

Santa Barbara County Employees' Retirement System



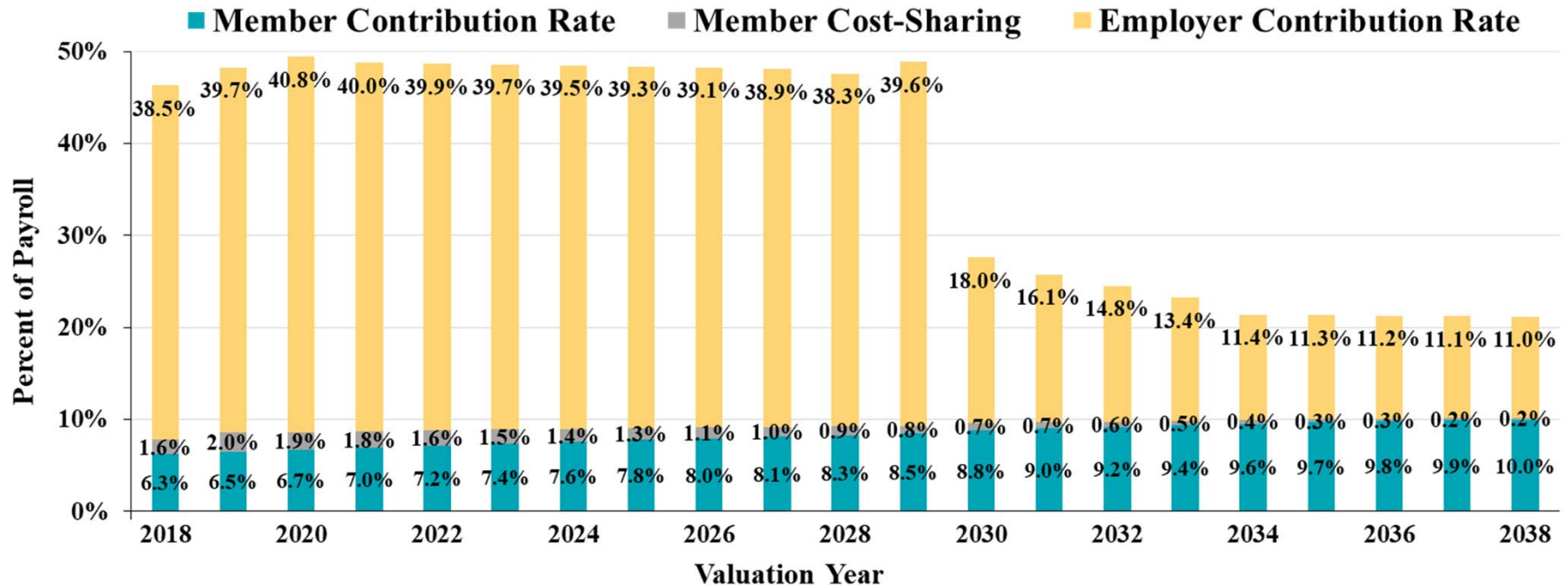
Contribution Rate Projections with Legacy Member Cost-Sharing

December 18, 2018

Anne D. Harper, FSA, EA, MAAA

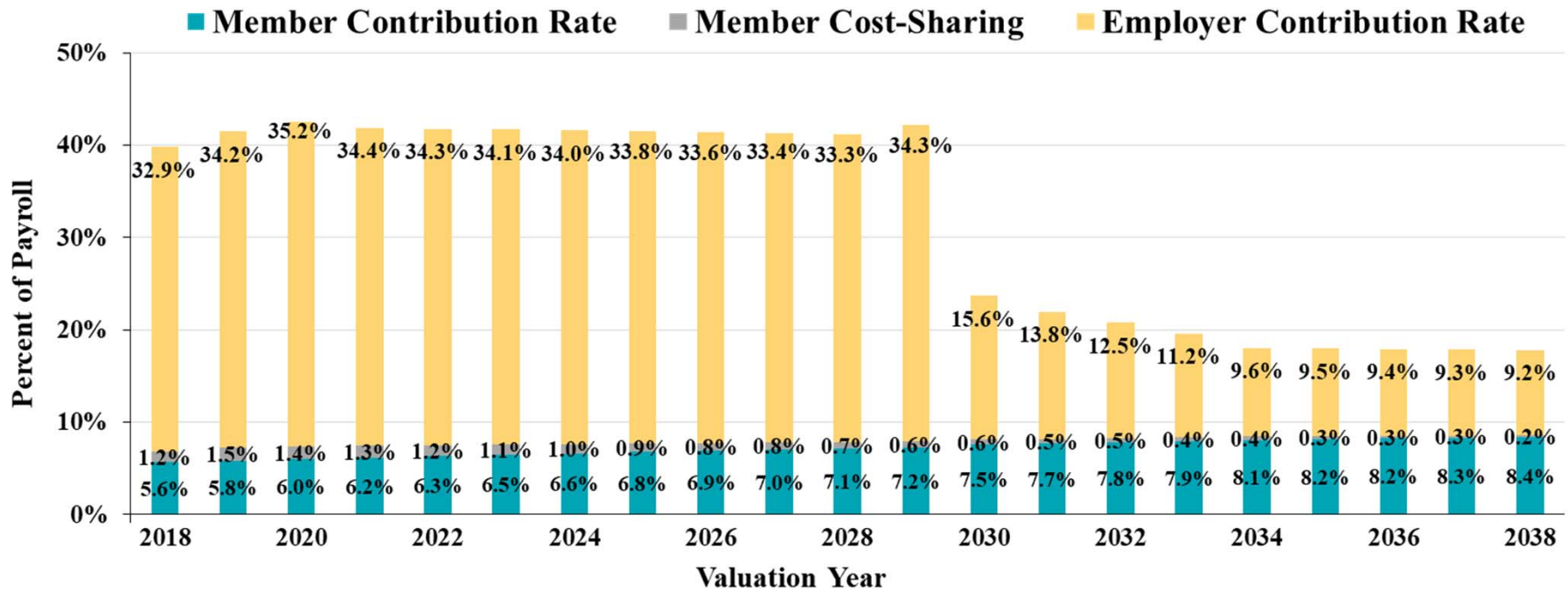
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Contribution Projections – SBCERS



