

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 8/9/05
Department Name: Human Resources
Department No.: 064
Agenda Date: 8/16/05
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Susan Paul, Human Resources Director
568-2817

STAFF CONTACT: Lila Deeds, Employee Relations Manager
568-2819

SUBJECT: Actuarial Study of Retirement Benefit Changes for Law Enforcement Employees in the Sheriff's and District Attorney's Departments

Recommendation(s):

That the Board of Supervisors:

1. Receive and file the attached report (Attachment A) from the Retirement System's actuary regarding the anticipated financial impact of implementing changes in retirement benefits for law enforcement Safety members in the Sheriff's and District Attorney's departments.
2. Receive and file the attached letter (Attachment B) from the Retirement System's actuary regarding the anticipated financial impact of implementing a \$75 biweekly allowance for employees assigned to specialty units in the Sheriff's Department.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with actions required by law or by routine business necessity.

Executive Summary and Discussion:

Pursuant to Government Code Sections 7507 and 23026, the anticipated future cost of a proposed change in retirement benefits must be made public at a meeting no less than two weeks prior to adopting the proposed benefit. The agenda notice must include an explanation of the financial impact the proposed benefit will have on the funding status of the Retirement System.

As a result of recent collective bargaining between the County and the Deputy Sheriffs Association, the Board of Supervisors is scheduled to adopt the following retirement benefit changes for law enforcement Safety members in the Sheriff's and District Attorney's departments:

- Adoption of employee half rates and three-year Final Average Salary for employees hired on or after October 10, 1994;
- Adoption of a 3% at age 50 retirement formula;
- Establishment of a \$75 biweekly allowance for employees regularly assigned to the following specialty units: Mounted Unit, Special Operations Response Team, Hostage Negotiation Team and Motorcycle Unit.

At the request of the County, the Retirement System's actuary reviewed the cost of implementing these benefit changes and allowances. The calculations were based on the economic and non-economic assumptions used to perform the June 30, 2004, actuarial valuation except as otherwise noted in the report.

Fiscal and Facilities Impacts:

The attached information is provided at this time for public review purposes in accordance with the requirements of the Government Code.

The following cost information pertains to all Safety member employees in the Sheriff's and District Attorney's Departments, including employees represented by the Deputy Sheriffs Association and the Sheriff's Managers Association, and the elected Sheriff-Coroner.

The additional annual employer contribution associated with providing employee half-rates and three year Final Average Salary for employees hired on or after October 10, 1994, and for implementing a 3% at age 50 retirement formula is \$ 1,827,546.

Of that total cost, the additional annual employer contribution associated with providing employee half-rates and three-year Final Average Salary for law enforcement employees in the Sheriff's and District Attorney's departments hired on or after October 10, 1994, is \$660,994. This increase may be funded by increasing the employer contribution for Safety members in these departments by 1.9% of payroll. Employee rates are not affected.

Of the total cost noted above, the additional annual employer contribution associated with improving the benefit formula to 3% at age 50 for law enforcement employees in the Sheriff's and District Attorney's departments is \$1,166,552. This increase may be funded by increasing the employer contribution for Safety members in these departments by 3.34% of payroll. Employee rates are not affected.

The Retirement System's actuary has estimated the impact on the County's employer contribution associated with implementing allowances for members of the Sheriff's specialty teams at .01% of payroll or less.

SP/LD
Attachments

cc: Auditor-Controller
County Counsel
District Attorney
Retirement Administrator
Sheriff-Coroner
Deputy Sheriff's Association

Negot/retactuarydsa.bos

ATTACHMENT A

Santa Barbara County Employees' Retirement System
Relevant Excerpts from the Report on Sections 31664.1 and 31664.2 Benefits for Safety Members
As of June 30, 2004
Report dated April 5, 2005

INTRODUCTION

[The Retirement System's Actuary, Mellon, was] asked to determine the costs associated with adopting Sections 31664.1 (3% at age 50) and 31664.2 (3% at age 55) for Safety members using various combinations of member rates, final salary periods and applicable coverage periods. It is our understanding that these proposed new formulas will apply to current active members only and the costs in this report were prepared on that basis.

