

San Diego County Employees Retirement Association

Actuarial Valuation and Review
As of June 30, 2014



This report has been prepared at the request of the Board of Retirement to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

Copyright © 2014 by The Segal Group, Inc., parent of The Segal Company. All rights reserved.





100 Montgomery Street, Suite 500 San Francisco, CA 94104
T 415.263.8200 F 415.376.1167 www.segalco.com

October 27, 2014

*Board of Retirement
San Diego County Employees Retirement Association
2275 Rio Bonito Way, Suite 200
San Diego, CA 92108-1685*

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2014. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2015-2016 and analyzes the preceding year's experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Plan. The census information on which our calculations were based was prepared by SDCERA and the financial information was provided by the Retirement Association. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, Enrolled Actuary.

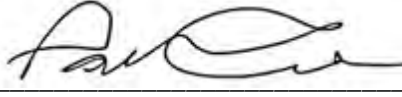
The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic 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 the end of an amortization period); and changes in plan provisions or applicable law.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Plan.

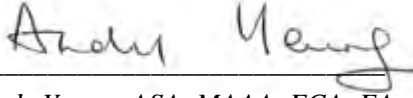
We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

SEGAL CONSULTING

By: 

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

By: 

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

AW/gxk

5336998v3/05536.002

SECTION 1

VALUATION SUMMARY

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

SECTION 2

VALUATION RESULTS

A. Member Data.....	1
B. Financial Information.....	4
C. Actuarial Experience	9
D. Employer and Member Contributions	14
E. Funded Ratio	21
F. Volatility Ratios	22

SECTION 3

SUPPLEMENTAL INFORMATION

EXHIBIT A Table of Plan Coverage	23
EXHIBIT B Members in Active Service and Projected Average Compensation as of June 30, 2014	30
EXHIBIT C Reconciliation of Member Data – June 30, 2013 to June 30, 2014	37
EXHIBIT D Summary Statement of Income and Expenses on an Actuarial Value Basis	38
EXHIBIT E Summary Statement of Plan Assets .	39
EXHIBIT F Actuarial Balance Sheet.....	40
EXHIBIT G Summary of Reported Reserve Information as of June 30, 2014	41
EXHIBIT H Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2014	42
EXHIBIT I Section 415 Limitations.....	43
EXHIBIT J Definitions of Pension Terms	44

SECTION 4

REPORTING INFORMATION

EXHIBIT I Summary of Actuarial Valuation Results	46
EXHIBIT II Schedule of Employer Contributions	48
EXHIBIT III Schedule of Funding Progress.....	49
EXHIBIT IV Supplementary Information Required by GASB	50
EXHIBIT V Actuarial Assumptions and Actuarial Cost Method	51
EXHIBIT VI Summary of Plan Provisions.....	60
Appendix A Member Contribution Rates.....	68
Appendix B Unfunded Actuarial Accrued Liability Amortization Schedule As of June 30, 2014	81

SECTION 1: Valuation Summary for the San Diego County Employees Retirement Association

Purpose

This report has been prepared by Segal Consulting to present a valuation of the San Diego County Employees Retirement Association as of June 30, 2014. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement Association, as administered by the Board of Retirement;
- The characteristics of covered active members, deferred terminated members, retired members and beneficiaries as of June 30, 2014, provided by the Retirement Association;
- The assets of the Plan as of June 30, 2014, provided by the Retirement Association;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

One of the general goals of an actuarial valuation is to establish contributions that fully fund the Association's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the Association's assets, liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the Association's staff. This information has not been audited by us, but it has been reviewed and found to be reasonably consistent, both internally and with prior year's information.

The contribution requirements are determined as a percentage of payroll. The Association's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. Effective with the June 30, 2004 valuation, we have modified our calculations to reflect the Board's new funding policy to amortize the Association's unfunded actuarial accrued liability as 20-year fixed (i.e., decreasing) layered amortization periods. The 20-year period was reaffirmed when the Board reviewed its actuarial funding policy again in 2013.

As a result of the review in 2013, effective with the June 30, 2013 valuation, any change in the UAAL that arises due to plan amendments is amortized over separate 15-year declining amortization periods. Also, any change in the UAAL that arises due to retirement incentives is amortized over separate declining amortization periods of up to 5 years.

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2015 through June 30, 2016.

SECTION 1: Valuation Summary for the San Diego County Employees Retirement Association

Significant Issues in This Valuation

The following key findings were the result of this actuarial valuation:

Reference: Pgs. 42 and 49

- The ratio of the valuation value of assets to actuarial accrued liabilities increased from 79.0% to 80.9%. On a market value of assets basis the funded ratio increased from 77.4% to 83.3%. The Association's unfunded actuarial accrued liability decreased from \$2.45 billion as of June 30, 2013 to \$2.32 billion as of June 30, 2014. This decrease in the UAAL is primarily due to a higher than expected return on the valuation value of assets after "smoothing", lower than expected salary increases, lower than expected cost-of-living increases in the benefits for retirees and beneficiaries and other experience gains. A complete reconciliation of the Association's unfunded actuarial accrued liability is provided in Section 3, Exhibit H.

Reference: Pg. 19

- The total employer contribution rate calculated in this valuation has decreased from 35.55% of payroll to 35.00% of payroll. The decrease is primarily due to a higher than expected return on the valuation value of assets after "smoothing", lower than expected salary increases, lower than expected cost-of-living increases in the benefits for retirees and beneficiaries offset somewhat by other actuarial losses. A complete reconciliation of the Association's aggregate employer rate is provided in Section 2, Subsection D (see Chart 15).

Separate employer contribution rates are shown in Section 2, Subsection D, Chart 14 for non-Tier C members and Tier C members.

Reference: Pg. 20

- The average member rate calculated in this valuation decreased from 11.55% of payroll to 11.48% of payroll primarily as a change in the membership demographics. A reconciliation of the Association's average member rate is provided in Section 2, Subsection D (see Chart 16).

Reference: Pg. 6

- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment gain as of June 30, 2014 was \$285.5 million (versus an unrecognized loss of \$177.9 million in the June 30, 2013 valuation). This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes over the next few years, to the extent it is not offset by recognition of investment losses derived from future experience. This implies that earning the assumed rate of investment return of 7.75% per year (net of expenses) on a market value basis will result in investment gains on the actuarial value of assets in the next few years. Therefore, if the actual net market return is equal to the assumed 7.75% rate and all other actuarial assumptions are met, the contribution requirements would decrease in each of the next few years as those gains are recognized.

SECTION 1: Valuation Summary for the San Diego County Employees Retirement Association

The unrecognized investment gains represent 2.8% of the market value of assets as of June 30, 2014 (versus 2.0% unrecognized investment losses as of June 30, 2013). Unless offset by future investment losses or other unfavorable experience, the recognition of the \$285.5 million market gains is expected to have an impact on the Association's future funded ratio and the aggregate employer contributions. This potential impact may be illustrated as follows:

- If the deferred gains were recognized immediately in the valuation value of assets, the funded percentage would increase from 80.9% to 83.3%.

For comparison purposes, if all the deferred losses in the June 30, 2013 valuation had been recognized immediately in the June 30, 2013 valuation, the funded percentage would have decreased from 79.0% to 77.4%.

- If the deferred gains were recognized immediately in the valuation value of assets, the aggregate employer contribution rate would decrease from 35.00% of payroll to 33.19% of payroll.

For comparison purposes, if all the deferred losses in the June 30, 2013 valuation had been recognized immediately in the June 30, 2013 valuation, the aggregate employer contribution rate would have increased from 35.79% to 36.98%.

- The actuarial valuation report as of June 30, 2014 is based on financial and demographic information as of that date. Changes subsequent to that date are not reflected and will affect the actuarial cost of the plan.
- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. Statement 67 is effective with the fiscal year ending June 30, 2014 for Plan reporting. Statement 68 is effective with the fiscal year ending June 30, 2015 for employer reporting. The information needed to comply with Statements 67 and 68 will be provided in separate reports.

SECTION 1: Valuation Summary for the San Diego County Employees Retirement Association

Impact of Future Experience on Contribution Rates

Future contribution requirements may differ from those determined in the valuation because of:

- differences between actual experience and anticipated experience;
- changes in actuarial assumptions or methods;
- changes in statutory provisions; and
- differences between the contribution rates determined by the valuation and those adopted by the Board.

SECTION 1: Valuation Summary for the San Diego County Employees Retirement Association

Summary of Key Valuation Results (Dollar amounts in thousands)

	June 30, 2014		June 30, 2013	
Employer Contribution Rates:⁽¹⁾				
	Total Rate	Estimated Annual Amount ⁽²⁾	Total Rate	Estimated Annual Amount ⁽²⁾
General, other than Tier C	33.05%	\$256,827	33.46%	\$259,996
General Tier C (CalPEPRA)	26.91%	20,159	27.68%	20,736
General Combined	32.51%	276,986	32.95%	280,732
Safety, other than Tier C	43.36%	109,456	44.19%	111,550
Safety Tier C (CalPEPRA)	35.66%	6,592	37.45%	6,922
Safety Combined	42.84%	116,048	43.73%	118,472
All Categories combined	35.00%	393,034	35.55%	399,204
Average Member Contribution Rates:⁽¹⁾				
	Total Rate	Estimated Annual Amount ⁽²⁾	Total Rate	Estimated Annual Amount ⁽²⁾
General Tier 1	10.19%	\$185	10.15%	\$184
General Tier A	11.45%	78,087	11.52%	78,564
General Tier B	8.71%	8,121	8.68%	8,093
General Tier C	7.74%	5,798	7.72%	5,783
Safety Tier A	13.88%	30,904	13.95%	31,060
Safety Tier B	11.46%	3,413	11.45%	3,410
Safety Tier C	13.22%	2,444	14.11%	2,608
All Categories combined	11.48%	128,952	11.55%	129,702
Funded Status:				
Actuarial accrued liability (AAL)	\$12,141,149		\$11,631,237	
Valuation value of assets (VVA)	9,824,431		9,186,032	
Market value of assets (MVA), net of non-valuation reserves	10,109,908		9,008,085	
Unfunded actuarial accrued liability on VVA basis	2,316,718		2,445,205	
Unfunded actuarial accrued liability on MVA basis	2,031,241		2,623,152	
Funded ratio on VVA basis (VVA/AAL)	80.9%		79.0%	
Funded ratio on MVA basis (MVA/AAL)	83.3%		77.4%	
Key Assumptions:				
Interest rate	7.75%		7.75%	
Inflation rate	3.25%		3.25%	
Across the board inflation	0.75%		0.75%	

⁽¹⁾ Before reflection of any member rate that may be "picked-up" by the employer.

⁽²⁾ Based on June 30, 2014 projected annual compensation.

SECTION 1: Valuation Summary for the San Diego County Employees Retirement Association

Summary of Key Valuation Demographic and Financial Data

	June 30, 2014	June 30, 2013	Percentage Change
Active Members:			
Number of members	17,466	16,891	3.4%
Average age	44.8	45.1	N/A
Average service	11.2	11.5	N/A
Projected total compensation	\$1,122,864,480	\$1,067,792,128	5.2%
Average projected compensation	\$64,289	\$63,217	1.7%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	13,182	12,706	3.7%
Disability retired	1,666	1,635	1.9%
Beneficiaries	1,525	1,479	3.1%
Total	16,373	15,820	3.5%
Average age	69.1	68.9	N/A
Average monthly benefit	\$2,859	\$2,801	2.1%
Deferred Terminated Members:			
Number of deferred terminated members ⁽¹⁾	5,091	5,000	1.8%
Average age	46.4	46.5	N/A
Summary of Financial Data (dollar amounts in thousands):			
Market value of assets	\$10,185,438	\$9,064,194	12.4%
Return on market value of assets	13.39%	7.78%	N/A
Actuarial value of assets	\$9,899,962	\$9,242,141	7.1%
Return on actuarial value of assets	8.10%	7.72%	N/A
Valuation value of assets ⁽²⁾	\$9,824,431	\$9,186,032	6.9%
Return on valuation value of assets	7.77%	7.77%	N/A

⁽¹⁾ Includes members who choose to leave contributions on deposit with less than five years of service.

⁽²⁾ Excludes non-valuation reserves such as Supplemental Benefit Reserve, 401(h) Reserve and Contingency Reserve.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

A. MEMBER DATA

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

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

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

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

CHART 1
Member Population: 2005 – 2014

As of June 30	Active Members	Deferred Terminated Members	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2005	16,980	4,673	11,436	0.95
2006	17,451	4,687	12,049	0.96
2007	17,733	4,908	12,504	0.98
2008	18,041	5,147	12,991	1.01
2009	17,699	5,238	13,453	1.06
2010	16,981	5,254	13,922	1.13
2011	16,523	5,125	14,496	1.19
2012	16,457	5,039	15,166	1.23
2013	16,891	5,000	15,820	1.23
2014	17,466	5,091	16,373	1.23

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 17,466 active members with an average age of 44.8, average years of service of 11.2 years and average projected compensation of \$64,289. The 16,891 active members in the prior valuation had an average age of 45.1, average service of 11.5 years and average projected compensation of \$63,217.

Deferred Terminated Members

In this year's valuation, there were 5,091 members with a vested right to a deferred or immediate vested benefit, including those entitled to a return of their member contributions versus 5,000 in the prior valuation.

These graphs show a distribution of active members by age and by years of service.

