

**Santa Barbara County Employees'  
Retirement System**

**ACTUARIAL VALUATION  
June 30, 2008**



By

Karen I. Steffen

Fellow, Society of Actuaries  
Enrolled Actuary  
Member, American Academy of Actuaries

and

Daniel R. Wade

Fellow, Society of Actuaries  
Enrolled Actuary  
Member, American Academy of Actuaries



1301 Fifth Avenue  
Suite 3800  
Seattle, WA 98101-2605  
USA

Tel +1 206 624 7940  
Fax +1 206 623 3485

milliman.com

November 11, 2008

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

Dear Members of the Board:

As requested, we have completed our Actuarial Valuation of the Santa Barbara County Employees Retirement System (SBCERS) as of June 30, 2008 for determining contributions beginning July 1, 2009. The major findings of the valuation are contained in this report.

This report reflects the pension benefit provisions in effect as of June 30, 2008. This report also reflects the asset reserve classifications based upon the Board's action at its September 24, 2008 meeting.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Guides to Professional Conduct, amplifying Opinions, and supporting Recommendations of the American Academy of Actuaries.

We further certify that all costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Board of Retirement has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix A.

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

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for SBCERS. Actuarial computations presented in this report under GASB Statements No. 25 and 27 are for purposes of fulfilling financial accounting requirements. The computations prepared for these purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

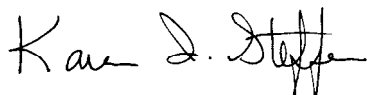
Milliman's work product was prepared exclusively for SBCERS for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning SBCERS' operations, and uses SBCERS' data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

We would like to express our appreciation to Mr. Oscar Peters, Retirement Administrator and to members of his staff, who gave substantial assistance in supplying the data on which this report is based.

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

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

Sincerely,

A handwritten signature in black ink that reads "Karen I. Steffen".

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

A handwritten signature in black ink that reads "Daniel Wade".

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

# Santa Barbara County Employees' Retirement System

## Table of Contents

	<i>Page</i>
<b>Section 1: Summary of the Findings .....</b>	<b>1</b>
Exhibit 1: Summary of Significant Valuation Results.....	9
Exhibit 2: Summary of Valuation Results .....	10
<b>Section 2: Scope of the Report .....</b>	<b>11</b>
<b>Section 3: Assets.....</b>	<b>13</b>
Exhibit 3: Statement of Plan Net Assets For the Years Ended June 30, 2007 and 2008.....	16
Exhibit 4: Statement of Changes in Plan Net Assets For the Years Ended June 30, 2007 and 2008.....	17
Exhibit 5: Allocation of Assets by Accounting Reserve Amounts .....	18
Exhibit 6: Five-Year Smoothing of Gains and Losses on Market Value.....	19
Exhibit 7a: Development of Valuation Assets.....	20
Exhibit 7b: Net Return on Assets vs. Increase in Consumer Price Index.....	21
Exhibit 8: Allocation of Valuation Assets For the Year Ended June 30, 2007 .....	22
<b>Section 4: Actuarial Liabilities .....</b>	<b>23</b>
Exhibit 9: Actuarial Balance Sheet – June 30, 2008 .....	24
Exhibit 10: Calculated Employer Normal Cost Contribution Rates – June 30, 2008 All Members.....	27
Exhibit 10a: Calculated Employer Normal Cost Contribution Rates – June 30, 2008 General Members.....	28
Exhibit 10b: Calculated Employer Normal Cost Contribution Rates – June 30, 2008 Safety Members.....	29
Exhibit 10c: Calculated Employer Normal Cost Contribution Rates – June 30, 2008 APCD Members.....	30
Exhibit 11: Calculated UAAL Amount by Class – June 30, 2008 All Members .....	33
Exhibit 11a: UAAL Amortization Rates – June 30, 2008 General Members .....	34
Exhibit 11b: UAAL Amortization Rates – June 30, 2008 Safety Members.....	35
Exhibit 11c: UAAL Amortization Rates – June 30, 2008 APCD Members .....	36
<b>Section 5: Member Contributions .....</b>	<b>37</b>
<b>Section 6: Employer Contributions.....</b>	<b>39</b>
Exhibit 12: Total Employer Contributions All Members .....	41
Exhibit 12a: Total Employer Contributions General Members .....	42
Exhibit 12b: Total Employer Contributions Safety Members .....	43
Exhibit 12c: Total Employer Contributions APCD Members .....	44
Exhibit 13: Analysis of Change in Unfunded Actuarial Accrued Liability .....	45
<b>Section 7: Information for Comprehensive Annual Financial Report (CAFR) .....</b>	<b>47</b>
Exhibit 14: Schedule of Funding Progress .....	48
Exhibit 15: Schedule of Contributions from the Employer.....	49
Exhibit 16: Solvency Test.....	50

**Table of Contents  
(continued)**

	<b>Page</b>
<b>Appendices</b>	
<b>Appendix A: Actuarial Procedures and Assumptions .....</b>	<b>A-1</b>
<b>Appendix B: Summary of Benefit Provisions .....</b>	<b>B-1</b>
<b>Appendix C: Valuation Data and Schedules .....</b>	<b>C-1</b>
<b>Appendix D: Member Contribution Rates .....</b>	<b>D-1</b>
<b>Appendix E: Glossary .....</b>	<b>E-1</b>



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

# Santa Barbara County Employees' Retirement System

## Section 1: Summary of the Findings



### Overview

#### 2008 Valuation Results

	June 30, 2008	June 30, 2007
Employer Contribution Rate	23.30%	23.06%
Funded Ratio	88.6%	87.1%

We are pleased to present the results of the June 30, 2008 actuarial valuation. Key points are summarized as follows:

- **Investment Returns:** SBCERS' investment returns were negative over the past year on a Market Value basis compared to an assumed return of 8.16%. However, due to the asset smoothing method, only 20% of the losses of the past year are recognized with this valuation. Meanwhile, deferred gains from the prior three years are being recognized.

After applying the asset-smoothing method, the rate of return on the Actuarial Value of Assets was slightly higher than the assumed rate of 8.16%. Note that currently a \$131 million net investment return loss is being deferred. These deferred losses will be reflected in future valuations.

- **Funding:** The Funded Ratio increased from 87.1% to 88.6%. This is the ratio of the Actuarial Value of Assets (net of certain non-valuation reserves) to the Actuarial Accrued Liability (AAL). This modest increase was caused by deferred investment return gains realized since the last valuation and the depletion of the Contingency reserve. These gains were partially offset by experience losses in liabilities.

On a Market Value of Valuation Assets basis, the funded ratio has decreased from 95.5% to 82.4%.

- **Contribution Rates:** The Employer Normal Cost rate increased from 13.93% to 14.20%.

The Employer's required contribution rate to finance the Unfunded Actuarial Accrued Liability (UAAL) over the layered 15 year amortization periods decreased from 9.13% to 9.10%. There was a small liability loss that was partially offset by the asset gain realized since the last valuation. The depletion of the Contingency Reserve reduced the rate by 0.62%.

The overall result is an increase in the required total contribution rate from the prior valuation of 0.24% (from 23.06% to 23.30% of payroll).

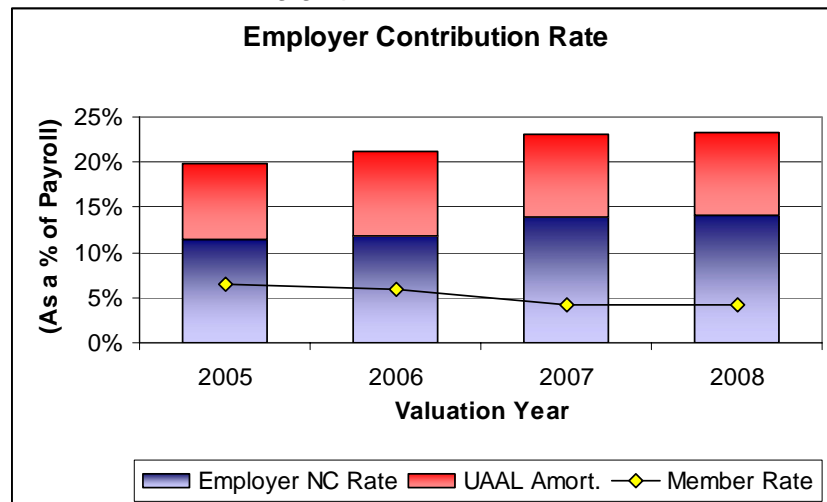
## Employer Contribution Rate

Under the Board's current funding objectives, the calculated Employer contribution rate for the fiscal year beginning July 1, 2009 is 23.30% of payroll. This is equal to the payment of the Employer Normal Cost rate plus a 15-year layered amortization of the UAAL.

It should be noted that the 23.30% is a weighted average for all SBCERS tiers. The actual percentage of payroll to be contributed by the Employer varies by tier. See Exhibits 10a, 10b and 10c for Normal Cost rates by tier. See Exhibits 11a, 11b and 11c for the UAAL contribution rates by tier. See Exhibits 12a, 12b and 12c for the total Employer contribution rates by tier.

The new rate effective for the fiscal year beginning July 1, 2009 of 23.30% is currently adequate to maintain the funding of the retirement system benefits based on the actuarial methods and assumptions shown in this report, and satisfies the current funding objective that calls for the UAAL to be paid off by in 15-year layered amortization periods.

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



**Comparison with Last Year**

A detailed analysis of the sources of the changes since the 2007 valuation is shown in the Gain and Loss Exhibit 13, Section 6 of this report.

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

Sources of Change	Employer Contribution Rate	Funded Ratio
<b>June 30, 2007 Actuarial Valuation</b>	<b>23.06%</b>	<b>87.1%</b>
Expected Year-to-Year Change	0.03%	1.1%
<b>Expected June 30, 2008 Actuarial Valuation</b>	<b>23.09%</b>	<b>88.2%</b>
Transfer from Contingency Reserve	-0.62%	1.1%
Asset Gain/Loss	-0.58%	0.9%
Salary / Payroll Variation	0.31%	-0.4%
Retiree COLAs Less than Expected	0.00%	0.0%
New Entrants	0.08%	-0.2%
Retirement from Active Status Experience	0.33%	-0.4%
Retired Mortality Experience	-0.11%	0.1%
All Other Experience	0.80%	-0.7%
<b>Total Change</b>	<b>0.21%</b>	<b>0.4%</b>
<b>Actual June 30, 2008 Actuarial Valuation</b>	<b>23.30%</b>	<b>88.6%</b>



**Safety Member  
Benefit Changes**

Effective February 25, 2008, certain Safety members moved from Plan 4 (3% @ 55) to Plan 6 (3% @ 50). These changes were reflected in our prior valuation for members hired prior to July 1, 2007.

**General Member  
Benefit Changes**

Many of the General members previously covered by General Plan 5B moved to General Plan 5C as of March 10, 2008. There are two significant differences between Plan 5B and Plan 5C.

1. For Plan 5B, the Final Average Salary (FAS) Calculation period is 12 months, while it is 36 months under Plan 5C.
2. For Plan 5B, the member contribution annuity formula is based upon CERL 31621.2 (1/100<sup>th</sup> of FAS at age 60), while CERL 31621.5 (1/200<sup>th</sup> of FAS at age 60) is used for General Plan 5C.

The service retirement, death, and disability benefit formulas are identical between the two tiers, although the final average salary used in the formula will be different as specified above. Due to the lower member contribution rates for General Plan 5C, the net employer normal cost rate is higher.

**Member Contribution  
Rates**

There have been no changes to the actuarial assumptions since the 2007 valuation. Therefore, there are no changes recommended in the member contribution rates. Member rates for all tiers are discussed in Section 5 and are shown in detail in Appendix D.

## Funding Progress

Based on Milliman's 2007 valuation, the expected UAAL as of June 30, 2008 was \$246.7 million. The actual UAAL for the fiscal year ending June 30, 2008 is \$244.4 million. There were several factors that had an impact on the UAAL, both individually and in total. These factors are shown in detail at the end of Section 6, Exhibit 13. The major changes for this valuation are the experience losses, the depletion of the Contingency Reserve, and the asset gain.

One measure of the funding adequacy of the system is the Funded Ratio which compares the value of the Actuarial Value of Assets (net of certain non-valuation reserves) to the Actuarial Accrued Liability (AAL), for all SBCERS tiers combined. SBCERS' Funded Ratio increased rapidly in the last half of the 1990's, reaching almost 100% in 2000. However, due primarily to asset losses early in this decade that were still being recognized until last year, the Funded Ratio has decreased since then.

Currently, the Funded Ratio is 88.6%; that is, the Valuation Assets of \$1,891.5 million is about 11.4% less than the Actuarial Accrued Liabilities of \$2,135.6 million.

(all dollar amounts in millions)

Valuation Year	Market Value of Assets	Actuarial Value of Assets	Valuation Assets	Non Valuation Assets	Actuarial Accrued Liability*	Funding Ratio*
2003		\$ 1,347			\$ 1,455	92.6%
2004	\$ 1,347	\$ 1,379	\$ 1,242	\$ 137	\$ 1,579	87.4%
2005	\$ 1,476	\$ 1,444	\$ 1,306	\$ 138	\$ 1,688	85.6%
2006	\$ 1,629	\$ 1,553	\$ 1,415	\$ 138	\$ 1,810	85.8%
2007	\$ 1,900	\$ 1,735	\$ 1,704	\$ 31	\$ 1,957	87.1%
2008	\$ 1,763	\$ 1,894	\$ 1,891	\$ 3	\$ 2,136	88.6%

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

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

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

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

## Assets

For the fiscal year ending June 30, 2008, we estimate that SBCERS earned -7.17%, net of expenses, on its Market Value of Assets. Note that our return figure may be slightly different than that shown in the 2008 CAFR due to timing of contributions and benefit payments, as well as the treatment of expenses.

SBCERS uses an asset-smoothing method in the determination of Valuation Assets used in the calculation of the UAAL contribution rate. Under this method, the Market Value returns are smoothed over a five-year period and the Non-Valuation reserves are excluded. Due to the deferral of much of last year's losses, along with the delayed recognition of prior gains, the return on the Valuation Assets was 9.35%, significantly better than the return on a Market Value basis.

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

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

As of June 30, 2008, the 2007-2008 Health Benefit Reserve was \$2.5 million.

The Undesignated Earnings reserve was \$91.0 million. At its September 24, 2008 meeting, the Board directed that the Undesignated Earnings reserve be treated as a sub-account of the Retired Member reserve. We allocated this sub-account into General, Safety, and APCD amounts in proportion to the Retired Member reserves previously allocated to those classifications.

At its September 24, 2008 meeting, the Board also directed that the Contingency Reserve be used to offset the investment return losses of the prior year.

**Non-Valuation Assets**

The 2007-2008 Health Benefit reserve will provide post-employment health and supplemental benefits to retirees separate and apart from their basic retirement benefits. Assets in this reserve will not represent the regular pension benefit promises of SBCERS. For this reason, we believe it is appropriate under generally accepted actuarial principles to exclude the 2007-2008 Health Benefit Reserve from the Valuation Assets used for contribution rate calculations.

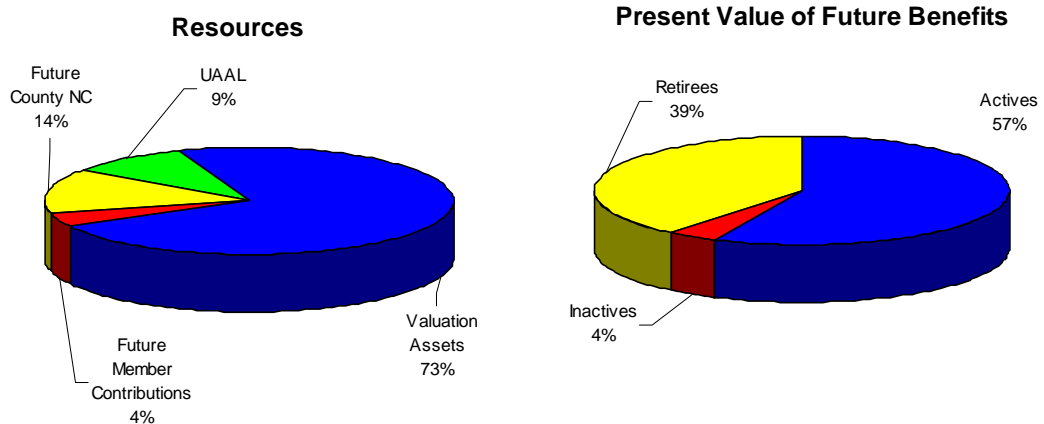
Per the Board's decision at its September 24, 2008 meeting, there are no assets in the Contingency reserve as of June 30, 2008. In prior valuations, that reserve was excluded from the Valuation Assets.

We have based our understanding of the purposes of the various reserves on information provided to us by the Board and staff. We are not attorneys and cannot express a legal opinion as to the appropriateness of their determinations regarding these fund allocations.

**Actuarial Balance Sheet**

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

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



## **Member Information**

The number of active members included in the valuation decreased by 19 between 2007 and 2008.

Retired member counts and average retirement benefit amounts continue to increase steadily. For 2008, there were 2,972 retired members and beneficiaries with an average benefit of \$2,328 per month. This represents a 6% increase in count and an 11% increase in the average monthly benefit.

