



California Public Employees' Retirement System
 Actuarial Office
 P.O. Box 942701
 Sacramento, CA 94229-2701
 TTY: (916) 795-3240
 (888) 225-7377 phone • (916) 795-2744 fax
www.calpers.ca.gov

October 2012

**SAFETY PLAN OF THE TOWN OF TIBURON (CalPERS ID 3517485078)
 Annual Valuation Report as of June 30, 2011**

Dear Employer,

As an attachment to this letter, you will find a copy of Section 1 of the June 30, 2011 actuarial valuation report of your pension plan. Since your plan had less than 100 active members in at least one valuation since June 30, 2003, it is required to participate in a risk pool. The valuation report is divided into two Sections:

- Section 1 contains specific information for your plan, including the development of your pooled employer contribution rate, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to your plan, as of June 30, 2011.

Section 2 may be found on the CalPERS website (www.calpers.ca.gov) then selecting Employers >Actuarial & GASB 27 Information >Risk Pooling >Risk Pool Annual Valuation Report, or at the following address: <http://ow.ly/eNpMg>.

This report contains important actuarial information about your pension plan at CalPERS. Your CalPERS staff actuary is available to discuss the report with you.

Changes Since the Prior Valuation

The CalPERS' Board of Administration adopted updated actuarial assumptions to be used beginning with the June 30, 2011 valuation. The inflation rate changed from 3% to 2.75% and the discount rate changed from 7.75% to 7.5%. In addition, a temporary modification to our method of determining the actuarial value of assets and amortizing gains and losses was implemented for the valuations as of June 30, 2009 through June 30, 2011. The effect of those modifications continues in this valuation.

There may also be changes specific to your plan such as contract amendments and funding changes.

Future Contribution Rates

The exhibit below displays the required employer contribution rate and Superfunded status for 2013/2014 along with an estimate of the contribution rate and Superfunded status for 2014/2015. The estimated rate for 2014/2015 is based on a projection of the most recent information we have available, including an estimate of the investment return for fiscal 2011/2012, namely 0%. See Section 2 Appendix E, "Analysis of Future Investment Return Scenarios", for how much the Risk Pool's portion of your rate is expected to increase in 2015/2016 rate projections under a variety of investment return scenarios for the Risk Pool's portion of your rate. Please disregard any projections that we may have provided to you in the past.

Fiscal Year	Employer Contribution Rate	Superfunded?
2013/2014	20.774%	No
2014/2015	22.3% (projected)	No

Member contributions (whether paid by the employer or the employee) are in addition to the above rates. Further, these rates do not reflect any cost sharing.

The estimate for 2014/2015 assumes that there are no future amendments and no liability gains or losses (such as larger than expected pay increases, more retirements than expected, etc.). This is a very important assumption because these gains and losses do occur and can have a significant effect on your contribution rate. Even for the largest plans, such gains and losses can impact the employer's contribution rate by one or two percent or even more in some less common instances. These gains and losses cannot be predicted in advance so the projected employer contribution rate for 2014/2015 is just an estimate. Your actual rate for 2014/2015 will be provided in next year's report.

California Actuarial Advisory Panel Recommendations

The report satisfies all basic disclosure requirements under the Model Disclosure Elements for Actuarial Valuation Reports recommended by the California Actuarial Advisory Panel, except for the original base amounts of the unfunded liability amortization.

The report gives the following additional information classified as enhanced risk disclosures under the Model Disclosure Elements for Actuarial Valuation Reports recommended by the California Actuarial Advisory Panel:

- "Deterministic stress test", projecting future results under different investment income scenarios. (See Appendix E's Analysis of Future Investment Return Scenarios, from Section 2 of this report.)
- "Sensitivity analysis", showing the impact on current valuation results of a plus or minus 1% change in the discount rate. (See Appendix E's Analysis of Discount Rate Sensitivity, from Section 2 of this report.)

We are very busy preparing actuarial valuations for other public agencies and expect to complete all such valuations by the end of October. We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their result, we ask that, if at all possible, you wait until after October 31 to contact us with questions. If you have questions, please call (888) CalPERS (225-7377).

Sincerely,



ALAN MILLIGAN,
Chief Actuary



ACTUARIAL VALUATION
as of June 30, 2011

**for the
SAFETY PLAN
of the
TOWN OF TIBURON**
(CalPERS ID 3517485078)

**REQUIRED CONTRIBUTIONS
FOR FISCAL YEAR
July 1, 2013 - June 30, 2014**

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Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the SAFETY PLAN of the TOWN OF TIBURON

**(CalPERS ID 3517485078)
(Rate Plan # 728)**

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SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE TOWN OF TIBURON

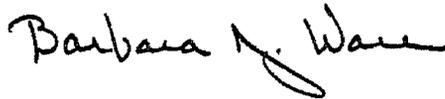
ACTUARIAL CERTIFICATION

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2011 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2011 provided by employers participating in the risk pool to which your plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the Pool Actuary has certified that, in her opinion, the valuation of the Risk Pool containing your SAFETY PLAN has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the Risk Pool, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for your plan, it is my opinion as your Plan Actuary that the Side Fund as of June 30, 2011 and employer contribution rate as of July 1, 2013, have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary for CalPERS, who is a member of both the American Academy of Actuaries and Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



BARBARA J. WARE, FSA, MAAA
Enrolled Actuary
Senior Pension Actuary, CalPERS
Plan Actuary

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SECTION 1 -- PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE TOWN OF TIBURON

HIGHLIGHTS AND EXECUTIVE SUMMARY

Purpose of Section 1

This section 1 report for the SAFETY PLAN of the TOWN OF TIBURON of the California Public Employees' Retirement System (CalPERS) was prepared by the Plan Actuary in order to:

- set forth the actuarial assets and accrued liabilities of this plan as of June 30, 2011;
- determine the required employer contribution rate for this plan for the fiscal year July 1, 2013 through June 30, 2014;
- provide actuarial information as of June 30, 2011 to the CalPERS Board of Administration and other interested parties; and
- provide pension information as of June 30, 2011 to be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement Number 27 for a Cost Sharing Multiple Employer Defined Benefit Pension Plan.

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE TOWN OF TIBURON

Required Employer Contributions

	Fiscal Year 2012/2013	Fiscal Year 2013/2014
Employer Contribution Required (in Projected Dollars)		
Risk Pool's Net Employer Normal Cost	\$ 212,472	\$ 238,709
Risk Pool's Payment on Amortization Bases	62,042	74,930
Surcharge for Class 1 Benefits		
None	0	0
Phase out of Normal Cost Difference	0	0
Amortization of Side Fund	49,274	0
Total Employer Contribution	\$ 323,788	\$ 313,639
Employee Cost Sharing	N/A	0
Net Employer Contribution	N/A	313,639
Annual Lump Sum Prepayment Option*	\$ 311,926	\$ 302,500
Projected Payroll for the Contribution Fiscal Year	\$ 1,368,666	\$ 1,509,763
Employer Contribution Required (Percentage of Payroll)		
Risk Pool's Net Employer Normal Cost	15.524%	15.811%
Risk Pool's Payment on Amortization Bases	4.533%	4.963%
Surcharge for Class 1 Benefits		
None	0.000%	0.000%
Phase out of Normal Cost Difference	0.000%	0.000%
Amortization of Side Fund	3.600%	0.000%
Total Employer Contribution	23.657%	20.774%
Employee Cost Sharing	N/A	(0.000%)
Net Employer Contribution	N/A	20.774%

Appendix C of Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

Risk pooling was implemented as of June 30, 2003. The normal cost difference is scheduled to be phased out over a five year period. The phase out of normal cost difference is 100% for the first year of pooling, and is incrementally reduced by 20% of the original normal cost difference for each subsequent year.

*Payment must be received by CalPERS before the first payroll reported to CalPERS of the new fiscal year and after June 30.

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE TOWN OF TIBURON

Plan's Funded Status

	June 30, 2010	June 30, 2011
1. Present Value of Projected Benefits (PVB)	N/A	\$ 14,259,641
2. Entry Age Normal Accrued Liability	N/A	11,738,062
3. Plan's Actuarial Value of Assets (AVA)	N/A	\$ 10,299,145
4. Unfunded Liability (AVA Basis) [(2) - (3)]	N/A	\$ 1,438,917
5. Funded Ratio (AVA Basis) [(3) / (2)]	N/A	87.7%
6. Plan's Market Value of Assets (MVA)	N/A	\$ 9,223,232
7. Unfunded Liability (MVA Basis) [(2) - (6)]	N/A	2,514,830
8. Funded Ratio (MVA Basis) [(6) / (2)]	N/A	78.6%

Superfunded Status

	June 30, 2010	June 30, 2011
Is the plan Superfunded?	No	No
[Yes if AVA exceeds PVB, No otherwise]		

Projected Contributions

The rate shown below is an estimate for the employer contribution for Fiscal Year 2014/2015. The estimated rate is based on a projection of the most recent information we have available, including an estimate of the investment return for fiscal year 2011/2012, namely 0%:

Projected Employer Contribution Rate: 22.3%

The estimate also assumes that there are no liability gains or losses among the plans in your risk pool, that your plan has no new amendments in the next year, and that your plan's and your risk pool's payrolls both increase exactly 3.0% in the 2011/2012 fiscal year. Therefore, the projected employer contribution rate for 2014/2015 is just an estimate. Your actual rate for 2014/2015 will be provided in next year's report.

Rate Volatility

Your plan's employer contribution rate will inevitably fluctuate, for many reasons. However, the biggest fluctuations are generally due to changes in the side fund rate resulting from unexpected changes in payroll. The following figure shows how much your 2014/2015 side fund rate would change for each 1% deviation between our 3.0% payroll growth assumption and your actual 2011/2012 payroll growth.

POTENTIAL 2014/2015 RATE IMPACT FROM 2011/2012 PAYROLL DEVIATION

% Rate Change per 1% Deviation from Assumed 3.0% Payroll Growth: 0.000%

Examples: To see how your employer contribution rate might be affected by unexpected payroll change, suppose the following:

- The % Rate Change per 1% Deviation figure given above is -0.400%
- Your plan's payroll increased 10% in 2011/2012 (7.0% more than our 3.0% assumption).

Then your 2014/2015 rate would decrease $-0.400\% \times (10 - 3.0) = -2.80\%$ from that cause alone.

Or conversely, using the same % Rate Change per 1% Deviation figure given above, suppose your plan's payroll remained the same in 2011/2012 (3.0% less than our 3.0% assumption).

Then your 2014/2015 rate would increase $-0.400\% \times (0 - 3.0) = 1.2\%$ from that cause alone.

Note that if your plan had a negative side fund, an unexpected payroll increase would spread the payback of the negative side fund over a bigger payroll, which would decrease your plan's side fund percentage rate and the total employer contribution rate. On the other hand, if your plan had a positive side fund, an unexpected payroll increase would spread the payback of the positive side fund over a larger payroll, which would increase your plan's side fund percentage rate and the total employer contribution rate. In either case, the amortization of Side Fund dollar amount would not change.

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE TOWN OF TIBURON

SUMMARY OF FINANCIAL AND DEMOGRAPHIC INFORMATION

Plan's Side Fund

At the time your plan joined the Risk Pool, a side fund was created to account for the difference between the funded status of the pool and the funded status of your plan, in addition to your existing unfunded liability. The side fund for your plan as of the June 30, 2011 valuation is shown in the following table.

Your side fund will be credited, on an annual basis, with the actuarial investment return assumption. This assumption is 7.75% prior to July 1, 2012 and 7.5% after June 30, 2012. A positive side fund will cause your required employer contribution rate to be reduced by the Amortization of Side Fund shown above in Required Employer Contributions. A negative side fund will cause your required employer contribution rate to be increased by the Amortization of Side Fund. In the absence of subsequent contract amendments or funding changes, the side fund will disappear at the end of the amortization period shown below.

Plan's Side Fund Reconciliation

	June 30, 2010	June 30, 2011
Side Fund as of valuation date*	\$ (275,245)	\$ (248,599)
Adjustments	0	235,733
Side Fund Payment	46,220	22,319
Side Fund one year later	\$ (248,599)	\$ 0
Adjustments	0	0
Side Fund Payment	47,722	0
Side Fund two years later	\$ (218,329)	\$ 0
Amortization Period	5	4
Side Fund Payment during last year	\$ 49,274	\$ 0

* If your agency employed superfunded vouchers in fiscal year 2010/2011 to pay employee contributions, the June 30, 2011 Side Fund amount has been adjusted by a like amount without any further adjustment to the Side Fund's amortization period. Similarly, the Side Fund has been adjusted for the increase in liability from any recently adopted Class 1 or Class 2 contract amendments. Also, the Side Fund may be adjusted or eliminated due to recent lump sum payments. Contract amendments and lump sum payments may result in an adjustment to the Side Fund amortization period.

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE TOWN OF TIBURON

Development of the Actuarial Value of Assets

		June 30, 2011
1. Plan's Accrued Liability	\$	11,738,062
2. Plan's Side Fund		(248,599)
3. Pool's Accrued Liability		2,061,923,933
4. Pool's Side Fund		(99,308,581)
5. Pool's Actuarial Value of Assets Including Receivables		1,759,286,797
6. Plan's Actuarial Value of Assets (AVA) Including Receivables $[(1 + 2) / (3 + 4) \times 5]$	\$	10,299,145
7. Pool's Market Value of Assets (MVA) Including Receivables		1,575,500,641
8. Plan's Market Value of Assets (MVA) Including Receivables $[(1 + 2) / (3 + 4) \times 7]$	\$	9,223,232

Funding History

The Funding History below shows the actuarial accrued liability, the actuarial value of assets, the market value of assets, funded ratios and the annual covered payroll. The actuarial value of assets is used to establish funding requirements and the funded ratio on this basis represents the progress toward fully funding future benefits for current plan participants. The funded ratio based on the market value of assets is an indicator of the short-term solvency of the plan.

Valuation Date	Accrued Liability	Actuarial Value of Assets (AVA)	Market Value of Assets (MVA)	Funded Ratio		Annual Covered Payroll
				AVA	MVA	
06/30/11	\$ 11,738,062	\$ 10,299,145	\$ 9,223,232	87.7%	78.6%	\$ 1,381,647

Plan's Total Normal Cost Rate

The Public Employees' Pension Reform Act of 2013 requires that new employees pay at least 50% of the total annual normal cost and that current employees approach the same goal through collective bargaining. Please refer to the CalPERS website for more details.

Shown below is the total annual normal cost rate for your plan. Note that this rate is for current members only.

	Fiscal Year 2012/2013	Fiscal Year 2013/2014
Pool's Net Total Normal Cost Rate	N/A	24.790%
Surcharge for Class 1 Benefits		
None	N/A	0.000%
Plan's Total Normal Cost Rate	N/A	24.790%

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE TOWN OF TIBURON

Hypothetical Termination Liability

In August 2011, the CalPERS Board adopted an investment policy and asset allocation strategy that more closely reflects expected benefit payments of the Terminated Agency Pool. With this change, CalPERS increased benefit security for members while limiting its funding risk.

The table below shows the hypothetical termination liability, the market value of assets, the unfunded termination liability and the termination funded ratio. The assumptions used, including the discount rate, are stated in Appendix A and take into account the yields available in the US Treasury market on the valuation date and the mortality load for contingencies. The discount rate is duration weighted and is not necessarily the rate that would be used for this plan if it were to terminate. The discount rate for this plan's termination liability would depend on the duration of the liabilities of this plan. For purposes of this estimate, the discount rate of 4.82% is based on the June 30, 2011 30-year US Treasury Stripped Coupon Rate. Please note, as of June 30, 2012 the 30-year US Treasury Stripped Coupon Rate was 2.87%.

Valuation Date	Hypothetical Termination Liability	Market Value of Assets (MVA)	Unfunded Termination Liability	Termination Funded Ratio	Discount Rate
06/30/11	\$ 17,550,533	\$ 9,223,232	\$ 8,327,301	52.6%	4.82%

Summary of Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2010	June 30, 2011
Projected Payroll for Contribution Purposes	\$ 1,368,666	\$ 1,509,763
Number of Members		
Active	13	14
Transferred	8	5
Separated	8	8
Retired	25	28

List of Class 1 Benefit Provisions

- None

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE TOWN OF TIBURON

Information for Compliance with GASB Statement No. 27 for Cost-Sharing Multiple-Employer Defined Benefit Plan

Your plan is part of the Safety 3.0% at 55 Risk Pool, a cost-sharing multiple-employer defined benefit plan. Under GASB 27, an employer should recognize annual pension expenditures/expense equal to its contractually required contributions to the plan. Pension liabilities and assets result from the difference between contributions required and contributions made. The contractually required contribution for the period July 1, 2013 to June 30, 2014 has been determined by an actuarial valuation of the plan as of June 30, 2011. Your unadjusted contribution rate for the indicated period is 20.774% of payroll. In order to calculate the dollar value of the contractually required contributions for inclusion in financial statements prepared as of June 30, 2014, this contribution rate, less any employee cost sharing, and as modified by any subsequent financing changes or contract amendments for the year, would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2013 to June 30, 2014. However, if this contribution is fully prepaid in a lump sum, then the dollar value of contractually required contributions is equal to the lump sum prepayment. The employer and the employer's auditor are responsible for determining the contractually required contributions. Further, the required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years is to be disclosed under GASB 27.