Our study is based upon the data and actuarial assumptions used to perform the June 30, 2004 SBCERS actuarial valuation, except as noted in the report. A summary of the data used for the study is shown below.

	<u>Dep Sheriffs Association</u>	<u>Sheriff's Mgrs Association</u>	<u>Elected Officials</u>	<u>Total Sheriff</u>
Number	428	40	1	469
Annual Payroll*	\$30,033,305	\$4,664, 515	\$177,557	\$34,875,377
Av Annual Salary	\$70,171	\$116,613	\$177,557	\$74,361
Average Age	39.49	48.32	49.00	40.26
Average Service	10.39	22.21	27.00	11.43

*Represents the projection of active members' pay rates on June 30, 2004

The Section 31664.1 formula would increase the retirement benefit for retirements prior to age 55. Because of this, we used higher service retirement rates in our studies to reflect our expectation that Safety members will retire earlier to take advantage of the higher benefits. These new retirement rates are summarized in the Appendix of this report. Aside from the service retirement assumptions, our calculations are based upon the current actuarial assumptions, which are summarized in the Appendix of this report.

Note that our experience is that when a new benefit is implemented, there will be a period of time following the change where employees retire earlier than is currently expected in order to take advantage of the higher benefits. The higher incidence of early retirement can lead to higher cost in the short term. Our estimates build in some adjustment for this phenomenon, but it is still difficult to predict in advance how retirement patterns will change.

SUMMARY OF BENEFIT CHANGES

Currently, service retirement benefits are calculated in accordance with Section 31664.2 for Safety services. This section provides a benefit of 3% of final average salary at age 55 for Safety members. Section 31664.1 increases the benefit percentage to 3% at age 50.

The benefit adjustment factors are detailed in Section 31664.2 (for 3% at age 55) and Section 31664.1 (for 3% at age 50). In the table below we show the benefit percentages for these benefit formulas. These percentages were derived by multiplying 3% by the appropriate benefit adjustment factors.

Sample Safety Benefit Percentages		
Age	Current	31664.1
	31664.2 3% at age 55	3% at age 50
41	1.43%	1.88%
42	1.52%	1.99%
43	1.60%	2.10%
44	1.69%	2.22%
45	1.79%	2.34%
46	1.88%	2.47%
47	1.99%	2.60%
48	2.08%	2.73%
49	2.18%	2.86%
50	2.29%	3.00%
51	2.41%	3.00%
52	2.54%	3.00%
53	2.68%	3.00%
54	2.83%	3.00%
55	3.00%	3.00%
56	3.00%	3.00%
57	3.00%	3.00%
58	3.00%	3.00%
59	3.00%	3.00%
60	3.00%	3.00%

MEMBER CONTRIBUTION RATES

Section 31664.1 does not prescribe a method for calculating the employee contributions under the new benefit formula. Therefore, we used the current basis employee contribution rates for this study. A summary of the member contribution rates based on the current and proposed plan provisions is shown below. The interest rate, mortality table, inflation rate, and cost-of-living benefit percentage are indicated on the bottom of the schedules.

SAFETY MEMBERS' CONTRIBUTION RATES FOR SECTIONS 31664.1 AND 31664.2 (expressed as a percentage of monthly compensation)

