribution Rate

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

CHART 14
Reconciliation of Average Recommended Employer Contribution Rate from June 30, 2010 to June 30, 2011 (Dollar Amounts in Thousands)

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

	Contribution Rate	Estimated Annual Dollar Cost ⁽¹⁾
Average Recommended Contribution Rate as of June 30, 2010, After Reflecting Members Paying Half and Full Rates	21.43%	\$188,769
Effect of investment losses	1.54%	13,564
Effect of difference in actual versus expected individual salary increase	-0.50%	(4,404)
Effect of difference in actual versus expected COLA increase for retirees	-0.34%	(2,995)
Effect of increase in UAAL rate from lower than expected increase in total payroll	0.46%	4,052
Effect of changes in actuarial assumptions	-0.13%	(1,145)
Effect of slight increase in the proportion of members paying half rate	0.03%	200
Effect of demographic changes and other actuarial (gains)/losses	<u>0.03%</u>	<u>263</u>
Subtotal	1.09%	9,535
Average Recommended Contribution Rate as of June 30, 2011, After Reflecting Members Paying Half and Full Rates	22.52%	\$198,304

⁽¹⁾ Based on June 30, 2011 projected annual payroll of \$880,766,000.

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

The member contribution rates as of June 30, 2011 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, 2010 to June 30, 2011 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Amount ⁽¹⁾
Average Recommended Contribution Rate as of June 30, 2010, After Reflecting Members Paying Half and Full Rates	6.19% ⁽²⁾	\$54,519
Effect of changes in actuarial assumptions ⁽³⁾	0.00%	0
Effect of slight increase in proportion of members paying half rate	-0.03%	(264)
Effect of demographic changes	<u>0.01%</u>	<u>88</u>
Subtotal	-0.02%	(176)
Average Recommended Contribution Rate as of June 30, 2011, After Reflecting Members Paying Half and Full Rates	6.17% ⁽²⁾	\$54,343

⁽¹⁾ Based on June 30, 2011 projected annual payroll of \$880,766,000.

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

⁽³⁾ This is the change in the aggregate rate for all members. There were slight increases in the contribution rates for Miscellaneous members and slight decreases in the contribution rates for Safety members.

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

E. INFORMATION REQUIRED BY GASB

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

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

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

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

These graphs show key GASB factors.

CHART 16
Required Versus Actual Contributions

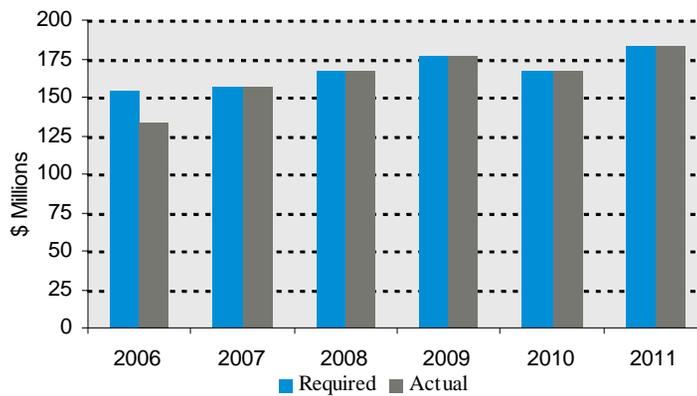
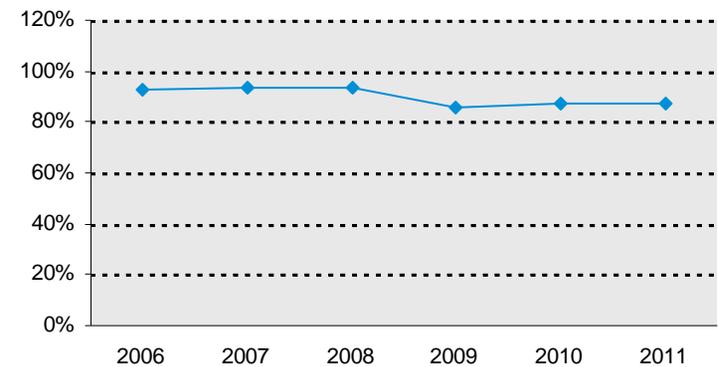


CHART 17
Funded Ratio



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
	2011	2010	
Active members in valuation			
Number	297	363	-18.2%
Average age	58.1	57.4	N/A
Average service	31.3	30.6	N/A
Projected total compensation ^{(1),(2)}	\$23,401,454	\$27,779,236	-15.8%
Projected average compensation	\$78,793	\$76,527	3.0%
Account balances	\$45,870,331	\$54,856,557	-16.4%
Total active vested members	297	362	-18.0%
Vested terminated members			
Number	110	129	-14.7%
Average age	60.2	59.5	N/A
Retired members			
Number in pay status	3,224	3,247	-0.7%
Average age	72.6	72.2	N/A
Average monthly benefit	\$2,797	\$2,688	4.1%
Disabled members			
Number in pay status	238	252	-5.6%
Average age	72.7	72.0	N/A
Average monthly benefit	\$1,847	\$1,795	2.9%
Beneficiaries			
Number in pay status	734	735	-0.1%
Average age	75.8	75.7	N/A
Average monthly benefit	\$1,379	\$1,333	3.5%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2010-2011 by 3.75%.

⁽²⁾ For members without a salary reported for the June 30, 2011 valuation, we have assigned them an annual salary of \$78,850.

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
	2011	2010	
Active members in valuation			
Number	90	101	-10.9%
Average age	52.0	52.0	N/A
Average service	21.0	20.1	N/A
Projected total compensation ^{(1),(2)}	\$5,918,736	\$6,617,716	-10.6%
Projected average compensation	\$65,764	\$65,522	0.4%
Account balances	\$5,846,720	\$6,432,587	-9.1%
Total active vested members	90	101	-10.9%
Vested terminated members			
Number	251	270	-7.0%
Average age	53.8	53.1	N/A
Retired members			
Number in pay status	261	238	9.7%
Average age	66.4	66.0	N/A
Average monthly benefit	\$1,003	\$925	8.4%
Disabled members			
Number in pay status	34	34	0.0%
Average age	62.6	62.8	N/A
Average monthly benefit	\$936	\$948	-1.3%
Beneficiaries			
Number in pay status	35	35	0.0%
Average age	68.1	67.1	N/A
Average monthly benefit	\$450	\$464	-3.0%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2010-2011 by 3.75%.