A summary of principal assumptions and methods used to determine the contractually required contributions is shown below for the cost-sharing multiple-employer defined benefit plan.

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	20 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Discount Rate	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

Complete information on assumptions and methods is provided in Appendix A of Section 2 of the report. Appendix B of Section 2 of the report contains a description of benefits included in the Risk Pool Actuarial Valuation.

A Schedule of Funding for the Risk Pool's actuarial value of assets, accrued liability, their relationship, and the relationship of the unfunded liability (UL) to payroll for the risk pool(s) to which your plan belongs can be found in Section 2 of the report.

SECTION 1 – PLAN SPECIFIC INFORMATION FOR THE SAFETY PLAN OF THE TOWN OF TIBURON

Summary of Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Appendix B within Section 2 of this report.

	Coverage Group	
Benefit Provision	75001	
Benefit Formula	3.0% @ 55	
Social Security Coverage	no	
Full/Modified	full	
Final Average Compensation Period	36 mos.	
Sick Leave Credit	yes	
Non-Industrial Disability	standard	
Industrial Disability	yes	
Pre-Retirement Death Benefits		
Optional Settlement 2W	yes	
1959 Survivor Benefit Level	level 1	
Special	yes	
Alternate (firefighters)	no	
Post-Retirement Death Benefits		
Lump Sum	\$500	
Survivor Allowance (PRSA)	no	
COLA	2%	
Employee Contributions		
Contractual employer paid	no	

*Inactive Coverage Group

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

**Section 2 may be found on the CalPERS website
(www.calpers.ca.gov) then selecting:**

- **Employers**
- **Actuarial & GASB 27 Information**
- **Risk Pooling**
- **Risk Pool Annual Valuation Report**

Or at the following address: <http://ow.ly/eNpMg>

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

**Safety 3.0% at 55 Risk Pool
as of June 30, 2011**

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Actuarial Certification

To the best of my knowledge, **Section 2** of this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Safety 3.0% at 55 Risk Pool. This valuation is based on the member and financial data as of June 30, 2011 provided by the various CalPERS databases and the benefits under this Risk Pool with CalPERS as of the date this report was produced. It is my opinion that the valuation has been performed in accordance with generally accepted actuarial principles, in accordance with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for this risk pool, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

The undersigned is an actuary for CalPERS, who is a member of the American Academy of Actuaries and the Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



SHELLY CHU, ASA, MAAA
Senior Pension Actuary, CalPERS
Pool Actuary

HIGHLIGHTS AND EXECUTIVE SUMMARY

- **PURPOSE OF SECTION 2**
- **RISK POOL'S REQUIRED EMPLOYER CONTRIBUTIONS**
- **RISK POOL'S REQUIRED BASE EMPLOYER RATE**
- **RISK POOL'S NET TOTAL NORMAL COST RATE**
- **FUNDED STATUS OF THE RISK POOL**
- **COST**
- **CHANGES SINCE THE PRIOR VALUATION**
- **SUBSEQUENT EVENTS**

HIGHLIGHTS AND EXECUTIVE SUMMARY

Purpose of Section 2

This Actuarial Valuation for the Safety 3.0% at 55 Risk Pool of the California Public Employees' Retirement System (CalPERS) was performed by CalPERS' staff actuaries using data as of June 30, 2011 in order to:

- set forth the actuarial assets and accrued liabilities of this risk pool as of June 30, 2011
- determine the required contribution rate of the pool for the fiscal year July 1, 2013 through June 30, 2014
- provide actuarial information as of June 30, 2011 to the CalPERS Board and other interested parties

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Risk Pool's Required Employer Contribution

	Fiscal Year 2012/2013	Fiscal Year 2013/2014
Contribution in Projected Dollars		
a) Total Pool's Normal Cost	65,051,804	64,942,595
b) Employee Contribution	22,470,779	22,078,663
c) Pool's Gross Employer Normal Cost	\$ 42,581,026	\$ 42,863,932
d) Payment on Pool's Amortization Bases	11,204,423	12,203,828
e) Payment on Employer Side Funds	<u>12,765,089</u>	<u>10,030,264</u>
f) Total Required Employer Contribution*	\$ 66,549,691	\$ 65,097,507
* Total may not add up due to rounding		

Contribution as a % of Projected Pay

a) Total Pool's Normal Cost	26.318%	26.411%
b) Employee Contribution	9.091%	8.979%
c) Pool's Gross Employer Normal Cost	17.227%	17.432%
d) Payment on Pool's Amortization Bases	4.533%	4.963%
e) Payment on Employer Side Funds	<u>5.164%</u>	<u>4.079%</u>
f) Total Required Employer Contribution	26.924%	26.474%

These rates are the total required employer contributions to the pool for fiscal years 2012/2013 and 2013/2014. The Pool's Gross Employer Normal Cost includes the Class 1 surcharges for all employers that contract for the Class 1 type benefits. The payment on the pool's amortization bases is the payment on the ongoing cumulative gains and losses experienced by the pool since its June 30, 2003 inception. The payment on employer side funds is the combination of all expected individual amortization payments on every side fund in the pool.

Risk Pool's Required Base Employer Rate

	Fiscal Year 2012/2013	Fiscal Year 2013/2014
1. Pool's Gross Employer Normal Cost	17.227%	17.432%
Less: Surcharges for Class 1 Benefits	<u>1.703%</u>	<u>1.621%</u>
2. Pool's Net Employer Normal Cost	15.524%	15.811%
3. Payment on Pool's Amortization Bases	<u>4.533%</u>	<u>4.963%</u>
4. Pool's Base Employer Rate	20.057%	20.774%

HIGHLIGHTS AND EXECUTIVE SUMMARY

The base employer contribution rate is the rate that each plan within the pool pays before any adjustments are made. It represents the pool funding for basic benefits (no Class 1 surcharges) for the fiscal year shown. To arrive at a plan's total contribution rate, several components must be added to this base rate. These components are Class 1 benefit surcharges, normal cost phase-out and any side fund payment. More information about those additional components can be found in Section 1 of this report.

Risk Pool's Net Total Normal Cost Rate

	Fiscal Year 2012/2013	Fiscal Year 2013/2014
1. Pool's Net Employer Normal Cost	15.524%	15.811%
2. Pool's Employee Contribution Rate	<u>9.091%</u>	<u>8.979%</u>
3. Pool's Net Total Normal Cost Rate	24.615%	24.790%

Funded Status of the Risk Pool

	June 30, 2010	June 30, 2011
1. Present Value of Projected Benefits	\$ 2,459,740,324	\$ 2,607,408,668
2. Entry Age Normal Accrued Liability	\$ 1,915,095,826	\$ 2,061,923,933
3. Actuarial Value of Assets	\$ 1,628,915,283	\$ 1,759,286,797
4. Unfunded Liability (AVA Basis) [(2) - (3)]	286,180,543	302,637,136
5. Funded Ratio (AVA Basis) [(3) / (2)]	85.1%	85.3%
6. Market Value of Assets	\$ 1,281,909,314	\$ 1,575,500,641
7. Unfunded Liability (MVA Basis) [(2) - (6)]	\$ 633,186,512	\$ 486,423,292
8. Funded Ratio (MVA Basis) [(6) / (2)]	66.9%	76.4%

Cost

Actuarial Cost Estimates in General

What will this pension plan cost? Unfortunately, there is no simple answer. There are two major reasons for the complexity of the answer:

First, all actuarial calculations, including those in this report, are based on a number of assumptions about the future. These assumptions can be divided into two categories.

- Demographic assumptions include the percentage of employees that will terminate, die, become disabled, and retire in each future year.
- Economic assumptions include future salary increases for each active employee, and the assumption with the greatest impact, future asset returns at CalPERS for each year into the future until the last dollar is paid to current members of your plan.

While CalPERS has set these assumptions as our best estimate of the real future of your plan, it must be understood that these assumptions are very long term predictors and will surely not be realized in any one year. For example, while the asset earnings at CalPERS have averaged more than the assumed return of 7.5% for the past twenty year period ending June 30, 2012, returns for each fiscal year ranged from -24% to +21.7%

Second, the very nature of actuarial funding produces the answer to the question of plan or pool cost as the sum of two separate pieces:

- The Normal Cost (i.e., the future annual premiums in the absence of surplus or unfunded liability) expressed as a percentage of total active payroll, and

HIGHLIGHTS AND EXECUTIVE SUMMARY

- The Past Service Cost or Accrued Liability (i.e., representing the current value of the benefit for all credited past service of current members) which is expressed as a lump sum dollar amount.

The cost is the sum of a percent of future pay and a lump sum dollar amount (the sum of an apple and an orange if you will). To communicate the total cost, either the Normal Cost (i.e., future percent of payroll) must be converted to a lump sum dollar amount (in which case the total cost is the present value of benefits), or the Past Service Cost (i.e., the lump sum) must be converted to a percent of payroll (in which case the total cost is expressed as the employer's rate, part of which is permanent and part temporary). Converting the Past Service Cost lump sum to a percent of payroll requires a specific amortization period, and the plan or pool rate will vary depending on the amortization period chosen.

Changes since the Prior Valuation

Actuarial Assumptions

The CalPERS Actuarial office conducted a study and hired an independent evaluator to assess current economic assumptions. Based on the information from both studies, the CalPERS Board of Administration has adopted updated economic assumptions to be used beginning with the June 30, 2011 valuation. In particular, the recommendation based on both studies was to lower the price inflation from 3.00 to 2.75 percent.

Lowering the price inflation had a direct impact on the Investment Return and the Overall Payroll Growth assumptions. The Investment Return assumption is calculated as the sum of the price inflation and the real rate of return. Our assumed real rate of return is 4.75 percent. When added to our new price inflation of 2.75 percent, the resulting investment return is 7.50 percent. The Overall Payroll Growth is calculated as the sum of the price inflation and real wage inflation. Our assumed real wage inflation is 0.25 percent. When added to our new price inflation of 2.75 percent, the resulting overall payroll growth is 3.00 percent.

The new assumptions are described in Appendix A. The effect of the change in assumptions on the unfunded liability is shown in the "(Gain)/Loss Analysis" and the effect on your employer contribution rate is included in the "Reconciliation of Required Employer Contributions".

The limitations on benefits imposed by Internal Revenue Code Section 415 were taken into account in this valuation. The effect of these limitations has been deemed immaterial on the overall results and no additional charge to the change in assumptions base was added.

Actuarial Methods

A method change was adopted by the CalPERS Board in June 2009. We are in the third year of a 3-year temporary change to the asset smoothing method and the amortization of gain and losses in order to phase in the impact of the -24% investment loss experienced by the pension fund in fiscal year 2008-2009. The following changes were adopted:

- Increase the corridor limits for the actuarial value of assets from 80%-120% of market value to 60%-140% of market value on June 30, 2009
- Reduce the corridor limits for the actuarial value of assets to 70%-130% of market value on June 30, 2010
- Return to the 80%-120% of market value corridor limits for the actuarial value of assets on June 30, 2011 and thereafter
- Isolate and amortize all gains and losses during fiscal year 2008-2009, 2009-2010 and 2010-2011 over fixed and declining 30 year periods (as opposed to the current rolling 30 year amortization)

A complete description of all methods is in Appendix A. The detailed calculation of the actuarial value of assets is shown in the "Development of the Actuarial Value of Assets."

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation whose valuation date follows the effective date of the legislation. Voluntary benefit changes by employers within the risk pool are generally included in the first valuation that is prepared after the amendment becomes effective even if the valuation date is prior to the effective date of the amendment.

HIGHLIGHTS AND EXECUTIVE SUMMARY

The valuation generally reflects plan changes by amendments effective prior to July 1, 2012. Please refer to Appendix B for a summary of the plan provisions used in this valuation report. The provisions in Appendix B do not indicate the class of benefits voluntarily contracted for by individual employers within the risk pool. Refer to Section 1 of the valuation report for a list of your specific contracted benefits. The increase in the pool's unfunded liabilities due to Class 1 or 2 amendments by individual employers within the pool is embedded in the Liability (Gain) / Loss shown in the (Gain) / Loss section of this report. This amount, however, is offset by additional contributions through a surcharge for employers who voluntarily contract for those benefits.

Subsequent Events

There were no significant subsequent events to report in this valuation.

SUMMARY OF LIABILITIES AND RATES

- **DEVELOPMENT OF POOL'S ACCRUED AND UNFUNDED LIABILITIES**
- **(GAIN)/LOSS ANALYSIS 06/30/10 - 06/30/11**
- **SCHEDULE OF AMORTIZATION BASES FOR THE RISK POOL**
- **DEVELOPMENT OF RISK POOL'S ANNUAL REQUIRED BASE CONTRIBUTION**
- **POOL'S EMPLOYER CONTRIBUTION RATE HISTORY**
- **FUNDING HISTORY**

SUMMARY OF LIABILITY AND RATES**Development of Pool's Accrued and Unfunded Liabilities**

	June 30, 2010	June 30, 2011
1. Present Value of Projected Benefits		
a) Active Members	\$ 1,303,204,634	\$ 1,316,201,198
b) Transferred Members	181,278,665	179,651,549
c) Separated Members	18,212,104	20,965,844
d) Members and Beneficiaries Receiving Payments	<u>957,044,921</u>	<u>1,090,590,077</u>
e) Total	\$ 2,459,740,324	\$ 2,607,408,668
2. Present Value of Future Employer Normal Costs	\$ 345,881,557	\$ 350,040,470
3. Present Value of Future Employee Contributions	\$ 198,762,941	\$ 195,444,456
4. Entry Age Normal Accrued Liability		
a) Active Members [(1a) - (2) - (3)]	\$ 758,560,136	\$ 770,716,463
b) Transferred Members (1b)	181,278,665	179,651,549
c) Separated Members (1c)	18,212,104	20,965,844
d) Members and Beneficiaries Receiving Payments (1d)	<u>957,044,921</u>	<u>1,090,590,077</u>
e) Total	\$ 1,915,095,826	\$ 2,061,923,933
5. Actuarial Value of Assets (AVA) Including Receivables	\$ 1,628,915,283	\$ 1,759,286,797
6. Unfunded Accrued Liability (AVA Basis) [(4e) - (5)]	286,180,543	302,637,136
7. Funded Ratio (AVA Basis) [(5) / (4e)]	85.1%	85.3%
8. Side Funds	\$ (127,158,463)	\$ (99,308,581)
9. Unfunded Liability excluding Side Funds [(4e) - (5) - (8)]	159,022,080	203,328,555
10. Market Value of Assets (MVA) Including Receivables	\$ 1,281,909,314	\$ 1,575,500,641
11. Funded Ratio (MVA Basis) [(10) / (4e)]	66.9%	76.4%

SUMMARY OF LIABILITY AND RATES**(Gain)/Loss Analysis 06/30/10 - 06/30/11**

To calculate the cost requirements of your pool, we use assumptions about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is contrasted against the expected experience based on the actuarial assumptions. The differences are reflected below as your pool's actuarial gains or losses.

