Mendocino County Employees' Retirement Association

Actuarial Valuation and Review as of June 30, 2011

SEGAL

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January 11, 2012

Board of Retirement
Mendocino County Employees' Retirement Association
625-B Kings Court
Ukiah, CA 95482-5027

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2011. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2012/2013 and analyzes the preceding year's experience.

The census and financial information on which our calculations were based were prepared by MCERA. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices, including Actuarial Standards of Practice (ASOPs) Nos. 4, 27, 35, 44, and all other relevant ASOPs. In our opinion, the combined operation of the assumptions and the methods applied in this valuation fairly represent past and anticipated future experience of the Association and it is our understanding that they meet the parameters required by GASB Statement 25. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate.

We are Members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

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

Sincerely,

THE SEGAL COMPANY

By:

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

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

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SECTION 1

VALUATION SUMMARY

SECTION 2

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Purpose

This report has been prepared by The Segal Company to present a valuation of the Mendocino County Employees' Retirement Association as of June 30, 2011. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement Association, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, retired members and beneficiaries as of June 30, 2011, provided by the Retirement Association;
- The assets of the Plan as of June 30, 2011, provided by the Retirement Association;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. that the Board has adopted for the June 30, 2011 valuation.

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

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

The contribution requirements are determined as a percentage of payroll. The Association’s employer rates provide for both normal cost and a payment or credit to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, we have continued with the Board’s funding policy to amortize the Association’s entire unfunded actuarial accrued liability (UAAL) as of June 30, 2011 over a declining 30-year period effective with the June 30, 2009 valuation. As of June 30, 2011, there are 28 years remaining in that 30-year schedule. The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2012 through June 30, 2013.

Significant Issues in Valuation Year

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

Ref: Pg. 39

- The results of this valuation reflect changes in the actuarial assumptions as recommended by Segal and adopted by the Board for the June 30, 2011 valuation. These changes were documented in our Actuarial Experience Study and are also outlined in Section 4, Exhibit IV of this report.

Ref: Pg. 37

- In the June 30, 2010 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities was 78.9%. In this June 30, 2011 valuation, this funding ratio has declined to 73.6%.

Ref: Pg. 32

- The Association's unfunded actuarial accrued liability (UAAL) as of June 30, 2010 was $91,784,613. In this year's valuation, the UAAL has increased to $124,912,676. A reconciliation of the Association's UAAL is provided in Section 3, Exhibit G.

Ref: Pg. 16

- The aggregate employer rate calculated in this valuation has increased from 18.97% of payroll to 23.30% of payroll. As previously discussed with the Board, the June 30, 2010 employer rate developed by the Association's previous actuary was understated by approximately 0.70% of payroll due to the overpayment of member rates (discussed below). Furthermore, while Segal's calculation of the present value of future benefits as of June 30, 2010 was within 1% of the value produced by the previous actuary, Segal's valuation software allocated a larger proportion of that present value of future benefits for active members to the actuarial accrued liability and a smaller proportion to the present value of future normal cost. Due to some leveraging effect (from the longer period used to fund the higher actuarial accrued liability relative to the shorter period used to fund the present value of future normal cost), this led to a reduction in the total employer rate of (0.61)% of payroll attributable to differences in methods and procedures used by the previous actuary and Segal. The net effect of these two differences is an increase in the June 30, 2010 employer contribution rate from 18.97% calculated by the previous actuary to 19.06% calculated by Segal.

  The reasons for the remaining change (i.e., from 19.06% to 23.30%) include losses from (a) the anticipated one-year delay in implementing contribution rates in the June 30, 2010 valuation, (b) lower than expected return on investments (after smoothing), (c) amortizing the prior year's UAAL over a smaller than expected projected total payroll, and (d) changes in the actuarial assumptions. These losses were partially offset by gains from (e) change in membership demographics, (f) lower than expected salary increases for active members, (g) reflecting a future service only improvement for General members, and (h) other actuarial gains (primarily from less than expected COLA increases for continuing retirees). A reconciliation of the Association's aggregate employer rate is provided in Section 2, Subsection D (see Chart 14).

Ref: Pg. 17

- The aggregate member rate calculated in this valuation has increased from 8.83% of payroll to 9.84% of payroll. As previously discussed with the Board, the June 30, 2010 aggregate basic employee rate developed by the Association's previous actuary was overstated by approximately 0.70% of payroll. This occurred because the individual entry-age based member rates had not been updated since June 30, 2007 to reflect the new actuarial assumptions that were adopted by the Board and upon which the member rates are dependent. Due to the difference in valuation software as explained above, there is also a reduction of (0.08)% of payroll attributable to differences in methods and procedures used by the previous actuary and Segal. The net effect of these two differences is a decrease in the June 30, 2010 aggregate employee contribution rate from 8.83% calculated by the previous actuary to 8.05% calculated by Segal.

  The reasons for the remaining change (i.e., from 8.05% to 9.84%) are (a) change in membership demographics, and (b) changes in actuarial assumptions. A reconciliation of the Association's aggregate member rate is provided in Section 2, Subsection D (see Chart 15).

  The individual entry-age based member rates have been updated to reflect the valuation as of June 30, 2011. These rates are provided in Appendix A of this report.

Ref: Pg. 5

- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment gain as of June 30, 2011 is $3.1 million. This is a significant improvement from last year's unrecognized investment loss of $46.5 million. This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years. This implies that if the Association earns the assumed net rate of investment return of 7.75% per year on a **market value** basis, it will result in investment gains on the actuarial value of assets after June 30, 2011.

- The footnote in Chart 7 shows that under the asset smoothing method the $3.1 million in net deferred gains will be recognized in the next four years, but in a very non-level (uneven) pattern. In particular, there will be losses recognized in the next two years, followed by offsetting gains in the two years after that, so as to ultimately recognize all of the current total net deferred gains of $3.1 million. This means that, absent any new gains or losses in the future, there will be two more years of increases in the employer contribution rate followed by two years of decreases before the $3.1 million in net deferred gains are fully recognized.

- In keeping with model actuarial practice for this situation, effective July 1, 2011 the asset smoothing method could be modified by combining the net deferred gains of $3.1 million from the current valuation into a single four-year smoothing "layer" and thereby recognizing those net deferred gains over the next four years in four level amounts of approximately $0.78 million. This would reduce the volatility associated with the current pattern of the deferred gain/loss recognition and thereby result in both more stable funded ratios (on an actuarial value basis) and more level employer contribution rates.

Please note that this change would have no impact on the current June 30, 2011 valuation results as the total amount of unrecognized gains as of June 30, 2011 remains unchanged. Also, note that we recommend using a four-year smoothing period for the combined deferred gains as that will complete the recognition of those net gains over the same time period as under the current separate smoothing layers. We will provide more discussion of this policy option during our presentation of the June 30, 2011 valuation.

- The actuarial valuation report as of June 30, 2011 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.

Impact of Future Experience on Contribution Rates

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

1) difference between actual experience and anticipated experience;
2) changes in actuarial assumptions or methods;
3) changes in statutory provisions; and
4) difference between the contribution rates determined by the valuation and those adopted by the Board.

Summary of Key Valuation Results

	June 30, 2011		June 30, 2010	
Employer Contribution Rates:	Total Rate	Estimated Annual Amount [1]	Total Rate [2]	Estimated Annual Amount [1]
General Tier 1	21.81%	$436,000	12.07%	$241,000
General Tier 2/Tier 3	20.91	10,726,000	16.13	8,274,000
Safety Tier 1	41.06	72,000	44.50	78,000
Safety Tier 2	36.99	2,983,000	39.15	3,157,000
Probation Tier 1	24.33	25,000	14.82	15,000
Probation Tier 2	28.18	706,000	16.10	404,000
All Categories Combined	23.30	14,948,000	18.97	12,169,000
Average Member Contribution Rates:	Total Rate	Estimated Annual Amount [1]	Total Rate [2]	Estimated Annual Amount [1]
General Tier 1	4.91%	$98,000	4.18%	$84,000
General Tier 2/Tier 3	9.83	5,042,000	8.73	4,478,000
Safety Tier 1	0.00	0	0.00	0
Safety Tier 2	10.60	855,000	10.09	814,000
Probation Tier 1	11.75	12,000	7.11	7,000
Probation Tier 2	12.11	304,000	11.26	282,000
All Categories Combined	9.84	6,311,000	8.83	5,665,000
Funded Status:				
Actuarial Accrued Liability [3]	$472,644,283		$434,986,533	
Valuation Value of Assets [4]	347,731,607		343,201,920	
Funded Percentage	73.6%		78.9%	
Unfunded Actuarial Accrued Liability	$124,912,676		$91,784,613	
Key Economic Assumptions:				
Interest Rate	7.75%		8.00%	
Inflation Rate	3.50%		4.00%	
Across-the-Board Salary Increase	0.50%		0.00%	

(1) *Based on June 30, 2011 projected annual compensation.*

(2) *June 30, 2010 employer and average member contribution rates are before revisions made to correct an understatement of the employer rate for all groups combined of about 0.7% of payroll and an overstatement of the member rate for all groups combined of about 0.7% of payroll.*

(3) *Excludes liabilities held for non-valuation reserves.*

(4) *Excludes Retirees Insurance Reserve and Contingency Reserve.*

Summary of Key Valuation Demographic and Financial Data

	June 30, 2011	June 30, 2010	Percentage Change
Active Members:			
Number of members	1,129	1,254	(10.0)%
Average age	49.0	48.2	N/A
Average service	10.3	9.4	N/A
Projected total compensation	$64,143,765	$71,729,795[1]	(10.6)%
Average projected compensation	$56,815	$57,201	(0.7)%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	824	779	5.8%
Disability retired	169	171	(1.2)%
Beneficiaries	136	133	2.3%
Total	1,129	1,083	4.2%
Average age	67.9	67.7	N/A
Average monthly benefit	$1,572	$1,531[2]	2.7%
Vested Terminated Members:			
Number of vested terminated members	389	310[3]	25.5%
Average age	48.7	49.0	N/A
Summary of Financial Data:			
Market value of assets	$355,042,523	$300,042,562[4]	18.3%
Return on market value of assets	21.68%	14.28%[4]	N/A
Actuarial value of assets	$351,940,733	$346,205,958[5]	1.7%
Return on actuarial value of assets	4.33%	3.30%	N/A
Valuation value of assets	$347,731,607	$343,201,920	1.3%
Return on valuation value of assets	3.50%	N/A	N/A

(1) *Includes a projection for expected salary increases during 2010/2011 under the actuarial assumptions used in the valuation. Total compensation without the projection is $69,004,002 as of June 30, 2010.*

(2) *Revised from the amount shown in the previous actuary's report to correct for the annualization of the current service portion of the benefit for beneficiary records.*

(3) *Excludes pending contribution withdrawals and pending disability claims.*

(4) *Updated to reflect final audited market value of assets, instead of $299,741,053 preliminary market value used in the last valuation.*

(5) *Reflects correction to typographical error in previous actuary's June 30, 2010 valuation report.*

A. MEMBER DATA

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

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

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

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

CHART 1

Member Population: 2006 – 2011[1]

Year Ended June 30	Active Members	Vested Terminated Members[2]	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2006	1,312	445	853	0.99
2007	1,395	407	907	0.94
2008	1,410	411	962	0.97
2009	1,369	412	1,008	1.04
2010	1,254	395[3]	1,083	1.18
2011	1,129	389	1,129	1.34

(1) Information prior to 2011 has been extracted from the previous actuary's past valuation reports.

(2) Includes pending withdrawals and pending disabilities.

(3) Includes 85 pending withdrawals and pending disabilities. Note that these 85 members have been excluded throughout the rest of this report (resulting in a count of 310 vested terminated members as of June 30, 2010), since census information for these 85 members was not provided by the previous actuary.

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 1,129 active members with an average age of 49.0 years, average years of service of 10.3 and average compensation of $56,815. The 1,254 active members in the prior valuation had an average age of 48.2 years, average service of 9.4 and average (projected) compensation of $57,201.

Inactive Members

In this year's valuation, there were 389 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 310 in the prior valuation (excluding pending contribution withdrawals and pending disability claims).