⁽²⁾ For members without a salary reported for the June 30, 2011 valuation, we have assigned them an annual salary of \$65,363.

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
	2011	2010	
Active members in valuation			
Number	10,134	10,848	-6.6%
Average age	46.9	46.3	N/A
Average service	11.2	10.4	N/A
Projected total compensation ^{(1),(2)}	\$672,173,657	\$693,048,065	-3.0%
Projected average compensation	\$66,329	\$63,887	3.8%
Account balances	\$392,058,922	\$382,413,690	2.5%
Total active vested members	8,095	7,878	2.8%
Vested terminated members			
Number	1,930	1,945	-0.8%
Average age	46.4	45.9	N/A
Retired members			
Number in pay status	2,175	1,816	19.8%
Average age	65.6	65.6	N/A
Average monthly benefit	\$1,901	\$1,760	8.0%
Disabled members			
Number in pay status	191	177	7.9%
Average age	60.7	59.8	N/A
Average monthly benefit	\$1,519	\$1,448	4.9%
Beneficiaries			
Number in pay status	192	173	11.0%
Average age	62.4	60.2	N/A
Average monthly benefit	\$806	\$786	2.5%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2010-2011 by 3.75%.

⁽²⁾ For members without a salary reported for the June 30, 2011 valuation, we have assigned them an annual salary of \$65,363.

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
	2011	2010	
Active members in valuation			
Number	480	548	-12.4%
Average age	48.0	47.6	N/A
Average service	21.2	20.6	N/A
Projected total compensation ^{(1),(2)}	\$53,562,864	\$59,534,067	-10.0%
Projected average compensation	\$111,589	\$108,639	2.7%
Account balances	\$61,582,188	\$65,292,305	-5.7%
Total active vested members	480	548	-12.4%
Vested terminated members			
Number	136	139	-2.2%
Average age	48.3	48.2	N/A
Retired members			
Number in pay status	1,023	962	6.3%
Average age	64.1	63.9	N/A
Average monthly benefit	\$5,758	\$5,568	3.4%
Disabled members			
Number in pay status	209	207	1.0%
Average age	62.3	61.8	N/A
Average monthly benefit	\$3,811	\$3,741	1.9%
Beneficiaries			
Number in pay status	255	246	3.7%
Average age	66.0	65.9	N/A
Average monthly benefit	\$2,534	\$2,490	1.8%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2010-2011 by 3.75%.

⁽²⁾ For members without a salary reported for the June 30, 2011 valuation, we have assigned them an annual salary of \$112,050.

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
	2011	2010	
Active members in valuation			
Number	1,433	1,480	-3.2%
Average age	39.8	38.8	N/A
Average service	11.0	10.2	N/A
Projected total compensation ^{(1),(2)}	\$125,708,895	\$125,664,880	0.0%
Projected average compensation	\$87,724	\$84,909	3.3%
Account balances	\$71,274,950	\$62,870,547	13.4%
Total active vested members	1,311	1,293	1.4%
Vested terminated members			
Number	283	257	10.1%
Average age	39.0	38.1	N/A
Retired members			
Number in pay status	193	171	12.9%
Average age	64.0	64.1	N/A
Average monthly benefit	\$4,253	\$4,142	2.7%
Disabled members			
Number in pay status	34	31	9.7%
Average age	52.4	53.2	N/A
Average monthly benefit	\$2,916	\$2,633	10.7%
Beneficiaries			
Number in pay status	23	22	4.5%
Average age	53.2	51.9	N/A
Average monthly benefit	\$2,397	\$2,368	1.2%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2010-2011 by 3.75%.

⁽²⁾ For members without a salary reported for the June 30, 2011 valuation, we have assigned them an annual salary of \$87,150.

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, 2011
By Age and Years of Service**

i. Miscellaneous Tier 1

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--	--
35 - 39	--	--	--	--	--	--	--	--	--	--
40 - 44	--	--	--	--	--	--	--	--	--	--
45 - 49	8	--	--	--	--	--	5	3	--	--
50 - 54	\$67,286	--	--	--	--	--	\$71,881	\$59,628	--	--
55 - 59	62	--	1	--	1	5	14	39	2	--
60 - 64	72,267	--	\$44,041	--	\$60,555	\$44,614	73,488	77,100	\$58,602	--
65 - 69	138	--	1	--	4	9	15	78	31	--
70 & over	78,432	--	92,104	--	87,446	82,159	63,020	82,895	71,974	--
	73	--	1	2	2	2	13	35	17	1
	90,198	--	146,542	\$50,599	62,566	120,799	94,281	96,264	77,575	\$56,367
	10	--	--	2	1	--	--	1	4	2
	67,164	--	--	76,756	52,698	--	--	56,925	65,062	74,130
	6	--	--	--	--	--	--	3	1	2
	50,475	--	--	--	--	--	--	57,219	44,704	43,243
Total	297	--	3	4	8	16	47	159	55	5
	\$78,793	--	\$94,229	\$63,677	\$73,521	\$75,256	\$75,727	\$83,329	\$72,220	\$58,222

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, 2011
By Age and Years of Service**

ii. Miscellaneous Tier 2

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--	--
35 - 39	--	--	--	--	--	--	--	--	--	--
40 - 44	12	--	--	--	5	7	--	--	--	--
45 - 49	\$63,009	--	--	--	\$74,719	\$54,644	--	--	--	--
50 - 54	24	--	--	2	12	7	3	--	--	--
55 - 59	60,842	--	--	\$28,373	68,185	61,310	\$52,023	--	--	--
60 - 64	30	--	--	2	2	20	6	--	--	--
65 - 69	68,303	--	--	59,744	62,958	70,146	66,793	--	--	--
70 & over	15	--	--	1	--	11	3	--	--	--
	63,305	--	--	25,674	--	70,104	50,921	--	--	--
	8	--	--	--	4	4	--	--	--	--
	80,236	--	--	--	84,141	76,331	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
	1	--	--	--	1	--	--	--	--	--
	61,873	--	--	--	61,873	--	--	--	--	--
Total	90	--	--	5	24	49	12	--	--	--
	\$65,764	--	--	\$40,381	\$71,507	\$67,165	\$59,133	--	--	--

