

**Santa Barbara County Employees'
Retirement System**

**ACTUARIAL VALUATION
June 30, 2010**



By

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December 7, 2010

Board of Retirement
Santa Barbara County Employees' Retirement System
3916 State Street, Suite 210
Santa Barbara, CA 93105

Dear Members of the Board:

As requested, we performed an actuarial valuation of the Santa Barbara County Employees Retirement System (SBCERS) as of June 30, 2010 for determining contributions for the fiscal year beginning July 1, 2011. Our findings are set forth in this actuary's report. This report reflects the benefit provisions in effect as of the valuation date.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated experience affecting the System.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as a change in the amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Board of Retirement has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix A.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for SBCERS. Actuarial computations presented in this report under GASB Statements No. 25 and 27 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals. The calculations in this report

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have been made on a basis consistent with our understanding of the plan provisions described in Appendix B of this report, and of GASB Statements No. 25 and 27. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

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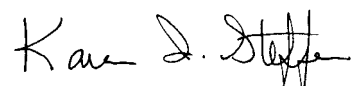
The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We would like to express our appreciation to members of SBCERS' staff, who gave substantial assistance in supplying the data on which this report is based.

We respectfully submit the following report, and we look forward to discussing it with you.

Sincerely,



Karen I. Steffen, FSA, EA, MAAA
Consulting Actuary
KIS/DRW/nlo



Daniel R. Wade, FSA, EA, MAAA
Consulting Actuary

Santa Barbara County Employees' Retirement System

Table of Contents

| | <i>Page</i> |
|--|-------------|
| Section 1: Summary of the Findings | 1 |
| Exhibit 1: Summary of Significant Valuation Results..... | 8 |
| Exhibit 2: Summary of Valuation Results | 9 |
| Section 2: Scope of the Report | 11 |
| Section 3: Assets..... | 13 |
| Exhibit 3: Statement of Plan Net Assets For the Years Ended June 30, 2009 and 2010.... | 16 |
| Exhibit 4: Statement of Changes in Plan Net Assets For the Years Ended June 30, 2009 and 2010..... | 17 |
| Exhibit 5: Allocation of Assets by Accounting Reserve Amounts For the Years Ended June 30, 2009 and 2010..... | 18 |
| Exhibit 6: Five-Year Smoothing of Gains and Losses on Market Value..... | 19 |
| Exhibit 7a: Development of Valuation Assets..... | 20 |
| Exhibit 7b: Net Return on Assets vs. Increase in Consumer Price Index..... | 21 |
| Exhibit 8: Allocation of Valuation Assets For the Year Ended June 30, 2010..... | 22 |
| Section 4: Actuarial Liabilities | 23 |
| Exhibit 9: Actuarial Balance Sheet – June 30, 2010 | 24 |
| Exhibit 10: Calculated Employer Normal Cost Contribution Rates – June 30, 2010 All Members..... | 27 |
| Exhibit 10a: Calculated Employer Normal Cost Contribution Rates – June 30, 2010 General Members..... | 28 |
| Exhibit 10b: Calculated Employer Normal Cost Contribution Rates – June 30, 2010 Safety Members..... | 29 |
| Exhibit 10c: Calculated Employer Normal Cost Contribution Rates – June 30, 2010 APCD Members..... | 30 |
| Exhibit 11: Calculated UAAL Amount by Class – June 30, 2010 All Members | 33 |
| Exhibit 11a: UAAL Amortization Rates – June 30, 2010..... | 34 |
| Section 5: Member Contributions | 35 |
| Section 6: Employer Contributions..... | 37 |
| Exhibit 12: Total Employer Contributions All Members | 39 |
| Exhibit 12a: Total Employer Contributions General Members | 40 |
| Exhibit 12b: Total Employer Contributions Safety Members..... | 41 |
| Exhibit 12c: Total Employer Contributions APCD Members | 42 |
| Exhibit 13: Analysis of Change in Unfunded Actuarial Accrued Liability | 43 |
| Section 7: Information for Comprehensive Annual Financial Report (CAFR) | 45 |
| Exhibit 14: Schedule of Funding Progress | 46 |
| Exhibit 15: Schedule of Contributions from the Employer..... | 47 |
| Exhibit 16: Solvency Test..... | 48 |

**Table of Contents
(continued)**

Page

Appendices

| | |
|---|------------|
| Appendix A: Actuarial Procedures and Assumptions | A-1 |
| Appendix B: Summary of Benefit Provisions | B-1 |
| Appendix C: Valuation Data and Schedules | C-1 |
| Appendix D: Member Contribution Rates | D-1 |
| Appendix E: Glossary | E-1 |



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Santa Barbara County Employees' Retirement System

Section 1: Summary of the Findings



Overview

2010 Valuation Results

| | June 30, 2010 | June 30, 2009 |
|----------------------------|---------------|---------------|
| Employer Contribution Rate | 34.48% | 28.88% |
| Funded Ratio | 73.7% | 75.3% |

We are pleased to present the results of the June 30, 2010 actuarial valuation. Key points are summarized as follows:

- **Experience Study:** Since our prior valuation, the assumptions used have been revised based upon the 2010 Investigation of Experience. As a result of the investigation, demographic assumptions for disability, termination, mortality, retirement, probability of marriage and sick leave load upon retirement were all updated to better reflect recent experience.

In addition, the Board elected to decrease the economic assumptions for inflation, wage growth and investment return (discount rate) from 3.50%, 4.00% and 8.16%, respectively, to 3.25%, 3.75% and 7.75%. It is our understanding that it is the Board's intention to use these assumptions for the 2010 and 2011 valuation, but then use a 7.50% investment return assumption for the 2012 valuation. All of the assumptions will be reviewed prior to the 2013 valuation as a result of the triennial Investigation of Experience scheduled for that time.

- **Investment Returns:** SBCERS' investment returns were 13.43% over the past year on a Market Value basis compared to an assumed return of 8.16% per year.

The Actuarial Value of Assets (AVA) is based upon the Market Value of Assets (MVA), but is a smoothed value that recognizes, over a five-year period, investment earnings less than (or greater than) the assumed investment return. When a loss (or gain) occurs, 20% of that amount is recognized each year until it is fully recognized in the fifth year.

Overview (continued)

To prevent the AVA from deviating too much from the MVA, it has been SBCERS practice to apply an asset corridor limit on the AVA, such that the AVA stays within 20% of the MVA. After the smoothed value of assets is calculated, the smoothed value is compared to 80% of MVA and 120% of MVA. If the smoothed value is within that range, the smoothed value is used. If the smoothed value is higher than 120% of MVA, then the AVA is set equal to 120% of MVA. Similarly, if the smoothed value is lower than 80% of MVA, the AVA is set equal to 80% of MVA.

At the time of the prior valuation, the smoothed value of assets was greater than 120% of the MVA. Because of this, the AVA used in the valuation was equal to 120% of MVA. As of this valuation, the AVA is approximately 119.7% of the MVA and thus, the asset corridor no longer applies.

After applying the asset-smoothing method and applying the asset corridor to the previous valuation results, the rate of return on the AVA was 13.16% since last year, higher than the assumed rate of 8.16%. Note that currently, the MVA is \$1,609.4 million, while the AVA is \$1,927.2 million. This means that a \$317.8 million net investment return loss is being deferred. These deferred losses will be reflected in future valuations.

- **Funded Ratio:** The Funded Ratio decreased from 75.3% to 73.7%. This is the ratio of the Valuation Assets (the AVA net of certain non-valuation reserves) to the Actuarial Accrued Liability (AAL). This decrease was caused primarily by the changes in assumptions pursuant to the Investigation of Experience. These losses were partially offset by the positive investment experience since the prior valuation. Please see Exhibit 13 for more detail.

On a Market Value of Valuation Assets basis, the funded ratio has decreased from 62.8% to 61.5%.

- **Contribution Rates:** The Employer Normal Cost rate increased from 14.21% to 16.58%. This increase was due almost entirely to the change in assumptions resulting from the Investigation of Experience.

The Employer's required contribution rate to finance the Unfunded Actuarial Accrued Liability (UAAL) over the 17-year amortization period is 17.90%. This compares to a rate of 14.67% in the previous valuation. The increase was primarily caused by the changes in assumptions and was partially offset by the positive investment experience in the previous year. The overall result is an increase in the required total contribution rate from the prior valuation of 5.60% (from 28.88% to 34.48%) of payroll.

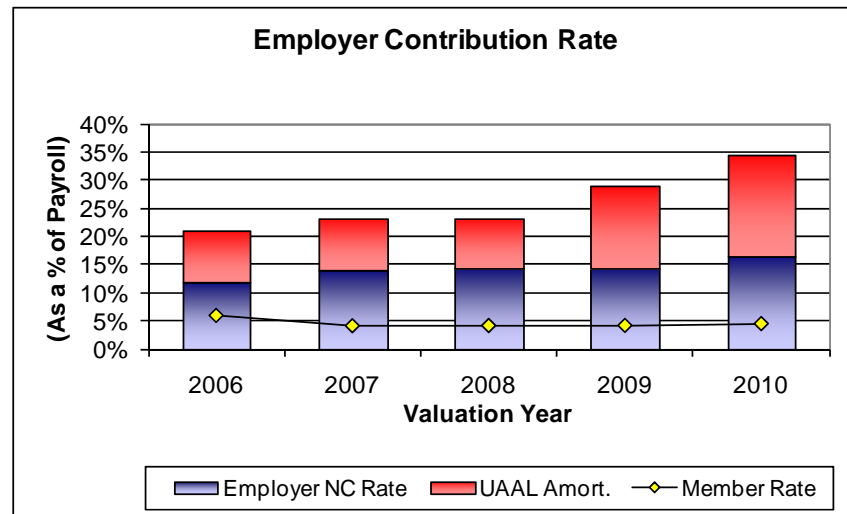
Employer Contribution Rate

Under the Board's current funding objectives, the calculated Employer contribution rate for the fiscal year beginning July 1, 2011 is 34.48% of payroll. This is equal to the payment of the Employer Normal Cost rate plus a 17-year amortization of the UAAL.

It should be noted that the 34.48% is a weighted average for all SBCERS cost groups (General, Safety, and APCD). The actual percentage of payroll to be contributed by the Employer varies by tier. See Exhibits 10a, 10b and 10c for Normal Cost rates by tier. See Exhibit 11a for the UAAL contribution rates for General, Safety, and APCD. See Exhibits 12a, 12b and 12c for the total Employer contribution rates by tier.

The new rate effective for the fiscal year beginning July 1, 2011 of 34.48% is currently adequate to maintain the funding of the retirement system benefits based on the actuarial methods and assumptions shown in this report, and satisfies the current funding objective that calls for the UAAL to be amortized over an open/rolling 17-year period.

A brief historical perspective of the Employer contribution rate is shown in the following graph.



Comparison with Last Year

A detailed analysis of the sources of the changes since the 2009 valuation is shown in the Gain and Loss Exhibit 13, Section 6 of this report.

The following chart summarizes how these and various other factors affected the overall funding of SBCERS and the Employer Contribution Rate, as compared to the last valuation.

| Sources of Change | Employer Contribution Rate | Funded Ratio |
|--|----------------------------|--------------|
| June 30, 2009 Actuarial Valuation | 28.88% | 75.3% |
| Change due to new assumptions | 6.75% | -4.4% |
| Expected Year-to-Year Change | 0.80% | 0.1% |
| Expected June 30, 2010 Actuarial Valuation | 36.43% | 71.0% |
| Asset Gain/Loss | -2.22% | 3.2% |
| Salary / Payroll Variation | -0.20% | 0.3% |
| CPI Less than Expected | -0.38% | 0.5% |
| New Entrants | 0.03% | 0.0% |
| Retirement from Active Status Experience | 0.50% | -0.7% |
| Retirement due to Early Retirement Incentive Program | 0.19% | -0.3% |
| Retirement from Deferred Status Experience | 0.02% | 0.0% |
| Retired Mortality Experience | 0.15% | -0.2% |
| All Other Experience | -0.04% | -0.1% |
| Total Experience | -1.95% | 2.7% |
| Actual June 30, 2010 Actuarial Valuation | 34.48% | 73.7% |

Benefit Provision Changes

To our knowledge, there have been no changes to the benefit plan provisions since our previous valuation.

Member Contribution Rates

The changes in the assumptions for wage increases, investment returns and retiree mortality all have an impact on the member contribution rates. Therefore, there have been changes recommended in the member contribution rates since our prior valuation. Member rates for all tiers are discussed in Section 5 and are shown in detail in Appendix D.

The aggregate member contribution rate has changed from 4.22% to 4.54% of payroll since our prior valuation.

Funding Progress

Based on Milliman's Investigation of Experience, the expected UAAL as of June 30, 2010 was \$759.5 million. The actual UAAL for the fiscal year ending June 30, 2010 is \$688.9 million. There were several factors that had an impact on the UAAL, both individually and in total. These factors are shown in detail at the end of Section 6, Exhibit 13. The major change for this valuation was the positive investment experience since the prior valuation.

One measure of the funding adequacy of the system is the Funded Ratio, which compares the value of the Valuation Assets to the AAL, for all SBCERS tiers combined. SBCERS' Funded Ratio increased rapidly in the last half of the 1990's, reaching almost 100% in 2000. However, due primarily to asset losses early in this decade and again in 2008 and 2009, the Funded Ratio has decreased since then.

Currently, the Funded Ratio is 73.7%; that is, the Valuation Assets of \$1,927.2 million are 26.3% less than the AAL of \$2,616.1 million.

(all dollar amounts in millions)

| Valuation Year | Market Value of Assets | Actuarial Value of Assets | Valuation Assets | Non Valuation Assets | Actuarial Accrued Liability | Funding Ratio |
|----------------|------------------------|---------------------------|------------------|----------------------|-----------------------------|---------------|
| 2004 | \$ 1,347 | \$ 1,379 | \$ 1,242 | \$ 137 | \$ 1,579 | 87.4% |
| 2005 | \$ 1,476 | \$ 1,444 | \$ 1,306 | \$ 138 | \$ 1,688 | 85.6% |
| 2006 | \$ 1,629 | \$ 1,553 | \$ 1,415 | \$ 138 | \$ 1,810 | 85.8% |
| 2007 | \$ 1,900 | \$ 1,735 | \$ 1,704 | \$ 31 | \$ 1,957 | 87.1% |
| 2008 | \$ 1,763 | \$ 1,894 | \$ 1,891 | \$ 3 | \$ 2,136 | 88.6% |
| 2009 | \$ 1,421 | \$ 1,706 | \$ 1,706 | \$ - | \$ 2,264 | 75.3% |
| 2010 | \$ 1,609 | \$ 1,927 | \$ 1,927 | \$ - | \$ 2,616 | 73.7% |

Prior to 2007, Actuarial Accrued Liability (AAL) was the sum of actuarial accrued liability calculated for the valuation and the non-valuation assets.

Prior to 2007, Funded Ratio is measured against Actuarial Value of Assets (AVA), which includes Non-Valuation Assets.

Effective in 2007, Funded Ratio is measured against Valuation Assets.

Effective in 2007, the Special Allowance Reserve was added to the Valuation Reserves. Liabilities also include Special Allowances.

Assets

For the fiscal year ending June 30, 2010, we estimate that SBCERS earned 13.43%, net of expenses, on its Market Value of Assets. Note that our return figure may be slightly different than that shown in the 2010 CAFR due to timing of contributions and benefit payments, as well as the treatment of expenses.

As mentioned above, SBCERS uses an asset-smoothing method in the determination of the AVA used in the calculation of the UAAL contribution rate. Under this method, the Market Value returns are smoothed over a five-year period. After that, it has been SBCERS practice to apply an asset corridor limit on the AVA, such that the AVA stays within 20% of the MVA. At the time of this valuation, the smoothed value of assets is approximately 119.7% of the MVA. Because of this, the corridor no longer applies to the AVA.

After applying the asset-smoothing method and applying the asset corridor to the previous valuation results, the rate of return on the AVA was 13.16% since last year, lower than the market rate of return due to asset smoothing, but higher than the assumed rate of 8.16%.

Because \$317.8 million in asset losses are being deferred as of the valuation date, it is likely that there will be decreases in the funded ratio and increases in the employer contribution rates in future years.

At its September 19, 2008 meeting, the Board directed a new classification of assets effective June 30, 2007. As a result of that classification, the Health Coverage Reserve was eliminated. The \$93.5 million that had been in the Health Coverage Reserve was allocated into two new reserves.

One of those new reserves was the 2007-2008 Health Benefit Reserve of \$9.4 million, created to pay the \$15 Health Benefits from July 2007 through September 2008 and the \$4 Supplemental Benefits from July 2007 through December 2008. The remaining \$84.1 million was allocated to the Transferred Funds reserve and included with Valuation Assets.

As of June 30, 2010, the Transferred Funds reserve was \$106.5 million. At its September 24, 2008 meeting, the Board directed that the Transferred Funds reserve be treated as a sub-account of the Retired Member reserve.

Note that the Health Benefits are reported in the SBCERS GASB 43 actuarial valuation of Post Employment Benefits Other than Pensions.

Non-Valuation Assets

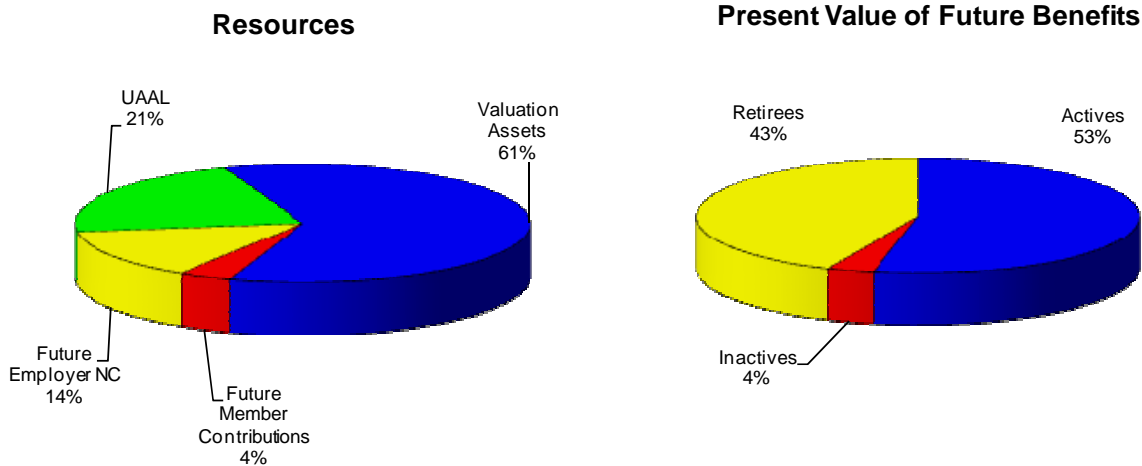
As of June 30, 2010, the entire AVA is included for valuation purposes. In valuations prior to 2009, certain non-valuation assets were excluded from the Valuation Assets.

We have based our understanding of the purposes of the various reserves on information provided to us by the Board and staff.

Actuarial Balance Sheet

The first step in the valuation process is to compare the total actuarial assets of SBCERS with its total liabilities for all tiers. In this analysis, SBCERS' resources equal the Valuation Assets plus the expected future contributions by both the employers and members. Liabilities reflect benefits already earned in the past and those expected to be earned in the future by current members. This relationship is shown in the following chart. The AAL is the total of these liabilities less expected future Normal Cost Contributions.

Comparing the current and future resources to the current and future liabilities, we then determine the annual contribution amount for the coming fiscal year.



Member Information

The number of active members included in the valuation decreased by 239 (or 5.4%) between 2009 and 2010.

Retired member counts and average retirement benefit amounts continue to increase steadily. For 2010, there were 3,318 retired members and beneficiaries with an average benefit of \$2,637 per month. This represents a 6.4% increase in count and a 6.9% increase in the average monthly benefit.

Summary Valuation Results

The following Exhibits present a summary of key data elements on June 30, 2010 and June 30, 2009, and how they changed over the past year. More detail on each of these elements can be found in the following Sections and Exhibits of this report.

Santa Barbara County Employees' Retirement System

Exhibit 1: Summary of Significant Valuation Results

| | June 30, 2010 | June 30, 2009 | Relative Change |
|---|---------------------|---------------------|--------------------|
| I. Total Membership | | | |
| A. Active Members | 4,228 | 4,467 | (5.4)% |
| B. Retired Members & Beneficiaries | 3,318 | 3,117 | 6.4% |
| C. Vested Terminated Members | 902 | 906 | (0.4)% |
| D. Terminated Members (with Contributions) | 279 | 248 | 12.5% |
| E. Total | <u>8,727</u> | <u>8,738</u> | (0.1)% |
| II. Annualized Payroll as of the Valuation Date | | | |
| A. Annual Total (\$thousands) | \$ 306,963 | \$ 306,524 | 0.1% |
| B. Monthly Average | \$ 6,050 | \$ 5,718 | 5.8% |
| III. Average Monthly Benefit to Current Retirees and Beneficiaries | \$ 2,637 | \$ 2,467 | 6.9% |
| IV. Actuarial Accrued Liability (\$thousands) | | | |
| A. Active Members | \$ 1,132,419 | \$ 1,026,647 | 10.3% |
| B. Retired Members | \$ 1,375,289 | \$ 1,131,188 | 21.6% |
| C. Vested Terminated Members | \$ 108,439 | \$ 106,027 | 2.3% |
| D. Total | <u>\$ 2,616,147</u> | <u>\$ 2,263,862</u> | 15.6% |
| V. Assets (\$thousands) | | | |
| A. Market Value of Fund | \$ 1,609,449 | \$ 1,421,519 | 13.2% |
| B. Market Value of Valuation Reserves | \$ 1,609,449 | \$ 1,421,519 | 13.2% |
| C. Valuation Assets | \$ 1,927,229 | 1,705,733 | 13.0% |
| VI. Funded Ratios | | | |
| A. Market Value of Assets Basis (V.B. / IV.) | 61.5% | 62.8% | (2.0)% |
| B. Valuation Assets Basis (V.C. / IV.) | 73.7% | 75.3% | (2.2)% |
| VII. Unfunded Actuarial Accrued Liability or Surplus Funding (\$thousands) | \$ 688,918 | \$ 558,129 | 23.4% |
| VIII. Required Employer contribution rate for all tiers combined as a percent of total payroll | | | |
| A. Gross Normal Cost | 21.12% | 18.43% | 14.6% |
| B. Member Contributions | (4.54)% | (4.22)% | 7.6% |
| C. Employer Normal Cost | 16.58% | 14.21% | 16.7% |
| D. UAAL Amortization | <u>17.90%</u> | <u>14.67%</u> | 22.0% |
| E. Total Employer Rate | 34.48% | 28.88% | 19.4% |

Santa Barbara County Employees' Retirement System

Exhibit 2: Summary of Valuation Results

| | 06/30/2009 General | 06/30/2010 General | Percent Change | 06/30/2009 Safety | 06/30/2010 Safety | Percent Change | 06/30/2009 APCD | 06/30/2010 APCD | Percent Change | 06/30/2009 Total | 06/30/2010 Total | Percent Change |
|--------------------------------------|-----------------------|-----------------------|-------------------|----------------------|----------------------|-------------------|--------------------|--------------------|-------------------|---------------------|---------------------|-------------------|
| Actives | 3,450 | 3,261 | -5.5% | 967 | 921 | -4.8% | 50 | 46 | -8.0% | 4,467 | 4,228 | -5.4% |
| Inactives * | 949 | 974 | 2.6% | 191 | 192 | 0.5% | 14 | 15 | 7.1% | 1,154 | 1,181 | 2.3% |
| Retirees | 2,425 | 2,548 | 5.1% | 669 | 742 | 10.9% | 23 | 28 | 21.7% | 3,117 | 3,318 | 6.4% |
| Totals | 6,824 | 6,783 | -0.6% | 1,827 | 1,855 | 1.5% | 87 | 89 | 2.3% | 8,738 | 8,727 | -0.1% |
| Active Payroll ** | 223,239,074 | 223,636,643 | 0.2% | 79,330,451 | 79,611,070 | 0.4% | 3,954,592 | 3,715,513 | -6.0% | 306,524,117 | 306,963,226 | 0.1% |
| Average | 64,707 | 68,579 | 6.0% | 82,038 | 86,440 | 5.4% | 79,092 | 80,772 | 2.1% | 68,620 | 72,602 | 5.8% |
| Retiree Benefits | 55,279,752 | 63,146,124 | 14.2% | 36,290,484 | 40,964,544 | 12.9% | 705,084 | 868,116 | 23.1% | 92,275,320 | 104,978,784 | 13.8% |
| Average | 22,796 | 24,783 | 8.7% | 54,246 | 55,208 | 1.8% | 30,656 | 31,004 | 1.1% | 29,604 | 31,639 | 6.9% |
| Valuation Assets | 990,027,615 | 1,128,896,050 | 14.0% | 692,960,780 | 772,276,213 | 11.4% | 22,744,625 | 26,056,912 | 14.6% | 1,705,733,020 | 1,927,229,175 | 13.0% |
| Market Value of Assets | 825,023,012 | 942,752,581 | 14.3% | 577,467,317 | 644,935,725 | 11.7% | 18,953,854 | 21,760,392 | 14.8% | 1,421,444,183 | 1,609,448,698 | 13.2% |
| Actuarial Accrued Liability | 1,362,168,269 | 1,580,178,198 | 16.0% | 870,833,441 | 1,001,336,747 | 15.0% | 30,860,609 | 34,631,911 | 12.2% | 2,263,862,319 | 2,616,146,856 | 15.6% |
| Unfunded Actuarial Accrued Liability | 372,140,654 | 451,282,148 | 21.3% | 177,872,661 | 229,060,534 | 28.8% | 8,115,984 | 8,574,999 | 5.7% | 558,129,299 | 688,917,681 | 23.4% |
| Retirement Contribution Rates | | | | | | | | | | | | |
| Employer Normal Cost | 11.87% | 13.85% | 16.7% | 20.87% | 24.33% | 16.6% | 13.33% | 14.76% | 10.7% | 14.21% | 16.58% | 16.7% |
| Unfunded Actuarial Accrued Liability | 13.44% | 16.09% | 19.7% | 18.07% | 22.95% | 27.0% | 16.54% | 18.41% | 11.3% | 14.67% | 17.90% | 22.0% |
| Total | 25.31% | 29.94% | 18.3% | 38.94% | 47.28% | 21.4% | 29.87% | 33.17% | 11.0% | 28.88% | 34.48% | 19.4% |
| Funded Ratios | | | | | | | | | | | | |
| Valuation Assets | 72.7% | 71.4% | -1.7% | 79.6% | 77.1% | -3.1% | 73.7% | 75.2% | 2.1% | 75.3% | 73.7% | -2.2% |
| Market Value of Assets | 60.6% | 59.7% | -1.5% | 66.3% | 64.4% | -2.9% | 61.4% | 62.8% | 2.3% | 62.8% | 61.5% | -2.0% |

* June 30, 2010 numbers include 279 terminated members with a pending refund of contributions as of June 30, 2010. The June 30, 2009 numbers include 248 such members.