Entry Age	One Year FAS	One Year FAS	Three-Year FAS	Three-Year FAS
	Half Rates	Full Rates	Half Rates	Full Rates
20	5.45%	10.90%	5.16%	10.33%
21	5.51	11.01	5.22	10.44
22	5.57	11.13	5.27	10.55
23	5.62	11.25	5.33	10.66
24	5.68	11.37	5.39	10.77
25	5.74	11.48	5.44	10.88
26	5.80	11.60	5.50	10.99
27	5.86	11.72	5.55	11.11
28	5.92	11.84	5.61	11.22
29	5.98	11.96	5.67	11.33
30	6.04	12.08	5.72	11.45
31	6.10	12.20	5.78	11.56
32	6.16	12.33	5.84	11.68
33	6.23	12.45	5.90	11.80
34	6.29	12.58	5.96	11.92
35	6.35	12.71	6.02	12.04
36	6.42	12.84	6.08	12.16
37	6.48	12.97	6.14	12.29
38	6.55	13.10	6.21	12.41
39	6.61	13.23	6.27	12.54
40	6.68	13.36	6.33	12.66
41	6.75	13.49	6.39	12.79
42	6.81	13.63	6.46	12.91
43	6.88	13.76	6.52	13.04
44	6.95	13.89	6.58	13.16
45	7.01	14.03	6.65	13.29
46	7.08	14.16	6.71	13.42
47	7.15	14.30	6.78	13.55
48	7.22	14.45	6.84	13.69
49	7.30	14.60	6.92	13.83
50	7.38	14.76	6.99	13.98
51	7.46	14.92	7.07	14.13
52	7.54	15.08	7.15	14.29
53	7.63	15.26	7.23	14.46
54 & over	7.72	15.45	7.32	14.64
Interest:	8.16%	8.16%	8.16%	8.16%
Inflation:	4.50%	4.50%	4.50%	4.50%
Mortality:	94 GA (Male, -2)	94 GA (Male, -2)	94 GA (Male, -2)	94 GA (Male, -2)

Santa Barbara County Employees' Retirement System
4/5/2005 (July 1, 2004 Valuation Date)

For Safety members represented by
the Deputy Sheriffs & Sheriff's Managers
Associations and Elected Sheriff

3% at 50
All Half Rates
1&3 Year FAS

Payroll	\$34,875,377
Change in UAAL	\$6,372,591
Change in UAAL rate	1.56%
Change in normal cost rate	3.68%
Change in total rate	5.24%
Change in UAAL contribution	\$542,954
Change in normal cost contribution	\$1,284,592
Change in total contribution	\$1,827,546

APPENDIX

SCHEDULE 1

The Entry Age Normal Actuarial Cost Method was used in conjunction with the following actuarial assumptions. The UAAL is being amortized over 15 years from the date each new liability is first recognized.

1. Interest: 8.00% per annum, compounded biannually.
2. Interest Credited to Employee Accounts: 8.00% per annum, compounded biannually.
3. Inflation: 4.50% per annum.
4. Asset Valuation: Smoothed actuarial value.
5. Salary Scale: See Schedule 4.
6. Spouses and Dependents: 80% of male employees and 50% of female employees assumed married at retirement, with wives assumed three years younger than husbands.
7. Rates of Termination of Employment: See Schedule 2.
8. Years of Life Expectancy After Retirement (see Schedule 3):
 - General & Safety Males - 1994 Group Annuity Table for Males, set back two years.
 - General & Safety Females - 1994 Group Annuity Table for Males, set forward one year.
9. Years of Life Expectancy After Disability Retirement (see Schedule 3):
 - General 1981 Disability Mortality Table for General Members, with no setback.
 - Safety 1981 Disability Mortality Table for Safety Members, set back two years.

10. Life Expectancy After Retirement for Employee Contribution Rate Purposes:

- General Members - 1994 Group Annuity Table for Males, set back three years.
- Safety Members - 1994 Group Annuity Table for Males, set back two years.

11. Reciprocity Assumption:

50% of members who terminate with a vested benefit are assumed to enter a reciprocal system.

12. Deferral Age for Vested Terminations:

62 for General members; 55 for Safety members.