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

CHART 2

Distribution of Active Members by Age as of June 30, 2011

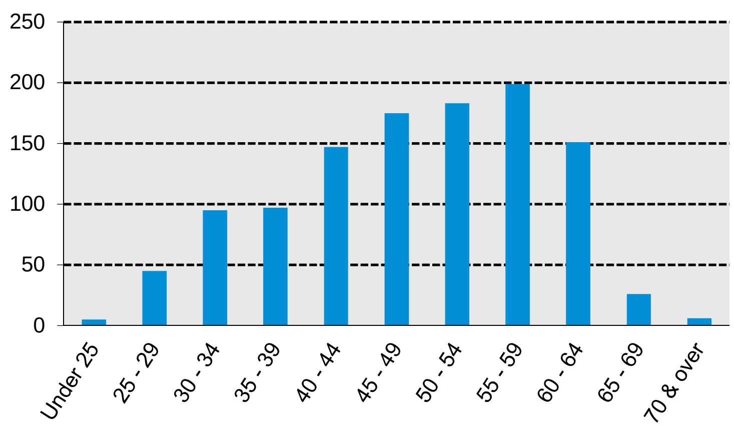
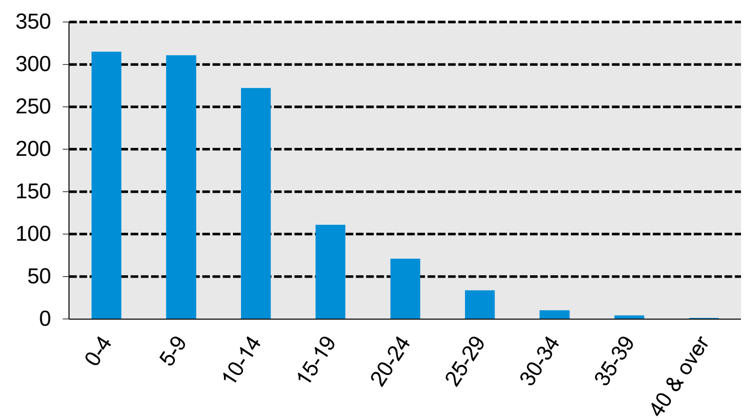


CHART 3

Distribution of Active Members by Years of Service as of June 30, 2011



Retired Members and Beneficiaries

As of June 30, 2011, 993 retired members and 136 beneficiaries were receiving total monthly benefits of $1,774,720. For comparison, in the previous valuation, there were 950 retired members and 133 beneficiaries receiving monthly benefits of $1,656,439.

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

CHART 4

Distribution of Retired Members (Excl. Beneficiaries) by Type and by Monthly Amount as of June 30, 2011

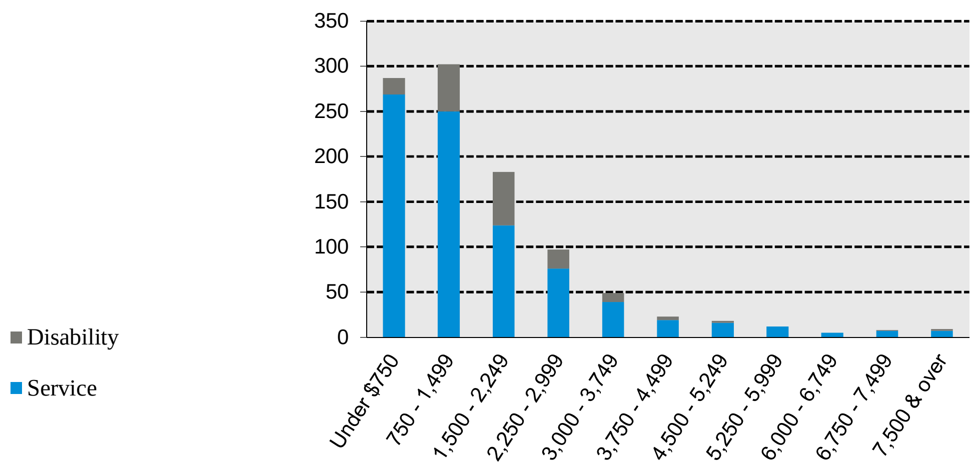
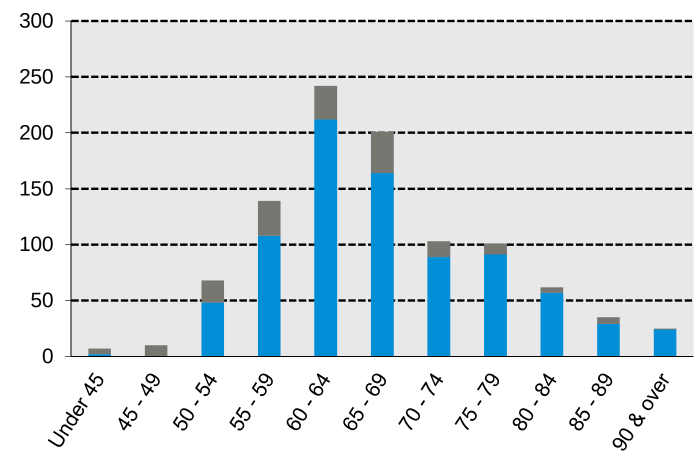


CHART 5

Distribution of Retired Members (Excl. Beneficiaries) by Type and by Age as of June 30, 2011



B. FINANCIAL INFORMATION

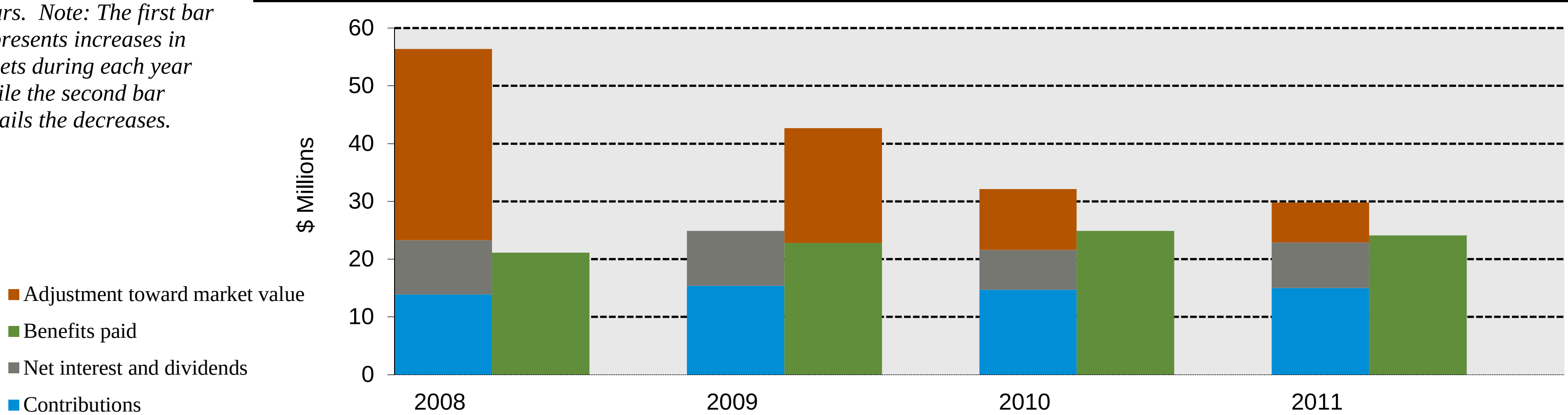
Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

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

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

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2008 through 2011



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

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

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

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2011

	Actual Market Return (net)	Expected Market Return (net)	Investment Gain / (Loss)	Deferred Factor	Deferred Return
1. Market value of assets:					$355,042,523
2. Calculation of deferred return:					
(a) Year ended June 30, 2007	$50,991,137	$24,317,842	$26,673,295	0%	$0
(b) Year ended June 30, 2008	(28,174,415)	27,967,796	(56,142,211)	20%	(11,228,442)
(c) Year ended June 30, 2009	(53,511,078)	26,278,512	(79,789,590)	40%	(31,915,836)
(d) Year ended June 30, 2010	44,658,046	21,494,203	23,163,843	60%	13,898,306
(e) Year ended June 30, 2011	64,075,101	23,640,399	40,434,702	80%	32,347,762
(f) Total unrecognized return*					$3,101,790
3. Preliminary actuarial value of assets: (1) - (2f)					$351,940,733
4. Adjustment to be within 25% corridor of market value					$0
5. Final actuarial value of assets: (3) + (4)					$351,940,733
6. Actuarial value as a percentage of market value: (5) ÷ (1)					99.1%
7. Non-pension reserves:					
(a) Retirees insurance reserve					$658,654
(b) Contingency reserve					3,550,472
(c) Total					$4,209,126
8. Valuation value of assets: (5) - (7c)					$347,731,607

Note: Information prior to 2011 has been extracted from the previous actuary's past valuation reports.

* *The amount of deferred return that will be recognized in each subsequent valuation is as follows:*

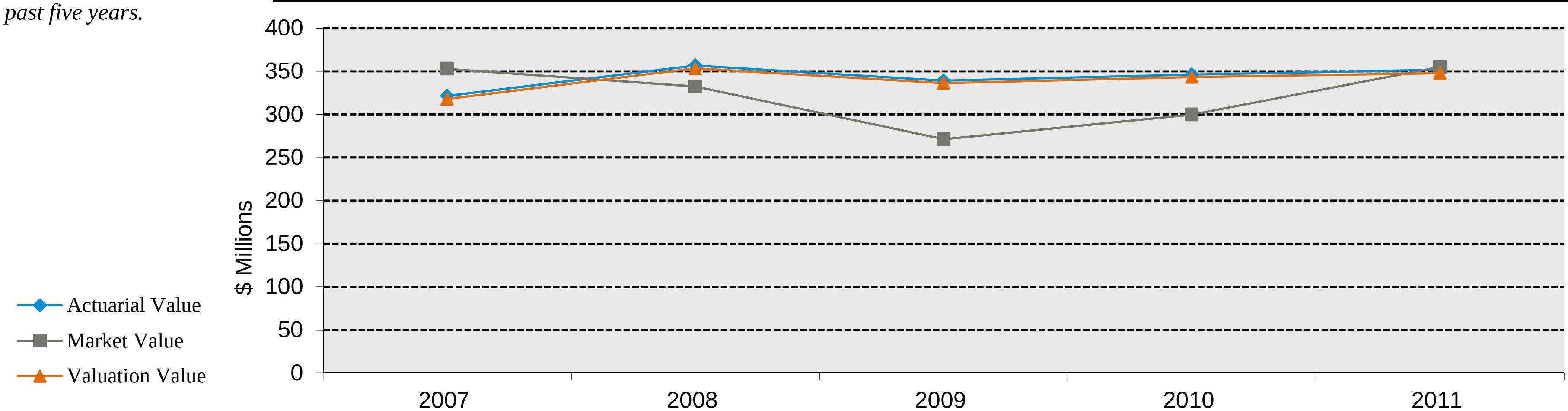
6/30/2012	*$(14,466,650)*
6/30/2013	*(3,238,209)*
6/30/2014	*12,719,709*
6/30/2015	*8,086,940*
Total	*$3,101,790*

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

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

CHART 8

Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2007 – 2011



C. ACTUARIAL EXPERIENCE

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

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

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

The total experience gain was $1.9 million, a net loss of $15.3 million from investments and a gain of $17.2 million from all other sources. The net experience variation from individual sources other than investments was 3.6% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

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

CHART 9

Actuarial Experience for Year Ended June 30, 2011

1.	Net loss from investments [1]	$15,265,854
2.	Net gain from other experience [2]	(17,249,223)
3.	Net experience gain: (1) + (2)	$(1,983,369)

[1] *Details in Chart 10.*

[2] *See Section 3, Exhibit G.*

Investment Rate of Return
A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on MCERA's investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 8.00% for the June 30, 2010 valuation. The actual rate of return on a valuation basis for the 2011 plan year was 3.50%.

Since the actual return for the year was less than the assumed return, MCERA experienced an actuarial loss during the year ended June 30, 2011 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 10

Investment Experience for Year Ended June 30, 2011 –
Valuation Value, Actuarial Value, and Market Value of Assets

	Valuation Value	Actuarial Value	Market Value
1. Actual return	$11,895,661	$14,809,915	$64,075,101
2. Average value of assets	339,518,933	341,668,388	295,504,992
3. Actual rate of return: (1) ÷ (2)	3.50%	4.33%	21.68%
4. Assumed rate of return	8.00%	8.00%	8.00%
5. Expected return: (2) x (4)	27,161,515	27,333,471	23,640,399
6. Actuarial gain/(loss): (1) – (5)	$(15,265,854)	$(12,523,556)	$40,434,702

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

Based on the assumptions adopted by the Board for the June 30, 2011 valuation, the investment return assumption was lowered from 8.00% to 7.75%.