** Active payroll excludes pay for Safety members over 65 and General members over age 75. These members are assumed to retire at the valuation date.



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Santa Barbara County Employees' Retirement System

Section 2: Scope of the Report



This report presents the actuarial valuation of the Santa Barbara County Employees' Retirement System as of June 30, 2010. This valuation was requested by the Board. Section 31453 of the County Employees Retirement Law of 1937 (the 37 Act) requires an actuarial valuation to be performed at least every three years for the purposes of setting contribution rates.

In reading our cover letter, please pay particular attention to the guidelines employed in the preparation of this report. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings depend. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings resulting from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of SBCERS. The assets and investment income are presented in Exhibits 3-5. Exhibits 6-8 develop the Actuarial Value of Assets as of June 30, 2010.

In Section 4, we describe the benefit obligations of SBCERS. Exhibit 9 is the Actuarial Balance Sheet. Additional analysis on the change in UAAL is also provided in this section.

In Section 5, we present the methodology for determining the Member contribution rates.

In Section 6, we develop the calculations for the Employer contributions needed to fund the benefits under the actuarial cost method in use.

In Section 7, we disclose the information required under Statement No. 25 of the Governmental Accounting Standards Board (GASB).

This report includes several appendices:

- Appendix A A summary of the actuarial procedures, and assumptions used to estimate liabilities and contributions.
- Appendix B A summary of the current benefit structure, as determined by the provisions of governing law on June 30, 2010.
- Appendix C Schedules of valuation data classified by various categories of members by class, plan and tier.
- Appendix D Member contribution rates by class, plan and tier.
- Appendix E A glossary of actuarial terms used in this report.

Santa Barbara County Employees' Retirement System

Section 3: Assets



In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date which, for this valuation, is June 30, 2010. On that date, the assets available for the payment of retirement benefits are appraised. These assets are compared with the actuarial liabilities, which are generally well in excess of the actuarial assets. The purpose of the valuation is to determine what future contributions by the members and County are needed to pay all expected future benefits.

This section of the report deals with the determination of assets used for funding purposes. In the next section, the actuarial liabilities will be discussed. Section 5 covers the member contribution rates. Section 6 deals with the process for determining required employer contributions based on the relationship between the actuarial assets and the actuarial liabilities.

A historical summary of the SBCERS' assets is presented below:

All dollar amounts in millions

| Valuation Date | Market Value of Total Assets | Actuarial Value | |
|----------------|------------------------------|-----------------|------------------|
| | | Total Assets | Valuation Assets |
| 2004 | \$ 1,347 | \$ 1,379 | \$ 1,242 |
| 2005 | 1,476 | 1,444 | 1,306 |
| 2006 | 1,629 | 1,553 | 1,415 |
| 2007 | 1,900 | 1,735 | 1,704 |
| 2008 | 1,763 | 1,894 | 1,891 |
| 2009 | 1,421 | 1,706 | 1,706 |
| 2010 | 1,609 | 1,927 | 1,927 |

On June 30, 2010, the total Market Value of Assets (MVA) was about \$1.609 billion. The Actuarial Value of Assets (AVA), which are equal to Valuation Assets as of June 30, 2010, was determined to be \$1.927 billion, equal to 119.7% of the Market Value of Assets.

Financial Exhibits

Exhibit 3 is the Statement of Plan Net Assets and Exhibit 4 is the Statement of Changes in Plan Net Assets. Exhibit 5 displays the allocation of SBCERS' assets by the various reserve values determined for accounting purposes.

Exhibits 3 and 4 and the data for Exhibit 5 are taken directly from data furnished to us by SBCERS for its annual financial report. We have accepted these tables for use in this report without audit, but we have reviewed them for reasonableness and consistency with previous reports.

Actuarial Asset Method

Under the actuarial asset method used by SBCERS, we compute the expected MVA based on the prior year's MVA, the actual cash flow of contributions and benefit payments, and the assumed investment rate of return.

The assumed rate of return through June 30, 2010 is 8.16%, net of all expenses. After June 30, 2010, the assumed rate of return will be 7.75%.

The difference between the actual Market Value and the computed expected Market Value is smoothed, or recognized over a five-year period. When a loss (or gain) occurs, 20% of that amount is recognized each year until it is fully recognized in the fifth year.

To prevent the AVA from deviating too much from the MVA, it has been SBCERS practice to apply an asset corridor limit on the AVA, such that the AVA stays within 20% of the MVA. After the smoothed value of assets is calculated, the smoothed value is compared to 80% of MVA and 120% of MVA. If the smoothed value is within that range, the smoothed value is used. If the smoothed value is higher than 120% of MVA, then the AVA is set equal to 120% of MVA. Similarly, if the smoothed value is lower than 80% of MVA, the AVA is set equal to 80% of MVA.

At the time of this valuation, the smoothed value of assets is 119.7% of the MVA. Because of this, the corridor no longer applies to the AVA.

Actuarial Value of Assets

The development of the June 30, 2010 AVA is shown in Exhibit 6. As of that date, the Actuarial Value of Assets is 119.7% of the Market Value of Assets. At the time of the last valuation, the corridor applied and thus, the AVA was 120% of MVA. There are \$317.8 million of deferred investment return losses yet to be recognized.

Valuation Assets and Non-Valuation Assets

Valuation Assets are the AVA, less the value of any reserves which have been set aside for current liabilities and special benefits that are to be funded outside of the actuarially determined contribution rates. As of June 30, 2010, the entire AVA is included for valuation purposes. In valuations prior to 2009, certain non-valuation assets were excluded from the Valuation Assets.

Allocation of Assets

Valuation Assets are allocated by classification (General, Safety and APCD) as shown in Exhibit 8. This is because UAAL contribution rates are determined separately by class.

The Normal Cost employer contribution rate is determined separately for each tier of each class.

The Member Deposit Reserve, County and District Advance Reserve, Retired Member Reserve, and Transferred Funds Reserve were all separated by classification by SBCERS.

At its September 24, 2008 meeting, the Board decided to classify the Transferred Funds Reserve as a sub-account of the Retired Member Reserve.

Please see Exhibit 8 for a detailed summary of the allocation of assets across classes.

Santa Barbara County Employees' Retirement System

Exhibit 3: Statement of Plan Net Assets For the Years Ended June 30, 2009 and 2010

| | 2010 | 2009 |
|--|-------------------------|-------------------------|
| Assets | | |
| Cash and Deposits | \$ 21,483,873 | \$ 11,632,923 |
| Receivables | | |
| Contributions | 3,983,960 | 3,272,529 |
| Security Sales Pending | 46,507,251 | 103,481,151 |
| Dividends | 1,308,354 | 1,093,149 |
| Accrued Interest | 3,912,942 | 4,525,452 |
| Other Receivables | 123,565 | 91,314 |
| Total Receivables | \$ 55,836,072 | \$ 112,463,595 |
| Investments at Fair Value | | |
| Short Term Investments | 51,142,189 | 43,494,167 |
| Alternative Equity | 55,168,188 | 36,708,253 |
| Domestic Fixed Income Securities | 415,198,303 | 375,970,642 |
| Domestic Equities | 585,091,702 | 542,060,779 |
| International Equities | 305,747,082 | 281,406,268 |
| International Fixed Income Securities | 106,185,345 | 81,776,521 |
| Real Estate | 67,295,389 | 64,834,896 |
| Total Investments | \$ 1,585,828,198 | \$ 1,426,251,526 |
| Collateral Held for Securities Lent | 71,502,381 | 105,353,402 |
| Total Assets | \$ 1,734,650,524 | \$ 1,655,701,446 |
| Liabilities | | |
| Payables | | |
| Collateral Held for Securities Lent | 71,502,381 | 105,353,402 |
| Securities Purchases Pending | 46,411,500 | 121,475,768 |
| Benefits Payable | 6,907,423 | 7,061,794 |
| Accounts Payable | 380,522 | 291,300 |
| Total Liabilities | 125,201,826 | 234,182,264 |
| Net Assets Held in Trust for Pension Benefits | \$ 1,609,448,698 | \$ 1,421,519,182 |

Santa Barbara County Employees' Retirement System

Exhibit 4: Statement of Changes in Plan Net Assets For the Years Ended June 30, 2009 and 2010

| | June 30, 2010 | June 30, 2009 |
|---|-------------------------|-------------------------|
| Additions | | |
| Contributions | | |
| Employer | \$ 84,647,133 | \$ 75,902,140 |
| Member | 11,648,994 | 11,083,461 |
| Total Contributions | 96,296,127 | 86,985,601 |
| Investment Income | | |
| Net Appreciation in Fair Value of Investments | 162,597,693 | (371,374,336) |
| Interest | 21,392,480 | 25,979,256 |
| Dividends | 14,356,470 | 15,979,425 |
| Total Investment Income | 198,346,643 | (329,415,655) |
| Less investment expense | (4,390,414) | (4,754,340) |
| Net Investment Income | 193,956,229 | (334,169,995) |
| Securities Lending Income | 398,599 | 949,462 |
| Securities Lending Expense | 228,249 | (566,725) |
| Net Securities Income | 626,848 | 382,737 |
| Other Income | 228,879 | 63,736 |
| Total Other Income | 228,879 | 63,736 |
| TOTAL ADDITIONS | \$ 291,108,083 | \$ (246,737,921) |
| Deductions | | |
| Benefits Paid - Includes Pension, Death, and Health Benefits* | \$ 97,813,216 | \$ 89,180,779 |
| Member Withdrawals | 1,319,448 | 1,609,893 |
| Administrative Expenses | 4,045,904 | 3,900,782 |
| TOTAL DEDUCTIONS | \$ 103,178,568 | \$ 94,691,454 |
| NET INCREASE | \$ 187,929,515 | \$ (341,429,375) |
| Assets Held in Trust - Beginning of Year | \$ 1,421,519,182 | \$ 1,762,948,557 |
| Assets Held in Trust - End of Year | \$ 1,609,448,697 | \$ 1,421,519,182 |

* Includes pensions and death benefits. It also includes health benefits paid prior to the establishment of the 401(h) account.

Santa Barbara County Employees' Retirement System

Exhibit 5: Allocation of Assets by Accounting Reserve Amounts For the Years Ended June 30, 2009 and 2010

| | 2010 | 2009 |
|--|--------------------------------|--------------------------------|
| 1. Member Deposit Reserve | \$ 162,431,794 | \$ 174,951,218 |
| 2. County and District Advance Reserve | 542,735,967 | 574,314,844 |
| 3. Retired Member Reserve | 1,361,616,490 | 1,164,480,350 |
| 4. Transferred Funds Reserve * | 106,451,816 | 98,420,688 |
| | <u>\$ 2,173,236,067</u> | <u>\$ 2,012,167,100</u> |
| 5. Market Stabilization Account | <u>(563,787,369)</u> | <u>(590,647,917)</u> |
| Total Reserves | <u>\$ 1,609,448,698</u> | <u>\$ 1,421,519,183</u> |

* Established as a valuation asset reserve effective June 30, 2007.

Santa Barbara County Employees' Retirement System

Exhibit 6: Five-Year Smoothing of Gains and Losses on Market Value

| Plan Year Ending | Contributions | Benefits* | Expected Investment Return | Actual Investment Return | Earnings Gain or (Loss) | Deferred Portion of Gain/Loss | Deferred Investment Return | Expected Market Value | Actual Market Value |
|--|---------------|------------|----------------------------------|--------------------------------|----------------------------|-------------------------------------|----------------------------------|--------------------------|------------------------|
| 6/30/2007 | 79,248,435 | 78,730,066 | 132,943,731 | 270,984,635 | 138,040,904 | 20% | 27,608,181 | 1,762,420,390 | 1,900,461,294 |
| 6/30/2008 | 84,940,244 | 86,228,890 | 155,026,096 | (136,224,090) | (291,250,186) | 40% | (116,500,074) | 2,054,198,744 | 1,762,948,558 |
| 6/30/2009 | 86,985,601 | 90,790,672 | 143,701,399 | (337,624,304) | (481,325,703) | 60% | (288,795,422) | 1,902,844,886 | 1,421,519,183 |
| 6/30/2010 | 96,296,127 | 99,132,664 | 115,882,504 | 190,766,052 | 74,883,548 | 80% | <u>59,906,838</u> | 1,534,565,150 | 1,609,448,698 |
| 1. Total | | | | | | | \$ (317,780,477) | | |
| 2. Market Value of Assets as of June 30, 2010 | | | | | | | \$ 1,609,448,698 | | |
| 3. Preliminary Actuarial Value of Assets as of June 30, 2010 = (2) - (1) | | | | | | | \$ 1,927,229,175 | | |
| 4. Corridor Limit | | | | | | | | | |
| a. 80% of Net Market Value | | | | | | | 1,287,558,958 | | |
| b. 120% of Net Market Value | | | | | | | 1,931,338,438 | | |
| 5. Actuarial Value of Assets After Corridor as of June 30, 2010 | | | | | | | \$ 1,927,229,175 | | |
| 6. Special Reserves (Non-valuation reserves) | | | | | | | \$ - | | |
| 7. Valuation Assets as of June 30, 2010 = (5) - (6) | | | | | | | <u>\$ 1,927,229,175</u> | | |

* Includes pensions, death benefits, and member withdrawals. It also includes health benefits paid prior to the establishment of the 401(h) account.



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Santa Barbara County Employees' Retirement System

Exhibit 7a: Development of Valuation Assets

| | <u>Valuation Assets</u> | <u>Actuarial Assets</u> | <u>Market Value of Assets</u> |
|--|-----------------------------|-----------------------------|-----------------------------------|
| 1. Total June 30, 2009 Valuation | \$ 1,705,733,020 | \$ 1,705,733,020 | \$ 1,421,519,183 |
| 2. Changes During the Year | | | |
| Member Contributions | 11,648,994 | 11,648,994 | 11,648,994 |
| Employer Contributions | 84,647,133 | 84,647,133 | 84,647,133 |
| Benefit Payments | (99,132,664) | (99,132,664) | (99,132,664) |
| Investment Return, Net of Expenses | 224,332,692 | 224,332,692 | 190,766,052 |
| Total Changes | <u>\$ 221,496,155</u> | <u>\$ 221,496,155</u> | <u>\$ 187,929,515</u> |
| 3. Total June 30, 2010 Valuation = 1 + 2 | \$ 1,927,229,175 | \$ 1,927,229,175 | \$ 1,609,448,698 |
| 4. Expected Value as of June 30, 2009 | \$ 1,841,970,836 | \$ 1,841,970,836 | \$ 1,534,565,150 |
| 5. Gain / (Loss) = (3) - (4) | 85,258,339 | 85,258,339 | 74,883,548 |
| 6. Rate of Return | 13.16% | 13.16% | 13.43% |



**Santa Barbara County Employees'
Retirement System**

Exhibit 7b: Net Return on Assets vs. Increase in Consumer Price Index

| Year Ended June 30 | Net Return at Market Value | Net Return at Actuarial Value | Increase in Consumer Price Index* |
|---------------------------------|-------------------------------|----------------------------------|---|
| 1988 | 1.9% | | 4.0% |
| 1989 | 17.6% | | 5.2% |
| 1990 | 10.8% | | 4.7% |
| 1991 | 9.7% | | 4.7% |
| 1992 | 18.5% | | 3.1% |
| 1993 | 13.2% | | 3.0% |
| 1994 | -0.7% | | 2.5% |
| 1995 | 17.7% | | 3.0% |
| 1996 | 15.6% | | 2.8% |
| 1997 | 19.9% | | 2.3% |
| 1998 | 18.9% | | 1.7% |
| 1999 | 10.5% | | 2.0% |
| 2000 | 6.4% | | 3.7% |
| 2001 | -4.3% | | 3.2% |
| 2002 | -5.4% | | 1.1% |
| 2003 | 4.6% | | 2.1% |
| 2004 | 15.7% | 2.9% | 3.3% |
| 2005 | 9.9% | 5.0% | 2.5% |
| 2006 | 10.6% | 7.8% | 4.3% |
| 2007 | 16.6% | 11.7% | 2.7% |
| 2008 | -7.2% | 9.2% | 5.0% |
| 2009 | -19.2% | -9.6% | -1.4% |
| 2010 | 13.4% | 13.2% | 1.1% |
| 23-Year Compound Average | 8.0% | | 2.9% |

* Based on All Urban Consumers - U.S. City Average, June indices.

Santa Barbara County Employees' Retirement System

**Exhibit 8: Allocation of Valuation Assets
For the Year Ended June 30, 2010**
(Dollars in Thousands)

| | General | Safety | APCD | Total |
|--|---------------------|-------------------|------------------|---------------------|
| 1. Member Deposit Reserve | \$ 129,767 | \$ 30,759 | \$ 1,906 | \$ 162,432 |
| 2. County and District Advance Reserve | 346,177 | 184,617 | 11,942 | 542,736 |
| 3. Retired Member Reserve | 741,995 | 605,203 | 14,418 | 1,361,616 |
| 4. Transferred Funds Reserve * | 55,057 | 50,277 | 1,118 | 106,452 |
| <hr/> | | | | |
| 5. Total Valuation Reserves (1 + 2 + 3 + 4) | \$ 1,272,996 | \$ 870,856 | \$ 29,384 | \$ 2,173,236 |
| <hr/> | | | | |
| 6. Percentage of Line 5. by Plan | 58.58% | 40.07% | 1.35% | 100.00% |
| 7. Actuarial Value of Valuation Assets (Exhibit 6) | | | \$ | 1,927,229 |
| 8. Allocated Valuation Assets (6 x 7) | <u>\$ 1,128,896</u> | <u>\$ 772,276</u> | <u>\$ 26,057</u> | <u>\$ 1,927,229</u> |

* The Transferred Funds Reserve is a sub-account of Retired Member Reserves.



Santa Barbara County Employees' Retirement System

Section 4: Actuarial Liabilities



In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of SBCERS' assets as of the valuation date, June 30, 2010. In this section, the discussion will focus on the commitments of SBCERS for retirement benefits, which are referred to as its actuarial liabilities.

In an active system, the actuarial liabilities will almost always exceed the actuarial assets. This is common in all but fully closed down funds, where no further contributions of any sort are anticipated. This deficiency has to be provided by future contributions and investment returns. An actuarial valuation method sets out a schedule of future contributions that will deal with this deficiency in an orderly fashion. The determination of the level of future contributions needed is discussed in the next section.

Actuarial Balance Sheet – Liabilities

First, we need to determine the amount of the deficiency. We compare the Valuation Assets to the Actuarial Liabilities. The difference is the amount that needs to be funded by the Member and County contributions in the future. Both the current and future assets (contributions) are compared to the actuarial liabilities in the Actuarial Balance Sheet.

Exhibit 9 contains an analysis of the actuarial present value of all future benefits for inactive members, (both retired and deferred vested members), and active members. The analysis is given by class of membership and by type of benefit.

The actuarial liabilities include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes measures of both benefits already earned and future benefits to be earned. For all members, active and inactive, the value extends over the rest of their lives and for the lives of any surviving beneficiaries. All pension valuation liabilities reflect the benefits effective through June 30, 2010.

The actuarial assumptions used to determine the liabilities are based on the results of our analysis of experience as of June 30, 2010 and were adopted by the Board in October 2010. These assumptions are summarized in Appendix A.

Santa Barbara County Employees' Retirement System

Exhibit 9: Actuarial Balance Sheet – June 30, 2010
(Dollars in Thousands)

| Resources | | | | |
|---|---------------------|---------------------|------------------|---------------------|
| | <u>General</u> | <u>Safety</u> | <u>APCD</u> | <u>Total</u> |
| Valuation Assets (Actuarial) | \$ 1,128,896 | \$ 772,276 | \$ 26,057 | \$ 1,927,229 |
| Present Value of Future Member Contributions | 77,992 | 39,907 | 1,568 | 119,467 |
| Present Value of Future Employer Contributions to Fund: | | | | |
| a) Normal Cost | 262,132 | 172,753 | 3,813 | 438,698 |
| b) Unfunded Actuarial Accrued Liability | 451,282 | 229,061 | 8,575 | 688,918 |
| Total Resources | \$ 1,920,302 | \$ 1,213,997 | \$ 40,013 | \$ 3,174,312 |

| Liabilities | | | | |
|------------------------------------|---------------------|---------------------|------------------|---------------------|
| | <u>General</u> | <u>Safety</u> | <u>APCD</u> | <u>Total</u> |
| Present Value of Future Benefits | | | | |
| 1. Present Retired Members | \$ 791,462 | \$ 571,023 | \$ 12,804 | \$ 1,375,289 |
| 2. Current Inactive Members | 78,522 | 28,121 | 1,796 | 108,439 |
| 3. Current Active Members | | | | |
| - Service Retirement | 964,330 | 560,132 | 23,612 | 1,548,074 |
| - Disability Retirement | 34,495 | 30,917 | 726 | 66,138 |
| - Death Benefits | 15,799 | 5,863 | 629 | 22,291 |
| - Deferred Vested Benefit | 31,829 | 17,564 | 383 | 49,776 |
| - Refund of Member Contributions | <u>3,865</u> | <u>377</u> | <u>63</u> | <u>4,305</u> |
| - Total Active | \$ 1,050,318 | \$ 614,853 | \$ 25,413 | \$ 1,690,584 |
| Total Actuarial Liabilities | \$ 1,920,302 | \$ 1,213,997 | \$ 40,013 | \$ 3,174,312 |

Actuarial Balance Sheet – Resources

For the purpose of the Actuarial Balance Sheet, SBCERS' resources are equal to the sum of:

- (a) assets currently available to pay benefits and considered for funding purposes (the Valuation Assets),
- (b) the present value of future contributions expected to be made by current active Members, and
- (c) the present value of future contributions expected to be made by the Employers.

Actuarial Cost Method

In the Actuarial Balance sheet, we determine the amount of future contributions that are needed, but the method used to determine the incidence of when those future contributions are yet to be made in future years is called the “actuarial cost method”. For this valuation, the entry age actuarial cost method has been used. Under this method – or essentially any actuarial cost method – the contributions required to meet the difference between current assets and current actuarial liabilities are allocated each year between two elements:

- A Normal Cost amount; and
- Whatever amount is left over, which is used to amortize what is called the Unfunded Actuarial Accrued Liability (UAAL).

Normal Cost

The two items described above – the Normal Cost and UAAL – are the keys to understanding the actuarial cost method.

The Normal Cost is the theoretical contribution rate that will meet the ongoing costs of a group of average new employees. Under the entry age actuarial cost method, the Normal Cost contribution rate maintains the funding of benefits as a level percentage of pay.

Suppose that a group of new employees was covered under a separate fund from which all benefits and to which all contributions and associated investment returns were paid. If experience follows the actuarial assumptions precisely and if the employers contributed the Normal Cost, the fund would be completely liquidated when the last payment to the last survivor of the group was made.