CHART 2
Distribution of Active Members by Age as of June 30, 2014

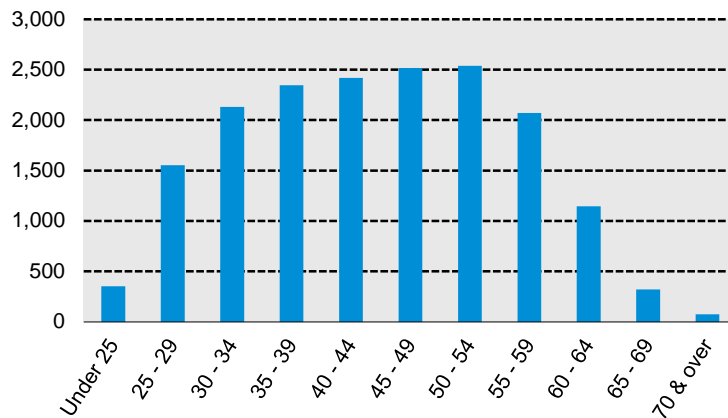
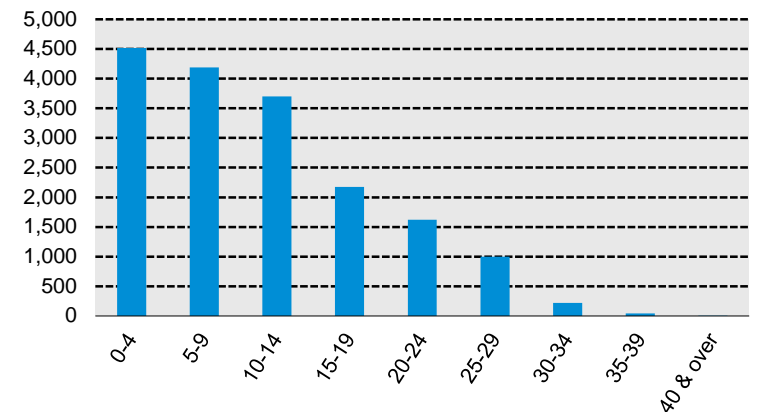


CHART 3
Distribution of Active Members by Years of Service as of June 30, 2014



SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

Retired Members and Beneficiaries

As of June 30, 2014, 14,848 retired members and 1,525 beneficiaries were receiving total monthly benefits of \$46,814,071. For comparison, in the previous valuation, there were 14,341 retired members and 1,479 beneficiaries receiving monthly benefits of \$44,305,693.

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

CHART 4
Distribution of Retired Members by Type and by Monthly Amount as of June 30, 2014

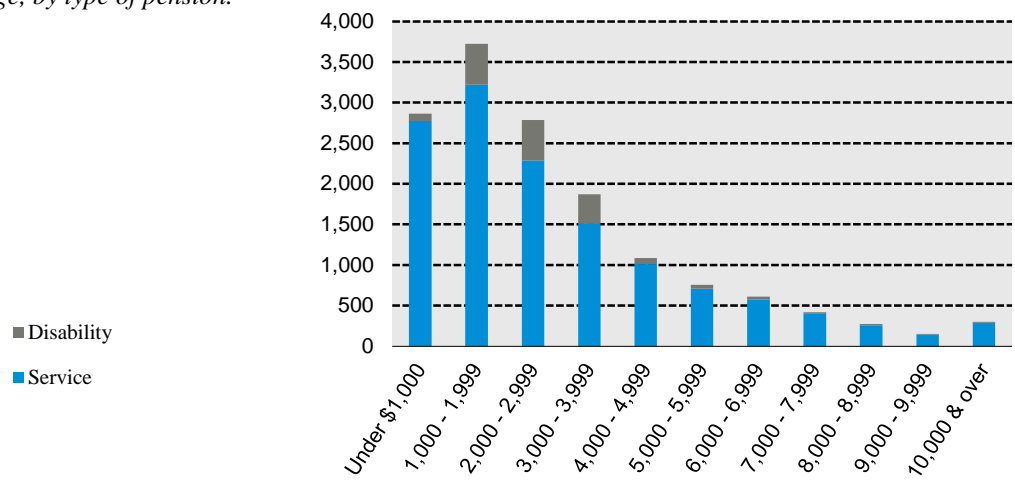
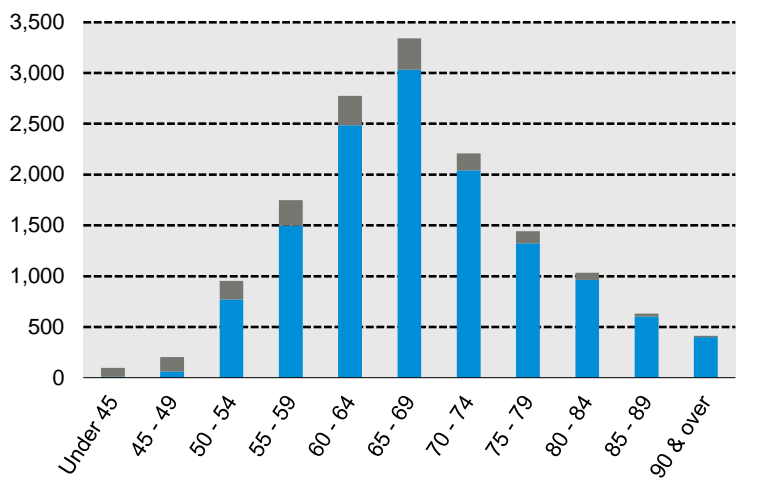


CHART 5
Distribution of Retired Members by Type and by Age as of June 30, 2014



SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

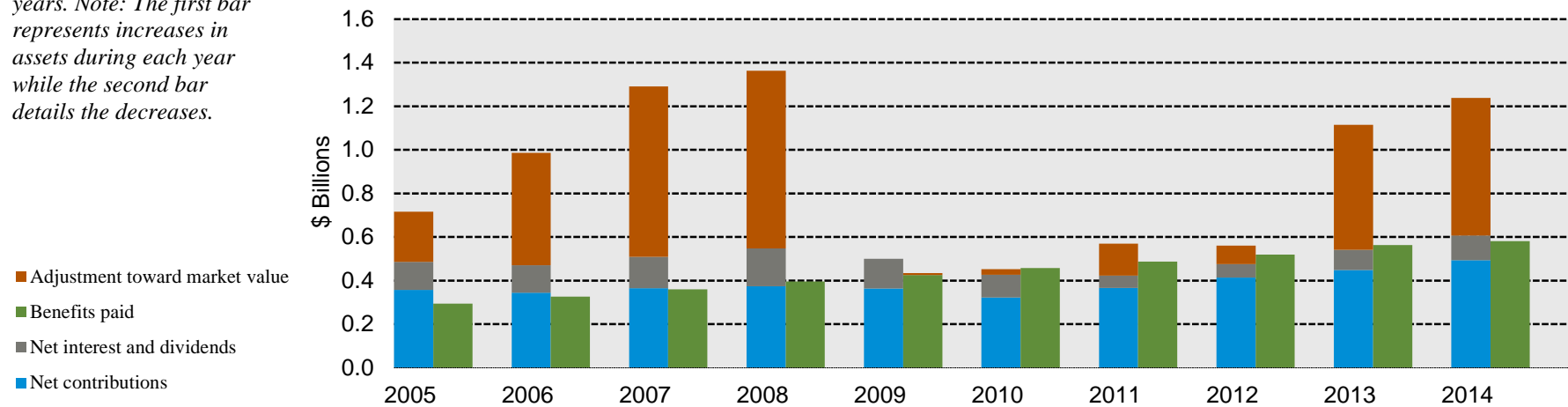
B. FINANCIAL INFORMATION

Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. The adjustment toward market value shown in the chart is the “non-cash” earnings on investments implicitly included in the actuarial value of assets. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6
Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2005 – 2014



SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

Actuarial and Valuation Value of Assets

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Retirement has approved an asset valuation method that gradually adjusts to market value. Under this method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The determination of the actuarial and valuation value of assets is provided on the following page.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

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

CHART 7

Determination of Actuarial and Valuation Value of Assets for Year Ended June 30, 2014

Six Month Period		Total Actual Market Return (net)	Expected Market Return (net)	Investment Gain (Loss)	Deferred Factor	Deferred Return
From	To					
6/2012 Combined net deferred loss*				(\$170,571,295)	0.5556	(\$94,761,831)
7/2012	12/2012	\$595,958,895	\$329,280,436	266,678,459	0.6	160,007,075
1/2013	6/2013	62,787,174	350,146,351	(287,359,177)	0.7	(201,151,424)
7/2013	12/2013	529,642,752	350,592,044	179,050,708	0.8	143,240,566
1/2014	6/2014	678,501,180	369,454,642	309,046,538	0.9	<u>278,141,885</u>
1.	Total Deferred Return					\$285,476,271
2.	Net Market Value of Assets					\$10,185,438,098
3.	a. Actuarial Value of Assets (Item 2 – Item 1)					\$9,899,961,827
	b. Ratio of Actuarial Value of Assets to Net Market Value of Assets (Item 3a / Item 2)					97.2%
4.	Non-valuation reserves					
	a. Supplemental Benefit Reserve					\$32,258,653
	b. 401(h) Reserve					4,743,149
	c. Disability Supplemental Benefit Reserve					5,568,267
	d. Contingency Reserve					32,960,463
	e. Undistributed Reserve					<u>0</u>
	f. Subtotal					\$75,530,532
5.	Valuation Value of Assets (Item 3a – Item 4f)					\$9,824,431,295
6.	Amount of Deferred Returns to be recognized in the following valuations:					
	a. June 30, 2015					\$55,578,573
	b. June 30, 2016					55,578,573
	c. June 30, 2017					74,530,939
	d. June 30, 2018					68,883,532
	e. June 30, 2019					<u>30,904,654</u>
	f. Subtotal					\$285,476,271

* Net deferred loss as of June 30, 2012 was combined and will be recognized over 4.5 years starting July 1, 2012.

Note: Results may not add due to rounding.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

CHART 8

Allocation of Valuation Value of Assets as of June 30, 2014

The allocation of the valuation reserves between General and Safety is provided below:

	General	Safety	Total
1. Beginning of Year Asset Allocation	\$6,599,077,146	\$2,586,954,439	\$9,186,031,586
2. Percentage of Total Employee Contributions Excluding Pickups	74.09%	25.91%	100.00%
3. Employee Contributions *	\$58,472,265	\$20,447,789	\$78,920,054
4. Employer Contributions Including Pickups *	\$270,167,807	\$124,530,216	\$394,698,023
5. Annual Allowances for Retired Members (From Last Year's Valuation Report)	\$397,693,524	\$134,006,316	\$531,699,840
6.1. Benefit Payments Allocated in Proportion to (5)	\$406,692,832	\$137,038,712	\$543,731,544
6.2. Refunds, Allocated in Proportion to (2)	\$2,027,266	\$708,955	\$2,736,221
7. Subtotal = (1) + (3) + (4) – (6.1) – (6.2)	\$6,518,997,120	\$2,594,184,777	\$9,113,181,897
8. Total Valuation Value of Assets			\$9,824,431,295
9. Residual to Allocate = (8) – (7)			\$711,249,398
10. Allocate Residual in Proportion to (7)	\$508,783,082	\$202,466,316	\$711,249,398
11. End of Year Asset Allocation = (7) + (10)	\$7,027,780,202	\$2,796,651,093	\$9,824,431,295

* Breakdown between General and Safety was provided by SDCERA.

Note: Results may not add due to rounding.

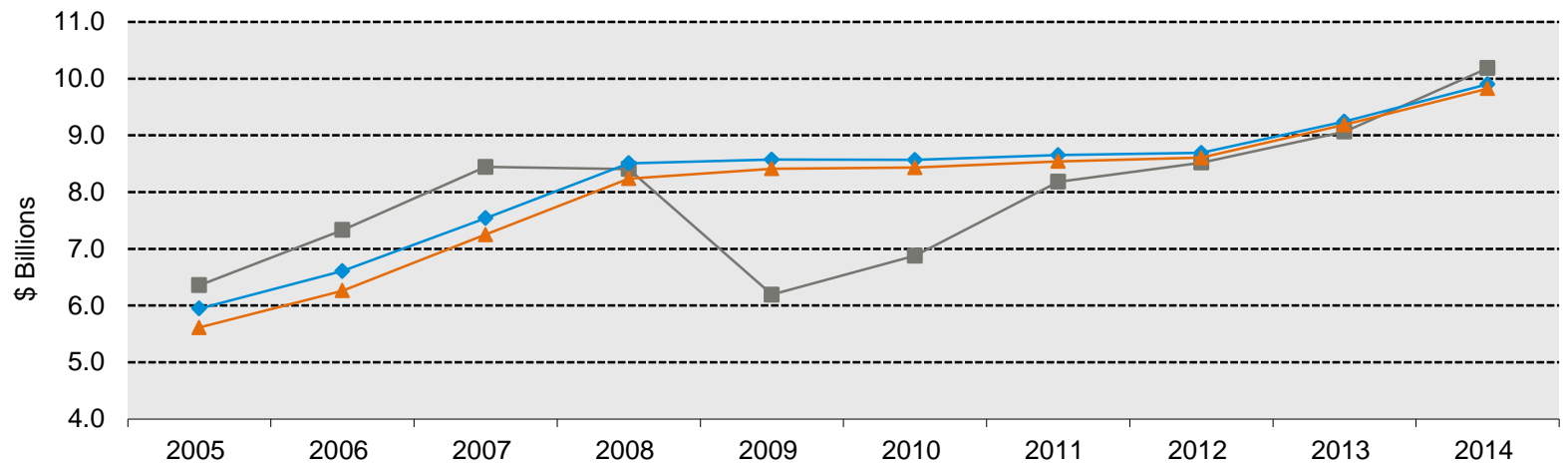
SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

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

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

CHART 9

Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2005 –2014



SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total experience gain was \$130.7 million, a gain of \$2.1 million from investments and a gain of \$128.6 million from all other sources. The gain from all other sources was 1.1% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

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

CHART 10
Actuarial Experience for Year Ended June 30, 2014

1. Net gain from investments on valuation value of assets ⁽¹⁾	\$2,155,000
2. Net gain from other experience ⁽²⁾	<u>128,553,000</u>
3. Net experience gain: (1) + (2)	\$130,708,000

⁽¹⁾ Details in Chart 11

⁽²⁾ See Section 3, Exhibit H. Does not include the effect of plan or assumption changes, if any.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on SDCERA’s investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets used in the June 30, 2014 valuation was 7.75%. The actual rate of return on a valuation basis for the 2013/2014 plan year was 7.77%.

Since the actual return for the year was greater than the assumed return, SDCERA experienced an actuarial gain during the year ended June 30, 2014 with regard to its investments.

CHART 11

Investment Experience for Year Ended June 30, 2014 – Valuation, Actuarial and Market Value of Assets

This chart shows the gain due to investment experience.