CHART 11

Investment Return – Valuation Value, Actuarial Value and Market Value: 2007 – 2011*

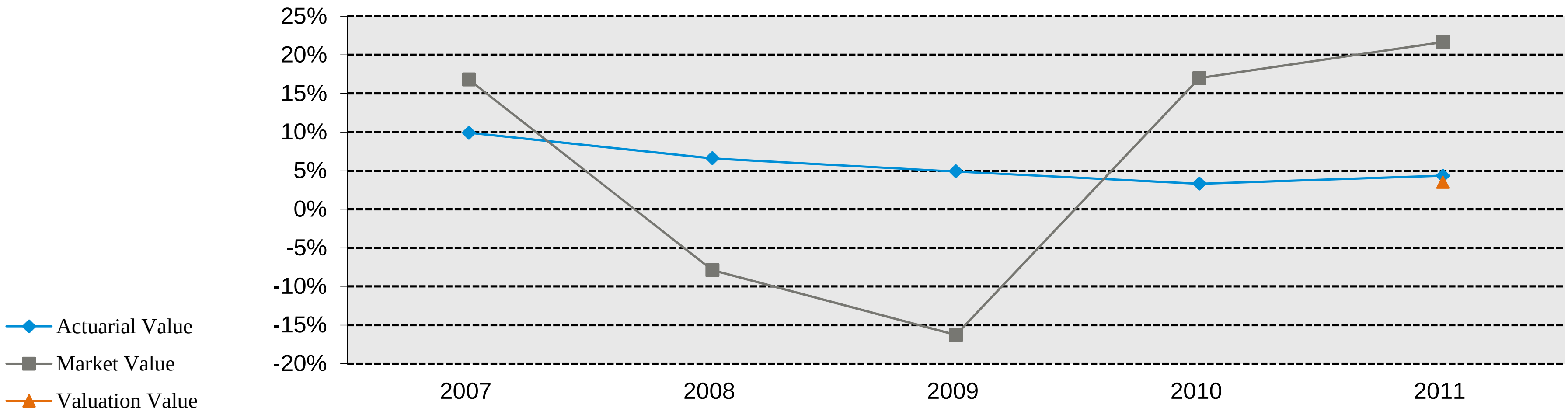
Year Ended June 30	Valuation Value Investment Return		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2007	N/A	N/A	N/A	9.90%	50,991,137	16.80%
2008	N/A	N/A	N/A	6.60%	(28,174,415)	(7.90)%
2009	N/A	N/A	N/A	4.90%	(53,511,078)	(16.30)%
2010	N/A	N/A	N/A	3.30%	44,658,046	17.00%
2011	11,895,661	3.50%	14,809,915	4.33%	64,075,101	21.68%
Five-Year Average Return		N/A		5.78%		5.09%

** Information prior to 2011 has been extracted from the previous actuary's past valuation reports.*

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

CHART 12

Market, Actuarial and Valuation Value Rates of Return for Years Ended June 30, 2007 - 2011



Other Experience

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

- actual turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2011 amounted to $17.2 million which is 3.6% of the actuarial accrued liability. See Exhibit G for a detailed development of the Unfunded Actuarial Accrued Liability.

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost	The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is expressed as a level percentage of the member's compensation.
Contribution to the Unfunded Actuarial Accrued Liability (UAAL)	The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution (or rate credit in the case of a negative UAAL) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the Association) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual rate of 4.00% (i.e., 3.50% inflation plus 0.50% across-the-board salary increase). The current UAAL is being amortized over a declining 28-year period as of June 30, 2011.

The recommended employer contribution rates are provided on Chart 13.

Member Contributions

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and for Safety and Probation members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to 1/100 of Final Average Salary. That age is 60 for General members and 50 for Safety and Probation members. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to the basic contributions, members pay one-half of the total normal cost necessary to fund cost-of-living benefits. Following practices established by the Association's previous actuary prior to the June 30, 2011 valuation, we have also included a 1.63% of pay offset to the Safety member rates, which is picked up by the County. **No** other subsidies have been reflected in the member contribution rates.

Accumulation includes semi-annual crediting of interest at the assumed investment earnings rate.

The member contribution rates are provided in Appendix A.

CHART 13

Recommended Employer Contribution Rates (Estimated Annual Amounts in $000's)

	June 30, 2011						June 30, 2010	
	BASIC		COLA		TOTAL		BASIC AND COLA COMBINED	
	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]	Rate	Estimated Annual Amount[1]	Rate[2]	Estimated Annual Amount[1]
General Tier 1 Members								
Normal Cost	8.94%	$179	2.71%	$54	11.65%	$233	5.58%	$111
UAAL	6.72%	134	3.44%	69	10.16%	203	6.49%	130
Total Contribution	15.66%	$313	6.15%	$123	21.81%	$436	12.07%	$241
General Tier 2 / Tier 3 Members								
Normal Cost	8.34%	$4,278	2.41%	$1,236	10.75%	$5,514	9.64%	$4,945
UAAL	6.72%	3,447	3.44%	1,765	10.16%	5,212	6.49%	3,329
Total Contribution	15.06%	$7,725	5.85%	$3,001	20.91%	$10,726	16.13%	$8,274
Safety Tier 1 Members								
Normal Cost	16.70%	$29	6.31%	$11	23.01%	$40	24.81%	$44
UAAL	10.78%	19	7.27%	13	18.05%	32	19.69%	34
Total Contribution	27.48%	$48	13.58%	$24	41.06%	$72	44.50%	$78
Safety Tier 2 Members								
Normal Cost	13.40%	$1,081	5.54%	$446	18.94%	$1,527	19.46%	$1,569
UAAL	10.78%	869	7.27%	587	18.05%	1,456	19.69%	1,588
Total Contribution	24.18%	$1,950	12.81%	$1,033	36.99%	$2,983	39.15%	$3,157
Probation Tier 1 Members								
Normal Cost	9.72%	$10	3.32%	$4	13.04%	$14	14.36%	$15
UAAL[3]	8.71%	9	2.58%	2	11.29%	11	0.46%	0
Total Contribution	18.43%	$19	5.90%	$6	24.33%	$25	14.82%	$15

CHART 13

Recommended Employer Contribution Rates (Estimated Annual Amounts in $000's) - continued

	June 30, 2011						June 30, 2010	
	BASIC		COLA		TOTAL		BASIC AND COLA COMBINED	
	Rate	Estimated Annual Amount(1)	Rate	Estimated Annual Amount(1)	Rate	Estimated Annual Amount(1)	Rate(2)	Estimated Annual Amount(1)
Probation Tier 2 Members								
Normal Cost	12.82%	$321	4.07%	$102	16.89%	$423	15.64%	$392
UAAL(3)	8.71%	219	2.58%	64	11.29%	283	0.46%	12
Total Contribution	21.53%	$540	6.65%	$166	28.18%	$706	16.10%	$404
All Members Combined								
Normal Cost	9.19%	$5,898	2.89%	$1,853	12.08%	$7,751	11.03%	$7,076
UAAL	7.33%	4,697	3.89%	2,500	11.22%	7,197	7.94%	5,093
Total Contribution	16.52%	$10,595	6.78%	$4,353	23.30%	$14,948	18.97%	$12,169

(1) Amounts are based on the following June 30, 2011 projected annual compensation:

General Tier 1	$1,997,864
General Tier 2 / Tier 3	51,296,760
Safety Tier 1	175,374
Safety Tier 2	8,063,559
Probation Tier 1	103,612
Probation Tier 2	2,506,596
Total	$64,143,765

(2) June 30, 2010 employer contribution rates are before revisions made to correct an understatement of the employer rate for all groups combined of about 0.7% of payroll and an overstatement of the member rate for all groups combined of about 0.7% of payroll.

(3) The 10.83% increase in the UAAL rate for Probation between the June 30, 2010 and June 30, 2011 valuations is mainly attributed to a smaller proportion of the total assets attributed to the Probation group this year (which is based primarily on the split of the reserves by membership, as provided by MCERA), changes in actuarial assumptions as recommended in the Experience Study, and the difference between the previous actuary's and Segal's valuation software (which is discussed on page ii).

The employer contribution rates as of June 30, 2011 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Employer Contribution

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

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

CHART 14

Reconciliation of Recommended Employer Contribution from June 30, 2010 to June 30, 2011

	Contribution Rate	Estimated Amount[1]
Recommended Contribution Rate as of June 30, 2010	18.97%	$12,169,000
Plus effect of revisions made to correct an understatement of the employer rates	0.70	448,000
Less effect of differences in method and procedure used by the Association's previous actuary and Segal	(0.61)	(391,000)
Net Contribution Rate as of June 30, 2010	19.06%	$12,226,000
Effect of actuarial experience during fiscal year 2011:		
1. Effect of one-year delay in implementing contribution rates in June 30, 2010 valuation	0.51%	$327,000
2. Effect of change in membership demographics	(0.21)	(135,000)
3. Effect of investment loss	1.42	911,000
4. Effect of lower than expected salary increases for actives	(1.06)	(680,000)
5. Effect of amortizing prior year's UAAL over a smaller than expected projected total payroll	1.50	962,000
6. Effect of other experience gain, primarily from less than expected COLA increases for continuing retirees	(0.50)	(318,000)
7. Effect of change in actuarial assumptions and procedures as recommended in Experience Study	3.08	1,976,000
8. Effect of reflecting a future service only improvement for General members[2]	(0.50)	(321,000)
Subtotal	4.24%	$2,722,000
Recommended Contribution Rate as of June 30, 2011	23.30%	$14,948,000

[1] *Based on June 30, 2011 projected compensation.*

[2] *General members may choose to upgrade past service to the enhanced Section 31676.12 formula by purchasing such service.*

The member contribution rates as of June 30, 2011 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Member Contribution Rate

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

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

CHART 15

Reconciliation of Recommended Member Contribution from June 30, 2010 to June 30, 2011

	Contribution Rate	Estimated Amount*
Average Contribution Rate as of June 30, 2010	8.83%	$5,665,000
Less effect of revisions made to correct an overstatement of the member rates	(0.70)	(449,000)
Less effect of differences in method and procedure used by the Association's previous actuary and Segal	(0.08)	(52,000)
Net Average Contribution Rate as of June 30, 2010	8.05%	$5,164,000
Effect of actuarial experience during fiscal year 2011:		
1. Effect of change in membership demographics	(0.09)%	$(64,000)
2. Effect of change in actuarial assumptions and procedures as recommended in Experience Study	1.88	1,211,000
Subtotal	1.79%	$1,147,000
Average Contribution Rate as of June 30, 2011	9.84%	$6,311,000

** Based on June 30, 2011 projected compensation.*

E. INFORMATION REQUIRED BY GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contributions to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with GASB funding requirements. Chart 16 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the valuation value of assets to the actuarial accrued liabilities of the plan as calculated under the GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes. The funded ratio as of June 30, 2010 was 78.9%. This year's funded ratio decreased to 73.6%.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits I, II, and III.

These graphs show key GASB factors.

CHART 16

Required Versus Actual Contributions

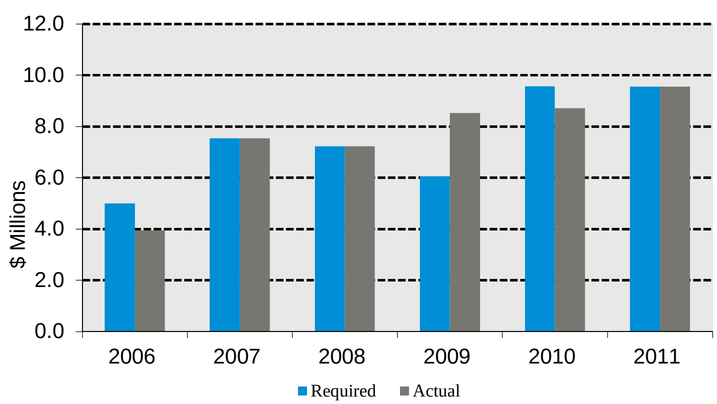


CHART 17

Funded Ratio

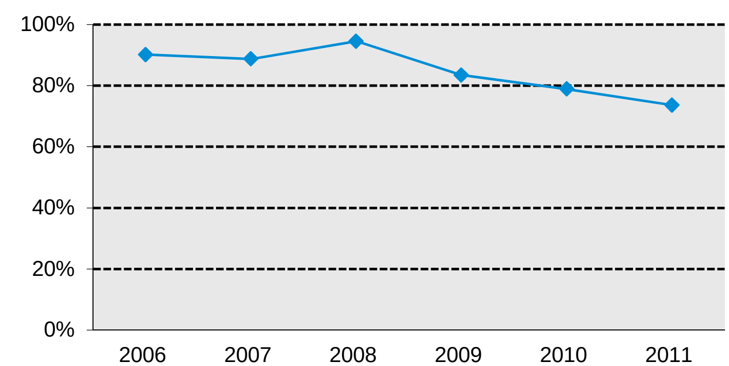


EXHIBIT A

Table of Plan Coverage

i. General Tier 1

Category	Year Ended June 30 2011	Year Ended June 30 2010	Change From Prior Year
Active members in valuation			
Number	29	30	(3.3)%
Average age	57.4	56.7	N/A
Average service	26.4	27.7	N/A
Projected total compensation	$1,997,864	$2,010,607	(0.6)%
Projected average compensation	$68,892	$67,020	2.8%
Member account balances	$4,649,846	$4,675,759	(0.6)%
Total active vested members	29	30	(3.3)%
Vested terminated members			
Number	15	13*	15.4%
Average age	57.2	58.2	N/A
Retired members			
Number in pay status	371	374	(0.8)%
Average age	73.4	73.2	N/A
Average monthly benefit	$1,877	$1,799	4.3%
Disabled members			
Number in pay status	39	44	(11.4)%
Average age	69.0	69.3	N/A
Average monthly benefit	$1,628	$1,634	(0.4)%
Beneficiaries			
Number in pay status	85	86	(1.2)%
Average age	78.3	78.0	N/A
Average monthly benefit	$1,120	$1,054	6.3%