1. Total (Gain)/Loss for the Year		
a) Unfunded Liability/(Surplus) as of June 30, 2010	\$	159,022,080
b) Expected payment on the Unfunded Liability		(1,308,084)
c) Interest accumulation $ [.0775 \times (1a) - ((1.0775)^{.5} - 1) \times (1b)]$		12,373,953
d) Expected Unfunded Liability before other changes $ [(1a) - (1b) + (1c)]$		172,704,117
e) Change due to assumption changes		36,403,311
f) Expected Unfunded Liability after changes $ [(1d) + (1e)]$		209,107,428
g) Actual Unfunded Liability/(Surplus) as of June 30, 2011		<u>203,328,555</u>
h) Total (Gain)/Loss $ [(1g) - (1f)]$	\$	(5,778,873)
2. Contribution (Gain)/Loss for the Year		
a) Expected contribution (Employer and Employee)	\$	96,861,680
b) Interest on Expected Contributions		3,683,356
c) Total expected Contributions with interest $ [(2a) + (2b)]$		100,545,036
d) Actual Contributions		97,054,210
e) Interest on Actual Contributions		3,690,678
f) Total Actual Contributions with interest $ [(2d) + (2e)]$		<u>100,744,888</u>
g) Contribution (Gain)/Loss $ [(2c) - (2f)]$	\$	(199,852)
3. Asset (Gain)/Loss for the Year		
a) Actuarial Value of Assets as of 06/30/10 Including Receivables	\$	1,628,915,283
b) Receivables as of 06/30/10		<u>1,349,979</u>
c) Actuarial Value of Assets as of 06/30/10		1,627,565,304
d) Contributions received		97,054,210
e) Benefits and Refunds Paid		(80,076,623)
f) Transfers and miscellaneous adjustments		(258,432)
g) Expected interest		126,772,090
h) Transfers into the pool (AVA Basis)		219,576
i) Transfers out of the pool (AVA Basis)		<u>(437,305)</u>
j) Expected Assets as of 06/30/11 $ [\text{Sum } (3c) \text{ through } (3i)]$		1,770,838,820
k) Receivables as of 06/30/11		<u>1,584,769</u>
l) Expected Assets Including Receivables		1,772,423,589
m) Actual Actuarial Value of Assets as of 06/30/11 Including Receivables		<u>1,759,286,797</u>
n) Asset (Gain)/Loss $ [(3l) - (3m)]$	\$	13,136,792
4. Liability (Gain)/Loss for the Year		
a) Total (Gain)/Loss (1h)	\$	(5,778,873)
b) Contribution (Gain)/Loss (2g)		(199,852)
c) Asset (Gain)/Loss excluding side fund (3n)		<u>13,136,792</u>
d) Liability (Gain)/Loss $ [(4a) - (4b) - (4c)]^*$	\$	(18,715,813)

* Includes (Gain)/Loss on plans transferring into the pool.

SUMMARY OF LIABILITY AND RATES

Schedule of Amortization Bases for the Risk Pool

The schedule below shows the development of the payment on the Pool's amortization bases used to determine the Total Required Employer Contributions to the Pool. Each row of the schedule gives a brief description of a base (or portion of the Unfunded Actuarial Liability), the balance of the base on the valuation date, and the number of years remaining in the amortization period. In addition, we show the expected payments for the two years immediately following the valuation date, the balances on the dates a year and two years after the valuation date, and the scheduled payment for fiscal year 2013-2014. Please refer to Appendix A for an explanation of how amortization periods are determined.

Reason for Base	Amortization Period	Balance on June 30, 2011	Expected Payment 11-12	Balance June 30, 2012	Expected Payment 12-13	Balance June 30, 2013	Scheduled Payment for 2013-2014	Payment as a percentage of payroll
2004 FRESH START	23	\$15,088,032	\$997,401	\$15,185,507	\$1,029,816	\$15,256,684	\$1,057,762	0.430%
2005 (GAIN)/LOSS	30	\$70,702,507	\$4,245,754	\$71,603,104	\$4,310,143	\$72,504,485	\$4,353,932	1.771%
2005 PAYMENT (GAIN)/LOSS	30	\$10,508,317	\$3,212,230	\$7,965,931	\$18,116	\$8,544,593	\$513,108	0.208%
2009 ASSUMPTION CHANGE	18	\$42,637,165	\$3,220,434	\$42,495,935	\$3,325,099	\$42,235,594	\$3,414,527	1.389%
2009 SPECIAL (GAIN)/LOSS	28	\$36,693,084	\$2,203,456	\$37,160,473	\$2,275,068	\$37,588,668	\$2,337,271	0.951%
2010 SPECIAL (GAIN)/LOSS	29	\$(2,924,987)	\$0	\$(3,144,361)	\$(189,261)	\$(3,183,958)	\$(194,457)	(0.079%)
2011 ASSUMPTION CHANGE	20	\$36,403,311	\$(1,163,521)	\$40,339,924	\$(1,198,426)	\$44,607,973	\$1,122,715	0.457%
2011 SPECIAL (GAIN)/LOSS	30	\$(5,778,874)	\$0	\$(6,212,290)	\$0	\$(6,678,212)	\$(401,030)	(0.163%)
Total		\$203,328,555	\$12,715,754	\$205,394,223	\$9,570,555	\$210,875,827	\$12,203,828	4.963%

The special (gain)/loss bases are special bases established for the gain/loss that is recognized in the 2009, 2010, and 2011 annual valuations. Unlike the gain/loss occurring in previous and subsequent years, the gain/loss recognized in the 2009, 2010, and 2011 annual valuations will be amortized over fixed and declining 30 year periods so that these annual gain/losses will be fully paid off in 30 years.

The discount rate assumption is 7.5% after June 30, 2011 in the amortization schedule above.

Note: The assumption change at June 30, 2011 was phased-in over a two-year period. Without the phase-in, the 2011 ASSUMPTION CHANGE amortization base would have increased from 0.457% to 1.371%.

SUMMARY OF LIABILITY AND RATES**Development of Risk Pool's Annual Required Base Contribution**

	Fiscal Year 2012/2013	Fiscal Year 2013/2014
1. Contribution in Projected Dollars		
a) Total Normal Cost	\$ 65,051,804	\$ 64,942,595
b) Employee Contribution	22,470,779	22,078,663
c) Pool's Gross Employer Normal Cost [(1a) - (1b)]	42,581,026	42,863,932
d) Total Surcharges for Class 1 Benefits	4,209,409	3,985,913
e) Net Employer Normal Cost [(1c) - (1d)]	38,371,617	38,878,019
f) Payment on Pool's Amortization Bases	\$ <u>11,204,423</u>	\$ <u>12,203,828</u>
g) Total Required Employer Contributions [(1e) + (1f)]	49,576,040	51,081,847
2. Annual Covered Payroll as of Valuation Date	\$ 224,562,008	\$ 225,026,216
3. Projected Payroll for Contribution Fiscal Year	\$ 247,176,093	\$ 245,892,222
4. Contribution as a % of Projected Pay		
a) Total Normal Cost [(1a) / (3)]	26.318%	26.411%
b) Employee Contribution [(1b) / (3)]	9.091%	8.979%
c) Pool's Gross Employer Normal Cost [(1c) / (3)]	17.227%	17.432%
d) Total Surcharges for Class 1 Benefits [(1d) / (3)]	1.703%	1.621%
e) Net Employer Normal Cost [(1e) / (3)]	15.524%	15.811%
f) Payment on Pool's Amortization Bases [(1f) / (3)]	4.533%	4.963%
g) Total Required Employer Contributions [(1g) / (3)]	20.057%	20.774%

SUMMARY OF LIABILITY AND RATES**Pool's Employer Contribution Rate History**

Valuation Date	Net Employer Normal Cost	Total Surcharges for Class 1 Benefits	Gross Employer Normal Cost	Payment on Pool's Amortization Bases	Total Payment On Employer Side Funds	Total Employer Contribution
06/30/2007	13.360%	1.682%	15.042%	1.678%	7.890%	24.610%
06/30/2008	13.340%	1.672%	15.012%	2.252%	7.248%	24.512%
06/30/2009	15.725%	1.701%	17.426%	4.583%	6.341%	28.350%
06/30/2010	15.524%	1.703%	17.227%	4.533%	5.164%	26.924%
06/30/2011	15.811%	1.621%	17.432%	4.963%	4.079%	26.474%

Funding History

Valuation Date	Accrued Liabilities (AL)	Market Value of Assets (MVA)	Funded Ratio (MVA/AL)
06/30/2007	\$1,648,159,522	\$1,642,369,655	99.7%
06/30/2008	\$1,755,559,311	\$1,541,237,132	87.8%
06/30/2009	\$1,802,882,330	\$1,108,159,710	61.5%
06/30/2010	\$1,915,095,826	\$1,281,909,314	66.9%
06/30/2011	\$2,061,923,933	\$1,575,500,641	76.4%

Valuation Date	Accrued Liabilities (AL)	Actuarial Value of Assets (AVA)	Unfunded Liabilities (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL As a % of Payroll
06/30/2007	\$1,648,159,522	\$1,422,143,105	\$226,016,417	86.3%	\$200,537,256	112.7%
06/30/2008	\$1,755,559,311	\$1,517,609,609	\$237,949,702	86.5%	\$210,590,567	113.0%
06/30/2009	\$1,802,882,330	\$1,520,081,328	\$282,801,002	84.3%	\$221,600,192	127.6%
06/30/2010	\$1,915,095,826	\$1,628,915,283	\$286,180,543	85.1%	\$224,562,008	127.4%
06/30/2011	\$2,061,923,933	\$1,759,286,797	\$302,637,136	85.3%	\$225,026,216	134.5%

Information shown here is for compliance with GASB No. 27 for a cost-sharing multiple-employer defined benefit plan.

SUMMARY OF ASSETS

- **RECONCILIATION OF THE MARKET VALUE OF ASSETS**
- **DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS**
- **ASSET ALLOCATION**
- **CALPERS HISTORY OF INVESTMENT RETURNS**

SUMMARY OF ASSETS

Reconciliation of the Market Value of Assets

1. Market Value of Assets as of June 30, 2010 Including Receivables	\$ 1,281,909,314
2. Receivables for Service Buybacks as of June 30, 2010	1,349,979
3. Market Value of Assets as of June 30, 2010 [1 - 2]	1,280,559,335
4. Employer Contributions	75,823,184
5. Employee Contributions	21,231,026
6. Benefit Payments to Retirees and Beneficiaries	(79,204,971)
7. Refunds	(871,652)
8. Lump Sum Payments	0
9. Transfers and Miscellaneous Adjustments	(258,432)
10. Investment Return	<u>276,832,345</u>
11. Market Value of Assets as of June 30, 2011 (w/o Pool Transfers)	\$ 1,574,110,835
12. Transfers into and out of the Risk Pool	<u>(194,963)</u>
13. Market Value of Assets as of June 30, 2011	\$ 1,573,915,872
14. Receivables for Service Buybacks as of June 30, 2011	1,584,769
15. Market Value of Assets as of June 30, 2011 Including Receivables [13 + 14]	1,575,500,641

Development of the Actuarial Value of Assets

1. Actuarial Value of Assets as of June 30, 2010 Used for Rate Setting Purposes	1,628,915,283
2. Receivables for Service Buyback as of June 30, 2010	1,349,979
3. Actuarial Value of Assets as of June 30, 2010 [1 - 2]	1,627,565,304
4. Employer Contributions	75,823,184
5. Employee Contributions	21,231,026
6. Benefit Payments to Retirees and Beneficiaries	(79,204,971)
7. Refunds	(871,652)
8. Lump Sum Payments	0
9. Transfers and Miscellaneous Adjustments	(258,432)
10. Expected Investment Income at 7.75%	<u>126,772,090</u>
11. Expected Actuarial Value of Assets (w/o Pool Transfers)	\$ 1,771,056,549
12. Market Value of Assets June 30, 2011 (w/o Pool Transfers)	1,574,110,835
13. Preliminary Actuarial Value of Assets (w/o Pool Transfers) [(11) + ((12) - (11)) / 15]	1,757,926,835
14. Preliminary Actuarial Value to Market Value Ratio	111.7%
15. Final Actuarial Value to Market Value Ratio (minimum 80%, maximum 120%)	111.7%
16. Market Value of Assets June 30, 2011	1,573,915,872
17. Actuarial Value of Assets as of June 30, 2011	1,757,702,028
18. Receivables for Service Buybacks as of June 30, 2011	1,584,769
19. Actuarial Value of Assets as of June 30, 2011 Used for Rate Setting Purposes [17 + 18]	1,759,286,797

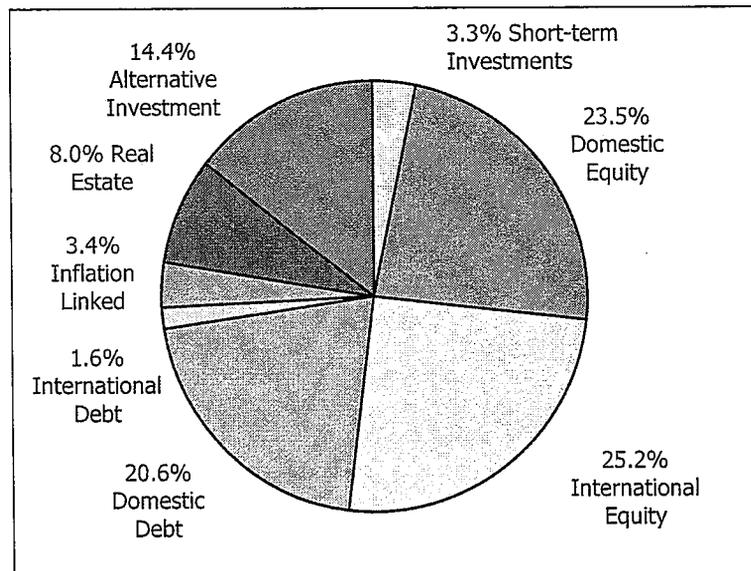
SUMMARY OF ASSETS

Asset Allocation

CalPERS follows a strategic asset allocation policy that identifies the percentage of funds to be invested in each asset class.

The asset allocation and market value of assets shown below reflect the values of the Public Employees Retirement Fund (PERF) as invested as of June 30, 2011. The assets for Safety 3.0% at 55 Risk Pool are part of the Public Employees Retirement Fund (PERF) and are invested accordingly.

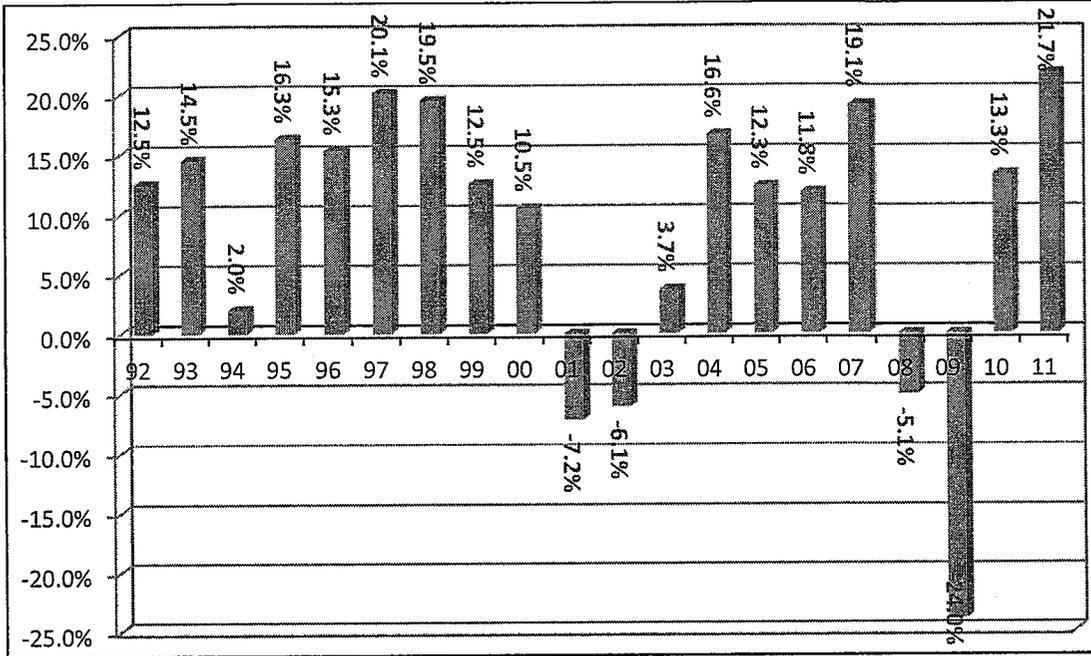
(A) Asset Class	(B) Market Value (\$ Billion)	(C) Current Allocation
1) Short-Term Investments	7.9	3.3%
2) Domestic Equity	56.3	23.5%
3) International Equity	60.4	25.2%
4) Domestic Debt	49.2	20.6%
5) International Debt	3.9	1.6%
6) Inflation Linked	8.1	3.4%
7) Real Estate	19.1	8.0%
8) Alternative Investment	34.4	14.4%
Total Fund	\$239.3	100.0%



SUMMARY OF ASSETS

CalPERS History of Investment Returns

The following is a chart with historical annual returns of the Public Employees Retirement Fund for each fiscal year ending on June 30. Beginning with June 30, 2002 the figures are reported as gross of fees.