By applying the Normal Cost contribution rate to the present value of salaries expected to be paid in the future, we determine the present value of future Normal Cost contributions. Future contributions are expected to be made by both the Members and the Employers.

Normal Cost (continued)

The member contribution rates are determined based upon requirements established in bargaining agreements between the employers and employees and the actuarial assumptions. Based on these member contribution rates, we determine the present value of future member contributions. We subtract that value from the total future Normal Cost contributions expected, based on the entry age cost method. The remaining difference is the Employer's portion of the future Normal Cost contributions.

In Exhibit 10, we report the Total Normal Cost Contribution Rate for each class in total and then reduce the total by the members' average contribution rates to develop the Employer's Net Normal Cost Contribution Rate as of June 30, 2010. Exhibits 10a, 10b and 10c provide similar information regarding the normal cost rates, but they give the information by each tier within each plan, one exhibit for each class.

Note that the normal cost rates for Safety Plan 6A are actually lower than the rates for Safety Plan 6B. This is the case despite the fact that the only difference in benefits between the plans is that Safety Plan 6A uses the member's highest 12 months of compensation and Safety Plan 6B uses the member's highest 36 months of compensation. The reason for this is demographic differences between the two plans. The average entry age for Safety Plan 6B is significantly higher than the average entry age for Safety Plan 6A and that causes the normal cost rate to be higher for Safety Plan 6B.

**Santa Barbara County Employees'
Retirement System**

**Exhibit 10: Calculated Employer Normal Cost Contribution Rates – June 30, 2010
All Members**

| | <u>General</u> | <u>Safety</u> | <u>APCD</u> | <u>All Plans</u> |
|--|----------------|---------------|---------------|----------------------|
| A. Normal Cost Contribution Rate | | | | |
| Service Retirement | 14.88% | 24.58% | 15.92% | 17.41% |
| Disability Retirement | 0.82% | 2.54% | 0.93% | 1.27% |
| Death while Active | 0.32% | 0.42% | 0.94% | 0.35% |
| Termination (No Refund) | 1.48% | 2.23% | 1.91% | 1.68% |
| Refund of Member Contributions | 0.47% | 0.22% | 0.62% | 0.41% |
| Total | 17.97% | 29.99% | 20.32% | 21.12% |
| B. Member Contributions | (4.12)% | (5.66)% | (5.56)% | (4.54)% |
| C. Net Employer Normal Cost as of June 30, 2010 (A) + (B) | 13.85% | 24.33% | 14.76% | 16.58% |
| D. Net Employer Normal Cost as of June 30, 2009 | 11.87% | 20.87% | 13.33% | 14.21% |
| E. Increase (Decrease) as a Percentage of Payroll (C) - (D) | 1.98% | 3.46% | 1.43% | 2.37% |

**Santa Barbara County Employees'
Retirement System**

**Exhibit 10a: Calculated Employer Normal Cost Contribution Rates – June 30, 2010
General Members**

| | General - County | | | | |
|--|-------------------------|---------------|---------------|---------------|---------------|
| | <u>5A</u> | <u>5B</u> | <u>5C</u> | <u>Plan 2</u> | <u>Total</u> |
| A. Normal Cost Contribution Rate | | | | | |
| Service Retirement | 13.43% | 17.24% | 14.90% | 2.31% | 14.88% |
| Disability Retirement | 0.72% | 0.98% | 0.82% | 0.12% | 0.82% |
| Death while Active | 0.33% | 0.36% | 0.30% | 0.03% | 0.32% |
| Termination (No Refund) | 1.77% | 1.26% | 1.41% | 0.38% | 1.48% |
| Refund of Member Contributions | 0.37% | 0.84% | 0.38% | 0.00% | 0.47% |
| Total | 16.62% | 20.68% | 17.81% | 2.84% | 17.97% |
| B. Member Contributions | (3.23)% | (7.50)% | (3.36)% | 0.00% | (4.12)% |
| C. Net Employer Normal Cost as of June 30, 2010 (A) + (B) | 13.39% | 13.18% | 14.45% | 2.84% | 13.85% |
| D. Net Employer Normal Cost as of June 30, 2009 | 11.49% | 11.46% | 12.38% | 2.26% | 11.87% |
| E. Increase (Decrease) as a Percentage of Payroll (C) - (D) | 1.90% | 1.72% | 2.07% | 0.58% | 1.98% |

**Santa Barbara County Employees'
Retirement System**

**Exhibit 10b: Calculated Employer Normal Cost Contribution Rates – June 30, 2010
Safety Members**

| | Safety | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | <u>4A</u> | <u>4B</u> | <u>4C</u> | <u>6A</u> | <u>6B</u> | <u>Total</u> |
| A. Normal Cost Contribution Rate | | | | | | |
| Service Retirement | 24.15% | 25.54% | 23.13% | 25.36% | 25.74% | 24.58% |
| Disability Retirement | 2.77% | 2.91% | 2.60% | 2.37% | 2.46% | 2.54% |
| Death while Active | 0.48% | 0.35% | 0.42% | 0.42% | 0.41% | 0.42% |
| Termination (No Refund) | 1.99% | 1.58% | 1.90% | 2.53% | 2.54% | 2.23% |
| Refund of Member Contributions | 0.23% | 0.50% | 0.22% | 0.21% | 0.22% | 0.22% |
| Total | 29.62% | 30.88% | 28.27% | 30.89% | 31.37% | 29.99% |
| B. Member Contributions | (5.81)% | (11.90)% | (5.54)% | (5.45)% | (5.48)% | (5.66)% |
| C. Net Employer Normal Cost as of June 30, 2010 (A) + (B) | 23.81% | 18.98% | 22.73% | 25.44% | 25.89% | 24.33% |
| D. Net Employer Normal Cost as of June 30, 2009 | 20.56% | 14.28% | 19.86% | 21.44% | 22.02% | 20.87% |
| E. Increase (Decrease) as a Percentage of Payroll (C) - (D) | 3.25% | 4.70% | 2.87% | 4.00% | 3.87% | 3.46% |

**Santa Barbara County Employees'
Retirement System**

**Exhibit 10c: Calculated Employer Normal Cost Contribution Rates – June 30, 2010
APCD Members**

| A. Normal Cost Contribution Rate | APCD | | |
|--|----------------|----------------|----------------|
| | <u>Plan 1</u> | <u>Plan 2</u> | <u>Total</u> |
| Service Retirement | 15.35% | 16.82% | 15.92% |
| Disability Retirement | 0.90% | 0.97% | 0.93% |
| Death while Active | 1.01% | 0.82% | 0.94% |
| Termination (No Refund) | 2.09% | 1.64% | 1.91% |
| Refund of Member Contributions | 0.45% | 0.89% | 0.62% |
| Total | 19.80% | 21.14% | 20.32% |
| B. Member Contributions | (3.94)% | (8.09)% | (5.56)% |
| C. Net Employer Normal Cost as of June 30, 2010 (A) + (B) | 15.86% | 13.05% | 14.76% |
| D. Net Employer Normal Cost as of June 30, 2009 | 13.85% | 12.32% | 13.33% |
| E. Increase (Decrease) as a Percentage of Payroll (C) - (D) | 2.01% | 0.73% | 1.43% |

Actuarial Accrued Liability

The difference between the present value of all future obligations and the present value of the future Normal Cost contributions is referred to as the Actuarial Accrued Liability (AAL). The AAL is then compared to the Valuation Assets and the difference is referred to as the UAAL. The results for SBCERS for all classes are summarized in Exhibit 11.

Unfunded Actuarial Accrued Liability/ Surplus Funding

The portion allocated to service already rendered or accrued is called the AAL. The difference between the AAL and the Valuation Assets is called the Unfunded Actuarial Accrued Liability (UAAL). If a UAAL amount exists, it usually results from prior years' benefit or assumption changes and the net effect of accumulated gains and losses.

If the Employers have always contributed the current Normal Cost, if there were no prior benefit or assumption changes and if actual experience exactly matched the actuarial assumptions, the present value of all future Normal Cost contributions would be sufficient to fund all benefits and there would be no UAAL.

Exhibit 11 shows how the UAAL, or Surplus Funding, was derived for each classification. In the Actuarial Balance sheet, the total AAL for all future benefits must be equal to the current and future assets.

Funding Adequacy

A key consideration in determining the adequacy of the funding of SBCERS is how the UAAL is being funded. If the UAAL amount is positive, that is, the AAL to be funded is greater than the Valuation Assets, then the UAAL is amortized. Under the current funding method, the UAAL is amortized over an open/rolling 17-year period.

Under an open/rolling amortization method, the entire UAAL is amortized over a constant period, in this case, 17 years. A 17-year amortization factor will be applied to the entire UAAL for each of the General, Safety, and APCD groups. The factor does not change from year to year unless the discount rate or salary scale assumption is changed. Because the discount rate and salary scale did change from the prior valuation due to the Investigation of Experience, the amortization factor has changed from the previous valuation.

The Board adopted this funding policy at its September 23, 2009 meeting. Exhibit 11a discloses the development of the UAAL payment for each classification.

Analysis of Change in UAAL

The UAAL, at any date after establishment of a system, is affected by any actuarial gains or losses arising when the actual experience of the system varies from the experience anticipated by the actuarial assumptions used in the valuations. To the extent actual experience, as it develops, differs from that expected according to the assumptions used, so also will the emerging costs differ from the estimated costs.

The 2010 actuarial valuation reflects an increase in the UAAL of \$130.8 million for the fiscal year just ended from \$558.1 million to \$688.9 million. See Exhibit 13 in Section 6 for a detailed breakdown of the change in UAAL.

The changes in assumptions pursuant to the Investigation of Experience resulted in a large increase in the UAAL. This loss was partially offset by the positive investment experience since our prior valuation.

Santa Barbara County Employees' Retirement System

Exhibit 11: Calculated UAAL Amount by Class – June 30, 2010 All Members

(Dollars in Millions)

| | General | Safety | APCD | 2010 All Plans | 2009 All Plans | Percent Change |
|--|-----------------|-----------------|---------------|----------------------|----------------------|-------------------|
| A. Actuarial present value of all future benefits for contributing members, former contributing members, and their survivors | \$ 1,920.3 | \$ 1,214.0 | \$ 40.0 | \$ 3,174.3 | \$ 2,719.7 | 16.7% |
| B. Actuarial present value of total future Normal Costs for current members | 340.1 | 212.7 | 5.4 | 558.2 | 455.9 | 22.4% |
| C. Actuarial Accrued Liability [A-B] | \$ 1,580.2 | \$ 1,001.3 | \$ 34.6 | \$ 2,616.1 | \$ 2,263.8 | 15.6% |
| D. Valuation Assets | 1,128.9 | 772.2 | 26.1 | 1,927.2 | 1,705.7 | 13.0% |
| E. UAAL or Surplus Funding [C-D] | \$ 451.3 | \$ 229.1 | \$ 8.5 | \$ 688.9 | \$ 558.1 | 23.4% |
| F. Funded Ratio [D/C] | 71.4% | 77.1% | 75.4% | 73.7% | 75.3% | (2.2)% |

Santa Barbara County Employees' Retirement System

Exhibit 11a: UAAL Amortization Rates – June 30, 2010

| | General | Safety | APCD | All Plans |
|---|----------------|----------------|---------------|----------------|
| A. Unfunded Actuarial Accrued Liability | \$ 451,282,148 | \$ 229,060,534 | \$ 8,574,999 | \$ 688,917,681 |
| B. 17-Year Amortization Factor | 0.079757 | 0.079757 | 0.079757 | 0.079757 |
| C. Beginning of Year Payment [AxB] | \$ 35,992,722 | \$ 18,269,085 | \$ 683,913 | \$ 54,945,720 |
| D. Beginning of Year Payroll | \$ 223,636,643 | \$ 79,611,070 | \$ 3,715,513 | \$ 306,963,226 |
| E. UAAL Amortization Rate [C/D] | 16.09% | 22.95% | 18.41% | 17.90% |



Santa Barbara County Employees' Retirement System

Section 5: Member Contributions



For SBCERS, member contributions are of just one type: Basic contributions.

Basic contributions for each tier are defined in the following sections of the County Employees' Retirement Law:

| Plan/Tier | Code Section | Member Contribution Provides Average Annuity of | FAS Period |
|----------------|-------------------|---|------------|
| General 5A | 31621.5 | 1/200th of FAS* at age 60 | 1 year |
| General 5B | 31621.2 | 1/100th of FAS* at age 60 | 1 year |
| General 5C | 31621.5 | 1/200th of FAS* at age 60 | 3 years |
| General 2 | NA | NA | 3 years |
| APCD 1 | 31621.6 & 31581.1 | 1/2 x 1/100th of FAS* at age 55 | 1 year |
| APCD 2 | 31621.6 | 1/100th of FAS* at age 55 | 1 year |
| Safety 4A & 6A | | 1/2 x 3/200th of FAS* at age 55 | 1 year |
| Safety 4B | | 3/200th of FAS* at age 55 | 1 year |
| Safety 4C & 6B | | 1/2 x 3/200th of FAS* at age 55 | 3 years |

**FAS is Final Average Salary. FAS Period is length of time for the average.*

Basic Contributions

Basic member contributions are determined using the Entry Age Normal Funding Method and the following actuarial assumptions:

1. Expected rate of return on assets
2. Individual salary increase rate (wage growth + merit)
3. Mortality for members on service retirement
4. No COLAs are assumed

Changes in the actuarial assumptions have occurred since the prior valuation. The expected rate of return on assets, the wage growth assumptions and the mortality assumptions have all been changed. The rates shown in Appendix D reflect member contribution rates, effective July 1, 2011.

Safety Member Contributions

Based on information provided by SBCERS, the Safety member contribution rates were established during negotiations in 2000. They do not directly correspond to a CERL Section. Contribution rates were not changed when Plans 6A and 6B were adopted.

Member Contribution Rates

Some members only pay one-half of the rate otherwise defined by the formulas shown above. The groups paying half rates are indicated in the table.

Full disclosure of the member rates can be found in Appendix D.

General Plan 2 members make no employee contributions.

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Santa Barbara County Employees' Retirement System

Section 6: Employer Contributions



Contributions to SBCERS are determined using the Entry Age Normal Cost Funding Method. The portion of the actuarial present value of retirement benefits allocated to a valuation year by the Actuarial Cost Method is called the Normal Cost. These amounts are usually expressed as a percentage of payroll and called the Normal Cost Contribution Rate. Exhibit 10 in Section 4 shows the aggregate Normal Cost by class and in total for all plans. Exhibits 10a, 10b and 10c in Section 4 illustrate the Normal Cost Rates by type of benefit and for each plan and tier based on this valuation.

It should be noted that when we use the term “Normal Cost Contribution rate,” we are referring to the value of benefits earned by active members allocated to the valuation year. The Net Employer Normal Cost is the portion of the annual benefit for which the employer is responsible. This is the Normal Cost Contribution rate less the contribution rate paid by the members.

Exhibit 12 shows the total employer contribution rates by class in total for all plans.

The total calculated employer contribution rates for each tier, along with a comparison to the prior year’s computed rates, can be found in Exhibits 12a, 12b and 12c. These results are expressed as a percentage of payroll and annual contribution dollars. Note that SBCERS’ UAAL is determined separately for each class. The System funds the UAAL evenly as a percentage of pay over salaries for all members within a class.

Calculated Contribution Rate

The total Employer contribution rate was 28.88% for the fiscal year beginning July 1, 2010. For the fiscal year beginning in 2011, the calculated rate based on this report increased to 34.48%. This is equal to the aggregate Net Normal Cost contribution rate of 16.58% plus the amortization payment of the UAAL as measured from the valuation date and reported in Exhibit 11a. The aggregate UAAL contribution rate is 17.90%.

Both the normal cost rates and the UAAL rates are broken into pieces for the “Basic” rate and the COLA rate. The Basic rate is for the benefits without cost-of-living adjustments.

For each class, the Basic UAAL Contribution rate was determined by multiplying the total UAAL rate by the portion of the total AAL attributable to basic benefits.

Changes in the Normal Cost Rate

The change in the calculated Normal Cost contribution rates from year to year is generally due to four factors. These four factors are:

- (1) **Experience:** Normal experience from year to year, reflecting differences in both the weighting between membership groups and in their characteristics, as well as on what was assumed to occur during the past fiscal year and what actually occurred, particularly with respect to salary increases and turnover experience.
- (2) **Changes in Benefit Provisions:** Plans 5C, 6A, and 6B have been added recently. Changes in the aggregate composition of the membership among the various plans will lead to experience gains and losses.
- (3) **Changes in Actuarial Assumptions:** There have been significant changes since the prior actuarial valuation due to the Investigation of Experience.
- (4) **Changes in Actuarial Methods:** The amortization period for the UAAL was changed from a 15-year layered approach to a 17-year open/rolling period, effective with the June 30, 2009 valuation. It has not changed since our prior valuation.

Changes in UAAL and UAAL Contribution Rates

Exhibit 13 shows the source of the major gains and losses for the System as a whole.

Changes have occurred since the 2009 valuation. The changes in assumptions based upon the Investigation of Experience resulted in significant increases in the UAAL contribution rate. These increases have been partially offset by the positive investment experience since the previous valuation.

Another change from the prior valuation was that the COLAs for some retirees and beneficiaries were less than the 3.0% we expected. The annual COLA that SBCERS retirees and beneficiaries are eligible to receive is based upon the change in the consumer price index. Our assumption is that all receive 3.0% increases each year. Because the CPI actually decreased over 2009, some members did not receive the full 3.0% increases in April 2010. For retirees and beneficiaries retired on or before April 1, 2006, the COLA banks were drawn down and the full 3.0% COLA was granted on April 1, 2010. For those retired after that date, the COLAs were less than 3.0%.

Another change from the prior valuation was the Early Retirement Incentive Program (ERIP). That program resulted in approximately \$7.3 million of additional liability.

Santa Barbara County Employees' Retirement System

**Exhibit 12: Total Employer Contributions
All Members**
(Dollars in Thousands)

| | General | Safety | APCD | 2010 All Plans |
|--|------------------|------------------|-----------------|----------------------|
| A. Basic Employer Normal Cost Rate | 9.09% | 15.37% | 9.37% | 10.72% |
| B. COLA Normal Cost Rate | 4.76% | 8.96% | 5.39% | 5.86% |
| C. Employer Normal Cost Rate | 13.85% | 24.33% | 14.76% | 16.58% |
| D. Basic UAAL Contribution Rate | 10.95% | 14.77% | 13.07% | 11.97% |
| E. COLA UAAL Contribution Rate | 5.14% | 8.18% | 5.34% | 5.93% |
| F. UAAL Contribution Rate | 16.09% | 22.95% | 18.41% | 17.90% |
| G. Total June 30, 2010 Contribution Rate (C + F) | 29.94% | 47.28% | 33.17% | 34.48% |
| H. Total June 30, 2009 Contribution Rate | 25.31% | 38.94% | 29.87% | 28.88% |
| I. Estimated Payroll for fiscal year beginning July 1, 2011 * | \$ 236,334 | \$ 84,132 | \$ 3,927 | \$ 324,393 |
| J. Estimated Annual Contribution (G x I) ** | \$ 70,763 | \$ 39,797 | \$ 1,303 | \$ 111,863 |
| K. Prior Valuation Estimated Annual Contribution *** | \$ 57,734 | \$ 31,567 | \$ 1,128 | \$ 90,429 |
| L. Increase / (Decrease) in Annual Contribution | \$ 13,029 | \$ 8,230 | \$ 175 | \$ 21,434 |

* Estimated payroll based upon the assumption of 3.75% annual payroll growth.

** Estimated contributions shown for illustrative purposes. Actual contributions will vary depending on actual payroll and timing.

***Estimated contribution for fiscal year beginning July 1, 2010 based on salary information as of June 30, 2010.

Santa Barbara County Employees' Retirement System

Exhibit 12a: Total Employer Contributions General Members (Dollars in Thousands)

| | General | | | | Total |
|--|------------------|------------------|------------------|---------------|------------------|
| | 5A | 5B | 5C | Plan 2 | |
| A. Basic Employer Normal Cost Rate | 8.93% | 7.82% | 9.71% | 2.84% | 9.09% |
| B. COLA Normal Cost Rate | 4.46% | 5.36% | 4.74% | 0.00% | 4.76% |
| C. Employer Normal Cost Rate | 13.39% | 13.18% | 14.45% | 2.84% | 13.85% |
| D. Basic UAAL Contribution Rate | 10.95% | 10.95% | 10.95% | 10.95% | 10.95% |
| E. COLA UAAL Contribution Rate | 5.14% | 5.14% | 5.14% | 5.14% | 5.14% |
| F. UAAL Contribution Rate | 16.09% | 16.09% | 16.09% | 16.09% | 16.09% |
| G. Total June 30, 2010 Contribution Rate (C + F) | 29.48% | 29.27% | 30.54% | 18.93% | 29.94% |
| H. Total June 30, 2009 Contribution Rate | 24.93% | 24.90% | 25.82% | 15.70% | 25.31% |
| I. Estimated Payroll for fiscal year beginning July 1, 2011 * | \$ 68,810 | \$ 46,137 | \$ 120,547 | \$ 840 | \$ 236,334 |
| J. Estimated Annual Contribution (G x I) ** | \$ 20,285 | \$ 13,504 | \$ 36,815 | \$ 159 | \$ 70,763 |
| K. Prior Valuation Estimated Annual Contribution *** | \$ 16,534 | \$ 11,073 | \$ 30,000 | \$ 127 | \$ 57,734 |
| L. Increase / (Decrease) in Annual Contribution | \$ 3,751 | \$ 2,431 | \$ 6,815 | \$ 32 | \$ 13,029 |

* Estimated payroll based upon the assumption of 3.75% annual payroll growth.

** Estimated contributions shown for illustrative purposes. Actual contributions will vary depending on actual payroll and timing.

*** Estimated contribution for fiscal year beginning July 1, 2010 based on salary information as of June 30, 2010.

Santa Barbara County Employees' Retirement System

Exhibit 12b: Total Employer Contributions Safety Members (Dollars in Thousands)

| | Safety | | | | | |
|--|-----------------|---------------|------------------|-----------------|------------------|------------------|
| | 4A | 4B | 4C | 6A | 6B | Total |
| A. Basic Employer Normal Cost Rate | 15.18% | 10.08% | 14.50% | 15.93% | 16.29% | 15.37% |
| B. COLA Normal Cost Rate | 8.63% | 8.90% | 8.23% | 9.51% | 9.60% | 8.96% |
| C. Employer Normal Cost Rate | 23.81% | 18.98% | 22.73% | 25.44% | 25.89% | 24.33% |
| D. Basic UAAL Contribution Rate | 14.77% | 14.77% | 14.77% | 14.77% | 14.77% | 14.77% |
| E. COLA UAAL Contribution Rate | 8.18% | 8.18% | 8.18% | 8.18% | 8.18% | 8.18% |
| F. UAAL Contribution Rate | 22.95% | 22.95% | 22.95% | 22.95% | 22.95% | 22.95% |
| G. Total June 30, 2010 Contribution Rate (C + F) | 46.76% | 41.93% | 45.68% | 48.39% | 48.84% | 47.28% |
| H. Total June 30, 2009 Contribution Rate | 38.63% | 32.35% | 37.93% | 39.51% | 40.09% | 38.94% |
| I. Estimated Payroll for fiscal year beginning July 1, 2011 * | \$ 12,035 | \$ 1,504 | \$ 27,524 | \$ 15,541 | \$ 27,528 | \$ 84,132 |
| J. Estimated Annual Contribution (G x I) ** | \$ 5,628 | \$ 631 | \$ 12,573 | \$ 7,520 | \$ 13,445 | \$ 39,797 |
| K. Prior Valuation Estimated Annual Contribution *** | \$ 4,481 | \$ 469 | \$ 10,062 | \$ 5,918 | \$ 10,637 | \$ 31,567 |
| L. Increase / (Decrease) in Annual Contribution | \$ 1,147 | \$ 162 | \$ 2,511 | \$ 1,602 | \$ 2,808 | \$ 8,230 |

* Estimated payroll based upon the assumption of 3.75% annual payroll growth.

** Estimated contributions shown for illustrative purposes. Actual contributions will vary depending on actual payroll and timing.