## **Summary Valuation Results**

The following Exhibits present a summary of key data elements on June 30, 2008 and June 30, 2007, and how they changed over the past year. More detail on each of these elements can be found in the following Sections and Exhibits of this report.

## Santa Barbara County Employees' Retirement System

### Exhibit 1: Summary of Significant Valuation Results

	June 30, 2008	June 30, 2007	Relative Change
I. Total Membership			
A. Active Members	4,606	4,625	(0.4)%
B. Retired Members & Beneficiaries	2,972	2,812	5.7%
C. Vested Terminated Members	941	895	5.1%
D. Terminated Members (with Contributions)	247	242	2.1%
E. Total	8,766	8,574	2.2 %
II. Annualized Payroll as of the Valuation Date			
A. Annual Total (\$thousands)	\$ 307,264	\$ 294,163	4.5%
B. Monthly Average	\$ 5,559	\$ 5,300	4.9%
III. Average Monthly Benefit to Current Retirees and Beneficiaries	\$ 2,328	\$ 2,097	11.0%
IV. Actuarial Accrued Liability (\$thousands)			
A. Active Members	\$ 1,011,207	\$ 977,176	3.5%
B. Retired Members	\$ 1,018,768	\$ 892,839	14.1%
C. Vested Terminated Members	\$ 105,980	\$ 86,819	22.1%
D. Total	\$ 2,135,955	\$ 1,956,834	9.2%
V. Assets (\$thousands)			
A. Market Value of Fund	\$ 1,762,949	\$ 1,900,461	(7.2)%
B. Market Value of Valuation Assets	\$ 1,760,420	\$ 1,869,441	(5.8)%
C. Valuation Assets	\$ 1,891,456	1,704,469	11.0%
VI. Funded Ratios			
A. Market Value of Assets Basis (V.B. / IV.)	82.4%	95.5%	(13.7)%
B. Valuation Assets Basis (V.C. / IV.)	88.6%	87.1%	1.7%
VII. Unfunded Actuarial Accrued Liability or Surplus Funding (\$thousands)	\$ 244,499	\$ 252,365	(3.1)%
VIII. Required Employer contribution rate for all tiers combined as a percent of total payroll			
A. Gross Normal Cost	18.40%	18.09%	1.7%
B. Member Contributions	(4.20)%	(4.16)%	1.0%
C. Employer Normal Cost	14.20%	13.93%	1.9%
D. UAAL Amortization	9.10%	9.13%	(0.3)%
E. Total Employer Rate	23.30%	23.06%	1.0%

## Santa Barbara County Employees' Retirement System

### Exhibit 2: Summary of Valuation Results

	06/30/2007 General	06/30/2008 General	Percent Change	06/30/2007 Safety	06/30/2008 Safety	Percent Change	06/30/2007 APCD	06/30/2008 APCD	Percent Change
Actives	3,569	3,552	-0.5%	1,003	1,006	0.3%	53	48	-9.4%
Inactives *	936	977	4.4%	186	193	3.8%	15	18	20.0%
Retirees	2,230	2,317	3.9%	565	633	12.0%	17	22	29.4%
Totals	<u>6,735</u>	<u>6,846</u>	1.6%	<u>1,754</u>	<u>1,832</u>	4.4%	<u>85</u>	<u>88</u>	3.5%
Active Payroll	214,717,344	226,425,983	5.5%	75,506,157	77,229,784	2.3%	3,939,567	3,607,736	-8.4%
Average	60,162	63,746	6.0%	75,280	76,769	2.0%	74,331	75,161	1.1%
Retiree Benefits	43,244,377	49,515,403	14.5%	27,017,455	32,834,596	21.5%	501,273	673,413	34.3%
Average	19,392	21,370	10.2%	47,819	51,871	8.5%	29,487	30,610	3.8%
Valuation Assets **	993,414,818	1,092,883,361	10.0%	689,366,613	773,676,699	12.2%	21,687,154	24,895,783	14.8%
Market Value of Assets **	1,089,565,678	1,017,170,842	-6.6%	756,089,187	720,078,105	-4.8%	23,786,215	23,171,059	-2.6%
Actuarial Accrued Liability **	1,182,790,818	1,293,201,628	9.3%	748,010,613	813,914,891	8.8%	26,032,154	28,838,720	10.8%
Unfunded Actuarial Accrued Liability **	189,376,000	200,318,267	5.8%	58,644,000	40,238,192	-31.4%	4,345,000	3,942,937	-9.3%
<u>Retirement Contribution Rates</u>									
Employer Normal Cost	11.67%	11.93%	2.2%	20.39%	20.89%	2.5%	13.13%	13.34%	1.6%
Unfunded Actuarial Accrued Liability	8.99%	9.49%	5.6%	9.44%	7.82%	-17.2%	11.26%	12.09%	7.4%
Total	<u>20.66%</u>	<u>21.42%</u>	3.7%	<u>29.83%</u>	<u>28.71%</u>	-3.8%	<u>24.39%</u>	<u>25.43%</u>	4.3%
<u>Funded Ratios</u>									
Valuation Assets	84.0%	84.5%	0.6%	92.2%	95.1%	3.1%	83.3%	86.3%	3.6%
Market Value of Assets	92.1%	78.7%	-14.6%	101.1%	88.5%	-12.5%	91.4%	80.3%	-12.1%

\* June 30, 2008 numbers include 247 terminated members with a pending refund of contributions as of June 30, 2008.

\*\* Excludes non-valuation reserves.



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

# Santa Barbara County Employees' Retirement System

## Section 2: Scope of the Report

---



This report presents the actuarial valuation of the Santa Barbara County Employees' Retirement System as of June 30, 2008. This valuation was requested by the Board. Section 31453 of the County Employees Retirement Law of 1937 (the 37 Act) requires an actuarial valuation to be performed at least every three years for the purposes of setting contribution rates.

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

A summary of the findings resulting from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of SBCERS. The assets and investment income are presented in Exhibits 3-5. Exhibits 6-8 develop the Actuarial Value of Assets and the Valuation Assets as of June 30, 2008.

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

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

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

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

This report includes several appendices:

- Appendix A A summary of the actuarial procedures, and assumptions used to estimate liabilities and contributions.
- Appendix B A summary of the current benefit structure, as determined by the provisions of governing law on June 30, 2008.
- Appendix C Schedules of valuation data classified by various categories of members by class, plan and tier.
- Appendix D Member contribution rates by class, plan and tier.
- Appendix E A glossary of actuarial terms used in this report.



This page left blank.



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

## Santa Barbara County Employees' Retirement System

### Section 3: Assets



In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date which, for this valuation, is June 30, 2008. On that date, the assets available for the payment of retirement benefits are appraised. These assets are compared with the actuarial liabilities, which are generally well in excess of the actuarial assets. The purpose of the valuation is to determine what future contributions by the members and County are needed to pay all expected future benefits.

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

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

All dollar amounts in millions

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

On June 30, 2008, the total Market Value of Assets was about \$1.763 billion. The Actuarial Value of Assets was determined to be \$1.894 billion, including the Non-Valuation Reserves. The Valuation Assets, the Actuarial Value of Assets without the Non-Valuation Reserves, was \$1.891 billion. The Valuation Assets provide the basis for funding calculations.

## **Financial Exhibits**

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

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

## **Actuarial Asset Method**

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

The current assumed rate of return, as used for this valuation, is 8.16%, net of all expenses.

The difference between the actual Market Value and the computed expected Market Value is smoothed, or recognized over a five-year period.

## **Actuarial Value of Assets**

The development of the June 30, 2008 Actuarial Value of Assets is shown in Exhibit 6. As of that date, the Market Value of Assets is 93.1% of the Actuarial Value of Assets, down from 109.5% as of June 30, 2007. There are \$131.0 million of deferred investment return losses yet to be recognized.

## **Valuation Assets and Non-Valuation Assets**

Valuation Assets are the Actuarial Value of Assets, less the value of any reserves which have been set aside for current liabilities and special benefits that are to be funded outside of the actuarially determined contribution rates. The development of the Valuation Assets is shown in Exhibit 7.

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

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

**Valuation Assets and  
Non-Valuation  
Assets  
(continued)**

As of June 30, 2008, the 2007-2008 Health Benefit Reserve was \$2.5 million. The Undesignated Earnings reserve was \$91.0 million.

The 2007-2008 Health Benefit reserve will provide post-employment health and supplemental benefits to retirees separate and apart from their basic retirement benefits. Assets in this reserve will not represent the regular pension benefit promises of SBCERS. Therefore, we believe it is appropriate under generally accepted actuarial principles to exclude the 2007-2008 Health Benefit Reserve from the Valuation Assets used for contribution rate calculations.

Per the Board's decision at its September 24, 2008 meeting, assets previously set aside in the Contingency Reserve were transferred to Valuation Assets as of June 30, 2008. In prior valuations, that reserve was excluded from Valuation Assets.

We have based our understanding of the purposes of the various reserves on information provided to us by the Board and staff. We are not attorneys and cannot express a legal opinion as to the appropriateness of their determinations regarding these fund allocations.

**Allocation of Assets**

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

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

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

At its September 24, 2008 meeting, the Board decided to classify the Undesignated Earnings Reserve as a sub-account of the Retired Member Reserve. We allocated this sub-account in proportion to the Retired Member Reserve.

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

**Santa Barbara County Employees'  
Retirement System**

**Exhibit 3: Statement of Plan Net Assets  
For the Years Ended June 30, 2007 and 2008**

	2008	2007
<b>Assets</b>		
Cash and Deposits	\$ 11,718,860	\$ 9,595,904
Receivables		
Contributions	3,118,011	3,037,589
Due from broker for investments sold	107,333,002	117,096,434
Dividends	1,432,247	1,250,515
Accrued Interest	4,311,206	4,174,264
Other receivables	(16,300)	8,108
<b>Total Receivables</b>	<b>116,178,166</b>	<b>125,566,910</b>
Investments at Fair Value		
Short term investments	102,221,117	53,193,708
Alternative equity	27,208,653	42,193,870
Domestic fixed income securities	434,537,776	452,344,445
Domestic equities	746,306,583	903,228,521
International equities	378,028,620	445,283,673
International fixed income securities	78,248,640	42,506,167
Real estate	85,393,947	46,548,318
<b>Total Investments</b>	<b>1,851,945,336</b>	<b>1,985,298,702</b>
Collateral Held for Securities Lent	57,887,127	222,156,141
<b>Total Assets</b>	<b>2,037,729,489</b>	<b>2,342,617,657</b>
<b>Liabilities</b>		
Payables		
Collateral Held for Securities Lent	57,887,127	222,156,141
Due to broker for investments purchased	209,011,322	218,152,573
Benefits payable	7,499,175	931,092
Accounts Payable	383,307	916,557
<b>Total Liabilities</b>	<b>274,780,931</b>	<b>442,156,363</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 1,762,948,558</b>	<b>\$ 1,900,461,294</b>

## Santa Barbara County Employees' Retirement System

### Exhibit 4: Statement of Changes in Plan Net Assets For the Years Ended June 30, 2007 and 2008

	June 30, 2008	June 30, 2007
<b>Additions</b>		
Contributions		
Employer	\$ 69,460,616	\$ 63,395,296
Member	15,479,629	15,853,139
<b>Total Contributions</b>	<b>84,940,244</b>	<b>79,248,435</b>
Investment Income		
Net Appreciation in Fair Value of Investments	(171,413,084)	234,289,600
Interest	23,012,023	19,532,891
Dividends	19,644,091	22,759,075
<b>Total Investment Income</b>	<b>(128,756,970)</b>	<b>276,581,566</b>
Less investment expense	(5,075,879)	(5,330,158)
<b>Net Investment Income</b>	<b>(133,832,849)</b>	<b>271,251,408</b>
Securities Lending Income	5,768,514	8,915,940
Securities Lending Expense	(5,184,897)	(8,556,870)
<b>Net Securities Income</b>	<b>583,617</b>	<b>359,070</b>
Other Income	629,238	2,233,265
<b>Total Other Income</b>	<b>629,238</b>	<b>2,233,265</b>
<b>TOTAL ADDITIONS</b>	<b>\$ (47,679,750)</b>	<b>\$ 353,092,178</b>
<b>Deductions</b>		
Benefits Paid - Includes Pension, Death, and Health Benefits	\$ 84,409,180	\$ 76,846,452
Member Withdrawals	1,819,710	1,883,614
Administrative Expenses	3,604,096	2,859,108
<b>TOTAL DEDUCTIONS</b>	<b>\$ 89,832,986</b>	<b>\$ 81,589,174</b>
<b>NET INCREASE</b>	<b>\$ (137,512,736)</b>	<b>\$ 271,503,004</b>
<b>Assets Held in Trust - Beginning of Year</b>	<b>\$ 1,900,461,294</b>	<b>\$ 1,628,958,290</b>
<b>Assets Held in Trust - End of Year</b>	<b>\$ 1,762,948,558</b>	<b>\$ 1,900,461,294</b>

**Santa Barbara County Employees'  
Retirement System**

**Exhibit 5: Allocation of Assets by Accounting Reserve Amounts  
For the Years Ended June 30, 2007 and 2008**

	2008	2007
1. Member Deposit Reserve	\$ 177,770,373	\$ 169,217,997
2. County and District Advance Reserve	571,385,192	558,510,143
3. Retired Member Reserve	1,028,073,018	912,832,239
4. Undesignated Earnings Reserve <sup>(1)</sup>	90,995,458	84,130,416
	<u>\$ 1,868,224,041</u>	<u>\$ 1,724,690,795</u>
5. Market Stabilization Account	(107,804,036)	144,750,285
	<u>\$ 1,760,420,005</u>	<u>\$ 1,869,441,080</u>
6. Special Reserves (Non-valuation reserves)		
a. 2007-2008 Health Benefit Reserve <sup>(2)</sup>	\$ 2,528,553	\$ 9,400,000
b. Contingency Reserve <sup>(3)</sup>	-	21,620,214
	<u>\$ 2,528,553</u>	<u>\$ 31,020,214</u>
<b>Total Reserves</b>	<u><b>\$ 1,762,948,558</b></u>	<u><b>\$ 1,900,461,294</b></u>

<sup>(1)</sup> Established as a valuation asset reserve effective June 30, 2007.

<sup>(2)</sup> Established as a non-valuation asset reserve effective June 30, 2007. This reserve is used to pay \$15 Health Benefits through September 2008 and \$4 Supplemental Benefits through December 2008.

<sup>(3)</sup> As of June 30, 2008, the Contingency Reserve was used to credit interest to the retired member reserve.

## Santa Barbara County Employees' Retirement System

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

Plan Year Ending	Contributions	Benefits*	Expected Investment Return	Actual Investment Return	Earnings Gain or (Loss)	Deferred Portion of Gain/Loss	Deferred Investment Return	
06/30/2005	61,548,644	65,539,276	109,721,321	133,529,299	23,807,978	20%	4,761,596	
06/30/2006	69,034,338	72,492,886	120,313,386	156,258,819	35,945,433	40%	14,378,173	
06/30/2007	79,248,435	78,730,066	132,943,731	270,984,635	138,040,904	60%	82,824,542	
06/30/2008	84,940,244	86,228,890	155,026,096	(136,224,090)	(291,250,186)	80%	<u>(233,000,149)</u>	
1. Total								\$ (131,035,838)
2. Market Value of Assets as of June 30, 2008								\$ 1,762,948,558
3. Preliminary Actuarial Value of Assets as of June 30, 2008 = (2) -(1)								\$ 1,893,984,396
4. Corridor Limit								
a. 80% of Net Market Value								1,410,358,846
b. 120% of Net Market Value								2,115,538,270
5. Actuarial Value of Assets After Corridor as of June 30,2008								\$ 1,893,984,396
6. Special Reserves (Non-valuation reserves)								
2007-2008 Health Benefit Reserve							\$ 2,528,553	
Contingency Reserve							<u>-</u>	
Total								\$ <u>2,528,553</u>
7. Valuation Assets as of June 30, 2008 = (5) - (6)								<u>\$ 1,891,455,843</u>

\* Includes pensions, death benefits, health benefits, and member withdrawals.