SUMMARY OF PARTICIPANT DATA

- **SOURCE OF THE PARTICIPANT DATA**
- **DATA VALIDATION TESTS AND ADJUSTMENTS**
- **SUMMARY OF VALUATION DATA**
- **ACTIVE MEMBERS**
- **TRANSFERRED AND TERMINATED MEMBERS**
- **RETIRED MEMBERS AND BENEFICIARIES**

SUMMARY OF PARTICIPANT DATA

Source of the Participant Data

The data was extracted from various databases within CalPERS and placed in a database by a series of extract programs. Included in this data are:

- individual member and beneficiary information,
- employment and payroll information,
- accumulated contributions with interest,
- service information,
- benefit payment information,
- information about the various organizations which contract with CalPERS, and
- detailed information about the plan provisions applicable to each group of members.

Data Validation Tests and Adjustments

Once the information is extracted from the various computer systems into the database, update queries are then run against this data to correct for flaws found in the data. This part of the process is intended to validate the participant data for all CalPERS plans. The data is then checked for reasonableness and consistency with data from the prior valuation.

Checks on the data include:

- a reconciliation of the membership of the plans,
- comparisons of various member statistics (average attained age, average entry age, average salary, etc.) for each plan with those from the prior valuation,
- comparisons of pension amounts for each retiree and beneficiary receiving payments with those from the prior valuation,
- checks for invalid ages and dates, and
- reasonableness checks on various key data elements such as service and salary.

As a result of the tests on the data, a number of adjustments were determined to be necessary. These included:

- dates of hire and dates of entry were adjusted where necessary to be consistent with the service fields, the date of birth and each other.

SUMMARY OF PARTICIPANT DATA**Summary of Valuation Data**

	June 30, 2010	June 30, 2011
1. Number of Plans in the Risk Pool	116	127
2. Active Members		
a) Counts	2,564	2,556
b) Average Attained Age	39.90	40.11
c) Average Entry Age on Rate Plan	29.75	29.68
d) Average Years of Service	10.15	10.44
e) Average Annual Covered Pay	\$ 87,583	\$ 88,038
f) Annual Covered Payroll	\$ 224,562,008	\$ 225,026,216
g) Projected Annual Payroll for Contribution Year	\$ 247,176,093	\$ 245,892,222
h) Present Value of Future Payroll	\$ 2,185,785,198	\$ 2,175,759,886
3. Transferred Members		
a) Counts	1,576	1,552
b) Average Attained Age	41.82	41.98
c) Average Years of Service	4.53	4.45
d) Average Annual Covered Pay	\$ 89,472	\$ 90,201
4. Terminated Members		
a) Counts	581	616
b) Average Attained Age	39.55	39.80
c) Average Years of Service	2.92	2.90
d) Average Annual Covered Pay	\$ 49,952	\$ 53,499
5. Retired Members and Beneficiaries		
a) Counts*	2,457	2,609
b) Average Attained Age	63.82	63.98
c) Average Annual Benefits*	\$ 30,053	\$ 31,735
6. Active to Retired Ratio [(2a) / (5a)]	1.04	0.98

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values may not match those on pages 27 and 28 due to inclusion of community property settlements.

SUMMARY OF PARTICIPANT DATA**Active Members**

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Distribution of Active Members by Age and Service

Years of Service at Valuation Date							
Attained Age	0-4	5-9	10-14	15-19	20-24	25+	Total
15-24	81	0	0	0	0	0	81
25-29	283	81	0	0	0	0	364
30-34	216	186	28	0	0	0	430
35-39	135	120	118	21	0	0	394
40-44	101	94	126	89	36	0	446
45-49	81	44	57	72	119	36	409
50-54	43	25	43	24	65	88	288
55-59	14	15	10	11	18	36	104
60-64	9	7	3	6	5	8	38
65 and over	0	0	0	0	1	1	2
All Ages	963	572	385	223	244	169	2,556

Distribution of Average Annual Salaries by Age and Service

Years of Service at Valuation Date							
Attained Age	0-4	5-9	10-14	15-19	20-24	25+	Average
15-24	\$46,182	\$0	\$0	\$0	\$0	\$0	\$46,182
25-29	62,620	77,688	0	0	0	0	65,973
30-34	68,251	81,534	83,149	0	0	0	74,967
35-39	72,570	87,786	95,026	96,158	0	0	85,187
40-44	83,274	83,205	96,776	102,317	108,146	0	92,882
45-49	97,309	80,230	92,938	103,768	116,201	117,796	103,299
50-54	102,319	96,719	105,015	113,206	105,546	122,600	110,068
55-59	104,559	118,778	104,976	80,104	103,612	133,574	113,943
60-64	102,217	111,851	103,691	86,829	115,171	102,931	103,533
65 and over	0	0	0	0	176,218	137,313	156,765
Average	71,732	84,487	95,867	101,865	111,470	123,070	88,038

SUMMARY OF PARTICIPANT DATA**Transferred and Terminated Members****Distribution of Transfers to Other CalPERS Plans by Age and Service**

Attained Age	Years of Service at Valuation Date						Total	Average Salary
	0-4	5-9	10-14	15-19	20-25	25+		
15-24	10	0	0	0	0	0	10	\$50,517
25-29	115	3	0	0	0	0	118	65,736
30-34	201	28	0	0	0	0	229	82,410
35-39	208	49	9	0	0	0	266	86,649
40-44	247	74	28	5	1	0	355	89,798
45-49	147	75	34	20	7	3	286	99,363
50-54	102	47	29	9	7	4	198	105,637
55-59	29	21	6	5	3	2	66	97,401
60-64	9	5	3	1	2	1	21	93,710
65 and over	3	0	0	0	0	0	3	66,849
All Ages	1071	302	109	40	20	10	1,552	90,201

Distribution of Terminated Participants with Funds on Deposit by Age and Service

Attained Age	Years of Service at Valuation Date						Total	Average Salary
	0-4	5-9	10-14	15-19	20-25	25+		
15-24	18	0	0	0	0	0	18	\$47,493
25-29	86	2	0	0	0	0	88	58,309
30-34	115	5	0	0	0	0	120	49,150
35-39	84	15	3	1	0	0	103	50,898
40-44	77	13	4	2	0	0	96	49,987
45-49	69	16	9	3	3	1	101	62,188
50-54	37	12	3	7	0	0	59	55,397
55-59	9	3	3	0	0	0	15	61,460
60-64	9	1	1	0	0	0	11	34,558
65 and over	2	1	1	1	0	0	5	35,702
All Ages	506	68	24	14	3	1	616	53,499

SUMMARY OF PARTICIPANT DATA

Retired Members and Beneficiaries

Distribution of Retirees and Beneficiaries by Age and Retirement Type*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 30	0	0	1	0	3	2	6
30-34	0	0	5	0	0	0	5
35-39	0	3	14	0	0	2	19
40-44	0	0	33	0	1	2	36
45-49	0	2	57	2	2	7	70
50-54	154	5	108	2	7	11	287
55-59	330	6	153	1	8	10	508
60-64	339	4	213	1	2	33	592
65-69	250	8	137	0	2	44	441
70-74	137	8	94	0	1	34	274
75-79	86	3	43	0	1	39	172
80-84	60	1	25	0	0	41	127
85 and Over	27	1	8	0	0	29	65
All Ages	1383	41	891	6	27	254	2,602

Distribution of Average Annual Amounts for Retirees and Beneficiaries by Age and Retirement Type*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 30	\$0	\$0	\$35	\$0	\$25,868	\$23,250	\$20,690
30-34	0	0	17,531	0	0	0	17,531
35-39	0	8,887	31,664	0	0	21,086	26,954
40-44	0	0	32,119	0	36,780	18,392	31,485
45-49	0	22,919	24,659	12,489	1,782	20,817	23,224
50-54	29,482	4,434	27,400	50,460	28,030	18,413	27,949
55-59	41,340	23,234	34,028	44,982	22,263	22,985	38,269
60-64	40,926	17,559	33,493	69,113	28,044	20,167	36,941
65-69	32,300	10,499	36,539	0	26,735	20,629	32,032
70-74	31,135	9,096	26,483	0	24,249	19,690	27,451
75-79	27,994	7,620	23,363	0	23,098	15,481	23,615
80-84	28,761	13,934	24,743	0	0	14,796	23,345
85 and Over	20,435	2,650	24,171	0	0	14,706	18,065
All Ages	35,489	12,208	30,985	39,999	24,043	18,044	31,769

SUMMARY OF PARTICIPANT DATA

Retired Members and Beneficiaries (continued)

Distribution of Retirees and Beneficiaries by Years Retired and Retirement Type*

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 5 Yrs	535	9	176	3	6	92	821
5-9	357	4	202	1	2	67	633
10-14	218	5	163	1	6	36	429
15-19	120	8	141	0	6	23	298
20-24	72	3	95	0	3	4	177
25-29	53	7	54	0	1	8	123
30 and Over	28	5	60	1	3	24	121
All Years	1383	41	891	6	27	254	2,602

Distribution of Average Annual Amounts for Retirees and Beneficiaries by Years Retired and Retirement Type*

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 5 Yrs	\$39,336	\$20,958	\$43,477	\$38,638	\$29,651	\$18,818	\$37,650
5-9	39,349	10,218	38,713	80,207	19,585	19,253	36,837
10-14	28,511	6,770	27,863	23,158	20,480	19,911	27,165
15-19	33,172	11,776	24,558	0	25,872	18,489	27,241
20-24	27,909	11,389	19,366	0	17,938	11,079	22,494
25-29	20,938	10,260	19,900	0	29,319	9,118	19,174
30 and Over	24,081	7,396	20,285	20,713	23,615	12,608	19,194
All Years	35,489	12,208	30,985	39,999	24,043	18,044	31,769

* Counts of members do not include alternate payees receiving benefits while the member is still working. Therefore, the total counts may not match information on page 24 of the report. Multiple records may exist for those who have service in more than one coverage group. This does not result in double counting of liabilities.

APPENDIX A

ACTUARIAL METHODS AND ASSUMPTIONS

- **ACTUARIAL DATA**
- **ACTUARIAL METHODS**
- **ACTUARIAL ASSUMPTIONS**
- **MISCELLANEOUS**

APPENDIX A

Actuarial Data

As stated in the Actuarial Certification, the data which serves as the basis of this valuation has been obtained from the various CalPERS databases. We have reviewed the valuation data and believe that it is reasonable and appropriate in aggregate. We are unaware of any potential data issues that would have a material effect on the results of this valuation, except that data does not always contain the latest salary information for former members now in reciprocal systems and does not recognize the potential for usually large salary deviation in certain cases such as elected officials. Therefore, salary information in these cases may not be accurate. These situations are relatively infrequent, however, and when they do occur, they generally do not have a material impact on the employer contribution rates.

Actuarial Methods

Funding Method

The actuarial funding method used for the Retirement Program is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active members is then calculated as the portion of the total cost of the pool allocated to prior years. The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for members entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. Funding requirements are determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payrolls. All changes in liability due to changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20-year period. All gains or losses are tracked and amortized over a rolling 30-year period with the exception of gains and losses in fiscal years 2008-2009, 2009-2010 and 2010-2011 in which each year's gains or losses will be isolated and amortized over fixed and declining 30 year periods (as opposed to the current rolling 30-year amortization). If a pool's accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30-year amortization of the unfunded liability.

Additional contributions will be required for any plan or pool if their cash flows hamper adequate funding progress by preventing the expected funded status on a market value of assets basis of the plan to either:

- Increase by at least 15% by June 30, 2043; or
- Reach a level of 75% funded by June 30, 2043

The necessary additional contribution will be obtained by changing the amortization period of the gains and losses prior to 2009 to a period which will result in the satisfaction of the above criteria. CalPERS actuaries will reassess the criteria above when performing each future valuation to determine whether or not additional contributions are necessary.

An exception to the funding rules above is used whenever the application of such rules results in inconsistencies. In these cases a "fresh start" approach is used. This simply means that the current unfunded actuarial liability is projected and amortized over a set number of years. As mentioned above, if the annual contribution on the total unfunded liability was less than the amount produced by a 30-year amortization of the unfunded liability, the plan actuary would implement a 30-year fresh start. However, in the case of a 30-year fresh start, just the unfunded liability not already in the (gain)/loss base (which already is amortized over 30 years) will go into the new fresh start base. In addition, a fresh start is needed in the following situations:

APPENDIX A

- 1) when a positive payment would be required on a negative unfunded actuarial liability (or conversely a negative payment on a positive unfunded actuarial liability); or
- 2) when there are excess assets, rather than an unfunded liability. In this situation a 30-year fresh start is used, unless a larger fresh start is needed to avoid a negative total rate.

It should be noted that the actuary may choose to use a fresh start under other circumstances. In all cases, the period of the fresh start is chosen by the actuary according to his or her best judgment, and will not be less than five years nor greater than 30 years.

Asset Valuation Method

In order to dampen the effect of short term market value fluctuations on employer contribution rates, the following asset smoothing technique is used. First an Expected Value of Assets is computed by bringing forward the prior year's Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets is then computed as the Expected Value of Assets plus one-fifteenth of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date. However in no case will the Actuarial Value of Assets be less than 80% nor greater than 120% of the actual Market Value of Assets.

In June 2009, the CalPERS Board adopted changes to the asset smoothing method in order to phase in over a three year period the impact of the -24% investment loss experienced by CalPERS in fiscal year 2008-2009. The following changes were adopted:

- Increase the corridor limits for the actuarial value of assets from 80%-120% of market value to 60%-140% of market value on June 30, 2009
- Reduce the corridor limits for the actuarial value of assets to 70%-130% of market value on June 30, 2010
- Return to the 80%-120% of market value corridor limits for the actuarial value of assets on June 30, 2011 and thereafter

APPENDIX A

Actuarial Assumptions

Economic Assumptions

Discount Rate

7.5% compounded annually (net of expenses). This assumption is used for all plans.

Termination Liability Discount Rate

The discount rate is set by taking into account the yields available in the US Treasury market on the valuation date according to treasury rates along the yield curve that match the cash flows of the plans' expected benefit payout stream in future years. For purposes of this report, the termination liability discount rate used is the 30-year US Treasury Stripped Rate as of the valuation date. Please note, as of June 30, 2012 the 30-year US Treasury Stripped Rate was 2.87%.

Salary Growth

Annual increases vary by category, entry age, and duration of service. Sample which is assumed increases are shown below.

Public Agency Miscellaneous			
<u>Duration of Service</u>	<u>(Entry Age 20)</u>	<u>(Entry Age 30)</u>	<u>(Entry Age 40)</u>
0	0.1420	0.1240	0.0980
1	0.1190	0.1050	0.0850
2	0.1010	0.0910	0.0750
3	0.0880	0.0800	0.0670
4	0.0780	0.0710	0.0610
5	0.0700	0.0650	0.0560
10	0.0480	0.0460	0.0410
15	0.0430	0.0410	0.0360
20	0.0390	0.0370	0.0330
25	0.0360	0.0360	0.0330
30	0.0360	0.0360	0.0330

Public Agency Fire			
<u>Duration of Service</u>	<u>(Entry Age 20)</u>	<u>(Entry Age 30)</u>	<u>(Entry Age 40)</u>
0	0.1050	0.1050	0.1020
1	0.0950	0.0940	0.0850
2	0.0870	0.0830	0.0700
3	0.0800	0.0750	0.0600
4	0.0740	0.0680	0.0510
5	0.0690	0.0620	0.0450
10	0.0510	0.0460	0.0350
15	0.0410	0.0390	0.0340
20	0.0370	0.0360	0.0330
25	0.0350	0.0350	0.0330
30	0.0350	0.0350	0.0330

APPENDIX A**Public Agency Police**

<u>Duration of Service</u>	<u>(Entry Age 20)</u>	<u>(Entry Age 30)</u>	<u>(Entry Age 40)</u>
0	0.1090	0.1090	0.1090
1	0.0930	0.0930	0.0930
2	0.0810	0.0810	0.0780
3	0.0720	0.0700	0.0640
4	0.0650	0.0610	0.0550
5	0.0590	0.0550	0.0480
10	0.0450	0.0420	0.0340
15	0.0410	0.0390	0.0330
20	0.0370	0.0360	0.0330
25	0.0350	0.0340	0.0330
30	0.0350	0.0340	0.0330

Public Agency County Peace Officers

<u>Duration of Service</u>	<u>(Entry Age 20)</u>	<u>(Entry Age 30)</u>	<u>(Entry Age 40)</u>
0	0.1290	0.1290	0.1290
1	0.1090	0.1060	0.1030
2	0.0940	0.0890	0.0840
3	0.0820	0.0770	0.0710
4	0.0730	0.0670	0.0610
5	0.0660	0.0600	0.0530
10	0.0460	0.0420	0.0380
15	0.0410	0.0380	0.0360
20	0.0370	0.0360	0.0340
25	0.0350	0.0340	0.0330
30	0.0350	0.0340	0.0330

Schools

<u>Duration of Service</u>	<u>(Entry Age 20)</u>	<u>(Entry Age 30)</u>	<u>(Entry Age 40)</u>
0	0.1080	0.0960	0.0820
1	0.0940	0.0850	0.0740
2	0.0840	0.0770	0.0670
3	0.0750	0.0700	0.0620
4	0.0690	0.0640	0.0570
5	0.0630	0.0600	0.0530
10	0.0450	0.0440	0.0410
15	0.0390	0.0380	0.0350
20	0.0360	0.0350	0.0320
25	0.0340	0.0340	0.0320
30	0.0340	0.0340	0.0320

- The Miscellaneous salary scale is used for Local Prosecutors.
- The Police salary scale is used for Other Safety, Local Sheriff, and School Police.