*** Estimated contribution for fiscal year beginning July 1, 2010 based on salary information as of June 30, 2010.

Santa Barbara County Employees' Retirement System

Exhibit 12c: Total Employer Contributions APCD Members (Dollars in Thousands)

| | APCD | | |
|--|---------------|---------------|-----------------|
| | Plan 1 | Plan 2 | Total |
| A. Basic Employer Normal Cost Rate | 10.54% | 7.54% | 9.37% |
| B. COLA Normal Cost Rate | 5.32% | 5.51% | 5.39% |
| C. Employer Normal Cost Rate | 15.86% | 13.05% | 14.76% |
| D. Basic UAAL Contribution Rate | 13.07% | 13.07% | 13.07% |
| E. COLA UAAL Contribution Rate | 5.34% | 5.34% | 5.34% |
| F. UAAL Contribution Rate | 18.41% | 18.41% | 18.41% |
| G. Total June 30, 2010 Contribution Rate (C + F) | 34.27% | 31.46% | 33.17% |
| H. Total June 30, 2009 Contribution Rate | 30.39% | 28.86% | 29.87% |
| I. Estimated Payroll for fiscal year beginning July 1, 2011 * | \$ 2,396 | \$ 1,531 | \$ 3,927 |
| J. Estimated Annual Contribution (G x I) ** | \$ 821 | \$ 482 | \$ 1,303 |
| K. Prior Valuation Estimated Annual Contribution *** | \$ 702 | \$ 426 | \$ 1,128 |
| L. Increase / (Decrease) in Annual Contribution | \$ 119 | \$ 56 | \$ 175 |

* Estimated payroll based upon the assumption of 3.75% annual payroll growth.

** Estimated contributions shown for illustrative purposes. Actual contributions will vary depending on actual payroll and timing.

*** Estimated contribution for fiscal year beginning July 1, 2010 based on salary information as of June 30, 2010.

Santa Barbara County Employees' Retirement System

Exhibit 13: Analysis of Change in Unfunded Actuarial Accrued Liability (Dollars in Millions)

| | Amount | As a Percent of June 30, 2010 Actuarial Accrued Liability | UAAL Contribution Rate % of Pay * |
|---|-----------------|--|--|
| Unfunded Actuarial Accrued Liability - June 30, 2009 | \$ 558.1 | 21.33% | 14.67% |
| Increase in UAAL due to new assumptions | 170.7 | 6.52% | 4.29% |
| Unfunded Actuarial Accrued Liability - June 30, 2009 (Modified Valuation with new assumptions) | \$ 728.8 | 27.85% | 18.96% |
| Interest Accrued | 56.5 | 2.16% | 1.47% |
| Benefits Accrued (Normal Cost) | 74.2 | 2.84% | 1.93% |
| Contributions (with Assumed Interest) | | | |
| Employer - Cash | (87.9) | -3.36% | -2.29% |
| Member | (12.1) | -0.46% | -0.31% |
| Total | (100.0) | -3.82% | -2.60% |
| Expected Unfunded Actuarial Accrued Liability - June 30, 2010 | \$ 759.5 | 29.03% | 19.76% |
| Source of Change | | | |
| Asset (Gains) and Losses | (85.3) | -3.26% | -2.22% |
| Actuarial (Gains) and Losses | | | |
| Salary Increases | (7.6) | -0.29% | -0.20% |
| CPI Less than Expected | (14.1) | -0.54% | -0.38% |
| New Entrants | 1.1 | 0.04% | 0.03% |
| Retirement from Active Status Experience | 19.2 | 0.73% | 0.50% |
| Retirement due to Early Retirement Incentive Program | 7.3 | 0.28% | 0.19% |
| Retirement from Deferred Status Experience | 0.9 | 0.03% | 0.02% |
| Retired Mortality Experience | 5.9 | 0.23% | 0.15% |
| All Other Experience | 2.0 | 0.08% | 0.05% |
| Total | 14.7 | 0.56% | 0.36% |
| Total Changes | (70.6) | -2.70% | -1.86% |
| Unfunded Actuarial Accrued Liability - June 30, 2010 | \$ 688.9 | 26.33% | 17.90% |

* The June 30, 2009 Unfunded Actuarial Accrued Liability contribution rate, interest and benefits accrued, and contributions, as a percentage of pay is based on 2009 valuation pay. The June 30, 2010 Expected Unfunded Actuarial Accrued Liability as a percentage of pay is based on expected 2010 valuation pay. Otherwise, actual 2010 valuation pay is used to express the contribution rate as a percentage of pay.

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Santa Barbara County Employees' Retirement System

Section 7: Information for Comprehensive Annual Financial Report (CAFR)



The Governmental Accounting Standards Board (GASB) sets standards for defined benefit pension plan reporting and disclosures (Statement No. 25). The reporting requirements for Statement No. 25 include certain supplementary information that must be added to the financial statements. These include:

- (1) A Schedule of Funding Progress
- (2) A Schedule of Employer Contributions

The Schedule of Funding Progress, Exhibit 14, compares actuarial assets and liabilities of SBCERS, based on the actuarial funding method used. The required Schedule of Employer Contributions, Exhibit 14, compares the employer contributions required based on the actuarial valuation (the actuarial required contribution, or ARC) with the employer contributions actually made. The ARC must be calculated based on certain parameters required for disclosure purposes.

We believe the actuarial methods and assumptions used in this valuation to determine the employer's contribution for funding purposes satisfy the GASB reporting requirements.

GASB Statement No. 27 specifies required reporting for pension accounting by state and local governmental employers.

The comparability of the data from year to year can be affected by changes in actuarial assumptions, benefit provisions, accounting policies, etc.

Exhibit 15 is the Schedule of Contributions from the Employer and compares the calculated Annual Required Contribution (ARC) to the actual employer contribution paid.

Exhibit 16 compares the Actuarial Value of Valuation Assets to the types of Actuarial Accrued Liabilities, applying them first to Active Member contributions, then to retirees and beneficiaries, and then the remaining amount to the Active Members benefits. This is referred to as the Solvency Test. Although not required under GASB, this test is part of the CAFR guidelines specified by the Government Finance Officers System (GFOA).

Santa Barbara County Employees' Retirement System

Exhibit 14: Schedule of Funding Progress (Dollars In Thousands)

| Actuarial Valuation Date* | (a) Actuarial Value of Assets | (b) Non-Valuation Assets (NVA) | (c) Valuation Assets (a)-(b) | (d) Valuation Actuarial Accrued Liabilities (AAL) | (e) AAL with NVA (b)+(d) | (f) Unfunded Actuarial Accrued Liabilities (UAAL) (d)-(c) = (e)-(a) | (g) Prior Method Funded Ratio (a)/(e) | (h) Current Method Funded Ratio (c)/(d) | (i) Covered Payroll | UAAL as a Percentage of Covered Payroll (f)/(i) |
|------------------------------|--|--------------------------------------|---------------------------------------|---|--------------------------------------|--|--|--|---------------------------|--|
| June 30, 2005 | 1,443,824 | 137,829 | 1,305,995 | 1,549,803 | 1,687,632 | 243,808 | 85.6% | 84.3% | 267,785 | 91.0% |
| June 30, 2006 | 1,552,776 | 137,825 | 1,414,951 | 1,671,831 | 1,809,656 | 256,880 | 85.8% | 84.6% | 287,382 | 89.4% |
| June 30, 2007 ** | 1,735,489 | 31,020 | 1,704,469 | 1,956,834 | 1,987,854 | 252,365 | 87.3% | 87.1% | 294,163 | 85.8% |
| June 30, 2008 | 1,893,984 | 2,528 | 1,891,456 | 2,135,955 | 2,138,483 | 244,499 | 88.6% | 88.6% | 307,264 | 79.6% |
| June 30, 2009 | 1,705,733 | - | 1,705,733 | 2,263,862 | 2,263,862 | 558,129 | 75.3% | 75.3% | 306,524 | 182.1% |
| June 30, 2010 | 1,927,229 | - | 1,927,229 | 2,616,147 | 2,616,147 | 688,918 | 73.7% | 73.7% | 306,963 | 224.4% |

* Information for years prior to 2007 was provided by prior actuaries. Prior to 2007, non-valuation asset reserves were included with the Actuarial Value of Assets (AVA). Non-valuation asset reserves were also added to the AAL prior to 2007. Beginning in 2007, non-valuation assets are not included in the AVA and are no longer added to the AAL.

** Results as of June 30, 2007 do not match those previously reported in the 2007 Comprehensive Annual Financial Report (CAFR). This information reflects the Board's actions on September 19, 2008 regarding asset reserve classifications.

Santa Barbara County Employees' Retirement System

Exhibit 15: Schedule of Contributions from the Employer
(Dollars In Thousands)

| Fiscal Year Ending* | Annual Required Contribution (ARC) | Actual Employer Contributions | Percentage of ARC Contributed |
|------------------------|--|----------------------------------|----------------------------------|
| June 30, 2005 | 46,721 | 46,721 | 100% |
| June 30, 2006 | 53,977 | 53,977 | 100% |
| June 30, 2007 | 63,395 | 63,395 | 100% |
| June 30, 2008 | 69,461 | 69,461 | 100% |
| June 30, 2009 | 75,902 | 75,902 | 100% |
| June 30, 2010 | 84,647 | 84,647 | 100% |

* Information for years prior to 2007 was provided by prior actuaries.

Santa Barbara County Employees' Retirement System

Exhibit 16: Solvency Test
(Dollars In Thousands)

| Actuarial Valuation Date* | Valuation Assets | Actuarial Accrued Liabilities for | | | Portion of Actuarial Accrued Liabilities Covered by Assets | | |
|------------------------------|---------------------|---------------------------------------|--------------------------------------|--|--|------|-----|
| | | Active Member Contributions (A) | Retirees and Beneficiaries (B) | Active Members (Employer Financed Portion) (C) | (A) | (B) | (C) |
| June 30, 2005 | 1,443,824 | 125,040 | 715,319 | 847,273 | 100% | 100% | 71% |
| June 30, 2006 | 1,552,776 | 137,148 | 788,479 | 884,029 | 100% | 100% | 71% |
| June 30, 2007 ** | 1,704,469 | 169,218 | 979,657 | 810,516 | 100% | 100% | 69% |
| June 30, 2008 | 1,891,456 | 177,770 | 1,124,748 | 833,437 | 100% | 100% | 71% |
| June 30, 2009 | 1,705,733 | 174,951 | 1,237,215 | 851,696 | 100% | 100% | 34% |
| June 30, 2010 | 1,927,229 | 162,432 | 1,483,728 | 969,987 | 100% | 100% | 29% |

* Information for years prior to 2007 was provided by prior actuaries.

Prior to 2007, non-valuation asset reserves were included with the Actuarial Value of Assets (AVA).

Non-valuation asset reserves were also added to the Actuarial Accrued Liabilities (AAL) for Active Members prior to 2007.

Beginning in 2007, non-valuation assets are not included in the AVA and are no longer added to the AAL.

Also beginning in 2007, liabilities for terminated members with vested deferred benefits are included with the AAL for Retirees and Beneficiaries.

** Results as of June 30, 2007 do not match those previously reported in the 2007 Comprehensive Annual Financial Report (CAFR).

This information reflects the Board's actions on September 19, 2008 regarding asset reserve classifications.



Santa Barbara County Employees' Retirement System

Appendix A: Actuarial Procedures and Assumptions



The actuarial procedures and assumptions used in this valuation are described in this section. The assumptions were reviewed and changed June 30, 2010 as a result of the 2010 Investigation of Experience Study.

The actuarial assumptions used in the valuations are intended to estimate the future experience of the members of SBCERS and of SBCERS itself in areas that affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of SBCERS' benefits.

Table A-1 summarizes the assumptions. The mortality rates are taken from the sources listed.

Tables A-2 and A-3 show how members are expected to leave retired status due to death.

Table A-4 presents the probability of refund of contributions upon termination of employment while vested.

Table A-5 and A-6 present the expected annual percentage increase in salaries.

Tables A-7 to A-12 were developed from the experience as measured by the 2010 Investigation of Experience Study. The rates are the probabilities a member will leave the system for various reasons.

Actuarial Cost Method

The actuarial valuation is prepared using the entry age actuarial cost method (CERL 31453.5). Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age).

For members who transferred between plans, entry age is based on original entry into the system.

**Actuarial Cost
Method
(continued)**

The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets, and (b) the actuarial present value of future normal costs is called the Unfunded Actuarial Accrued Liability (UAAL). The UAAL (or Surplus Funding) is amortized as a percentage of the projected salaries of present and future members of SBCERS. The UAAL is amortized over an “open/rolling” 17-year period. Effective with the June 30, 2009 valuation, each year, the entire UAAL is amortized over a constant 17-year period. The amortization factor does not change from year to year unless the discount rate or salary assumption is changed.

Records and Data

The data used in this valuation consist of financial information and the age, service, and income records for active and inactive members and their survivors. All of the data were supplied by SBCERS and are accepted for valuation purposes without audit.

**Replacement of
Terminated Members**

The ages and relative salaries at entry of future members are assumed to follow a new entrant distribution based on the pattern of current members. Under this assumption, the normal cost rates for active members will remain fairly stable in future years unless there are changes in the governing law, the actuarial assumptions or the pattern of the new entrants.

**Growth in
Membership**

For benefit determination purposes, no growth in the membership of SBCERS is assumed. For funding purposes, if amortization is required, the total payroll of covered members is assumed to grow due to the combined effects of future wage increases of current active members and the replacement of the current active members by new employees. No growth in the total number of active members is assumed.

**Internal Revenue
Code Section 415
Limit**

The Internal Revenue Code Section 415 maximum benefit limitations are not reflected in the valuation for funding purposes. Any limitation is reflected in a member’s benefit after retirement.

**Internal Revenue
Code Section
401(a)(17)**

The Internal Revenue Code Section 401(a)(17) maximum compensation limitation is not reflected in the valuation for funding purposes. Any limitation is reflected in a member’s benefit after retirement.

**Employer
Contributions**

The County and other employers' contribution rates are set by the Retirement Board based on actuarial valuations.

The employer contribution rates consist of both normal cost rates and UAAL rates. Both the normal cost rates and the UAAL rates are broken into pieces for the "Basic" rate and the COLA rate. The Basic rate is for the benefits without cost-of-living adjustments. For each class, the Basic UAAL contribution rate was determined by multiplying the total UAAL rate by the portion of the total AAL attributable to basic benefits.

**Member
Contributions**

The member contribution rates vary by entry age and are described in the law. Code references and a description of the rates are shown in Section 5 of the report. The methods and assumptions used are detailed later in this section.

The individual member rates by entry age, plan and class are illustrated in Appendix D.

Valuation of Assets

The assets are valued using a five-year smoothed method based on the difference between the expected market value and the actual market value of the assets as of the valuation date. The expected market value is the prior year's market value increased with the net increase in the cash flow of funds, all increased with interest during the past fiscal year at the expected investment return rate assumption. The expected market value, with five-year smoothing valuation basis for all assets was adopted effective June 30, 2002.

**Investment Earnings
and Expenses**

The future investment earnings of the assets of SBCERS are assumed to accrue at an annual rate of 7.75% compounded annually, net of both investment and administrative expenses. This rate was adopted effective June 30, 2010.

**Postretirement
Benefit Increases**

Postretirement increases are assumed for the valuation in accordance with the benefits provided as described in Appendix B. These adjustments are assumed to be payable each year in the future as they are less than the expected increase in the Consumer Price Index of 3.25% per year. This rate was adopted effective June 30, 2010.

**Interest on Member
Contributions**

The annual credited interest rate on member contributions is assumed to be 4.25%. This rate was adopted effective June 30, 2010. As of June 30, 2008, the credited interest rate each six-month period is the semi-annual yield of the five-year Treasury note as of the last business day of the interest crediting period.

Future Salaries

The rates of annual salary increase assumed for the purpose of the valuation are illustrated in Table A-5 and A-6. In addition to increases in salary due to promotions and longevity, this scale includes an assumed 3.75% per annum rate of increase in the general wage level of the membership. These rates were adopted effective June 30, 2010.

Social Security Wage Base

General Plan 2 members have their benefits offset by an assumed Social Security Benefit. For valuation funding purposes, we need to project the Social Security Benefit. We assume the current Social Security provisions will continue and the annual Wage Base will increase at the rate of 3.75% per year. Note, statutory provisions describe exactly how to compute the offset for purposes of determining a member's offset amount at time of termination or retirement.

Retirement

After members attain age 50 (55 for General Plan 2 members) and have 10 years of service, they may retire with a benefit commencing immediately. All members except General Plan 2 members may also retire regardless of age after 20 years of service for Safety members and after 30 years of service for General members. The retirement rates vary by age and are shown by plan in Tables A-7 to A-12.

All General members who attain or who have attained age 75 in active service and all Safety members who have attained age 65 in active service are assumed to retire immediately.

All deferred vested members are assumed to retire at the later of age at termination or age 58 for General members and age 54 for Safety members, except for General Plan 2, who are assumed to retire at 65 and Safety Plan 6 who are assumed to retire at age 50.

The assumptions regarding termination of employment, early retirement, and unreduced service retirement are treated as a single set of decrements in regards to a particular member. For example, a General member hired at age 30 has a probability to withdraw from SBCERS due to death, disability or *other termination of employment* until age 50. After age 50, the member could still withdraw due to death, disability or *retirement*. Thus, in no year during the member's projected employment would they be eligible for both a probability of other termination of employment and a probability of retirement.

These rates were adopted effective June 30, 2010.

Disability

The rates of disability used in the valuation are also illustrated in Tables A-7 to A-12. These rates were revised June 30, 2010.

**Sick Leave Service
Credit Upon
Retirement**

Upon retirement, members are entitled to turn their sick leave balances into service credit for retirement benefits. Members are limited to one year of service credit. We apply a 1.34% load to the expected years of service at retirement for sick leave service credit.

**Mortality – Other
Than Disabled
Members**

The same postretirement mortality rates are used in the valuation for active members, members retired for service, and beneficiaries. These rates are illustrated in Table A-2. Beneficiary mortality is assumed to be the same assumption as healthy members. Beneficiaries are assumed to be of the opposite sex, and have the same mortality as General members. These rates were adopted June 30, 2010.

Males: General members: RP-2000 Combined Healthy Mortality Table for Males projected to 2010 using scale AA, with ages set back two years.

Safety members: RP-2000 Combined Healthy Mortality Table for Males projected to 2010 using scale AA, with ages set back two years.

Females: General members: RP-2000 Combined Healthy Mortality Table for Females projected to 2010 using scale AA, with ages set back four years.

Safety members: RP-2000 Combined Healthy Mortality Table for Females projected to 2010 using scale AA, with ages set back four years

**Mortality – Disabled
Members**

For disabled members, the mortality rates used in the valuation rates are illustrated in Table A-3. These rates were adopted June 30, 2010.

Males: General members: RP-2000 Combined Healthy Mortality Table for Males projected to 2010 using scale AA, with no age adjustment.

Safety members: RP-2000 Combined Healthy Mortality Table for Males projected to 2010 using scale AA, with no age adjustment.

Females: General members: RP-2000 Combined Healthy Mortality Table for Females projected to 2010 using scale AA, with no age adjustment.

Safety members: RP-2000 Combined Healthy Mortality Table for Females projected to 2010 using scale AA, with no age adjustment.

**Other Employment
Terminations**

Tables A-7 to A-12 show, for all ages, the rates assumed in this valuation for future termination from active service other than for death, disability or retirement. These rates do not apply to members eligible for service retirement. These rates were adopted effective June 30, 2010.

Terminating employees may withdraw their contributions immediately upon termination of employment and forfeit the right to further benefits, or they may leave their contributions with SBCERS. Former contributing members whose contributions are on deposit may later elect to receive a refund, may return to work or may remain inactive until becoming eligible to receive a retirement benefit under either SBCERS or a reciprocal retirement system.

All terminating members are assumed not to be rehired by SBCERS. Table A-4 gives the assumed probabilities that terminated members will elect a refund of contributions immediately upon termination. All other terminating members are assumed to leave their contributions on deposit. Fifty percent (50%) of members who leave their contributions on deposit are assumed to take employment at a reciprocal agency.

Former members with contributions on deposit are assumed to receive a retirement benefit commencing at the following ages:

| | |
|------------------------|--------|
| General Plan 5 Members | Age 58 |
| General Plan 2 Members | Age 65 |
| Safety Plan 4 Members | Age 54 |
| Safety Plan 6 Members | Age 50 |
| APCD Members | Age 58 |

Reciprocal members are assumed to remain with the reciprocal agency until retirement, and receive annual salary increases of:

| | |
|------------------------|-------|
| General & APCD Members | 4.00% |
| Safety Members | 4.25% |

These rates and assumptions were adopted effective June 30, 2010.

Probability of Eligible Survivor

For members not currently in pay status, 80% of all males and 55% of all females are assumed to have eligible survivors (spouses or qualified domestic partners). Survivors are assumed to be three years younger than male members and three years older than female members. Survivors are assumed to be of the opposite sex as the member. There is no explicit assumption for children's benefits. We believe the survivor benefits based on this assumption are sufficient to cover children's benefits as they occur.

Member Contribution Rate Assumptions

The following assumptions summarize the procedures used to compute member contribution rates based on entry age:

In general, the member rate is determined by the present value of the future benefit (PVFB) payable at retirement age, divided by the present value of all future salaries payable between age at entry and retirement age. For these purposes, per the CERL, the:

- A. Annuity factor used for General and Safety members is based on using a unisex mortality assumption. For these purposes, as well as determining option factors, the unisex mortality assumption is:

| | |
|---------------------------|---|
| General Healthy Members: | RP-2000 Combined Healthy Male projected to 2010 using scale AA, set back 4 years. |
| Safety Healthy Members: | RP-2000 Combined Healthy Male projected to 2010 using scale AA, set back 3 years. |
| Beneficiaries: | RP-2000 Combined Healthy Female projected to 2010 using scale AA, set back 2 years. |
| General Disabled Members: | RP-2000 Combined Healthy Male projected to 2010 using scale AA, set back 1 year. |
| Safety Disabled Members: | RP-2000 Combined Healthy Male projected to 2010 using scale AA, no adjustment. |

- B. The annuity factor used in determining the present value of future benefits (PVFB) at entry age is equal to the life only annuity factor at 7.75%.
- C. The Final Compensation is based on the salary paid in the year prior to attaining the retirement age.
Example: For a General Plan 5 member who enters at age 59 or earlier, the Final Compensation at retirement (age 60) will be the monthly average of the annual salaries during age 59.
- D. Member Rates are assumed to increase with entry age.