SCHEDULE 2

PROBABILITIES OF SEPARATION FROM ACTIVE SERVICE

The following pages indicate the probability of separation from active service for each of eight separate sources of termination:

- ◆ *Withdrawal:* member terminates and elects refund of member contributions.
- ◆ *Vested termination:* member terminates and contributions are left on deposit.
- ◆ *Ordinary death:* member dies prior to eligibility for retirement; death not employment-related.
- ◆ *Ordinary disability:* member receives disability retirement; disability not employment-related.
- ◆ *Service retirement:* member retires after satisfaction of requirements of age and/or service for reasons other than disability.
- ◆ *Duty disability:* member receives disability retirement; disability is employment-related.
- ◆ *Duty death:* member dies prior to retirement; death is employment-related.
- ◆ *Death while eligible:* member dies prior to retirement but after satisfaction of age and/or service requirements for service retirement.

The probabilities shown for each cause of termination represent the probability that a given member will terminate at a particular age for the indicated reason. For example, if the probability of withdrawal at age 25 is .1650, then we are assuming that 16.50% of the active members at age 25 will terminate without vested rights during the next year.

The following eligibility rules are not used when applying the assumptions: 5 years of service for vested termination, 5 years of service for ordinary disability and death while eligible, and the earlier of 50 years of age and 10 years of service or 30 years of service (20 years for Safety) for service retirement.

SCHEDULE 2
PROBABILITIES OF SEPARATION FROM ACTIVE SERVICE
SAFETY MEMBERS
CURRENT ASSUMPTIONS

<u>Age</u>	<u>Withdrawal</u>	<u>Ordinary Death</u>	<u>Ordinary Disability</u>	<u>Service</u>	<u>Death While Eligible</u>	<u>Duty Death</u>	<u>Duty Disability</u>	<u>Terminated Vested</u>
20	0.07000	0.00007	0.00000	0.00000	0.00000	0.00006	0.00014	0.00000
22	0.06700	0.00007	0.00000	0.00000	0.00000	0.00006	0.00014	0.00260
22	0.06400	0.00007	0.00000	0.00000	0.00000	0.00006	0.00014	0.00585
23	0.06100	0.00007	0.00000	0.00000	0.00000	0.00006	0.00014	0.00910
24	0.05800	0.00007	0.00000	0.00000	0.00000	0.00006	0.00018	0.01235
25	0.05500	0.00015	0.00004	0.00000	0.00006	0.00013	0.00027	0.01560
26	0.05200	0.00015	0.00004	0.00000	0.00006	0.00013	0.00036	0.01885
27	0.04900	0.00015	0.00004	0.00000	0.00006	0.00013	0.00049	0.02145
28	0.04500	0.00015	0.00004	0.00000	0.00006	0.00013	0.00063	0.02405
29	0.04100	0.00015	0.00004	0.00000	0.00006	0.00013	0.00077	0.02340
30	0.03800	0.00015	0.00004	0.00000	0.00006	0.00013	0.00094	0.02275
31	0.03500	0.00015	0.00007	0.00000	0.00006	0.00013	0.00112	0.02145
32	0.03200	0.00015	0.00010	0.00000	0.00012	0.00013	0.00130	0.01950
33	0.02900	0.00015	0.00017	0.00000	0.00012	0.00013	0.00153	0.01690
34	0.02700	0.00015	0.00025	0.00000	0.00012	0.00013	0.00175	0.01365
35	0.02500	0.00015	0.00032	0.00000	0.00012	0.00013	0.00202	0.01235
36	0.02300	0.00015	0.00038	0.00000	0.00018	0.00013	0.00234	0.01170
37	0.02100	0.00015	0.00046	0.00000	0.00024	0.00013	0.00265	0.01105
38	0.01900	0.00015	0.00052	0.00000	0.00024	0.00013	0.00297	0.01040
39	0.01700	0.00015	0.00059	0.00000	0.00030	0.00013	0.00329	0.00975
40	0.01500	0.00023	0.00066	0.00000	0.00036	0.00020	0.00360	0.00910
41	0.01300	0.00023	0.00074	0.00000	0.00036	0.00020	0.00391	0.00845
42	0.01100	0.00023	0.00081	0.00000	0.00036	0.00020	0.00427	0.00780
43	0.00900	0.00023	0.00084	0.00000	0.00042	0.00020	0.00464	0.00650
44	0.00700	0.00023	0.00084	0.00000	0.00042	0.00020	0.00499	0.00520
45	0.00600	0.00030	0.00088	0.00660	0.00048	0.00026	0.00540	0.00455
46	0.00500	0.00030	0.00088	0.00880	0.00054	0.00033	0.00581	0.00390
47	0.00450	0.00030	0.00091	0.01100	0.00054	0.00039	0.00621	0.00325
48	0.00400	0.00038	0.00091	0.01100	0.00060	0.00045	0.00661	0.00260
49	0.00400	0.00038	0.00094	0.01100	0.00060	0.00052	0.00702	0.00195
50	0.00400	0.00045	0.00094	0.05500	0.00066	0.00058	0.00742	0.00130
51	0.00400	0.00052	0.00098	0.04400	0.00072	0.00065	0.00788	0.00104
52	0.00400	0.00060	0.00098	0.04400	0.00078	0.00071	0.00833	0.00091
53	0.00400	0.00068	0.00102	0.03850	0.00084	0.00078	0.00877	0.00078
54	0.00400	0.00075	0.00105	0.03850	0.00090	0.00084	0.00922	0.00065
55	0.00000	0.00082	0.00000	0.10000	0.00096	0.00091	0.00000	0.00000
56	0.00000	0.00090	0.00000	0.07500	0.00102	0.00097	0.00000	0.00000
57	0.00000	0.00097	0.00000	0.07500	0.00108	0.00104	0.00000	0.00000
58	0.00000	0.00105	0.00000	0.15000	0.00114	0.00117	0.00000	0.00000
59	0.00000	0.00112	0.00000	0.40000	0.00120	0.00130	0.00000	0.00000
60	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000	0.00000	0.00000