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. 19



## Santa Barbara County Employees' Retirement System

### Exhibit 7a: Development of Valuation Assets

	<b>Valuation Assets</b>	<b>Actuarial Assets</b>	<b>Market Value of Assets</b>
1. Total June 30, 2007 Valuation	\$ 1,704,468,585	\$ 1,735,488,799	\$ 1,900,461,294
2. Changes During the Year			
Member Contributions	15,479,629	15,479,629	15,479,629
Employer Contributions	69,460,616	69,460,616	69,460,616
Benefit Payments	(79,166,680)	(86,228,890)	(86,228,890)
Transfer from Contingency Reserves	21,620,214	-	-
Investment Return, net of expenses	159,593,479	159,784,242	(136,224,090)
Total Changes	<u>\$ 186,987,258</u>	<u>\$ 158,495,597</u>	<u>\$ (137,512,736)</u>
3. Total June 30, 2008 Valuation = 1 + 2	\$ 1,891,455,843	\$ 1,893,984,396	\$ 1,762,948,558
4. Expected Value as of June 30, 2007	\$ 1,871,177,942	\$ 1,875,764,494	\$ 2,054,198,744
5. Gain/Loss = 3 - 4	20,277,901	18,219,902	(291,250,186)
6. Rate of Return	9.35%	9.21%	-7.17%



## Santa Barbara County Employees' Retirement System

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

Year Ended June 30	Net Return at Market Value	Net Return at Actuarial Value	Increase in Consumer Price Index
1989	17.6%		5.2%
1990	10.8%		4.7%
1991	9.7%		4.7%
1992	18.5%		3.1%
1993	13.2%		3.0%
1994	-0.7%		2.5%
1995	17.7%		3.0%
1996	15.6%		2.8%
1997	19.9%		2.3%
1998	18.9%		1.7%
1999	10.5%		2.0%
2000	6.4%		3.7%
2001	-4.3%		3.2%
2002	-5.4%		1.1%
2003	4.6%		2.1%
2004	15.7%	2.9%	3.3%
2005	9.9%	5.0%	2.5%
2006	10.6%	7.8%	4.3%
2007	16.6%	11.7%	2.7%
2008	-7.2%	9.2%	5.0%
<b>20-Year Compound Average</b>	<b>9.6%</b>		<b>3.1%</b>

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

**Santa Barbara County Employees'  
Retirement System**

**Exhibit 8: Allocation of Valuation Assets  
For the Year Ended June 30, 2008**  
(Dollars in Thousands)

	General	Safety	APCD	Total
1. Member Deposit Reserve	\$ 140,869	\$ 34,769	\$ 2,133	\$ 177,771
2. County and District Advance Reserve	359,843	200,871	10,671	571,385
3. Retired Member Reserve	531,688	485,557	10,828	1,028,073
4. Percentage of Line 3. by Plan	51.72%	47.23%	1.05%	100.00%
5. Undesignated Earnings Reserve <sup>(i)</sup>	47,060	42,977	958	90,995
<hr/>				
6. Total Valuation Reserves (1+ 2+ 3 + 5)	\$ 1,079,460	\$ 764,174	\$ 24,590	\$ 1,868,224
<hr/>				
7. Percentage of Line 6. by Plan	57.78%	40.90%	1.32%	100.00%
8. Actuarial Value of Valuation Assets (Exhibit 6)			\$	1,891,456
9. Allocated Valuation Assets (7 x 8)	<u>\$ 1,092,883</u>	<u>\$ 773,677</u>	<u>\$ 24,896</u>	<u>\$ 1,891,456</u>

(i) *The Undesignated Earnings Reserve is a sub-account of Retired Member Reserves and is allocated in proportion to Line 4.*

# Santa Barbara County Employees' Retirement System

## Section 4: Actuarial Liabilities

---



In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of SBCERS' assets as of the valuation date, June 30, 2008. In this section, the discussion will focus on the commitments of SBCERS for retirement benefits, which are referred to as its actuarial liabilities.

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

### Actuarial Balance Sheet – Liabilities

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

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

The actuarial liabilities include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes measures of both benefits already earned and future benefits to be earned. For all members, active and inactive, the value extends over the rest of their lives and for the lives of any surviving beneficiaries. All pension valuation liabilities reflect the benefits effective through June 30, 2008.

Non-Valuation Assets do not represent the regular pension benefit promises of SBCERS and are therefore not included in the actuarial balance sheet.

The actuarial assumptions used to determine the liabilities are based on the results of our analysis of experience as of June 30, 2007 and adopted by the Board in 2007. These assumptions are summarized in Appendix A.

## Santa Barbara County Employees' Retirement System

**Exhibit 9: Actuarial Balance Sheet – June 30, 2008**  
(Dollars in Thousands)

Resources				
	<u>General</u>	<u>Safety</u>	<u>APCD</u>	<u>Total</u>
Valuation Assets (Actuarial)	\$ 1,092,883	\$ 773,677	\$ 24,896	\$ 1,891,456
Present Value of Future Member Contributions	68,143	37,548	1,329	107,020
Present Value of Future Employer Contributions to Fund:				
a) Normal Cost	212,122	149,666	3,374	365,162
b) Unfunded Actuarial Accrued Liability	200,318	40,238	3,943	244,499
<b>Total Resources</b>	<b>\$ 1,573,466</b>	<b>\$ 1,001,129</b>	<b>\$ 33,542</b>	<b>\$ 2,608,137</b>

Liabilities				
	<u>General</u>	<u>Safety</u>	<u>APCD</u>	<u>Total</u>
Present Value of Future Benefits				
1. Present Retired Members	\$ 561,723	\$ 447,612	\$ 9,433	\$ 1,018,768
2. Current Inactive Members	79,165	25,251	1,565	105,981
3. Current Active Members				
- Service Retirement	824,244	454,530	20,427	1,299,201
- Disability Retirement	46,546	48,369	969	95,884
- Death Benefits	16,322	5,876	616	22,814
- Deferred Vested Benefit	38,166	17,315	464	55,945
- Refund of Member Contributions	<u>7,300</u>	<u>2,176</u>	<u>68</u>	<u>9,544</u>
- Total Active	\$ 932,579	\$ 528,267	\$ 22,544	\$ 1,483,388
<b>Total Actuarial Liabilities</b>	<b>\$ 1,573,466</b>	<b>\$ 1,001,129</b>	<b>\$ 33,542</b>	<b>\$ 2,608,137</b>

## **Actuarial Balance Sheet – Resources**

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

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

## **Actuarial Cost Method**

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

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

## **Normal Cost**

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

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

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

## Normal Cost (continued)

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

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

In Exhibit 10, we report the Total Normal Cost Contribution Rate for each class in total and then reduce the total by the members' average contribution rates to develop the Employer's Net Normal Cost Contribution Rate as of June 30, 2008. Exhibits 10a, 10b and 10c provide similar information regarding the normal cost rates, but they give the information by each tier within each plan, one exhibit for each class.

**Santa Barbara County Employees'  
Retirement System**

**Exhibit 10: Calculated Employer Normal Cost Contribution Rates – June 30, 2008  
All Members**

	<u>General</u>	<u>Safety</u>	<u>APCD</u>	<u>All Plans</u>
A. Normal Cost Contribution Rate				
Service Retirement	11.78%	19.43%	13.18%	13.72%
Disability Retirement	1.22%	3.74%	1.33%	1.85%
Death while Active	0.32%	0.40%	0.96%	0.35%
Termination (No Refund)	1.79%	2.17%	2.12%	1.89%
Refund of Member Contributions	0.64%	0.42%	0.83%	0.59%
Total	15.75%	26.16%	18.42%	18.40%
B. Member Contributions	(3.82)%	(5.27)%	(5.08)%	(4.20)%
<b>C. Net Employer Normal Cost as of     June 30, 2008 (A) + (B)</b>	<b>11.93%</b>	<b>20.89%</b>	<b>13.34%</b>	<b>14.20%</b>
D. Net Employer Normal Cost as of June 30, 2007	11.67%	20.39%	13.13%	13.93%
E. Increase (Decrease) as a Percentage of Payroll (C) - (D)	0.26%	0.50%	0.21%	0.27%



## Santa Barbara County Employees' Retirement System

### Exhibit 10a: Calculated Employer Normal Cost Contribution Rates – June 30, 2008 General Members

	<b>General - County</b>				
A. Normal Cost Contribution Rate	<u>5A</u>	<u>5B</u>	<u>5C</u>	<u>Plan 2</u>	<u>Total</u>
Service Retirement	10.70%	13.98%	11.81%	1.76%	11.78%
Disability Retirement	1.08%	1.48%	1.24%	0.14%	1.22%
Death while Active	0.32%	0.37%	0.31%	0.03%	0.32%
Termination (No Refund)	2.00%	1.64%	1.72%	0.32%	1.79%
Refund of Member Contributions	0.52%	1.13%	0.54%	0.00%	0.64%
<b>Total</b>	<b>14.62%</b>	<b>18.60%</b>	<b>15.62%</b>	<b>2.25%</b>	<b>15.75%</b>
<b>B. Member Contributions</b>	<b>(3.05)%</b>	<b>(7.09)%</b>	<b>(3.17)%</b>	<b>0.00%</b>	<b>(3.82)%</b>
<b>C. Net Employer Normal Cost as of June 30, 2008 (A) + (B)</b>	<b>11.57%</b>	<b>11.51%</b>	<b>12.45%</b>	<b>2.25%</b>	<b>11.93%</b>
<b>D. Net Employer Normal Cost as of June 30, 2007</b>	<b>11.55%</b>	<b>11.06%</b>	<b>12.11%</b>	<b>2.58%</b>	<b>11.67%</b>
<b>E. Increase (Decrease) as a Percentage of Payroll (C) - (D)</b>	<b>0.02%</b>	<b>0.45%</b>	<b>0.34%</b>	<b>(0.33)%</b>	<b>0.26%</b>

## Santa Barbara County Employees' Retirement System

### Exhibit 10b: Calculated Employer Normal Cost Contribution Rates – June 30, 2008 Safety Members

	Safety						Total
	4A	4B	4C	4D	6A	6B	
A. Normal Cost Contribution Rate							
Service Retirement	19.02%	18.03%	18.69%	N/A	19.92%	20.23%	19.43%
Disability Retirement	3.92%	3.51%	3.88%	N/A	3.42%	3.72%	3.74%
Death while Active	0.44%	0.35%	0.39%	N/A	0.39%	0.39%	0.40%
Termination (No Refund)	1.99%	1.71%	1.87%	N/A	2.42%	2.46%	2.17%
Refund of Member Contributions	0.44%	0.78%	0.40%	N/A	0.40%	0.43%	0.42%
<b>Total</b>	<b>25.81%</b>	<b>24.38%</b>	<b>25.23%</b>	<b>N/A</b>	<b>26.55%</b>	<b>27.23%</b>	<b>26.16%</b>
B. Member Contributions	(5.36)%	(10.29)%	(5.22)%	N/A	(5.07)%	(5.14)%	(5.27)%
<b>C. Net Employer Normal Cost as of June 30, 2008 (A) + (B)</b>	<b>20.45%</b>	<b>14.09%</b>	<b>20.01%</b>	<b>N/A</b>	<b>21.48%</b>	<b>22.09%</b>	<b>20.89%</b>
D. Net Employer Normal Cost as of June 30, 2007	19.84%	14.68%	19.29%	19.02%	21.32%	21.51%	20.39%
E. Increase (Decrease) as a Percentage of Payroll (C) - (D)	0.61%	(0.59)%	0.72%	N/A	0.16%	0.58%	0.50%

*All members in Plan 4D transferred to Plan 6B on February 29, 2008.*



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. 29

**Santa Barbara County Employees'  
Retirement System**

**Exhibit 10c: Calculated Employer Normal Cost Contribution Rates – June 30, 2008  
APCD Members**

<b>A. Normal Cost Contribution Rate</b>	<b>APCD</b>		
	<u>Plan 1</u>	<u>Plan 2</u>	<u>Total</u>
Service Retirement	12.38%	14.85%	13.18%
Disability Retirement	1.22%	1.56%	1.33%
Death while Active	0.94%	0.99%	0.96%
Termination (No Refund)	2.27%	1.81%	2.12%
Refund of Member Contributions	0.60%	1.31%	0.83%
<b>Total</b>	<b>17.41%</b>	<b>20.52%</b>	<b>18.42%</b>
<b>B. Member Contributions</b>	<b>(3.68)%</b>	<b>(8.02)%</b>	<b>(5.08)%</b>
<b>C. Net Employer Normal Cost as of June 30, 2008 (A) + (B)</b>	<b>13.73%</b>	<b>12.50%</b>	<b>13.34%</b>
<b>D. Net Employer Normal Cost as of June 30, 2007</b>	<b>13.57%</b>	<b>12.38%</b>	<b>13.13%</b>
<b>E. Increase (Decrease) as a Percentage of Payroll (C) - (D)</b>	<b>0.16%</b>	<b>0.12%</b>	<b>0.21%</b>

**Actuarial Accrued Liability**

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

**Unfunded Actuarial Accrued Liability/ Surplus Funding**

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

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

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

**Funding Adequacy**

A key consideration in determining the adequacy of the funding of SBCERS is how the UAAL is being funded. If the UAAL amount is positive, that is, the actuarial accrued liability to be funded is greater than the Valuation Assets, then the UAAL is amortized. Under the current funding method, the UAAL is amortized over a fixed 15-year period, with a new layer of UAAL established for each year's experience.

Exhibits 11a, 11b and 11c disclose the development of these UAAL layers for each classification. The Exhibits also show the remaining outstanding balances for each base established since January 1, 2003 when SBCERS adopted this layered amortization schedule for any UAAL.

Each year the difference between the aggregate UAAL (as shown in Exhibit 11) and the expected UAAL from the prior year's amortization schedules equals the additional UAAL created during the past year. This new amount is then amortized over a fixed (closed) period of 15 years.

## Analysis of Change in UAAL

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

The 2008 actuarial valuation reflects a decrease in the UAAL of \$7.9 million for the fiscal year just ended from \$252.3 million to \$244.4 million. See Exhibit 13 in Section 6 for a detailed breakdown of the change in UAAL.

For General members, salaries increased more than expected between valuations. This caused an increase in the UAAL and is the primary reason that the new base is positive for General despite gains in the Valuation Assets.

For Safety members, salaries increased less than expected. This resulted in a decrease in the UAAL for Safety. The salary experience asset gains and transfer from the contingency reserve are the reasons for the negative based for Safety members.

## Santa Barbara County Employees' Retirement System

### Exhibit 11: Calculated UAAL Amount by Class – June 30, 2008 All Members

(Dollars in Millions)

	General	Safety	APCD	2008 All Plans	2007 All Plans <sup>(1)</sup>	Percent Change
A. Actuarial present value of all future benefits for contributing members, former contributing members, and their survivors	\$ 1,573.5	\$ 1,001.1	\$ 33.5	\$ 2,608.1	\$ 2,400.6	8.6%
B. Actuarial present value of total future Normal Costs for current members	280.3	187.2	4.7	472.2	443.8	6.4%
C. Actuarial Accrued Liability [A-B]	\$ 1,293.2	\$ 813.9	\$ 28.8	\$ 2,135.9	\$ 1,956.8	9.2%
D. Valuation Assets	1,092.9	773.7	24.9	1,891.5	1,704.5	11.0%
E. <b>UAAL or Surplus Funding [C-D]</b>	<b>\$ 200.3</b>	<b>\$ 40.2</b>	<b>\$ 3.9</b>	<b>\$ 244.4</b>	<b>\$ 252.3</b>	-3.1%
F. Funded Ratio [D/C]	84.5%	95.1%	86.5%	88.6%	87.1%	1.7%

(1) Excludes non-valuation assets from present value of benefits and Valuation Assets.