	Valuation Value	Actuarial Value	Market Value
1. Actual return	\$711,249,000	\$744,721,000	\$1,208,144,000
2. Average value of assets	9,149,606,000	9,198,691,000	9,020,744,000
3. Actual rate of return: (1) ÷ (2)	7.77%	8.10%	13.39%
4. Assumed rate of return	7.75%	7.75%	7.75%
5. Expected return: (2) x (4)	709,094,000	712,899,000	699,108,000
6. Actuarial gain: (1) – (5)	<u>\$2,155,000</u>	<u>\$31,822,000</u>	<u>\$509,036,000</u>

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on a valuation, actuarial, and market basis for the last ten years.

CHART 12

Investment Return – Valuation Value, Actuarial Value and Market Value: 2005 – 2014
(Dollar amount in thousands)

Year Ended June 30	Valuation Value Investment Return		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2005	\$339,407	6.50%	\$359,888	6.48%	\$787,268	14.21%
2006	588,807	10.43%	642,588	10.79%	954,171	14.98%
2007	866,669	13.78%	926,575	14.02%	1,108,996	15.12%
2008	989,464	13.65%	988,906	13.14%	-15,355	-0.18%
2009	217,866	2.65%	128,063	1.51%	-2,153,974	-25.71%
2010	127,686	1.53%	129,275	1.52%	820,376	13.39%
2011	202,986	2.42%	203,518	2.39%	1,425,637	20.91%
2012	146,477	1.72%	146,380	1.70%	443,667	5.46%
2013	665,804	7.77%	666,122	7.72%	658,746	7.78%
2014	711,249	7.77%	744,721	8.10%	1,208,144	13.39%
Total	\$4,856,415		\$4,936,036		\$5,237,676	
Average Last 10 Years		6.73%		6.64%		7.08%
Average Last 5 Years		4.20%		4.24%		12.06%

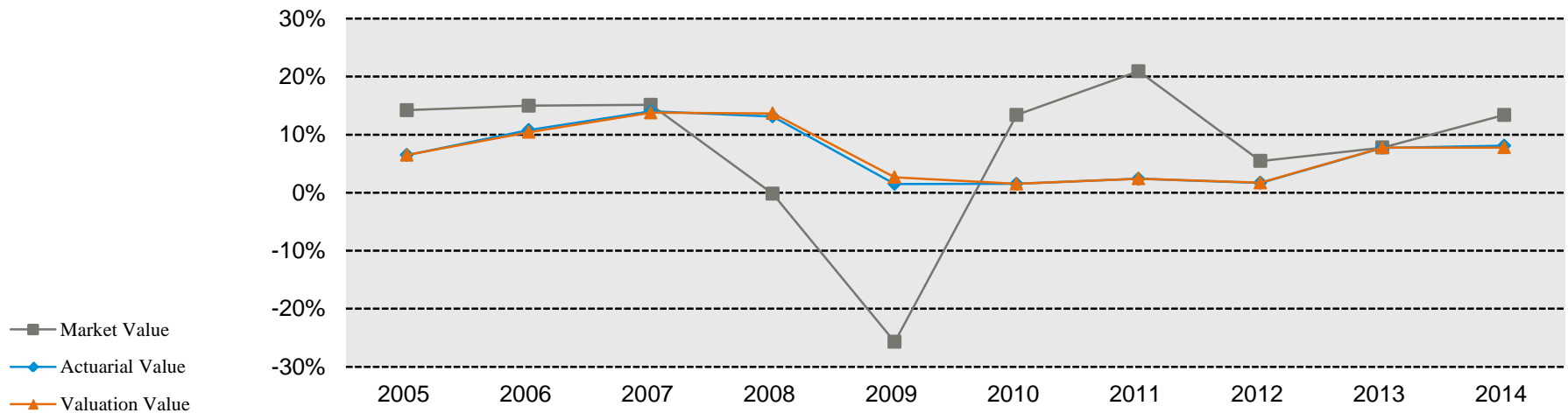
SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 2005 - 2014.

CHART 13

Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2005 - 2014



SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

Other Experience

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

These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),

- the number of disability retirements,
- salary increases different than assumed, and
- data adjustments for retiree benefits and active pay for performance.

The net gain from this other experience for the year ended June 30, 2014 amounted to \$128.6 million, which was 1.1% of the actuarial accrued liability. See Exhibit H for a detailed development of the Unfunded Actuarial Accrued Liability.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost

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

Contribution to the Unfunded Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative unfunded actuarial accrued liability) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the Association) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual rate of 4.00%. (i.e., 3.25% inflation plus 0.75% across-the-board salary increase).

Prior to July 1, 2013, the Association's UAAL was amortized over 20-year fixed (i.e. decreasing) layered amortization periods. As of July 1, 2013, any new UAAL resulting from plan amendments is amortized over separate decreasing 15-year periods; early retirement incentive programs (ERIPs) are amortized over separate decreasing periods of up to 5 years; assumption and method changes are amortized over separate decreasing 20-year periods; and experience gains or losses are amortized over separate decreasing 20-year periods.

The recommended employer contributions are provided on Charts 14a and 14b.

Employer Normal Cost and UAAL contribution rates are calculated assuming payments made at the end of every pay period.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

Member Contributions:

Non- Tier C Members

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for non-Tier C General members and Safety members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to 1/100 of Final Average Compensation for General and Safety members. A One-Year Final Average Compensation is used for General Tier 1, General Tier A and Safety Tier A. A Three-Year Final Average Compensation is used for General Tier B and Safety Tier B. That age is 60 for General Tier 1 and Tier B members, 55 for General Tier A members and 50 for Safety Tier A and Tier B members. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions, members pay one-half of the total normal cost necessary to fund their cost-of-living benefits. Accumulation includes semi-annual crediting of interest at half of the assumed investment earning rate. The member contribution rates are provided in Appendix A. Please note that the member rates provided in the report are the full rate before reflecting any employer pickup.

Tier C Members

Pursuant to Section 7522.30(a) of the Government Code, Tier C members are required to contribute at least 50% of the Normal Cost rate. We further understand that different rules may have to be applied for collectively bargained employees, non-represented, managerial or other supervisory employees (reference Section 7522.30(e)). In preparing the Normal Cost rates in this report, we have assumed that exactly 50% of the Normal Cost would be paid by the Tier C members and we have not taken into account the requirements of Section 7522.30(e).

The member contribution rates are provided in Appendix A.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

CHART 14a

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

	June 30, 2014 Actuarial Valuation		June 30, 2013 Actuarial Valuation	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
General Members other than Tier C				
Normal Cost **	13.88%	\$107,870	13.50%	\$104,900
UAAL **	<u>19.17%</u>	<u>148,957</u>	<u>19.96%</u>	<u>155,096</u>
Total Contribution	33.05%	\$256,827	33.46%	\$259,996
General Tier C Members (CalPEPRA)				
Normal Cost **	7.74%	\$5,798	7.72%	\$5,783
UAAL **	<u>19.17%</u>	<u>14,361</u>	<u>19.96%</u>	<u>14,953</u>
Total Contribution	26.91%	\$20,159	27.68%	\$20,736
Total General Members				
Normal Cost **	13.34%	\$113,668	12.99%	\$110,683
UAAL **	<u>19.17%</u>	<u>163,318</u>	<u>19.96%</u>	<u>170,049</u>
Total Contribution	32.51%	\$276,986	32.95%	\$280,732

* Amounts are in thousands and are based on June 30, 2014 projected annual payroll (also in thousands):

General Tier 1	\$1,811
General Tier A	681,982
General Tier B	93,242
General Tier C	<u>74,914</u>
General Subtotal	\$851,949

** A breakdown of the employer's total Normal Cost and UAAL to fund for each type of benefit is provided in Chart 14b.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

CHART 14a (continued)

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

	June 30, 2014 Actuarial Valuation		June 30, 2013 Actuarial Valuation	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
Safety Members other than Tier C				
Normal Cost **	20.92%	\$52,810	20.85%	\$52,632
UAAL **	<u>22.44%</u>	<u>56,646</u>	<u>23.34%</u>	<u>58,918</u>
Total Contribution	43.36%	\$109,456	44.19%	\$111,550
Safety Tier C Members (CalPEPRA)				
Normal Cost **	13.22%	\$2,444	14.11%	\$2,608
UAAL **	<u>22.44%</u>	<u>4,148</u>	<u>23.34%</u>	<u>4,314</u>
Total Contribution	35.66%	\$6,592	37.45%	\$6,922
Total Safety Members				
Normal Cost **	20.40%	\$55,254	20.39%	\$55,240
UAAL **	<u>22.44%</u>	<u>60,794</u>	<u>23.34%</u>	<u>63,232</u>
Total Contribution	42.84%	\$116,048	43.73%	\$118,472
All Categories Combined				
Normal Cost **	15.04%	\$168,922	14.78%	\$165,923
UAAL **	<u>19.96%</u>	<u>224,112</u>	<u>20.77%</u>	<u>233,281</u>
Total Contribution	35.00%	\$393,034	35.55%	\$399,204

* Amounts are in thousands and are based on June 30, 2014 projected annual payroll (also in thousands):

Safety Tier A	\$222,650
Safety Tier B	29,781
Safety Tier C	18,485
Safety Subtotal	\$270,916
General & Safety Subtotal	\$1,122,865

** A breakdown of the employer's total Normal Cost and UAAL to fund for each type of benefit is provided in Chart 14b.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

CHART 14b

Breakdown of the Employer's Normal Cost and UAAL Contributions to Fund for Each Type of Benefit (% of Payroll)

Normal Cost	Elements of Normal Cost		
	General	Safety	Overall
Service Retirement*	8.61%	10.02%	8.95%
Vested Termination and Ordinary Withdrawal	2.70%	2.61%	2.68%
Non Service and Service Connected Disability	1.64%	6.95%	2.92%
Non Service and Service Connected Death	0.39%	0.82%	0.49%
Total Employer Normal Cost	13.34%	20.40%	15.04%
Total Employee Normal Cost*	10.82%	13.57%	11.48%
Employer Plus Employee Normal Cost	24.16%	33.97%	26.52%

* Assuming that employee normal cost is only used to fund service retirement benefit.

Unfunded Actuarial Accrued Liability**	Elements of UAAL**		
	General	Safety	Overall
Service Retirement	18.35%	19.78%	18.71%
Vested Termination and Ordinary Withdrawal	0.07%	0.09%	0.07%
Non Service and Service Connected Disability	0.55%	2.31%	0.97%
Non Service and Service Connected Death	0.20%	0.26%	0.21%
Total Employer Unfunded Actuarial Accrued Liability	19.17%	22.44%	19.96%

** Assuming that the liability for all inactive members is fully funded.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

The contribution rates as of June 30, 2014 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

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

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

CHART 15

Reconciliation of Recommended Employer Contribution from June 30, 2013 to June 30, 2014 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Annual Dollar Cost ⁽¹⁾
Recommended Average Employer Contribution Rate as of June 30, 2013, Before Reflecting Any Employer Pickups	35.55%	\$399,204
Effect of investment gain ⁽²⁾	-0.01%	-112
Effect of one-year delay in implementation of contribution rates calculated in June 30, 2013 valuation	0.27%	3,032
Effect of difference in actual versus expected total and individual salary increases	-0.46%	-5,148
Effect of difference in actual versus expected cost-of-living benefit increases for retirees and beneficiaries	-0.55%	-6,176
Effect of other actuarial gains or losses	<u>0.20%</u>	<u>2,234</u>
Total Change	<u>-0.55%</u>	<u>-\$6,170</u>
Recommended Average Employer Contribution Rate as of June 30, 2014, Before Reflecting Any Employer Pickups	35.00%	\$393,034

⁽¹⁾ Based on June 30, 2014 projected annual payroll of \$1,122,864,480.

⁽²⁾ Return on valuation value of assets was 7.77% and greater than the 7.75% assumed in the June 30, 2013 valuation.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

The member contribution rates as of June 30, 2014 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation.

Reconciliation of Recommended Contribution Rate
 The chart below details the changes in the aggregate member contribution rate from the prior valuation to the current year’s valuation.

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

CHART 16
Reconciliation of Recommended Member Contribution from June 30, 2013 to June 30, 2014 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Annual Dollar Cost ⁽¹⁾
Recommended Average Member Contribution Rate as of June 30, 2013, Before Reflecting Any Employer Pickups	11.55%	\$129,702
Effect of change in demographics of members	-0.07%	-750
Recommended Average Member Contribution Rate as of June 30, 2014, Before Reflecting Any Employer Pickups	11.48%	\$128,952

⁽¹⁾ Based on June 30, 2014 projected annual payroll of \$1,122,864,480.

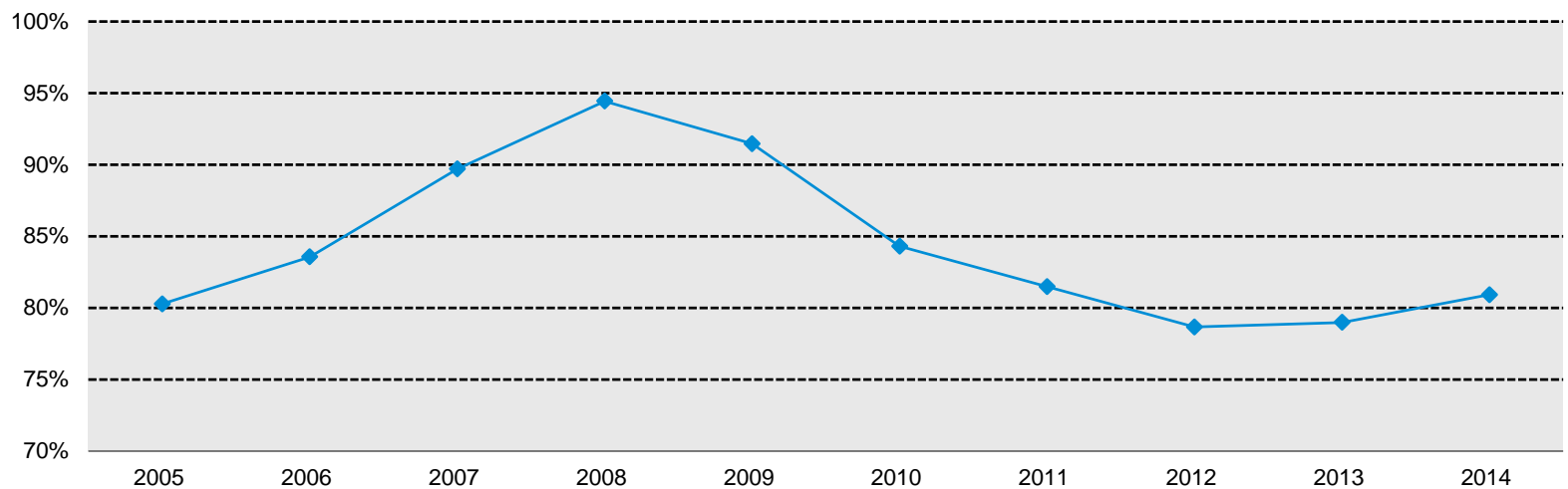
SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

E. FUNDED RATIO

A critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

The chart below depicts a history of the funded ratios for this plan.