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, 2011
By Age and Years of Service**

iii. Miscellaneous Tier 3

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	42	40	2	--	--	--	--	--	--	--
	\$39,211	\$39,015	\$43,144	--	--	--	--	--	--	--
25 - 29	475	322	148	5	--	--	--	--	--	--
	49,800	49,455	50,359	\$55,446	--	--	--	--	--	--
30 - 34	1,059	440	481	138	--	--	--	--	--	--
	56,357	53,171	60,307	52,745	--	--	--	--	--	--
35 - 39	1,245	311	548	357	28	1	--	--	--	--
	64,620	57,442	66,667	66,464	\$80,335	\$77,353	--	--	--	--
40 - 44	1,466	284	493	437	184	66	2	--	--	--
	67,543	59,942	65,805	69,860	75,555	74,576	\$99,821	--	--	--
45 - 49	1,621	223	389	415	275	274	43	2	--	--
	69,818	60,106	64,673	69,257	77,882	76,729	76,908	\$61,448	--	--
50 - 54	1,758	187	385	409	291	307	160	19	--	--
	71,281	58,262	61,784	66,041	76,413	83,365	87,650	92,966	--	--
55 - 59	1,386	137	302	350	221	233	129	12	2	--
	69,780	59,030	62,636	64,681	76,414	75,576	86,683	101,278	\$89,881	--
60 - 64	846	76	205	239	142	120	60	4	--	--
	67,496	68,868	61,098	62,079	73,988	74,475	78,129	93,662	--	--
65 - 69	190	23	53	57	20	22	14	1	--	--
	66,625	63,641	61,331	64,085	71,635	75,575	75,648	137,255	--	--
70 & over	46	3	9	22	7	5	--	--	--	--
	59,946	63,296	46,692	63,386	58,817	68,240	--	--	--	--
Total	10,134	2,046	3,015	2,429	1,168	1,028	408	38	2	--
	\$66,329	\$56,228	\$62,879	\$65,907	\$76,236	\$77,983	\$84,460	\$95,171	\$89,881	--

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, 2011
By Age and Years of Service**

iv. Safety Tier 1

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--	--
35 - 39	18	--	--	4	14	--	--	--	--	--
40 - 44	\$104,625	--	--	\$82,478	\$110,953	--	--	--	--	--
45 - 49	110	--	--	6	54	50	--	--	--	--
50 - 54	112,403	--	--	101,396	113,549	\$112,487	--	--	--	--
55 - 59	217	--	1	8	54	105	47	2	--	--
60 - 64	116,028	--	\$150,807	108,557	104,055	114,508	\$132,629	\$141,410	--	--
65 - 69	91	--	--	6	11	53	21	--	--	--
70 & over	103,710	--	--	66,999	102,859	106,110	108,588	--	--	--
	37	--	--	2	6	18	9	2	--	--
	106,925	--	--	78,841	104,498	107,961	111,108	114,147	--	--
	4	--	--	--	--	2	1	1	--	--
	108,252	--	--	--	--	140,477	97,412	54,641	--	--
	3	--	--	--	2	--	1	--	--	--
	103,468	--	--	--	123,412	--	63,581	--	--	--
	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	480	--	1	26	141	228	79	5	--	--
	\$111,589	--	\$150,807	\$91,016	\$108,576	\$111,824	\$122,467	\$113,151	--	--

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, 2011
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	35-39	40 & over
Under 25	5	5	--	--	--	--	--	--	--	--
	\$39,982	\$39,982	--	--	--	--	--	--	--	--
25 - 29	93	36	57	--	--	--	--	--	--	--
	72,682	57,186	\$82,468	--	--	--	--	--	--	--
30 - 34	308	32	212	63	1	--	--	--	--	--
	79,112	57,692	78,982	\$90,366	\$83,041	--	--	--	--	--
35 - 39	407	19	128	232	24	4	--	--	--	--
	89,186	64,311	84,933	91,435	109,420	\$91,601	--	--	--	--
40 - 44	316	8	61	165	78	4	--	--	--	--
	93,823	57,446	85,143	94,804	101,495	108,874	--	--	--	--
45 - 49	173	7	24	58	50	31	3	--	--	--
	94,479	71,912	84,565	94,309	98,366	99,274	\$115,407	--	--	--
50 - 54	67	8	9	19	15	8	6	1	1	--
	90,667	104,566	93,578	84,830	91,017	86,651	93,277	\$105,286	\$60,806	--
55 - 59	50	5	15	12	3	9	3	3	--	--
	90,326	69,421	98,044	89,658	90,229	92,467	94,930	78,316	--	--
60 - 64	10	--	4	2	2	2	--	--	--	--
	96,108	--	113,712	122,688	79,262	51,168	--	--	--	--
65 - 69	4	2	--	1	1	--	--	--	--	--
	134,840	156,126	--	113,554	113,554	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	1,433	122	510	552	174	58	12	4	1	--
	\$87,724	\$63,815	\$82,956	\$92,509	\$100,299	\$94,951	\$99,223	\$85,059	\$60,806	--

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

EXHIBIT C

Reconciliation of Member Data – June 30, 2010 to June 30, 2011

	Active Members	Vested Terminated Members⁽¹⁾	Pensioners	Disableds	Beneficiaries	Total
Number as of June 30, 2010	13,340	2,740	6,434	701	1,211	24,426
New members	228	114	0	0	86	428
Terminations – with vested rights	-41	41	0	0	0	0
Contributions refunds	-631	-44	0	0	0	-675
Retirements	-435	-122	557	0	0	0
New disabilities	-16	-2	-14	32	0	0
Return to work	8	-8	0	0	0	0
Deaths	-19	-7	-126	-28	-52	-232
Data adjustments	0	-2	25	1	-6	18
Number as of June 30, 2011	12,434	2,710	6,876	706	1,239	23,965