## Santa Barbara County Employees' Retirement System

### Exhibit 11a: UAAL Amortization Rates – June 30, 2008 General Members

Interest	8.16%
Annual Payroll Increases	4.00%
Amortization factor (n=15)	0.088195

Base Number:	Base 1	Base 2	Base 3	Base 4	Base 5	Base 6	Base 7	All Bases
Date Base Established:	Initial (1/1/2003)	07/01/2003	07/01/2004	07/01/2005	07/01/2006	07/01/2007	07/01/2008	
Years Remaining:	9.5	10	11	12	13	14	15	
Original Balance: \$	37,619,091	16,495,962	54,044,533	25,521,889	42,046,577	21,637,963	15,971,923	213,337,938
Current Balance:	32,962,430	14,763,524	50,095,229	24,301,200	40,844,328	21,379,633	15,971,923	200,318,267
Amortization Factor:	0.126150	0.120897	0.111932	0.104483	0.098199	0.092831	0.088195	
<b>Beginning of Year Payment: \$</b>	<b>4,158,221</b>	<b>1,784,862</b>	<b>5,607,276</b>	<b>2,539,062</b>	<b>4,010,872</b>	<b>1,984,683</b>	<b>1,408,636</b>	<b>21,493,612</b>

Beginning of Year Payroll: **\$ 226,425,983**

32962429.3

UAAL Amortization Rate - General: **9.49%**

Period	Base 1 Payment	Base 2 Payment	Base 3 Payment	Base 4 Payment	Base 5 Payment	Base 6 Payment	Base 7 Payment	All Bases Totals	Discounted Totals
1	\$ 4,240,570	\$ 1,820,209	\$ 5,718,322	\$ 2,589,345	\$ 4,090,303	\$ 2,023,987	\$ 1,436,532	\$ 21,919,269	\$ 21,076,221
2	4,410,192	1,893,018	5,947,055	2,692,919	4,253,915	2,104,947	1,493,994	22,796,040	20,265,597
3	4,586,600	1,968,738	6,184,937	2,800,636	4,424,072	2,189,145	1,553,754	23,707,882	19,486,151
4	4,770,064	2,047,488	6,432,335	2,912,661	4,601,035	2,276,711	1,615,904	24,656,198	18,736,684
5	4,960,867	2,129,387	6,689,628	3,029,168	4,785,076	2,367,779	1,680,540	25,642,445	18,016,042
6	5,159,301	2,214,563	6,957,213	3,150,335	4,976,479	2,462,490	1,747,761	26,668,142	17,323,117
7	5,365,673	2,303,145	7,235,502	3,276,348	5,175,538	2,560,990	1,817,672	27,734,868	16,656,843
8	5,580,300	2,395,271	7,524,922	3,407,402	5,382,560	2,663,429	1,890,379	28,844,263	16,016,195
9	5,803,512	2,491,082	7,825,918	3,543,698	5,597,862	2,769,967	1,965,994	29,998,033	15,400,188
10	3,017,826	2,590,725	8,138,955	3,685,446	5,821,776	2,880,765	2,044,634	28,180,127	13,375,484
11			8,464,513	3,832,864	6,054,648	2,995,996	2,126,419	23,474,440	10,301,373
12				3,986,178	6,296,833	3,115,836	2,211,476	15,610,323	6,333,519
13					6,548,707	3,240,469	2,299,935	12,089,111	4,534,829
14						3,370,088	2,391,932	5,762,020	1,998,364
15							2,487,609	2,487,609	797,660
<b>Totals</b>	<b>\$ 47,894,905</b>	<b>\$ 21,853,626</b>	<b>\$ 77,119,300</b>	<b>\$ 38,907,000</b>	<b>\$ 68,008,804</b>	<b>\$ 37,022,599</b>	<b>\$ 28,764,535</b>	<b>\$ 319,570,770</b>	<b>\$ 200,318,267</b>



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. 34

## Santa Barbara County Employees' Retirement System

### Exhibit 11b: UAAL Amortization Rates – June 30, 2008 Safety Members

Interest 8.16%  
Annual Payroll Increases 4.00%  
Amortization factor (n=15) 0.088195

#### Safety Plan 6 Only 3% @ 50 Formula

Bases applicable to all Safety Members										Safety Plan 6 Only 3% @ 50 Formula		All Bases
Base Number:	Base 1	Base 2	Base 3	Base 4	Base 5	Base 6	Base 7	Total				
Date Base Established:	Initial (1/1/2003)	7/1/2003	7/1/2004	7/1/2005	7/1/2006	7/1/2007	7/1/2008			7/1/2007		
Years Remaining:	9.5	10	11	12	13	14	15			14		
Original Balance:	\$ 28,803,194	\$ 23,375,065	\$ 38,660,471	\$ 20,254,712	\$ (21,026,765)	\$ (38,082,847)	\$ (15,630,362)	\$ 36,353,468		\$ 12,795,769	\$ 49,149,237	
Current Balance:	25,237,804	20,920,170	35,835,358	19,285,947	(20,425,542)	(37,628,186)	(15,630,362)	27,595,189		12,643,003	40,238,192	
Amortization Factor:	0.126150	0.120897	0.111932	0.104483	0.098199	0.092831	0.088195			0.092831		
Beginning of Year Payment:	\$ 3,183,757	\$ 2,529,180	\$ 4,011,136	\$ 2,015,054	\$ (2,005,768)	\$ (3,493,046)	\$ (1,378,512)	\$ 4,861,801		\$ 1,173,657	\$ 6,035,458	
									Beginning of Year Payroll:	\$ 77,229,784	\$ 38,448,761	
									UAAL Amortization Rate - Safety:	6.30%	3.05%	
Period	Base 1 Payment	Base 2 Payment	Base 3 Payment	Base 4 Payment	Base 5 Payment	Base 6 Payment	Base 7 Payment	Totals	Discounted Totals	Base for 3% @ 50 Formula Payment	Discounted Totals	
1	\$ 3,246,808	\$ 2,579,268	\$ 4,090,572	\$ 2,054,960	\$ (2,045,490)	\$ (3,562,222)	\$ (1,405,812)	\$ 4,958,084	\$ 4,767,388	\$ 1,196,900	\$ 1,150,865	
2	3,376,680	2,682,438	4,254,195	2,137,158	(2,127,310)	(3,704,711)	(1,462,044)	5,156,406	4,584,026	1,244,776	1,106,601	
3	3,511,747	2,789,736	4,424,363	2,222,645	(2,212,402)	(3,852,899)	(1,520,526)	5,362,664	4,407,719	1,294,567	1,064,040	
4	3,652,217	2,901,325	4,601,337	2,311,550	(2,300,898)	(4,007,015)	(1,581,347)	5,577,169	4,238,190	1,346,350	1,023,115	
5	3,798,306	3,017,378	4,785,391	2,404,012	(2,392,934)	(4,167,296)	(1,644,601)	5,800,256	4,075,183	1,400,204	983,765	
6	3,950,238	3,138,073	4,976,806	2,500,173	(2,488,651)	(4,333,988)	(1,710,385)	6,032,266	3,918,445	1,456,212	945,928	
7	4,108,248	3,263,596	5,175,879	2,600,180	(2,588,197)	(4,507,347)	(1,778,801)	6,273,558	3,767,736	1,514,460	909,545	
8	4,272,578	3,394,140	5,382,914	2,704,187	(2,691,725)	(4,687,641)	(1,849,953)	6,524,500	3,622,823	1,575,039	874,563	
9	4,443,481	3,529,906	5,598,230	2,812,355	(2,799,394)	(4,875,147)	(1,923,951)	6,785,480	3,483,484	1,638,040	840,926	
10	2,310,610	3,671,102	5,822,160	2,924,849	(2,911,370)	(5,070,153)	(2,000,909)	4,746,289	2,252,790	1,703,562	808,583	
11			6,055,046	3,041,843	(3,027,825)	(5,272,959)	(2,080,945)	(1,284,840)	(563,831)	1,771,704	777,483	
12				3,163,516	(3,148,938)	(5,483,877)	(2,164,183)	(7,633,482)	(3,097,105)	1,842,573	747,580	
13					(3,274,895)	(5,703,232)	(2,250,750)	(11,228,877)	(4,212,140)	1,916,275	718,827	
14						(5,931,361)	(2,340,780)	(8,272,141)	(2,868,916)	1,992,926	691,181	
15							(2,434,411)	(2,434,411)	(780,603)			
Totals	\$ 36,670,913	\$ 30,966,962	\$ 55,166,893	\$ 30,877,428	\$ (34,010,029)	\$ (65,159,848)	\$ (28,149,398)	\$ 26,362,921	\$ 27,595,189	\$ 21,893,588	\$ 12,643,003	



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



## Santa Barbara County Employees' Retirement System

### Exhibit 11c: UAAL Amortization Rates – June 30, 2008 APCD Members

Interest 8.16%  
Annual Payroll Increases 4.00%  
  
Amortization factor (n=15) 0.088195

Base Number:	Base 1	Base 2	Base 3	Base 4	Base 5	Base 6	Base 7	All Bases
Date Base Established:	Initial (1/1/2003)	07/01/2003	07/01/2004	07/01/2005	07/01/2006	07/01/2007	07/01/2008	
Years Remaining:	9.5	10	11	12	13	14	15	
Original Balance:	\$ 1,227,034	\$ 950,363	\$ (152,364)	\$ 975,400	\$ 199,108	\$ 1,338,322	\$ (286,040)	\$ 4,251,823
Current Balance:	1,075,146	850,555	(141,230)	928,747	193,415	1,322,344	(286,040)	3,942,937
Amortization Factor:	0.126150	0.120897	0.111932	0.104483	0.098199	0.092831	0.088195	
<b>Beginning of Year Payment:</b>	<b>\$ 135,630</b>	<b>\$ 102,829</b>	<b>\$ (15,808)</b>	<b>\$ 97,038</b>	<b>\$ 18,993</b>	<b>\$ 122,754</b>	<b>\$ (25,227)</b>	<b>\$ 436,209</b>

Beginning of Year Payroll: \$ 3,607,736

UAAL Amortization Rate: 12.09%

Period	Base 1 Payment	Base 2 Payment	Base 3 Payment	Base 4 Payment	Base 5 Payment	Base 6 Payment	Base 7 Payment	All Bases Totals	Discounted Totals
1	\$ 138,316	\$ 104,865	\$ (16,121)	\$ 98,960	\$ 19,369	\$ 125,185	\$ (25,727)	\$ 444,848	\$ 427,738
2	143,849	109,060	(16,766)	102,918	20,144	130,192	(26,756)	462,641	411,286
3	149,603	113,422	(17,437)	107,035	20,950	135,400	(27,826)	481,147	395,468
4	155,587	117,959	(18,134)	111,316	21,788	140,816	(28,939)	500,393	380,258
5	161,810	122,678	(18,859)	115,769	22,659	146,449	(30,096)	520,410	365,633
6	168,283	127,585	(19,614)	120,400	23,566	152,307	(31,300)	541,227	351,571
7	175,014	132,688	(20,398)	125,216	24,508	158,399	(32,552)	562,875	338,048
8	182,014	137,996	(21,214)	130,224	25,488	164,735	(33,854)	585,389	325,046
9	189,295	143,516	(22,063)	135,433	26,508	171,324	(35,209)	608,804	312,544
10	98,433	149,256	(22,945)	140,851	27,568	178,177	(36,617)	534,723	253,802
11			(23,863)	146,485	28,671	185,304	(38,082)	298,515	130,998
12				152,344	29,818	192,717	(39,605)	335,274	136,029
13					31,011	200,425	(41,189)	190,247	71,365
14						208,442	(42,837)	165,605	57,435
15							(44,550)	(44,550)	(14,284)
<b>Totals</b>	<b>\$ 1,562,204</b>	<b>\$ 1,259,025</b>	<b>\$ (217,414)</b>	<b>\$ 1,486,951</b>	<b>\$ 322,048</b>	<b>\$ 2,289,872</b>	<b>\$ (515,139)</b>	<b>\$ 6,187,548</b>	<b>\$ 3,942,937</b>



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. 36

# Santa Barbara County Employees' Retirement System

## Section 5: Member Contributions



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

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

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

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

### Basic Contributions

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

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

No changes in the actuarial assumptions have occurred since the 2007 valuation, so no changes in member contributions are needed. The rates shown in Appendix D reflect member contribution rates, effective July 1, 2008.

### Safety Member Contributions

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

### Member Contribution Rates

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

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

General Plan 2 members make no employee contributions.

This page left blank.

# Santa Barbara County Employees' Retirement System

## Section 6: Employer Contributions

---



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

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

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

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

The initial additional UAAL for Safety Plan 6 (3% @ 50) Formula was amortized over 15 years as a percentage of pay for Safety Plan 6 members. As of this valuation, there are 14 years remaining in that amortization.

### Calculated Contribution Rate

The total Employer contribution rate was 23.06% for the fiscal year beginning July 1, 2008 (effective October 1, 2008). For the fiscal year beginning in 2009, the calculated rate based on this report increased to 23.30%. This is equal to the aggregate Net Normal Cost contribution rate of 14.20% plus the amortization payment of the UAAL as measured from the valuation date and reported in Exhibits 11, 11a, 11b and 11c. The aggregate UAAL contribution rate is 9.10%.

**Calculated  
Contribution Rate  
(continued)**

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

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

**Changes in the  
Normal Cost Rate**

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

- (1) **Experience:** Normal experience from year-to-year, reflecting differences in both the weighting between membership groups and in their characteristics, as well as on what was assumed to occur during the past fiscal year and what actually occurred, particularly with respect to salary increases and turnover experience.
- (2) **Changes in Benefit Provisions:** Plans 5C, 6A, and 6B have been added recently. Changes in the aggregate composition of the membership among the various plans will lead to experience gains and losses.
- (3) **Changes in Actuarial Assumptions:** There have been no changes since the prior actuarial valuation.

**Changes in UAAL  
and UAAL  
Contribution Rates**

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

Changes have occurred since the 2007 valuation. In addition to regular experience gains and losses, the transfer of assets from the Contingency reserve had an impact on the UAAL rate.

## Santa Barbara County Employees' Retirement System

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

	General	Safety	APCD	2008 All Plans
A. Basic Employer Normal Cost Rate	8.04%	13.64%	8.76%	9.46%
B. COLA Normal Cost Rate	3.89%	7.25%	4.58%	4.74%
C. Employer Normal Cost Rate	11.93%	20.89%	13.34%	14.20%
D. Basic UAAL Contribution Rate	6.51%	5.24%	8.78%	6.22%
E. COLA UAAL Contribution Rate	2.98%	2.58%	3.31%	2.88%
F. UAAL Contribution Rate	9.49%	7.82%	12.09%	9.10%
<b>G. Total June 30, 2008 Contribution Rate (C + F)</b>	<b>21.42%</b>	<b>28.71%</b>	<b>25.43%</b>	<b>23.30%</b>
H. Total June 30, 2007 Contribution Rate	20.66%	29.83%	24.39%	23.06%
I. Estimated Payroll for fiscal year beginning July 1, 2009	\$ 240,146	\$ 81,910	\$ 3,827	\$ 325,883
<b>J. Estimated Annual Contribution (G x I) <sup>(1)</sup></b>	<b>\$ 51,455</b>	<b>\$ 23,512</b>	<b>\$ 973</b>	<b>\$ 75,940</b>
K. Prior Valuation Estimated Annual Contribution <sup>(2)</sup>	\$ 47,747	\$ 23,436	\$ 899	\$ 72,082
L. Increase / (Decrease) in Annual Contribution	\$ 3,708	\$ 76	\$ 74	\$ 3,858

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

(2) Estimated contribution for fiscal year beginning July 1, 2008 based on salary information as of June 30, 2008.

## Santa Barbara County Employees' Retirement System

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

	General				
	5A	5B	5C	Plan 2	Total
A. Basic Employer Normal Cost Rate	7.89%	7.04%	8.58%	2.25%	8.04%
B. COLA Normal Cost Rate	3.68%	4.47%	3.87%	0.00%	3.89%
C. Employer Normal Cost Rate	11.57%	11.51%	12.45%	2.25%	11.93%
D. Basic UAAL Contribution Rate	6.51%	6.51%	6.51%	6.51%	6.51%
E. COLA UAAL Contribution Rate	2.98%	2.98%	2.98%	2.98%	2.98%
F. UAAL Contribution Rate	9.49%	9.49%	9.49%	9.49%	9.49%
<b>G. Total June 30, 2008 Contribution Rate (C + F)</b>	<b>21.06%</b>	<b>21.00%</b>	<b>21.94%</b>	<b>11.74%</b>	<b>21.42%</b>
H. Total June 30, 2007 Contribution Rate	20.54%	20.05%	21.10%	11.57%	20.66%
I. Estimated Payroll for fiscal year beginning July 1, 2009	\$ 80,672	\$ 43,268	\$ 115,066	\$ 1,140	\$ 240,146
<b>J. Estimated Annual Contribution (G x I) <sup>(1)</sup></b>	<b>\$ 16,990</b>	<b>\$ 9,086</b>	<b>\$ 25,245</b>	<b>\$ 134</b>	<b>\$ 51,455</b>
K. Prior Valuation Estimated Annual Contribution <sup>(2)</sup>	\$ 15,933	\$ 8,342	\$ 23,345	\$ 127	\$ 47,747
L. Increase / (Decrease) in Annual Contribution	\$ 1,057	\$ 744	\$ 1,900	\$ 7	\$ 3,708

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

(2) Estimated contribution for fiscal year beginning July 1, 2008 based on salary information as of June 30, 2008.

## Santa Barbara County Employees' Retirement System

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

	Safety						Total
	4A	4B	4C	4D	6A	6B	
A. Basic Employer Normal Cost Rate	13.36%	7.57%	13.12%	N/A	14.00%	14.49%	13.64%
B. COLA Normal Cost Rate	7.09%	6.52%	6.89%	N/A	7.48%	7.60%	7.25%
C. Employer Normal Cost Rate	20.45%	14.09%	20.01%	N/A	21.48%	22.09%	20.89%
D. Basic UAAL Contribution Rate	4.14%	4.14%	4.14%	N/A	6.34%	6.34%	5.24%
E. COLA UAAL Contribution Rate	2.16%	2.16%	2.16%	N/A	3.01%	3.01%	2.58%
F. UAAL Contribution Rate	6.30%	6.30%	6.30%	N/A	9.35%	9.35%	7.82%
<b>G. Total June 30, 2008 Contribution Rate (C + F)</b>	<b>26.75%</b>	<b>20.39%</b>	<b>26.31%</b>	<b>N/A</b>	<b>30.83%</b>	<b>31.44%</b>	<b>28.71%</b>
H. Total June 30, 2007 Contribution Rate	27.79%	22.63%	27.24%	N/A	32.17%	32.36%	29.83%
I. Estimated Payroll for fiscal year beginning July 1, 2009	\$ 12,699	\$ 1,391	\$ 27,041	\$ -	\$ 17,183	\$ 23,596	\$ 81,910
<b>J. Estimated Annual Contribution (G x I) <sup>(1)</sup></b>	<b>\$ 3,397</b>	<b>\$ 284</b>	<b>\$ 7,114</b>	<b>\$ -</b>	<b>\$ 5,298</b>	<b>\$ 7,419</b>	<b>\$ 23,512</b>
K. Prior Valuation Estimated Annual Contribution <sup>(2)</sup>	\$ 3,393	\$ 303	\$ 7,083	\$ -	\$ 5,315	\$ 7,342	\$ 23,436
L. Increase / (Decrease) in Annual Contribution	\$ 4	\$ (19)	\$ 31	\$ -	\$ (17)	\$ 77	\$ 76

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

(2) Estimated contribution for fiscal year beginning July 1, 2008 based on salary information as of June 30, 2008.