CHART 17
Funded Ratio for Plan Years beginning on July 1, 2005 - 2014



SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

F. VOLATILITY RATIOS

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measure since it is based on the current level of assets.

For SDCERA, the current AVR is about 9.1. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 9.1% of one-year's payroll. Since SDCERA amortizes actuarial gains and losses over a period of 20 years, there would be a 0.6% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded.

The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions.

For SDCERA, the current LVR is about 10.8. This is about 19% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long-term.

This chart shows how the asset and liability volatility ratios have varied over time.

CHART 18
Volatility Ratios for Years Ended June 30, 2009 – 2014

Year Ended June 30	Asset Volatility Ratio	Liability Volatility Ratio
2008	7.4	7.7
2009	5.5	8.1
2010	6.3	9.1
2011	7.5	9.6
2012	8.1	10.4
2013	8.5	10.9
2014	9.1	10.8

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT A

Table of Plan Coverage

i. General Tier 1

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation			
Number	29	30	-3.3%
Average age	52.3	51.5	N/A
Average service	13.7	13.1	N/A
Projected total compensation	\$1,810,672	\$1,792,241	1.0%
Projected average compensation	\$62,437	\$59,741	4.5%
Account balances	\$968,297	\$807,161	20.0%
Total active vested members	29	30	-3.3%
Deferred terminated members	1,573	1,699	-7.4%
Retired members			
Number in pay status	4,062	4,071	-0.2%
Average age	74.5	74.3	N/A
Average monthly benefit	\$1,918	\$1,905	0.7%
Disabled members			
Number in pay status	202	206	-1.9%
Average age	74.4	73.9	N/A
Average monthly benefit	\$2,175	\$2,127	2.3%
Beneficiaries			
Number in pay status	908	920	-1.3%
Average age	81.4	81.0	N/A
Average monthly benefit	\$1,644	\$1,579	4.1%

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT A

Table of Plan Coverage

ii. General Tier A

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation			
Number	10,330	10,968	-5.8%
Average age	48.9	48.3	N/A
Average service	14.4	13.6	N/A
Projected total compensation	\$681,981,670	\$701,272,241	-2.8%
Projected average compensation	\$66,020	\$63,938	3.3%
Account balances	\$416,475,372	\$369,855,549	12.6%
Total active vested members	10,192	10,414	-2.1%
Deferred terminated members	2,473	2,471	0.1%
Retired members⁽¹⁾			
Number in pay status	7,437	7,048	5.5%
Average age	67.3	66.9	N/A
Average monthly benefit	\$3,098	\$3,053	1.5%
Disabled members⁽¹⁾			
Number in pay status	755	743	1.6%
Average age	62.6	61.9	N/A
Average monthly benefit	\$2,008	\$1,951	2.9%
Beneficiaries⁽¹⁾			
Number in pay status	438	397	10.3%
Average age	69.4	68.5	N/A
Average monthly benefit	\$1,379	\$1,309	5.3%

⁽¹⁾ This includes members from General Tier 2 and General Tier A.

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT A

Table of Plan Coverage

iii. General Tier B

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation			
Number	1,766	1,829	-3.4%
Average age	38.2	37	N/A
Average service	2.5	1.6	N/A
Projected total compensation	\$93,241,622	\$89,304,560	4.4%
Projected average compensation	\$52,798	\$48,827	8.1%
Account balances	\$14,820,417	\$8,764,414	69.1%
Total active vested members	14	7	100.0%
Deferred terminated members	277	223	24.2%
Retired members			
Number in pay status	9	5	80.0%
Average age	60.7	60.6	N/A
Average monthly benefit	\$1,956	\$1,644	19.0%
Disabled members			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Beneficiaries			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT A

Table of Plan Coverage

iv. General Tier C

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation			
Number	1,770	643	175.3%
Average age	35.0	34.8	N/A
Average service	0.7	0.3	N/A
Projected total pensionable compensation	\$74,913,850	\$26,134,644	186.6%
Projected average pensionable compensation	\$42,324	\$40,645	4.1%
Account balances	\$3,474,134	\$425,065	717.3%
Total active vested members	2	0	N/A
Deferred terminated members	159	19	736.8%
Retired members			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Disabled members			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Beneficiaries			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT A

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

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation			
Number	2,710	2,848	-4.8%
Average age	43.8	43.1	N/A
Average service	14.9	14.2	N/A
Projected total compensation	\$222,650,495	\$218,541,998	1.9%
Projected average compensation	\$82,159	\$76,735	7.1%
Account balances	\$139,328,119	\$121,824,977	14.4%
Total active vested members	2,700	2,748	-1.7%
Deferred terminated members	556	558	-0.4%
Retired members⁽¹⁾			
Number in pay status	1,672	1,581	5.8%
Average age	63.4	63.2	N/A
Average monthly benefit	\$5,150	\$5,121	0.6%
Disabled members⁽¹⁾			
Number in pay status	709	686	3.4%
Average age	59.9	59.3	N/A
Average monthly benefit	\$3,820	\$3,735	2.3%
Beneficiaries⁽¹⁾			
Number in pay status	179	162	10.5%
Average age	71.3	71.1	N/A
Average monthly benefit	\$3,283	\$3,128	5.0%

⁽¹⁾ This includes members from Safety Tier 1, Safety Tier 2 and Safety Tier A.

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT A

Table of Plan Coverage

vi. Safety Tier B

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation			
Number	489	486	0.6%
Average age	32.7	31.4	N/A
Average service	2.8	1.7	N/A
Projected total compensation	\$29,781,431	\$26,350,285	13.0%
Projected average compensation	\$60,903	\$54,219	12.3%
Account balances	\$4,166,512	\$2,120,715	96.5%
Total active vested members	20	10	100.0%
Deferred terminated members	46	30	53.3%
Retired members			
Number in pay status	2	1	100.0%
Average age	53.9	54.8	N/A
Average monthly benefit	\$2,101	\$1,946	8.0%
Disabled members			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Beneficiaries			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT A

Table of Plan Coverage

ii. Safety Tier C

Category	Year Ended June 30		Change From Prior Year
	2014	2013	
Active members in valuation			
Number	372	87	327.6%
Average age	30.3	30.7	N/A
Average service	0.8	0.3	N/A
Projected total pensionable compensation	\$18,484,741	\$4,396,159	320.5%
Projected average pensionable compensation	\$49,690	\$50,531	-1.7%
Account balances	\$1,561,556	\$130,122	1,100.1%
Total active vested members	0	0	N/A
Deferred terminated members	7	0	N/A
Retired members			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Disabled members			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A
Beneficiaries			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit	N/A	N/A	N/A

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

i. General Tier 1

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--
30 - 34	1	--	--	1	--	--	--	--	--	--
	\$49,106	--	--	\$49,106	--	--	--	--	--	--
35 - 39	1	--	--	1	--	--	--	--	--	--
	83,089	--	--	83,089	--	--	--	--	--	--
40 - 44	8	--	--	6	2	--	--	--	--	--
	79,542	--	--	70,014	\$108,126	--	--	--	--	--
45 - 49	3	--	--	2	1	--	--	--	--	--
	80,612	--	--	96,365	49,106	--	--	--	--	--
50 - 54	2	--	--	2	--	--	--	--	--	--
	52,242	--	--	52,242	--	--	--	--	--	--
55 - 59	3	--	--	2	1	--	--	--	--	--
	44,774	--	--	42,608	49,106	--	--	--	--	--
60 - 64	9	--	--	7	2	--	--	--	--	--
	56,417	--	--	59,135	46,904	--	--	--	--	--
65 - 69	2	--	1	1	--	--	--	--	--	--
	26,873	--	16,476	37,270	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
Total	29	--	1	22	6	--	--	--	--	--
	\$62,437	--	\$16,476	\$62,997	\$68,045	--	--	--	--	--

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

ii. General Tier A

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	--	--	--	--	--	--	--	--	--	--
25 - 29	133	7	124	2	--	--	--	--	--	--
30 - 34	811	30	641	140	--	--	--	--	--	--
35 - 39	1,353	23	674	589	66	1	--	--	--	--
40 - 44	1,412	26	466	605	260	53	2	--	--	--
45 - 49	1,645	11	409	472	345	298	108	2	--	--
50 - 54	1,905	14	384	468	324	378	271	63	3	--
55 - 59	1,727	14	316	441	305	287	263	82	19	--
60 - 64	973	9	211	266	187	137	112	34	13	4
65 - 69	299	4	72	97	48	36	31	8	3	--
70 & over	72	2	11	25	11	13	3	2	4	1
Total	10,330	140	3,308	3,105	1,546	1,203	790	191	42	5
	\$66,020	\$54,779	\$61,490	\$63,776	\$69,943	\$71,973	\$76,603	\$75,564	\$68,911	\$64,053

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

iii. General Tier B

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	41	41	--	--	--	--	--	--	--	--
	\$39,778	\$39,778	--	--	--	--	--	--	--	--
25 - 29	418	416	2	--	--	--	--	--	--	--
	47,301	47,337	\$39,858	--	--	--	--	--	--	--
30 - 34	403	401	2	--	--	--	--	--	--	--
	53,476	53,322	84,260	--	--	--	--	--	--	--
35 - 39	275	273	2	--	--	--	--	--	--	--
	53,858	53,916	45,948	--	--	--	--	--	--	--
40 - 44	192	190	2	--	--	--	--	--	--	--
	54,893	54,936	50,825	--	--	--	--	--	--	--
45 - 49	141	140	1	--	--	--	--	--	--	--
	56,565	56,639	46,120	--	--	--	--	--	--	--
50 - 54	132	130	1	1	--	--	--	--	--	--
	58,889	57,850	36,217	\$216,681	--	--	--	--	--	--
55 - 59	100	100	--	--	--	--	--	--	--	--
	55,332	55,332	--	--	--	--	--	--	--	--
60 - 64	55	55	--	--	--	--	--	--	--	--
	59,066	59,066	--	--	--	--	--	--	--	--
65 - 69	6	6	--	--	--	--	--	--	--	--
	50,184	50,184	--	--	--	--	--	--	--	--
70 & over	3	3	--	--	--	--	--	--	--	--
	35,122	35,122	--	--	--	--	--	--	--	--
Total	1,766	1,755	10	1	--	--	--	--	--	--
	\$52,798	\$52,707	\$52,412	\$216,681	--	--	--	--	--	--

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

iii. General Tier C

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	175	175	--	--	--	--	--	--	--	--
	\$36,276	\$36,276	--	--	--	--	--	--	--	--
25 - 29	539	539	--	--	--	--	--	--	--	--
	41,278	41,278	--	--	--	--	--	--	--	--
30 - 34	382	382	--	--	--	--	--	--	--	--
	43,622	43,622	--	--	--	--	--	--	--	--
35 - 39	218	218	--	--	--	--	--	--	--	--
	44,228	44,228	--	--	--	--	--	--	--	--
40 - 44	150	150	--	--	--	--	--	--	--	--
	40,889	40,889	--	--	--	--	--	--	--	--
45 - 49	112	112	--	--	--	--	--	--	--	--
	43,782	43,782	--	--	--	--	--	--	--	--
50 - 54	88	87	1	--	--	--	--	--	--	--
	44,509	44,666	\$30,847	--	--	--	--	--	--	--
55 - 59	64	64	--	--	--	--	--	--	--	--
	46,011	46,011	--	--	--	--	--	--	--	--
60 - 64	36	36	--	--	--	--	--	--	--	--
	48,201	48,201	--	--	--	--	--	--	--	--
65 - 69	6	6	--	--	--	--	--	--	--	--
	62,988	62,988	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	1,770	1,769	1	--	--	--	--	--	--	--
	\$42,324	\$42,331	\$30,847	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

iv. Safety Tier A

Age	Total	Years of Service							
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
25 – 29	106	--	106	--	--	--	--	--	--
	\$70,740	--	\$70,740	--	--	--	--	--	--
30 – 34	371	4	318	49	--	--	--	--	--
	73,977	\$51,639	73,493	\$78,937	--	--	--	--	--
35 – 39	427	--	165	186	76	--	--	--	--
	76,029	--	73,929	75,436	\$82,038	--	--	--	--
40 – 44	604	2	106	160	267	66	3	--	--
	81,017	60,062	71,783	74,601	85,533	\$93,468	\$87,613	--	--
45 – 49	586	2	73	79	145	218	68	1	--
	87,850	79,236	80,606	74,431	85,702	92,499	101,341	\$74,755	--
50 – 54	383	1	45	57	70	106	89	15	--
	90,869	90,656	83,240	80,354	82,166	92,375	102,900	112,322	--
55 – 59	154	1	27	28	35	18	38	6	1
	85,931	94,878	77,893	71,100	84,594	90,893	94,148	129,213	\$94,878
60 – 64	70	--	13	7	25	7	10	6	2
	83,657	--	81,572	74,379	78,904	96,746	86,692	91,862	103,486
65 – 69	9	--	2	3	1	2	1	--	--
	103,919	--	61,405	138,597	117,824	105,514	67,816	--	--
70 & over	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
Total	2,710	10	855	569	619	417	209	28	3
	\$82,159	\$67,069	\$74,378	\$75,963	\$84,494	\$92,685	\$99,639	\$110,215	\$100,617