Santa Barbara County Employees' Retirement System

Table A-1: Summary of Valuation Assumptions as of June 30, 2010

| | | |
|-----|--|--|
| I. | Economic assumptions | |
| | A. General wage increases | 3.75% |
| | B. Investment earnings | 7.75% |
| | C. Growth in membership | 0.00 |
| | D. Postretirement benefit increases (varies by plan) | Plan COLA not greater than CPI assumption. |
| | E. CPI inflation assumption | 3.25% |
| II. | Demographic assumptions | |
| | A. Salary increases due to service | Tables A-5 to A-6 |
| | B. Retirement | Tables A-7 to A-12 |
| | C. Disablement | Tables A-7 to A-12 |
| | D. Mortality for active members after termination and service retired members. | Table A-2 |

Basis – RP-2000 Combined Healthy Mortality Table for respective sexes for general members projected to 2010 using scale AA, as adjusted:

| <u>Class of Members</u> | <u>Age Adjustment</u> |
|-------------------------|-----------------------|
| General – males | -2 years |
| General – females | -4 years |
| Safety – males | -2 years |
| Safety – females | -4 years |

| | | |
|----|----------------------------------|-----------|
| E. | Mortality among disabled members | Table A-3 |
|----|----------------------------------|-----------|

Basis – RP-2000 Combined Healthy Mortality Table projected to 2010 using scale AA, as adjusted:

| | |
|-------------------|---------|
| General - males | 0 years |
| General - females | 0 years |
| Safety - males | 0 years |
| Safety - females | 0 years |

| | | |
|----|------------------------------|-----------|
| F. | Mortality for beneficiaries. | Table A-2 |
|----|------------------------------|-----------|

Basis – Beneficiaries are assumed to have the same mortality as a general member of the opposite sex who has taken a service retirement.

| | | |
|----|---|--------------------|
| G. | Other terminations of employment | Tables A-7 to A-12 |
| H. | Refund of contributions on vested termination | Table A-4 |

Santa Barbara County Employees' Retirement System

Table A-2: Mortality for Members Retired for Service

| Age | Safety Male | Safety Female | General Male | General Female |
|-----|----------------|------------------|-----------------|-------------------|
| 20 | 0.026% | 0.015% | 0.026% | 0.015% |
| 25 | 0.032% | 0.016% | 0.032% | 0.016% |
| 30 | 0.037% | 0.019% | 0.037% | 0.019% |
| 35 | 0.060% | 0.028% | 0.060% | 0.028% |
| 40 | 0.091% | 0.046% | 0.091% | 0.046% |
| 45 | 0.116% | 0.067% | 0.116% | 0.067% |
| 50 | 0.158% | 0.103% | 0.158% | 0.103% |
| 55 | 0.238% | 0.158% | 0.238% | 0.158% |
| 60 | 0.449% | 0.291% | 0.449% | 0.291% |
| 65 | 0.870% | 0.553% | 0.870% | 0.553% |
| 70 | 1.552% | 1.042% | 1.552% | 1.042% |
| 75 | 2.612% | 1.749% | 2.612% | 1.749% |
| 80 | 4.620% | 2.858% | 4.620% | 2.858% |
| 85 | 8.279% | 4.734% | 8.279% | 4.734% |
| 90 | 14.323% | 8.215% | 14.323% | 8.215% |

**Santa Barbara County Employees'
Retirement System**

Table A-3: Mortality for Members Retired for Disability

| Age | Safety Male | Safety Female | General Male | General Female |
|------------|------------------------|--------------------------|-------------------------|---------------------------|
| 20 | 0.028% | 0.016% | 0.028% | 0.016% |
| 25 | 0.034% | 0.018% | 0.034% | 0.018% |
| 30 | 0.042% | 0.024% | 0.042% | 0.024% |
| 35 | 0.074% | 0.043% | 0.074% | 0.043% |
| 40 | 0.100% | 0.061% | 0.100% | 0.061% |
| 45 | 0.132% | 0.096% | 0.132% | 0.096% |
| 50 | 0.178% | 0.141% | 0.178% | 0.141% |
| 55 | 0.299% | 0.251% | 0.299% | 0.251% |
| 60 | 0.574% | 0.481% | 0.574% | 0.481% |
| 65 | 1.106% | 0.923% | 1.106% | 0.923% |
| 70 | 1.909% | 1.592% | 1.909% | 1.592% |
| 75 | 3.286% | 2.594% | 3.286% | 2.594% |
| 80 | 5.821% | 4.277% | 5.821% | 4.277% |
| 85 | 10.324% | 7.292% | 10.324% | 7.292% |
| 90 | 17.620% | 12.778% | 17.620% | 12.778% |

Santa Barbara County Employees' Retirement System

Table A-4: Immediate Refund of Contributions Upon Termination of Employment

| Years of Service | General Male | General Female | Safety |
|---------------------|-----------------|-------------------|--------|
| 0 | 100% | 100% | 100% |
| 1 | 100% | 100% | 100% |
| 2 | 100% | 100% | 100% |
| 3 | 100% | 100% | 100% |
| 4 | 100% | 100% | 100% |
| 5 | 40% | 40% | 25% |
| 6 | 40% | 40% | 25% |
| 7 | 40% | 40% | 25% |
| 8 | 40% | 40% | 25% |
| 9 | 40% | 40% | 25% |
| 10 | 25% | 25% | 0% |
| 11 | 25% | 25% | 0% |
| 12 | 25% | 25% | 0% |
| 13 | 25% | 25% | 0% |
| 14 | 25% | 25% | 0% |
| 15 | 10% | 10% | 0% |
| 16 | 10% | 10% | 0% |
| 17 | 10% | 10% | 0% |
| 18 | 10% | 10% | 0% |
| 19 | 10% | 10% | 0% |
| 20 | 10% | 10% | 0% |
| 21 | 10% | 10% | 0% |
| 22 | 10% | 10% | 0% |
| 23 | 10% | 10% | 0% |
| 24 | 10% | 10% | 0% |
| 25 | 0% | 10% | 0% |
| 26 | 0% | 10% | 0% |
| 27 | 0% | 10% | 0% |
| 28 | 0% | 10% | 0% |
| 29 | 0% | 10% | 0% |
| 30 & Up | 0% | 0% | 0% |

Santa Barbara County Employees' Retirement System

**Table A-5: Annual Increase in Salary
General**

| Years of Service | Due to Promotion and Longevity | Total Annual Increase* |
|---------------------|-----------------------------------|---------------------------|
| <1 | 4.75% | 8.68% |
| 1 | 4.00% | 7.90% |
| 2 | 3.25% | 7.12% |
| 3 | 2.50% | 6.34% |
| 4 | 2.00% | 5.83% |
| 5 | 1.50% | 5.31% |
| 6 | 1.25% | 5.05% |
| 7 | 1.00% | 4.79% |
| 8 | 0.90% | 4.68% |
| 9 | 0.80% | 4.58% |
| 10 | 0.78% | 4.55% |
| 11 | 0.75% | 4.53% |
| 12 | 0.70% | 4.48% |
| 13 | 0.65% | 4.42% |
| 14 | 0.60% | 4.37% |
| 15 | 0.55% | 4.32% |
| 16 | 0.50% | 4.27% |
| 17 | 0.48% | 4.25% |
| 18 | 0.46% | 4.23% |
| 19 | 0.44% | 4.21% |
| 20 | 0.42% | 4.19% |
| 21 | 0.40% | 4.16% |
| 22 | 0.38% | 4.14% |
| 23 | 0.36% | 4.12% |
| 24 | 0.34% | 4.10% |
| 25 | 0.32% | 4.08% |
| 26 | 0.30% | 4.06% |
| 27 | 0.28% | 4.04% |
| 28 | 0.26% | 4.02% |
| 29 | 0.25% | 4.01% |
| 30 or More | 0.25% | 4.01% |

** The total expected increase in salary is the increase due to promotions and longevity, adjusted for an assumed 3.75% per annum increase in the general wage level of the membership. The total result is compounded rather than additive.*



Santa Barbara County Employees' Retirement System

**Table A-6: Annual Increase in Salary
Safety**

| Years of Service | Due to Promotion and Longevity | Total Annual Increase* |
|---------------------|-----------------------------------|---------------------------|
| <1 | 6.00% | 9.98% |
| 1 | 5.00% | 8.94% |
| 2 | 4.00% | 7.90% |
| 3 | 3.25% | 7.12% |
| 4 | 2.50% | 6.34% |
| 5 | 2.00% | 5.83% |
| 6 | 1.60% | 5.41% |
| 7 | 1.30% | 5.10% |
| 8 | 1.20% | 4.99% |
| 9 | 1.10% | 4.89% |
| 10 | 1.00% | 4.79% |
| 11 | 0.95% | 4.74% |
| 12 | 0.92% | 4.70% |
| 13 | 0.89% | 4.68% |
| 14 | 0.87% | 4.65% |
| 15 | 0.85% | 4.63% |
| 16 | 0.82% | 4.60% |
| 17 | 0.80% | 4.57% |
| 18 | 0.77% | 4.55% |
| 19 | 0.74% | 4.52% |
| 20 | 0.72% | 4.50% |
| 21 | 0.69% | 4.47% |
| 22 | 0.67% | 4.45% |
| 23 | 0.64% | 4.42% |
| 24 | 0.62% | 4.39% |
| 25 | 0.59% | 4.37% |
| 26 | 0.57% | 4.34% |
| 27 | 0.54% | 4.32% |
| 28 | 0.52% | 4.29% |
| 29 | 0.50% | 4.27% |
| 30 or More | 0.50% | 4.27% |

** The total expected increase in salary is the increase due to promotions and longevity, adjusted for an assumed 3.75% per annum increase in the general wage level of the membership. The total result is compounded rather than additive.*

Santa Barbara County Employees' Retirement System

**Table A-7: Rate of Separation From Active Service For General Members
All Plans - Male**

| Age | Service Retirement | Service Disability | Ordinary Disability | Death | Years of Service | Other Terminations |
|-----|-----------------------|-----------------------|------------------------|---------|---------------------|-----------------------|
| 18 | 0.0000 | 0.00003 | 0.00005 | 0.00023 | 0 | 0.1300 |
| 19 | 0.0000 | 0.00003 | 0.00005 | 0.00025 | 1 | 0.1200 |
| 20 | 0.0000 | 0.00003 | 0.00005 | 0.00026 | 2 | 0.0950 |
| 21 | 0.0000 | 0.00003 | 0.00005 | 0.00027 | 3 | 0.0700 |
| 22 | 0.0000 | 0.00003 | 0.00005 | 0.00028 | 4 | 0.0600 |
| 23 | 0.0000 | 0.00003 | 0.00005 | 0.00030 | 5 | 0.0550 |
| 24 | 0.0000 | 0.00003 | 0.00005 | 0.00031 | 6 | 0.0500 |
| 25 | 0.0000 | 0.00003 | 0.00005 | 0.00032 | 7 | 0.0450 |
| 26 | 0.0000 | 0.00003 | 0.00005 | 0.00033 | 8 | 0.0430 |
| 27 | 0.0000 | 0.00003 | 0.00005 | 0.00034 | 9 | 0.0410 |
| 28 | 0.0000 | 0.00003 | 0.00005 | 0.00036 | 10 | 0.0390 |
| 29 | 0.0000 | 0.00003 | 0.00005 | 0.00036 | 11 | 0.0370 |
| 30 | 0.0000 | 0.00003 | 0.00005 | 0.00037 | 12 | 0.0350 |
| 31 | 0.0000 | 0.00003 | 0.00005 | 0.00039 | 13 | 0.0330 |
| 32 | 0.0000 | 0.00003 | 0.00005 | 0.00042 | 14 | 0.0310 |
| 33 | 0.0000 | 0.00003 | 0.00005 | 0.00047 | 15 | 0.0290 |
| 34 | 0.0000 | 0.00003 | 0.00005 | 0.00053 | 16 | 0.0270 |
| 35 | 0.0000 | 0.00003 | 0.00005 | 0.00060 | 17 | 0.0250 |
| 36 | 0.0000 | 0.00003 | 0.00005 | 0.00067 | 18 | 0.0240 |
| 37 | 0.0000 | 0.00003 | 0.00005 | 0.00074 | 19 | 0.0230 |
| 38 | 0.0000 | 0.00003 | 0.00005 | 0.00080 | 20 | 0.0220 |
| 39 | 0.0000 | 0.00003 | 0.00005 | 0.00086 | 21 | 0.0210 |
| 40 | 0.0300 | 0.00006 | 0.00009 | 0.00091 | 22 | 0.0200 |
| 41 | 0.0300 | 0.00015 | 0.00022 | 0.00095 | 23 | 0.0160 |
| 42 | 0.0300 | 0.00023 | 0.00035 | 0.00100 | 24 | 0.0120 |
| 43 | 0.0300 | 0.00032 | 0.00048 | 0.00104 | 25 | 0.0080 |
| 44 | 0.0300 | 0.00041 | 0.00061 | 0.00110 | 26 | 0.0040 |
| 45 | 0.0300 | 0.00050 | 0.00074 | 0.00116 | 27 | 0.0000 |
| 46 | 0.0300 | 0.00058 | 0.00087 | 0.00124 | 28 | 0.0000 |
| 47 | 0.0300 | 0.00067 | 0.00100 | 0.00132 | 29 | 0.0000 |
| 48 | 0.0300 | 0.00076 | 0.00113 | 0.00140 | 30 & Above | 0.0000 |
| 49 | 0.0300 | 0.00084 | 0.00126 | 0.00149 | | |
| 50 | 0.0300 | 0.00093 | 0.00140 | 0.00158 | | |
| 51 | 0.0400 | 0.00102 | 0.00153 | 0.00168 | | |
| 52 | 0.0400 | 0.00110 | 0.00166 | 0.00178 | | |
| 53 | 0.0400 | 0.00119 | 0.00179 | 0.00202 | | |
| 54 | 0.0400 | 0.00128 | 0.00192 | 0.00218 | | |
| 55 | 0.0400 | 0.00137 | 0.00205 | 0.00238 | | |
| 56 | 0.0600 | 0.00145 | 0.00218 | 0.00261 | | |
| 57 | 0.0600 | 0.00154 | 0.00231 | 0.00299 | | |
| 58 | 0.0600 | 0.00163 | 0.00244 | 0.00350 | | |
| 59 | 0.1200 | 0.00171 | 0.00257 | 0.00395 | | |
| 60 | 0.1500 | 0.00180 | 0.00270 | 0.00449 | | |
| 61 | 0.2500 | 0.00180 | 0.00270 | 0.00506 | | |
| 62 | 0.2500 | 0.00180 | 0.00270 | 0.00574 | | |
| 63 | 0.2500 | 0.00180 | 0.00270 | 0.00660 | | |
| 64 | 0.2500 | 0.00180 | 0.00270 | 0.00753 | | |
| 65 | 0.2500 | 0.00180 | 0.00270 | 0.00870 | | |
| 66 | 0.2500 | 0.00180 | 0.00270 | 0.00980 | | |
| 67 | 0.2500 | 0.00180 | 0.00270 | 0.01106 | | |
| 68 | 0.2500 | 0.00180 | 0.00270 | 0.01264 | | |
| 69 | 0.2500 | 0.00180 | 0.00270 | 0.01410 | | |
| 70 | 0.2500 | 0.00180 | 0.00270 | 0.01552 | | |
| 71 | 0.2500 | 0.00180 | 0.00270 | 0.01720 | | |
| 72 | 0.2500 | 0.00180 | 0.00270 | 0.01909 | | |
| 73 | 0.2500 | 0.00180 | 0.00270 | 0.02112 | | |
| 74 | 0.2500 | 0.00180 | 0.00270 | 0.02345 | | |
| 75 | 1.0000 | 0.00000 | 0.00000 | 0.00000 | | |

Santa Barbara County Employees' Retirement System

**Table A-8: Rate of Separation From Active Service For General Members
All Plans - Female**

| Age | Service Retirement | Service Disability | Ordinary Disability | Death | Years of Service | Other Terminations |
|-----|-----------------------|-----------------------|------------------------|---------|---------------------|-----------------------|
| 18 | 0.0000 | 0.00003 | 0.00005 | 0.00014 | 0 | 0.1300 |
| 19 | 0.0000 | 0.00003 | 0.00005 | 0.00014 | 1 | 0.1300 |
| 20 | 0.0000 | 0.00003 | 0.00005 | 0.00015 | 2 | 0.1000 |
| 21 | 0.0000 | 0.00003 | 0.00005 | 0.00016 | 3 | 0.0800 |
| 22 | 0.0000 | 0.00003 | 0.00005 | 0.00016 | 4 | 0.0600 |
| 23 | 0.0000 | 0.00003 | 0.00005 | 0.00016 | 5 | 0.0550 |
| 24 | 0.0000 | 0.00003 | 0.00005 | 0.00016 | 6 | 0.0483 |
| 25 | 0.0000 | 0.00003 | 0.00005 | 0.00016 | 7 | 0.0450 |
| 26 | 0.0000 | 0.00003 | 0.00005 | 0.00016 | 8 | 0.0420 |
| 27 | 0.0000 | 0.00003 | 0.00005 | 0.00017 | 9 | 0.0390 |
| 28 | 0.0000 | 0.00003 | 0.00005 | 0.00017 | 10 | 0.0360 |
| 29 | 0.0000 | 0.00003 | 0.00005 | 0.00018 | 11 | 0.0330 |
| 30 | 0.0000 | 0.00003 | 0.00005 | 0.00019 | 12 | 0.0300 |
| 31 | 0.0000 | 0.00003 | 0.00005 | 0.00020 | 13 | 0.0280 |
| 32 | 0.0000 | 0.00003 | 0.00005 | 0.00021 | 14 | 0.0260 |
| 33 | 0.0000 | 0.00003 | 0.00005 | 0.00022 | 15 | 0.0240 |
| 34 | 0.0000 | 0.00003 | 0.00005 | 0.00024 | 16 | 0.0220 |
| 35 | 0.0000 | 0.00003 | 0.00005 | 0.00028 | 17 | 0.0200 |
| 36 | 0.0000 | 0.00003 | 0.00005 | 0.00032 | 18 | 0.0190 |
| 37 | 0.0000 | 0.00003 | 0.00005 | 0.00036 | 19 | 0.0180 |
| 38 | 0.0000 | 0.00003 | 0.00005 | 0.00039 | 20 | 0.0170 |
| 39 | 0.0000 | 0.00003 | 0.00005 | 0.00043 | 21 | 0.0160 |
| 40 | 0.0700 | 0.00006 | 0.00009 | 0.00046 | 22 | 0.0150 |
| 41 | 0.0700 | 0.00015 | 0.00022 | 0.00049 | 23 | 0.0140 |
| 42 | 0.0700 | 0.00023 | 0.00035 | 0.00052 | 24 | 0.0130 |
| 43 | 0.0700 | 0.00032 | 0.00048 | 0.00056 | 25 | 0.0120 |
| 44 | 0.0700 | 0.00041 | 0.00061 | 0.00061 | 26 | 0.0110 |
| 45 | 0.0700 | 0.00050 | 0.00074 | 0.00067 | 27 | 0.0100 |
| 46 | 0.0700 | 0.00058 | 0.00087 | 0.00073 | 28 | 0.0067 |
| 47 | 0.0700 | 0.00067 | 0.00100 | 0.00081 | 29 | 0.0033 |
| 48 | 0.0700 | 0.00076 | 0.00113 | 0.00088 | 30 & Above | 0.0000 |
| 49 | 0.0700 | 0.00084 | 0.00126 | 0.00096 | | |
| 50 | 0.0700 | 0.00093 | 0.00140 | 0.00103 | | |
| 51 | 0.0300 | 0.00102 | 0.00153 | 0.00111 | | |
| 52 | 0.0300 | 0.00110 | 0.00166 | 0.00120 | | |
| 53 | 0.0300 | 0.00119 | 0.00179 | 0.00129 | | |
| 54 | 0.0900 | 0.00128 | 0.00192 | 0.00141 | | |
| 55 | 0.0900 | 0.00137 | 0.00205 | 0.00158 | | |
| 56 | 0.0900 | 0.00145 | 0.00218 | 0.00175 | | |
| 57 | 0.0900 | 0.00154 | 0.00231 | 0.00196 | | |
| 58 | 0.0900 | 0.00163 | 0.00244 | 0.00219 | | |
| 59 | 0.1200 | 0.00171 | 0.00257 | 0.00251 | | |
| 60 | 0.1500 | 0.00180 | 0.00270 | 0.00291 | | |
| 61 | 0.1800 | 0.00180 | 0.00270 | 0.00331 | | |
| 62 | 0.2500 | 0.00180 | 0.00270 | 0.00373 | | |
| 63 | 0.2500 | 0.00180 | 0.00270 | 0.00422 | | |
| 64 | 0.2500 | 0.00180 | 0.00270 | 0.00481 | | |
| 65 | 0.2500 | 0.00180 | 0.00270 | 0.00553 | | |
| 66 | 0.2500 | 0.00180 | 0.00270 | 0.00633 | | |
| 67 | 0.2500 | 0.00180 | 0.00270 | 0.00727 | | |
| 68 | 0.2500 | 0.00180 | 0.00270 | 0.00820 | | |
| 69 | 0.2500 | 0.00180 | 0.00270 | 0.00923 | | |
| 70 | 0.2500 | 0.00180 | 0.00270 | 0.01042 | | |
| 71 | 0.2500 | 0.00180 | 0.00270 | 0.01157 | | |
| 72 | 0.2500 | 0.00180 | 0.00270 | 0.01279 | | |
| 73 | 0.2500 | 0.00180 | 0.00270 | 0.01413 | | |
| 74 | 0.2500 | 0.00180 | 0.00270 | 0.01592 | | |
| 75 | 1.0000 | 0.00000 | 0.00000 | 0.00000 | | |

Santa Barbara County Employees' Retirement System

**Table A-9: Rate of Separation From Active Service For Safety Members
Plan 4 - Male**

| Age | Service Retirement | Service Disability | Ordinary Disability | Service Death | Ordinary Death | Years of Service | Other Terminations |
|-----|--------------------|--------------------|---------------------|---------------|----------------|------------------|--------------------|
| 18 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00023 | 0 | 0.0800 |
| 19 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00025 | 1 | 0.0800 |
| 20 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00026 | 2 | 0.0300 |
| 21 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00027 | 3 | 0.0300 |
| 22 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00028 | 4 | 0.0300 |
| 23 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00030 | 5 | 0.0300 |
| 24 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00031 | 6 | 0.0300 |
| 25 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00032 | 7 | 0.0300 |
| 26 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00033 | 8 | 0.0270 |
| 27 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00034 | 9 | 0.0240 |
| 28 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00036 | 10 | 0.0210 |
| 29 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00036 | 11 | 0.0180 |
| 30 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00037 | 12 | 0.0150 |
| 31 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00039 | 13 | 0.0140 |
| 32 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00042 | 14 | 0.0130 |
| 33 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00047 | 15 | 0.0120 |
| 34 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00053 | 16 | 0.0110 |
| 35 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00060 | 17 | 0.0100 |
| 36 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00067 | 18 | 0.0080 |
| 37 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00074 | 19 | 0.0060 |
| 38 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00080 | 20 & Above | 0.0000 |
| 39 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00086 | | |
| 40 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00091 | | |
| 41 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00095 | | |
| 42 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00100 | | |
| 43 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00104 | | |
| 44 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00110 | | |
| 45 | 0.0200 | 0.00270 | 0.00030 | 0.00010 | 0.00116 | | |
| 46 | 0.0200 | 0.00315 | 0.00035 | 0.00010 | 0.00124 | | |
| 47 | 0.0200 | 0.00360 | 0.00040 | 0.00010 | 0.00132 | | |
| 48 | 0.0200 | 0.00405 | 0.00045 | 0.00010 | 0.00140 | | |
| 49 | 0.0200 | 0.00450 | 0.00050 | 0.00010 | 0.00149 | | |
| 50 | 0.0800 | 0.00495 | 0.00055 | 0.00010 | 0.00158 | | |
| 51 | 0.0400 | 0.00540 | 0.00060 | 0.00010 | 0.00168 | | |
| 52 | 0.0400 | 0.00585 | 0.00065 | 0.00010 | 0.00178 | | |
| 53 | 0.0400 | 0.00630 | 0.00070 | 0.00010 | 0.00202 | | |
| 54 | 0.2000 | 0.00675 | 0.00075 | 0.00010 | 0.00218 | | |
| 55 | 0.3300 | 0.00720 | 0.00080 | 0.00010 | 0.00238 | | |
| 56 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00261 | | |
| 57 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00299 | | |
| 58 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00350 | | |
| 59 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00395 | | |
| 60 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00449 | | |
| 61 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00506 | | |
| 62 | 0.3500 | 0.00720 | 0.00080 | 0.00010 | 0.00574 | | |
| 63 | 0.3500 | 0.00720 | 0.00080 | 0.00010 | 0.00660 | | |
| 64 | 0.3500 | 0.00720 | 0.00080 | 0.00010 | 0.00753 | | |
| 65 | 1.0000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | | |

Santa Barbara County Employees' Retirement System

**Table A-10: Rate of Separation From Active Service For Safety Members
Plan 4 - Female**

| Age | Service Retirement | Service Disability | Ordinary Disability | Service Death | Ordinary Death | Years of Service | Other Terminations |
|-----|--------------------|--------------------|---------------------|---------------|----------------|------------------|--------------------|
| 18 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00014 | 0 | 0.0800 |
| 19 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00014 | 1 | 0.0800 |
| 20 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00015 | 2 | 0.0300 |
| 21 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00016 | 3 | 0.0300 |
| 22 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00016 | 4 | 0.0300 |
| 23 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00016 | 5 | 0.0300 |
| 24 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00016 | 6 | 0.0300 |
| 25 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00016 | 7 | 0.0300 |
| 26 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00016 | 8 | 0.0270 |
| 27 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00017 | 9 | 0.0240 |
| 28 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00017 | 10 | 0.0210 |
| 29 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00018 | 11 | 0.0180 |
| 30 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00019 | 12 | 0.0150 |
| 31 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00020 | 13 | 0.0140 |
| 32 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00021 | 14 | 0.0130 |
| 33 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00022 | 15 | 0.0120 |
| 34 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00024 | 16 | 0.0110 |
| 35 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00028 | 17 | 0.0100 |
| 36 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00032 | 18 | 0.0080 |
| 37 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00036 | 19 | 0.0060 |
| 38 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00039 | 20 & Above | 0.0000 |
| 39 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00043 | | |
| 40 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00046 | | |
| 41 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00049 | | |
| 42 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00052 | | |
| 43 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00056 | | |
| 44 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00061 | | |
| 45 | 0.0200 | 0.00270 | 0.00030 | 0.00010 | 0.00067 | | |
| 46 | 0.0200 | 0.00315 | 0.00035 | 0.00010 | 0.00073 | | |
| 47 | 0.0200 | 0.00360 | 0.00040 | 0.00010 | 0.00081 | | |
| 48 | 0.0200 | 0.00405 | 0.00045 | 0.00010 | 0.00088 | | |
| 49 | 0.0200 | 0.00450 | 0.00050 | 0.00010 | 0.00096 | | |
| 50 | 0.0800 | 0.00495 | 0.00055 | 0.00010 | 0.00103 | | |
| 51 | 0.0400 | 0.00540 | 0.00060 | 0.00010 | 0.00111 | | |
| 52 | 0.0400 | 0.00585 | 0.00065 | 0.00010 | 0.00120 | | |
| 53 | 0.0400 | 0.00630 | 0.00070 | 0.00010 | 0.00129 | | |
| 54 | 0.2000 | 0.00675 | 0.00075 | 0.00010 | 0.00141 | | |
| 55 | 0.3300 | 0.00720 | 0.00080 | 0.00010 | 0.00158 | | |
| 56 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00175 | | |
| 57 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00196 | | |
| 58 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00219 | | |
| 59 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00251 | | |
| 60 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00291 | | |
| 61 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00331 | | |
| 62 | 0.3500 | 0.00720 | 0.00080 | 0.00010 | 0.00373 | | |
| 63 | 0.3500 | 0.00720 | 0.00080 | 0.00010 | 0.00422 | | |
| 64 | 0.3500 | 0.00720 | 0.00080 | 0.00010 | 0.00481 | | |
| 65 | 1.0000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | | |