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. **43**



## Santa Barbara County Employees' Retirement System

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

	<b>APCD</b>		
	<u>Plan 1</u>	<u>Plan 2</u>	<u>Total</u>
A. Basic Employer Normal Cost Rate	9.31%	7.60%	8.76%
B. COLA Normal Cost Rate	4.42%	4.90%	4.58%
C. Employer Normal Cost Rate	13.73%	12.50%	13.34%
D. Basic UAAL Contribution Rate	8.78%	8.78%	8.78%
E. COLA UAAL Contribution Rate	3.31%	3.31%	3.31%
F. UAAL Contribution Rate	12.09%	12.09%	12.09%
<b>G. Total June 30, 2008 Contribution Rate (C + F)</b>	<b>25.82%</b>	<b>24.59%</b>	<b>25.43%</b>
H. Total June 30, 2007 Contribution Rate	24.83%	23.64%	24.39%
I. Estimated Payroll for fiscal year beginning July 1, 2009	\$ 2,594	\$ 1,233	\$ 3,827
<b>J. Estimated Annual Contribution (G x I) <sup>(1)</sup></b>	<b>\$ 670</b>	<b>\$ 303</b>	<b>\$ 973</b>
K. Prior Valuation Estimated Annual Contribution <sup>(2)</sup>	\$ 619	\$ 280	\$ 899
L. Increase / (Decrease) in Annual Contribution	\$ 51	\$ 23	\$ 74

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

(2) Estimated contribution for fiscal year beginning July 1, 2008 based on salary information as of June 30, 2008.

## Santa Barbara County Employees' Retirement System

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

	Amount	As a Percent of June 30, 2008 Actuarial Accrued Liability	JAAL Contribution Rate % of Pay
<b>Unfunded Actuarial Accrued Liability - June 30, 2007 *</b>	<b>\$ 252.3</b>	11.81%	<b>9.13%</b>
Interest Accrued	20.6	0.96%	0.59%
Benefits Accrued (Normal Cost)	62.1	2.91%	1.98%
Contributions (with Assumed Interest)			
Employer - Cash	(72.2)	-3.38%	-2.07%
Member	(16.1)	-0.75%	-0.46%
Total	(88.3)	-4.13%	-2.53%
<b>Expected Unfunded Actuarial Accrued Liability - June 30, 2008</b>	<b>\$ 246.7</b>	11.55%	<b>9.17%</b>
Source of Change			
Transfer from Contingency Reserve	(21.6)	-1.01%	-0.62%
Asset (Gains) and Losses	(20.3)	-0.95%	-0.58%
Actuarial (Gains) and Losses			
Salary Increases	10.9	0.51%	0.31%
CPI Less than Expected	-	0.00%	0.00%
New Entrants	2.9	0.14%	0.08%
Retirement from Active Status Experience	11.5	0.54%	0.33%
Retired Mortality Experience	(4.0)	-0.19%	-0.11%
All Other Experience	18.3	0.85%	0.52%
Total	39.6	1.85%	1.13%
<b>Total Changes</b>	<b>(2.3)</b>	-0.11%	<b>-0.07%</b>
<b>Unfunded Actuarial Accrued Liability - June 30, 2008</b>	<b>\$ 244.4</b>	11.44%	<b>9.10%</b>

\* June 30, 2007 Unfunded Actuarial Accrued Liability contribution rate as a percentage of pay is based on 2007 valuation pay. Otherwise, 2008 valuation pay is used to express the contribution rate as a percentage of pay.



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. 46  
Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

## Santa Barbara County Employees' Retirement System

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

---



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

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

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

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

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

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

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

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

## Santa Barbara County Employees' Retirement System

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

Actuarial Valuation Date*	(a) Actuarial Value of Assets	(b) Non-Valuation Assets (NVA)	(c) Valuation Assets (a)-(b)	(d) Valuation Actuarial Accrued Liabilities (AAL)	(e) AAL with NVA (b)+(d)	(f) Unfunded Actuarial Accrued Liabilities (UAAL) (d)-(c) = (e)-(a)	(g) Prior Method Funded Ratio (a)/(e)	(h) Current Method Funded Ratio (c)/(d)	(i) Covered Payroll	UAAL as a Percentage of Covered Payroll (f)/(i)
June 30, 2003	\$ 1,346,665	\$ 135,317	\$ 1,211,348	\$ 1,319,547	\$ 1,454,864	\$ 108,199	92.6%	91.8%	\$ 257,237	42.1%
June 30, 2004	1,379,170	137,613	1,241,557	1,441,156	1,578,769	199,599	87.4%	86.2%	266,960	74.8%
June 30, 2005	1,443,824	137,829	1,305,995	1,549,803	1,687,632	243,808	85.6%	84.3%	267,785	91.0%
June 30, 2006	1,552,776	137,825	1,414,951	1,671,831	1,809,656	256,880	85.8%	84.6%	287,382	89.4%
June 30, 2007 **	1,735,489	31,020	1,704,469	1,956,834	1,987,854	252,365	87.3%	87.1%	294,163	85.8%
June 30, 2008	1,893,984	2,528	1,891,456	2,135,955	2,138,483	244,499	88.6%	88.6%	307,264	79.6%

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

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



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. 48

**Santa Barbara County Employees'  
Retirement System**

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

Fiscal Year Ending*	Annual Required Contribution (ARC)	Actual Employer Contributions	Percentage of ARC Contributed
June 30, 2003 **	\$ 9,118	\$ 9,118	100%
June 30, 2004	39,335	39,335	100%
June 30, 2005	46,721	46,721	100%
June 30, 2006	53,977	53,977	100%
June 30, 2007	63,395	63,395	100%
June 30, 2008	69,461	69,461	100%

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

\*\* January 1, 2003 to June 30, 2003

## Santa Barbara County Employees' Retirement System

### Exhibit 16: Solvency Test

(Dollars In Thousands)

Actuarial Valuation Date*	Valuation Assets	Actuarial Accrued Liabilities for			Portion of Actuarial Accrued Liabilities Covered by Assets		
		Active Member Contributions (A)	Retirees and Beneficiaries (B)	Active Members (Employer Financed Portion) (C)	(A)	(B)	(C)
June 30, 2003	\$ 1,346,665	\$ 105,570	\$ 572,737	\$ 776,557	100%	100%	86%
June 30, 2004	1,379,170	115,530	633,082	830,157	100%	100%	76%
June 30, 2005	1,443,824	125,040	715,319	847,273	100%	100%	71%
June 30, 2006	1,552,776	137,148	788,479	884,029	100%	100%	71%
June 30, 2007 **	1,704,469	169,218	979,657	810,516	100%	100%	69%
June 30, 2008	1,891,456	177,770	1,124,748	833,437	100%	100%	71%

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

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

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

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

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

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

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



# Santa Barbara County Employees' Retirement System

## Appendix A: Actuarial Procedures and Assumptions

---



The actuarial procedures and assumptions used in this valuation are described in this section. The assumptions were reviewed and changed June 30, 2007 as a result of the 2007 Investigation of Experience Study.

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

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

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

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

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

Tables A-7 to A-12 were developed from the experience as measured by the 2007 Investigation of Experience Study. The rates are the probabilities a member will leave the system for various reasons.



**Actuarial Cost Method**

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

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

The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets, and (b) the actuarial present value of future normal costs is called the Unfunded Actuarial Accrued Liability (UAAL). The UAAL (or Surplus Funding) is amortized as a percentage of the projected salaries of present and future members of SBCERS. Each year's change is measured separately and amortized over a fixed 15-year period. This approach is sometimes referred to as a "layered" amortization method.

**Records and Data**

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

**Replacement of Terminated Members**

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

**Growth in Membership**

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

**Internal Revenue Code Section 415 Limit**

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

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

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

**Employer  
Contributions**

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

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

**Member  
Contributions**

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

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

**Valuation of Assets**

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

**Investment Earnings  
and Expenses**

The future investment earnings of the assets of SBCERS are assumed to accrue at an annual rate of 8.16% compounded annually, net of both investment and administrative expenses. This rate was adopted prior to June 30, 2007.

**Post-retirement  
Benefit Increases**

Post-retirement increases are assumed for the valuation in accordance with the benefits provided as described in Appendix B. These adjustments are assumed payable each year in the future as they are less than the expected increase in the Consumer Price Index of 3.5% per year. This rate was adopted effective June 30, 2007.

**Interest on Member  
Contributions**

The annual credited interest rate on member contributions is assumed to be 8.00% compounded semi-annually for an annualized rate of 8.16%. This rate was adopted prior to June 30, 2007.

**Future Salaries** The rates of annual salary increase assumed for the purpose of the valuation are illustrated in Table A-5 and A-6. In addition to increases in salary due to promotions and longevity, this scale includes an assumed 4.0% per annum rate of increase in the general wage level of the membership. These rates were adopted effective June 30, 2007.

**Social Security Wage Base** General Plan 2 members have their benefits offset by an assumed Social Security Benefit. For valuation funding purposes, we need to project the Social Security Benefit. We assume the current Social Security provisions will continue and the annual Wage Base will increase at the rate of 4% per year. Note, statutory provisions describe exactly how to compute the offset for purposes of determining a member's offset amount at time of termination or retirement.

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

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

All deferred vested members are assumed to retire at the later of age at termination or age 56 for General members and age 52 for Safety members, except for General Plan 2, who are assumed to retire at 65 and Safety Plan 6 who are assumed to retire at age 50.

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

These rates were adopted effective June 30, 2007.

**Disability** The rates of disability used in the valuation are also illustrated in Tables A-7 to A-12. These rates were revised June 30, 2006.

**Mortality – Other  
Than Disabled  
Members**

The same post-retirement mortality rates are used in the valuation for active members, members retired for service, and beneficiaries. These rates are illustrated in Table A-2. Beneficiary mortality is assumed to be the same assumption as healthy members. Beneficiaries are assumed to be of the opposite sex, and have the same mortality as General members. These rates were adopted June 30, 2007.

Males: General members: RP-2000 Combined Mortality Table for Males, with ages set back three years.

Safety members: RP-2000 Combined Mortality Table for Males, with ages set back three years.

Females: General members: RP-2000 Combined Mortality Table for Females, with ages set back two years.

Safety members: RP-2000 Combined Mortality Table for Females, with ages set back two years.

**Mortality – Disabled  
Members**

For disabled members, the mortality rates used in the valuation rates are illustrated in Table A-3. These rates were adopted June 30, 2007.

Males: General members: RP-2000 Combined Mortality Table for Males, with no age adjustment.

Safety members: RP-2000 Combined Mortality Table for Males, with no age adjustment.

Females: General members: RP-2000 Combined Mortality Table for Females, with no age adjustment.

Safety members: RP-2000 Combined Mortality Table for Females, with no age adjustment.

**Other Employment  
Terminations**

Tables A-7 to A-12 show, for all ages, the rates assumed in this valuation for future termination from active service other than for death, disability or retirement. These rates do not apply to members eligible for service retirement. These rates were adopted effective June 30, 2007.

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

**Other Employment  
Terminations  
(continued)**

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

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

General Plan 5 Members	Age 56
General Plan 2 Members	Age 65
Safety Plan 4 Members	Age 52
Safety Plan 6 Members	Age 50
APCD Members	Age 56

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

General & APCD Members	4.25%
Safety Members	4.50%

These rates and assumptions were adopted effective June 30, 2007.

**Probability of Eligible  
Survivor**

For members not currently in pay status, 80% of all males and 50% of all females are assumed to have eligible survivors (spouses or qualified domestic partners). Survivors are assumed to be three years younger than male members and three years older than female members. Survivors are assumed to be of the opposite sex as the member. There is no explicit assumption for children's benefits. We believe the survivor benefits based on this assumption are sufficient to cover children's benefits as they occur.

**Member Contribution  
Rate Assumptions**

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

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

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

General Healthy Members:	RP-2000 Combined Healthy Male, set back 4 years
Safety Healthy Members:	RP-2000 Combined Healthy Male, set back 3 years
Beneficiaries:	RP-2000 Combined Healthy Male, set back 4 years
General Disabled Members:	RP-2000 Combined Healthy Female, set forward 1 year
Safety Disabled Members:	RP-2000 Combined Healthy Male, no adjustment

- B. The annuity factor used in determining the present value of future benefits (PVFB) at entry age is equal to the life only annuity factor at 8.16%.

- C. The Final Compensation is based on the salary paid in the year prior to attaining the retirement age.

Example: For a General Plan 5 member who enters at age 59 or earlier, the Final Compensation at retirement (age 60) will be the monthly average of the annual salaries during age 59.

- D. Member Rates are assumed to increase with entry age.

## Santa Barbara County Employees' Retirement System

**Table A-1: Summary of Valuation Assumptions as of June 30, 2006**

I.	Economic assumptions	
A.	General wage increases	4.00%
B.	Investment earnings	8.16%
C.	Growth in membership	0.00
D.	Post-retirement benefit increases (varies by plan) than CPI	Plan COLA not greater assumption.
E.	CPI inflation assumption	3.50%
II.	Demographic assumptions	
A.	Salary increases due to service	Tables A-5 to A-6
B.	Retirement	Tables A-7 to A-12
C.	Disablement	Tables A-7 to A-12
D.	Mortality for active members after termination and service retired members.	Table A-2
	Basis – RP-2000 Healthy Combined Mortality Table for respective sexes for general members, as adjusted:	
	<u>Class of Members</u>	<u>Age Adjustment</u>
	General – males	-3 years
	General – females	-2 years
	Safety – males	-3 years
	Safety – females	-2 years
E.	Mortality among disabled members	Table A-3
	Basis – RP-2000 Healthy Combined Mortality Table, as adjusted:	
	General - males	0 years
	General - females	0 years
	Safety - males	0 years
	Safety - females	0 years
F.	Mortality for beneficiaries.	Table A-2
	Basis – Beneficiaries are assumed to have the same mortality as a general member of the opposite sex who has taken a service retirement.	
G.	Other terminations of employment	Tables A-7 to A-10
H.	Refund of contributions on vested termination	Table A-4

## Santa Barbara County Employees' Retirement System

**Table A-2: Mortality for Members Retired for Service**

Age	Safety Male	Safety Female	General Male	General Female
20	0.030%	0.019%	0.030%	0.019%
25	0.037%	0.020%	0.037%	0.020%
30	0.038%	0.024%	0.038%	0.024%
35	0.056%	0.039%	0.056%	0.039%
40	0.090%	0.060%	0.090%	0.060%
45	0.122%	0.094%	0.122%	0.094%
50	0.173%	0.143%	0.173%	0.143%
55	0.267%	0.221%	0.267%	0.221%
60	0.469%	0.392%	0.469%	0.392%
65	0.876%	0.765%	0.876%	0.765%
70	1.608%	1.345%	1.608%	1.345%
75	2.728%	2.297%	2.728%	2.297%
80	4.691%	3.760%	4.691%	3.760%
85	8.049%	6.251%	8.049%	6.251%
90	13.604%	10.730%	13.604%	10.730%



**Santa Barbara County Employees'  
Retirement System**

**Table A-3: Mortality for Members Retired for Disability**

<b>Age</b>	<b>Safety Male</b>	<b>Safety Female</b>	<b>General Male</b>	<b>General Female</b>
20	0.035%	0.019%	0.035%	0.019%
25	0.038%	0.021%	0.038%	0.021%
30	0.044%	0.026%	0.044%	0.026%
35	0.077%	0.048%	0.077%	0.048%
40	0.108%	0.071%	0.108%	0.071%
45	0.151%	0.112%	0.151%	0.112%
50	0.214%	0.168%	0.214%	0.168%
55	0.362%	0.272%	0.362%	0.272%
60	0.675%	0.506%	0.675%	0.506%
65	1.274%	0.971%	1.274%	0.971%
70	2.221%	1.674%	2.221%	1.674%
75	3.783%	2.811%	3.783%	2.811%
80	6.437%	4.588%	6.437%	4.588%
85	11.076%	7.745%	11.076%	7.745%
90	18.341%	13.168%	18.341%	13.168%

**Santa Barbara County Employees'  
Retirement System**

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

<b>Years of Service</b>	<b>General Male</b>	<b>General Female</b>	<b>Safety</b>
0	100%	100%	100%
1	95%	95%	100%
2	90%	95%	90%
3	80%	85%	85%
4	80%	85%	75%
5	50%	50%	35%
6	50%	50%	35%
7	50%	50%	35%
8	50%	50%	35%
9	50%	50%	35%
10	15%	20%	35%
11	15%	20%	35%
12	15%	20%	35%
13	15%	20%	35%
14	15%	20%	35%
15	10%	10%	20%
16	10%	10%	20%
17	10%	10%	20%
18	10%	10%	20%
19	10%	10%	20%
20	0%	0%	0%
21	0%	0%	0%
22	0%	0%	0%
23	0%	0%	0%
24	0%	0%	0%
25	0%	0%	0%
26	0%	0%	0%
27	0%	0%	0%
28	0%	0%	0%
29	0%	0%	0%
30 & Up	0%	0%	0%