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

v. Safety Tier B

Age	Total	Years of Service							
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	45	45	--	--	--	--	--	--	--
	\$54,210	\$54,210	--	--	--	--	--	--	--
25 - 29	204	203	1	--	--	--	--	--	--
	57,564	57,545	\$61,510	--	--	--	--	--	--
30 - 34	114	105	7	2	--	--	--	--	--
	59,751	60,297	53,611	\$52,532	--	--	--	--	--
35 - 39	40	36	3	1	--	--	--	--	--
	64,017	65,254	54,122	49,192	--	--	--	--	--
40 - 44	32	26	4	1	1	--	--	--	--
	68,374	68,402	68,468	67,816	\$67,816	--	--	--	--
45 - 49	20	20	--	--	--	--	--	--	--
	67,702	67,702	--	--	--	--	--	--	--
50 - 54	21	21	--	--	--	--	--	--	--
	77,105	77,105	--	--	--	--	--	--	--
55 - 59	13	13	--	--	--	--	--	--	--
	81,952	81,952	--	--	--	--	--	--	--
60 - 64	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
Total	489	469	15	4	1	--	--	--	--
	\$60,903	\$61,020	\$58,202	\$55,518	\$67,816	--	--	--	--

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2014
By Age and Years of Service**

v. Safety Tier C

Age	Total	Years of Service							
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	93	93	--	--	--	--	--	--	--
	\$46,380	\$46,380	--	--	--	--	--	--	--
25 - 29	154	154	--	--	--	--	--	--	--
	47,572	47,572	--	--	--	--	--	--	--
30 - 34	48	48	--	--	--	--	--	--	--
	47,560	47,560	--	--	--	--	--	--	--
35 - 39	31	31	--	--	--	--	--	--	--
	49,043	49,043	--	--	--	--	--	--	--
40 - 44	21	21	--	--	--	--	--	--	--
	48,771	48,771	--	--	--	--	--	--	--
45 - 49	8	8	--	--	--	--	--	--	--
	56,659	56,659	--	--	--	--	--	--	--
50 - 54	6	6	--	--	--	--	--	--	--
	89,847	89,847	--	--	--	--	--	--	--
55 - 59	9	9	--	--	--	--	--	--	--
	98,774	98,774	--	--	--	--	--	--	--
60 - 64	2	2	--	--	--	--	--	--	--
	68,318	68,318	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
Total	372	372	--	--	--	--	--	--	--
	\$49,690	\$49,690	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT C

Reconciliation of Member Data – June 30, 2013 to June 30, 2014

	Active Members	Deferred Terminated Members	Disabled Pensioners	Retired Members	Beneficiaries	Total
Number as of June 30, 2013	16,891	5,000	1,635	12,706	1,479	37,711
New members	1,567	132	N/A	N/A	N/A	1,699
Terminations – with vested rights	-409	409	0	0	0	0
Contribution refunds	-89	-126	N/A	N/A	N/A	-215
Retirements	-506	-242	0	748	N/A	0
New disabilities	-34	-7	51	-10	N/A	0
Return to work	63	-60	0	-3	N/A	0
Died with or without beneficiary	-17	-15	-20	-269	49	-272
Data adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>	<u>-3</u>	<u>7</u>
Number as of June 30, 2014	17,466	5,091	1,666	13,182	1,525	38,930

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2014	Year Ended June 30, 2013
Contribution income:		
Employer contributions	\$414,906,155	\$376,917,941
Employee contributions	<u>78,920,054</u>	<u>71,718,077</u>
Net contribution income	\$493,826,209	\$448,636,018
Investment income:		
Interest, dividends and other income	\$230,496,400	\$196,980,551
Recognition of capital appreciation	631,192,520	572,870,943
Less investment fees and administrative expenses	<u>-116,968,314</u>	<u>-103,729,666</u>
Net investment income	<u>744,720,606</u>	<u>666,121,828</u>
Total income available for benefits	\$1,238,546,815	\$1,114,757,846
Less benefit payments:		
Service retirement and disability benefits	-\$542,208,387	-\$512,755,547
Death benefits	-1,523,157	-1,332,648
Health benefits	-19,974,887	-20,407,372
Supplemental retirement benefits	-14,283,023	-26,417,257
Member refunds	<u>-2,736,221</u>	<u>-2,778,423</u>
Net benefit payments	-\$580,725,675	-\$563,691,247
Change in assets held for future benefits	\$657,821,140	\$551,066,599

Note: Results may not add due to rounding.

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT E

Summary Statement of Plan Assets

	Year Ended June 30, 2014	Year Ended June 30, 2013
Cash equivalents	\$3,482,716,183	\$2,541,304,203
Accounts receivable:		
Contributions	\$5,788,083	\$4,334,567
Accrued interest and dividends	19,643,475	8,480,812
Settlement of securities sold	<u>431,287,239</u>	<u>4,291,726</u>
Total accounts receivable	456,718,947	17,107,105
Investments:		
Domestic equity securities and cash	\$339,212,428	\$325,614,429
International equity securities and cash	426,291,447	560,281,754
Bonds and cash	1,885,418,467	2,159,619,829
Securities lending collateral	85,247,752	23,759,372
Real Estate	978,905,823	988,833,392
Hedge Funds	488,091,717	686,481,260
Private Equity	502,499,236	409,139,861
Other investments	<u>1,647,312,746</u>	<u>1,398,136,881</u>
Total investments at market value	<u>6,352,979,616</u>	<u>6,551,866,778</u>
Total assets	\$10,292,414,746	\$9,110,278,086
Less accounts payable:		
Securities lending & settlement of securities purchased	-\$93,495,997	-\$34,594,897
Professional service	-9,684,757	-9,421,367
Cash in transit	-282,384	-352,310
Others	<u>-3,513,510</u>	<u>-1,715,880</u>
Total accounts payable	-\$106,976,648	-\$46,084,454
Net assets at market value	<u>\$10,185,438,098</u>	<u>\$9,064,193,632</u>
Net assets at actuarial value	<u>\$9,899,961,827</u>	<u>\$9,242,140,687</u>
Net assets at valuation value	<u>\$9,824,431,295</u>	<u>\$9,186,031,586</u>

Note: Results may not add due to rounding.

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT F

Actuarial Balance Sheet

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

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

Actuarial Balance Sheet (Dollar Amounts in Thousands)

Assets	General	Safety	Total
1 Total valuation assets	\$7,027,780	\$2,796,651	\$9,824,431
2 Present value of future contributions by members	683,595	301,753	985,348
3 Present value of future employer contributions for:			
a Entry age normal cost	836,766	443,891	1,280,657
b Unfunded actuarial accrued liability	<u>1,690,005</u>	<u>\$626,713</u>	<u>2,316,718</u>
4 Total current and future assets	\$10,238,146	\$4,169,008	\$14,407,154
Liabilities			
5 Present value of benefits for retirees and beneficiaries	\$4,938,066	\$1,947,518	\$6,885,584
6 Present value of benefits for deferred terminated members	304,548	59,412	363,960
7 Present value of benefits for active members	<u>4,995,532</u>	<u>2,162,078</u>	<u>7,157,610</u>
8 Total liabilities	\$10,238,146	\$4,169,008	\$14,407,154

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT G

Summary of Reported Reserve Information as of June 30, 2014

Reserves	
(Dollar Amounts in Thousands)	
Member contributions ⁽¹⁾	\$631,296
County contributions ⁽¹⁾	1,539,200
Retired member reserve ⁽¹⁾	6,971,125
Transition reserves ⁽¹⁾	<u>682,810</u>
Total valuation reserve ⁽¹⁾	\$9,824,431
Supplemental benefit, disability supplemental benefit and 401(h) health reserves ⁽²⁾	42,570
Undistributed reserve ⁽²⁾	0
Contingency reserve ⁽²⁾	<u>32,961</u>
Total reserves	\$9,899,962
Net deferred gains (losses) ⁽²⁾	<u>285,476</u>
Net market value	\$10,185,438

⁽¹⁾ *Included in development of valuation value of assets.*

⁽²⁾ *Excluded in development of valuation value of assets.*

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2014

		(Amounts in Thousands)
1.	Unfunded Actuarial Accrued Liability as of June 30, 2013	\$2,445,205
2.	Normal Cost	293,322
3.	Total employer and member contributions	-473,618
4.	Interest	182,517
5.	Expected Unfunded Actuarial Accrued Liability*	\$2,447,426
6.	Changes due to:	
	(a) Investment return greater than expected	-\$2,155
	(b) Lower than expected salary increase	-35,468
	(c) Lower than expected cost-of-living increase in benefits for retirees and beneficiaries	-86,878
	(d) Other experience gains/losses	<u>-6,207</u>
	(e) Total changes	<u>-\$130,708</u>
7.	Unfunded Actuarial Accrued Liability as of June 30, 2014	\$2,316,718

* Includes contribution loss of \$42.0 million during the year from actual contributions less than expected.

Note: Net gain from other non-investment experience of \$128.6 million (as shown on page 9) is equal to: 6(b) + 6(c) + 6(d).

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT I

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar amount indexed for inflation. The amount of that limit is \$210,000 for 2014. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances for such things as age at retirement, form of benefits chosen and after-tax contributions.

Section 415(b) limit has been applied to the benefit data for members in pay status provided by SDCERA for valuation purposes.

For non-PEPRA members, benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Contributions rates determined in this valuation have not been reduced for the Section 415 limitations for members in active and deferred statuses, actual limitations will result in gains as they occur.

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT J

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial

Assumptions:

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age; and
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost:

The amount of contributions required to fund the level cost, as a percentage of payroll, allocated to the current year of service.

Actuarial Accrued Liability

For Actives:

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability

For Pensioners:

The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued

Liability:

The extent to which the actuarial accrued liability of the Plan exceeds (or is exceeded by) the assets of the Plan. There are many approaches to recognizing the unfunded or overfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

**Amortization of the Unfunded
(Overfunded) Actuarial
Accrued Liability:**

Payments made over a period of years equal in value to the Plan's unfunded or overfunded actuarial accrued liability.

Investment Return:

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the market gains and losses to avoid significant swings in the value of assets from one year to the next.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

1. Retired members as of the valuation date (including 1,525 beneficiaries in pay status)	16,373
2. Members inactive during year ended June 30, 2014 with vested rights*	5,091
3. Members active during the year ended June 30, 2014	17,466

The actuarial factors as of the valuation date are as follows (amounts in thousands):

1. Normal cost	\$297,874
2. Present value of future benefits	14,407,154
3. Present value of future normal costs	2,266,005
4. Actuarial accrued liability	12,141,149
Retired members and beneficiaries	\$6,885,584
Inactive members with vested rights*	363,960
Active members	4,891,605
5. Valuation value of assets	9,824,431
6. Unfunded actuarial accrued liability	\$2,316,718

* Includes terminated members due a refund of member contributions.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

EXHIBIT I (continued)

Summary of Actuarial Valuation Results (Dollar Amounts in Thousands)

The determination of the required contribution is as follows:	Dollar Amount*	% of Payroll
1. Total normal cost	\$297,874	26.52%
2. Expected employee contributions	<u>-128,952</u>	<u>-11.48%</u>
3. Employer normal cost: (1) + (2)	\$168,922	15.04%
4. Amortization of unfunded actuarial accrued liability	<u>224,112</u>	<u>19.96%</u>
5. Total required contribution: (3) + (4)	\$393,034	35.00%

* Based on June 30, 2014 projected annual compensation.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

EXHIBIT II

Schedule of Employer Contributions (Dollar Amounts in Thousands)

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions⁽¹⁾	Percentage Contributed
2009	\$219,635	\$219,635	100.0%
2010	188,414	189,470	100.6%
2011	205,799	235,392	114.4%
2012	274,106	274,106	100.0%
2013	298,128	312,288	104.8%
2014	353,841	353,841	100.0%

⁽¹⁾ Excludes employer pickup of member contributions and proceeds from Pension Obligation Bonds.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

EXHIBIT III

Schedule of Funding Progress

Actuarial Valuation Date	Valuation Value of Assets⁽¹⁾ (a)	Actuarial Accrued Liability (AAL)⁽²⁾ (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
06/30/2009	\$8,413,065,000	\$9,198,636,000	\$785,571,000	91.46%	\$1,129,171,000	69.57%
06/30/2010	8,433,310,000	9,999,161,000	1,565,851,000	84.34%	1,095,582,000	142.92%
06/30/2011	8,542,291,000	10,482,657,000	1,940,366,000	81.49%	1,090,413,000	177.95%
06/30/2012	8,607,483,000	10,943,172,000	2,335,689,000	78.66%	1,052,366,000	221.95%
06/30/2013	9,186,032,000	11,631,237,000	2,445,205,000	78.98%	1,067,792,000	229.00%
06/30/2014	9,824,431,000	12,141,149,000	2,316,718,000	80.92%	1,122,864,000	206.32%

⁽¹⁾ Excludes assets for Supplemental Benefit and Health Benefit Reserves.

⁽²⁾ Excludes liabilities held for Supplemental Benefit and Health Benefit Reserves.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

EXHIBIT IV

Supplementary Information Required by GASB

Valuation date	June 30, 2014
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll for total unfunded liability (assuming annual 4.00% payroll increase)
Remaining amortization period	Prior to July 1, 2013, the Association's UAAL was amortized over 20-year fixed (i.e. decreasing) layered amortization periods. As of July 1, 2013, any new UAAL resulting from plan amendments is amortized over separate decreasing 15-year periods; early retirement incentive programs (ERIPs) are amortized over separate decreasing periods of up to 5 years; assumption and method changes are amortized over separate decreasing 20-year periods; and experience gains/losses are amortized over separate decreasing 20-year periods.
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on market value (valuation value before July 1, 2004) and is recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves and designations. Deferred gains and losses as of June 30, 2012 have been combined and will be recognized in equal amounts over a period of four and a half years from that date.
Actuarial assumptions:	
Investment rate of return	7.75%
Inflation rate	3.25%
Across the board salary increase	0.75%
Projected salary increases (5+ years since hire date)	General: 4.75%; Safety: 5.00%*
Cost of living adjustments	3.00% of retirement income for General Tier 1, General Tier A and Safety Tier A 2.00% of retirement income for General Tier B, Safety Tier B, General Tier C and Safety Tier C
Plan membership:	
Retired members and beneficiaries receiving benefits	16,373
Deferred terminated members entitled to, but not yet receiving benefits	5,091
Active members	<u>17,466</u>
Total	38,930

* Includes inflation at 3.25%, across the board increase of 0.75%, plus merit and longevity increases. See Exhibit V for increases during the first 5 years of employment.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

EXHIBIT V

Actuarial Assumptions and Actuarial Cost Method

Post-Retirement Mortality Rates:

Healthy Retirement:

For General: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2016 with a two-year age setback for Males and a one-year age setback for Females.