Overall Payroll Growth

3.00% compounded annually (used in projecting the payroll over which the unfunded liability is amortized). This assumption is used for all plans.

Inflation

2.75% compounded annually. This assumption is used for all plans.

APPENDIX A

Non-valued Potential Additional Liabilities

The potential liability loss for a cost-of-living increase exceeding the 2.75% inflation assumption, and any potential liability loss from future member service purchases are not reflected in the valuation.

Miscellaneous Loading Factors

Credit for Unused Sick Leave

Final Average Salary is increased by 1% for those agencies that have accepted the provision providing Credit for Unused Sick Leave.

Conversion of Employer Paid Member Contributions (EPMC)

Final Average Salary is increased by the Employee Contribution Rate for those agencies that have contracted for the provision providing for the Conversion of Employer Paid Member Contributions (EPMC) during the final compensation period.

Norris Decision (Best Factors)

Employees hired prior to July 1, 1982 have projected benefit amounts increased in order to reflect the use of "Best Factors" for these employees in the calculation of optional benefit forms. This is due to a 1983 Supreme Court decision, known as the Norris decision, which required males and females to be treated equally in the determination of benefit amounts. Consequently, anyone already employed at that time is given the best possible conversion factor when optional benefits are determined. No loading is necessary for employees hired after July 1, 1982.

Termination Liability

The termination liabilities include a 7% contingency load. This load is for unforeseen improvements in mortality.

Demographic Assumptions

Pre-Retirement Mortality

Non-Industrial Death Rates vary by age and gender. Industrial Death rates vary by age. See sample rates in table below. The non-industrial death rates are used for all plans. The industrial death rates are used for Safety Plans (except for Local Prosecutor safety members where the corresponding Miscellaneous Plan does not have the Industrial Death Benefit).

Age	Non-Industrial Death (Not Job-Related)		Industrial Death (Job-Related)
	Male	Female	Male and Female
20	0.00047	0.00016	0.00003
25	0.00050	0.00026	0.00007
30	0.00053	0.00036	0.00010
35	0.00067	0.00046	0.00012
40	0.00087	0.00065	0.00013
45	0.00120	0.00093	0.00014
50	0.00176	0.00126	0.00015
55	0.00260	0.00176	0.00016
60	0.00395	0.00266	0.00017
65	0.00608	0.00419	0.00018
70	0.00914	0.00649	0.00019
75	0.01220	0.00878	0.00020
80	0.01527	0.01108	0.00021

Miscellaneous Plans usually have Industrial Death rates set to zero unless the agency has specifically contracted for Industrial Death benefits. If so, each Non-Industrial Death rate shown above will be split into two components: 99% will become the Non-Industrial Death rate and 1% will become the Industrial Death rate.

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Post-Retirement Mortality

Rates vary by age, type of retirement and gender. See sample rates in table below. These rates are used for all plans.

Age	Healthy Recipients		Non-Industrially Disabled (Not Job-Related)		Industrially Disabled (Job-Related)	
	Male	Female	Male	Female	Male	Female
50	0.00239	0.00125	0.01632	0.01245	0.00443	0.00356
55	0.00474	0.00243	0.01936	0.01580	0.00563	0.00546
60	0.00720	0.00431	0.02293	0.01628	0.00777	0.00798
65	0.01069	0.00775	0.03174	0.01969	0.01388	0.01184
70	0.01675	0.01244	0.03870	0.03019	0.02236	0.01716
75	0.03080	0.02071	0.06001	0.03915	0.03585	0.02665
80	0.05270	0.03749	0.08388	0.05555	0.06926	0.04528
85	0.09775	0.07005	0.14035	0.09577	0.11799	0.08017
90	0.16747	0.12404	0.21554	0.14949	0.16575	0.13775
95	0.25659	0.21556	0.31025	0.23055	0.26108	0.23331
100	0.34551	0.31876	0.45905	0.37662	0.40918	0.35165
105	0.58527	0.56093	0.67923	0.61523	0.64127	0.60135
110	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000

The mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date. The mortality assumption will be reviewed with the next experience study expected to be completed for the June 30, 2013 valuation to determine an appropriate margin to be used.

Marital Status

For active members, a percentage married upon retirement is assumed according to the following table.

Member Category	Percent Married
Miscellaneous Member	85%
Local Police	90%
Local Fire	90%
Other Local Safety	90%
School Police	90%

Age of Spouse

It is assumed that female spouses are 3 years younger than male spouses. This assumption is used for all plans.

Terminated Members

It is assumed that terminated members refund immediately if non-vested. Terminated members who are vested are assumed to follow the same service retirement pattern as active members but with a load to reflect the expected higher rates of retirement, especially at lower ages. The following table shows the load factors that are applied to the service retirement assumption for active members to obtain the service retirement pattern for separated vested members:

Age	Load Factor
50	450%
51	250%
52 through 56	200%
57 through 60	150%
61 through 64	125%
65 and above	100% (no change)

APPENDIX A**Termination with Refund**

Rates vary by entry age and service for Miscellaneous Plans. Rates vary by service for Safety Plans. See sample rates in tables below.

Public Agency Miscellaneous

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40	Entry Age 45
0	0.1742	0.1674	0.1606	0.1537	0.1468	0.1400
1	0.1545	0.1477	0.1409	0.1339	0.1271	0.1203
2	0.1348	0.1280	0.1212	0.1142	0.1074	0.1006
3	0.1151	0.1083	0.1015	0.0945	0.0877	0.0809
4	0.0954	0.0886	0.0818	0.0748	0.0680	0.0612
5	0.0212	0.0193	0.0174	0.0155	0.0136	0.0116
10	0.0138	0.0121	0.0104	0.0088	0.0071	0.0055
15	0.0060	0.0051	0.0042	0.0032	0.0023	0.0014
20	0.0037	0.0029	0.0021	0.0013	0.0005	0.0001
25	0.0017	0.0011	0.0005	0.0001	0.0001	0.0001
30	0.0005	0.0001	0.0001	0.0001	0.0001	0.0001
35	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001

Public Agency Safety

Duration of Service	Fire	Police	County Peace Officer
0	0.0710	0.1013	0.0997
1	0.0554	0.0636	0.0782
2	0.0398	0.0271	0.0566
3	0.0242	0.0258	0.0437
4	0.0218	0.0245	0.0414
5	0.0029	0.0086	0.0145
10	0.0009	0.0053	0.0089
15	0.0006	0.0027	0.0045
20	0.0005	0.0017	0.0020
25	0.0003	0.0012	0.0009
30	0.0003	0.0009	0.0006
35	0.0003	0.0009	0.0006

The Police Termination and Refund rates are used for Public Agency Local Prosecutors, Other Safety, Local Sheriff, and School Police.

Schools

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40	Entry Age 45
0	0.1730	0.1627	0.1525	0.1422	0.1319	0.1217
1	0.1585	0.1482	0.1379	0.1277	0.1174	0.1071
2	0.1440	0.1336	0.1234	0.1131	0.1028	0.0926
3	0.1295	0.1192	0.1089	0.0987	0.0884	0.0781
4	0.1149	0.1046	0.0944	0.0841	0.0738	0.0636
5	0.0278	0.0249	0.0221	0.0192	0.0164	0.0135
10	0.0172	0.0147	0.0122	0.0098	0.0074	0.0049
15	0.0115	0.0094	0.0074	0.0053	0.0032	0.0011
20	0.0073	0.0055	0.0038	0.0020	0.0002	0.0002
25	0.0037	0.0023	0.0010	0.0002	0.0002	0.0002
30	0.0015	0.0003	0.0002	0.0002	0.0002	0.0002
35	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002

APPENDIX A**Termination with Vested Benefits**

Rates vary by entry age and service for Miscellaneous Plans. Rates vary by service for Safety Plans. See sample rates in tables below.

Public Agency Miscellaneous

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40
5	0.0656	0.0597	0.0537	0.0477	0.0418
10	0.0530	0.0466	0.0403	0.0339	0.0000
15	0.0443	0.0373	0.0305	0.0000	0.0000
20	0.0333	0.0261	0.0000	0.0000	0.0000
25	0.0212	0.0000	0.0000	0.0000	0.0000
30	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0000	0.0000	0.0000	0.0000	0.0000

Public Agency Safety

Duration of Service	Fire	Police	County Peace Officer
5	0.0162	0.0163	0.0265
10	0.0061	0.0126	0.0204
15	0.0058	0.0082	0.0130
20	0.0053	0.0065	0.0074
25	0.0047	0.0058	0.0043
30	0.0045	0.0056	0.0030
35	0.0000	0.0000	0.0000

- When a member is eligible to retire, the termination with vested benefits probability is set to zero.
- After termination with vested benefits, a miscellaneous member is assumed to retire at age 59 and a safety member at age 54.
- The Police Termination with vested benefits rates are used for Public Agency Local Prosecutors, Other Safety, Local Sheriff, and School Police.

Schools

Duration of Service	Entry Age 20	Entry Age 25	Entry Age 30	Entry Age 35	Entry Age 40
5	0.0816	0.0733	0.0649	0.0566	0.0482
10	0.0629	0.0540	0.0450	0.0359	0.0000
15	0.0537	0.0440	0.0344	0.0000	0.0000
20	0.0420	0.0317	0.0000	0.0000	0.0000
25	0.0291	0.0000	0.0000	0.0000	0.0000
30	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0000	0.0000	0.0000	0.0000	0.0000

APPENDIX A

Non-Industrial (Not Job-Related) Disability

Rates vary by age and gender for Miscellaneous Plans.
 Rates vary by age for Safety Plans

Age	Miscellaneous		Fire	Police	County Peace Officer	Schools	
	Male	Female	Male and Female	Male and Female	Male and Female	Male	Female
20	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
25	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
30	0.0002	0.0002	0.0001	0.0002	0.0001	0.0002	0.0001
35	0.0006	0.0009	0.0001	0.0003	0.0004	0.0006	0.0004
40	0.0015	0.0016	0.0001	0.0004	0.0007	0.0014	0.0009
45	0.0025	0.0024	0.0002	0.0005	0.0013	0.0028	0.0017
50	0.0033	0.0031	0.0005	0.0008	0.0018	0.0044	0.0030
55	0.0037	0.0031	0.0010	0.0013	0.0010	0.0049	0.0034
60	0.0038	0.0025	0.0015	0.0020	0.0006	0.0043	0.0024

- The Miscellaneous Non-Industrial Disability rates are used for Local Prosecutors.
- The Police Non-Industrial Disability rates are used for Other Safety, Local Sheriff, and School Police.

Industrial (Job-Related) Disability

Rates vary by age and category.

Age	Fire	Police	County Peace Officer
20	0.0002	0.0007	0.0003
25	0.0012	0.0032	0.0015
30	0.0025	0.0064	0.0031
35	0.0037	0.0097	0.0046
40	0.0049	0.0129	0.0063
45	0.0061	0.0161	0.0078
50	0.0074	0.0192	0.0101
55	0.0721	0.0668	0.0173
60	0.0721	0.0668	0.0173

- The Police Industrial Disability rates are used for Local Sheriff and Other Safety.
- Fifty Percent of the Police Industrial Disability rates are used for School Police.
- One Percent of the Police Industrial Disability rates are used for Local Prosecutors.
- Normally, rates are zero for Miscellaneous Plans unless the agency has specifically contracted for Industrial Disability benefits. If so, each Miscellaneous Non-Industrial Disability rate will be split into two components: 50% will become the Non-Industrial Disability rate and 50% will become the Industrial Disability rate.

Service Retirement

Retirement rate vary by age, service, and formula, except for the safety 1/2 @ 55 and 2% @ 55 formulas, where retirement rates vary by age only.

APPENDIX A

Public Agency Miscellaneous 1.5% @ 65

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.008	0.011	0.013	0.015	0.017	0.019
51	0.007	0.010	0.012	0.013	0.015	0.017
52	0.010	0.014	0.017	0.019	0.021	0.024
53	0.008	0.012	0.015	0.017	0.019	0.022
54	0.012	0.016	0.019	0.022	0.025	0.028
55	0.018	0.025	0.031	0.035	0.038	0.043
56	0.015	0.021	0.025	0.029	0.032	0.036
57	0.020	0.028	0.033	0.038	0.043	0.048
58	0.024	0.033	0.040	0.046	0.052	0.058
59	0.028	0.039	0.048	0.054	0.060	0.067
60	0.049	0.069	0.083	0.094	0.105	0.118
61	0.062	0.087	0.106	0.120	0.133	0.150
62	0.104	0.146	0.177	0.200	0.223	0.251
63	0.099	0.139	0.169	0.191	0.213	0.239
64	0.097	0.136	0.165	0.186	0.209	0.233
65	0.140	0.197	0.240	0.271	0.302	0.339
66	0.092	0.130	0.157	0.177	0.198	0.222
67	0.129	0.181	0.220	0.249	0.277	0.311
68	0.092	0.129	0.156	0.177	0.197	0.221
69	0.092	0.130	0.158	0.178	0.199	0.224
70	0.103	0.144	0.175	0.198	0.221	0.248

Public Agency Miscellaneous 2% @ 60

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.011	0.015	0.018	0.021	0.023	0.026
51	0.009	0.013	0.016	0.018	0.020	0.023
52	0.013	0.018	0.022	0.025	0.028	0.031
53	0.011	0.016	0.019	0.022	0.025	0.028
54	0.015	0.021	0.025	0.028	0.032	0.036
55	0.023	0.032	0.039	0.044	0.049	0.055
56	0.019	0.027	0.032	0.037	0.041	0.046
57	0.025	0.035	0.042	0.048	0.054	0.060
58	0.030	0.042	0.051	0.058	0.065	0.073
59	0.035	0.049	0.060	0.068	0.076	0.085
60	0.062	0.087	0.105	0.119	0.133	0.149
61	0.079	0.110	0.134	0.152	0.169	0.190
62	0.132	0.186	0.225	0.255	0.284	0.319
63	0.126	0.178	0.216	0.244	0.272	0.305
64	0.122	0.171	0.207	0.234	0.262	0.293
65	0.173	0.243	0.296	0.334	0.373	0.418
66	0.114	0.160	0.194	0.219	0.245	0.274
67	0.159	0.223	0.271	0.307	0.342	0.384
68	0.113	0.159	0.193	0.218	0.243	0.273
69	0.114	0.161	0.195	0.220	0.246	0.276
70	0.127	0.178	0.216	0.244	0.273	0.306

APPENDIX A**Public Agency Miscellaneous 2% @ 55**

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.015	0.020	0.024	0.029	0.033	0.039
51	0.013	0.016	0.020	0.024	0.027	0.033
52	0.014	0.018	0.022	0.027	0.030	0.036
53	0.017	0.022	0.027	0.032	0.037	0.043
54	0.027	0.034	0.041	0.049	0.056	0.067
55	0.050	0.064	0.078	0.094	0.107	0.127
56	0.045	0.057	0.069	0.083	0.095	0.113
57	0.048	0.061	0.074	0.090	0.102	0.122
58	0.052	0.066	0.080	0.097	0.110	0.131
59	0.060	0.076	0.092	0.111	0.127	0.151
60	0.072	0.092	0.112	0.134	0.153	0.182
61	0.089	0.113	0.137	0.165	0.188	0.224
62	0.128	0.162	0.197	0.237	0.270	0.322
63	0.129	0.164	0.199	0.239	0.273	0.325
64	0.116	0.148	0.180	0.216	0.247	0.294
65	0.174	0.221	0.269	0.323	0.369	0.439
66	0.135	0.171	0.208	0.250	0.285	0.340
67	0.133	0.169	0.206	0.247	0.282	0.336
68	0.118	0.150	0.182	0.219	0.250	0.297
69	0.116	0.147	0.179	0.215	0.246	0.293
70	0.138	0.176	0.214	0.257	0.293	0.349