⁽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, 2011	Year Ended June 30, 2010
Contribution income:		
Employer contributions	\$182,921,000	\$167,142,000
Employee contributions	<u>57,151,000</u>	<u>52,413,000</u>
Net contribution income	\$240,072,000	\$219,555,000
Investment income:		
Interest, dividends and other income	\$150,731,000	\$139,532,000
Recognition of capital appreciation	128,551,000	416,394,000
Less investment and administrative fees	<u>-34,930,000</u>	<u>-30,678,000</u>
Net investment income	<u>244,352,000</u>	<u>525,248,000</u>
Total income available for benefits	\$484,424,000	\$744,803,000
Less benefit payments:		
Benefits paid	\$276,161,000	\$253,092,000
Withdrawal of contributions	<u>4,433,000</u>	<u>4,932,000</u>
Net benefit payments	\$280,594,000	\$258,024,000
Change in reserve for future benefits	\$203,830,000	\$486,779,000

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, 2011	Year Ended June 30, 2010
Cash equivalents	\$647,555,000	\$342,665,000
Accounts receivable:		
Securities sold	\$63,111,000	\$104,856,000
Accrued investment income	30,262,000	21,092,000
Employee and employer contributions	<u>5,466,000</u>	<u>6,911,000</u>
Total accounts receivable	98,839,000	132,859,000
Investments:		
Equities	\$3,802,831,000	\$2,944,400,000
Opportunities	247,870,000	265,001,000
Fixed income investments	1,053,699,000	1,052,402,000
Real estate	625,632,000	590,038,000
Securities lending collateral	<u>594,787,000</u>	<u>561,201,000</u>
Total investments at market value	6,324,819,000	5,413,042,000
Other assets	<u>3,327,000</u>	<u>33,826,000</u>
Total assets	\$7,074,540,000	\$5,922,392,000
Less accounts payable:		
Accounts payable and other liabilities	-\$24,021,000	-\$30,253,000
Investment trades, mortgages, and warrants payable	-315,088,000	-349,976,000
Securities lending liability	<u>-594,787,000</u>	<u>-561,201,000</u>
Total accounts payable	-\$933,896,000	-\$941,430,000
Net assets at market value	<u>\$6,140,644,000</u>	<u>\$4,980,962,000</u>
Net assets at actuarial value	<u>\$6,420,824,000</u>	<u>\$6,216,994,000</u>
Net assets at valuation value	<u>\$6,348,155,000</u>	<u>\$6,118,741,000</u>

Note: Results may be slightly off due to rounding.

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

EXHIBIT F

Actuarial Balance Sheet

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

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

Actuarial Balance Sheet (Dollar Amounts in Thousands)

Assets	<u>Basic</u>	<u>Cola</u>	<u>Total</u>
1. Total valuation assets			
a. Valuation value assets	\$4,355,755	\$1,992,400	\$6,348,155
b. Balance of transfer to offset member COLA rate	0	28,038	28,038
c. Retiree health benefit reserve	699	0	699
d. Adjustment to 1a. for surplus/(deficit) for withdrawn employers (preliminary)*	-33,060	0	-33,060
e. Contingency Reserve	76,991	0	76,991
2. Present value of future contributions by members	346,724	119,351	466,075
3. Present value of future employer contributions for:			
a. Entry age normal cost	\$937,170	\$146,555	\$1,083,725
b. Unfunded actuarial accrued liability	<u>854,587</u>	<u>107,486</u>	<u>962,073</u>
4. Total current and future assets	\$6,538,866	\$2,393,830	\$8,932,696
Liabilities			
5. Present value of retirement allowances payable to present retired members	\$2,278,494	\$1,366,762	\$3,645,256
6. Present value of retirement allowances to be granted	4,215,742	1,027,068	5,242,810
7. Retiree health benefit reserve	699	0	699
8. Surplus/(deficit) for withdrawn employers (preliminary)*	-33,060	0	-33,060
9. Contingency Reserve	<u>76,991</u>	<u>0</u>	<u>76,991</u>
10. Total liabilities	\$6,538,866	\$2,393,830	\$8,932,696

* Based on the latest estimates available as of June 30, 2006 for Library Authority, June 30, 2007 for Air Quality and June 30, 2010 for Florin Fire adjusted with interest to June 30, 2011.

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, 2011

	Reserves
<u>Included in Valuation Value of Assets</u>	
Employee reserve	\$655,797,863
Employer reserve	2,339,365,244
Retiree reserve	3,333,262,852
Retiree death benefit reserve	<u>14,707,303</u>
Subtotal: Preliminary Valuation Value of Assets *	6,343,133,262
<u>Not Included in Valuation Value of Assets</u>	
Retiree health benefit reserve	\$699,153
Contingency Reserve	<u>76,991,416</u>
Subtotal: Actuarial Value of Assets	\$6,420,823,831
Market stabilization reserve	<u>-280,179,831</u>
Total Market Value of Assets	\$6,140,644,000

* Please note that the final Valuation Value of Assets (i.e. \$6,348,155,409) is calculated by taking the preliminary Valuation Value of Assets and adjusting for the balance of transfer to offset member COLA rate and for the surplus/(deficit) for withdrawn employers.