For Safety: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2016 with a one-year age setback for Males and no age setback for Females.

Disabled Retirement:

For General: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2016 with a three-year age set forward.

For Safety: RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2016 with a three-year age set forward.

The tables shown above were determined so as to reasonably reflect future mortality improvement, based on a review of mortality experience as of the measurement date.

Employee Contribution Rates:

For General – RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2016 for Males with a two-year age setback weighted 30% and RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2016 for Females with a one-year age setback weighted 70%.

For Safety – RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2016 for Males with a one-year age setback weighted 75% and RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2016 for Females with no age set back weighted 25%.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Termination Rates Before Retirement:

Mortality Rates:

For General – Same as Post-Retirement Healthy Mortality Rates for retired General members (i.e., RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2016 with a two-year age setback for Males and a one-year age setback for Females).

For Safety – Same as Post-Retirement Healthy Mortality Rates for retired Safety members (i.e., RP-2000 Combined Healthy Mortality Table projected with Scale AA to 2016 with a one-year age setback for Males and no age setback for Females).

For General members, 100% of pre-retirement deaths are assumed to be non-service connected deaths.

For Safety members, 100% of pre-retirement deaths are assumed to be service connected deaths.

The following are sample rates (%).

Age	Healthy Life Mortality				Disabled Life Mortality			
	General		Safety		General		Safety	
	Male	Female	Male	Female	Male	Female	Male	Female
25	0.03	0.02	0.03	0.02	0.04	0.02	0.04	0.02
30	0.04	0.02	0.04	0.02	0.06	0.03	0.06	0.03
35	0.06	0.04	0.06	0.04	0.09	0.05	0.09	0.05
40	0.09	0.05	0.09	0.06	0.11	0.07	0.11	0.07
45	0.11	0.08	0.12	0.09	0.14	0.11	0.14	0.11
50	0.14	0.12	0.15	0.13	0.21	0.17	0.21	0.17
55	0.21	0.21	0.23	0.24	0.41	0.35	0.41	0.35
60	0.41	0.41	0.46	0.47	0.80	0.71	0.80	0.71
65	0.80	0.80	0.90	0.90	1.43	1.24	1.43	1.24
70	1.43	1.37	1.58	1.55	2.39	2.12	2.39	2.12

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Disability Rates:

Age	Rate (%)					
	Non Service Connected Disability			Service Connected Disability		
	General		Safety	General		Safety
	Male	Female		Males	Female	
20	0.00	0.00	0.00	0.01	0.00	0.03
25	0.00	0.00	0.00	0.01	0.01	0.08
30	0.01	0.01	0.00	0.01	0.03	0.19
35	0.02	0.02	0.02	0.03	0.06	0.49
40	0.04	0.06	0.06	0.06	0.09	0.65
45	0.06	0.10	0.07	0.16	0.14	0.65
50	0.10	0.14	0.07	0.23	0.17	1.22
55	0.18	0.17	0.07	0.28	0.25	1.96
60	0.22	0.22	0.07	0.33	0.30	2.26
65	0.22	0.25	0.03	0.20	0.18	2.72

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Withdrawal Rates:

Years of Service	Rate (%)		
	Termination (<5 Years of Service) *		
	General		Safety
Male	Female		
0	13.50	14.50	11.50
1	8.25	9.25	8.00
2	5.70	6.50	4.00
3	4.30	6.00	3.00
4	4.05	5.50	2.75

* 60% of all terminating members will choose a refund of contributions and 40% will choose a deferred vested benefit.

Age	Termination (5+ Years of Service) **		
	General		Safety
	Male	Female	
20	5.46	5.43	3.71
25	4.56	5.23	3.19
30	4.08	4.64	2.62
35	3.54	3.79	2.00
40	2.69	2.88	1.35
45	2.31	2.35	1.08
50	2.42	2.25	1.00
55	2.50	2.25	1.22
60	2.50	2.25	1.58
65	2.50	2.25	0.68

** 15% of all terminating members will choose a refund of contributions and 85% will choose a deferred vested benefit. Termination rates are zero at ages where members are expected to retire.

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Retirement Rates:

Age	Rate (%)					
	General			Safety		
	Tier 1 and Tier A	Tier B	Tier C	Tier A	Tier B	Tier C
48	-	-	-	4.0	3.0	-
49	55.0	-	-	8.0	3.5	-
50	7.0	-	-	14.0	11.0	14.0
51	5.0	-	-	12.0	11.0	9.5
52	5.0	-	-	12.0	11.0	9.5
53	5.0	-	-	15.0	11.0	9.5
54	6.0	-	-	15.0	12.0	10.5
55	11.0	5.5	4.0	16.0	19.0	16.5
56	11.0	6.5	4.5	18.0	22.0	19.0
57	11.0	7.5	5.5	20.0	20.0	20.0
58	12.0	7.5	5.5	21.0	21.0	21.0
59	15.0	7.5	5.5	22.0	22.0	22.0
60	20.0	10.0	7.5	25.0	25.0	25.0
61	20.0	13.0	10.0	30.0	30.0	30.0
62	24.0	19.0	14.0	30.0	30.0	30.0
63	25.0	19.0	15.0	30.0	30.0	30.0
64	28.0	19.0	16.0	30.0	30.0	30.0
65	31.0	30.0	26.0	60.0	60.0	60.0
66	31.0	30.0	30.0	60.0	60.0	60.0
67	31.0	30.0	30.0	60.0	60.0	60.0
68	35.0	30.0	30.0	60.0	60.0	60.0
69	37.0	30.0	30.0	60.0	60.0	60.0
70	50.0	50.0	50.0	100.0	100.0	100.0
71	50.0	50.0	50.0	100.0	100.0	100.0
72	50.0	50.0	50.0	100.0	100.0	100.0
73	50.0	50.0	50.0	100.0	100.0	100.0
74	50.0	50.0	50.0	100.0	100.0	100.0
75 and later	100.0	100.0	100.0	100.0	100.0	100.0

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Retirement Age and Benefit for Deferred Vested Members:	<u>Reciprocal and Non-reciprocal Members</u> General: Age 57 Safety: Age 51 25% of General and 30% of Safety future deferred vested members are assumed to be reciprocal. For reciprocal members, we assume 4.75% compensation increases per annum for General members and 5.00% compensation increases per annum for Safety members.
Future Benefit Accruals:	1.0 year of service per year.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Definition of Active Members:	First day of pay period following employment.
Percent Married:	75% of male members and 55% of female members are assumed to be married at retirement or pre-retirement death.
Age of Spouse:	Females are 3 years younger than their spouses
Net Investment Return:	7.75%, net of administration and investment expenses.
Employee Contribution Crediting Rate:	One-half of the net investment return credited semi-annually.
Consumer Price Index:	Increase of 3.25% per year; benefit increases due to CPI subject to 3.0% maximum for General Tier 1, General Tier A and Safety Tier A. Benefit increases due to CPI subject to 2.0% maximum for General Tier B, Safety Tier B, General Tier C and Safety Tier C.

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Salary Scale:

Annual Rate of Compensation Increase

Inflation: 3.25% per year; plus “Across the Board” salary increases of 0.75% per year; plus Merit and Longevity as follows:

<u>Years from Hire Date</u>	<u>General</u>	<u>Safety</u>
0	6.00%	8.00%
1	4.50	5.75
2	4.00	5.00
3	3.00	4.75
4	2.25	4.25
5+	0.75	1.00

Pay for Performance and Other Premium Pays:

All General members (members in legacy tiers and members in CalPEPRA tiers) are assumed to be eligible for an average annual pay for performance and other premium pay of 1.25%.

All Safety members (members in legacy tiers and members in CalPEPRA tiers) are assumed to be eligible for an average annual pay for performance and other premium pay of 1.25%.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**Service Converted From
Unused Sick Leave:**

The following assumptions for service converted from unused sick leave as a percentage of service at retirement are used:

General:	2.00%
Safety:	2.25%

Pursuant to Section 31641.02, the cost of this benefit for Non-Tier C members will be charged only to employers and will not affect member contribution rates.

Actuarial Value of Assets:

Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on market value and are recognized over a five-year period. Deferred gains and losses as of June 30, 2012 have been combined and will be recognized in equal amounts over a period of four and a half years from that date.

Valuation Value of Assets:

The actuarial value of assets reduced by the following reserves: (1) 401(h) Health Benefit Reserve; (2) Undistributed Reserve; (3) Contingency Reserve; (4) Supplemental Benefit Reserve; and (5) Disability Supplemental Benefit Reserve.

Actuarial Cost Method:

Entry Age Actuarial Cost Method. Entry Age is the age at the member's hire date. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation, as if the current benefit formulas have always been in effect (i.e., "replacement life").

Amortization Policy:

The UAAL, (i.e., the difference between the Actuarial Accrued Liability and the Valuation Value of Assets), as of June 30, 2012 shall continue to be amortized over separate 20-year period amortization layers based on the valuations during which each separate layer was previously established.

Any new UAAL as a result of assumption changes, method changes and actuarial gains or losses identified in the annual valuation as of June 30, 2013 and later will be amortized over a period of 20 years.

Any new UAAL as a result of plan amendments will be amortized over a period of 15 years.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Any new UAAL as a result of Golden Handshakes or Early Retirement Incentive Programs (ERIP) will be amortized over a period of up to 5 years.

The UAAL shall be amortized over “closed” amortization periods so that the amortization period for each layer decreases by one year with each actuarial valuation.

The UAAL shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase.

If the AAL is overfunded (i.e., the Valuation Value of Assets exceeds 120% of the Actuarial Accrued Liability so that there is a surplus), such surplus and any subsequent surpluses will be amortized over an “open” amortization period of 30 years. Any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL, will be amortized over 20 years as the first of a new series of amortization layers.

Changes in Actuarial Assumptions and Methods:

There have been no changes in actuarial assumption or methods since the previous valuation.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

EXHIBIT VI

Summary of Plan Provisions

This exhibit summarizes the major provisions of the SDCERA included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership Eligibility:	All permanent employees of the County of San Diego or contracting district, scheduled to work 20 or more hours weekly, are eligible, subject to classification below:
<i>General Tier 1</i>	All General members with membership dates before March 8, 2002 who made a specific and irrevocable election to opt out of Tier A. This also included those General Members in deferred status on March 8, 2002.
<i>General Tier A</i>	All General members with membership dates or continuing employment on or after March 8, 2002 and before August 28, 2009, except as noted above.
<i>General Tier B</i>	All General members with membership dates on or after August 28, 2009 and before January 1, 2013.
<i>General Tier C</i>	All General members with membership dates on or after January 1, 2013.
<i>Safety Tier A</i>	All Safety members with membership dates before August 28, 2009.
<i>Safety Tier B</i>	All Safety members with membership dates on or after August 28, 2009 and before January 1, 2013.
<i>Safety Tier C</i>	All Safety members with membership dates on or after January 1, 2013.

Final Average Compensation for Benefit Determination:

<i>General Tier 1, General Tier A and Safety Tier A</i>	Highest consecutive 26 bi-weekly pay periods of compensation earnable (\$31462.1) (FAC).
---	--

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

General Tier B and Safety Tier B Three-year average of highest consecutive 78 bi-weekly pay periods of compensation earnable (§31462)(F3AC).

General Tier C and Safety Tier C Highest consecutive thirty-six months of pensionable compensation (§7522.32) (FAS3).

Compensation Limit:

General Tier C and Safety Tier C Pensionable Compensation is limited to \$113,700 for 2013 (\$136,440, if not enrolled in Social Security). The limit is indexed for inflation on an annual basis.

Service: Years of service (Yrs).

Service Retirement Eligibility:

General Tier 1 and Tier A Age 50 with 10 years of service credit, or age 70 regardless of service credit, or after 30 years of service credit, regardless of age (§31672).

General Tier B Age 55 with 10 years of service credit, or age 70 regardless of service credit, or after 30 years of service credit, regardless of age (§31672).

General Tier C Age 55 with 5 years of service credit (§7522.20(a)) or age 70 regardless of service credit (§31672.3).

Safety Tier A and Tier B Age 50 with 10 years of service credit, or age 70 regardless of service credit, or after 20 years of service credit, regardless of age (§31663.25).

Safety Tier C Age 50 with 5 years of service credit (§7522.25(a)) or age 70 regardless of service credit (§31672.3).

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Benefit Formula:

	Retirement Age	Benefit Formula
<i>General Tier 1 (§31676.12)</i>	50	$(1.34\% \times \text{FAC} - 1/3 \times 1.34\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.77\% \times \text{FAC} - 1/3 \times 1.77\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.34\% \times \text{FAC} - 1/3 \times 2.34\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.62\% \times \text{FAC} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Yrs}$
	65 or later	$(2.62\% \times \text{FAC} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Yrs}$
	Retirement Age	Benefit Formula
<i>General Tier A (§31676.17)</i>	50	$(2.00\% \times \text{FAC} - 1/3 \times 2.00\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(2.50\% \times \text{FAC} - 1/3 \times 2.50\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(3.00\% \times \text{FAC} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(3.00\% \times \text{FAC} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	65 or later	$(3.00\% \times \text{FAC} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	Retirement Age	Benefit Formula
<i>General Tier B (§31676.12)</i>	50	$(1.34\% \times \text{F3AC} - 1/3 \times 1.34\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.77\% \times \text{F3AC} - 1/3 \times 1.77\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.34\% \times \text{F3AC} - 1/3 \times 2.34\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.62\% \times \text{F3AC} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Yrs}$
	65 or later	$(2.62\% \times \text{F3AC} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Yrs}$
	Retirement Age	Benefit Formula
<i>General Tier C (§7522.20(a))</i>	55	$1.30\% \times \text{FAS3} \times \text{Yrs}$
	60	$1.80\% \times \text{FAS3} \times \text{Yrs}$
	62	$2.00\% \times \text{FAS3} \times \text{Yrs}$
	65	$2.30\% \times \text{FAS3} \times \text{Yrs}$
	67 or later	$2.50\% \times \text{FAS3} \times \text{Yrs}$

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

	Retirement Age	Benefit Formula
<i>Safety Tier A (Non-Integrated) (§31664.1)</i>	50	(3.00% x FAC x Yrs)
	55	(3.00% x FAC x Yrs)
	60 or later	(3.00% x FAC x Yrs)
	Retirement Age	Benefit Formula
<i>Safety Tier B (Non-Integrated) (§31664.2)</i>	50	(2.29% x F3AC x Yrs)
	55	(3.00% x F3AC x Yrs)
	60 or later	(3.00% x F3AC x Yrs)
	Retirement Age	Benefit Formula
<i>Safety Tier C (§7522.25(d))</i>	50	2.00% x FAS3 x Yrs
	55	2.50% x FAS3 x Yrs
	57 or later	2.70% x FAS3 x Yrs

Maximum Benefit:	
<i>Non-Tier C</i>	100% of Final Average Compensation (§31676.12, §31676.17, §31664.1, §31664.2)
<i>Tier C</i>	None

Non Service Connected Disability:	
<i>General Members</i>	
<i>Eligibility</i>	Five years of service (§31720).
<i>Benefit Formula</i>	1.8% of Final Average Compensation per year of service. If the benefit does not exceed one-third of Final Average Compensation, the service is projected to 62, and the total benefit cannot be more than one-third of Final Average Compensation (§31727.1).
<i>Safety Members</i>	
<i>Eligibility</i>	Five years of service (§31720).
<i>Benefit Formula</i>	1.8% of Final Average Compensation per year of service. If the benefit does not exceed one-third of Final Average Compensation, the service is projected to 55, and

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

the total benefit cannot be more than one-third of Final Average Compensation (§31727.2).