## Santa Barbara County Employees' Retirement System

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

Years of Service	Due to Promotion and Longevity	Total Annual Increase*
<1	4.75%	8.94%
1	4.00%	8.16%
2	3.25%	7.38%
3	2.50%	6.60%
4	2.00%	6.08%
5	1.50%	5.56%
6	1.25%	5.30%
7	1.00%	5.04%
8	0.90%	4.94%
9	0.80%	4.83%
10	0.78%	4.81%
11	0.75%	4.78%
12	0.70%	4.73%
13	0.65%	4.68%
14	0.60%	4.62%
15	0.55%	4.57%
16	0.50%	4.52%
17	0.48%	4.50%
18	0.46%	4.48%
19	0.44%	4.46%
20	0.42%	4.44%
21	0.40%	4.42%
22	0.38%	4.40%
23	0.36%	4.37%
24	0.34%	4.35%
25	0.32%	4.33%
26	0.30%	4.31%
27	0.28%	4.29%
28	0.26%	4.27%
29	0.25%	4.26%
30 or More	0.25%	4.26%

*\* The total expected increase in salary is the increase due to promotions and longevity, adjusted for an assumed 4.00% per annum increase in the general wage level of the membership. The total result is compounded rather than additive.*

**Santa Barbara County Employees'  
Retirement System**

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

<u>Years of Service</u>	<u>Due to Promotion and Longevity</u>	<u>Total Annual Increase*</u>
<1	6.00%	10.24%
1	5.00%	9.20%
2	4.00%	8.16%
3	3.25%	7.38%
4	2.50%	6.60%
5	2.00%	6.08%
6	1.60%	5.66%
7	1.30%	5.35%
8	1.20%	5.25%
9	1.10%	5.14%
10	1.00%	5.04%
11	0.95%	4.99%
12	0.92%	4.96%
13	0.89%	4.93%
14	0.87%	4.90%
15	0.85%	4.88%
16	0.82%	4.85%
17	0.80%	4.83%
18	0.77%	4.80%
19	0.74%	4.77%
20	0.72%	4.75%
21	0.69%	4.72%
22	0.67%	4.70%
23	0.64%	4.67%
24	0.62%	4.64%
25	0.59%	4.62%
26	0.57%	4.59%
27	0.54%	4.57%
28	0.52%	4.54%
29	0.50%	4.52%
30 or More	0.50%	4.52%

*\* The total expected increase in salary is the increase due to promotions and longevity, adjusted for an assumed 4.00% per annum increase in the general wage level of the membership. The total result is compounded rather than additive.*



## Santa Barbara County Employees' Retirement System

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

Age	Service Retirement	Service Disability	Ordinary Disability	Death	Years of Service	Other Terminations
18	0.0000	0.00008	0.00000	0.00027	0	0.0998
19	0.0000	0.00008	0.00000	0.00028	1	0.0998
20	0.0000	0.00008	0.00000	0.00030	2	0.0998
21	0.0000	0.00008	0.00000	0.00032	3	0.0998
22	0.0000	0.00008	0.00000	0.00033	4	0.0998
23	0.0000	0.00008	0.00000	0.00035	5	0.0875
24	0.0000	0.00008	0.00000	0.00036	6	0.0752
25	0.0000	0.00008	0.00000	0.00037	7	0.0630
26	0.0000	0.00008	0.00000	0.00037	8	0.0582
27	0.0000	0.00008	0.00000	0.00038	9	0.0535
28	0.0000	0.00008	0.00000	0.00038	10	0.0487
29	0.0000	0.00008	0.00000	0.00038	11	0.0440
30	0.0000	0.00017	0.00000	0.00038	12	0.0392
31	0.0000	0.00017	0.00000	0.00039	13	0.0373
32	0.0000	0.00017	0.00000	0.00041	14	0.0354
33	0.0000	0.00017	0.00000	0.00044	15	0.0334
34	0.0000	0.00017	0.00000	0.00050	16	0.0315
35	0.0000	0.00025	0.00008	0.00056	17	0.0296
36	0.0000	0.00033	0.00008	0.00063	18	0.0276
37	0.0000	0.00041	0.00008	0.00070	19	0.0257
38	0.0000	0.00050	0.00008	0.00077	20	0.0237
39	0.0000	0.00058	0.00016	0.00084	21	0.0218
40	0.0200	0.00066	0.00016	0.00090	22	0.0198
41	0.0200	0.00074	0.00016	0.00096	23	0.0160
42	0.0200	0.00091	0.00024	0.00102	24	0.0123
43	0.0200	0.00099	0.00032	0.00108	25	0.0085
44	0.0200	0.00107	0.00040	0.00114	26	0.0048
45	0.0200	0.00124	0.00047	0.00122	27	0.0010
46	0.0200	0.00132	0.00055	0.00130	28	0.0008
47	0.0200	0.00140	0.00063	0.00140	29	0.0006
48	0.0200	0.00148	0.00071	0.00151	30 & Above	0.0004
49	0.0200	0.00157	0.00087	0.00162		
50	0.0200	0.00165	0.00103	0.00173		
51	0.0200	0.00182	0.00119	0.00186		
52	0.0400	0.00198	0.00134	0.00200		
53	0.0500	0.00206	0.00150	0.00214		
54	0.0700	0.00214	0.00166	0.00245		
55	0.0800	0.00231	0.00182	0.00267		
56	0.0800	0.00247	0.00197	0.00292		
57	0.0800	0.00256	0.00213	0.00320		
58	0.1000	0.00264	0.00236	0.00362		
59	0.0900	0.00281	0.00260	0.00420		
60	0.1500	0.00289	0.00292	0.00469		
61	0.2500	0.00305	0.00323	0.00527		
62	0.2500	0.00314	0.00355	0.00595		
63	0.1500	0.00330	0.00386	0.00675		
64	0.3000	0.00346	0.00418	0.00768		
65	0.1500	0.00346	0.00449	0.00876		
66	0.2000	0.00346	0.00481	0.01001		
67	0.2000	0.00346	0.00520	0.01128		
68	0.2000	0.00346	0.00559	0.01274		
69	0.2000	0.00346	0.00599	0.01441		
70	0.2000	0.00346	0.00599	0.01608		
71	0.2000	0.00346	0.00599	0.01787		
72	0.2000	0.00346	0.00599	0.01980		
73	0.2000	0.00346	0.00599	0.02221		
74	0.2000	0.00346	0.00599	0.02457		
75	1.0000	0.00000	0.00000	0.00000		

## Santa Barbara County Employees' Retirement System

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

Age	Service Retirement	Service Disability	Ordinary Disability	Death	Years of Service	Other Terminations
18	0.0000	0.00012	0.00000	0.00018	0	0.1132
19	0.0000	0.00012	0.00000	0.00018	1	0.1132
20	0.0000	0.00012	0.00000	0.00019	2	0.1132
21	0.0000	0.00012	0.00000	0.00019	3	0.0952
22	0.0000	0.00012	0.00000	0.00019	4	0.0861
23	0.0000	0.00012	0.00000	0.00019	5	0.0784
24	0.0000	0.00012	0.00000	0.00019	6	0.0681
25	0.0000	0.00012	0.00018	0.00020	7	0.0630
26	0.0000	0.00012	0.00018	0.00020	8	0.0582
27	0.0000	0.00012	0.00018	0.00021	9	0.0535
28	0.0000	0.00012	0.00018	0.00021	10	0.0487
29	0.0000	0.00012	0.00018	0.00022	11	0.0440
30	0.0000	0.00012	0.00018	0.00024	12	0.0392
31	0.0000	0.00012	0.00018	0.00025	13	0.0373
32	0.0000	0.00012	0.00035	0.00026	14	0.0354
33	0.0000	0.00012	0.00035	0.00031	15	0.0334
34	0.0000	0.00012	0.00035	0.00035	16	0.0315
35	0.0000	0.00024	0.00050	0.00039	17	0.0296
36	0.0000	0.00024	0.00050	0.00044	18	0.0276
37	0.0000	0.00036	0.00050	0.00048	19	0.0257
38	0.0000	0.00036	0.00050	0.00051	20	0.0237
39	0.0000	0.00048	0.00050	0.00055	21	0.0218
40	0.0800	0.00060	0.00068	0.00060	22	0.0198
41	0.0800	0.00072	0.00085	0.00065	23	0.0160
42	0.0800	0.00084	0.00085	0.00071	24	0.0123
43	0.0800	0.00096	0.00117	0.00077	25	0.0085
44	0.0800	0.00096	0.00135	0.00085	26	0.0048
45	0.0800	0.00108	0.00153	0.00094	27	0.0010
46	0.0800	0.00108	0.00168	0.00103	28	0.0008
47	0.0800	0.00120	0.00168	0.00112	29	0.0006
48	0.0800	0.00132	0.00185	0.00122	30 & Above	0.0004
49	0.0800	0.00144	0.00203	0.00133		
50	0.0800	0.00144	0.00219	0.00143		
51	0.0800	0.00156	0.00236	0.00155		
52	0.0800	0.00168	0.00252	0.00168		
53	0.0800	0.00180	0.00252	0.00185		
54	0.0800	0.00192	0.00270	0.00202		
55	0.0800	0.00204	0.00286	0.00221		
56	0.0800	0.00216	0.00305	0.00242		
57	0.0800	0.00216	0.00319	0.00272		
58	0.1000	0.00228	0.00354	0.00309		
59	0.1200	0.00240	0.00387	0.00348		
60	0.1500	0.00252	0.00422	0.00392		
61	0.1800	0.00264	0.00458	0.00444		
62	0.3000	0.00276	0.00506	0.00506		
63	0.3000	0.00288	0.00557	0.00581		
64	0.2000	0.00300	0.00608	0.00666		
65	0.2500	0.00300	0.00608	0.00765		
66	0.2500	0.00300	0.00608	0.00862		
67	0.2500	0.00300	0.00608	0.00971		
68	0.2500	0.00300	0.00608	0.01095		
69	0.2500	0.00300	0.00608	0.01216		
70	0.3000	0.00300	0.00608	0.01345		
71	0.3000	0.00300	0.00608	0.01486		
72	0.5000	0.00300	0.00608	0.01674		
73	0.5000	0.00300	0.00608	0.01858		
74	0.5000	0.00300	0.00608	0.02067		
75	1.0000	0.00000	0.00000	0.00000		

## Santa Barbara County Employees' Retirement System

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

Age	Service Retirement	Service Disability	Ordinary Disability	Death	Years of Service	Other Terminations
18	0.0000	0.00015	0.00000	0.00027	0	0.0488
19	0.0000	0.00015	0.00000	0.00028	1	0.0488
20	0.0000	0.00015	0.00000	0.00030	2	0.0488
21	0.0000	0.00015	0.00000	0.00032	3	0.0488
22	0.0000	0.00015	0.00000	0.00033	4	0.0392
23	0.0000	0.00015	0.00000	0.00035	5	0.0360
24	0.0000	0.00020	0.00000	0.00036	6	0.0328
25	0.0000	0.00030	0.00004	0.00037	7	0.0296
26	0.0000	0.00040	0.00004	0.00037	8	0.0286
27	0.0000	0.00054	0.00004	0.00038	9	0.0276
28	0.0000	0.00069	0.00004	0.00038	10	0.0266
29	0.0000	0.00085	0.00004	0.00038	11	0.0257
30	0.0300	0.00103	0.00004	0.00038	12	0.0247
31	0.0300	0.00123	0.00007	0.00039	13	0.0237
32	0.0300	0.00143	0.00010	0.00041	14	0.0227
33	0.0300	0.00168	0.00017	0.00044	15	0.0218
34	0.0300	0.00193	0.00025	0.00050	16	0.0208
35	0.0300	0.00222	0.00032	0.00056	17	0.0198
36	0.0300	0.00257	0.00038	0.00063	18	0.0158
37	0.0300	0.00292	0.00046	0.00070	19	0.0119
38	0.0300	0.00327	0.00052	0.00077	20 & Above	0.0000
39	0.0300	0.00362	0.00059	0.00084		
40	0.0300	0.00396	0.00066	0.00090		
41	0.0300	0.00430	0.00074	0.00096		
42	0.0300	0.00470	0.00081	0.00102		
43	0.0300	0.00510	0.00084	0.00108		
44	0.0300	0.00549	0.00084	0.00114		
45	0.0300	0.00594	0.00088	0.00122		
46	0.0300	0.00639	0.00088	0.00130		
47	0.0300	0.00683	0.00091	0.00140		
48	0.0300	0.00727	0.00091	0.00151		
49	0.0300	0.00772	0.00094	0.00162		
50	0.0400	0.00816	0.00094	0.00173		
51	0.0300	0.00867	0.00098	0.00186		
52	0.0300	0.00916	0.00098	0.00200		
53	0.0300	0.00965	0.00102	0.00214		
54	0.1500	0.01014	0.00105	0.00245		
55	0.2000	0.01014	0.00105	0.00267		
56	0.2000	0.01014	0.00105	0.00292		
57	0.3000	0.01014	0.00105	0.00320		
58	0.3000	0.01014	0.00105	0.00362		
59	0.2000	0.01014	0.00105	0.00420		
60	0.2000	0.01014	0.00105	0.00469		
61	0.2000	0.01014	0.00105	0.00527		
62	0.3500	0.01014	0.00105	0.00595		
63	0.2000	0.01014	0.00105	0.00675		
64	0.2000	0.01014	0.00105	0.00768		
65	1.0000	0.00000	0.00000	0.00000		

## Santa Barbara County Employees' Retirement System

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

Age	Service Retirement	Service Disability	Ordinary Disability	Death	Years of Service	Other Terminations
18	0.0000	0.00015	0.00000	0.00018	0	0.0488
19	0.0000	0.00015	0.00000	0.00018	1	0.0488
20	0.0000	0.00015	0.00000	0.00019	2	0.0488
21	0.0000	0.00015	0.00000	0.00019	3	0.0488
22	0.0000	0.00015	0.00000	0.00019	4	0.0392
23	0.0000	0.00015	0.00000	0.00019	5	0.0360
24	0.0000	0.00020	0.00000	0.00019	6	0.0328
25	0.0000	0.00030	0.00004	0.00020	7	0.0296
26	0.0000	0.00040	0.00004	0.00020	8	0.0286
27	0.0000	0.00054	0.00004	0.00021	9	0.0276
28	0.0000	0.00069	0.00004	0.00021	10	0.0266
29	0.0000	0.00085	0.00004	0.00022	11	0.0257
30	0.0300	0.00103	0.00004	0.00024	12	0.0247
31	0.0300	0.00123	0.00007	0.00025	13	0.0237
32	0.0300	0.00143	0.00010	0.00026	14	0.0227
33	0.0300	0.00168	0.00017	0.00031	15	0.0218
34	0.0300	0.00193	0.00025	0.00035	16	0.0208
35	0.0300	0.00222	0.00032	0.00039	17	0.0198
36	0.0300	0.00257	0.00038	0.00044	18	0.0158
37	0.0300	0.00292	0.00046	0.00048	19	0.0119
38	0.0300	0.00327	0.00052	0.00051	20 & Above	0.0000
39	0.0300	0.00362	0.00059	0.00055		
40	0.0300	0.00396	0.00066	0.00060		
41	0.0300	0.00430	0.00074	0.00065		
42	0.0300	0.00470	0.00081	0.00071		
43	0.0300	0.00510	0.00084	0.00077		
44	0.0300	0.00549	0.00084	0.00085		
45	0.0300	0.00594	0.00088	0.00094		
46	0.0300	0.00639	0.00088	0.00103		
47	0.0300	0.00683	0.00091	0.00112		
48	0.0300	0.00727	0.00091	0.00122		
49	0.0300	0.00772	0.00094	0.00133		
50	0.0400	0.00816	0.00094	0.00143		
51	0.0300	0.00867	0.00098	0.00155		
52	0.0300	0.00916	0.00098	0.00168		
53	0.0300	0.00965	0.00102	0.00185		
54	0.1500	0.01014	0.00105	0.00202		
55	0.2000	0.01014	0.00105	0.00221		
56	0.2000	0.01014	0.00105	0.00242		
57	0.3000	0.01014	0.00105	0.00272		
58	0.3000	0.01014	0.00105	0.00309		
59	0.2000	0.01014	0.00105	0.00348		
60	0.2000	0.01014	0.00105	0.00392		
61	0.2000	0.01014	0.00105	0.00444		
62	0.3500	0.01014	0.00105	0.00506		
63	0.2000	0.01014	0.00105	0.00581		
64	0.2000	0.01014	0.00105	0.00666		
65	1.0000	0.00000	0.00000	0.00000		