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

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2011 (Continued) – Change in Reserves

	Balance at 06/30/2010	Interest Credited	Contributions	Benefits	Transfers	Balance at 06/30/2011
Employee Reserve	\$648,595,045	\$10,975,580	\$57,151,126	\$(4,433,490)	\$(56,490,398)	\$655,797,863
Employer Reserve	2,358,614,455	94,407,992	182,920,751	(448,061)	(296,129,893)	2,339,365,244
Retiree Reserve	3,116,520,006	138,348,660	0	(274,226,105)	352,620,291	3,333,262,852
Death Benefit Reserve	<u>14,706,501</u>	<u>619,302</u>	<u>0</u>	<u>(618,500)</u>	<u>0</u>	<u>14,707,303</u>
Subtotal	\$6,138,436,007	\$244,351,534	\$240,071,877	\$(279,726,156)	\$0	\$6,343,133,262
Contingency Reserve	\$76,991,416	\$0	\$0	\$0	\$0	\$76,991,416
Retiree Health Benefit Reserve	<u>1,567,036</u>	<u>0</u>	<u>0</u>	<u>\$(867,883)</u>	<u>0</u>	<u>699,153</u>
Subtotal	\$78,558,452	\$0	\$0	\$(867,883)	\$0	\$77,690,569
Total Allocated Reserves	\$6,216,994,459	\$244,351,534	\$240,071,877	\$(280,594,039)	\$0	\$6,420,823,831
Market Stabilization Reserve	<u>\$(1,236,032,459)</u>	<u>\$955,852,628</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$(280,179,831)</u>
Net Market Value of Assets	<u>\$4,980,962,000</u>	<u>\$1,200,204,162</u>	<u>\$240,071,877</u>	<u>\$(280,594,039)</u>	<u>\$0</u>	<u>\$6,140,644,000</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, 2011 (Continued) – Summary of Earnings

	<u>Per Excess Earnings Policy</u>
Earnings from July 1, 2010 to June 30, 2011	\$1,200,204,162
Contingency Reserve	<u>0</u>
Subtotal:	\$1,200,204,162
Amounts Credited for:	
Market Stabilization Reserve	\$(955,852,628)
Regular Interest Crediting	<u>(244,351,534)</u>
Subtotal	\$(1,200,204,162)
Net Earnings	\$0
Amount Credited Under Excess Earnings Policy for:	
Contingency Reserve	\$0
Board Provided Supplemental Benefits	0
Amount Over Reserved Benefits	0
Employer Reserves	0
Member Future COLA Contribution Offset	<u>0</u>
Subtotal	\$0
Remaining Excess Earnings	<u>\$0</u>

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

EXHIBIT H

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2011

1.	Unfunded actuarial accrued liability at beginning of year		\$873,503,000
2.	Total normal cost at middle of year		196,719,000
3.	Actual employer and member contributions		-240,071,000
4.	Interest		<u>59,867,000</u>
5.	Expected unfunded actuarial accrued liability		\$890,018,000
6.	Actuarial (gain)/loss due to all changes:		
	(a) Investment return	\$208,845,000	
	(b) Salary increases less than expected ⁽¹⁾	-68,220,000	
	(c) COLA increases less than expected for retirees ⁽¹⁾	-46,282,000	
	(d) Other experience gain ⁽¹⁾	-496,000	
	(e) Change in actuarial assumptions	-21,792,000	
	(f) Total changes		<u>\$72,055,000</u>
7.	Unfunded actuarial accrued liability at end of year		<u>\$962,073,000</u>

⁽¹⁾ The sum of 6(b), 6(c) and 6(d) is equal to the net gain of \$115.0 million shown in Section 2, Chart 9.

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 \$195,000 for 2010 and 2011. 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 GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
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%
2009	177,011,005	177,011,005	100.0%
2010	167,141,893	167,141,893	100.0%
2011	182,920,751	182,920,751	100.0%

* *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 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)
6/30/2006	\$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
6/30/2009	5,730,215,000	6,661,993,000	931,778,000	86.0	968,130,000	96.2
6/30/2010	6,216,994,000	7,090,497,000	873,503,000	87.7	912,644,000	95.7
6/30/2011	6,420,824,000	7,382,897,000	962,073,000	87.0	880,766,000	109.2

* Includes contingency reserve and retiree health benefit reserve.

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

EXHIBIT III

Supplementary Information Required by GASB

Valuation date	June 30, 2011
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll for total unfunded liability
Remaining amortization period	25 years (declining) with 24 years remaining as of June 30, 2011 for all UAAL. The UAAL established as a result of the Early Retirement Incentive Program for LEMA members is amortized over a 10-year period, beginning June 30, 2010.*
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. Unrecognized return established after July 1, 2008 is recognized over a seven-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.
Actuarial assumptions:	
Investment rate of return	7.75%
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	8,821
Terminated members entitled to, but not yet receiving benefits	2,710
Active members	<u>12,434</u>
Total	23,965

* The original UAAL for the Early Retirement Incentive Program was determined at \$4,047,000 as of June 30, 2010. The outstanding balance is \$3,847,000 as of June 30, 2011.

** 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 and Beneficiaries: RP-2000 Combined Healthy Mortality Table set back two years.

For Safety Members: RP-2000 Combined Healthy Mortality Table set back one year.

Disabled:

For Miscellaneous Members: RP-2000 Disabled Retiree Mortality Table set forward one year.

For Safety members: RP-2000 Combined Healthy Mortality Table set back one year.

The mortality tables shown above were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a review of the mortality experience in the June 30, 2010 Actuarial Experience Study.

Member Contribution Rates:

For Miscellaneous members: RP-2000 Combined Healthy Mortality Table set back two years weighted 40% male and 60% female.

For Safety members: RP-2000 Combined Healthy Mortality Table set back one year weighted 70% male and 30% female.

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

Termination Rates Before Retirement:

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

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

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

Termination Rates Before Retirement (continued):

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

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

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

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

Termination Rates Before Retirement (continued):

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

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

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

Retirement Rates:

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

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

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

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

Miscellaneous Age: 59

Safety Age: 53

We assume that 50% of future Miscellaneous and 60% of future Safety deferred vested members will continue to work for a reciprocal employer. For reciprocals, we assume 5.65% 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: 1.50%

Safety: 2.25%

Disability Retirements:

Miscellaneous: 0.00%

Safety: 0.25%

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

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

Net Investment Return: 7.75%; 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 Tier 4 and Safety Tier 2 and Tier 3 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 promotional increases.		
Age	Miscellaneous	Safety
20	7.80	6.01
25	5.13	5.12
30	3.73	3.97
35	3.17	2.78
40	2.66	2.24
45	2.36	1.86
50	2.00	1.74
55	1.58	1.64
60	1.39	0.00

¹ Current policy is to credit the member contribution account with interest up to the current 5-year Treasury rate, if such earnings are available. However, the difference in earnings between the 5-year Treasury rate and the target crediting rate will be applied to the other valuation reserves so that the overall valuation reserve target crediting rate is maintained at 7.75%.