Service Connected Disability:

All Members

Eligibility

No age or service requirements (§31720).

Benefit Formula

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

Pre-Retirement Death:

Non Service Connected (Not Vested) Before Eligible to Retire

Eligibility

None.

Benefit

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

OR

Non Service Connected (Vested)

Eligibility

Five years of service.

Benefit

60% of the greater of Service or Non Service Connected Disability Retirement benefit payable to surviving eligible spouse or eligible children (§31765.1, §31781.1), in lieu of above. Alternatively, the spouse may choose a combined benefit of:

- A lump sum payment of up to 6 month's compensation (see above), and
- A monthly (60%) benefit reduced by actuarial equivalent of the lump sum payment (§31781.3).

Service Connected Death

50% of the Final Average Compensation or 100% of Service Retirement benefit, if greater, payable to spouse or minor children (§31787). In addition, safety members are entitled to benefits under Sections 31787.5 and 31787.6.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Death After Retirement:

All Members

*Service or Non Service Connected
Disability Retirement*

Unless another option was selected at retirement, 60% of member's unmodified allowance continued to eligible spouse (§31760.1) and \$3,500 lump sum benefit payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was married to the member at least one year prior to the day of retirement (§31760.1), or at least two years prior to the date of death, having attained age 55 on or prior to the date of death (§31760.2).

*Service Connected Disability
Retirement*

Unless another option was selected at retirement, 100% of member's unmodified allowance continued to eligible spouse (§31786).

Withdrawal Benefits:

*Less than Five Years of SDCERA/
Reciprocal Service Credit*

Refund of accumulated employee contributions with interest or entitled to earned benefits commencing at anytime after eligible to retire (§31628, §31629.5).

*Five or More Years of SDCERA/
Reciprocal Service Credit*

If accumulated employee contributions left on deposit, eligible for retirement benefits at any time after meeting eligibility criteria to retire (§31700).

Post-retirement

Cost-of-Living Benefits:

*General Tier 1, General Tier A
and Safety Tier A*

Future changes based on changes to the Consumer Price Index for the San Diego area to a maximum of 3% per year, excess "banked" (§31870.1).

*General Tier B, Safety Tier B,
General Tier C and Safety Tier C*

Future changes based on changes to the Consumer Price Index for the San Diego area to a maximum of 2% per year, excess "banked" (§31870).

County Contributions:

Effective with the June 30, 2004 actuarial valuation, the amortization period for Unfunded Actuarial Accrued Liability was changed to a 20-year fixed (decreasing) layered amortization period.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**Supplemental Benefit Allowance
and Health Insurance Allowance:**

The Association provides a supplemental benefit allowance and a health insurance allowance for eligible retirees. These benefits have been excluded from this valuation.

Member Contributions:

Please refer to Appendix A for the specific rates.

General Tier 1

Basic

Provide for an average annuity at age 60 equal to 1/100 of FAC (§31621.2).

Cost-of-Living

Provide for one-half of future Cost-of-Living costs.

General Tier A

Basic

Provide for an average annuity at age 55 equal to 1/100 of FAC (§31621.8).

Cost-of-Living

Provide for one-half of future Cost-of-Living costs.

General Tier B

Basic

Provide for an average annuity at age 60 equal to 1/100 of F3AC (§31621.2).

Cost-of-Living

Provide for one-half of future Cost-of-Living costs.

General Tier C

Provide for 50% of total Normal Cost Rate.

Safety Tier A

Basic

Provide for an average annuity at age 50 equal to 1/100 of FAC (§31639.25).

Cost-of-Living

Provide for one-half of future Cost-of-Living costs.

Safety Tier B

Basic

Provide for an average annuity at age 50 equal to 1/100 of F3AC (§31639.25).

Cost-of-Living

Provide for one-half of future Cost-of-Living costs.

Safety Tier C

Provide for 50% of total Normal Cost Rate.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Other Information: General and Safety Non-Tier C members with 30 or more years of qualifying service credit are exempt from paying member contributions (§31625.2 and §31625.3).

Plan Changes: There have been no changes in plan provisions since the previous actuarial valuation.

NOTE: *The summary of major plan provisions is designed to outline principal plan benefits as interpreted for purposes of the actuarial valuation. If the Association should find the plan summary not in accordance with the actual provisions, the Association should alert the actuary so they can both be sure the proper provisions are valued.*

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Appendix A

Member Contribution Rates

Comparison of Member Rate at Entry Age 35 for General and Entry Age 30 for Safety Members.

General	June 30, 2014			June 30, 2013			Increase/Decrease in Rate
	Basic	COLA	Total	Basic	COLA	Total	
Tier 1 ⁽¹⁾	7.43%	2.51%	9.94%	7.43%	2.51%	9.94%	0.00%
Tier A ⁽¹⁾	8.57%	3.43%	12.00%	8.57%	3.43%	12.00%	0.00%
Tier B ⁽¹⁾	7.10%	1.47%	8.57%	7.10%	1.47%	8.57%	0.00%
Tier C	N/A	N/A	7.74%	N/A	N/A	7.72%	0.02%

Safety	June 30, 2014			June 30, 2013			Increase/Decrease in Rate
	Basic	COLA	Total	Basic	COLA	Total	
Tier A	9.18%	5.06%	14.24%	9.18%	5.06%	14.24%	0.00%
Tier B	8.75%	2.48%	11.23%	8.75%	2.48%	11.23%	0.00%
Tier C	N/A	N/A	13.22%	N/A	N/A	14.11%	-0.89% ⁽²⁾

⁽¹⁾ Rates shown are for salaries in excess of \$350 per month.

⁽²⁾ There is a reduction in the normal cost rate for Safety members in the CalPEPRA because the average age at entry for Safety CalPEPRA members has decreased from about 30.4 in the June 30, 2013 valuation to about 29.5 in the June 30, 2014 valuation.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Appendix A

Member Contribution Rates

**i. General Tier 1 Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
15	3.61%	5.41%	1.21%	1.82%	4.82%	7.23%
16	3.61%	5.41%	1.21%	1.82%	4.82%	7.23%
17	3.67%	5.51%	1.24%	1.86%	4.91%	7.37%
18	3.73%	5.60%	1.26%	1.89%	4.99%	7.49%
19	3.80%	5.70%	1.28%	1.92%	5.08%	7.62%
20	3.86%	5.79%	1.30%	1.95%	5.16%	7.74%
21	3.93%	5.89%	1.33%	1.99%	5.26%	7.88%
22	3.99%	5.99%	1.35%	2.02%	5.34%	8.01%
23	4.06%	6.09%	1.37%	2.05%	5.43%	8.14%
24	4.13%	6.20%	1.39%	2.09%	5.52%	8.29%
25	4.20%	6.30%	1.41%	2.12%	5.61%	8.42%
26	4.27%	6.41%	1.44%	2.16%	5.71%	8.57%
27	4.34%	6.51%	1.47%	2.20%	5.81%	8.71%
28	4.41%	6.62%	1.49%	2.23%	5.90%	8.85%
29	4.49%	6.73%	1.51%	2.27%	6.00%	9.00%
30	4.56%	6.84%	1.54%	2.31%	6.10%	9.15%
31	4.64%	6.96%	1.57%	2.35%	6.21%	9.31%
32	4.71%	7.07%	1.59%	2.38%	6.30%	9.45%
33	4.79%	7.19%	1.61%	2.42%	6.40%	9.61%
34	4.87%	7.31%	1.64%	2.46%	6.51%	9.77%
35	4.95%	7.43%	1.67%	2.51%	6.62%	9.94%
36	5.03%	7.55%	1.70%	2.55%	6.73%	10.10%
37	5.11%	7.67%	1.73%	2.59%	6.84%	10.26%
38	5.20%	7.80%	1.75%	2.63%	6.95%	10.43%

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**i. General Tier 1 Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
39	5.29%	7.93%	1.78%	2.67%	7.07%	10.60%
40	5.37%	8.06%	1.81%	2.72%	7.18%	10.78%
41	5.46%	8.19%	1.84%	2.76%	7.30%	10.95%
42	5.55%	8.32%	1.87%	2.81%	7.42%	11.13%
43	5.64%	8.46%	1.90%	2.85%	7.54%	11.31%
44	5.73%	8.60%	1.93%	2.90%	7.66%	11.50%
45	5.83%	8.75%	1.97%	2.95%	7.80%	11.70%
46	5.93%	8.89%	2.00%	3.00%	7.93%	11.89%
47	6.03%	9.04%	2.03%	3.05%	8.06%	12.09%
48	6.13%	9.20%	2.07%	3.10%	8.20%	12.30%
49	6.24%	9.36%	2.11%	3.16%	8.35%	12.52%
50	6.35%	9.53%	2.14%	3.21%	8.49%	12.74%
51	6.47%	9.71%	2.18%	3.27%	8.65%	12.98%
52	6.60%	9.90%	2.23%	3.34%	8.83%	13.24%
53	6.74%	10.11%	2.27%	3.41%	9.01%	13.52%
54	6.90%	10.35%	2.33%	3.49%	9.23%	13.84%
55	6.98%	10.47%	2.35%	3.53%	9.33%	14.00%
56	7.03%	10.55%	2.37%	3.56%	9.40%	14.11%
57	7.04%	10.56%	2.37%	3.56%	9.41%	14.12%
58	7.03%	10.55%	2.37%	3.56%	9.40%	14.11%
59 & Over	6.96%	10.44%	2.35%	3.52%	9.31%	13.96%

Interest: 7.75%

Inflation: 3.25%

Across the board increase: 0.75%

COLA: 3.00%

COLA Loading Factor: 33.72%

Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2016 with Scale AA, set back two years for males and one year for females, weighted 30% Male and 70% Female.

Salary Increase: 5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit V)

Note: These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**ii. General Tier A Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
15	4.17%	6.26%	1.67%	2.51%	5.84%	8.77%
16	4.17%	6.26%	1.67%	2.51%	5.84%	8.77%
17	4.25%	6.37%	1.70%	2.55%	5.95%	8.92%
18	4.32%	6.48%	1.73%	2.59%	6.05%	9.07%
19	4.39%	6.59%	1.76%	2.64%	6.15%	9.23%
20	4.47%	6.70%	1.79%	2.68%	6.26%	9.38%
21	4.54%	6.81%	1.82%	2.73%	6.36%	9.54%
22	4.61%	6.92%	1.85%	2.77%	6.46%	9.69%
23	4.69%	7.04%	1.88%	2.82%	6.57%	9.86%
24	4.77%	7.16%	1.91%	2.87%	6.68%	10.03%
25	4.85%	7.28%	1.94%	2.91%	6.79%	10.19%
26	4.93%	7.40%	1.97%	2.96%	6.90%	10.36%
27	5.01%	7.52%	2.01%	3.01%	7.02%	10.53%
28	5.09%	7.64%	2.04%	3.06%	7.13%	10.70%
29	5.18%	7.77%	2.07%	3.11%	7.25%	10.88%
30	5.27%	7.90%	2.11%	3.16%	7.38%	11.06%
31	5.35%	8.03%	2.14%	3.21%	7.49%	11.24%
32	5.44%	8.16%	2.18%	3.27%	7.62%	11.43%
33	5.53%	8.29%	2.21%	3.32%	7.74%	11.61%
34	5.62%	8.43%	2.25%	3.37%	7.87%	11.80%
35	5.71%	8.57%	2.29%	3.43%	8.00%	12.00%
36	5.81%	8.71%	2.33%	3.49%	8.14%	12.20%
37	5.90%	8.85%	2.36%	3.54%	8.26%	12.39%
38	6.00%	9.00%	2.40%	3.60%	8.40%	12.60%
39	6.09%	9.14%	2.44%	3.66%	8.53%	12.80%
40	6.20%	9.30%	2.48%	3.72%	8.68%	13.02%
41	6.30%	9.45%	2.52%	3.78%	8.82%	13.23%
42	6.41%	9.61%	2.57%	3.85%	8.98%	13.46%
43	6.52%	9.78%	2.61%	3.91%	9.13%	13.69%

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**ii. General Tier A Members' Contribution Rates from the June 30, 2013 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
44	6.63%	9.95%	2.65%	3.98%	9.28%	13.93%
45	6.75%	10.13%	2.70%	4.05%	9.45%	14.18%
46	6.88%	10.32%	2.75%	4.13%	9.63%	14.45%
47	7.02%	10.53%	2.81%	4.21%	9.83%	14.74%
48	7.17%	10.75%	2.87%	4.30%	10.04%	15.05%
49	7.33%	11.00%	2.93%	4.40%	10.26%	15.40%
50	7.42%	11.13%	2.97%	4.45%	10.39%	15.58%
51	7.48%	11.22%	2.99%	4.49%	10.47%	15.71%
52	7.49%	11.23%	2.99%	4.49%	10.48%	15.72%
53	7.48%	11.22%	2.99%	4.49%	10.47%	15.71%
54 & Over	7.40%	11.10%	2.96%	4.44%	10.36%	15.54%

Interest: 7.75%

Inflation: 3.25%

Across the board increase: 0.75%

COLA: 3.00%

COLA Loading Factor: 40.02%

Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2016 with Scale AA, set back two years for males and one year for females, weighted 30% Male and 70% Female.