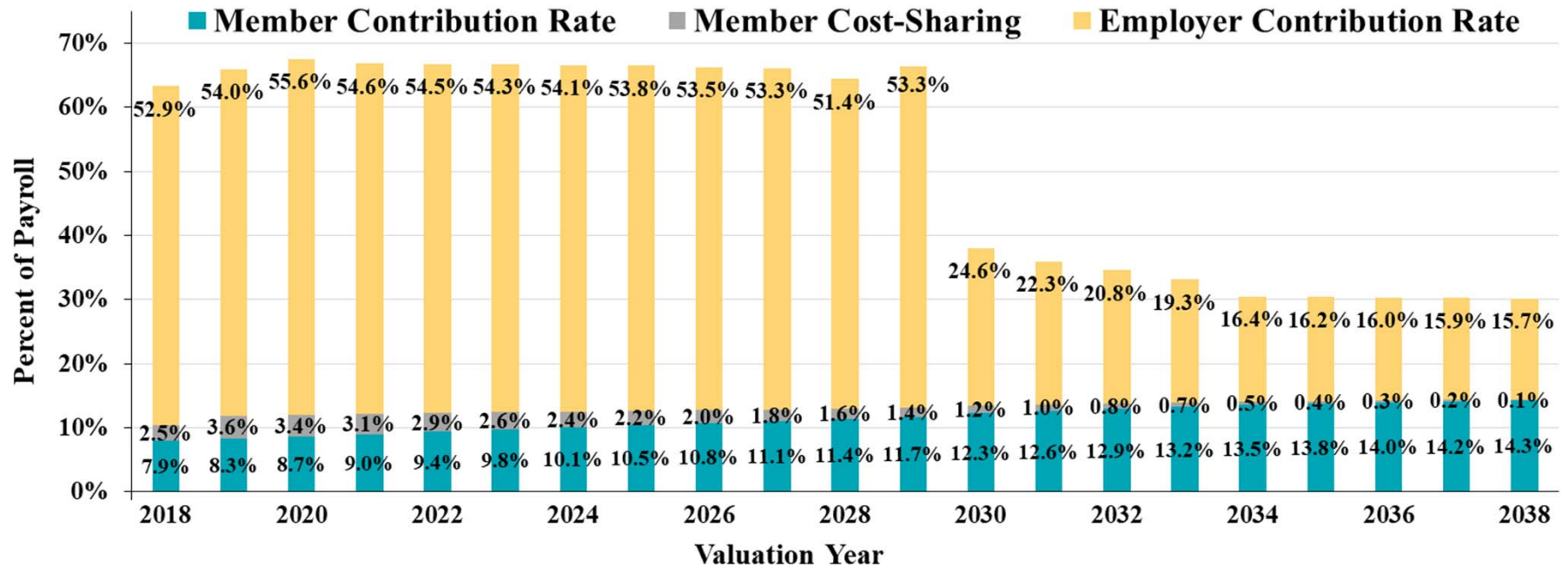
- Employer contribution rates expected to increase in next two years as 2016 assumption changes and asset losses are fully phased-in
- Gradual decline in employer contribution rate starting in 2021 as more PEPRAs members are hired with lower benefits and higher employee contribution rates
- Drastic decline in employer rate in 2030, when 2013 UAL is fully paid off, followed by gradual decline with phase-out of 2016 assumption changes

Contribution Projections – GENERAL



- The General contribution rates follow the same trends as the System
- The member cost-sharing rates are expected to increase for the 2019 valuation – which determines contributions made during FYE 2021 – when the final pick-up for most bargaining units becomes effective.
- Subsequently, the cost-sharing is expected to decrease as Legacy members are anticipated to retire.

Contribution Projections – SAFETY



- The Safety contribution rates follow the same trends as the System
- The member cost-sharing rates are expected to increase for the 2019 valuation – which determines contributions made during FYE 2021 - when the final pick-up for most bargaining units becomes effective.
- Subsequently, the cost-sharing is expected to decrease as Legacy members reach 30 years of service and contributions cease or they retire.

Required Disclosures



The purpose of these projections are to provide estimated future contribution rates for the Santa Barbara County Employees' Retirement System. They are for the use of the Santa Barbara County Employees' Retirement Board in accordance with applicable law.

The assumptions reflect our understanding of the likely future experience of the Plan, and the assumptions as a whole represent our best estimate for the future experience of the Plan. The results of the projections are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the Plan could vary from our results. The actuarial assumptions, data and methods are can be found in the actuarial valuation report as of June 30, 2018.

In preparing our projections, we relied on information (some oral and some written) supplied by the Santa Barbara County Employees' System. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

We hereby certify that, to the best of our knowledge, these projections have been prepared in accordance with generally recognized and accepted actuarial principles and practices that are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. These projections do not address any contractual or legal issues. We are not an attorneys, and our firm does not provide any legal services or advice.

These projections were prepared exclusively for the Santa Barbara County Employees' Retirement Board for the purpose described herein. These projections are not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

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