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

Actuarial Value of Assets: The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between actual and expected returns on a market value basis and is recognized over a five-year period. Unrecognized return established after July 1, 2008 is recognized over a seven-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.

Valuation Value of Assets: Actuarial value of assets reduced by the value of the non-valuation reserves and designations.

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method. Entry Age is the age at the member's hire date. 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 24-year period. The Unfunded Actuarial Accrued Liability established as a result of the Early Retirement Incentive Program for LEMA members is amortized over a 10-year period beginning June 30, 2010.

Changes in Actuarial Assumptions: The following are changes in actuarial assumptions since the previous actuarial valuation.

Based on the Actuarial Experience Study, the following actuarial assumptions were changed. Previously, these assumptions were as follows:

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

Changes in Actuarial Assumptions (Continued):

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

Changes in Actuarial Assumptions (Continued):

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

Changes in Actuarial Assumptions (Continued):

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

Changes in Actuarial Assumptions (Continued):

**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.

**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

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 Salary Resolution or the District's Salary Resolution.
<i>Miscellaneous Tier 1</i>	All Miscellaneous members hired prior to September 27, 1981.
<i>Miscellaneous Tier 2 and Tier 3</i>	All Miscellaneous members hired on or after September 27, 1981. Membership into Tier 2 or Tier 3 is determined by date of hire and by bargaining unit.
<i>Miscellaneous Tier 4</i>	All Miscellaneous members hired on or after January 1, 2012 as adopted by the County.
<i>Safety Tier 1 and Tier 2</i>	Membership into Tier 1 or Tier 2 for Safety employee is determined by date of hire and by bargaining unit.
<i>Safety Tier 3</i>	All Safety members hired on or after January 1, 2012 as adopted by the County.

Final Compensation for Benefit Determination:

<i>Miscellaneous and Safety Tier 1</i>	Highest consecutive 1 year (12 months) of compensation earnable (§31462.1) (FAS1)
<i>Miscellaneous Tier 2, Tier 3 and Tier 4 and Safety Tier 2 and Tier 3</i>	Highest consecutive 3 years (36 months) of compensation earnable. (§31462) (FAS3)

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

Service: Years of service. (Yrs)

Service Retirement Eligibility:

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

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

Benefit Formula:

Miscellaneous Plans	Retirement Age	Benefit Formula
<i>Miscellaneous Tier 1</i> (§31676.14)	50	$(1.48\% \times \text{FAS1} - 1/3 \times 1.48\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.95\% \times \text{FAS1} - 1/3 \times 1.95\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.44\% \times \text{FAS1} - 1/3 \times 2.44\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.61\% \times \text{FAS1} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$
	65 or later	$(2.61\% \times \text{FAS1} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$
<i>Miscellaneous Tier 2 and Tier 3</i> (§31676.14)	50	$(1.48\% \times \text{FAS3} - 1/3 \times 1.48\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.95\% \times \text{FAS3} - 1/3 \times 1.95\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.44\% \times \text{FAS3} - 1/3 \times 2.44\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.61\% \times \text{FAS3} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$
	65 or later	$(2.61\% \times \text{FAS3} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$
<i>Miscellaneous Tier 4</i> (§31676.1)	50	$(1.18\% \times \text{FAS3} - 1/3 \times 1.18\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.49\% \times \text{FAS3} - 1/3 \times 1.49\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(1.92\% \times \text{FAS3} - 1/3 \times 1.92\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.09\% \times \text{FAS3} - 1/3 \times 2.09\% \times \$350 \times 12) \times \text{Yrs}$
	65 or later	$(2.43\% \times \text{FAS3} - 1/3 \times 2.43\% \times \$350 \times 12) \times \text{Yrs}$

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

Safety Plans	Retirement Age	Benefit Formula
<i>Safety Tier 1</i> (§31664.1)	50	$(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	60 or later	$(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
<i>Safety Tier 2</i> (§31664.1)	50	$(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	60 or later	$(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
<i>Safety Tier 3</i> (§31664.2)	50	$(2.29\% \times \text{FAS3} - 1/3 \times 2.29\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
Maximum Benefit:	100% of Highest Average Compensation (§31676.14, §31676.1, §31664.1, §31664.2)	

Additional Benefit Information:

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

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

Non-duty Disability:

Miscellaneous and Safety Tier 1

Eligibility

Five years of service (§31720).

Benefit Formula

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

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

Eligibility

Five years of service (§31720).

Benefit Formula

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

Line-of-Duty Disability:

All Members

Eligibility

No age or service requirements (§31720).

Benefit Formula

50% of the Final Compensation or 100% of Service Retirement benefit, if greater (§31727.4).

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

Pre-Retirement Death:

All Members

Eligibility

No age or service requirements.

Benefit

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

Death in Line-of-Duty

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

OR

Vested Members

Eligibility

Five years of service.

Benefit

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

Death in Line-of-Duty

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

Death After Retirement:

All Members

*Service Retirement or
Non-Duty Disability*

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

Line-of-Duty Disability

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

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

Withdrawal Benefits:

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

Post-retirement

Cost-of-Living Benefits:

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

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

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

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

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, 2010 and June 30, 2011 Valuation

	June 30, 2011			June 30, 2010			Increase/(Decrease) in Rate	
	Miscellaneous	Basic	COLA	Total	Basic	COLA		Total
Tier 1		3.93%	1.39%	5.32%	3.90%	1.22%	5.12%	0.20%
Tier 2		3.72%	0.00%	3.72%	3.70%	0.00%	3.70%	0.02%
Tier 3		3.72%	1.31%	5.03%	3.70%	1.32%	5.02%	0.01%
	Safety	Basic	COLA	Total	Basic	COLA	Total	Increase/(Decrease) in Rate
Tier 1		9.54%	4.68%	14.22%	9.51%	4.61%	14.12%	0.10%
Tier 2		9.05%	2.50%	11.55%	9.02%	2.53%	11.55%	0.00%