** Excludes pending contribution withdrawals and pending disability claims.*

EXHIBIT A

Table of Plan Coverage

ii. General Tier 2 & Tier 3

Category	Year Ended June 30 2011	Year Ended June 30 2010	Change From Prior Year
Active members in valuation			
Number	926	1,041	(11.0)%
Average age	49.7	48.9	N/A
Average service	9.5	8.7	N/A
Projected total compensation	$51,296,760	$57,356,137	(10.6)%
Projected average compensation	$55,396	$55,097	0.5%
Member account balances	$39,790,855	$38,425,476	3.6%
Total active vested members	654	614	6.5%
Vested terminated members			
Number	317	249*	27.3%
Average age	49.2	49.8	N/A
Retired members			
Number in pay status	376	331	13.6%
Average age	63.8	63.0	N/A
Average monthly benefit	$1,073	$1,023	4.9%
Disabled members			
Number in pay status	74	71	4.2%
Average age	59.7	59.2	N/A
Average monthly benefit	$1,379	$1,299	6.2%
Beneficiaries			
Number in pay status	22	18	22.2%
Average age	58.0	54.8	N/A
Average monthly benefit	$730	$646	13.0%

** Excludes pending contribution withdrawals and pending disability claims.*

EXHIBIT A

Table of Plan Coverage

iii. Safety Tier 1 & Tier 2

Category	Year Ended June 30 2011	Year Ended June 30 2010	Change From Prior Year
Active members in valuation			
Number	122	130	(6.2)%
Average age	44.3	43.2	N/A
Average service	12.5	11.4	N/A
Projected total compensation	$8,238,933	$9,501,480	(13.3)%
Projected average compensation	$67,532	$73,088	(7.6)%
Member account balances	$6,248,478	$5,996,252	4.2%
Total active vested members	98	92	6.5%
Vested terminated members			
Number	48	43*	11.6%
Average age	42.9	42.7	N/A
Retired members			
Number in pay status	51	48	6.3%
Average age	64.4	64.2	N/A
Average monthly benefit	$2,823	$2,703	4.4%
Disabled members			
Number in pay status	54	54	0.0%
Average age	65.0	63.9	N/A
Average monthly benefit	$2,781	$2,766	0.5%
Beneficiaries			
Number in pay status	27	28	(3.6)%
Average age	67.1	68.2	N/A
Average monthly benefit	$1,412	$1,405	0.5%

** Excludes pending contribution withdrawals and pending disability claims.*

EXHIBIT A

Table of Plan Coverage

iv. Probation Tier 1 & Tier 2

Category	Year Ended June 30 2011	Year Ended June 30 2010	Change From Prior Year
Active members in valuation			
Number	52	53	(1.9)%
Average age	43.0	42.6	N/A
Average service	9.4	8.5	N/A
Projected total compensation	$2,610,208	$2,861,572	(8.8)%
Projected average compensation	$50,196	$53,992	(7.0)%
Member account balances	$2,910,904	$2,514,117	15.8%
Total active vested members	33	26	26.9%
Vested terminated members			
Number	9	5*	80.0%
Average age	45.8	39.0	N/A
Retired members			
Number in pay status	26	26	0.0%
Average age	61.4	60.5	N/A
Average monthly benefit	$2,402	$2,276	5.5%
Disabled members			
Number in pay status	2	2	0.0%
Average age	51.4	50.5	N/A
Average monthly benefit	$1,262	$1,244	1.4%
Beneficiaries			
Number in pay status	2	1	100.0%
Average age	60.5	61.0	N/A
Average monthly benefit	$574	$453	26.7%

** Excludes pending contribution withdrawals and pending disability claims.*

EXHIBIT B

Members in Active Service and Projected Average Compensation
By Age, Years of Service as of June 30, 2011

i. General Tier 1

		Years of Service							
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
30 - 34	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
35 - 39	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
40 - 44	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
45 - 49	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
50 - 54	6	- -	1	- -	- -	1	3	1	- -
	$50,587	- -	$37,560	- -	- -	$56,581	$48,077	$65,149	- -
55 - 59	18	- -	1	- -	1	2	4	8	2
	74,943	- -	82,606	- -	$85,213	82,233	74,285	73,865	$64,317
60 - 64	5	- -	2	- -	- -	- -	2	- -	1
	69,073	- -	74,018	- -	- -	- -	62,502	- -	72,322
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	29	- -	4	- -	1	3	9	9	3
	$68,892	- -	$67,051	- -	$85,213	$73,683	$62,931	$72,896	$66,985

EXHIBIT B

Members in Active Service and Projected Average Compensation
By Age, Years of Service as of June 30, 2011

ii. General Tier 2 & Tier 3

		Years of Service							
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	3	3	- -	- -	- -	- -	- -	- -	- -
	$42,364	$42,364	- -	- -	- -	- -	- -	- -	- -
25 - 29	36	28	8	- -	- -	- -	- -	- -	- -
	43,193	43,661	$41,555	- -	- -	- -	- -	- -	- -
30 - 34	75	33	33	9	- -	- -	- -	- -	- -
	51,032	49,675	52,053	$52,261	- -	- -	- -	- -	- -
35 - 39	68	24	23	20	1	- -	- -	- -	- -
	52,977	55,464	50,559	52,966	$49,080	- -	- -	- -	- -
40 - 44	112	38	29	25	13	7	- -	- -	- -
	53,697	51,522	51,623	55,066	59,166	$59,051	- -	- -	- -
45 - 49	142	39	45	38	12	5	3	- -	- -
	54,884	52,495	54,388	59,005	54,695	47,303	$54,570	- -	- -
50 - 54	150	38	36	41	19	12	4	- -	- -
	58,738	57,267	52,975	60,554	59,775	66,080	79,026	- -	- -
55 - 59	171	40	48	36	22	21	4	- -	- -
	58,143	55,419	54,402	54,997	63,991	71,246	57,609	- -	- -
60 - 64	137	23	37	43	22	10	2	- -	- -
	57,156	53,823	58,011	56,007	58,074	64,557	57,285	- -	- -
65 - 69	26	5	10	6	4	1	- -	- -	- -
	57,514	53,800	58,660	49,861	65,881	77,063	- -	- -	- -
70 & over	6	1	1	3	- -	- -	1	- -	- -
	49,736	55,648	47,928	51,687	- -	- -	39,777	- -	- -
Total	926	272	270	221	93	56	14	- -	- -
	$55,396	$52,503	$53,544	$56,442	$59,777	$65,386	$61,757	- -	- -

EXHIBIT B

Members in Active Service and Projected Average Compensation
By Age, Years of Service as of June 30, 2011

iii. Safety Tier 1 & Tier 2

		Years of Service						
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30 & over
Under 25	2	1	1	- -	- -	- -	- -	- -
	$55,129	$50,015	$60,242	- -	- -	- -	- -	- -
25 - 29	2	2	- -	- -	- -	- -	- -	- -
	55,468	55,468	- -	- -	- -	- -	- -	- -
30 - 34	10	7	1	2	- -	- -	- -	- -
	57,167	54,802	55,867	$66,093	- -	- -	- -	- -
35 - 39	22	3	9	9	1	- -	- -	- -
	65,291	58,221	58,344	75,262	$59,297	- -	- -	- -
40 - 44	29	3	- -	15	9	2	- -	- -
	65,183	55,100	- -	60,821	73,509	$75,561	- -	- -
45 - 49	29	4	7	8	3	4	3	- -
	72,355	62,140	66,585	65,637	77,666	79,087	$103,069	- -
50 - 54	17	2	4	1	2	3	4	1
	77,146	58,913	53,366	79,423	76,503	72,142	107,630	$100,818
55 - 59	7	1	3	1	- -	1	1	- -
	63,120	66,235	58,382	70,080	- -	54,367	76,012	- -
60 - 64	4	1	- -	2	- -	- -	- -	1
	66,930	66,960	- -	63,102	- -	- -	- -	74,556
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -
Total	122	24	25	38	15	10	8	2
	$67,532	$57,671	$59,836	$66,386	$73,792	$73,826	$101,967	$87,687

EXHIBIT B

Members in Active Service and Projected Average Compensation
By Age, Years of Service as of June 30, 2011

iv. Probation Tier 1 & Tier 2

		Years of Service							
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30 & over
Under 25	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	7	6	1	- -	- -	- -	- -	- -
	$44,727	$43,798	$50,297	- -	- -	- -	- -	- -
30 - 34	10	4	5	1	- -	- -	- -	- -
	44,803	41,164	46,219	$52,286	- -	- -	- -	- -
35 - 39	7	1	3	3	- -	- -	- -	- -
	47,546	44,606	44,816	51,255	- -	- -	- -	- -
40 - 44	6	2	- -	3	1	- -	- -	- -
	48,832	45,122	- -	50,297	$51,858	- -	- -	- -
45 - 49	4	1	- -	1	1	1	- -	- -
	57,361	44,178	- -	50,297	52,835	$82,135	- -	- -
50 - 54	10	3	1	3	- -	1	2	- -
	52,760	48,020	53,736	46,200	- -	50,297	$70,454	- -
55 - 59	3	1	1	- -	- -	- -	1	- -
	64,810	41,777	49,040	- -	- -	- -	103,612	- -
60 - 64	5	1	1	2	1	- -	- -	- -
	54,360	44,178	41,332	53,766	78,759	- -	- -	- -
65 - 69	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -
70 & over	- -	- -	- -	- -	- -	- -	- -	- -
	- -	- -	- -	- -	- -	- -	- -	- -
Total	52	19	12	13	3	2	3	- -
	$50,196	$44,026	$46,662	$50,259	$61,151	$66,216	$81,507	- -

EXHIBIT C

Reconciliation of Member Data – June 30, 2010 to June 30, 2011

	Active Members	Vested Terminated Members	Pensioners	Disableds	Beneficiaries	Total
Number as of June 30, 2010	1,254	310*	779	171	133	2,647
New members	28	0	0	0	11	39
Terminations – with vested rights	-50	50	0	0	0	0
Contributions refunds	-51	-15	0	0	0	-66
Retirements	-43	-21	64	0	0	0
New disabilities	-3	0	-2	5	0	0
Return to work	1	0	-1	0	0	0
Died with or without beneficiary	-4	-1	-19	-5	-9	-38
Data adjustments	-3	66**	3	-2	1	65
Number as of June 30, 2011	1,129	389	824	169	136	2,647

* *Excludes pending contribution withdrawals and pending disability claims.*

** *Includes 56 members entitled to a refund only.*

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30,			
	2011		2010	
Contribution Income:				
Employer Contributions	$9,553,955		$8,234,253	
Employee Contributions	5,446,964		6,502,080	
Contribution Income		$15,000,919		$14,736,333
Investment Income:				
Interest, Dividends and Other Income	$8,349,174		$7,449,388	
Adjustment Toward Market Value	6,865,501		10,497,306	
Less Investment Expenses	(404,760)		(595,494)	
Net Investment Income		$14,809,915		$17,351,200
Total Income Available for Benefits		$29,810,834		$32,087,533
Less Benefit Payments:				
Benefit Payments and Refunds	$(23,436,295)		$(24,222,316)	
Administrative Expenses	(639,764)		(644,865)	
Net Benefit Payments		$(24,076,059)		$(24,867,181)
Change in Reserve for Future Benefits		$5,734,775		$7,220,352

EXHIBIT E

Summary Statement of Assets

	Year Ended June 30,			
ASSETS	**2011**		**2010***	
Cash and Cash Equivalents		$1,189,486		$16,191,776
Accounts Receivable:				
Employer Contributions	$229,617		$46,281	
Member Contributions	76,187		-	
Investment Sales	-		814,942	
Interest and Dividends	-		1,002,293	
Other	57,574		152,918	
Total Accounts Receivable		$363,378		$2,016,434
Other Assets		3,786		-
Investments:				
U.S. Government Obligations	$ -		$51,969,718	
International Bonds	-		7,080,383	
Domestic Corporate Bonds	-		44,148,272	
Domestic Stocks	-		104,627,860	
International Stocks	-		52,327,297	
Real Estate	-		23,516,305	
Mutual Funds	353,565,325**		-	
Total Investments at Market Value		$353,565,325		$283,669,835
Total Assets		$355,121,975		$301,878,045