Salary Increase: 5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit V)

Note: These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**iii. General Tier B Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)
Calculated Under Adopted Assumptions**

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
15	3.45%	5.17%	0.71%	1.07%	4.16%	6.24%
16	3.45%	5.17%	0.71%	1.07%	4.16%	6.24%
17	3.51%	5.26%	0.73%	1.09%	4.24%	6.35%
18	3.57%	5.35%	0.74%	1.11%	4.31%	6.46%
19	3.63%	5.44%	0.75%	1.13%	4.38%	6.57%
20	3.69%	5.54%	0.77%	1.15%	4.46%	6.69%
21	3.75%	5.63%	0.78%	1.17%	4.53%	6.80%
22	3.82%	5.73%	0.79%	1.19%	4.61%	6.92%
23	3.88%	5.82%	0.81%	1.21%	4.69%	7.03%
24	3.95%	5.92%	0.82%	1.23%	4.77%	7.15%
25	4.01%	6.02%	0.83%	1.25%	4.84%	7.27%
26	4.08%	6.12%	0.85%	1.27%	4.93%	7.39%
27	4.15%	6.22%	0.86%	1.29%	5.01%	7.51%
28	4.22%	6.33%	0.87%	1.31%	5.09%	7.64%
29	4.29%	6.43%	0.89%	1.33%	5.18%	7.76%
30	4.36%	6.54%	0.91%	1.36%	5.27%	7.90%
31	4.43%	6.65%	0.92%	1.38%	5.35%	8.03%
32	4.51%	6.76%	0.93%	1.40%	5.44%	8.16%
33	4.58%	6.87%	0.95%	1.42%	5.53%	8.29%
34	4.65%	6.98%	0.97%	1.45%	5.62%	8.43%
35	4.73%	7.10%	0.98%	1.47%	5.71%	8.57%
36	4.81%	7.21%	0.99%	1.49%	5.80%	8.70%
37	4.89%	7.33%	1.01%	1.52%	5.90%	8.85%
38	4.97%	7.45%	1.03%	1.54%	6.00%	8.99%
39	5.05%	7.57%	1.05%	1.57%	6.10%	9.14%
40	5.13%	7.70%	1.07%	1.60%	6.20%	9.30%
41	5.21%	7.82%	1.08%	1.62%	6.29%	9.44%
42	5.30%	7.95%	1.10%	1.65%	6.40%	9.60%

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**iii. General Tier B Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
43	5.39%	8.08%	1.11%	1.67%	6.50%	9.75%
44	5.48%	8.22%	1.13%	1.70%	6.61%	9.92%
45	5.57%	8.36%	1.15%	1.73%	6.72%	10.09%
46	5.67%	8.50%	1.17%	1.76%	6.84%	10.26%
47	5.76%	8.64%	1.19%	1.79%	6.95%	10.43%
48	5.86%	8.79%	1.21%	1.82%	7.07%	10.61%
49	5.96%	8.94%	1.23%	1.85%	7.19%	10.79%
50	6.07%	9.11%	1.26%	1.89%	7.33%	11.00%
51	6.19%	9.28%	1.28%	1.92%	7.47%	11.20%
52	6.31%	9.46%	1.31%	1.96%	7.62%	11.42%
53	6.41%	9.62%	1.33%	1.99%	7.74%	11.61%
54	6.49%	9.73%	1.35%	2.02%	7.84%	11.75%
55	6.51%	9.77%	1.35%	2.03%	7.86%	11.80%
56	6.52%	9.78%	1.35%	2.03%	7.87%	11.81%
57	6.48%	9.72%	1.34%	2.01%	7.82%	11.73%
58	6.71%	10.07%	1.39%	2.09%	8.10%	12.16%
59 & Over	6.96%	10.44%	1.44%	2.16%	8.40%	12.60%

Interest: 7.75%

Inflation: 3.25%

Across the board increase: 0.75%

COLA: 2.00%

COLA Loading Factor: 20.73%

Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2016 with Scale AA, set back two years for males and one year for females, weighted 30% Male and 70% Female.

Salary Increase: 5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit V)

Note: These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**iv. General Tier C Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

	Total
All General Tier C members	7.74%

The General Tier C member contribution rate is 50% of the Normal Cost rate.

Note: It is our understanding that in the determination of pension benefits under the Tier C formulas, the compensation that can be taken into account for 2014 is equal to \$115,064. (For an employer that is not enrolled in Social Security, the maximum amount is \$138,077 or 120% of \$115,064). (reference Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014. (reference Section 7522.10(d))

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**v. Safety Tier A Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic	COLA	Total
15	8.01%	4.41%	12.42%
16	8.01%	4.41%	12.42%
17	8.01%	4.41%	12.42%
18	8.01%	4.41%	12.42%
19	8.01%	4.41%	12.42%
20	8.01%	4.41%	12.42%
21	8.01%	4.41%	12.42%
22	8.13%	4.48%	12.61%
23	8.26%	4.55%	12.81%
24	8.38%	4.62%	13.00%
25	8.51%	4.69%	13.20%
26	8.64%	4.76%	13.40%
27	8.77%	4.83%	13.60%
28	8.91%	4.91%	13.82%
29	9.04%	4.98%	14.02%
30	9.18%	5.06%	14.24%
31	9.32%	5.13%	14.45%
32	9.47%	5.22%	14.69%
33	9.62%	5.30%	14.92%
34	9.77%	5.38%	15.15%
35	9.93%	5.47%	15.40%
36	10.09%	5.56%	15.65%
37	10.26%	5.65%	15.91%
38	10.43%	5.75%	16.18%
39	10.62%	5.85%	16.47%
40	10.81%	5.96%	16.77%
41	11.02%	6.07%	17.09%
42	11.25%	6.20%	17.45%
43	11.51%	6.34%	17.85%
44	11.82%	6.51%	18.33%
45	11.83%	6.52%	18.35%

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**v. Safety Tier A Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic	COLA	Total
46	11.81%	6.51%	18.32%
47	11.78%	6.49%	18.27%
48	11.71%	6.45%	18.16%
49 & Over	11.49%	6.33%	17.82%

Interest: 7.75%

Inflation: 3.25%

Across the board increase: 0.75%

COLA: 3.00%

COLA Loading Factor: 55.09%

Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2016 with Scale AA, set back one year for males and no age setback for females, weighted 75% Male and 25% Female.

Salary Increase: 5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit V)

Note: These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**vi. Safety Tier B Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic	COLA	Total
15	7.64%	2.16%	9.80%
16	7.64%	2.16%	9.80%
17	7.64%	2.16%	9.80%
18	7.64%	2.16%	9.80%
19	7.64%	2.16%	9.80%
20	7.64%	2.16%	9.80%
21	7.64%	2.16%	9.80%
22	7.75%	2.20%	9.95%
23	7.87%	2.23%	10.10%
24	7.99%	2.26%	10.25%
25	8.11%	2.30%	10.41%
26	8.24%	2.33%	10.57%
27	8.36%	2.37%	10.73%
28	8.49%	2.41%	10.90%
29	8.62%	2.44%	11.06%
30	8.75%	2.48%	11.23%
31	8.89%	2.52%	11.41%
32	9.03%	2.56%	11.59%
33	9.17%	2.60%	11.77%
34	9.31%	2.64%	11.95%
35	9.46%	2.68%	12.14%
36	9.62%	2.73%	12.35%
37	9.78%	2.77%	12.55%
38	9.94%	2.82%	12.76%
39	10.12%	2.87%	12.99%
40	10.30%	2.92%	13.22%
41	10.50%	2.97%	13.47%
42	10.73%	3.04%	13.77%
43	10.87%	3.08%	13.95%
44	10.92%	3.09%	14.01%
45	10.90%	3.09%	13.99%

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**vi. Safety Tier B Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic	COLA	Total
46	10.84%	3.07%	13.91%
47	10.70%	3.03%	13.73%
48	11.09%	3.14%	14.23%
49 & Over	11.49%	3.26%	14.75%

Interest: 7.75%

Inflation: 3.25%

Across the board increase: 0.75%

COLA: 2.00%

COLA Loading Factor: 28.33%

Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2016 with Scale AA, set back one year for males and no age setback for females, weighted 75% Male and 25% Female.

Salary Increase: 5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit V)

Note: These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**vii. Safety Tier C Members' Contribution Rates from the June 30, 2014 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

	Total
All Safety Tier C members	13.22%

The Safety Tier C member contribution rate is 50% of the Normal Cost rate.

Note: It is our understanding that in the determination of pension benefits under the Tier C formulas, the compensation that can be taken into account for 2014 is equal to \$115,064. (For an employer that is not enrolled in Social Security, the maximum amount is \$138,077 or 120% of \$115,064). (reference Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2014. (reference Section 7522.10(d))

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Appendix B

Unfunded Actuarial Accrued Liability (UAAL) Amortization Schedule as of June 30, 2014

	Date Established	Description	Initial Amount	Outstanding Balance	Years Remaining	Payment
General	June 30, 2004	Reamortize UAAL	\$898,323,000	\$801,452,000	10	\$97,364,000
	June 30, 2005	Actuarial loss	128,924,000	119,435,000	11	13,411,000
	June 30, 2006	Actuarial gain	(122,837,000)	(117,025,000)	12	(12,246,000)
	June 30, 2007	Actuarial gain	(319,377,000)	(310,757,000)	13	(30,515,000)
	June 30, 2008	Actuarial gain	(252,322,000)	(249,300,000)	14	(23,105,000)
	June 30, 2009	Actuarial loss	229,764,000	229,362,000	15	20,164,000
	June 30, 2010	Actuarial loss	275,738,000	276,901,000	16	23,192,000
	June 30, 2010	Assumption change	273,446,000	274,600,000	16	23,000,000
	June 30, 2011	Actuarial loss	272,855,000	274,840,000	17	22,015,000
	June 30, 2012	Actuarial loss	331,062,000	333,363,000	18	25,623,000
	June 30, 2012	Assumption change	(23,270,000)	(23,432,000)	18	(1,801,000)
	June 30, 2013	Actuarial gain	(111,526,000)	(111,930,000)	19	(8,280,000)
	June 30, 2013	Assumption change	284,375,000	285,405,000	19	21,113,000
	June 30, 2014	Actuarial gain	(92,909,000)	<u>(92,909,000)</u>	20	<u>(6,633,000)</u>
Subtotal				\$1,690,005,000		\$163,302,000

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Appendix B

Unfunded Actuarial Accrued Liability (UAAL) Amortization Schedule as of June 30, 2014 (continued)

	Date Established	Description	Initial Amount	Outstanding Balance	Years Remaining	Payment
Safety	June 30, 2004	Reamortize UAAL	\$304,408,000	\$271,581,000	10	\$32,993,000
	June 30, 2005	Actuarial loss	40,271,000	37,306,000	11	4,189,000
	June 30, 2006	Actuarial gain	(29,564,000)	(28,166,000)	12	(2,947,000)
	June 30, 2007	Actuarial gain	(81,955,000)	(79,745,000)	13	(7,831,000)
	June 30, 2008	Actuarial gain	(88,653,000)	(87,591,000)	14	(8,118,000)
	June 30, 2009	Actuarial loss	82,198,000	82,054,000	15	7,214,000
	June 30, 2010	Actuarial loss	103,299,000	103,735,000	16	8,689,000
	June 30, 2010	Assumption change	140,579,000	141,173,000	16	11,824,000
	June 30, 2011	Actuarial loss	114,781,000	115,617,000	17	9,261,000
	June 30, 2012	Actuarial loss	98,453,000	99,138,000	18	7,620,000
	June 30, 2012	Assumption change	6,803,000	6,850,000	18	527,000
	June 30, 2013	Actuarial gain	(18,694,000)	(18,761,000)	19	(1,388,000)
	June 30, 2013	Assumption change	(20,621,000)	(20,696,000)	19	(1,531,000)
	June 30, 2014	Actuarial loss	4,218,000	<u>4,218,000</u>	20	<u>301,000</u>
Subtotal				\$626,713,000		\$60,803,000

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Appendix B

Unfunded Actuarial Accrued Liability (UAAL) Amortization Schedule as of June 30, 2014 (continued)

	Date Established	Description	Initial Amount	Outstanding Balance	Years Remaining	Payment
General and Safety	June 30, 2004	Reamortize UAAL	\$1,202,731,000	\$1,073,033,000	10	\$130,357,000
	June 30, 2005	Actuarial loss	169,195,000	156,741,000	11	17,600,000
	June 30, 2006	Actuarial gain	(152,401,000)	(145,191,000)	12	(15,193,000)
	June 30, 2007	Actuarial gain	(401,332,000)	(390,502,000)	13	(38,346,000)
	June 30, 2008	Actuarial gain	(340,974,000)	(336,891,000)	14	(31,223,000)
	June 30, 2009	Actuarial loss	311,963,000	311,416,000	15	27,378,000
	June 30, 2010	Actuarial loss	379,037,000	380,636,000	16	31,881,000
	June 30, 2010	Assumption change	414,025,000	415,773,000	16	34,824,000
	June 30, 2011	Actuarial loss	387,636,000	390,457,000	17	31,276,000
	June 30, 2012	Actuarial loss	429,515,000	432,501,000	18	33,243,000
	June 30, 2012	Assumption change	(16,467,000)	(16,582,000)	18	(1,274,000)
	June 30, 2013	Actuarial gain	(130,220,000)	(130,691,000)	19	(9,668,000)
	June 30, 2013	Assumption change	263,754,000	264,709,000	19	19,582,000
	June 30, 2014	Actuarial gain	(88,691,000)	<u>(88,691,000)</u>	20	<u>(6,332,000)</u>
Grand Total				\$2,316,718,000		\$224,105,000

5336998v3/05536.002