* 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, 2011 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	2.47%		3.70%		0.87%		1.30%		3.34%		5.00%	
17	2.47%		3.71%		0.87%		1.31%		3.34%		5.02%	
18	2.47%		3.71%		0.87%		1.31%		3.34%		5.02%	
19	2.48%		3.72%		0.87%		1.31%		3.35%		5.03%	
20	2.47%		3.71%		0.87%		1.31%		3.34%		5.02%	
21	2.47%		3.71%		0.87%		1.31%		3.34%		5.02%	
22	2.47%		3.71%		0.87%		1.31%		3.34%		5.02%	
23	2.47%		3.71%		0.87%		1.31%		3.34%		5.02%	
24	2.47%		3.71%		0.87%		1.31%		3.34%		5.02%	
25	2.48%		3.72%		0.87%		1.31%		3.35%		5.03%	
26	2.49%		3.73%		0.88%		1.32%		3.37%		5.05%	
27	2.49%		3.74%		0.88%		1.32%		3.37%		5.06%	
28	2.51%		3.76%		0.89%		1.33%		3.40%		5.09%	
29	2.51%		3.77%		0.89%		1.33%		3.40%		5.10%	
30	2.53%		3.79%		0.89%		1.34%		3.42%		5.13%	
31	2.54%		3.81%		0.89%		1.34%		3.43%		5.15%	
32	2.55%		3.83%		0.90%		1.35%		3.45%		5.18%	
33	2.57%		3.85%		0.91%		1.36%		3.48%		5.21%	
34	2.59%		3.88%		0.91%		1.37%		3.50%		5.25%	
35	2.60%		3.90%		0.92%		1.38%		3.52%		5.28%	
36	2.62%	2.48%	3.93%	3.72%	0.93%	0.87%	1.39%	1.31%	3.55%	3.35%	5.32%	5.03%
37	2.63%		3.95%		0.93%		1.39%		3.56%		5.34%	
38	2.65%		3.98%		0.93%		1.40%		3.58%		5.38%	
39	2.67%		4.01%		0.94%		1.41%		3.61%		5.42%	
40	2.69%		4.04%		0.95%		1.42%		3.64%		5.46%	
41	2.71%		4.07%		0.96%		1.44%		3.67%		5.51%	
42	2.73%		4.10%		0.97%		1.45%		3.70%		5.55%	
43	2.76%		4.14%		0.97%		1.46%		3.73%		5.60%	
44	2.78%		4.17%		0.98%		1.47%		3.76%		5.64%	
45	2.81%		4.21%		0.99%		1.48%		3.80%		5.69%	
46	2.83%		4.24%		1.00%		1.50%		3.83%		5.74%	
47	2.85%		4.28%		1.01%		1.51%		3.86%		5.79%	
48	2.88%		4.32%		1.01%		1.52%		3.89%		5.84%	
49	2.91%		4.36%		1.03%		1.54%		3.94%		5.90%	
50	2.93%		4.40%		1.03%		1.55%		3.96%		5.95%	
51	2.97%		4.45%		1.05%		1.57%		4.02%		6.02%	
52	2.99%		4.49%		1.05%		1.58%		4.04%		6.07%	
53	3.03%		4.54%		1.07%		1.60%		4.10%		6.14%	

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

Appendix A

Member Contribution Rates (Continued)

Miscellaneous Members' Contribution Rates from the June 30, 2011 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	3.06%		4.59%		1.08%		1.62%		4.14%		6.21%	
55	3.06%		4.59%		1.08%		1.62%		4.14%		6.21%	
56	3.06%		4.59%		1.08%		1.62%		4.14%		6.21%	
57	3.06%		4.59%		1.08%		1.62%		4.14%		6.21%	
58	3.06%		4.59%		1.08%		1.62%		4.14%		6.21%	
59 & Over	3.06%		4.59%		1.08%		1.62%		4.14%		6.21%	

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: 7.75% per annum

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

Mortality: RP-2000 Combined Healthy Mortality Table set back two years 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: 35.26%
Tier 3: 35.13%

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

Non-Refundability factor:

Tier 1: 100.00%
Tier 2: 99.53%
Tier 3: 96.85%

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, 2011 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	6.26%		9.39%		3.07%		4.60%		9.33%		13.99%	
19	6.27%		9.41%		3.07%		4.61%		9.34%		14.02%	
20	6.27%		9.41%		3.07%		4.61%		9.34%		14.02%	
21	6.27%		9.40%		3.07%		4.61%		9.34%		14.01%	
22	6.27%		9.40%		3.07%		4.61%		9.34%		14.01%	
23	6.27%		9.40%		3.07%		4.61%		9.34%		14.01%	
24	6.27%		9.41%		3.07%		4.61%		9.34%		14.02%	
25	6.28%		9.42%		3.08%		4.62%		9.36%		14.04%	
26	6.29%		9.44%		3.09%		4.63%		9.38%		14.07%	
27	6.31%		9.47%		3.09%		4.64%		9.40%		14.11%	
28	6.33%		9.50%		3.11%		4.66%		9.44%		14.16%	
29	6.36%	6.03%	9.54%	9.05%	3.12%	1.67%	4.68%	2.50%	9.48%	7.70%	14.22%	11.55%
30	6.39%		9.59%		3.13%		4.70%		9.52%		14.29%	
31	6.43%		9.64%		3.15%		4.73%		9.58%		14.37%	
32	6.47%		9.71%		3.17%		4.76%		9.64%		14.47%	
33	6.51%		9.77%		3.19%		4.79%		9.70%		14.56%	
34	6.57%		9.85%		3.22%		4.83%		9.79%		14.68%	
35	6.61%		9.92%		3.24%		4.86%		9.85%		14.78%	
36	6.67%		10.01%		3.27%		4.91%		9.94%		14.92%	
37	6.73%		10.09%		3.30%		4.95%		10.03%		15.04%	
38	6.79%		10.18%		3.33%		4.99%		10.12%		15.17%	
39	6.85%		10.28%		3.36%		5.04%		10.21%		15.32%	
40	6.91%		10.37%		3.39%		5.08%		10.30%		15.45%	
41	6.98%		10.47%		3.42%		5.13%		10.40%		15.60%	
42	7.05%		10.57%		3.45%		5.18%		10.50%		15.75%	
43	7.11%		10.67%		3.49%		5.23%		10.60%		15.90%	
44	7.19%		10.78%		3.52%		5.28%		10.71%		16.06%	
45	7.26%		10.89%		3.56%		5.34%		10.82%		16.23%	
46	7.33%		11.00%		3.59%		5.39%		10.92%		16.39%	
47	7.41%		11.12%		3.63%		5.45%		11.04%		16.57%	
48	7.49%		11.24%		3.67%		5.51%		11.16%		16.75%	
49 & Over	7.57%		11.36%		3.71%		5.57%		11.28%		16.93%	