* *Updated to reflect final audited market value of assets.*

** *Further breakdown not available from draft financial statements received.*

EXHIBIT E (Continued)

Summary Statement of Assets

	Year Ended June 30,			
LIABILITIES	**2011**		**2010***	
Less Liabilities:				
Accounts Payable	$(14,829)		$(293,357)	
Accrued Expenses and Other Liabilities	(64,623)		(22,063)	
Investment Purchases	-		(1,520,063)	
Total Liabilities		$(79,452)		$(1,835,483)
NET ASSETS				
Net Assets at Market Value		$355,042,523		$300,042,562
Net Assets at Actuarial Value		$351,940,733		$346,205,958**
Net Assets at Valuation Value		$347,731,607		$343,201,920

* *Updated to reflect final audited market value of assets.*

** *Reflects correction to typographical error in prior actuary's June 30, 2010 valuation report.*

Note: *Results may not total properly due to rounding.*

EXHIBIT F

Actuarial Balance Sheet

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

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

Actuarial Balance Sheet

Assets	Basic	COLA	Total
1. Total valuation assets	$230,010,242	$117,721,365	$347,731,607
2. Present value of future contributions by members	29,390,077	9,750,647	39,140,724
3. Present value of future employer contributions for:			
a. entry age normal cost	37,633,015	12,260,712	49,893,727
b. unfunded actuarial accrued liability	81,537,925	43,374,751	124,912,676
4. Total current and future assets	$378,571,259	$183,107,475	$561,678,734
Liabilities			
5. Present value of benefits already granted	$151,119,793	$108,277,802	$259,397,595
6. Present value of benefits to be granted to present non-retired members	227,451,466	74,829,673	302,281,139
7. Total liabilities	$378,571,259	$183,107,475	$561,678,734

EXHIBIT G

Development of Unfunded Actuarial Accrued Liability as of June 30, 2011

1. Unfunded actuarial accrued liability at beginning of year:	
(a) Calculated by prior actuary	$91,784,613
(b) Adjustment for difference in method and procedure used by the Association's previous actuary and Segal	9,034,607
(c) Recalculated by Segal (1a) + (1b)	$100,819,220
2. Gross Normal Cost at beginning of year	14,049,903
3. Actual employer and member contributions	(15,000,919)
4. Interest (whole year on (1) + (2) plus half year on (3))	8,589,493
5. Expected unfunded actuarial accrued liability at end of year	$108,457,697
6. Actuarial (gain)/loss due to all changes*:	
a. Loss from investments as recognized on June 30, 2011	$15,265,854
b. Gain from lower than expected salary increases for actives	(11,362,669)
c. Other experience gain, primarily for less than expected COLA increases for continuing retirees	(5,886,554)
d. Loss due to change in actuarial assumptions and procedures as recommended in Experience Study	24,042,855
e. Gain due to reflecting a future service only improvement for General members**	(5,604,507)
f. Subtotal	$16,454,979
7. Actual unfunded actuarial accrued liability at end of year (5) + (6f)	$124,912,676

* The "net gain from other experience" of $17,249,223 from Chart 9 is equal to the sum of items 6b and 6c.

** General members may choose to upgrade past service to the enhanced Section 31676.12 formula by purchasing such service.

EXHIBIT H
Section 415 Limitations

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

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

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of $160,000 indexed for inflation. That limit is $195,000 for 2011 and $200,000 for 2012. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must generally be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

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

Contributions rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

EXHIBIT I

Definitions of Pension Terms

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

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

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age; and

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the level cost allocated to the current year of service.

Actuarial Accrued Liability For Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

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

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

Amortization of the Unfunded (Overfunded) Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded or overfunded actuarial accrued liability.

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

EXHIBIT I

Supplementary Information Required by GASB – Schedule of Employer Contributions[1]

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2006	$4,996,000	N/A	79%
2007	7,533,000	N/A	100%
2008	7,232,000	N/A	100%
2009	6,046,000	N/A	141%
2010	9,571,000	N/A	91%
2011	9,553,955[2]	9,553,955	100%

(1) *Information prior to 2011 has been extracted from the previous actuary's past valuation reports.*

(2) ***Subject to confirmation by MCERA.***

EXHIBIT II

Supplementary Information Required by GASB – Schedule of Funding Progress[1]

Actuarial Valuation Date	Valuation Value of Assets[2] (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (%) (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (%) [(b) - (a)] / (c)
6/30/2006	$288,461,000	$320,123,000	$31,662,000	90.1%	$57,665,172	54.9%
6/30/2007	317,936,703	358,259,082	40,322,379	88.7	65,879,000	61.2
6/30/2008	353,420,714	373,832,395	20,411,681	94.5	70,880,333	28.8
6/30/2009	336,262,500	403,195,980	66,933,480	83.4	72,235,097	92.7
6/30/2010	343,201,920	434,986,533	91,784,613	78.9	69,004,002	133.0
6/30/2011	347,731,607	472,644,283	124,912,676	73.6	64,143,765[3]	194.7

(1) *Information prior to 2011 has been extracted from the previous actuary's past valuation reports.*

(2) *Excludes assets for non-valuation reserves.*

(3) *6/30/2011 payroll includes a projection for expected salary increases during 2011/2012 under the actuarial assumptions used in the valuation.*

EXHIBIT III

Supplementary Information Required by GASB

Valuation date	June 30, 2011
Actuarial cost method	Entry Age Normal Cost Method (individual basis)
Amortization method	Level percent of payroll for total unfunded liability
Remaining amortization period	28 years (declining) for all UAAL
Asset valuation method	Market Value of Assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five year period, further adjusted, if necessary, to be within 25% of the market value. The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.
Actuarial assumptions:	
Investment rate of return	7.75%
Inflation rate	3.50%
Real across-the-board salary increase	0.50%
Projected salary increases*	4.50% to 9.00%
Cost of living adjustments	3.00% of retirement income
Plan membership:	
Retired members and beneficiaries receiving benefits	1,129
Terminated members entitled to, but not yet receiving benefits	389
Active members	1,129
Total	2,647

* *Includes inflation at 3.50% plus real across-the-board salary increase of 0.50% plus merit and longevity increases. See Exhibit IV for these increases.*

EXHIBIT IV

Actuarial Assumptions and Actuarial Cost Method

Post-Retirement Mortality Rates

Healthy:	For General members and all beneficiaries: RP-2000 Combined Healthy Mortality Table for Males and Females, set back 2 years for males and set back 1 year for females. For Safety and Probation members: RP-2000 Combined Healthy Mortality Table for Males and Females, with no setback for males and set forward 1 year for females.
Disabled:	For General members: RP-2000 Combined Healthy Mortality Table for Males and Females, set forward 2 years. For Safety and Probation members: RP-2000 Combined Healthy Mortality Table for Males and Females, set forward 4 years. The tables shown above were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a review of mortality experience as of the measurement date.
Employee Contribution Rates:	
	For General members: RP-2000 Combined Healthy Mortality Table for Males and Females, set back 2 years for males and set back 1 year for females, weighted 30% male and 70% female. For Safety and Probation members: RP-2000 Combined Healthy Mortality Table for Males and Females, with no setback for males and set forward 1 year for females, weighted 80% male and 20% female.

Termination Rates Before Retirement:

	Rate (%) Death			
	General[1]		Safety and Probation[2]	
Age	Male	Female	Male	Female
25	0.04	0.02	0.04	0.02
30	0.04	0.02	0.04	0.03
35	0.06	0.04	0.08	0.05
40	0.10	0.06	0.11	0.08
45	0.13	0.10	0.15	0.12
50	0.19	0.16	0.21	0.19
55	0.29	0.24	0.36	0.31
60	0.53	0.44	0.67	0.58
65	1.00	0.86	1.27	1.10

(1) 10% of General deaths are assumed to be service connected deaths. The other 90% are assumed to be non-service connected deaths.

(2) 50% of Safety and Probation deaths are assumed to be service connected deaths. The other 50% are assumed to be non-service connected deaths.

Termination Rates Before Retirement (continued):

	Rate (%) Disability		
Age	**General[1]**	**Safety[2]**	**Probation[2]**
20	0.01	0.20	0.20
25	0.02	0.23	0.23
30	0.02	0.34	0.34
35	0.03	0.52	0.52
40	0.06	1.14	1.14
45	0.33	1.62	1.62
50	0.53	2.48	2.48
55	0.61	3.00	3.00
60	0.74	0.00	0.00

(1) 50% of General disabilities are assumed to be service connected disabilities. The other 50% are assumed to be non-service connected disabilities.

(2) 90% of Safety and Probation disabilities are assumed to be service connected disabilities. The other 10% are assumed to be non-service connected disabilities.

Termination Rates Before Retirement (continued):

Years of Service	Rate (%) Termination (Less Than 5 Years of Service)[1] General	Safety	Probation
0	14.50	11.00	11.00
1	11.50	9.50	9.50
2	10.50	7.50	7.50
3	9.50	6.50	6.50
4	8.50	5.50	5.50

Age	Rate (%) Termination (5+ Years of Service)[2] General	Safety	Probation
20	4.50	5.00	5.00
25	4.50	4.70	4.70
30	4.50	3.90	3.90
35	4.50	3.50	3.50
40	4.50	3.20	3.20
45	4.50	2.40	2.40
50	4.50	1.10	1.10
55	3.30	0.20	0.20
60	2.20	0.00	0.00

(1) *85% of all terminated members will choose a refund of contributions and 15% will choose a deferred vested benefit. No termination is assumed after a member is eligible for retirement.*

(2) *25% of all terminated members will choose a refund of contributions and 75% will choose a deferred vested benefit. No termination is assumed after a member is eligible for retirement.*

Retirement Rates:

Age	General	Safety	Probation
	Rate (%)		
50	5.00	5.00	5.00
51	5.00	5.00	5.00
52	5.00	5.00	5.00
53	5.00	5.00	5.00
54	5.00	5.00	5.00
55	7.00	6.31	28.00
56	7.00	7.50	28.00
57	7.00	10.00	28.00
58	7.00	12.50	28.00
59	7.00	37.50	28.00
60	10.00	100.00	100.00
61	15.00	100.00	100.00
62	20.00	100.00	100.00
63	15.00	100.00	100.00
64	15.00	100.00	100.00
65	38.00	100.00	100.00
66	38.00	100.00	100.00
67	38.00	100.00	100.00
68	38.00	100.00	100.00
69	38.00	100.00	100.00
70	100.00	100.00	100.00

Retirement Age and Benefit for Deferred Vested Members:	For deferred vested members, retirement age assumptions are as follows: General Age: 60 Safety and Probation Age: 55 For future deferred vested members who terminate with less than five years of service and are not vested, it is assumed they will retire at age 70 if they decide to leave their contributions on deposit. It is assumed that 60% of future deferred vested members will continue to work for a reciprocal employer. For reciprocals, 4.50% compensation increases per annum are assumed.
Future Benefit Accruals:	1.0 year of service per year of employment.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Inclusion of Deferred Vested Members:	All deferred vested members are included in the valuation.
Percent Married:	80% of male members; 50% of female members.
Age of Spouse:	Female (or male) spouses are 3 years younger (or older) than their spouses.
Net Investment Return:	7.75% per annum
Employee Contribution Crediting Rate:	7.75% per annum
Consumer Price Index:	Increase of 3.50% per year, retiree COLA increases due to CPI subject to a 3% maximum change per year.

Salary Increases:

Annual Rate of Compensation Increase (%)

Inflation: 3.50%; an additional 0.50% "across the board" salary increases (other than inflation); plus the following Merit and Promotional increases based on years of service.

Years of Service	General	Safety and Probation
0-1	5.00%	5.00%
1-2	3.75%	3.75%
2-3	3.50%	3.00%
3-4	2.75%	2.25%
4-5	2.25%	1.00%
5+	0.50%	0.50%

Actuarial Value of Assets: The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected returns on a market value basis and is recognized over a five year period. The actuarial value of assets cannot be less than 75% or greater than 125% of the market value of assets.

Valuation Value of Assets: The Actuarial Value of Assets reduced by the value of the non-valuation reserves.

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation. The Normal Cost is calculated on an individual basis where the Entry Age Normal Cost for each membership tier is calculated as the sum of the individual Normal Costs for members in the membership tier.