SCHEDULE 2
PROBABILITIES OF SEPARATION FROM ACTIVE SERVICE
SAFETY MEMBERS
3% AT AGE 50 ASSUMPTIONS

<u>Age</u>	<u>Withdrawal</u>	<u>Ordinary Death</u>	<u>Ordinary Disability</u>	<u>Service</u>	<u>Death While Eligible</u>	<u>Duty Death</u>	<u>Duty Disability</u>	<u>Terminated Vested</u>
20	0.07000	0.00007	0.00000	0.00000	0.00000	0.00006	0.00014	0.00000
22	0.06700	0.00007	0.00000	0.00000	0.00000	0.00006	0.00014	0.00260
22	0.06400	0.00007	0.00000	0.00000	0.00000	0.00006	0.00014	0.00585
23	0.06100	0.00007	0.00000	0.00000	0.00000	0.00006	0.00014	0.00910
24	0.05800	0.00007	0.00000	0.00000	0.00000	0.00006	0.00018	0.01235
25	0.05500	0.00015	0.00004	0.00000	0.00006	0.00013	0.00027	0.01560
26	0.05200	0.00015	0.00004	0.00000	0.00006	0.00013	0.00036	0.01885
27	0.04900	0.00015	0.00004	0.00000	0.00006	0.00013	0.00049	0.02145
28	0.04500	0.00015	0.00004	0.00000	0.00006	0.00013	0.00063	0.02405
29	0.04100	0.00015	0.00004	0.00000	0.00006	0.00013	0.00077	0.02340
30	0.03800	0.00015	0.00004	0.00000	0.00006	0.00013	0.00094	0.02275
31	0.03500	0.00015	0.00007	0.00000	0.00006	0.00013	0.00112	0.02145
32	0.03200	0.00015	0.00010	0.00000	0.00012	0.00013	0.00130	0.01950
33	0.02900	0.00015	0.00017	0.00000	0.00012	0.00013	0.00153	0.01690
34	0.02700	0.00015	0.00025	0.00000	0.00012	0.00013	0.00175	0.01365
35	0.02500	0.00015	0.00032	0.00000	0.00012	0.00015	0.00202	0.01235
36	0.02300	0.00015	0.00038	0.00000	0.00018	0.00013	0.00234	0.01170
37	0.02100	0.00015	0.00046	0.00000	0.00024	0.00013	0.00265	0.01105
38	0.01900	0.00015	0.00052	0.00000	0.00024	0.00013	0.00297	0.01040
39	0.01700	0.00015	0.00059	0.00000	0.00030	0.00013	0.00329	0.00975
40	0.01500	0.00023	0.00066	0.00000	0.00036	0.00020	0.00360	0.00910
41	0.01300	0.00023	0.00074	0.00000	0.00036	0.00020	0.00391	0.00845
42	0.01100	0.00023	0.00081	0.00000	0.00036	0.00020	0.00427	0.00780
43	0.00900	0.00023	0.00084	0.00000	0.00042	0.00020	0.00464	0.00650
44	0.00700	0.00023	0.00084	0.00000	0.00042	0.00020	0.00499	0.00520
45	0.00600	0.00030	0.00088	0.00830	0.00048	0.00026	0.00540	0.00455