Santa Barbara County Employees' Retirement System

**Table A-11: Rate of Separation From Active Service For Safety Members
Plan 6 - Male**

| Age | Service Retirement | Service Disability | Ordinary Disability | Service Death | Ordinary Death | Years of Service | Other Terminations |
|-----|--------------------|--------------------|---------------------|---------------|----------------|------------------|--------------------|
| 18 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00023 | 0 | 0.0800 |
| 19 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00025 | 1 | 0.0800 |
| 20 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00026 | 2 | 0.0300 |
| 21 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00027 | 3 | 0.0300 |
| 22 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00028 | 4 | 0.0300 |
| 23 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00030 | 5 | 0.0300 |
| 24 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00031 | 6 | 0.0300 |
| 25 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00032 | 7 | 0.0300 |
| 26 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00033 | 8 | 0.0270 |
| 27 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00034 | 9 | 0.0240 |
| 28 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00036 | 10 | 0.0210 |
| 29 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00036 | 11 | 0.0180 |
| 30 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00037 | 12 | 0.0150 |
| 31 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00039 | 13 | 0.0140 |
| 32 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00042 | 14 | 0.0130 |
| 33 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00047 | 15 | 0.0120 |
| 34 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00053 | 16 | 0.0110 |
| 35 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00060 | 17 | 0.0100 |
| 36 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00067 | 18 | 0.0080 |
| 37 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00074 | 19 | 0.0060 |
| 38 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00080 | 20 & Above | 0.0000 |
| 39 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00086 | | |
| 40 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00091 | | |
| 41 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00095 | | |
| 42 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00100 | | |
| 43 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00104 | | |
| 44 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00110 | | |
| 45 | 0.0200 | 0.00270 | 0.00030 | 0.00010 | 0.00116 | | |
| 46 | 0.0200 | 0.00315 | 0.00035 | 0.00010 | 0.00124 | | |
| 47 | 0.0700 | 0.00360 | 0.00040 | 0.00010 | 0.00132 | | |
| 48 | 0.0700 | 0.00405 | 0.00045 | 0.00010 | 0.00140 | | |
| 49 | 0.1000 | 0.00450 | 0.00050 | 0.00010 | 0.00149 | | |
| 50 | 0.2000 | 0.00495 | 0.00055 | 0.00010 | 0.00158 | | |
| 51 | 0.1000 | 0.00540 | 0.00060 | 0.00010 | 0.00168 | | |
| 52 | 0.1000 | 0.00585 | 0.00065 | 0.00010 | 0.00178 | | |
| 53 | 0.1000 | 0.00630 | 0.00070 | 0.00010 | 0.00202 | | |
| 54 | 0.3000 | 0.00675 | 0.00075 | 0.00010 | 0.00218 | | |
| 55 | 0.3300 | 0.00720 | 0.00080 | 0.00010 | 0.00238 | | |
| 56 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00261 | | |
| 57 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00299 | | |
| 58 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00350 | | |
| 59 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00395 | | |
| 60 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00449 | | |
| 61 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00506 | | |
| 62 | 0.3500 | 0.00720 | 0.00080 | 0.00010 | 0.00574 | | |
| 63 | 0.3500 | 0.00720 | 0.00080 | 0.00010 | 0.00660 | | |
| 64 | 0.3500 | 0.00720 | 0.00080 | 0.00010 | 0.00753 | | |
| 65 | 1.0000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | | |

Santa Barbara County Employees' Retirement System

**Table A-12: Rate of Separation From Active Service For Safety Members
Plan 6 - Female**

| Age | Service Retirement | Service Disability | Ordinary Disability | Service Death | Ordinary Death | Years of Service | Other Terminations |
|-----|--------------------|--------------------|---------------------|---------------|----------------|------------------|--------------------|
| 18 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00014 | 0 | 0.0800 |
| 19 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00014 | 1 | 0.0800 |
| 20 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00015 | 2 | 0.0300 |
| 21 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00016 | 3 | 0.0300 |
| 22 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00016 | 4 | 0.0300 |
| 23 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00016 | 5 | 0.0300 |
| 24 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00016 | 6 | 0.0300 |
| 25 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00016 | 7 | 0.0300 |
| 26 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00016 | 8 | 0.0270 |
| 27 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00017 | 9 | 0.0240 |
| 28 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00017 | 10 | 0.0210 |
| 29 | 0.0000 | 0.00090 | 0.00010 | 0.00010 | 0.00018 | 11 | 0.0180 |
| 30 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00019 | 12 | 0.0150 |
| 31 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00020 | 13 | 0.0140 |
| 32 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00021 | 14 | 0.0130 |
| 33 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00022 | 15 | 0.0120 |
| 34 | 0.0200 | 0.00135 | 0.00015 | 0.00010 | 0.00024 | 16 | 0.0110 |
| 35 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00028 | 17 | 0.0100 |
| 36 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00032 | 18 | 0.0080 |
| 37 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00036 | 19 | 0.0060 |
| 38 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00039 | 20 & Above | 0.0000 |
| 39 | 0.0200 | 0.00180 | 0.00020 | 0.00010 | 0.00043 | | |
| 40 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00046 | | |
| 41 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00049 | | |
| 42 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00052 | | |
| 43 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00056 | | |
| 44 | 0.0200 | 0.00225 | 0.00025 | 0.00010 | 0.00061 | | |
| 45 | 0.0200 | 0.00270 | 0.00030 | 0.00010 | 0.00067 | | |
| 46 | 0.0200 | 0.00315 | 0.00035 | 0.00010 | 0.00073 | | |
| 47 | 0.0700 | 0.00360 | 0.00040 | 0.00010 | 0.00081 | | |
| 48 | 0.0700 | 0.00405 | 0.00045 | 0.00010 | 0.00088 | | |
| 49 | 0.1000 | 0.00450 | 0.00050 | 0.00010 | 0.00096 | | |
| 50 | 0.2000 | 0.00495 | 0.00055 | 0.00010 | 0.00103 | | |
| 51 | 0.1000 | 0.00540 | 0.00060 | 0.00010 | 0.00111 | | |
| 52 | 0.1000 | 0.00585 | 0.00065 | 0.00010 | 0.00120 | | |
| 53 | 0.1000 | 0.00630 | 0.00070 | 0.00010 | 0.00129 | | |
| 54 | 0.3000 | 0.00675 | 0.00075 | 0.00010 | 0.00141 | | |
| 55 | 0.3300 | 0.00720 | 0.00080 | 0.00010 | 0.00158 | | |
| 56 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00175 | | |
| 57 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00196 | | |
| 58 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00219 | | |
| 59 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00251 | | |
| 60 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00291 | | |
| 61 | 0.2500 | 0.00720 | 0.00080 | 0.00010 | 0.00331 | | |
| 62 | 0.3500 | 0.00720 | 0.00080 | 0.00010 | 0.00373 | | |
| 63 | 0.3500 | 0.00720 | 0.00080 | 0.00010 | 0.00422 | | |
| 64 | 0.3500 | 0.00720 | 0.00080 | 0.00010 | 0.00481 | | |
| 65 | 1.0000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | | |

Santa Barbara County Employees' Retirement System

Appendix B: Summary of Benefit Provisions



All actuarial calculations are based on our understanding of the statutes governing the SBCERS as contained in the County Employees Retirement Law (CERL) of 1937, with provisions adopted by the SBCERS Board, effective through June 30, 2008. The benefit and contribution provisions of this law are summarized briefly below, along with corresponding references to the State Code. This summary does not attempt to cover all the detailed provisions of the law.

MEMBERSHIP IN RETIREMENT PLANS

The County has established several defined benefit tiers based primarily on a member's date of entry into SBCERS. There are two types of SBCERS members:

**Government
Code Section**

Safety members: employees whose principal duty is active law enforcement or active fire suppression are eligible to be Safety members. Membership in a particular tier depends upon date of entry to the system and bargaining unit.

General members: all non-Safety employees are eligible to be General members. Membership in a particular tier depends primarily upon date of entry to the system.

General members employed by Santa Barbara County Air Pollution Control District (APCD) are in APCD Plan 1 or APCD Plan 2 depending upon their date of entry to the system.

| | |
|--|---|
| APCD Plan 1: | APCD employees hired on or before July 3, 1995. |
| APCD Plan 2: | APCD employees hired after July 3, 1995. |
| General Plan 2: | Employees hired on or before January 11, 1999 who elected to join General Plan 2. |
| Safety Plan 4A & General Plan 5A: | General employees hired before October 10, 1994 who did not elect to join General Plan 2, and Safety employees hired before October 10, 1994. |
| Safety Plan 4B & General Plan 5B: | Employees hired on or after October 10, 1994. |
| General Plan 5C: | Members in certain bargaining units hired on or after October 10, 1994. Members in those bargaining units transferred from Plan 5B on March 10, 2008. |
| Safety Plan 4C: | Members in certain bargaining units who were hired on or after October 10, 1994. All members in certain bargaining units. Members in those bargaining units transferred from Plan 4B on July 3, 2006. |
| Safety Plan 6A: | Members in certain bargaining units hired prior to October 10, 1994. Members in those bargaining units transferred from Plan 4A on February 25, 2008. |

Safety Plan 6B: Members in certain bargaining units hired after October 10, 1994. Members in those bargaining units transferred from Plan 4D on February 25, 2008.

MEMBER CONTRIBUTIONS

Basic:

Contributions are based on the entry age and class of each member and are required of all members except General Plan 2 members. See Section 5 for details on this calculation. Current member rates are shown in Appendix D. (31453, 31454, 31454.1)

Contributions cease when general members are credited with 30 years of service in a contributory plan provided they were members of SBCERS or a reciprocal system on March 7, 1973, and continuously thereafter. All safety members are eligible for the 30-year cessation of contributions, regardless of hire date. (31625, 31625.2)

Interest is credited to contributions semiannually on June 30 and December 31 at an interest rate set by the Board of Retirement on amounts that have been on deposit for at least six months. (31591, 31700)

Cost-of-Living:

Members do not contribute towards the cost-of-living benefit.

Cost-Sharing:

Members contribute a varying amount based on entry age and Plan.

General Plan 5A member rates are half General Plan 5B member rates. (31621.2, 31621.5)

General Plan 5C is based on half rates.

APCD Plan 1 member rates are half APCD Plan 2 member rates. (31621.6, 31581.1)

Safety Plan 4A member rates are half Safety Plan 4B member rates.

Safety Plans 4C, 6A and 6B are based on half rates.

EMPLOYER CONTRIBUTIONS

The employer (County or District) contributes to the retirement fund a percent of the total compensation provided for all members based on an actuarial investigation, valuation and recommendation of the actuary. (31453, 31453.5, 31453.6, 31454, 31454.1, 31581)

SERVICE RETIREMENT ALLOWANCE

Eligibility:

| | | |
|--------------------|---|------------------|
| | General Plan members: | |
| Plans 5A, 5B & 5C: | Age 50 with 5 years of service and 10 years of elapsed time since hire; Any age with 30 years of service; or Age 70 regardless of service. | (31672, 31672.1) |
| Plan 2: | Age 55 with 10 years of service. | (31486.4) |
| | APCD Plan members: | |
| | Age 50 with 5 years of service and 10 years of elapsed time since hire; Any age with 30 years of service; or Age 70 regardless of service. | (31672, 31672.1) |
| | Safety Plan members: | |
| | Age 50 with 5 years of service and 10 years of elapsed time since hire; Any age with 20 years of service; or Age 60, regardless of service. | (31663.25) |

Final Compensation:

| | | |
|--------------------|--|-----------|
| | General Plan members: | |
| Plans 5A & 5B: | Monthly average of a member's highest 12 consecutive months of compensation. | (31462.1) |
| Plan 5C: | Monthly average of a member's highest 36 consecutive months of compensation. | (31462) |
| Plan 2: | Monthly average of a member's highest three years of compensation. | (31486.1) |
| | APCD Plan members: | |
| | Monthly average of a member's highest 12 consecutive months of compensation. | (31486.1) |
| | Safety Plan members: | |
| Plans 4A, 4B & 6A: | Monthly average of a member's highest 12 consecutive months of compensation. | (31462.1) |
| Plans 4C & 6B: | Monthly average of a member's highest 36 consecutive months of compensation. | (31462) |

Compensation Limit:

The amount of compensation that is taken into account in computing benefits payable to any person who first becomes a member on or after July 1, 1996, shall not exceed the dollar limitations in Section 401(a)(17) of Title 26 of the US Code. (31671)

Monthly Allowance:

General members:

Plans 5A, 5B & 5C: $2\% \times \text{Final Compensation} \times \text{General Age Factor} \times \text{Years of Service}$. (31676.12)

Plan 2: Sum of (a) + (b) – (c): (31486.4)
 (a) $2\% \times \text{Final Compensation} \times \text{Years of Service}$ (max. 35 years); plus
 (b) $1\% \times \text{Final Compensation} \times \text{Years of Service}$ in excess of 35 (max. 10 years); minus
 (c) $1/35 \times \text{Primary Insurance Amount (PIA) at age 65} \times \text{Years of Covered Service}$ (max. 35 years)

The PIA is calculated based on certain assumptions specified by statute, and an assumed Social Security retirement age of 65. If retirement occurs prior to age 65, benefit amount is adjusted by an actuarial equivalent factor (see Sample Plan Age Factors).

APCD members:

$2\% \times \text{Final Compensation} \times \text{APCD Age Factor} \times \text{Years of Service}$. (31676.15)

Safety members:

$3\% \times \text{Final Compensation} \times \text{Safety Age Factor} \times \text{Years of service}$. (31664.2)

Age Factors are higher for Plans 6A and 6B

(31664.1)

Age Factors by Plan

| Code Section: | <u>General</u> | <u>APCD</u> | <u>Safety</u> | |
|---------------|-----------------|-----------------|---------------------------|---------------------------|
| | 31676.12 | 31676.15 | Plan 4 31664.2 | Plan 6 31664.1 |
| Label: | 2% @ 57 | 2% @ 55 | 3% @ 55 | 3% @ 50 |
| Base: | 2.00% | 2.00% | 3.00% | 3.00% |
| Age | | | | |
| 41 | | | 0.4777 | 0.6258 |
| 42 | | | 0.5058 | 0.6625 |
| 43 | | | 0.5347 | 0.7004 |
| 44 | | | 0.5647 | 0.7397 |
| 45 | | | 0.5958 | 0.7805 |
| 46 | | | 0.6280 | 0.8226 |
| 47 | | | 0.6625 | 0.8678 |
| 48 | | | 0.6936 | 0.9085 |
| 49 | | | 0.7269 | 0.9522 |
| 50 | 0.6681 | 0.7454 | 0.7634 | 1.0000 |
| 51 | 0.7056 | 0.7882 | 0.8028 | 1.0000 |
| 52 | 0.7454 | 0.8346 | 0.8457 | 1.0000 |
| 53 | 0.7882 | 0.8850 | 0.8926 | 1.0000 |
| 54 | 0.8346 | 0.9399 | 0.9418 | 1.0000 |
| 55 | 0.8850 | 1.0000 | 1.0000 | 1.0000 |
| 56 | 0.9399 | 1.0447 | 1.0000 | 1.0000 |
| 57 | 1.0000 | 1.1048 | 1.0000 | 1.0000 |
| 58 | 1.0447 | 1.1686 | 1.0000 | 1.0000 |
| 59 | 1.1048 | 1.2365 | 1.0000 | 1.0000 |
| 60 | 1.1686 | 1.3093 | 1.0000 | 1.0000 |
| 61 | 1.2365 | 1.3608 | | |
| 62 | 1.3093 | 1.4123 | | |
| 63 | 1.3093 | 1.4638 | | |
| 64 | 1.3093 | 1.5153 | | |
| 65 | 1.3093 | 1.5668 | | |

Maximum Allowance:

General Plan 2: The sum of the normal retirement allowance and the estimated PIA cannot exceed 70% of Final Compensation for a member with 35 or less years of service, and cannot exceed 80% of Final Compensation if service exceeds 35 years. (31486.4)

All other Plans: Allowance may not exceed 100% of Final Compensation.



SERVICE RETIREMENT ALLOWANCE (Continued)

Unmodified Retirement Allowance (Normal Form):

| | | |
|---|---|-----------|
| General Plan 2: | Life Annuity payable to retired member with 50% continuance to an eligible survivor (or eligible children). | (31486.6) |
| All other Plans: | Life Annuity payable to retired member with 60% continuance to an eligible survivor (or eligible children). | (31760.1) |
| Eligible survivor includes certain domestic partners. | | (31780.2) |

Optional Retirement Allowance:

A member may elect to have the actuarial equivalent of the service or disability retirement allowance applied to a lesser retirement allowance during the retired member's life in order to provide an optional survivor allowance.

- Option 1:** Member's allowance is reduced to pay a cash refund of any unpaid annuity payments (up to the amount of the member's contributions at retirement) to the member's estate or to a beneficiary having an insurable interest in the life of the member. (31761)
- Option 2:** 100% of member's reduced allowance is payable to a surviving spouse or beneficiary having an insurable interest in the life of the member. (31762)
- Option 3:** 50% of member's reduced allowance is payable to a surviving spouse or beneficiary having an insurable interest in the life of the member. (31763)
- Option 4:** Other % of member's reduced allowance is payable to a surviving spouse or beneficiary(ies) having an insurable interest in the life of the member. (31764)

A member may not revoke and name another beneficiary if the member elects Option 2, 3 or 4. (31782)

SERVICE RETIREMENT ALLOWANCE (Continued)

All Allowances: All allowances are made on a pro-rata basis (based on the number of days in that month) if not in effect for the entire month of retirement. (31600)

Death after Retirement:

General Plan 2: No benefit is payable upon death after retirement, other than in accordance with form of benefit allowance.

All other Plans: Upon a member's death after retirement, a special lump sum of \$5,000 is payable to an eligible survivor, or the member's estate. (31789.5)

SERVICE-CONNECTED DISABILITY RETIREMENT ALLOWANCE

Eligibility:

General Plan 2: Disability benefits not valued since provided outside of the retirement system. (31720, 31720.5,

All other Plans: Any age and length of service; disability must result from occupational injury or disease, and member must be permanently incapacitated for the performance of duty. (31720.6, 31720.7, 31720.9)

Monthly Allowance:

General Plan 2: Service retirement benefit payable at age 65 with service projected from disability until age 65. Prior to age 65, disability benefits are provided outside of retirement system.

All other Plans: Greater of (1) 50% of final compensation, and (2) the service retirement allowance, if eligible to retire. (31727.4)

Supplemental Disability Allowance:

APCD Members: Upon retirement for service disability, APCD members receive a monthly supplemental allowance of \$300. (31740)

Normal Form Of Payment:

General Plan 2: Service retirement benefit payable at age 65 with service projected from disability until age 65. Prior to age 65, disability benefits are provided outside of retirement system. (31760, 31786)

All other Plans: Life Annuity payable to retired member with 100% continuance to an eligible survivor (or eligible children).

Death after Retirement:

- General Plan 2: No benefit is payable upon death after retirement, other than in accordance with form of benefit allowance.
- All other Plans: Upon a member's death after retirement, a special lump sum of \$5,000 is payable to an eligible survivor, or the member's estate. (31789.5)

NONSERVICE-CONNECTED DISABILITY RETIREMENT ALLOWANCE

Eligibility:

- General Plan 2: Disability benefits not valued since provided outside of the retirement system.
- All other Plans: Any age with five (5) years of service and permanently incapacitated for the performance of duty. (31720)

Monthly Allowance:

- General Plan 2: Service retirement benefit payable at age 65 with service projected from disability until age 65. Prior to age 65, disability benefits are provided outside the retirement system.
- All other Plans: The monthly allowance is equal to a service retirement allowance if the member is eligible to retire and the service retirement allowance exceeds the benefits described below. (31727.1, 31727.2, 31727.3)
Otherwise, allowance equals (a) or (b) where:
(a) $90\% \times 1/50 \times \text{Final Compensation} \times \text{years of service}$, if member must rely on service in another retirement system in order to be eligible to retire, or allowance exceeds 1/3 of final compensation.
(b) $90\% \times 1/50 \times \text{Final Compensation} \times \text{Projected Service}$, not to exceed 1/3 of Final Compensation.

Projected Service:

- General Members: Age 62 (31727.1,
APCD Members: Age 65 31727.2,
Safety Members: Age 55 31727.3)

Supplemental Monthly Disability Retirement:

- APCD Members: Upon retirement for service disability, APCD members receive a monthly supplemental allowance of \$300. (31740)

Normal Form Of Payment:

| | | |
|------------------|---|-----------|
| General Plan 2: | Service retirement benefit payable at age 65 with service projected from disability until age 65. Prior to age 65, disability benefits are provided outside of retirement system. | |
| All other Plans: | Life Annuity with 60% continuance to a surviving spouse (or eligible children). | (31760.1) |

Death after Retirement:

| | | |
|------------------|---|-----------|
| General Plan 2: | No benefit is payable upon death after retirement, other than in accordance with form of benefit allowance. | |
| All other Plans: | Upon a member's death after retirement, a special lump sum of \$5,000 is payable to an eligible survivor, or the member's estate. | (31789.5) |

SERVICE-CONNECTED DEATH BENEFITS

Eligibility:

| | | |
|------------|--|---------------------|
| All Plans: | Active members who die in service as a result of injury or disease arising out of and in the course of employment. | (31486.7, 31787) |
|------------|--|---------------------|

Monthly Allowance:

| | | |
|------------------|---|---------|
| General Plan 2: | A lump sum is payable to an eligible survivor equal to $1/12 \times$ final 12 months Salary \times years of service (up to max of 6 years). | (31781) |
| All other Plans: | A monthly allowance is payable to an eligible survivor equal to the greater of the Member's Service Retirement Allowance (if he is eligible for service Retirement at his date of death), and (b) $50\% \times$ Final Compensation. | (31787) |

Supplemental Monthly Death Benefit:

| | | |
|---------------|---|-------------------------|
| APCD Members: | Eligible survivors of an active members who dies while employed with at least 18 months continuous service immediately prior to death, shall receive a supplemental monthly allowance. The amount of the supplemental allowance is based on the family demographics of the beneficiaries. | (31855.11, 31855.12) |
|---------------|---|-------------------------|

NONSERVICE-CONNECTED DEATH BENEFITS

Eligibility:

All Plans: Active members who die while in service but not as a result of injury or disease arising out of and in the course of employment. (31486.7, 31780)

Monthly Allowance:

General Plan 2: A lump sum is payable to an eligible survivor equal to $1/12 \times$ final 12 months Salary \times years of service (up to maximum of 6 years). (31781)

All other Plans: If an active member is eligible for Non-Service Connected Disability at his date of death, then a monthly allowance is payable to an eligible survivor equal to 60% \times the member's allowance. Otherwise, the benefit is a refund of contributions plus a lump sum equal to $1/12 \times$ final 12 months Salary \times years of service (up to maximum of 6 years). (31787)

Supplemental Monthly Death Benefit:

APCD Members: Eligible survivors of an active members who dies while employed with at least 18 months continuous service immediately prior to death, shall receive a supplemental monthly allowance. The amount of the supplemental allowance is based on the family demographics of the beneficiaries. (31855.11, 31855.12)

DEFERRED VESTED BENEFITS

Eligibility:

- General Plan 2: The member must have terminated with 10 years of service. (31700)
Members are eligible for service retirement when they reach service retirement eligibility (based on years of service at termination plus reciprocal service, if any).
- All other Plans: Member contributions must be left on deposit and the member (31700, 31701,
must have terminated with five (5) years of service or entered a 31702)
reciprocal agency. Members are eligible for service retirement when they reach service retirement eligibility (based on years of service at termination plus reciprocal service, if any).

Monthly Allowance:

- General Plan 2: Same as service retirement allowance at normal retirement age 65 or in an actuarially equivalent reduced amount at early retirement, after age 55.
- All other Plans: Same as service retirement allowance; payable anytime after (31703, 31704,
the member would have been eligible for service retirement. 31705)

COST-OF-LIVING INCREASES

Cost-of-living increases (or decreases) are applied to all retirement allowances (service and disability), optional death allowances, and annual death allowances effective April 1, based on changes in the Consumer Price Index (CPI) from the previous January 1 to the current January 1, to the nearest ½ of 1%. (31870, 31870.1)

All Plans (excluding General Plan 2): Members (and their beneficiaries) are limited to a maximum 3% cost-of-living increase. (31870.1)

General Plan 2: General Plan 2 does not have a COLA.