Public Agency Miscellaneous 2.5% @ 55

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.026	0.033	0.040	0.048	0.055	0.062
51	0.021	0.026	0.032	0.038	0.043	0.049
52	0.021	0.026	0.032	0.038	0.043	0.049
53	0.026	0.033	0.040	0.048	0.055	0.062
54	0.043	0.054	0.066	0.078	0.089	0.101
55	0.088	0.112	0.136	0.160	0.184	0.208
56	0.055	0.070	0.085	0.100	0.115	0.130
57	0.061	0.077	0.094	0.110	0.127	0.143
58	0.072	0.091	0.111	0.130	0.150	0.169
59	0.083	0.105	0.128	0.150	0.173	0.195
60	0.088	0.112	0.136	0.160	0.184	0.208
61	0.083	0.105	0.128	0.150	0.173	0.195
62	0.121	0.154	0.187	0.220	0.253	0.286
63	0.105	0.133	0.162	0.190	0.219	0.247
64	0.105	0.133	0.162	0.190	0.219	0.247
65	0.143	0.182	0.221	0.260	0.299	0.338
66	0.105	0.133	0.162	0.190	0.219	0.247
67	0.105	0.133	0.162	0.190	0.219	0.247
68	0.105	0.133	0.162	0.190	0.219	0.247
69	0.105	0.133	0.162	0.190	0.219	0.247
70	0.125	0.160	0.194	0.228	0.262	0.296

APPENDIX A**Public Agency Miscellaneous 2.7% @ 55**

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.028	0.035	0.043	0.050	0.058	0.065
51	0.022	0.028	0.034	0.040	0.046	0.052
52	0.022	0.028	0.034	0.040	0.046	0.052
53	0.028	0.035	0.043	0.050	0.058	0.065
54	0.044	0.056	0.068	0.080	0.092	0.104
55	0.091	0.116	0.140	0.165	0.190	0.215
56	0.061	0.077	0.094	0.110	0.127	0.143
57	0.063	0.081	0.098	0.115	0.132	0.150
58	0.074	0.095	0.115	0.135	0.155	0.176
59	0.083	0.105	0.128	0.150	0.173	0.195
60	0.088	0.112	0.136	0.160	0.184	0.208
61	0.085	0.109	0.132	0.155	0.178	0.202
62	0.124	0.158	0.191	0.225	0.259	0.293
63	0.107	0.137	0.166	0.195	0.224	0.254
64	0.107	0.137	0.166	0.195	0.224	0.254
65	0.146	0.186	0.225	0.265	0.305	0.345
66	0.107	0.137	0.166	0.195	0.224	0.254
67	0.107	0.137	0.166	0.195	0.224	0.254
68	0.107	0.137	0.166	0.195	0.224	0.254
69	0.107	0.137	0.166	0.195	0.224	0.254
70	0.129	0.164	0.199	0.234	0.269	0.304

Public Agency Miscellaneous 3% @ 60

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.026	0.033	0.040	0.048	0.055	0.062
51	0.021	0.026	0.032	0.038	0.043	0.049
52	0.019	0.025	0.030	0.035	0.040	0.046
53	0.025	0.032	0.038	0.045	0.052	0.059
54	0.039	0.049	0.060	0.070	0.081	0.091
55	0.083	0.105	0.128	0.150	0.173	0.195
56	0.055	0.070	0.085	0.100	0.115	0.130
57	0.061	0.077	0.094	0.110	0.127	0.143
58	0.072	0.091	0.111	0.130	0.150	0.169
59	0.080	0.102	0.123	0.145	0.167	0.189
60	0.094	0.119	0.145	0.170	0.196	0.221
61	0.088	0.112	0.136	0.160	0.184	0.208
62	0.127	0.161	0.196	0.230	0.265	0.299
63	0.110	0.140	0.170	0.200	0.230	0.260
64	0.110	0.140	0.170	0.200	0.230	0.260
65	0.149	0.189	0.230	0.270	0.311	0.351
66	0.110	0.140	0.170	0.200	0.230	0.260
67	0.110	0.140	0.170	0.200	0.230	0.260
68	0.110	0.140	0.170	0.200	0.230	0.260
69	0.110	0.140	0.170	0.200	0.230	0.260
70	0.132	0.168	0.204	0.240	0.276	0.312

APPENDIX A

Public Agency Fire ½ @ 55 and 2% @ 55

Age	Rate	Age	Rate
50	0.01588	56	0.11079
51	0.00000	57	0.00000
52	0.03442	58	0.09499
53	0.01990	59	0.04409
54	0.04132	60	1.00000
55	0.07513		

Public Agency Police ½ @ 55 and 2% @ 55

Age	Rate	Age	Rate
50	0.02552	56	0.06921
51	0.00000	57	0.05113
52	0.01637	58	0.07241
53	0.02717	59	0.07043
54	0.00949	60	1.00000
55	0.16674		

Public Agency Police 2% @ 50

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.014	0.014	0.014	0.014	0.025	0.045
51	0.012	0.012	0.012	0.012	0.023	0.040
52	0.026	0.026	0.026	0.026	0.048	0.086
53	0.052	0.052	0.052	0.052	0.096	0.171
54	0.070	0.070	0.070	0.070	0.128	0.227
55	0.090	0.090	0.090	0.090	0.165	0.293
56	0.064	0.064	0.064	0.064	0.117	0.208
57	0.071	0.071	0.071	0.071	0.130	0.232
58	0.063	0.063	0.063	0.063	0.115	0.205
59	0.140	0.140	0.140	0.140	0.174	0.254
60	0.140	0.140	0.140	0.140	0.172	0.251
61	0.140	0.140	0.140	0.140	0.172	0.251
62	0.140	0.140	0.140	0.140	0.172	0.251
63	0.140	0.140	0.140	0.140	0.172	0.251
64	0.140	0.140	0.140	0.140	0.172	0.251
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

APPENDIX A**Public Agency Fire 2%@50**

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.007	0.007	0.007	0.007	0.010	0.015
51	0.008	0.008	0.008	0.008	0.013	0.019
52	0.017	0.017	0.017	0.017	0.027	0.040
53	0.047	0.047	0.047	0.047	0.072	0.107
54	0.064	0.064	0.064	0.064	0.098	0.147
55	0.087	0.087	0.087	0.087	0.134	0.200
56	0.078	0.078	0.078	0.078	0.120	0.180
57	0.090	0.090	0.090	0.090	0.139	0.208
58	0.079	0.079	0.079	0.079	0.122	0.182
59	0.073	0.073	0.073	0.073	0.112	0.168
60	0.114	0.114	0.114	0.114	0.175	0.262
61	0.114	0.114	0.114	0.114	0.175	0.262
62	0.114	0.114	0.114	0.114	0.175	0.262
63	0.114	0.114	0.114	0.114	0.175	0.262
64	0.114	0.114	0.114	0.114	0.175	0.262
65	1.000	1.000	1.000	1.000	1.000	1.000

Public Agency Police 3%@ 55

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.019	0.019	0.019	0.019	0.040	0.060
51	0.024	0.024	0.024	0.024	0.049	0.074
52	0.024	0.024	0.024	0.024	0.051	0.077
53	0.059	0.059	0.059	0.059	0.121	0.183
54	0.069	0.069	0.069	0.069	0.142	0.215
55	0.116	0.116	0.116	0.116	0.240	0.363
56	0.076	0.076	0.076	0.076	0.156	0.236
57	0.058	0.058	0.058	0.058	0.120	0.181
58	0.076	0.076	0.076	0.076	0.157	0.237
59	0.094	0.094	0.094	0.094	0.193	0.292
60	0.141	0.141	0.141	0.141	0.290	0.438
61	0.094	0.094	0.094	0.094	0.193	0.292
62	0.118	0.118	0.118	0.118	0.241	0.365
63	0.094	0.094	0.094	0.094	0.193	0.292
64	0.094	0.094	0.094	0.094	0.193	0.292
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

APPENDIX A

Public Agency Fire 3%@55

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.012	0.012	0.012	0.018	0.028	0.033
51	0.008	0.008	0.008	0.012	0.019	0.022
52	0.018	0.018	0.018	0.027	0.042	0.050
53	0.043	0.043	0.043	0.062	0.098	0.114
54	0.057	0.057	0.057	0.083	0.131	0.152
55	0.092	0.092	0.092	0.134	0.211	0.246
56	0.081	0.081	0.081	0.118	0.187	0.218
57	0.100	0.100	0.100	0.146	0.230	0.268
58	0.081	0.081	0.081	0.119	0.187	0.219
59	0.078	0.078	0.078	0.113	0.178	0.208
60	0.117	0.117	0.117	0.170	0.267	0.312
61	0.078	0.078	0.078	0.113	0.178	0.208
62	0.098	0.098	0.098	0.141	0.223	0.260
63	0.078	0.078	0.078	0.113	0.178	0.208
64	0.078	0.078	0.078	0.113	0.178	0.208
65	1.000	1.000	1.000	1.000	1.000	1.000

Public Agency Police 3%@ 50

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.070	0.070	0.070	0.131	0.193	0.249
51	0.050	0.050	0.050	0.095	0.139	0.180
52	0.061	0.061	0.061	0.116	0.171	0.220
53	0.069	0.069	0.069	0.130	0.192	0.247
54	0.071	0.071	0.071	0.134	0.197	0.255
55	0.090	0.090	0.090	0.170	0.250	0.322
56	0.069	0.069	0.069	0.130	0.191	0.247
57	0.080	0.080	0.080	0.152	0.223	0.288
58	0.087	0.087	0.087	0.164	0.242	0.312
59	0.090	0.090	0.090	0.170	0.251	0.323
60	0.135	0.135	0.135	0.255	0.377	0.485
61	0.090	0.090	0.090	0.170	0.251	0.323
62	0.113	0.113	0.113	0.213	0.314	0.404
63	0.090	0.090	0.090	0.170	0.251	0.323
64	0.090	0.090	0.090	0.170	0.251	0.323
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

APPENDIX A

Public Agency Fire 3%@50

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.034	0.034	0.034	0.048	0.068	0.080
51	0.046	0.046	0.046	0.065	0.092	0.109
52	0.069	0.069	0.069	0.097	0.138	0.163
53	0.084	0.084	0.084	0.117	0.166	0.197
54	0.103	0.103	0.103	0.143	0.204	0.241
55	0.127	0.127	0.127	0.177	0.252	0.298
56	0.121	0.121	0.121	0.169	0.241	0.285
57	0.101	0.101	0.101	0.141	0.201	0.238
58	0.118	0.118	0.118	0.165	0.235	0.279
59	0.100	0.100	0.100	0.140	0.199	0.236
60	0.150	0.150	0.150	0.210	0.299	0.354
61	0.100	0.100	0.100	0.140	0.199	0.236
62	0.125	0.125	0.125	0.175	0.249	0.295
63	0.100	0.100	0.100	0.140	0.199	0.236
64	0.100	0.100	0.100	0.140	0.199	0.236
65	1.000	1.000	1.000	1.000	1.000	1.000

Schools 2%@ 55

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.005	0.009	0.013	0.015	0.016	0.018
51	0.005	0.010	0.014	0.017	0.019	0.021
52	0.006	0.012	0.017	0.020	0.022	0.025
53	0.007	0.014	0.019	0.023	0.026	0.029
54	0.012	0.024	0.033	0.039	0.044	0.049
55	0.024	0.048	0.067	0.079	0.088	0.099
56	0.020	0.039	0.055	0.065	0.072	0.081
57	0.021	0.042	0.059	0.070	0.078	0.087
58	0.025	0.050	0.070	0.083	0.092	0.103
59	0.029	0.057	0.080	0.095	0.105	0.118
60	0.037	0.073	0.102	0.121	0.134	0.150
61	0.046	0.090	0.126	0.149	0.166	0.186
62	0.076	0.151	0.212	0.250	0.278	0.311
63	0.069	0.136	0.191	0.225	0.251	0.281
64	0.067	0.133	0.185	0.219	0.244	0.273
65	0.091	0.180	0.251	0.297	0.331	0.370
66	0.072	0.143	0.200	0.237	0.264	0.295
67	0.067	0.132	0.185	0.218	0.243	0.272
68	0.060	0.118	0.165	0.195	0.217	0.243
69	0.067	0.133	0.187	0.220	0.246	0.275
70	0.066	0.131	0.183	0.216	0.241	0.270

APPENDIX A

Miscellaneous

Superfunded Status

If a rate plan is superfunded (actuarial value of assets exceeds the present value of benefits), as of the most recently completed annual valuation, the employer may cover their employees' member contributions (both taxed and tax-deferred) using their employer assets during the fiscal year for which this valuation applies. This would entail transferring assets within the Public Employees' Retirement Fund (PERF) from the employer account to the member accumulated contribution accounts. This change was implemented effective January 1, 1999 pursuant to Chapter 231 (Assembly Bill 2099) which added Government Code Section 20816.

Superfunded status applies only to individual plans, not risk pools. For rate plans within a risk pool, actuarial value of assets is the sum of the rate plan's side fund plus the rate plan's pro-rata share of non-side fund assets.

Internal Revenue Code Section 415

The limitations on benefits imposed by Internal Revenue Code Section 415 were taken into account in this valuation. Each year the impact of any changes in this limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base.

Internal Revenue Code Section 401(a)(17)

The limitations on compensation imposed by Internal Revenue Code Section 401(a)(17) were taken into account in this valuation. Each year the impact of any changes in this compensation limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base.

APPENDIX B

SUMMARY OF PRINCIPAL PLAN PROVISIONS

APPENDIX B DESCRIPTION OF PRINCIPAL PLAN PROVISIONS

The following is a description of the principal plan provisions used in calculating the liabilities of the Safety 3.0% at 55 Risk Pool. Plan provisions are divided based on whether they are standard, Class 1, Class 2 or Class 3 benefits. Standard benefits are applicable to all members of the risk pool while Class 1, 2 or 3 benefits vary among employers. Provided at the end of the listing is a table providing the percentage of members participating in the pool that are subject to each benefit.

Many of the statements in this summary are general in nature, and are intended to provide an easily understood summary of the complex Public Employees' Retirement Law. The law itself governs in all situations.

Service Retirement

Eligibility

A CalPERS member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of service.

Benefit

The Service Retirement benefit is a monthly allowance equal to the product of the *benefit factor*, *years of service*, and *final compensation*.

- The *benefit factor* for this group of employees comes from the **3% at 55 Safety** benefit formula factor table. The factor depends on the member's age at retirement. Listed below are the factors for retirement at whole year ages:

Retirement Age	3% at 55 Safety Factor
50	2.400%
51	2.520%
52	2.640%
53	2.760%
54	2.880%
55 & Up	3%

- The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer's contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance. Any unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave.
- The *final compensation* is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). The standard benefit available to all members is 36 months. Employers have the option of providing a final compensation equal to the highest 12 consecutive months by contracting for this class 1 optional benefit.
- For employees covered by the modified formula, the final compensation is offset by \$133.33 (or by one third if the final compensation is less than \$400). Employers have the option to contract for the class 3 benefit that will eliminate the offset applicable to the final compensation of employees covered by a modified formula.

APPENDIX B

DESCRIPTION OF PRINCIPAL PLAN PROVISIONS

- The Miscellaneous Service Retirement benefit is not capped. The Safety Service Retirement benefit is capped at 90% of final compensation.

Vested Deferred Retirement

Eligibility for Deferred Status

A CalPERS member becomes eligible for a deferred vested retirement benefit when he or she leaves employment, keeps his or her contribution account balance on deposit with CalPERS, **and** has earned at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements).

Eligibility to Start Receiving Benefits

The CalPERS member becomes eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for Deferred Status and upon attainment of age 50.

Benefit

The vested deferred retirement benefit is the same as the Service Retirement benefit, where the benefit factor is based on the member's age at allowance commencement. For members who have earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance.

Non-Industrial (Non-Job Related) Disability Retirement

Eligibility

A CalPERS member is eligible for Non-Industrial Disability Retirement if he or she becomes *disabled* and has at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). There is no special age requirement. *Disabled* means the member is unable to perform his or her job because of an illness or injury which is expected to be permanent or to last indefinitely. The illness or injury does not have to be job related. A CalPERS member must be actively working with any CalPERS employer at the time of disability in order to be eligible for this benefit.

Standard Benefit

The standard Non-Industrial Disability Retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by *service*, which is determined as follows:

- *service* is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or
- *service* is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service. The maximum benefit in this case is 33 1/3% of Final Compensation.