46	0.00500	0.00030	0.00088	0.01100	0.00054	0.00033	0.00581	0.00390
47	0.00450	0.00030	0.00091	0.01380	0.00054	0.00039	0.00621	0.00325
48	0.00400	0.00038	0.00091	0.01380	0.00060	0.00045	0.00661	0.00260
49	0.00400	0.00038	0.00094	0.01380	0.00060	0.00052	0.00702	0.00195
50	0.00400	0.00045	0.00094	0.06880	0.00066	0.00058	0.00742	0.00130
51	0.00400	0.00052	0.00098	0.05500	0.00072	0.00065	0.00788	0.00104
52	0.00400	0.00060	0.00098	0.05500	0.00078	0.00071	0.00833	0.00091
53	0.00400	0.00068	0.00102	0.04810	0.00084	0.00078	0.00877	0.00078
54	0.00400	0.00075	0.00105	0.04810	0.00090	0.00084	0.00922	0.00065
55	0.00000	0.00082	0.00000	0.10000	0.00096	0.00091	0.00000	0.00000
56	0.00000	0.00090	0.00000	0.07500	0.00102	0.00097	0.00000	0.00000
57	0.00000	0.00097	0.00000	0.07500	0.00108	0.00104	0.00000	0.00000
58	0.00000	0.00105	0.00000	0.15000	0.00114	0.00117	0.00000	0.00000
59	0.00000	0.00112	0.00000	0.40000	0.00120	0.00130	0.00000	0.00000
60	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000	0.00000	0.00000

SCHEDULE 3

YEARS OF LIFE EXPECTANCY AFTER SERVICE RETIREMENT

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
50	32.55	33.94	81	8.88	9.14
51	31.62	32.99	82	8.37	8.58
52	30.69	32.05	83	7.89	8.05
53	29.77	31.11	84	7.44	7.54
54	28.85	30.17	85	7.00	7.06
55	27.95	29.24	86	6.59	6.59
56	27.04	28.31	87	6.19	6.15
57	26.15	27.40	88	5.80	5.73
58	25.27	26.49	89	5.43	5.34
59	24.39	25.59	90	5.07	4.98
60	23.52	24.70	91	4.73	4.64
61	22.67	23.82	92	4.42	4.33
62	21.83	22.96	93	4.13	4.04
63	21.00	22.11	94	3.86	3.76
64	20.18	21.28	95	3.61	3.51
65	19.39	20.46	96	3.37	3.28
66	18.60	19.65	97	3.16	3.06
67	17.84	18.86	98	2.98	2.86
68	17.10	18.08	99	2.81	2.67
69	16.37	17.31	100	2.66	2.50
70	15.66	16.54	101	2.52	2.34
71	14.97	15.78	102	2.39	2.19
72	14.29	15.04	103	2.26	2.06
73	13.63	14.31	104	2.15	1.94
74	12.98	13.60	105	2.04	1.83
75	12.34	12.90	106	1.93	1.74
76	11.72	12.22	107	1.84	1.66
77	11.12	11.57	108	1.75	1.59
78	10.53	10.93	109	1.68	1.54
79	9.96	10.31	110	1.62	1.50
80	9.40	9.71			