COLA Bank:

All Plans (excluding General Plan 2): When the CPI exceeds the applicable percentage, the difference between the actual CPI and the maximum cost-of-living increase given in any year is credited to the COLA Accumulation (COLA Bank). It may be used in future years to provide cost-of-living increases when the CPI falls below the applicable percentage. (31874, 31874.1, 31874.2, 31874.3)

General Plan 2: General Plan 2 does not have a COLA and, therefore, does not have a COLA Bank.

Santa Barbara County Employees' Retirement System

Appendix C: Valuation Data and Schedules



Data on SBCERS membership as of June 30, 2010 was supplied to us by the system staff. On the following tables, Exhibit C-1a and C-1b, we present summaries of SBCERS membership at June 30, 2010 for active members. Similar information is shown in Exhibit C-2 for deferred vested members and Exhibits C-3a and C-3b for retired members.

Note that the compensation amounts shown are the total prior year earnings, adjusted for one-half year of expected salary increases.

Additional statistical data on both active and retired members is shown in the following tables.

Exhibit C-4: Age, Service, Compensation Distribution of all Active Members

Exhibit C-5: Age, Retirement Year, Benefit Amount and Class Distribution of Retired Members

Exhibits C-4 and C-5 are shown for all members combined as well as for each class separately.

Exhibit C-6 displays the reconciliation of system membership categories since the previous valuation.

**Santa Barbara County Employees'
Retirement System**

Exhibit C-1a: SBCERS Membership – Active Members as of June 30, 2010

| | <u>Total Number</u> | <u>Annual Compensation</u> | <u>Average Age</u> | <u>Average Monthly Compensation</u> | <u>Average Vesting Service</u> |
|------------------------|-------------------------|--------------------------------|------------------------|---|--|
| General Members | | | | | |
| Plan 5A | 879 | \$ 65,384,928 | 52.2 | \$6,199 | 21.1 |
| Plan 5B | 465 | \$ 43,745,013 | 45.2 | \$7,840 | 6.6 |
| Plan 5C | 1,905 | \$ 114,070,593 | 43.0 | \$4,990 | 7.1 |
| Plan 2 | 12 | \$ 794,584 | 52.0 | \$5,518 | 23.5 |
| Total | <u>3,261</u> | <u>\$ 223,995,118</u> | <u>45.8</u> | <u>\$5,724</u> | <u>10.8</u> |
| Safety Members | | | | | |
| Plan 4A | 104 | \$ 11,388,831 | 49.2 | \$9,126 | 20.3 |
| Plan 4B | 12 | \$ 1,422,973 | 47.4 | \$9,882 | 18.5 |
| Plan 4C | 341 | \$ 26,145,012 | 40.1 | \$6,389 | 9.1 |
| Plan 6A | 148 | \$ 14,705,745 | 47.8 | \$8,280 | 21.2 |
| Plan 6B | 316 | \$ 26,132,937 | 38.2 | \$6,892 | 7.7 |
| Total | <u>921</u> | <u>\$ 79,795,497</u> | <u>41.8</u> | <u>\$7,220</u> | <u>12.0</u> |
| APCD Members | | | | | |
| Plan 1 | 26 | \$ 2,266,878 | 54.6 | \$7,266 | 21.3 |
| Plan 2 | 20 | \$ 1,448,635 | 43.7 | \$6,036 | 6.6 |
| Total | <u>46</u> | <u>\$ 3,715,512</u> | <u>49.8</u> | <u>\$6,731</u> | <u>14.9</u> |
| Grand Total | 4,228 | \$ 307,506,128 | 45.0 | \$6,061 | 11.1 |

Santa Barbara County Employees' Retirement System

Exhibit C-1b: Schedule of Active Member Valuation Data

| Valuation Date | Plan Type | Number | Annual Payroll | Average Annual Salary | Increase in Average Pay |
|----------------|--------------|--------------|--------------------|-----------------------|-------------------------|
| June 30, 2003 | General | 3,648 | \$ 193,102,000 | \$ 52,934 | 10.1% |
| | Safety | 925 | \$ 64,135,000 | 69,335 | 13.4% |
| | Total | 4,573 | 257,237,000 | 56,251 | 10.8% |
| June 30, 2004 | General | 3,559 | \$ 199,365,000 | \$ 56,017 | 5.8% |
| | Safety | 944 | \$ 67,596,000 | 71,606 | 3.3% |
| | Total | 4,503 | 266,961,000 | 59,285 | 5.4% |
| June 30, 2005 | General | 3,558 | \$ 199,371,000 | \$ 56,035 | 0.0% |
| | Safety | 947 | \$ 68,414,000 | 72,243 | 0.9% |
| | Total | 4,505 | 267,785,000 | 59,442 | 0.3% |
| June 30, 2006 | General | 3,658 | \$ 214,405,000 | \$ 58,613 | 4.6% |
| | Safety | 982 | \$ 72,977,000 | 74,315 | 2.9% |
| | Total | 4,640 | 287,382,000 | 61,936 | 4.2% |
| June 30, 2007 | General | 3,569 | \$ 214,717,000 | \$ 60,162 | 2.6% |
| | APCD | 53 | \$ 3,940,000 | 74,340 | N/A |
| | Safety | 1,003 | \$ 75,506,000 | 75,280 | 1.3% |
| | Total | 4,625 | 294,163,000 | 63,603 | 2.7% |
| June 30, 2008 | General | 3,552 | \$ 226,426,000 | \$ 63,746 | 6.0% |
| | APCD | 48 | \$ 3,608,000 | 75,167 | 1.1% |
| | Safety | 1,006 | \$ 77,230,000 | 76,769 | 2.0% |
| | Total | 4,606 | 307,264,000 | 66,710 | 4.9% |
| June 30, 2009 | General | 3,450 | \$ 223,831,000 | \$ 64,879 | 1.8% |
| | APCD | 50 | \$ 3,955,000 | 79,100 | 5.2% |
| | Safety | 967 | \$ 79,596,000 | 82,312 | 7.2% |
| | Total | 4,467 | 307,382,000 | 68,812 | 3.2% |
| June 30, 2010 | General | 3,261 | \$ 223,995,000 | \$ 68,689 | 5.9% |
| | APCD | 46 | \$ 3,716,000 | 80,783 | 2.1% |
| | Safety | 921 | \$ 79,795,000 | 86,640 | 5.3% |
| | Total | 4,228 | 307,506,000 | 72,731 | 5.7% |



**Santa Barbara County Employees'
Retirement System**

Exhibit C-2: SBCERS Membership – Deferred Vested Members as of June 30, 2010

| | Number | Average Age |
|-------------------------------|---------------|------------------------|
| <i>General Members</i> | | |
| Plan 5A | 319 | 51.3 |
| Plan 5B | 480 | 44.8 |
| Plan 5C | 146 | 41.1 |
| Plan 2 | 29 | 52.3 |
| Total | 974 | 46.6 |
| <i>Safety Members</i> | | |
| Plan 4A | 7 | 44.7 |
| Plan 4B | 61 | 41.1 |
| Plan 4C | 37 | 37.6 |
| Plan 4D | 8 | 38.8 |
| Plan 6A | 64 | 48.8 |
| Plan 6B | 15 | 37.0 |
| Total | 192 | 42.7 |
| <i>APCD Members</i> | | |
| Plan 1 | 12 | 49.2 |
| Plan 2 | 3 | 46.7 |
| Total | 15 | 48.7 |
| <i>Grand Total</i> | 1,181 | 46.0 |

**Santa Barbara County Employees'
Retirement System**

Exhibit C-3a: SBCERS Membership – Retired Members as of June 30, 2010

| | <u>Number</u> | <u>Average Age</u> | <u>Monthly Allowance</u> | <u>Average Monthly Benefit</u> |
|------------------------|---------------|------------------------|------------------------------|--|
| General Members | | | | |
| Plan 5A | 928 | 63.3 | \$ 2,754,286 | \$ 2,968 |
| Plan 5B | 150 | 63.5 | \$ 186,851 | 1,246 |
| Plan 5C | 58 | 61.3 | \$ 80,539 | 1,389 |
| Plan 2 | 41 | 71.3 | \$ 26,445 | 645 |
| Other | 1,371 | 77.0 | \$ 2,214,057 | 1,615 |
| Total | 2,548 | 70.8 | \$ 5,262,177 | \$ 2,065 |
| Safety Members | | | | |
| Plan 4A | 192 | 60.7 | \$ 1,219,075 | \$ 6,349 |
| Plan 4B | 77 | 61.4 | \$ 304,432 | \$ 3,954 |
| Plan 4C | 28 | 59.1 | \$ 75,434 | \$ 2,694 |
| Plan 4D | 2 | 55.0 | \$ 6,595 | \$ 3,298 |
| Plan 6A | 81 | 55.2 | \$ 484,946 | \$ 5,987 |
| Plan 6B | 3 | 58.0 | \$ 7,487 | \$ 2,496 |
| Other | 359 | 70.0 | \$ 1,315,743 | \$ 3,665 |
| Total | 742 | 64.6 | \$ 3,413,712 | \$ 4,601 |
| APCD Members | | | | |
| Plan 1 | 24 | 61.5 | \$ 65,596 | \$ 2,733 |
| Plan 2 | 4 | 62.5 | \$ 6,747 | \$ 1,687 |
| Total | 28 | 61.7 | \$ 72,343 | \$ 2,584 |
| Grand Total | 3,318 | 69.3 | \$ 8,748,232 | \$ 2,637 |

**Santa Barbara County Employees'
Retirement System**

**Exhibit C-3b: SBCERS Membership – Retired Members as of June 30, 2010
Subtotaled by Class and Retirement Type**

| | <u>Number</u> | <u>Monthly Allowance</u> | <u>Average Monthly Benefit</u> |
|-------------------------------|---------------|------------------------------|--|
| <i>General Members</i> | | | |
| Healthy | 2,056 | \$ 4,583,059 | \$ 2,229 |
| Disabled | 127 | \$ 239,660 | \$ 1,887 |
| Beneficiaries | 365 | \$ 439,457 | \$ 1,204 |
| Total | <u>2,548</u> | <u>\$ 5,262,177</u> | <u>\$ 2,065</u> |
| <i>Safety Members</i> | | | |
| Healthy | 554 | \$ 2,869,855 | \$ 5,180 |
| Disabled | 122 | \$ 380,495 | \$ 3,119 |
| Beneficiaries | 66 | \$ 163,362 | \$ 2,475 |
| Total | <u>742</u> | <u>\$ 3,413,712</u> | <u>\$ 4,601</u> |
| <i>APCD Members</i> | | | |
| Healthy | 27 | \$ 70,409 | \$ 2,608 |
| Disabled | - | \$ - | \$ - |
| Beneficiaries | 1 | \$ 1,934 | \$ 1,934 |
| Total | <u>28</u> | <u>\$ 72,343</u> | <u>\$ 2,584</u> |
| <i>Grand Total</i> | 3,318 | \$ 8,748,232 | \$ 2,637 |

Santa Barbara County Employees' Retirement System

**Exhibit C-4: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2010
All Members**

| Count | | | | | | | | | | |
|--------------------|---------------------------------|-------|-----|-------|-------|-------|-------|-------|---------|------------------------|
| Age | Years of Vesting Service | | | | | | | | | Total Count |
| | 0-1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35&Over | |
| Under 25 | 8 | 32 | - | - | - | - | - | - | - | 40 |
| 25-29 | 27 | 240 | 45 | - | - | - | - | - | - | 312 |
| 30-34 | 31 | 232 | 168 | 33 | - | - | - | - | - | 464 |
| 35-39 | 15 | 145 | 200 | 181 | 34 | - | - | - | - | 575 |
| 40-44 | 13 | 135 | 163 | 165 | 107 | 32 | - | - | - | 615 |
| 45-49 | 13 | 118 | 112 | 136 | 120 | 113 | 33 | - | - | 645 |
| 50-54 | 14 | 96 | 108 | 130 | 108 | 113 | 87 | 28 | 1 | 685 |
| 55-59 | 6 | 81 | 93 | 93 | 88 | 83 | 61 | 39 | 3 | 547 |
| 60-64 | 6 | 36 | 59 | 58 | 39 | 31 | 20 | 18 | 7 | 274 |
| 65 & Over | 3 | 9 | 14 | 24 | 6 | 6 | 5 | 1 | 3 | 71 |
| Total Count | 136 | 1,124 | 962 | 820 | 502 | 378 | 206 | 86 | 14 | 4,228 |

| Compensation | | | | | | | | | | |
|-------------------------------------|---------------------------------|--------|--------|--------|--------|--------|--------|---------|---------|--------------------------|
| Age | Years of Vesting Service | | | | | | | | | Average Comp. |
| | 0-1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35&Over | |
| Under 25 | 46,135 | 50,268 | - | - | - | - | - | - | - | 49,441 |
| 25-29 | 48,114 | 58,644 | 62,650 | - | - | - | - | - | - | 58,311 |
| 30-34 | 55,413 | 61,909 | 65,573 | 67,823 | - | - | - | - | - | 63,222 |
| 35-39 | 50,418 | 68,155 | 70,302 | 76,334 | 68,241 | - | - | - | - | 71,019 |
| 40-44 | 89,408 | 70,471 | 71,014 | 73,910 | 70,819 | 83,149 | - | - | - | 72,658 |
| 45-49 | 91,910 | 69,704 | 69,281 | 74,484 | 75,042 | 81,775 | 91,960 | - | - | 75,332 |
| 50-54 | 90,437 | 72,920 | 76,011 | 67,285 | 75,933 | 86,196 | 89,865 | 83,170 | 83,902 | 77,948 |
| 55-59 | 52,840 | 82,512 | 72,597 | 71,005 | 81,952 | 82,688 | 78,129 | 90,879 | 108,774 | 78,733 |
| 60-64 | 104,169 | 81,952 | 63,153 | 79,737 | 72,338 | 80,823 | 99,978 | 89,747 | 89,054 | 78,435 |
| 65 & Over | 41,906 | 95,992 | 88,737 | 84,822 | 90,697 | 66,809 | 71,728 | 212,149 | 51,568 | 83,637 |
| Avg. Annual Compensation | 64,950 | 66,873 | 69,812 | 73,647 | 75,061 | 83,097 | 87,267 | 89,542 | 84,879 | 72,731 |



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Santa Barbara County Employees' Retirement System

**Exhibit C-4a: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2010
General Members**

| Count | | | | | | | | | | | |
|--------------------|-------------------------|-----|-----|-------|-------|-------|-------|-------|---------|------------------------|-----|
| Age | Years of Service | | | | | | | | | Total Count | |
| | 0-1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35&Over | | |
| Under 25 | 8 | 27 | - | - | - | - | - | - | - | - | 35 |
| 25-29 | 25 | 171 | 31 | - | - | - | - | - | - | - | 227 |
| 30-34 | 30 | 160 | 104 | 22 | - | - | - | - | - | - | 316 |
| 35-39 | 15 | 119 | 138 | 107 | 23 | - | - | - | - | - | 402 |
| 40-44 | 13 | 111 | 122 | 112 | 69 | 16 | - | - | - | - | 443 |
| 45-49 | 13 | 107 | 97 | 108 | 83 | 67 | 20 | - | - | - | 495 |
| 50-54 | 12 | 86 | 101 | 114 | 87 | 79 | 61 | 18 | 1 | 559 | |
| 55-59 | 5 | 71 | 83 | 80 | 81 | 66 | 50 | 34 | 1 | 471 | |
| 60-64 | 6 | 32 | 56 | 53 | 33 | 28 | 17 | 16 | 5 | 246 | |
| 65 & Over | 3 | 8 | 14 | 22 | 6 | 6 | 4 | 1 | 3 | 67 | |
| Total Count | 130 | 892 | 746 | 618 | 382 | 262 | 152 | 69 | 10 | 3,261 | |

| Compensation | | | | | | | | | | | |
|-------------------------------------|-------------------------|--------|--------|--------|--------|--------|---------|---------|---------|--------------------------|--------|
| Age | Years of Service | | | | | | | | | Average Comp. | |
| | 0-1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35&Over | | |
| Under 25 | 46,135 | 45,765 | - | - | - | - | - | - | - | - | 45,849 |
| 25-29 | 46,350 | 52,739 | 54,700 | - | - | - | - | - | - | - | 52,303 |
| 30-34 | 55,647 | 56,818 | 57,259 | 59,390 | - | - | - | - | - | - | 57,031 |
| 35-39 | 50,418 | 65,471 | 63,622 | 68,009 | 61,321 | - | - | - | - | - | 64,713 |
| 40-44 | 89,408 | 69,063 | 65,906 | 68,018 | 61,915 | 67,359 | - | - | - | - | 67,352 |
| 45-49 | 91,910 | 69,576 | 67,654 | 71,739 | 70,595 | 70,321 | 73,859 | - | - | - | 70,703 |
| 50-54 | 81,685 | 69,558 | 76,277 | 66,084 | 74,557 | 79,156 | 81,423 | 68,683 | 83,902 | 73,751 | |
| 55-59 | 44,056 | 81,163 | 72,167 | 70,109 | 79,767 | 77,978 | 69,952 | 88,220 | 67,804 | 75,911 | |
| 60-64 | 104,169 | 82,460 | 61,793 | 80,314 | 71,931 | 79,731 | 102,078 | 88,748 | 62,025 | 77,449 | |
| 65 & Over | 41,906 | 95,472 | 88,737 | 86,452 | 90,697 | 66,809 | 67,014 | 212,149 | 51,568 | 83,787 | |
| Avg. Annual Compensation | 63,553 | 64,343 | 66,260 | 69,984 | 71,747 | 75,659 | 78,586 | 85,042 | 61,653 | 68,689 | |



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Santa Barbara County Employees' Retirement System

**Exhibit C-4b: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2010
Safety Members**

| Count | | | | | | | | | | | |
|--------------------|-------------------------|------------|------------|------------|------------|------------|-----------|-----------|----------|------------------------|------------|
| Age | Years of Service | | | | | | | | | Total Count | |
| | 0-1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35&Over | | |
| Under 25 | - | 5 | - | - | - | - | - | - | - | - | 5 |
| 25-29 | 1 | 66 | 14 | - | - | - | - | - | - | - | 81 |
| 30-34 | - | 70 | 63 | 11 | - | - | - | - | - | - | 144 |
| 35-39 | - | 26 | 62 | 73 | 11 | - | - | - | - | - | 172 |
| 40-44 | - | 23 | 40 | 53 | 38 | 16 | - | - | - | - | 170 |
| 45-49 | - | 11 | 14 | 27 | 33 | 44 | 13 | - | - | - | 142 |
| 50-54 | 2 | 10 | 7 | 15 | 20 | 31 | 25 | 10 | - | - | 120 |
| 55-59 | 1 | 10 | 6 | 13 | 6 | 12 | 9 | 5 | 2 | - | 64 |
| 60-64 | - | 3 | 3 | 4 | 3 | 1 | 3 | 2 | 2 | - | 21 |
| 65 & Over | - | 1 | - | 1 | - | - | - | - | - | - | 2 |
| Total Count | 4 | 225 | 209 | 197 | 111 | 104 | 50 | 17 | 4 | 4 | 921 |

| Compensation | | | | | | | | | | | |
|-------------------------------------|-------------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|--------------------------|---------------|
| Age | Years of Service | | | | | | | | | Average Comp. | |
| | 0-1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35&Over | | |
| Under 25 | - | 74,584 | - | - | - | - | - | - | - | - | 74,584 |
| 25-29 | 80,337 | 73,762 | 80,252 | - | - | - | - | - | - | - | 74,965 |
| 30-34 | - | 73,275 | 79,533 | 84,687 | - | - | - | - | - | - | 76,884 |
| 35-39 | - | 80,440 | 85,169 | 87,983 | 82,709 | - | - | - | - | - | 85,491 |
| 40-44 | - | 77,040 | 85,902 | 86,360 | 86,985 | 98,938 | - | - | - | - | 86,315 |
| 45-49 | - | 70,952 | 78,975 | 86,707 | 85,757 | 99,447 | 119,807 | - | - | - | 91,481 |
| 50-54 | 142,950 | 101,831 | 72,181 | 75,718 | 81,625 | 102,653 | 109,838 | 109,246 | - | - | 96,653 |
| 55-59 | 96,761 | 92,095 | 80,398 | 76,520 | 107,384 | 102,816 | 119,415 | 108,961 | 129,260 | - | 97,672 |
| 60-64 | - | 73,558 | 88,538 | 72,216 | 77,862 | 95,126 | 88,076 | 97,736 | 156,629 | - | 89,373 |
| 65 & Over | - | 100,150 | - | 84,275 | - | - | - | - | - | - | 92,213 |
| Avg. Annual Compensation | 115,750 | 76,775 | 82,343 | 85,158 | 86,086 | 100,671 | 112,848 | 107,808 | 142,944 | 4 | 86,640 |



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Santa Barbara County Employees' Retirement System

**Exhibit C-4c: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2010
APCD Members**

| Age | Years of Service | | | | | | | | | Total Count |
|--------------------|------------------|----------|----------|----------|----------|-----------|----------|----------|----------|----------------|
| | 0-1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35&Over | |
| Under 25 | - | - | - | - | - | - | - | - | - | - |
| 25-29 | 1 | 3 | - | - | - | - | - | - | - | 4 |
| 30-34 | 1 | 2 | 1 | - | - | - | - | - | - | 4 |
| 35-39 | - | - | - | 1 | - | - | - | - | - | 1 |
| 40-44 | - | 1 | 1 | - | - | - | - | - | - | 2 |
| 45-49 | - | - | 1 | 1 | 4 | 2 | - | - | - | 8 |
| 50-54 | - | - | - | 1 | 1 | 3 | 1 | - | - | 6 |
| 55-59 | - | - | 4 | - | 1 | 5 | 2 | - | - | 12 |
| 60-64 | - | 1 | - | 1 | 3 | 2 | - | - | - | 7 |
| 65 & Over | - | - | - | 1 | - | - | 1 | - | - | 2 |
| Total Count | 2 | 7 | 7 | 5 | 9 | 12 | 4 | - | - | 46 |

| Age | Years of Service | | | | | | | | | Average Comp. |
|-------------------------------------|------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------|----------|------------------|
| | 0-1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35&Over | |
| Under 25 | - | - | - | - | - | - | - | - | - | - |
| 25-29 | 59,982 | 62,668 | - | - | - | - | - | - | - | 61,996 |
| 30-34 | 48,376 | 71,390 | 50,733 | - | - | - | - | - | - | 60,472 |
| 35-39 | - | - | - | 116,598 | - | - | - | - | - | 116,598 |
| 40-44 | - | 75,617 | 98,588 | - | - | - | - | - | - | 87,102 |
| 45-49 | - | - | 91,345 | 41,004 | 78,917 | 76,664 | - | - | - | 75,168 |
| 50-54 | - | - | - | 77,662 | 81,892 | 101,516 | 105,516 | - | - | 94,936 |
| 55-59 | - | - | 69,818 | - | 106,354 | 96,540 | 96,755 | - | - | 88,486 |
| 60-64 | - | 90,876 | - | 79,282 | 71,291 | 88,950 | - | - | - | 80,276 |
| 65 & Over | - | - | - | 49,521 | - | - | 90,582 | - | - | 70,052 |
| Avg. Annual Compensation | 54,179 | 71,039 | 74,277 | 72,813 | 79,754 | 93,206 | 97,402 | - | - | 80,772 |



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. **C-10**

Santa Barbara County Employees' Retirement System

Exhibit C-5: Distribution of Retired Members by Age and Retirement Year as of June 30, 2010 All Members

| Age | Benefit Effective Date | | | | | | | | Total Count | Average Monthly Benefit |
|--------------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|-------------------------------|
| | Pre-1974 | 1975-79 | 1980-84 | 1985-89 | 1990-94 | 1995-99 | 2000-04 | 2005-10 | | |
| Under 35 | - | - | - | - | - | 3 | 4 | 6 | 13 | \$ 883 |
| 35-39 | - | - | - | - | - | 1 | 2 | - | 3 | 2,294 |
| 40-44 | - | - | - | - | 2 | 3 | 3 | 3 | 11 | 1,893 |
| 45-49 | - | - | - | - | - | 2 | 9 | 13 | 24 | 2,034 |
| 50-54 | - | - | - | 1 | 1 | 17 | 15 | 151 | 185 | 2,153 |
| 55-59 | - | 1 | 3 | 3 | 1 | 9 | 74 | 257 | 348 | 3,058 |
| 60-64 | 1 | 4 | 2 | 5 | 5 | 69 | 177 | 379 | 642 | 3,462 |
| 65-69 | 2 | 10 | 7 | 6 | 31 | 144 | 214 | 226 | 640 | 3,248 |
| 70-74 | 4 | 15 | 12 | 26 | 76 | 123 | 134 | 62 | 452 | 2,451 |
| 75-79 | 6 | 8 | 21 | 42 | 74 | 94 | 54 | 27 | 326 | 2,055 |
| 80-84 | 5 | 23 | 42 | 65 | 76 | 35 | 30 | 31 | 307 | 1,865 |
| 85-89 | 13 | 42 | 40 | 52 | 24 | 16 | 17 | 15 | 219 | 1,578 |
| 90-94 | 10 | 26 | 33 | 12 | 3 | 3 | 13 | 10 | 110 | 1,469 |
| 95-99 | 10 | 11 | 6 | 1 | - | 2 | 2 | - | 32 | 935 |
| 100 & Over | 2 | 3 | - | - | - | - | - | 1 | 6 | 1,460 |
| Total Count | 53 | 143 | 166 | 213 | 293 | 521 | 748 | 1,181 | 3,318 | |
| Avg Monthly Benefit | \$ 1,614 | \$ 1,329 | \$ 1,692 | \$ 2,111 | \$ 2,271 | \$ 2,399 | \$ 2,791 | \$ 3,166 | | \$ 2,637 |