## Santa Barbara County Employees' Retirement System

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

Age	Service Retirement	Service Disability	Ordinary Disability	Death	Years of Service	Other Terminations
18	0.0000	0.00015	0.00000	0.00027	0	0.0488
19	0.0000	0.00015	0.00000	0.00028	1	0.0488
20	0.0000	0.00015	0.00000	0.00030	2	0.0488
21	0.0000	0.00015	0.00000	0.00032	3	0.0488
22	0.0000	0.00015	0.00000	0.00033	4	0.0392
23	0.0000	0.00015	0.00000	0.00035	5	0.0360
24	0.0000	0.00020	0.00000	0.00036	6	0.0328
25	0.0000	0.00030	0.00004	0.00037	7	0.0296
26	0.0000	0.00040	0.00004	0.00037	8	0.0286
27	0.0000	0.00054	0.00004	0.00038	9	0.0276
28	0.0000	0.00069	0.00004	0.00038	10	0.0266
29	0.0000	0.00085	0.00004	0.00038	11	0.0257
30	0.0300	0.00103	0.00004	0.00038	12	0.0247
31	0.0300	0.00123	0.00007	0.00039	13	0.0237
32	0.0300	0.00143	0.00010	0.00041	14	0.0227
33	0.0300	0.00168	0.00017	0.00044	15	0.0218
34	0.0300	0.00193	0.00025	0.00050	16	0.0208
35	0.0300	0.00222	0.00032	0.00056	17	0.0198
36	0.0300	0.00257	0.00038	0.00063	18	0.0158
37	0.0300	0.00292	0.00046	0.00070	19	0.0119
38	0.0300	0.00327	0.00052	0.00077	20 & Above	0.0000
39	0.0300	0.00362	0.00059	0.00084		
40	0.0300	0.00396	0.00066	0.00090		
41	0.0400	0.00430	0.00074	0.00096		
42	0.0400	0.00470	0.00081	0.00102		
43	0.0400	0.00510	0.00084	0.00108		
44	0.0400	0.00549	0.00084	0.00114		
45	0.0400	0.00594	0.00088	0.00122		
46	0.0400	0.00639	0.00088	0.00130		
47	0.0400	0.00683	0.00091	0.00140		
48	0.0400	0.00727	0.00091	0.00151		
49	0.0800	0.00772	0.00094	0.00162		
50	0.0800	0.00816	0.00094	0.00173		
51	0.0800	0.00867	0.00098	0.00186		
52	0.1000	0.00916	0.00098	0.00200		
53	0.1000	0.00965	0.00102	0.00214		
54	0.1500	0.01014	0.00105	0.00245		
55	0.2000	0.01014	0.00105	0.00267		
56	0.2000	0.01014	0.00105	0.00292		
57	0.3000	0.01014	0.00105	0.00320		
58	0.3000	0.01014	0.00105	0.00362		
59	0.2000	0.01014	0.00105	0.00420		
60	0.2000	0.01014	0.00105	0.00469		
61	0.2000	0.01014	0.00105	0.00527		
62	0.3500	0.01014	0.00105	0.00595		
63	0.2000	0.01014	0.00105	0.00675		
64	0.2000	0.01014	0.00105	0.00768		
65	1.0000	0.00000	0.00000	0.00000		

## Santa Barbara County Employees' Retirement System

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

Age	Service Retirement	Service Disability	Ordinary Disability	Death	Years of Service	Other Terminations
18	0.0000	0.00015	0.00000	0.00018	0	0.0488
19	0.0000	0.00015	0.00000	0.00018	1	0.0488
20	0.0000	0.00015	0.00000	0.00019	2	0.0488
21	0.0000	0.00015	0.00000	0.00019	3	0.0488
22	0.0000	0.00015	0.00000	0.00019	4	0.0392
23	0.0000	0.00015	0.00000	0.00019	5	0.0360
24	0.0000	0.00020	0.00000	0.00019	6	0.0328
25	0.0000	0.00030	0.00004	0.00020	7	0.0296
26	0.0000	0.00040	0.00004	0.00020	8	0.0286
27	0.0000	0.00054	0.00004	0.00021	9	0.0276
28	0.0000	0.00069	0.00004	0.00021	10	0.0266
29	0.0000	0.00085	0.00004	0.00022	11	0.0257
30	0.0300	0.00103	0.00004	0.00024	12	0.0247
31	0.0300	0.00123	0.00007	0.00025	13	0.0237
32	0.0300	0.00143	0.00010	0.00026	14	0.0227
33	0.0300	0.00168	0.00017	0.00031	15	0.0218
34	0.0300	0.00193	0.00025	0.00035	16	0.0208
35	0.0300	0.00222	0.00032	0.00039	17	0.0198
36	0.0300	0.00257	0.00038	0.00044	18	0.0158
37	0.0300	0.00292	0.00046	0.00048	19	0.0119
38	0.0300	0.00327	0.00052	0.00051	20 & Above	0.0000
39	0.0300	0.00362	0.00059	0.00055		
40	0.0300	0.00396	0.00066	0.00060		
41	0.0400	0.00430	0.00074	0.00065		
42	0.0400	0.00470	0.00081	0.00071		
43	0.0400	0.00510	0.00084	0.00077		
44	0.0400	0.00549	0.00084	0.00085		
45	0.0400	0.00594	0.00088	0.00094		
46	0.0400	0.00639	0.00088	0.00103		
47	0.0400	0.00683	0.00091	0.00112		
48	0.0400	0.00727	0.00091	0.00122		
49	0.0800	0.00772	0.00094	0.00133		
50	0.0800	0.00816	0.00094	0.00143		
51	0.0800	0.00867	0.00098	0.00155		
52	0.1000	0.00916	0.00098	0.00168		
53	0.1000	0.00965	0.00102	0.00185		
54	0.1500	0.01014	0.00105	0.00202		
55	0.2000	0.01014	0.00105	0.00221		
56	0.2000	0.01014	0.00105	0.00242		
57	0.3000	0.01014	0.00105	0.00272		
58	0.3000	0.01014	0.00105	0.00309		
59	0.2000	0.01014	0.00105	0.00348		
60	0.2000	0.01014	0.00105	0.00392		
61	0.2000	0.01014	0.00105	0.00444		
62	0.3500	0.01014	0.00105	0.00506		
63	0.2000	0.01014	0.00105	0.00581		
64	0.2000	0.01014	0.00105	0.00666		
65	1.0000	0.00000	0.00000	0.00000		

# Santa Barbara County Employees' Retirement System

## Appendix B: Summary of Benefit Provisions



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

### MEMBERSHIP IN RETIREMENT PLANS

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

**Government Code Section**

**Safety members:** employees whose principal duty is active law enforcement or active fire suppression are eligible to be Safety members. Safety members are eligible to join Plans 4A, 4B, 4C, 6A and 6B. Membership in a particular tier depends primarily upon date of entry to the system.

**General members:** all non-Safety employees are eligible to be General members. General members are eligible to be members of General Plan 2, 5A, 5B and 5C. Membership in a particular tier depends primarily upon date of entry to the system.

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

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



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

## MEMBER CONTRIBUTIONS

### **Basic:**

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

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

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

### **Cost-of-Living:**

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

### **Cost-Sharing:**

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

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

General Plan 5C is based on half rates.

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

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

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

## EMPLOYER CONTRIBUTIONS

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

**SERVICE RETIREMENT ALLOWANCE**

**Eligibility:**

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

**Final Compensation:**

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

**Compensation Limit:**

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

**Monthly Allowance:**

**General members:**

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

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

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

**APCD members:**

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

**Safety members:**

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

Age Factors are higher for Plans 6A and 6B

(31664.1)

**Age Factors by Plan**

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

**Maximum Allowance:**

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

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



**SERVICE RETIREMENT ALLOWANCE (Continued)**

**Unmodified Retirement Allowance (Normal Form):**

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

**Optional Retirement Allowance:**

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

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

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



**SERVICE RETIREMENT ALLOWANCE (Continued)**

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

**Death after Retirement:**

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

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

**SERVICE-CONNECTED DISABILITY RETIREMENT ALLOWANCE**

**Eligibility:**

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

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

**Monthly Allowance:**

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

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

**Supplemental Disability Allowance:**

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

**Normal Form Of Payment:**

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

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

**Death after Retirement:**

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

**NONSERVICE-CONNECTED DISABILITY RETIREMENT ALLOWANCE**

**Eligibility:**

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

**Monthly Allowance:**

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

**Projected Service:**

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

**Supplemental Monthly Disability Retirement:**

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

**Normal Form Of Payment:**

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

**Death after Retirement:**

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

**SERVICE-CONNECTED DEATH BENEFITS**

**Eligibility:**

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

**Monthly Allowance:**

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

**Supplemental Monthly Death Benefit:**

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

## NONSERVICE-CONNECTED DEATH BENEFITS

### **Eligibility:**

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

### **Monthly Allowance:**

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

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

### **Supplemental Monthly Death Benefit:**

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

## DEFERRED VESTED BENEFITS

### **Eligibility:**

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

### **Monthly Allowance:**

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

**COST-OF-LIVING INCREASES**

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

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

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

**COLA Bank:**

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

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

# Santa Barbara County Employees' Retirement System

## Appendix C: Valuation Data and Schedules

---



Data on SBCERS membership as of June 30, 2008 was supplied to us by the system staff. On the following tables, Exhibit C-1a and C-1b, we present summaries of SBCERS membership at June 30, 2008 for active members. Similar information is shown in Exhibit C-2 for deferred vested members and Exhibits C-3a and C-3b for retired members.

Note that the compensation amounts shown are annualized amounts based on the biweekly pay for the period prior to the valuation date. If the annualized amount was less than the total prior earnings, we used the total prior year earnings.

However, the bi-weekly pay reported was used to establish the pay rate as of June 30, 2008.

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

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

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

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

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

**Santa Barbara County Employees'  
Retirement System**

**Exhibit C-1a: SBCERS Membership – Active Members as of June 30, 2008**

	<b>Total Number</b>	<b>Annual Compensation</b>	<b>Average Age</b>	<b>Average Monthly Compensation</b>	<b>Average Vesting Service</b>
<b><i>General Members</i></b>					
Plan 5A	1,064	\$ 76,062,987	52.1	\$5,957	20.1
Plan 5B	460	\$ 40,795,839	43.9	\$7,391	6.0
Plan 5C	2,009	\$ 108,491,972	41.7	\$4,500	6.0
Plan 2	19	\$ 1,075,186	54.1	\$4,716	21.3
<b>Total</b>	<b>3,552</b>	<b>\$ 226,425,983</b>	<b>45.2</b>	<b>\$5,312</b>	<b>10.3</b>
<b><i>Safety Members</i></b>					
Plan 4A	119	\$ 11,973,302	48.3	\$8,385	20.1
Plan 4B	11	\$ 1,311,672	47.7	\$9,937	20.0
Plan 4C	372	\$ 25,496,049	38.8	\$5,711	8.0
Plan 6A	186	\$ 16,201,339	47.2	\$7,259	21.0
Plan 6B	318	\$ 22,247,422	36.4	\$5,830	6.2
<b>Total</b>	<b>1,006</b>	<b>\$ 77,229,784</b>	<b>40.8</b>	<b>\$6,397</b>	<b>11.4</b>
<b><i>APCD Members</i></b>					
Plan 1	30	\$ 2,445,377	52.6	\$6,793	20.4
Plan 2	18	\$ 1,162,359	46.9	\$5,381	7.2
<b>Total</b>	<b>48</b>	<b>\$ 3,607,736</b>	<b>50.4</b>	<b>\$6,263</b>	<b>15.5</b>
<b>Grand Total</b>	<b>4,606</b>	<b>\$ 307,263,503</b>	<b>44.3</b>	<b>\$5,559</b>	<b>10.6</b>



**Santa Barbara County Employees'  
Retirement System**

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

<u>Valuation Date</u>	<u>Plan Type</u>	<u>Number</u>	<u>Annual Payroll</u>	<u>Average Annual Salary</u>	<u>Increase in Average Pay</u>
June 30, 2003	General	3,648	\$ 193,102,000	\$ 52,934	10.1%
	Safety	925	64,135,000	69,335	13.4%
	<b>Total</b>	<b>4,573</b>	<b>257,237,000</b>	<b>56,251</b>	<b>10.8%</b>
June 30, 2004	General	3,559	\$ 199,365,000	\$ 56,017	5.8%
	Safety	944	67,596,000	71,606	3.3%
	<b>Total</b>	<b>4,503</b>	<b>266,961,000</b>	<b>59,285</b>	<b>5.4%</b>
June 30, 2005	General	3,558	\$ 199,371,000	\$ 56,035	0.0%
	Safety	947	68,414,000	72,243	0.9%
	<b>Total</b>	<b>4,505</b>	<b>267,785,000</b>	<b>59,442</b>	<b>0.3%</b>
June 30, 2006	General	3,658	\$ 214,405,000	\$ 58,613	4.6%
	Safety	982	72,977,000	74,315	2.9%
	<b>Total</b>	<b>4,640</b>	<b>287,382,000</b>	<b>61,936</b>	<b>4.2%</b>
June 30, 2007	General	3,569	\$ 214,717,000	\$ 60,162	2.6%
	APCD	53	3,940,000	74,340	N/A
	Safety	1,003	\$ 75,506,000	75,280	1.3%
	<b>Total</b>	<b>4,625</b>	<b>294,163,000</b>	<b>63,603</b>	<b>2.7%</b>
June 30, 2008	General	3,552	\$ 226,426,000	\$ 63,746	6.0%
	APCD	48	\$ 3,608,000	75,167	1.1%
	Safety	1,006	77,230,000	76,769	2.0%
	<b>Total</b>	<b>4,606</b>	<b>307,264,000</b>	<b>66,710</b>	<b>4.9%</b>

**Santa Barbara County Employees'  
Retirement System**

**Exhibit C-2: SBCERS Membership – Deferred Vested Members as of June 30, 2008**

	Number	Average Age
<b><i>General Members</i></b>		
Plan 5A	374	50.4
Plan 5B	535	43.3
Plan 5C	37	39.4
Plan 2	31	50.3
Total	977	46.1
<b><i>Safety Members</i></b>		
Plan 4A	7	42.9
Plan 4B	75	40.4
Plan 4C	22	36.2
Plan 4D	9	36.3
Plan 6A	75	47.1
Plan 6B	5	39.2
Total	193	42.4
<b><i>APCD Members</i></b>		
Plan 1	12	47.1
Plan 2	6	41.2
Total	18	45.1
<b><i>Grand Total</i></b>	<b>1,188</b>	<b>45.5</b>

**Santa Barbara County Employees'  
Retirement System**

**Exhibit C-3a: SBCERS Membership – Retired Members as of June 30, 2008**

	<b>Number</b>	<b>Average Age</b>	<b>Monthly Allowance</b>	<b>Average Monthly Benefit</b>
<b>General Members</b>				
Plan 5A	668	62.0	\$ 1,676,208	\$ 2,509
Plan 5B	110	62.6	\$ 131,279	1,193
Plan 5C	5	51.6	\$ 4,761	952
Plan 2	38	70.7	\$ 18,715	492
Other	1,496	75.6	\$ 2,295,320	1,534
<b>Total</b>	<b>2,317</b>	<b>70.9</b>	<b>\$ 4,126,284</b>	<b>\$ 1,781</b>
<b>Safety Members</b>				
Plan 4A	176	59.3	\$ 1,041,873	\$ 5,920
Plan 4B	67	60.3	\$ 264,300	\$ 3,945
Plan 4C	10	57.4	\$ 23,630	\$ 2,363
Plan 4D	2	53.0	\$ 6,292	\$ 3,146
Plan 6A	31	54.0	\$ 194,030	\$ 6,259
Plan 6B	-	-	\$ -	\$ -
Other	347	68.4	\$ 1,206,091	\$ 3,476
<b>Total</b>	<b>633</b>	<b>64.1</b>	<b>\$ 2,736,216</b>	<b>\$ 4,323</b>
<b>APCD Members</b>				
Plan 1	20	61.1	\$ 52,747	\$ 2,637
Plan 2	2	64.0	\$ 3,371	\$ 1,685
<b>Total</b>	<b>22</b>	<b>61.3</b>	<b>\$ 56,118</b>	<b>\$ 2,551</b>
<b>Grand Total</b>	<b>2,972</b>	<b>69.4</b>	<b>\$ 6,918,618</b>	<b>\$ 2,328</b>

**Santa Barbara County Employees'  
Retirement System**

**Exhibit C-3b: SBCERS Membership – Retired Members as of June 30, 2008  
Subtotaled by Class and Retirement Type**

	Number		Monthly Allowance		Average Monthly Benefit
<b><i>General Members</i></b>					
Healthy	1,828	\$	3,522,665	\$	1,927
Disabled	127	\$	223,214	\$	1,758
Beneficiaries	362	\$	380,405	\$	1,051
Total	2,317	\$	4,126,284	\$	1,781
<b><i>Safety Members</i></b>					
Healthy	453	\$	2,274,003	\$	5,020
Disabled	122	\$	341,255	\$	2,797
Beneficiaries	58	\$	120,958	\$	2,085
Total	633	\$	2,736,216	\$	4,323
<b><i>APCD Members</i></b>					
Healthy	21	\$	54,268	\$	2,584
Disabled	-	\$	-	\$	-
Beneficiaries	1	\$	1,850	\$	1,850
Total	22	\$	56,118	\$	2,551
<b><i>Grand Total</i></b>	<b>2,972</b>	<b>\$</b>	<b>6,918,618</b>	<b>\$</b>	<b>2,328</b>