Members who are eligible for a larger service retirement benefit may choose to receive that benefit in lieu of a disability benefit. Members eligible to retire, and who have attained the normal retirement age determined by their service retirement benefit formula, will receive the same dollar amount for disability retirement as that payable for service retirement. For members who have earned service with multiple CalPERS employers, the benefit attributed to each employer is the total disability allowance multiplied by the ratio of service with a particular employer to the total CalPERS service.

Improved Benefit

Employers have the option of providing this improved benefit by contracting for this class 3 optional benefit.

The improved Non-Industrial Disability Retirement benefit is a monthly allowance equal to 30% of final compensation for the first 5 years of service, plus 1% for each additional year of service to a maximum of 50% of final compensation.

APPENDIX B DESCRIPTION OF PRINCIPAL PLAN PROVISIONS

Members who are eligible for a larger service retirement benefit may choose to receive that benefit in lieu of a disability benefit. Members eligible to retire, and who have attained the normal retirement age determined by their service retirement benefit formula, will receive the same dollar amount for disability retirement as that payable for service retirement. For members who have earned service with multiple CalPERS employers, the benefit attributed to each employer is the total disability allowance multiplied by the ratio of service with a particular employer to the total CalPERS service.

Industrial (Job Related) Disability Retirement

All safety members have this benefit.

Eligibility

An employee is eligible for Industrial Disability Retirement if he or she becomes disabled while working, where disabled means the member is unable to perform the duties of the job because of a work-related illness or injury which is expected to be permanent or to last indefinitely. A CalPERS member who has left active employment within this group is not eligible for this benefit, except to the extent described in the next paragraph.

Standard Benefit

The standard Industrial Disability Retirement benefit is a monthly allowance equal to 50% of final compensation. For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of or annuitization of the accumulated member contributions with respect to employment in this group. However, if a member is eligible for Service Retirement and if the Service Retirement benefit is more than the Industrial Disability Retirement benefit, the member may choose to receive the larger benefit.

Increased Benefit (75% of Final Compensation)

The increased Industrial Disability Retirement benefit is a monthly allowance equal to 75% of final compensation for total disability. For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of or annuitization of the accumulated member contributions with respect to employment in this group. However, if a member is eligible for Service Retirement and if the Service Retirement benefit is more than the Industrial Disability Retirement benefit, the member may choose to receive the larger benefit.

Improved Benefit (50% to 90% of Final Compensation)

The improved Industrial Disability Retirement benefit is a monthly allowance equal to the Workman's Compensation Appeals Board permanent disability rate percentage (if 50% or greater, with a maximum of 90%) times the final compensation. However, if a member is eligible for Service Retirement and if the Service Retirement benefit is more than the Industrial Disability Retirement benefit, the member may choose to receive the larger benefit. For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of the accumulated member contributions with respect to employment in this group.

Post-Retirement Death Benefit

Standard Lump Sum Payment

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Improved Lump Sum Payment

Employers have the option of providing any of these improved lump sum death benefit by contracting for any of these class 3 optional benefits.

APPENDIX B DESCRIPTION OF PRINCIPAL PLAN PROVISIONS

Upon the death of a retiree, a one-time lump sum payment of \$600, \$2,000, \$3,000, \$4,000 or \$5,000 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Form of Payment for Retirement Allowance

Standard Form of Payment

Generally, the retirement allowance is paid to the retiree in the form of an annuity for as long as he or she is alive. The retiree may choose to provide for a portion of his or her allowance to be paid to any designated beneficiary after the retiree's death. CalPERS provides for a variety of such benefit options, which the retiree pays for by taking a reduction in his or her retirement allowance. The larger the amount to be provided to the beneficiary is, and the younger the beneficiary is, the greater the reduction to the retiree's allowance.

Improved Form of Payment (Post Retirement Survivor Allowance)

Employers have the option to contract for this class 1 benefit providing an improved post retirement survivor allowance.

For retirement allowances with respect to service subject to the modified formula, 25% of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. For retirement allowances with respect to service subject to the full formula, 50% of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. This additional benefit is often referred to as post retirement survivor allowance (PRSA) or simply as survivor continuance.

In other words, 25% or 50% of the allowance, the continuance portion, is paid to the retiree for as long as he or she is alive, and that same amount is continued to the retiree's spouse (or if no eligible spouse, to unmarried children until they attain age 18; or, if no eligible children, to a qualifying dependent parent) for the rest of his or her lifetime. This benefit will not be discontinued in the event the spouse remarries.

The remaining 75% or 50% of the retirement allowance, which may be referred to as the option portion of the benefit, is paid to the retiree as an annuity for as long as he or she is alive. Or, the retiree may choose to provide for some of this option portion to be paid to any designated beneficiary after the retiree's death. CalPERS offers a variety of such benefit options, which the retiree pays for by taking a reduction to the option portion of his or her retirement allowance.

Pre-Retirement Death Benefits

Basic Death Benefit

Eligibility

An employee's beneficiary (or estate) may receive the Basic Death benefit if the member dies while actively employed. A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit described below may choose to receive that death benefit instead of this Basic Death benefit.

Standard Benefit

The Basic Death Benefit is a lump sum in the amount of the member's accumulated contributions, where interest is currently credited at 7.5% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

APPENDIX B DESCRIPTION OF PRINCIPAL PLAN PROVISIONS

1957 Survivor Benefit

Eligibility

An employee's *eligible survivor(s)* may receive the 1957 Survivor benefit if the member dies while actively employed, has attained at least age 50, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements). A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An eligible survivor means the surviving spouse to whom the member was married at least one year before death or, if there is no eligible spouse, to the member's unmarried children under age 18. A member's survivor may choose this benefit in lieu of the Basic Death benefit or the Special Death benefit.

Standard Benefit

The 1957 Survivor benefit is a monthly allowance equal to one-half of the unmodified Service Retirement benefit that the member would have been entitled to receive if the member had retired on the date of his or her death. If the benefit is payable to the spouse, the benefit is discontinued upon the death of the spouse. If the benefit is payable to a dependent child, the benefit will be discontinued upon death or attainment of age 18, unless the child is disabled. There is a guarantee that the total amount paid will at least equal the Basic Death benefit.

Optional Settlement 2W Death Benefit

Eligibility

An employee's *eligible survivor* may receive the Optional Settlement 2W Death benefit if the member dies while actively employed, has attained at least age 50, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements). A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married at least one year before death. A member's survivor may choose this benefit in lieu of the Basic Death benefit or the 1957 Survivor benefit.

Standard Benefit

The Optional Settlement 2W Death benefit is a monthly allowance equal to the Service Retirement benefit that the member would have received had the member retired on the date of his or her death and elected Optional Settlement 2W. (A retiree who elects Optional Settlement 2W receives an allowance that has been reduced so that it will continue to be paid after his or her death to a surviving beneficiary.) The allowance is payable as long as the surviving spouse lives, at which time it is continued to any unmarried children under age 18, if applicable. There is a guarantee that the total amount paid will at least equal the Basic Death Benefit.

Special Death Benefit

Eligibility

An employee's *eligible survivor(s)* may receive the Special Death benefit if the member dies while actively employed and the death is job-related. A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried children under age 22. An eligible survivor who chooses to receive this benefit will not receive any other death benefit.

Improved Benefit

The Special Death benefit is a monthly allowance equal to 50% of final compensation, and will be increased whenever the compensation paid to active employees is increased but ceasing to increase when the member would have attained age 50. The allowance is payable to the surviving spouse until death at which time the

APPENDIX B

DESCRIPTION OF PRINCIPAL PLAN PROVISIONS

allowance is continued to any unmarried children under age 22. There is a guarantee that the total amount paid will at least equal the Basic Death Benefit.

If the member's death is the result of an accident or injury caused by external violence or physical force incurred in the performance of the member's duty, and there are *eligible* surviving children (*eligible* means unmarried children under age 22) in addition to an eligible spouse, then an **additional monthly allowance** is paid equal to the following:

- if 1 eligible child: 12.5% of final compensation
- if 2 eligible children: 20.0% of final compensation
- if 3 or more eligible children: 25.0% of final compensation

Cost-of-Living Adjustments (COLA)

Standard Benefit

Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%. However, the cumulative adjustment may not be greater than the cumulative change in the Consumer Price Index since the date of retirement.

Improved Benefit

Employers have the option of providing any of these improved cost-of-living adjustments by contracting for any one of these class 1 optional benefits.

Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by either 3%, 4% or 5%. However, the cumulative adjustment may not be greater than the cumulative change in the Consumer Price Index since the date of retirement.

Purchasing Power Protection Allowance (PPPA)

Retirement and survivor allowances are protected against inflation by PPPA. PPPA benefits are cost-of-living adjustments that are intended to maintain an individual's allowance at 80% of the initial allowance at retirement adjusted for inflation since retirement. The PPPA benefit will be coordinated with other cost-of-living adjustments provided under the plan.

Employee Contributions

Each employee contributes toward his or her retirement based upon the following schedule.

- The percent contributed below the monthly compensation breakpoint is 0%.
- The monthly compensation breakpoint is \$0 for full and supplemental formula members.
- The monthly compensation breakpoint is \$133.33 for employees covered by the modified formula.
- The percent contributed above the monthly compensation breakpoint is 9%.

The employer may choose to "pick-up" these contributions for the employees (Employer Paid Member Contributions or EMPC). An employer may also include Employee Cost Sharing in the contract, where employees contribute an additional percentage of compensation based on any optional benefit for which a contract amendment was made on or after January 1, 1979.

APPENDIX B
DESCRIPTION OF PRINCIPAL PLAN PROVISIONS

Refund of Employee Contributions

If the member's service with the employer ends, and if the member does not satisfy the eligibility conditions for any of the retirement benefits above, the member may elect to receive a refund of his or her employee contributions, which are credited annually with 6% interest.

1959 Survivor Benefit

This is a pre-retirement death benefit available only to members not covered by Social Security. Any agency joining CalPERS subsequent to 1993 was required to provide this benefit if the members were not covered by Social Security. The benefit is optional for agencies joining CalPERS prior to 1994. Levels 1, 2 and 3 are now closed. Any new agency or any agency wishing to add this benefit or increase the current level must choose the 4th or Indexed Level.

This benefit is not included in the results presented in this valuation. More information on this benefit is available on the CalPERS website at www.calpers.ca.gov.

APPENDIX C

PLAN OPTIONS AND VARIABLES

- **CLASSIFICATION OF OPTIONAL BENEFITS**
- **EXAMPLE OF INDIVIDUAL AGENCY'S RATE CALCULATION**
- **DISTRIBUTION OF CLASS 1 BENEFITS**

Classification of Optional Benefits

Below is the list of the available optional benefit provisions and their initial classification upon establishment of risk pools. When new benefits become available as a result of legislation, the Chief actuary will determine their classification in accordance with the criteria established in the board policy.

Class 1

Class 1 benefits have been identified to be additional benefits which have a significant, ongoing effect on the total plan cost. In some cases, a Class 1 benefit may be an alternate benefit formula. These benefits vary by employer across the risk pool. Agencies contracting for a Class 1 benefit will be responsible for the past service liability associated with such benefit and will be required to pay a surcharge established by the actuary to cover the ongoing cost (normal cost) of the Class 1 benefit.

The table below shows the list of Class 1 benefits and their applicable surcharge for the Safety 3.0% at 55 Risk Pool. Last year's surcharges are shown for comparison.

	June 30, 2010	June 30, 2011
• One Year Final Compensation	0.942%	0.895%
• EPMC by contract, 7%	1.736%	1.739%
• EPMC by contract, 8%	1.984%	1.988%
• EPMC by contract, 9%	2.232%	2.236%
• 25% PRSA	1.745%	1.728%
• 50% PRSA	1.745%	1.728%
• 3% Annual COLA	2.410%	1.959%
• 4% Annual COLA	2.410%	1.959%
• 5% Annual COLA	2.410%	1.959%
• IDR For Local Miscellaneous Members	N/A	N/A
• Increased IDR Allowance to 75% of Compensation	3.669%	3.584%
• Improved Industrial Disability Allowance for Local Safety Members	3.669%	3.584%
• Employee Cost Sharing	varies	varies
• Employee Contribution Rate for CSUC Auxiliary Organizations Reduced to State Member Level - Covered by Social Security	N/A	N/A
• Employee Contribution Rate for CSUC Auxiliary Organizations Reduced to State Member Level - Not Covered by Social Security	N/A	N/A
• 2.5% @ 55 Safety	N/A	N/A
• 1/2 @ 55 Safety	N/A	N/A

For employers contracting for more than one Class 1 benefit, the surcharges listed in this table will be added together

APPENDIX C

Class 2

Class 2 benefits have been identified to be the ancillary benefits providing one-time increases in benefits. These benefits vary by employer across the risk pool. Agencies contracting for a Class 2 benefit will be responsible for the past service liability associated with such benefit.

The following benefits shall be classified as Class 2:

- One-time 1% to 6% Ad Hoc COLA Increases for members who retired or died prior to January 1, 1998 (Section 21328)
- "Golden Handshakes" – Section 20903 Two Years Additional Service Credit
- Credit for Prior Service Paid for by the Employer
- Military Service Credit (Section 20996)
- Credit for Local Retirement System Service for Employees of Agencies Contracted on a Prospective basis (Section 20530.1)
- Prior Service Credit for Employees of an Assumed Agency Function (Section 20936)
- Limit Prior Service to Members Employed on Contract Date (Section 20938)
- Public Service Credit for Limited Prior Service (Section 21031)
- Public Service Credit for Employees of an Assumed Agency or Function (Section 21025)

Class 3

Class 3 benefits have been identified to be additional benefits which have a minimal effect on the total plan cost. Class 3 benefits may vary by rate plan within each risk pool. However, the employer contribution rate will not vary within the risk pool due to the Class 3 benefits.

The following benefits shall be classified as Class 3:

- Full formula plus social security
- Post Retirement Lump Sum Death Benefit
- \$600 lump sum retired death benefit (Section 21622)
- \$2,000 lump sum retired death benefit (Section 21623.5)
- \$3,000 lump sum retired death benefit (Section 21623.5)
- \$4,000 lump sum retired death benefit (Section 21623.5)
- \$5,000 lump sum retired death benefit (Section 21623.5)
- Improved non-industrial disability allowance (Section 21427)
- Special death benefit for local miscellaneous members (Section 21540.5)
- Service Credit Purchased by Member
- Partial Service Retirement (Section 21118)
- Optional Membership for Part Time Employees (Section 20325)
- Extension of Reciprocity Rights for Elective Officers (Section 20356)
- Removal of Contract Exclusions Prospectively Only (Section 20503)
- Alternate Death Benefit for Local Fire Members credited with 20 or more years of service (Section 21547.7)

APPENDIX C

Example Of Individual Agency's Rate Calculation

An individual employer rate is comprised of several components. These include the pool's net employer normal cost, payment on the pool's unfunded liability, additional surcharge payments for contracted Class 1 benefits, the normal cost phase-out and an agency's payment for their own side fund. An example of the total rate for an employer might look something like this:

Net Pool's Employer Normal Cost	15.811%
Rate Plan Surcharges	0.895%
Total Employer Normal Cost	16.706%
Plus: Plan's share of Pool's Payment on the Amortization Bases	4.963%
Side Fund Amortization Payment	2.600%
Total Employer Rate for fiscal year 2013-2014	24.269%

Your plan's actual required contribution can be found in Section 1.