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. **C-11**

Santa Barbara County Employees' Retirement System

**Exhibit C-5a: Distribution of Retired Members by Age and Retirement Year as of June 30, 2010
General Members**

| Age | Benefit Effective Date | | | | | | | | Total Count | Average Monthly Benefit |
|--------------------------------|------------------------|----------|----------|----------|----------|----------|----------|----------|----------------|-------------------------------|
| | Pre-1974 | 1975-79 | 1980-84 | 1985-89 | 1990-94 | 1995-99 | 2000-04 | 2005-10 | | |
| Under 35 | - | - | - | - | - | 3 | 4 | 3 | 10 | \$ 743 |
| 35-39 | - | - | - | - | - | 1 | 1 | - | 2 | 1,651 |
| 40-44 | - | - | - | - | 2 | 1 | 1 | 2 | 6 | 1,058 |
| 45-49 | - | - | - | - | - | 2 | 6 | 7 | 15 | 1,528 |
| 50-54 | - | - | - | 1 | 1 | 11 | 10 | 81 | 104 | 1,201 |
| 55-59 | - | 1 | 1 | 1 | 1 | 7 | 52 | 164 | 227 | 1,652 |
| 60-64 | - | 1 | - | 3 | 2 | 53 | 109 | 311 | 479 | 2,818 |
| 65-69 | - | 2 | 2 | 3 | 18 | 79 | 152 | 198 | 454 | 2,561 |
| 70-74 | - | 2 | 2 | 16 | 57 | 90 | 122 | 56 | 345 | 2,069 |
| 75-79 | 4 | 5 | 16 | 32 | 60 | 84 | 49 | 24 | 274 | 1,814 |
| 80-84 | 1 | 19 | 38 | 63 | 75 | 32 | 25 | 29 | 282 | 1,778 |
| 85-89 | 6 | 40 | 39 | 51 | 23 | 16 | 17 | 15 | 207 | 1,513 |
| 90-94 | 7 | 24 | 33 | 12 | 3 | 3 | 13 | 10 | 105 | 1,389 |
| 95-99 | 10 | 11 | 6 | 1 | - | 2 | 2 | - | 32 | 935 |
| 100 & Over | 2 | 3 | - | - | - | - | - | 1 | 6 | 1,460 |
| Total Count | 30 | 108 | 137 | 183 | 242 | 384 | 563 | 901 | 2,548 | |
| Avg Monthly Benefit | \$ 1,177 | \$ 1,058 | \$ 1,484 | \$ 1,883 | \$ 1,883 | \$ 1,642 | \$ 2,090 | \$ 2,554 | | \$ 2,065 |



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. **C-12**

Santa Barbara County Employees' Retirement System

**Exhibit C-5b: Distribution of Retired Members by Age and Retirement Year as of June 30, 2010
Safety Members**

| Age | Benefit Effective Date | | | | | | | | Total Count | Average Monthly Benefit |
|--------------------------------|------------------------|----------|----------|----------|----------|----------|----------|----------|----------------|-------------------------------|
| | Pre-1974 | 1975-79 | 1980-84 | 1985-89 | 1990-94 | 1995-99 | 2000-04 | 2005-10 | | |
| Under 35 | - | - | - | - | - | - | - | 3 | 3 | \$ 1,352 |
| 35-39 | - | - | - | - | - | - | 1 | - | 1 | 3,579 |
| 40-44 | - | - | - | - | - | 2 | 2 | 1 | 5 | 2,896 |
| 45-49 | - | - | - | - | - | - | 3 | 6 | 9 | 2,878 |
| 50-54 | - | - | - | - | - | 6 | 5 | 63 | 74 | 3,536 |
| 55-59 | - | - | 2 | 2 | - | 2 | 21 | 88 | 115 | 5,857 |
| 60-64 | 1 | 3 | 2 | 2 | 3 | 16 | 65 | 65 | 157 | 5,421 |
| 65-69 | 2 | 8 | 5 | 3 | 13 | 65 | 62 | 25 | 183 | 4,966 |
| 70-74 | 4 | 13 | 10 | 10 | 19 | 33 | 9 | 4 | 102 | 3,715 |
| 75-79 | 2 | 3 | 5 | 10 | 14 | 10 | 5 | 3 | 52 | 3,325 |
| 80-84 | 4 | 4 | 4 | 2 | 1 | 3 | 4 | 2 | 24 | 2,948 |
| 85-89 | 7 | 2 | 1 | 1 | 1 | - | - | - | 12 | 2,698 |
| 90-94 | 3 | 2 | - | - | - | - | - | - | 5 | 3,163 |
| 95-99 | - | - | - | - | - | - | - | - | - | - |
| 100 & Over | - | - | - | - | - | - | - | - | - | - |
| Total Count | 23 | 35 | 29 | 30 | 51 | 137 | 177 | 260 | 742 | |
| Avg Monthly Benefit | \$ 2,183 | \$ 2,167 | \$ 2,673 | \$ 3,498 | \$ 4,113 | \$ 4,520 | \$ 5,047 | \$ 5,319 | | \$ 4,601 |



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. **C-13**

Santa Barbara County Employees' Retirement System

**Exhibit C-5c: Distribution of Retired Members by Age and Retirement Year as of June 30, 2010
APCD Members**

| Age | Benefit Effective Date | | | | | | | | Total Count | Average Monthly Benefit | |
|--------------------------------|------------------------|---------|---------|---------|---------|---------|---------|----------|----------------|-------------------------------|----------|
| | Pre-1974 | 1975-79 | 1980-84 | 1985-89 | 1990-94 | 1995-99 | 2000-04 | 2005-10 | | | |
| Under 35 | - | - | - | - | - | - | - | - | - | - | \$ - |
| 35-39 | - | - | - | - | - | - | - | - | - | - | - |
| 40-44 | - | - | - | - | - | - | - | - | - | - | - |
| 45-49 | - | - | - | - | - | - | - | - | - | - | - |
| 50-54 | - | - | - | - | - | - | - | - | 7 | 7 | 1,664 |
| 55-59 | - | - | - | - | - | - | - | 1 | 5 | 6 | 2,614 |
| 60-64 | - | - | - | - | - | - | - | 3 | 3 | 6 | 3,676 |
| 65-69 | - | - | - | - | - | - | - | - | 3 | 3 | 2,480 |
| 70-74 | - | - | - | - | - | - | - | 3 | 2 | 5 | 3,023 |
| 75-79 | - | - | - | - | - | - | - | - | - | - | - |
| 80-84 | - | - | - | - | - | - | - | 1 | - | 1 | 398 |
| 85-89 | - | - | - | - | - | - | - | - | - | - | - |
| 90-94 | - | - | - | - | - | - | - | - | - | - | - |
| 95-99 | - | - | - | - | - | - | - | - | - | - | - |
| 100 & Over | - | - | - | - | - | - | - | - | - | - | - |
| Total Count | - | - | - | - | - | - | - | 8 | 20 | 28 | |
| Avg Monthly Benefit | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,220 | \$ 2,729 | | \$ 2,584 |



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Santa Barbara County Employees' Retirement System

Exhibit C-6: Reconciliation of System Membership Since Prior Valuation

| | Actives | Vested Terms | Terms with Contributions on Deposit | Retirees ⁽¹⁾ | Disabilities | Beneficiaries | Total |
|--|--------------|-----------------|---|-------------------------|--------------|---------------|--------------|
| Total Record Count as of July 1, 2009 | 4,467 | 906 | 248 | 2,430 | 250 | 437 | 8,738 |
| New Members | 124 | | | | | | 124 |
| Rehired Non-Vested Members | 10 | | (1) | | | | 9 |
| Rehired Vested Members | 5 | (2) | | (2) | | | 1 |
| Non-Vested Terms - Contributions on Deposit | (61) | (1) | 62 | | | | - |
| Vested Terms | (59) | 64 | (5) | | | | - |
| Service Retirements | (182) | (61) | | 243 | | | - |
| Retirement Disabilities | (2) | - | | (1) | 3 | | - |
| New Beneficiaries | - | | | | | 31 | 31 |
| Deaths | (4) | | | (57) | (5) | (35) | (101) |
| Refund of Contributions | (70) | (8) | (36) | | | | (114) |
| Other Status Transfers | | 6 | 11 | | | | 17 |
| Data Adjustments | | (2) | | 24 | | | 22 |
| Subtotal of Net Changes from 2009 to 2010 | (239) | (4) | 31 | 207 | (2) | (4) | (11) |
| Total Record Count as of July 1, 2010 | 4,228 | 902 | 279 | 2,637 | 248 | 433 | 8,727 |

⁽¹⁾ Retiree count includes duplicate records for members being both Service Retirement and Continuance benefits as well as members being paid benefits from multiple plans.



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Santa Barbara County Employees' Retirement System

Appendix D: Member Contribution Rates



This section illustrates the member contribution rates by plan, tier and entry age.

**Santa Barbara County Employees'
Retirement System**

**Exhibit D-1
New Rates**

Based on June 30, 2010 Actuarial Valuation

Member Contribution Rates

| Entry Age | General | | | APCD | | Safety | | |
|-----------|---------|--------|-------|-------|--------|---------|--------|---------|
| | 5A | 5B | 5C | 1 | 2 | 4A & 6A | 4B | 4C & 6B |
| 16 | 2.60% | 5.19% | 2.50% | 3.07% | 6.15% | 4.83% | 9.66% | 4.63% |
| 17 | 2.60% | 5.19% | 2.50% | 3.07% | 6.15% | 4.83% | 9.66% | 4.63% |
| 18 | 2.60% | 5.19% | 2.50% | 3.07% | 6.15% | 4.83% | 9.66% | 4.63% |
| 19 | 2.60% | 5.19% | 2.50% | 3.07% | 6.15% | 4.83% | 9.66% | 4.63% |
| 20 | 2.60% | 5.19% | 2.50% | 3.07% | 6.15% | 4.83% | 9.66% | 4.63% |
| 21 | 2.66% | 5.31% | 2.55% | 3.14% | 6.28% | 4.93% | 9.86% | 4.73% |
| 22 | 2.72% | 5.43% | 2.61% | 3.21% | 6.42% | 5.03% | 10.06% | 4.83% |
| 23 | 2.78% | 5.55% | 2.67% | 3.28% | 6.56% | 5.13% | 10.26% | 4.92% |
| 24 | 2.84% | 5.67% | 2.73% | 3.35% | 6.71% | 5.24% | 10.48% | 5.03% |
| 25 | 2.90% | 5.80% | 2.79% | 3.43% | 6.86% | 5.35% | 10.69% | 5.13% |
| 26 | 2.97% | 5.93% | 2.85% | 3.50% | 7.01% | 5.45% | 10.91% | 5.23% |
| 27 | 3.03% | 6.06% | 2.91% | 3.58% | 7.16% | 5.56% | 11.13% | 5.34% |
| 28 | 3.10% | 6.19% | 2.98% | 3.66% | 7.31% | 5.68% | 11.35% | 5.44% |
| 29 | 3.17% | 6.33% | 3.04% | 3.74% | 7.47% | 5.79% | 11.58% | 5.55% |
| 30 | 3.24% | 6.47% | 3.11% | 3.81% | 7.63% | 5.90% | 11.80% | 5.65% |
| 31 | 3.31% | 6.61% | 3.18% | 3.89% | 7.79% | 6.01% | 12.03% | 5.76% |
| 32 | 3.38% | 6.75% | 3.25% | 3.98% | 7.95% | 6.13% | 12.26% | 5.87% |
| 33 | 3.45% | 6.90% | 3.32% | 4.06% | 8.11% | 6.25% | 12.49% | 5.98% |
| 34 | 3.53% | 7.05% | 3.39% | 4.14% | 8.28% | 6.36% | 12.73% | 6.09% |
| 35 | 3.60% | 7.20% | 3.46% | 4.22% | 8.45% | 6.48% | 12.96% | 6.20% |
| 36 | 3.68% | 7.35% | 3.53% | 4.31% | 8.62% | 6.60% | 13.20% | 6.32% |
| 37 | 3.75% | 7.50% | 3.60% | 4.40% | 8.79% | 6.72% | 13.44% | 6.43% |
| 38 | 3.83% | 7.66% | 3.68% | 4.48% | 8.97% | 6.84% | 13.68% | 6.54% |
| 39 | 3.91% | 7.81% | 3.75% | 4.57% | 9.15% | 6.97% | 13.93% | 6.66% |
| 40 | 3.99% | 7.97% | 3.83% | 4.66% | 9.32% | 7.09% | 14.18% | 6.78% |
| 41 | 4.07% | 8.13% | 3.90% | 4.75% | 9.50% | 7.22% | 14.44% | 6.90% |
| 42 | 4.15% | 8.30% | 3.98% | 4.84% | 9.68% | 7.35% | 14.70% | 7.02% |
| 43 | 4.23% | 8.46% | 4.06% | 4.93% | 9.86% | 7.48% | 14.96% | 7.14% |
| 44 | 4.32% | 8.63% | 4.14% | 5.02% | 10.05% | 7.62% | 15.23% | 7.27% |
| 45 | 4.40% | 8.80% | 4.22% | 5.12% | 10.23% | 7.75% | 15.51% | 7.39% |
| 46 | 4.48% | 8.96% | 4.29% | 5.21% | 10.43% | 7.89% | 15.78% | 7.51% |
| 47 | 4.57% | 9.13% | 4.37% | 5.31% | 10.62% | 8.03% | 16.06% | 7.63% |
| 48 | 4.65% | 9.30% | 4.45% | 5.40% | 10.81% | 8.17% | 16.34% | 7.73% |
| 49 | 4.74% | 9.48% | 4.53% | 5.49% | 10.98% | 8.29% | 16.58% | 7.81% |
| 50 | 4.83% | 9.65% | 4.62% | 5.57% | 11.14% | 8.40% | 16.79% | 7.86% |
| 51 | 4.92% | 9.84% | 4.70% | 5.63% | 11.27% | 8.47% | 16.94% | 7.87% |
| 52 | 5.01% | 10.02% | 4.77% | 5.67% | 11.35% | 8.50% | 17.01% | 7.87% |
| 53 | 5.10% | 10.20% | 4.85% | 5.69% | 11.38% | 8.50% | 17.01% | 8.13% |
| 54 | 5.18% | 10.36% | 4.91% | 5.69% | 11.38% | 8.50% | 17.01% | 8.43% |
| 55 | 5.26% | 10.51% | 4.95% | 5.69% | 11.38% | 8.50% | 17.01% | 8.43% |
| 56 | 5.32% | 10.63% | 4.98% | 5.69% | 11.38% | 8.50% | 17.01% | 8.43% |
| 57 | 5.36% | 10.71% | 4.98% | 5.69% | 11.38% | 8.50% | 17.01% | 8.43% |
| 58 | 5.37% | 10.73% | 5.16% | 5.69% | 11.38% | 8.50% | 17.01% | 8.43% |
| 59 | 5.37% | 10.73% | 5.35% | 5.69% | 11.38% | 8.50% | 17.01% | 8.43% |
| 60 | 5.37% | 10.73% | 5.35% | 5.69% | 11.38% | 8.50% | 17.01% | 8.43% |

Assumptions:

Interest: 7.75%
 Salary: 2010 Valuation Scale (Service Based)
 Unisex Mortality: General, Safety, and APCD - RP 2000 Projected to 2010 with Scale AA (Male, Setback 4 years)



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**Santa Barbara County Employees'
Retirement System**

**Exhibit D-2
Old Rates**

Based on June 30, 2009 Actuarial Valuation

Member Contribution Rates

| Entry Age | General | | | APCD | | Safety | | |
|-----------|---------|--------|-------|-------|--------|---------|--------|---------|
| | 5A | 5B | 5C | 1 | 2 | 4A & 6A | 4B | 4C & 6B |
| 16 | 2.39% | 4.77% | 2.29% | 2.84% | 5.68% | 4.47% | 8.93% | 4.28% |
| 17 | 2.39% | 4.77% | 2.29% | 2.84% | 5.68% | 4.47% | 8.93% | 4.28% |
| 18 | 2.39% | 4.77% | 2.29% | 2.84% | 5.68% | 4.47% | 8.93% | 4.28% |
| 19 | 2.39% | 4.77% | 2.29% | 2.84% | 5.68% | 4.47% | 8.93% | 4.28% |
| 20 | 2.39% | 4.77% | 2.29% | 2.84% | 5.68% | 4.47% | 8.93% | 4.28% |
| 21 | 2.45% | 4.89% | 2.35% | 2.91% | 5.82% | 4.56% | 9.13% | 4.37% |
| 22 | 2.50% | 5.00% | 2.40% | 2.98% | 5.95% | 4.66% | 9.32% | 4.46% |
| 23 | 2.56% | 5.12% | 2.46% | 3.04% | 6.09% | 4.76% | 9.52% | 4.56% |
| 24 | 2.62% | 5.24% | 2.51% | 3.11% | 6.23% | 4.86% | 9.73% | 4.66% |
| 25 | 2.68% | 5.36% | 2.57% | 3.19% | 6.37% | 4.97% | 9.94% | 4.76% |
| 26 | 2.74% | 5.48% | 2.63% | 3.26% | 6.52% | 5.07% | 10.15% | 4.86% |
| 27 | 2.81% | 5.61% | 2.69% | 3.33% | 6.67% | 5.18% | 10.36% | 4.96% |
| 28 | 2.87% | 5.74% | 2.75% | 3.41% | 6.82% | 5.29% | 10.58% | 5.06% |
| 29 | 2.94% | 5.87% | 2.82% | 3.48% | 6.97% | 5.40% | 10.80% | 5.16% |
| 30 | 3.01% | 6.01% | 2.88% | 3.56% | 7.12% | 5.51% | 11.02% | 5.27% |
| 31 | 3.07% | 6.14% | 2.95% | 3.64% | 7.28% | 5.62% | 11.24% | 5.37% |
| 32 | 3.14% | 6.28% | 3.01% | 3.72% | 7.44% | 5.73% | 11.47% | 5.48% |
| 33 | 3.21% | 6.42% | 3.08% | 3.80% | 7.60% | 5.85% | 11.69% | 5.58% |
| 34 | 3.29% | 6.57% | 3.15% | 3.88% | 7.76% | 5.96% | 11.92% | 5.69% |
| 35 | 3.36% | 6.71% | 3.22% | 3.96% | 7.92% | 6.08% | 12.15% | 5.80% |
| 36 | 3.43% | 6.86% | 3.29% | 4.04% | 8.09% | 6.19% | 12.39% | 5.91% |
| 37 | 3.51% | 7.01% | 3.36% | 4.13% | 8.26% | 6.31% | 12.62% | 6.02% |
| 38 | 3.58% | 7.16% | 3.43% | 4.21% | 8.43% | 6.43% | 12.86% | 6.14% |
| 39 | 3.66% | 7.31% | 3.50% | 4.30% | 8.60% | 6.55% | 13.10% | 6.25% |
| 40 | 3.74% | 7.47% | 3.58% | 4.39% | 8.78% | 6.67% | 13.35% | 6.37% |
| 41 | 3.81% | 7.62% | 3.65% | 4.48% | 8.95% | 6.80% | 13.60% | 6.48% |
| 42 | 3.89% | 7.78% | 3.73% | 4.56% | 9.13% | 6.93% | 13.86% | 6.60% |
| 43 | 3.98% | 7.95% | 3.80% | 4.65% | 9.31% | 7.06% | 14.12% | 6.73% |
| 44 | 4.06% | 8.11% | 3.88% | 4.74% | 9.49% | 7.19% | 14.38% | 6.85% |
| 45 | 4.14% | 8.27% | 3.96% | 4.84% | 9.67% | 7.33% | 14.65% | 6.97% |
| 46 | 4.22% | 8.44% | 4.03% | 4.93% | 9.86% | 7.46% | 14.93% | 7.09% |
| 47 | 4.31% | 8.61% | 4.11% | 5.03% | 10.05% | 7.60% | 15.20% | 7.20% |
| 48 | 4.39% | 8.77% | 4.19% | 5.12% | 10.24% | 7.74% | 15.47% | 7.30% |
| 49 | 4.47% | 8.94% | 4.27% | 5.21% | 10.41% | 7.86% | 15.72% | 7.39% |
| 50 | 4.56% | 9.12% | 4.35% | 5.28% | 10.57% | 7.96% | 15.93% | 7.44% |
| 51 | 4.65% | 9.29% | 4.43% | 5.35% | 10.69% | 8.04% | 16.08% | 7.45% |
| 52 | 4.74% | 9.47% | 4.50% | 5.39% | 10.78% | 8.08% | 16.15% | 7.45% |
| 53 | 4.83% | 9.65% | 4.58% | 5.41% | 10.81% | 8.08% | 16.15% | 7.71% |
| 54 | 4.91% | 9.81% | 4.64% | 5.41% | 10.81% | 8.08% | 16.15% | 8.02% |
| 55 | 4.98% | 9.96% | 4.68% | 5.41% | 10.81% | 8.08% | 16.15% | 8.02% |
| 56 | 5.04% | 10.08% | 4.71% | 5.41% | 10.81% | 8.08% | 16.15% | 8.02% |
| 57 | 5.08% | 10.16% | 4.71% | 5.41% | 10.81% | 8.08% | 16.15% | 8.02% |
| 58 | 5.10% | 10.19% | 4.90% | 5.41% | 10.81% | 8.08% | 16.15% | 8.02% |
| 59 | 5.10% | 10.19% | 5.10% | 5.41% | 10.81% | 8.08% | 16.15% | 8.02% |
| 60 | 5.10% | 10.19% | 5.10% | 5.41% | 10.81% | 8.08% | 16.15% | 8.02% |

Assumptions:
Interest: 8.16%
Salary: 2007 Valuation Scale (Service Based)
Unisex Mortality: General and APCD - RP 2000 (Male, Setback 4 years); Safety - RP 2000 (Male, Setback 3 years)



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Santa Barbara County Employees' Retirement System

Appendix E: Glossary



The following definitions include excerpts from a list adopted by the major actuarial organizations in the United States. In some cases, the definitions have been modified for specific applicability to SBCERS and include terms used exclusively by SBCERS. Defined terms are capitalized throughout this Appendix.

| | |
|------------------------------------|---|
| Accrued Benefit | The amount of an individual's benefit (whether or not vested) as of a specific date, determined in accordance with the terms of a pension plan and based on compensation and service to that date. |
| Actuarial Accrued Liability | That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Normal Costs. |
| Actuarial Assumptions | Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement, and retirement; changes in compensation; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items. |
| Actuarial Gain (Loss) | A measure of the difference between actual experience and that expected based on a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method. |
| Actuarial Present Value | The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. |
| Actuarial Valuation | The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan. |
| Actuarial Value of Assets | The value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an Actuarial Valuation. |
| Actuarially Equivalent | Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions. |
| Amortization Payment | That portion of the pension plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability. |
| COLA | Cost-of-living adjustment to benefit payments are made each April 1. See full description in Appendix B. |

| | |
|---|---|
| Employer Reserve | The accumulation of employer contributions for future retirement benefit payments. Additions include contributions from employers and related earnings. Deductions include annuity payments to retired members and survivors, lump sum death benefit payments to member survivors, and supplemental disability payments. |
| Entry Age Actuarial Cost Method | A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability. |
| Funded Ratio | A measurement of the funded status of the system. The Funded Ratio is calculated by dividing the Valuation Assets by the Actuarial Accrued Liability. For example, a Funded Ratio of 90% indicates assets are 10% less than liabilities. |
| Member Reserve | The accumulation of member contributions. Additions include member contributions and related earnings. Deductions include annuity payments to retirees and refunds to members. |
| Non-Valuation Reserves | Reserves excluded from the calculation of contribution rates. |
| Normal Cost | That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. |
| Plan Year | A 12-month period beginning July 1 and ending June 30. |
| Projected Benefits | Those pension plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits. |
| Unfunded Actuarial Accrued Liability | The excess, if any, of the Actuarial Accrued Liability over the Actuarial Value of Assets. |
| Valuation Date | The date upon which the Normal Cost, Actuarial Accrued Liability, and Actuarial Value of Assets are determined. Generally, the Valuation Date will coincide with the ending of a Plan Year. |
| Valuation Reserves | All reserves excluding the Non-Valuation Reserves. |