Changes in Actuarial Assumptions:	Based on the July 1, 2008 through June 30, 2011 Experience Study, the following assumptions have changed. Previously, these assumptions were as follows:
Post-Retirement Mortality Rates	
Healthy:	For General members and all beneficiaries: 1994 Group Annuity Mortality Table, with no setback.
	For Safety and Probation members: 1994 Group Annuity Mortality Table for males, with no setback.
Disabled:	For General members: 1981 Disability Table for General members, set back 5 years for males and set back 2 years for females.
	For Safety members: 1981 Disability Table for Safety members, set back 4 years.
Employee Contribution Rates:	
	For General members: 1994 Group Annuity Mortality Table for Males, set back 3 years.
	For Safety and Probation members: 1994 Group Annuity Mortality Table for Males, with no setback.

Changes in Actuarial Assumptions (previous assumptions continued):

Termination Rates Before Retirement:

Rate (%)

Ordinary Death

	General			
Age	Male	Female	Safety	Probation
25	0.050	0.039	0.040	0.040
30	0.060	0.052	0.050	0.050
35	0.080	0.065	0.060	0.060
40	0.100	0.078	0.080	0.080
45	0.120	0.091	0.130	0.130
50	0.150	0.117	0.180	0.180
55	0.190	0.143	0.230	0.230
60	0.240	0.182	0.000	0.000
65	0.290	0.208	0.000	0.000

Rate (%)

Duty Death

	General			
Age	Male	Female	Safety	Probation
25	0.010	0.010	0.100	0.100
30	0.010	0.010	0.100	0.100
35	0.020	0.010	0.110	0.110
40	0.020	0.010	0.130	0.130
45	0.020	0.010	0.170	0.170
50	0.020	0.010	0.210	0.210
55	0.020	0.010	0.250	0.250
60	0.020	0.010	0.000	0.000
65	0.020	0.010	0.000	0.000

Changes in Actuarial Assumptions (previous assumptions continued):

Termination Rates Before Retirement (continued):

	Rate (%)			
	Death While Eligible			
	General			
Age	Male	Female	Safety	Probation
25	0.010	0.010	0.010	0.010
30	0.020	0.010	0.020	0.020
35	0.030	0.020	0.030	0.030
40	0.040	0.020	0.040	0.040
45	0.060	0.030	0.090	0.090
50	0.110	0.050	0.140	0.140
55	0.210	0.100	0.190	0.190
60	0.310	0.150	0.000	0.000
65	0.410	0.200	0.000	0.000

Changes in Actuarial Assumptions (previous assumptions continued):

Termination Rates Before Retirement (continued):

Rate (%)

Ordinary Disability

	General			
Age	Male	Female	Safety	Probation
20	0.000	0.000	0.005	0.010
25	0.003	0.008	0.020	0.040
30	0.013	0.017	0.045	0.090
35	0.038	0.034	0.075	0.150
40	0.086	0.067	0.175	0.350
45	0.156	0.151	0.330	0.660
50	0.239	0.269	0.510	1.020
55	0.328	0.378	0.710	1.420
60	0.405	0.512	0.000	0.000

Rate (%)

Duty Disability

	General			
Age	Male	Female	Safety	Probation
20	0.014	0.028	0.238	0.238
25	0.029	0.028	0.400	0.400
30	0.043	0.028	0.605	0.605
35	0.072	0.028	0.983	0.983
40	0.130	0.058	1.512	1.512
45	0.231	0.115	2.246	2.246
50	0.434	0.258	3.283	3.283
55	0.723	0.403	4.752	4.752
60	1.069	0.547	0.000	0.000

Changes in Actuarial Assumptions (previous assumptions continued):

Termination Rates Before Retirement (continued):

	Rate (%)			
	Withdrawal			
	General			
Age	Male	Female	Safety	Probation
20	21.120	25.000	18.750	18.750
25	18.612	15.000	14.400	14.400
30	14.520	12.900	10.350	10.350
35	11.088	11.000	6.600	6.600
40	10.296	9.000	4.350	4.350
45	6.600	7.800	2.100	2.100
50	3.960	5.100	0.300	0.300
55	3.168	2.400	0.000	0.000
60	5.544	4.200	0.000	0.000

Changes in Actuarial Assumptions (previous assumptions continued):

Termination Rates Before Retirement (continued):

	Rate (%)			
	Terminated Vested[1]			
	General			
Age	Male	Female	Safety	Probation
20	1.800	1.699	0.000	0.000
25	3.420	1.800	0.450	1.350
30	5.400	3.888	1.575	4.725
35	3.780	4.464	2.475	7.425
40	5.040	4.464	2.700	8.100
45	4.680	4.608	2.250	6.750
50	6.120	3.744	0.900	2.700
55	2.160	2.721	0.000	0.000
60	0.900	0.864	0.000	0.000

(1) *20% of General males under age 50; 40% of General females under age 40; 30% of General females over age 40; 25% of Safety males under age 40; and 50% of Probation males and females under age 50 are assumed to receive a refund of their contributions. The remainder are assumed to receive a deferred annuity. No termination is assumed after a member is eligible for retirement.*

Changes in Actuarial Assumptions (previous assumptions continued):

Retirement Rates:

	Rate (%)			
Age	General Male	General Female	Safety	Probation
45	0.000	0.000	0.250	0.000
46	0.000	0.000	0.288	0.000
47	0.000	0.000	0.331	0.000
48	0.000	0.000	0.380	0.000
49	0.000	0.000	0.438	0.000
50	3.000	3.000	2.300	4.000
51	3.000	3.000	2.300	4.000
52	3.000	3.000	2.300	4.000
53	3.000	3.000	4.600	8.000
54	3.000	3.000	5.175	9.000
55	9.000	3.000	6.313	12.500
56	6.000	3.000	7.500	3.750
57	6.000	3.000	10.000	5.000
58	6.000	6.000	12.500	6.250
59	7.500	6.000	37.500	9.375
60	7.500	6.000	100.000	100.000
61	9.750	10.000	100.000	100.000
62	11.250	15.000	100.000	100.000
63	5.625	7.500	100.000	100.000
64	9.375	7.500	100.000	100.000
65	26.250	25.000	100.000	100.000
66	30.000	30.000	100.000	100.000
67	31.875	30.000	100.000	100.000
68	33.750	45.000	100.000	100.000
69	35.625	47.500	100.000	100.000
70	100.000	100.000	100.000	100.000

Changes in Actuarial Assumptions (previous assumptions continued):

Retirement Age and Benefit for Deferred Vested Members:	For deferred vested members, retirement age assumptions are as follows: General Age: 62 Safety and Probation Age: 55 It is assumed that 50% of future deferred vested members will continue to work for a reciprocal employer. For reciprocals, 4.00% compensation increases per annum are assumed.
Percent Married:	90% of male members; 50% of female members.
Net Investment Return:	8.00% per annum
Employee Contribution Crediting Rate:	8.00% per annum
Consumer Price Index:	Increase of 4.00% per year, retiree COLA increases due to CPI subject to a 3% maximum change per year.

Changes in Actuarial Assumptions (previous assumptions continued):

Salary Increases:

Annual Rate of Compensation Increase (%)			
Inflation: 4.00%; an additional 0.00% "across the board" salary increases (other than inflation); plus the following Merit and Promotional increases based on age.			
Age	**General**	**Safety**	**Probation**
25	0.00%	0.00%	0.00%
30	0.00%	0.00%	0.00%
35	0.00%	0.00%	0.00%
40	0.00%	0.00%	0.00%
45	0.00%	0.00%	0.00%
50	0.00%	0.00%	0.00%
55	0.00%	0.00%	0.00%
60	0.00%	0.00%	0.00%
65	0.00%	0.00%	0.00%

Actuarial Cost Method:

Entry Age Normal Actuarial Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation. The Normal Cost is calculated on an aggregate basis by taking the Present Value of Future Normal Costs divided by the Present Value of Future Salaries to obtain a normal cost rate for all members in each membership tier. This normal cost rate is then multiplied by the total current salaries for all members in each membership tier.

EXHIBIT V

Summary of Plan Provisions

This exhibit summarizes the major provisions of MCERA included in the valuation as of June 30, 2011. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership Eligibility:

	Membership with MCERA usually begins with the first day of the pay period following the date of entrance into service.
General Tier 1	All General members appointed to a permanent position of four-fifths time, or more, in service of the County of Mendocino or in the service of a participating District, who were hired prior to July 1, 1984.
General Tier 2	General Tier 2 has been replaced by General Tier 3.
General Tier 3	All General members appointed to a permanent position of four-fifths time, or more, in service of the County of Mendocino or in the service of a participating District, who were hired on or after July 1, 1984.
Safety Tier 1	All employees appointed to a position in active law enforcement who were hired prior to June 1, 1982.
Safety Tier 2	All employees appointed to a position in active law enforcement who were hired on or after June 1, 1982.
Probation Tier 1	All employees appointed to positions with specific job classifications within the Departments of Probation, Juvenile Hall, and Social Services who were hired prior to July 1, 1984.
Probation Tier 2	All employees appointed to positions with specific job classifications within the Departments of Probation, Juvenile Hall, and Social Services who were hired on or after July 1, 1984.

Final Compensation for Benefit Determination:

General Tier 1, Safety Tier 1, and Probation Tier 1	Highest consecutive twelve months of compensation earnable (§31462.1) (FAS1).
General Tier 2, General Tier 3, Safety Tier 2, and Probation Tier 2	Highest consecutive thirty-six months of compensation earnable (§31462) (FAS3).

Service: Years of service (Yrs).

Service Retirement Eligibility:

General	Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age (§31672).
Safety and Probation	Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years, regardless of age (§31663.25).

Benefit Formula:

	Retirement Age	Benefit Formula
*General Tier 1 (§31676.12)**	50	(1.34% x FAS1 – 1/3 x 1.34% x $350 x 12) x Yrs
	55	(1.77% x FAS1 – 1/3 x 1.77% x $350 x 12) x Yrs
	60	(2.34% x FAS1 – 1/3 x 2.34% x $350 x 12) x Yrs
	62 or later	(2.62% x FAS1 – 1/3 x 2.62% x $350 x 12) x Yrs
*General Tier 2 and General Tier 3 (§31676.12)**	50	(1.34% x FAS3 – 1/3 x 1.34% x $350 x 12) x Yrs
	55	(1.77% x FAS3 – 1/3 x 1.77% x $350 x 12) x Yrs
	60	(2.34% x FAS3 – 1/3 x 2.34% x $350 x 12) x Yrs
	62 and later	(2.62% x FAS3 – 1/3 x 2.62% x $350 x 12) x Yrs

** For members in Bargaining Groups 01 and 101 who have service prior to October 1, 2003 and who have not purchased this service to be covered under Section 31676.12, their prior service will be covered under Section 31676.11 for Tier 1 and 31676.1 for Tier 2. For all other Bargaining Groups, the prior service date is January 1, 2002 (instead of October 1, 2003).*

	Retirement Age	Benefit Formula
Safety Tier 1 (§31664.2)	50	(2.29% x FAS1 x Yrs – 1/3 x 2.29% x $350 x 12)
	55 or later	(3.00% x FAS1 x Yrs – 1/3 x 3.00% x $350 x 12)
Safety Tier 2 (§31664.2)	50	(2.29% x FAS3 x Yrs – 1/3 x 2.29% x $350 x 12)
	55 or later	(3.00% x FAS3 x Yrs – 1/3 x 3.00% x $350 x 12)
Probation Tier 1 (§31664)	50	(2.00% x FAS1 x Yrs – 1/3 x 2.00% x $350 x 12)
	55 or later	(2.62% x FAS1 x Yrs – 1/3 x 2.62% x $350 x 12)
Probation Tier 2 (§31664)	50	(2.00% x FAS3 x Yrs – 1/3 x 2.00% x $350 x 12)
	55 or later	(2.62% x FAS3 x Yrs – 1/3 x 2.62% x $350 x 12)

Maximum Benefit: 100% of Highest Average Compensation (§31676.12, §31664.2, and §31664).

Non-Service Connected Disability:

Eligibility — Five years of service (§31720).

Benefit Formula — 1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65 for General members and to 55 for Safety and Probation members, but the total benefit cannot be more than one-third of Final Compensation (§31727.2).

Service Connected Disability:

All Members

Eligibility — No age or service requirements (§31720).

Benefit Formula — 50% of the Final Compensation or 100% of Service Retirement benefit, if greater (§31727.4).

Pre-Retirement Death:

<u>All Members</u>	
Eligibility	None.
Basic lump sum benefit	Refund of employee contributions with interest, plus one month's compensation for each year of service, to a maximum of six month's compensation (§31781).
Death in line-of-duty	50% of Final Compensation or 100% of Service Retirement benefit, if greater, payable to spouse* or minor children (§31787).
	OR
<u>Vested Members</u>	
Eligibility	Five years of service.
Basic benefit	60% of the greater of Service Retirement or Non-Service Connected Disability Retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1), in lieu of the basic lump sum benefit above.
Death in line-of-duty	50% of Final compensation or 100% of Service Retirement benefit, if greater, payable to spouse or minor children (§31787).