1994 GA (x-2, y+1) for Safety Members

SCHEDULE 3

**YEARS OF LIFE EXPECTANCY AFTER DISABILITY RETIREMENT
SAFETY AND PROBATION MEMBERS**

<u>Age</u>	<u>Years of Life Expectancy</u>	<u>Age</u>	<u>Years of Life Expectancy</u>	<u>Age</u>	<u>Years of Life Expectancy</u>
20	51.12	51	24.38	81	7.41
21	50.20	52	23.59	82	7.00
22	49.29	53	22.80	83	6.63
23	48.39	54	22.03	84	6.27
24	47.48	55	21.26	85	5.94
25	46.58	56	20.50	86	5.63
26	45.68	57	19.77	87	5.34
27	44.79	58	19.06	88	5.06
28	43.89	59	18.40	89	4.80
29	43.01	60	17.78	90	4.55
30	42.12	61	17.20	91	4.31
31	41.24	62	16.64	92	4.09
32	40.36	63	16.11	93	3.87
33	39.48	64	15.59	94	3.66
34	38.61	65	15.08	95	3.46
35	37.74	66	14.58	96	3.26
36	36.88	67	14.09	97	3.07
37	36.02	68	13.61	98	2.89
38	35.16	69	13.13	99	2.71
39	34.31	70	12.66	100	2.54
40	33.46	71	12.18	101	2.37
41	32.61	72	11.70	102	2.20
42	31.77	73	11.21	103	2.04
43	30.93	74	10.72	104	1.88
44	30.09	75	10.22	105	1.72
45	29.26	76	9.73	106	1.55
46	28.43	77	9.24	107	1.38
47	27.61	78	8.75	108	1.21
48	26.80	79	8.28	109	1.04
49	25.99	80	7.83	110	.88
50	25.18				

1981 Disability (x-2) for Safety members

SCHEDULE 4

RATIO OF CURRENT COMPENSATION TO COMPENSATION ANTICIPATED AT RETIREMENT

<u>Age</u>	<u>Safety Members</u>	<u>Age</u>	<u>Safety Members</u>
20	0.100	46	0.469
21	0.106	47	0.499
22	0.113	48	0.530
23	0.119	49	0.563
24	0.126	50	0.598
25	0.134	51	0.634
26	0.142	52	0.671
27	0.151	53	0.711
28	0.160	54	0.752
29	0.170	55	0.794
30	0.180	56	0.837
31	0.192	57	0.875
32	0.203	58	0.915
33	0.216	59	0.956
34	0.230	60	1.000
35	0.244	61	
36	0.258	62	
37	0.274	63	
38	0.291	64	
39	0.309	65	
40	0.328	66	
41	0.348	67	
42	0.369	68	
43	0.391	69	
44	0.415	70	
45	0.441		

Note: Salary scale assumption reflects 4.50% for inflation and graded merit and longevity.



August 9, 2005

Mr. Oscar Peters
Administrator
Santa Barbara County
Employees' Retirement System
3916 State Street, Suite 210
Santa Barbara, CA 93105

RE: DSA Specialty Pays

Dear Oscar:

As requested, we have estimated the impact on the County's contribution as a result of the potential DSA specialty pays. The information provided by the County HR department indicated the possibility of a \$75 per pay period specialty pay for as many as 30 DSA members.

We have not performed a full actuarial valuation of the impact of this specialty pay, but we estimate the impact on the County's contribution rate to be immaterial, on the order of .01% of total County pay or less.

Please feel free to call me with any questions about our estimate.

Sincerely,

A handwritten signature in cursive script that reads "mike moehle".

Michael Moehle
Principal and Consulting Actuary