Distribution of Class 1 Benefits

	% of members in the pool with contracted benefit
<i>Final Compensation</i>	
One Year Final Compensation	81.3%
Three Years Final Compensation	18.7%
<i>Post Retirement Survivor Continuance (PRSA)</i>	
No PRSA	57.1%
With PRSA	42.9%
<i>Cost-of-Living Adjustments (COLA)</i>	
2% COLA	97.0%
3% COLA	3.1%
4% COLA	0.0%
5% COLA	0.0%
<i>Industrial Disability Benefit</i>	
None	0.0%
Standard Industrial Disability Benefit (50% of Final Compensation)	100.0%
Improved Industrial Disability Benefit (75% of Final Compensation)	0.0%
Improved Industrial Disability Benefit (50% - 90% of Final Compensation)	0.0%

APPENDIX D

LIST OF PARTICIPATING EMPLOYERS

APPENDIX D

Employer Name

ANDERSON FIRE PROTECTION DISTRICT
APPLE VALLEY FIRE PROTECTION DISTRICT
APTOS/LA SELVA FIRE PROTECTION AGENCY
BOULDER CREEK FIRE PROTECTION DISTRICT
BRANCIFORTE FIRE PROTECTION DISTRICT
BURNEY FIRE DISTRICT
CAMBRIA COMMUNITY HEALTHCARE DISTRICT
CENTRAL COUNTY FIRE DEPARTMENT
CHINO VALLEY INDEPENDENT FIRE DISTRICT
CITY OF ALBANY
CITY OF ALTURAS
CITY OF ARROYO GRANDE
CITY OF AVENAL
CITY OF BELL
CITY OF BRISBANE
CITY OF CALISTOGA
CITY OF CATHEDRAL CITY
CITY OF CHOWCHILLA
CITY OF CLAYTON
CITY OF CORCORAN
CITY OF EAST PALO ALTO
CITY OF EMERYVILLE
CITY OF ENCINITAS
CITY OF EXETER
CITY OF FILLMORE
CITY OF FIREBAUGH
CITY OF FOUNTAIN VALLEY
CITY OF FOWLER
CITY OF GRASS VALLEY
CITY OF GROVER BEACH
CITY OF GUSTINE
CITY OF HANFORD
CITY OF HERMOSA BEACH
CITY OF LAGUNA BEACH
CITY OF LARKSPUR
CITY OF LEMON GROVE
CITY OF LINDSAY
CITY OF LOMA LINDA
CITY OF LOS BANOS
CITY OF MANHATTAN BEACH
CITY OF MILL VALLEY
CITY OF MILLBRAE
CITY OF MONTCLAIR
CITY OF MORRO BAY
CITY OF NOVATO
CITY OF PACIFICA
CITY OF PINOLE
CITY OF PORT HUENEME
CITY OF PORTERVILLE
CITY OF REEDLEY
CITY OF SAN CLEMENTE
CITY OF SAN MARINO
CITY OF SAND CITY
CITY OF SANGER
CITY OF SAUSALITO
CITY OF SHAFTER
CITY OF SIERRA MADRE

APPENDIX D

CITY OF SIGNAL HILL
CITY OF SOLEDAD
CITY OF SOUTH LAKE TAHOE
CITY OF TULARE
CITY OF UKIAH
CITY OF WINTERS
COUNTY OF AMADOR
COUNTY OF NAPA
COUNTY OF PLUMAS
COUNTY OF SAN BENITO
COUNTY OF SIERRA
EBBETTS PASS FIRE DISTRICT
FELTON FIRE PROTECTION DISTRICT
GLEN ELLEN FIRE PROTECTION DISTRICT
GOLD RIDGE FIRE PROTECTION DISTRICT
GREENFIELD FIRE PROTECTION DISTRICT
HERALD FIRE PROTECTION DISTRICT
IDYLLWILD FIRE PROTECTION DISTRICT
KENTFIELD FIRE DISTRICT
LAKE COUNTY FIRE PROTECTION DISTRICT
LAKE VALLEY FIRE PROTECTION DISTRICT
MAMMOTH LAKES FIRE DISTRICT
MARINWOOD COMMUNITY SERVICES DISTRICT
MEEKS BAY FIRE PROTECTION DISTRICT
MONTECITO FIRE PROTECTION DISTRICT
MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT
MONTEZUMA FIRE PROTECTION DISTRICT
NEVADA COUNTY CONSOLIDATED FIRE DISTRICT
NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY
NORTH COUNTY FIRE PROTECTION DISTRICT OF SAN DIEGO COUNTY
NORTH TAHOE FIRE PROTECTION DISTRICT
NORTHSHORE FIRE PROTECTION DISTRICT
OAKLAND CITY HOUSING AUTHORITY
RESCUE FIRE PROTECTION DISTRICT
RINCON VALLEY FIRE PROTECTION DISTRICT
ROSS VALLEY FIRE DEPARTMENT
SAN JOAQUIN DELTA COMMUNITY COLLEGE DISTRICT
SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
SANTA MONICA COMMUNITY COLLEGE DISTRICT
SCOTTS VALLEY FIRE PROTECTION DISTRICT
SHASTA LAKE FIRE PROTECTION DISTRICT
SOUTH PLACER FIRE DISTRICT
STALLION SPRINGS COMMUNITY SERVICES DISTRICT
TIBURON FIRE PROTECTION DISTRICT
TOWN OF FAIRFAX
TOWN OF PARADISE
TOWN OF ROSS
TOWN OF SAN ANSELMO
TOWN OF TIBURON
TRUCKEE FIRE PROTECTION DISTRICT
TUOLUMNE FIRE DISTRICT
TWIN HARTE COMMUNITY SERVICES DISTRICT
TWENTYNINE PALMS WATER DISTRICT
TWIN CITIES POLICE AUTHORITY
WEST ALMANOR COMMUNITY SERVICES DISTRICT
WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
WINDSOR FIRE PROTECTION DISTRICT
WOODBIDGE RURAL COUNTY FIRE PROTECTION DISTRICT

APPENDIX E

RISK ANALYSIS

- **VOLATILITY RATIOS**
- **ANALYSIS OF FUTURE INVESTMENT RETURNS SCENARIOS**
- **ANALYSIS OF DISCOUNT RATE SENSITIVITY**

Volatility Ratios

The actuarial calculations supplied in this communication are based on a number of assumptions about very long term demographic and economic behavior. Unless these assumptions (terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year to year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise the employer's rates from one year to the next. Therefore, the rates will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Pools that have higher asset to payroll ratios produce more volatile employer rates due to investment return. For example, a pool with an asset to payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a pool with an asset to payroll ratio of 4. Below we have shown your asset volatility ratio, a measure of the pool's potential future rate volatility. It should be noted that this ratio increases over time but generally tends to stabilize as the pool matures.

Liability Volatility Ratio

Pools that have higher asset to liability ratios produce more volatile employer rates due to investment return. For example, a pool with an asset to liability ratio of 8 may experience twice the contribution volatility due to investment return volatility than a pool with an asset to liability ratio of 4. Below we have shown your volatility index, a measure of the plan's potential future rate volatility. It should be noted that this ratio increases over time but generally tends to stabilize as the pool matures.

	As of June 30, 2011
1. Market Value of Assets without Receivables	\$ 1,573,915,872
2. Payroll	225,026,216
3. Asset Volatility Ratio (1. / 2.)	7.0
4. Accrued Liability	2,061,923,933
5. Payroll	225,026,216
6. Liability Volatility Ratio (4. / 5.)	9.2

APPENDIX E

Analysis of Future Investment Return Scenarios

In July 2012, the investment return for fiscal year 2011-2012 was announced to be 1.1%. Note that this return is before administrative expenses and also does not reflect final investment return information for real estate and private equities. The final return information for these two asset classes is expected to be available later in October. For purposes of projecting future employer rates, we are assuming a 0% investment return for fiscal year 2011-2012.

The investment return realized during a fiscal year first affects the contribution rate for the fiscal year 2 years later. Specifically, the investment return for 2011-2012 will first be reflected in the June 30, 2012 actuarial valuation that will be used to set the 2014-2015 employer contribution rates, the 2012-2013 investment return will first be reflected in the June 30, 2013 actuarial valuation that will be used to set the 2015-2016 employer contribution rates and so forth.

Based on a 0% investment return for fiscal year 2011-2012 and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the fiscal year 2014-2015, the effect on the 2014-2015 Employer Rate is as follows:

Estimated 2014-2015 Pool's Base Employer Rate	Estimated Increase in Pool's Base Employer Rate between 2013-2014 and 2014-2015
22.3%	1.5%

As part of this report, a sensitivity analysis was performed to determine the effects of various investment returns during fiscal years 2012-2013, 2013-2014 and 2014-2015 on the 2015-2016, 2016-2017 and 2017-2018 employer rates. Once again, the projected rate increases assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

Five different investment return scenarios were selected.

- The first scenario is what one would expect if the markets were to give us a 5th percentile return from July 1, 2012 through June 30, 2015. The 5th percentile return corresponds to a -4.10% return for the each of the 2012-2013, 2013-2014 and 2014-2015 fiscal years.
- The second scenario is what one would expect if the markets were to give us a 25th percentile return from July 1, 2012 through June 30, 2015. The 25th percentile return corresponds to a 2.60% return for the each of the 2012-2013, 2013-2014 and 2013-2014 fiscal years.
- The third scenario assumed the return for 2012-2013, 2013-2014, 2014-2015 would be our assumed 7.5% investment return which represents about a 49th percentile event.
- The fourth scenario is what one would expect if the markets were to give us a 75th percentile return from July 1, 2012 through June 30, 2015. The 75th percentile return corresponds to a 11.90% return for the each of the 2012-2013, 2013-2014 and 2014-2015 fiscal years.
- Finally, the last scenario is what one would expect if the markets were to give us a 95th percentile return from July 1, 2012 through June 30, 2015. The 95th percentile return corresponds to a 18.50% return for the each of the 2012-2013, 2013-2014 and 2014-2015 fiscal years.

The table below shows the estimated changes in the Pool's Base rate for 2015-2016, 2016-2017 and 2017-2018 under the five different scenarios.

2012-2015 Investment Return Scenario	Estimated Change in Pool's Base Rate Between Year Shown and Preceding Year			Total Estimated Increase in Pool's Base Employer Rate between 2014-2015 and 2017-2018
	2015-2016	2016-2017	2017-2018	
-4.10% (5 th percentile)	5.2%	5.4%	4.9%	15.5%
2.60% (25 th percentile)	1.8%	2.4%	2.4%	6.6%
7.5%	0.5%	0.5%	0.5%	1.5%
11.90% (75 th percentile)	0.4%	0.3%	0.1%	0.8%
18.50% (95 th percentile)	0.2%	-0.2%	-0.6%	-0.6%

APPENDIX E

Analysis of Discount Rate Sensitivity

The following analysis looks at the 2013-2014 employer contribution rates under two different discount rate scenarios. Shown below are the employer contribution rates assuming discount rates that are 1% lower and 1% higher than the current valuation discount rate. This analysis gives an indication of the potential required employer contribution rates if the PERF were to realize investment returns of 6.50% or 8.50% over the long-term.

This type of analysis gives the reader a sense of the long-term risk to the risk pool contribution rates.

2013-2014 Employer Contribution Rate			
As of June 30, 2011	6.50% Discount Rate (-1%)	7.50% Discount Rate (assumed rate)	8.50% Discount Rate (+1%)
Pool's Gross Employer Normal Cost	23.8%	17.4%	12.5%
Payment on Pool's Amortization Bases	15.4%	5.0%	-3.6%
Total	39.2%	22.4%	8.9%

APPENDIX F

GLOSSARY OF ACTUARIAL TERMS

Glossary of Actuarial Terms

Accrued Liability *(also called Actuarial Accrued Liability or Entry Age Normal Accrued Liability)*

The total dollars needed as of the valuation date to fund all benefits earned in the past for *current* members.

Actuarial Assumptions

Assumptions made about certain events that will affect pension costs. Assumptions generally can be broken down into two categories: demographic and economic. Demographic assumptions include mortality, disability and retirement rates. Economic assumptions include discount rate, salary growth and inflation.

Actuarial Methods

Procedures employed by actuaries to achieve certain funding goals of a pension plan. Actuarial methods include funding method, setting the length of time to fund the Accrued Liability and determining the Actuarial Value of Assets.

Actuarial Valuation

The determination, as of a valuation date, of the Normal Cost, Accrued liability, Actuarial Value of Assets and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change to their plan provisions.

Actuarial Value of Assets

The Actuarial Value of Assets used for funding purposes is obtained through an asset smoothing technique where investment gains and losses are partially recognized in the year they are incurred, with the remainder recognized in subsequent years.

This method helps to dampen large fluctuations in the employer contribution rate.

Amortization Bases

Separate payment schedules for different portions of the Unfunded Liability. The total Unfunded Liability of a Risk Pool or non-pooled plan can be segregated by "cause", creating "bases" and each such base will be separately amortized and paid for over a specific period of time. This can be likened to a home mortgage that has 24 years of remaining payments and a second on that mortgage that has 10 years left. Each base or each mortgage note has its own terms (payment period, principal, etc.) but all bases are amortized using investment and payroll assumptions from the current valuation.

Generally in an actuarial valuation, the separate bases consist of changes in unfunded liabilities due to amendments, actuarial assumption changes, actuarial methodology changes, and gains and losses. Payment periods are determined by Board policy and vary based on the cause of the change.

Amortization Period

The number of years required to pay off an Amortization Base.

Annual Required Contributions (ARC)

The employer's periodic required annual contributions to a defined benefit pension plan, calculated in accordance with the plan assumptions. The ARC is determined by multiplying the employer contribution rate by the payroll reported to CalPERS for the applicable fiscal year. However, if this contribution is fully prepaid in a lump sum, then the dollar value of the ARC is equal to the Lump Sum Prepayment.

Class 1 Benefits

Class 1 benefits have been identified to be additional benefits which have a significant, ongoing effect on the total plan cost. In some cases, a Class 1 benefit may be an alternate benefit formula. These benefits vary by employer across the risk pool. Agencies contracting for a Class 1 benefit will be responsible for the past service liability associated with such benefit and will be required to pay a surcharge established by the actuary to cover the ongoing cost (normal cost) of the Class 1 benefit.

APPENDIX F

Class 2 Benefits

Class 2 benefits have been identified to be the ancillary benefits providing one-time increases in benefits. These benefits vary by employer across the risk pool. Agencies contracting for a Class 2 benefit will be responsible for the past service liability associated with such benefit.

Class 3 Benefits

Class 3 benefits have been identified to be additional benefits which have a minimal effect on the total plan cost. Class 3 benefits may vary by rate plan within each risk pool. However, the employer contribution rate will not vary within the risk pool due to the Class 3 benefits.

Discount Rate

The actuarial assumption that was called "investment return" in earlier CalPERS reports or "actuarial interest rate" in Section 20014 of the California Public Employees' Retirement Law (PERL).

Entry Age

The earliest age at which a plan member begins to accrue benefits under a defined benefit pension plan or Risk Pool. In most cases, this is the same as the date of hire.

(The assumed retirement age less the entry age is the amount of time required to fund a member's total benefit. Generally, the older a member is at hire, the greater the Normal Cost. This is mainly because there is less time to earn investment income to fund the future benefits.)

Entry Age Normal Cost Method

An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to produce stable employer contributions in amounts that increase at the same rate as the employer's payroll (i.e. level % of payroll).

Fresh Start

A Fresh Start is the single amortization base created when multiple amortization bases are collapsed into one base and amortized over a new funding period.

Funded Status

A measure of how well funded a plan or risk pool is. Or equivalently, how "on track" a plan or risk pool is with respect to assets vs. accrued liabilities. A ratio greater than 100% means the plan or risk pool has more assets than liabilities and a ratio less than 100% means liabilities are greater than assets. A funded ratio based on the Actuarial Value of Assets indicates the progress toward fully funding the plan using the actuarial cost methods and assumptions. A funded ratio based on the Market Value of Assets indicates the short-term solvency of the plan.

GASB 27

Statement No. 27 of the Governmental Accounting Standards Board. The accounting standard governing a state or local governmental employer's accounting for pensions.

Normal Cost (also called Total Normal Cost)

The annual cost of service accrual for the upcoming fiscal year for active employees. The required employee contributions are part of the Total Normal Cost. The remaining portion, called the employer normal cost, includes surcharges for applicable class 1 benefits and should be viewed as the long term employer contribution rate.

Pension Actuary

A person who is responsible for the calculations necessary to properly fund a pension plan.

Prepayment Contribution

A payment made by the employer to reduce or eliminate the year's required employer contribution.

Present Value of Benefits (PVB)

The total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for *current* members.

APPENDIX F

Risk Pool

Using the benefit of the law of large numbers, a risk pool is a collection of employer plans for the purpose of sharing risk.

Rolling Amortization Period

An amortization period that remains the same each year, rather than declining.

Side Fund

At the time a plan joined a risk pool, a Side Fund was created to account for the difference between the funded status of the pool and the funded status of the plan. The plan's Side Fund is amortized on an annual basis, with the discount rate net of, for active plans, the payroll growth rate assumption. The actuarial investment return assumption is currently 7.5%. A positive Side Fund cause the plan's required employer contribution rate to be reduced by the Amortization of Side Fund rate component shown in the Required Employer Contributions section. A negative Side Fund cause the plan's required employer contribution rate to be increased by the Amortization of Side Fund rate component. In the absence of subsequent contract amendments or funding changes, a plan's Side Fund will disappear at the end of the Amortization Period.

Superfunded

A condition existing when a plan's Actuarial Value of Assets exceeds its Present Value of Benefits. When this condition exists on a given valuation date for a given plan, employee contributions for the rate year covered by that valuation may be waived.

Unfunded Liability

When a plan or pool's Actuarial Value of Assets is less than its Accrued Liability, the difference is the plan or pool's Unfunded Liability of the Unfunded Liability is positive, the plan or pool will have to pay contributions exceeding the Normal Cost.