** In this summary, continuance benefit payable to spouse is also available to eligible domestic partner.*

Death After Retirement:

<u>All Members</u>	
Service or Non-Service Connected Disability Retirement	60% of member's unmodified allowance continued to eligible spouse (§31760.1). An eligible spouse is a surviving spouse who was married to the member at least one year prior to the date of retirement (§31760.1).
Service Connected Disability	100% of member's allowance continued to eligible spouse (§31786).

Withdrawal Benefits:	
Less than Five Years of Service	Refund of accumulated employee contributions with interest, or earned benefit at age 70 (§31628).
Five or More Years of Service	If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire (§31700).
Post-retirement Cost-of-Living Benefits:	Future changes based on Consumer Price Index to a maximum of 3% per year; excess "banked" (§31870.1)
County Contributions:	The amortization period for the Unfunded Actuarial Accrued Liability is a declining 28-year period.
Member Contributions:	Please refer to Appendix A for specific rates.
General Tier 1	
Basic	Provide for an average annuity at age 60 equal to 1/100 of FAS1 (§31621.2).
Cost-of-Living	Provide for one-half of future Cost-of-Living costs.
General Tier 2 and General Tier 3	
Basic	Provide for an average annuity at age 60 equal to 1/100 of FAS3 (§31621.2).
Cost-of-Living	Provide for one-half of future Cost-of-Living costs.
Safety Tier 1 and Probation Tier 1	
Basic	Provide for an average annuity at age 50 equal to 1/100 of FAS1 (§31639.25).
Cost-of-Living	Provide for one-half of future Cost-of-Living costs. Safety Tier 1 cost-of-living member rates are offset by 1.63% of pay, which is picked up by the County.
Safety Tier 2 and Probation Tier 2	
Basic	Provide for an average annuity at age 50 equal to 1/100 of FAS3 (§31639.25).
Cost-of-Living	Provide for one-half of future Cost-of-Living costs. Safety Tier 2 cost-of-living member rates are offset by 1.63% of pay, which is picked up by the County.

Other Information:	All members with 30 or more years of service are exempt from paying member contributions.
Plan Amendment:	None since the prior valuation date.

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

Appendix A

Member Contribution Rates

General Tier 1 Members' Contribution Rates - Based on the June 30, 2011 Actuarial Valuation

(as a percentage of payroll)

	Basic Only		COLA Only		Total	
Entry Age	First $161.54.54	Over $161.54	First $161.54	Over $161.54	First $161.54	Over $161.54
15	3.33%	5.00%	1.11%	1.67%	4.44%	6.67%
16	3.33%	5.00%	1.11%	1.67%	4.44%	6.67%
17	3.40%	5.10%	1.13%	1.70%	4.53%	6.80%
18	3.46%	5.19%	1.15%	1.73%	4.61%	6.92%
19	3.53%	5.29%	1.18%	1.77%	4.71%	7.06%
20	3.59%	5.39%	1.20%	1.80%	4.79%	7.19%
21	3.66%	5.49%	1.22%	1.83%	4.88%	7.32%
22	3.73%	5.59%	1.25%	1.87%	4.98%	7.46%
23	3.80%	5.70%	1.27%	1.90%	5.07%	7.60%
24	3.87%	5.80%	1.29%	1.94%	5.16%	7.74%
25	3.94%	5.91%	1.31%	1.97%	5.25%	7.88%
26	4.01%	6.02%	1.34%	2.01%	5.35%	8.03%
27	4.09%	6.13%	1.37%	2.05%	5.46%	8.18%
28	4.16%	6.24%	1.39%	2.08%	5.55%	8.32%
29	4.23%	6.35%	1.41%	2.12%	5.64%	8.47%
30	4.31%	6.47%	1.44%	2.16%	5.75%	8.63%
31	4.39%	6.58%	1.47%	2.20%	5.86%	8.78%
32	4.47%	6.70%	1.49%	2.24%	5.96%	8.94%
33	4.55%	6.82%	1.52%	2.28%	6.07%	9.10%
34	4.63%	6.95%	1.55%	2.32%	6.18%	9.27%
35	4.71%	7.07%	1.57%	2.36%	6.28%	9.43%
36	4.80%	7.20%	1.60%	2.40%	6.40%	9.60%
37	4.89%	7.33%	1.63%	2.45%	6.52%	9.78%
38	4.97%	7.46%	1.66%	2.49%	6.63%	9.95%
39	5.06%	7.59%	1.69%	2.53%	6.75%	10.12%

Appendix A
Member Contribution Rates (Continued)

	Basic Only		COLA Only		Total	
Entry Age	First $161.54	Over $161.54	First $161.54	Over $161.54	First $161.54	Over $161.54
40	5.15%	7.73%	1.72%	2.58%	6.87%	10.31%
41	5.24%	7.86%	1.75%	2.62%	6.99%	10.48%
42	5.33%	8.00%	1.78%	2.67%	7.11%	10.67%
43	5.43%	8.15%	1.81%	2.72%	7.24%	10.87%
44	5.53%	8.29%	1.85%	2.77%	7.38%	11.06%
45	5.63%	8.44%	1.88%	2.82%	7.51%	11.26%
46	5.73%	8.60%	1.91%	2.87%	7.64%	11.47%
47	5.83%	8.75%	1.95%	2.92%	7.78%	11.67%
48	5.95%	8.92%	1.99%	2.98%	7.94%	11.90%
49	6.05%	9.08%	2.02%	3.03%	8.07%	12.11%
50	6.17%	9.26%	2.06%	3.09%	8.23%	12.35%
51	6.30%	9.45%	2.11%	3.16%	8.41%	12.61%
52	6.43%	9.64%	2.15%	3.22%	8.58%	12.86%
53	6.57%	9.86%	2.19%	3.29%	8.76%	13.15%
54	6.73%	10.09%	2.25%	3.37%	8.98%	13.46%
55	6.80%	10.20%	2.27%	3.41%	9.07%	13.61%
56	6.85%	10.28%	2.29%	3.43%	9.14%	13.71%
57	6.87%	10.31%	2.29%	3.44%	9.16%	13.75%
58	6.89%	10.33%	2.30%	3.45%	9.19%	13.78%
59 & Over	6.85%	10.27%	2.29%	3.43%	9.14%	13.70%

Interest:	7.75% per annum
COLA:	3.00%
Mortality:	RP-2000 Combined Healthy Mortality Table for Males and Females, set back 2 years for males and set back 1 year for females, weighted 30% male and 70% female
Salary Increase:	Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit IV)
COLA Loading Factor:	33.39%

Appendix A
Member Contribution Rates (Continued)

General Tier 2 and Tier 3 Members' Contribution Rates - Based on the June 30, 2011 Actuarial Valuation (as a percentage of payroll)

	Basic Only		COLA Only		Total	
Entry Age	First $161.54	Over $161.54	First $161.54	Over $161.54	First $161.54	Over $161.54
15	3.19%	4.79%	1.07%	1.60%	4.26%	6.39%
16	3.19%	4.79%	1.07%	1.60%	4.26%	6.39%
17	3.25%	4.88%	1.09%	1.63%	4.34%	6.51%
18	3.31%	4.97%	1.11%	1.66%	4.42%	6.63%
19	3.38%	5.07%	1.13%	1.69%	4.51%	6.76%
20	3.44%	5.16%	1.15%	1.72%	4.59%	6.88%
21	3.51%	5.26%	1.17%	1.76%	4.68%	7.02%
22	3.57%	5.35%	1.19%	1.79%	4.76%	7.14%
23	3.63%	5.45%	1.21%	1.82%	4.84%	7.27%
24	3.70%	5.55%	1.23%	1.85%	4.93%	7.40%
25	3.77%	5.66%	1.26%	1.89%	5.03%	7.55%
26	3.84%	5.76%	1.28%	1.92%	5.12%	7.68%
27	3.91%	5.87%	1.31%	1.96%	5.22%	7.83%
28	3.98%	5.97%	1.33%	1.99%	5.31%	7.96%
29	4.05%	6.08%	1.35%	2.03%	5.40%	8.11%
30	4.13%	6.19%	1.38%	2.07%	5.51%	8.26%
31	4.21%	6.31%	1.41%	2.11%	5.62%	8.42%
32	4.28%	6.42%	1.43%	2.14%	5.71%	8.56%
33	4.35%	6.53%	1.45%	2.18%	5.80%	8.71%
34	4.43%	6.65%	1.48%	2.22%	5.91%	8.87%
35	4.51%	6.77%	1.51%	2.26%	6.02%	9.03%
36	4.59%	6.89%	1.53%	2.30%	6.12%	9.19%
37	4.68%	7.02%	1.56%	2.34%	6.24%	9.36%
38	4.76%	7.14%	1.59%	2.38%	6.35%	9.52%
39	4.85%	7.27%	1.62%	2.43%	6.47%	9.70%

Appendix A
Member Contribution Rates (Continued)

	Basic Only		COLA Only		Total	
Entry Age	First $161.54	Over $161.54	First $161.54	Over $161.54	First $161.54	Over $161.54
40	4.93%	7.40%	1.65%	2.47%	6.58%	9.87%
41	5.02%	7.53%	1.67%	2.51%	6.69%	10.04%
42	5.11%	7.66%	1.71%	2.56%	6.82%	10.22%
43	5.20%	7.80%	1.73%	2.60%	6.93%	10.40%
44	5.29%	7.94%	1.77%	2.65%	7.06%	10.59%
45	5.39%	8.08%	1.80%	2.70%	7.19%	10.78%
46	5.49%	8.23%	1.83%	2.75%	7.32%	10.98%
47	5.59%	8.38%	1.87%	2.80%	7.46%	11.18%
48	5.69%	8.54%	1.90%	2.85%	7.59%	11.39%
49	5.80%	8.70%	1.93%	2.90%	7.73%	11.60%
50	5.91%	8.87%	1.97%	2.96%	7.88%	11.83%
51	6.03%	9.04%	2.01%	3.02%	8.04%	12.06%
52	6.15%	9.23%	2.05%	3.08%	8.20%	12.31%
53	6.26%	9.39%	2.09%	3.14%	8.35%	12.53%
54	6.33%	9.50%	2.11%	3.17%	8.44%	12.67%
55	6.37%	9.55%	2.13%	3.19%	8.50%	12.74%
56	6.38%	9.57%	2.13%	3.20%	8.51%	12.77%
57	6.37%	9.55%	2.13%	3.19%	8.50%	12.74%
58	6.60%	9.90%	2.21%	3.31%	8.81%	13.21%
59 & Over	6.85%	10.27%	2.29%	3.43%	9.14%	13.70%

Interest:	7.75% per annum
COLA:	3.00%
Mortality:	RP-2000 Combined Healthy Mortality Table for Males and Females, set back 2 years for males and set back 1 year for females, weighted 30% male and 70% female
Salary Increase:	Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit IV)
COLA Loading Factor:	33.39%

Appendix A
Member Contribution Rates (Continued)

Safety Tier 1 Members' Contribution Rates - Based on the June 30, 2011 Actuarial Valuation
(as a percentage of payroll)

	Basic Only		COLA Only*		Total	
Entry Age	First $161.54	Over $161.54	First $161.54	Over $161.54	First $161.54	Over $161.54
15	4.36%	6.54%	0.58%	1.69%	4.94%	8.23%
16	4.36%	6.54%	0.58%	1.69%	4.94%	8.23%
17	4.44%	6.66%	0.62%	1.75%	5.06%	8.41%
18	4.52%	6.78%	0.66%	1.81%	5.18%	8.59%
19	4.61%	6.91%	0.71%	1.87%	5.32%	8.78%
20	4.69%	7.03%	0.75%	1.93%	5.44%	8.96%
21	4.77%	7.16%	0.79%	2.00%	5.56%	9.16%
22	4.86%	7.29%	0.83%	2.07%	5.69%	9.36%
23	4.95%	7.42%	0.88%	2.13%	5.83%	9.55%
24	5.03%	7.55%	0.92%	2.20%	5.95%	9.75%
25	5.12%	7.68%	0.97%	2.26%	6.09%	9.94%
26	5.21%	7.82%	1.01%	2.33%	6.22%	10.15%
27	5.31%	7.96%	1.06%	2.40%	6.37%	10.36%
28	5.40%	8.10%	1.11%	2.48%	6.51%	10.58%
29	5.49%	8.24%	1.15%	2.55%	6.64%	10.79%
30	5.59%	8.39%	1.20%	2.62%	6.79%	11.01%
31	5.69%	8.53%	1.25%	2.69%	6.94%	11.22%
32	5.79%	8.68%	1.30%	2.77%	7.09%	11.45%
33	5.89%	8.84%	1.36%	2.85%	7.25%	11.69%
34	5.99%	8.99%	1.41%	2.93%	7.40%	11.92%
35	6.10%	9.15%	1.46%	3.01%	7.56%	12.16%
36	6.21%	9.32%	1.52%	3.09%	7.73%	12.41%
37	6.32%	9.48%	1.57%	3.18%	7.89%	12.66%
38	6.43%	9.65%	1.63%	3.26%	8.06%	12.91%
39	6.55%	9.83%	1.69%	3.35%	8.24%	13.18%

Appendix A
Member Contribution Rates (Continued)

	Basic Only		COLA Only*		Total	
Entry Age	First $161.54	Over $161.54	First $161.54	Over $161.54	First $161.54	Over $161.54
40	6.67%	10.01%	1.75%	3.44%	8.42%	13.45%
41	6.80%	10.20%	1.82%	3.54%	8.62%	13.74%
42	6.93%	10.40%	1.88%	3.64%	8.81%	14.04%
43	7.08%	10.62%	1.96%	3.75%	9.04%	14.37%
44	7.23%	10.85%	2.03%	3.87%	9.26%	14.72%
45	7.37%	11.06%	2.11%	3.98%	9.48%	15.04%
46	7.45%	11.18%	2.15%	4.04%	9.60%	15.22%
47	7.50%	11.25%	2.17%	4.07%	9.67%	15.32%
48	7.51%	11.27%	2.18%	4.08%	9.69%	15.35%
49 & over	7.47%	11.21%	2.16%	4.05%	9.63%	15.26%

Interest:	7.75% per annum
COLA:	3.00%
Mortality:	RP-2000 Combined Healthy Mortality Table for Males and Females, with no setback for males and set forward 1 year for females, weighted 80% male and 20% female
Salary Increase:	Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit IV)
COLA Loading Factor:	50.69%

* COLA rate offset by 1.63%, which is picked up by the County.