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

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

Appendix A

Member Contribution Rates (Continued)

Safety Members' Contribution Rates from the June 30, 2011 Actuarial Valuation

Interest:	7.75% per annum	
COLA:	Tier 1:	3.40%
	Tier 2:	2.00%
Mortality:	RP-2000 Combined Healthy Mortality Table set back one year weighted 70% male and 30% female	
Salary increase:	Inflation (3.50%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV).	
COLA Loading Factor*:	Tier 1:	49.02%
	Tier 2:	27.67%

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

Non-Refundability factor:

Tier 1:	99.78%
Tier 2:	97.84%

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

Appendix B

Employer and Member Contribution Rates for Miscellaneous Tier 4 and Safety Tier 3

A Miscellaneous Tier 4 and a Safety Tier 3 become available on and after January 1, 2012 as adopted by the County. As actual membership data for these new tiers would not be available until the next valuation as of June 30, 2012, we have estimated the 2010/2011 employer and member contribution rates for these new tiers using the actuarial assumptions previously approved by the Board for the June 30, 2010 actuarial valuation. Those results were provided in our September 9, 2011 special new tiers study report. The 2011/2012 fiscal year employer and member contribution rates for these new tiers have to be updated to use the actuarial assumptions adopted by the Board for the June 30, 2011 actuarial valuation. The contribution rates for the two fiscal years are as follows:

Recommended Employer Contribution Rates

County Only	June 30, 2011 Actuarial Valuation		June 30, 2010 Actuarial Valuation	
	Miscellaneous – Tier 4 with Member Paying Full Rate	Miscellaneous – Tier 4 with Member Paying Half Rate	Miscellaneous – Tier 4 with Member Paying Full Rate	Miscellaneous – Tier 4 with Member Paying Half Rate
Normal Cost	8.79%	12.66%	8.84%	12.69%
UAAL ⁽¹⁾	5.40%	5.40%	4.53%	4.53%
Total Contribution	14.19%	18.06%	13.37%	17.22%

County Only	June 30, 2011 Actuarial Valuation		June 30, 2010 Actuarial Valuation	
	Safety – Tier 3 with Member Paying Full Rate	Safety – Tier 3 with Member Paying Half Rate	Safety – Tier 3 with Member Paying Full Rate	Safety – Tier 3 with Member Paying Half Rate
Normal Cost	16.89%	22.60%	17.25%	22.98%
UAAL ⁽¹⁾	12.61%	12.61%	11.04%	11.04%
Total Contribution	29.50%	35.21%	28.29%	34.02%

⁽¹⁾ If the new Miscellaneous Tier 4 is adopted by the Court, they will pay the same rate as the County. If the new Miscellaneous Tier 4 or Safety Tier 3 is adopted by the Districts, they will pay the same Normal Cost rate as the County but the following UAAL rates:

District Only	June 30, 2011 Actuarial Valuation	June 30, 2010 Actuarial Valuation
	Full/Half Rate	Full/Half Rate
Miscellaneous Tier 4	11.96%	10.89%
Safety Tier 3	33.77%	31.15%

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

Appendix B

Employer and Member Contribution Rates for Miscellaneous Tier 4 and Safety Tier 3 (Continued)

Miscellaneous Tier 4 Members' Full Contribution Rates (Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions as of June 30, 2011

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
36	4.34%	6.51%	0.68%	1.03%	5.02%	7.54%

Calculated Under Recommended Assumptions as of June 30, 2010

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
36	4.31%	6.47%	0.68%	1.02%	4.99%	7.49%

Safety Tier 3 Members' Full Contribution Rates (Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions as of June 30, 2011

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
29	6.03%	9.05%	1.49%	2.23%	7.52%	11.28%

Calculated Under Recommended Assumptions as of June 30, 2010

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
29	6.01%	9.02%	1.54%	2.30%	7.55%	11.32%

The rates above are full contribution rates expressed as a percentage of salary based upon the following interest and salary scale assumptions.

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

Appendix B

Employer and Member Contribution Rates for Miscellaneous Tier 4 and Safety Tier 3 (Continued)

Interest:	7.75% per annum		
COLA:	2.00%		
Mortality:	RP-2000 Combined Healthy Mortality Table set back two years weighted 40% male and 60% female for Miscellaneous members as of June 30, 2011		
	1994 Group Annuity Mortality Table set back one year weighted 40% male and 60% female for Miscellaneous members as of June 30, 2010		
	RP-2000 Combined Healthy Mortality Table set back one year weighted 70% male and 30% female for Safety members as of June 30, 2011		
	1994 Group Annuity Mortality Table set back one year weighted 75% male and 25% female for Safety members as of June 30, 2010		
Salary increase:	Inflation (3.50%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV).		
COLA Loading Factor*:	Miscellaneous Tier 4:	15.78%	as of June 30, 2011
		15.74%	as of June 30, 2010
	Safety Tier 3:	24.68%	as of June 30, 2011
		25.50%	as of June 30, 2010

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

Non-Refundability factor:

Miscellaneous Tier 4:	94.25%	as of June 30, 2011
	94.26%	as of June 30, 2010
Safety Tier 3:	96.08%	as of June 30, 2011
	96.07%	as of June 30, 2010

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