## Santa Barbara County Employees' Retirement System

**Exhibit C-4: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2008**  
**All Members**

<b>Count</b>	<b>Years of Vesting Service</b>									<b>Total Count</b>	
	<b>Age</b>	<b>0-1</b>	<b>1-5</b>	<b>5-9</b>	<b>10-14</b>	<b>15-19</b>	<b>20-24</b>	<b>25-29</b>	<b>30-34</b>		<b>35&amp;Over</b>
Under 25	48	53	-	-	-	-	-	-	-	-	101
25-29	100	291	42	1	-	-	-	-	-	-	434
30-34	40	212	199	41	-	-	-	-	-	-	492
35-39	52	156	249	148	36	-	-	-	-	-	641
40-44	34	129	157	135	103	34	2	-	-	-	594
45-49	31	101	147	122	125	130	41	-	-	-	697
50-54	32	88	133	114	121	115	110	20	1	-	734
55-59	14	76	97	75	81	74	68	33	9	-	527
60-64	10	34	53	59	53	27	34	19	10	-	299
65 & Over	1	7	21	23	16	6	3	6	4	-	87
<b>Total Count</b>	<b>362</b>	<b>1,147</b>	<b>1,098</b>	<b>718</b>	<b>535</b>	<b>386</b>	<b>258</b>	<b>78</b>	<b>24</b>	<b>4,606</b>	

<b>Compensation</b>	<b>Years of Vesting Service</b>									<b>Average Comp.</b>	
	<b>Age</b>	<b>0-1</b>	<b>1-2</b>	<b>5-9</b>	<b>10-14</b>	<b>15-19</b>	<b>20-24</b>	<b>25-29</b>	<b>30-34</b>		<b>35&amp;Over</b>
Under 25	43,567	45,207	-	-	-	-	-	-	-	-	44,427
25-29	48,620	51,881	56,701	46,052	-	-	-	-	-	-	51,583
30-34	47,532	55,204	64,331	70,129	-	-	-	-	-	-	59,516
35-39	54,278	60,346	67,913	67,218	66,700	-	-	-	-	-	64,737
40-44	58,878	58,156	66,065	70,017	71,731	74,581	77,768	-	-	-	66,344
45-49	59,022	62,672	62,945	66,353	72,462	81,460	87,357	-	-	-	69,924
50-54	75,038	70,252	65,384	64,245	71,634	79,077	84,498	95,635	80,184	-	73,096
55-59	79,279	67,215	65,955	65,958	70,517	79,118	87,099	96,099	85,118	-	73,984
60-64	94,174	62,552	72,294	66,724	69,791	86,227	90,473	88,579	88,602	-	75,281
65 & Over	66,523	64,273	73,297	69,123	72,577	64,551	103,598	67,868	101,008	-	72,598
<b>Avg. Annual Compensation</b>	<b>55,326</b>	<b>57,811</b>	<b>65,741</b>	<b>67,151</b>	<b>71,191</b>	<b>79,766</b>	<b>86,595</b>	<b>91,977</b>	<b>89,012</b>	<b>66,709</b>	



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

## Santa Barbara County Employees' Retirement System

**Exhibit C-4a: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2008**  
**General Members**

<b>Count</b>	<b>Years of Service</b>									<b>Total Count</b>	
	<b>Age</b>	<b>0-1</b>	<b>1-5</b>	<b>5-9</b>	<b>10-14</b>	<b>15-19</b>	<b>20-24</b>	<b>25-29</b>	<b>30-34</b>		<b>35&amp;Over</b>
Under 25	37	40	-	-	-	-	-	-	-	-	77
25-29	73	209	31	1	-	-	-	-	-	-	314
30-34	32	165	121	24	-	-	-	-	-	-	342
35-39	34	123	169	90	21	-	-	-	-	-	437
40-44	30	113	122	93	60	21	2	-	-	-	441
45-49	29	94	131	97	97	68	23	-	-	-	539
50-54	28	80	112	102	104	81	67	9	1	-	584
55-59	13	70	92	66	69	68	57	25	7	-	467
60-64	8	31	47	54	45	26	30	19	9	-	269
65 & Over	1	7	19	20	16	6	3	6	4	-	82
<b>Total Count</b>	285	932	844	547	412	270	182	59	21	-	3,552

<b>Compensation</b>	<b>Years of Service</b>									<b>Average Comp.</b>	
	<b>Age</b>	<b>0-1</b>	<b>1-2</b>	<b>5-9</b>	<b>10-14</b>	<b>15-19</b>	<b>20-24</b>	<b>25-29</b>	<b>30-34</b>		<b>35&amp;Over</b>
Under 25	40,071	40,930	-	-	-	-	-	-	-	-	40,517
25-29	45,439	46,932	53,889	46,052	-	-	-	-	-	-	47,269
30-34	44,839	52,637	58,000	65,677	-	-	-	-	-	-	54,720
35-39	53,276	57,810	63,136	61,387	58,238	-	-	-	-	-	60,274
40-44	58,265	57,523	63,823	66,871	65,338	66,236	77,768	-	-	-	62,858
45-49	59,342	63,114	62,247	64,014	70,213	72,345	75,038	-	-	-	65,813
50-54	72,946	68,958	65,677	63,198	71,045	72,403	72,345	73,132	80,184	-	68,836
55-59	79,967	66,212	65,501	64,667	71,101	77,342	84,696	94,536	74,599	-	72,477
60-64	99,114	61,546	70,704	66,544	68,931	86,557	90,978	88,579	86,413	-	74,943
65 & Over	66,523	64,273	74,949	69,921	72,577	64,551	103,598	67,868	101,008	-	73,286
<b>Avg. Annual Compensation</b>	54,233	55,991	63,304	64,500	69,203	74,341	80,200	86,641	84,958	-	63,746



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

## Santa Barbara County Employees' Retirement System

**Exhibit C-4b: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2008  
Safety Members**

Age	Years of Service									Total Count
	0-1	1-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	11	13	-	-	-	-	-	-	-	24
25-29	27	81	10	-	-	-	-	-	-	118
30-34	8	46	77	17	-	-	-	-	-	148
35-39	17	33	80	57	15	-	-	-	-	202
40-44	4	16	34	42	41	13	-	-	-	150
45-49	2	7	15	25	23	58	18	-	-	148
50-54	4	8	16	12	15	31	42	11	-	139
55-59	1	6	5	7	7	5	9	7	2	49
60-64	2	2	5	4	5	1	3	-	1	23
65 & Over	-	-	2	3	-	-	-	-	-	5
<b>Total Count</b>	76	212	244	167	106	108	72	18	3	1,006

Age	Years of Service									Average Comp.
	0-1	1-2	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	55,326	58,365	-	-	-	-	-	-	-	56,972
25-29	57,221	64,456	67,003	-	-	-	-	-	-	63,017
30-34	58,303	64,142	74,459	76,413	-	-	-	-	-	70,603
35-39	57,110	69,797	78,004	75,735	78,548	-	-	-	-	74,305
40-44	63,477	62,627	73,532	76,983	81,992	88,061	-	-	-	76,639
45-49	54,383	56,729	67,492	75,431	81,416	91,391	103,099	-	-	84,007
50-54	89,682	83,193	62,804	73,142	75,148	96,010	102,498	114,047	-	90,430
55-59	70,337	78,915	74,320	81,097	63,141	99,494	101,318	104,846	121,933	88,004
60-64	74,414	68,577	92,480	68,418	75,644	77,668	87,971	-	108,301	80,442
65 & Over	-	-	57,598	63,800	-	-	-	-	-	61,319
<b>Avg. Annual Compensation</b>	59,624	65,608	74,222	75,721	78,867	92,564	101,896	110,469	117,389	76,769



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

## Santa Barbara County Employees' Retirement System

**Exhibit C-4c: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2008**  
APCD Members

<b>Count</b>	<b>Years of Service</b>									<b>Total Count</b>	
	<b>Age</b>	0-1	1-5	5-9	10-14	15-19	20-24	25-29	30-34		35&Over
Under 25	-	-	-	-	-	-	-	-	-	-	-
25-29	-	1	1	-	-	-	-	-	-	-	2
30-34	-	1	1	-	-	-	-	-	-	-	2
35-39	1	-	-	1	-	-	-	-	-	-	2
40-44	-	-	1	-	2	-	-	-	-	-	3
45-49	-	-	1	-	5	4	-	-	-	-	10
50-54	-	-	5	-	2	3	1	-	-	-	11
55-59	-	-	-	2	5	1	2	1	-	-	11
60-64	-	1	1	1	3	-	1	-	-	-	7
65 & Over	-	-	-	-	-	-	-	-	-	-	-
<b>Total Count</b>	<b>1</b>	<b>3</b>	<b>10</b>	<b>4</b>	<b>17</b>	<b>8</b>	<b>4</b>	<b>1</b>	<b>-</b>	<b>48</b>	

<b>Compensation</b>	<b>Years of Service</b>									<b>Average Comp.</b>	
	<b>Age</b>	0-1	1-2	5-9	10-14	15-19	20-24	25-29	30-34		35&Over
Under 25	-	-	-	-	-	-	-	-	-	-	-
25-29	-	67,646	40,836	-	-	-	-	-	-	-	54,241
30-34	-	67,646	50,443	-	-	-	-	-	-	-	59,044
35-39	40,216	-	-	106,544	-	-	-	-	-	-	73,380
40-44	-	-	85,736	-	53,124	-	-	-	-	-	63,995
45-49	-	-	86,234	-	74,896	92,411	-	-	-	-	83,036
50-54	-	-	67,057	-	75,908	84,289	142,736	-	-	-	80,246
55-59	-	-	-	55,592	72,789	98,047	91,593	73,939	-	-	75,482
60-64	-	81,672	46,093	69,647	72,938	-	82,829	-	-	-	71,293
65 & Over	-	-	-	-	-	-	-	-	-	-	-
<b>Avg. Annual Compensation</b>	<b>40,216</b>	<b>72,321</b>	<b>64,463</b>	<b>71,844</b>	<b>71,488</b>	<b>90,070</b>	<b>102,188</b>	<b>73,939</b>	<b>-</b>	<b>75,161</b>	



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



## Santa Barbara County Employees' Retirement System

**Exhibit C-5: Distribution of Retired Members by Age and Retirement Year as of June 30, 2008  
All Members**

Age	Benefit Effective Date								Total Count	Average Monthly Benefit
	Pre-1974	1975-79	1980-84	1985-89	1990-94	1995-99	2000-04	2005-08		
Under 35	-	-	-	-	-	3	5	4	12	\$ 1,020
35-39	-	-	-	-	-	2	2	1	5	1,987
40-44	-	-	-	-	2	2	5	4	13	1,450
45-49	-	-	-	-	-	7	12	11	30	1,811
50-54	-	-	-	1	1	17	30	117	166	2,071
55-59	-	1	3	6	2	25	111	169	317	2,539
60-64	1	7	6	6	13	104	219	203	559	3,268
65-69	5	13	9	9	65	141	189	89	520	2,804
70-74	4	17	11	41	72	118	94	37	394	2,184
75-79	5	6	35	50	93	77	45	17	328	1,881
80-84	10	41	46	80	52	23	26	12	290	1,513
85-89	15	40	59	43	9	9	21	9	205	1,563
90-94	18	36	27	6	1	5	10	3	106	1,184
95-99	10	9	2	-	-	1	2	1	25	1,026
100 & Over	1	-	-	-	-	-	-	1	2	1,056
<b>Total Count</b>	69	170	198	242	310	534	771	678	<b>2,972</b>	
<b>Avg Monthly Benefit</b>	\$ 1,397	\$ 1,208	\$ 1,591	\$ 1,938	\$ 2,156	\$ 2,259	\$ 2,630	\$ 2,848		\$ 2,328



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

## Santa Barbara County Employees' Retirement System

**Exhibit C-5a: Distribution of Retired Members by Age and Retirement Year as of June 30, 2008  
General Members**

Age	Benefit Effective Date								Total Count	Average Monthly Benefit
	Pre-1974	1975-79	1980-84	1985-89	1990-94	1995-99	2000-04	2005-08		
Under 35	-	-	-	-	-	3	4	2	9	\$ 709
35-39	-	-	-	-	-	1	1	1	3	1,501
40-44	-	-	-	-	2	1	4	2	9	762
45-49	-	-	-	-	-	6	6	4	16	1,148
50-54	-	-	-	1	1	11	21	75	109	1,167
55-59	-	1	1	2	2	20	79	111	216	1,551
60-64	-	1	-	4	6	74	133	163	381	2,319
65-69	-	3	3	6	51	79	153	78	373	2,141
70-74	1	5	6	24	52	104	87	35	314	1,922
75-79	4	4	27	45	87	71	41	14	293	1,751
80-84	4	37	45	79	51	23	24	12	275	1,480
85-89	7	37	56	43	9	9	21	9	191	1,476
90-94	16	34	27	5	1	5	10	3	101	1,117
95-99	10	9	2	-	-	1	2	1	25	1,026
100 & Over	1	-	-	-	-	-	-	1	2	1,056
<b>Total Count</b>	43	131	167	209	262	408	586	511	<b>2,317</b>	
<b>Avg Monthly Benefit</b>	\$ 1,117	\$ 975	\$ 1,408	\$ 1,739	\$ 1,815	\$ 1,589	\$ 1,949	\$ 2,125		\$ 1,781



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

## Santa Barbara County Employees' Retirement System

### Exhibit C-5b: Distribution of Retired Members by Age and Retirement Year as of June 30, 2008 Safety Members

Age	Benefit Effective Date								Total Count	Average Monthly Benefit
	Pre-1974	1975-79	1980-84	1985-89	1990-94	1995-99	2000-04	2005-08		
Under 35	-	-	-	-	-	-	1	2	3	\$ 1,954
35-39	-	-	-	-	-	1	1	-	2	2,715
40-44	-	-	-	-	-	1	1	2	4	2,999
45-49	-	-	-	-	-	1	6	6	13	2,623
50-54	-	-	-	-	-	6	9	38	53	3,986
55-59	-	-	2	4	-	5	31	56	98	4,711
60-64	1	6	6	2	7	30	83	36	171	5,378
65-69	5	10	6	3	14	62	35	10	145	4,511
70-74	3	12	5	17	20	14	5	-	76	3,233
75-79	1	2	8	5	6	6	3	3	34	3,051
80-84	6	4	1	1	1	-	2	-	15	2,114
85-89	8	3	3	-	-	-	-	-	14	2,743
90-94	2	2	-	1	-	-	-	-	5	2,541
95-99	-	-	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-	-	-
<b>Total Count</b>	26	39	31	33	48	126	177	153	<b>633</b>	
<b>Avg Monthly Benefit</b>	\$ 1,861	\$ 1,989	\$ 2,579	\$ 3,198	\$ 4,018	\$ 4,430	\$ 4,907	\$ 5,263		\$ 4,323



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

**Santa Barbara County Employees'  
Retirement System**

**Exhibit C-5c: Distribution of Retired Members by Age and Retirement Year as of June 30, 2008  
APCD Members**

Age	Benefit Effective Date							Total Count	Average Monthly Benefit	
	Pre-1974	1975-79	1980-84	1985-89	1990-94	1995-99	2000-04			2005-08
Under 35	-	-	-	-	-	-	-	-	-	\$ -
35-39	-	-	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-	-	-
45-49	-	-	-	-	-	-	-	1	1	1,850
50-54	-	-	-	-	-	-	-	4	4	1,322
55-59	-	-	-	-	-	-	1	2	3	2,798
60-64	-	-	-	-	-	-	3	4	7	3,392
65-69	-	-	-	-	-	-	1	1	2	2,592
70-74	-	-	-	-	-	-	2	2	4	2,821
75-79	-	-	-	-	-	-	1	-	1	375
80-84	-	-	-	-	-	-	-	-	-	-
85-89	-	-	-	-	-	-	-	-	-	-
90-94	-	-	-	-	-	-	-	-	-	-
95-99	-	-	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-	-	-
<b>Total Count</b>	-	-	-	-	-	-	8	14	<b>22</b>	
<b>Avg Monthly Benefit</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,093	\$ 2,813		\$ 2,551



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. **C-14**

## Santa Barbara County Employees' Retirement System

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

	Actives	Vested Terms	Terms with Contributions on Deposit	Retirees <sup>(1)</sup>	Disabilities	Beneficiaries	Total
<b>Total Record Count as of July 1, 2007</b>	<b>4,625</b>	<b>894</b>	<b>242</b>	<b>2,161</b>	<b>244</b>	<b>407</b>	<b>8,573</b>
New Members	354	5	29	8		8	404
Rehired Non-Vested Members	41		(7)				34
Rehired Vested Members	11	(11)					-
Non-Vested Terminees	(70)		62				(8)
Vested Terms	(102)	115	(13)				-
Service Retirements	(132)	(49)		181			-
Retirement Disabilities	(7)	(2)		(1)	10		-
New Beneficiaries	(1)					22	21
Deaths with no Beneficiaries	(2)			(49)	(5)	(17)	(73)
Lump Sum, Annuity or Other	(111)	(11)	(71)				(193)
Data Adjustments			5	2		1	8
Subtotal of Net Changes from 2007 to 2008	(19)	47	5	141	5	14	193
<b>Total Record Count as of July 1, 2008</b>	<b>4,606</b>	<b>941</b>	<b>247</b>	<b>2,302</b>	<b>249</b>	<b>421</b>	<b>8,766</b>

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



This work product was prepared solely for SBCERS. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. **C-15**

## Santa Barbara County Employees' Retirement System

### Appendix D: Member Contribution Rates

---



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

## Santa Barbara County Employees' Retirement System

### Exhibit D-1 Member Contribution Rates

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

**Assumptions:**

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



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

# Santa Barbara County Employees' Retirement System

## Appendix E: Glossary

---



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

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



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