Appendix A
Member Contribution Rates (Continued)

Safety Tier 2 Members' Contribution Rates - Based on the June 30, 2011 Actuarial Valuation
(as a percentage of payroll)

	Basic Only		COLA Only*		Total	
Entry Age	First $161.54	Over $161.54	First $161.54	Over $161.54	First $161.54	Over $161.54
15	4.17%	6.26%	0.48%	1.54%	4.65%	7.80%
16	4.17%	6.26%	0.48%	1.54%	4.65%	7.80%
17	4.25%	6.38%	0.52%	1.60%	4.77%	7.98%
18	4.33%	6.49%	0.56%	1.66%	4.89%	8.15%
19	4.41%	6.61%	0.61%	1.72%	5.02%	8.33%
20	4.49%	6.73%	0.65%	1.78%	5.14%	8.51%
21	4.57%	6.85%	0.69%	1.84%	5.26%	8.69%
22	4.65%	6.98%	0.73%	1.91%	5.38%	8.89%
23	4.73%	7.10%	0.77%	1.97%	5.50%	9.07%
24	4.82%	7.23%	0.81%	2.03%	5.63%	9.26%
25	4.91%	7.36%	0.86%	2.10%	5.77%	9.46%
26	4.99%	7.49%	0.90%	2.17%	5.89%	9.66%
27	5.08%	7.62%	0.95%	2.23%	6.03%	9.85%
28	5.17%	7.75%	0.99%	2.30%	6.16%	10.05%
29	5.26%	7.89%	1.04%	2.37%	6.30%	10.26%
30	5.35%	8.03%	1.08%	2.44%	6.43%	10.47%
31	5.45%	8.17%	1.13%	2.51%	6.58%	10.68%
32	5.55%	8.32%	1.18%	2.59%	6.73%	10.91%
33	5.64%	8.46%	1.23%	2.66%	6.87%	11.12%
34	5.74%	8.61%	1.28%	2.73%	7.02%	11.34%
35	5.84%	8.76%	1.33%	2.81%	7.17%	11.57%
36	5.95%	8.92%	1.39%	2.89%	7.34%	11.81%
37	6.05%	9.08%	1.44%	2.97%	7.49%	12.05%
38	6.16%	9.24%	1.49%	3.05%	7.65%	12.29%
39	6.27%	9.41%	1.55%	3.14%	7.82%	12.55%

Appendix A
Member Contribution Rates (Continued)

	Basic Only		COLA Only*		Total	
Entry Age	First $161.54	Over $161.54	First $161.54	Over $161.54	First $161.54	Over $161.54
40	6.39%	9.59%	1.61%	3.23%	8.00%	12.82%
41	6.51%	9.77%	1.67%	3.32%	8.18%	13.09%
42	6.64%	9.96%	1.74%	3.42%	8.38%	13.38%
43	6.77%	10.15%	1.80%	3.52%	8.57%	13.67%
44	6.87%	10.30%	1.85%	3.59%	8.72%	13.89%
45	6.93%	10.40%	1.88%	3.64%	8.81%	14.04%
46	6.96%	10.44%	1.90%	3.66%	8.86%	14.10%
47	6.95%	10.43%	1.89%	3.66%	8.84%	14.09%
48	7.21%	10.81%	2.02%	3.85%	9.23%	14.66%
49 & over	7.47%	11.21%	2.16%	4.05%	9.63%	15.26%

Interest:	7.75% per annum
COLA:	3.00%
Mortality:	RP-2000 Combined Healthy Mortality Table for Males and Females, with no setback for males and set forward 1 year for females, weighted 80% male and 20% female
Salary Increase:	Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit IV)
COLA Loading Factor:	50.69%

* COLA rate offset by 1.63%, which is picked up by the County.

Appendix A
Member Contribution Rates (Continued)

Probation Tier 1 Members' Contribution Rates - Based on the June 30, 2011 Actuarial Valuation
(as a percentage of payroll)

	Basic Only		COLA Only		Total	
Entry Age	First $161.54	Over $161.54	First $161.54	Over $161.54	First $161.54	Over $161.54
15	4.36%	6.54%	1.94%	2.91%	6.30%	9.45%
16	4.36%	6.54%	1.94%	2.91%	6.30%	9.45%
17	4.44%	6.66%	1.98%	2.97%	6.42%	9.63%
18	4.52%	6.78%	2.01%	3.02%	6.53%	9.80%
19	4.61%	6.91%	2.05%	3.08%	6.66%	9.99%
20	4.69%	7.03%	2.09%	3.13%	6.78%	10.16%
21	4.77%	7.16%	2.13%	3.19%	6.90%	10.35%
22	4.86%	7.29%	2.17%	3.25%	7.03%	10.54%
23	4.95%	7.42%	2.21%	3.31%	7.16%	10.73%
24	5.03%	7.55%	2.24%	3.36%	7.27%	10.91%
25	5.12%	7.68%	2.28%	3.42%	7.40%	11.10%
26	5.21%	7.82%	2.32%	3.48%	7.53%	11.30%
27	5.31%	7.96%	2.37%	3.55%	7.68%	11.51%
28	5.40%	8.10%	2.41%	3.61%	7.81%	11.71%
29	5.49%	8.24%	2.45%	3.67%	7.94%	11.91%
30	5.59%	8.39%	2.49%	3.74%	8.08%	12.13%
31	5.69%	8.53%	2.53%	3.80%	8.22%	12.33%
32	5.79%	8.68%	2.58%	3.87%	8.37%	12.55%
33	5.89%	8.84%	2.63%	3.94%	8.52%	12.78%
34	5.99%	8.99%	2.67%	4.01%	8.66%	13.00%
35	6.10%	9.15%	2.72%	4.08%	8.82%	13.23%
36	6.21%	9.32%	2.77%	4.15%	8.98%	13.47%
37	6.32%	9.48%	2.81%	4.22%	9.13%	13.70%
38	6.43%	9.65%	2.87%	4.30%	9.30%	13.95%
39	6.55%	9.83%	2.92%	4.38%	9.47%	14.21%

Appendix A
Member Contribution Rates (Continued)

	Basic Only		COLA Only		Total	
Entry Age	First $161.54	Over $161.54	First $161.54	Over $161.54	First $161.54	Over $161.54
40	6.67%	10.01%	2.97%	4.46%	9.64%	14.47%
41	6.80%	10.20%	3.03%	4.54%	9.83%	14.74%
42	6.93%	10.40%	3.09%	4.63%	10.02%	15.03%
43	7.08%	10.62%	3.15%	4.73%	10.23%	15.35%
44	7.23%	10.85%	3.22%	4.83%	10.45%	15.68%
45	7.37%	11.06%	3.29%	4.93%	10.66%	15.99%
46	7.45%	11.18%	3.32%	4.98%	10.77%	16.16%
47	7.50%	11.25%	3.34%	5.01%	10.84%	16.26%
48	7.51%	11.27%	3.35%	5.02%	10.86%	16.29%
49 & over	7.47%	11.21%	3.33%	4.99%	10.80%	16.20%

Interest:	7.75% per annum
COLA:	3.00%
Mortality:	RP-2000 Combined Healthy Mortality Table for Males and Females, with no setback for males and set forward 1 year for females, weighted 80% male and 20% female
Salary Increase:	Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit IV)
COLA Loading Factor:	44.55%

Appendix A

Member Contribution Rates (Continued)

Probation Tier 2 Members' Contribution Rates - Based on the June 30, 2011 Actuarial Valuation
(as a percentage of payroll)

	Basic Only		COLA Only		Total	
Entry Age	First $161.54	Over $161.54	First $161.54	Over $161.54	First $161.54	Over $161.54
15	4.17%	6.26%	1.86%	2.79%	6.03%	9.05%
16	4.17%	6.26%	1.86%	2.79%	6.03%	9.05%
17	4.25%	6.38%	1.89%	2.84%	6.14%	9.22%
18	4.33%	6.49%	1.93%	2.89%	6.26%	9.38%
19	4.41%	6.61%	1.96%	2.94%	6.37%	9.55%
20	4.49%	6.73%	2.00%	3.00%	6.49%	9.73%
21	4.57%	6.85%	2.03%	3.05%	6.60%	9.90%
22	4.65%	6.98%	2.07%	3.11%	6.72%	10.09%
23	4.73%	7.10%	2.11%	3.16%	6.84%	10.26%
24	4.82%	7.23%	2.15%	3.22%	6.97%	10.45%
25	4.91%	7.36%	2.19%	3.28%	7.10%	10.64%
26	4.99%	7.49%	2.23%	3.34%	7.22%	10.83%
27	5.08%	7.62%	2.26%	3.39%	7.34%	11.01%
28	5.17%	7.75%	2.30%	3.45%	7.47%	11.20%
29	5.26%	7.89%	2.34%	3.51%	7.60%	11.40%
30	5.35%	8.03%	2.39%	3.58%	7.74%	11.61%
31	5.45%	8.17%	2.43%	3.64%	7.88%	11.81%
32	5.55%	8.32%	2.47%	3.71%	8.02%	12.03%
33	5.64%	8.46%	2.51%	3.77%	8.15%	12.23%
34	5.74%	8.61%	2.56%	3.84%	8.30%	12.45%
35	5.84%	8.76%	2.60%	3.90%	8.44%	12.66%
36	5.95%	8.92%	2.65%	3.97%	8.60%	12.89%
37	6.05%	9.08%	2.70%	4.05%	8.75%	13.13%
38	6.16%	9.24%	2.75%	4.12%	8.91%	13.36%
39	6.27%	9.41%	2.79%	4.19%	9.06%	13.60%

Appendix A
Member Contribution Rates (Continued)

	Basic Only		COLA Only		Total	
Entry Age	First $161.54	Over $161.54	First $161.54	Over $161.54	First $161.54	Over $161.54
40	6.39%	9.59%	2.85%	4.27%	9.24%	13.86%
41	6.51%	9.77%	2.90%	4.35%	9.41%	14.12%
42	6.64%	9.96%	2.96%	4.44%	9.60%	14.40%
43	6.77%	10.15%	3.01%	4.52%	9.78%	14.67%
44	6.87%	10.30%	3.06%	4.59%	9.93%	14.89%
45	6.93%	10.40%	3.09%	4.63%	10.02%	15.03%
46	6.96%	10.44%	3.10%	4.65%	10.06%	15.09%
47	6.95%	10.43%	3.10%	4.65%	10.05%	15.08%
48	7.21%	10.81%	3.21%	4.82%	10.42%	15.63%
49 & over	7.47%	11.21%	3.33%	4.99%	10.80%	16.20%

Interest:	7.75% per annum
COLA:	3.00%
Mortality:	RP-2000 Combined Healthy Mortality Table for Males and Females, with no setback for males and set forward 1 year for females, weighted 80% male and 20% female
Salary Increase:	Inflation (3.50%) + Across-the-Board Increases (0.50%) + Merit/Promotion (see Exhibit IV)
COLA Loading Factor:	44.55%