

## **Santa Barbara County Employees' Retirement System**

### **Actuarial Valuation Report as of June 30, 2015**

**Produced by Cheiron**

**December 2015**

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December 7, 2015

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

Dear Members of the Board:

At your request, we have conducted an actuarial valuation of the Santa Barbara County Employees' Retirement System (SBCERS, the System, the Fund, the Plan) as of June 30, 2015. This report contains information on the System's assets, liabilities, and discloses employer contribution levels. Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of SBCERS. This report is for the use of the Retirement Board of Santa Barbara and its auditors in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of this report is not an intended user and is considered a third party.

Cheiron's report was prepared solely for the Retirement Board of Santa Barbara for the purposes described herein, except that the plan auditor may rely on this report solely for the purpose of completing an audit related to the matters herein. It is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Sincerely,  
Cheiron



Robert McCrory, FSA, FCA, EA, MAAA  
Principal Consulting Actuary



Graham Schmidt, ASA, EA, MAAA  
Consulting Actuary



Anne D Harper, FSA, EA, MAAA  
Consulting Actuary

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**FOREWORD**

Cheiron has performed the actuarial valuation of the Santa Barbara County Employees' Retirement System as of June 30, 2015. The valuation is organized as follows:

- In Section I, the **Executive Summary**, we describe the purpose of an actuarial valuation, summarize the key results found in this valuation and disclose important trends.
- The **Main Body** of the report presents details on the System's
  - Section II - Assets
  - Section III - Liabilities
  - Section IV- Contributions
  - Section V- Comprehensive Annual Financial Reporting Information
- In the **Appendices** we conclude our report with detailed information describing plan membership (Appendix A), actuarial assumptions and methods employed in the valuation (Appendix B), a summary of pertinent plan provisions (Appendix C), a glossary of key actuarial terms (Appendix D), and tables containing member contribution rates (Appendix E).

The results of this report rely on future plan experience conforming to the underlying assumptions. To the extent that actual plan experience deviates from the underlying assumptions, the results would vary accordingly.

In preparing our report, we relied on information (some oral and some written) supplied by the SBCERS staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

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**SECTION I  
EXECUTIVE SUMMARY**

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The funded status of the System,
- Past and expected trends in the funding progress of the System,
- Employer and employee contribution rates for Plan Year 2016-2017, and,
- Information required by the GFOA for the Comprehensive Annual Financial Report.

In the balance of this Executive Summary, we present (A) the basis upon which this year's valuation was completed, (B) the key findings of this valuation including a summary of all key results, (C) an examination of the historical trends, and (D) the projected outlook for the System.

**A. Valuation Basis**

This valuation determines the employer contributions required for the employers' fiscal years beginning July 1, 2016.

The System's funding policy is to collect contributions from the employers and employees equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method,
- Amortization of the unfunded actuarial liability, and
- The Fund's expected administrative expenses.

The unfunded actuarial liability payment is determined as the amount needed to fund the outstanding unfunded actuarial liability (UAL). Effective with the June 30, 2013 valuation, the UAL as of June 30, 2013 is amortized over a closed 17-year period, except for the additional UAL attributable to the creation of Safety Plan 6, which is being amortized over a separate closed period (currently 13 years).

At a special meeting held on September 5, 2014, the Board of Retirement adopted a new funding policy for any subsequent unexpected change in the unfunded actuarial liability after June 30, 2013. Effective with the June 30, 2014 valuation, any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over a closed 19-year period, with a five-year ramp up and down of the amortization payment at the beginning and end of the amortization period and nine years of level payments as a percentage of payroll between the ramping periods. The Board also adopted a policy to replace the smoothed actuarial value of assets with the market value of assets for valuation purposes. These new amortization and funding policies in conjunction are a type of policy known as direct rate smoothing.

This valuation was prepared based on the plan provisions shown in Appendix C.

Actuarial experience studies are performed every three years. This valuation was performed based on the economic and demographic assumptions and methods that were determined in the

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Actuarial Experience Study performed by Cheiron as of June 30, 2013 and adopted by the Board on November 20, 2013. There were no changes to the assumptions or methods from the prior valuation. A summary of the assumptions and methods used in the current valuation is shown in Appendix B.

**B. Key Findings of this Valuation**

The key results of the June 30, 2015 actuarial valuation are as follows:

- The actuarially determined employer contribution rate decreased from 37.94% of payroll to 36.55% of payroll for the current valuation.
- The System's funded ratio, the ratio of assets over actuarial liability, decreased from 81.1% last year to 78.4% as of June 30, 2015.
- The UAL is the excess of the System's actuarial liability over the market value of assets. The System experienced an increase in the UAL from \$584.4 million to \$698.6 million, an increase of \$114.2 million.
- During the plan year ending June 30, 2015, the return on Plan assets was 0.83% on a market value basis - net of investment expenses and assuming mid-year external cashflows - as compared to the 7.50% assumption. This produced an actuarial asset loss of \$167.7 million.
- During the 2014-15 plan year, the actuarial liabilities of the System increased less than expected. The experience gains were primarily due to lower salary increases than expected for returning members and lower COLA increases than expected for current retirees. Consequently, the System experienced a gain on the actuarial liability of \$25.9 million.
- Actual contributions made to the Plan were slightly more than expected by \$4.4 million. This difference results from a timing difference due to the implementation of contribution rates on July 1 following the valuation date that they were calculated. In addition, differences in the actual payroll for FYE 2015 and what was assumed in the previous valuation will cause the actual contributions to differ from the expected contributions.

In aggregate, the System experienced a total loss of \$137.4 million from all sources combined.

- The employer contribution rate decreased even though the Plan experienced an overall actuarial loss for FYE 2015. The primary reason for the rate decrease is that the 2014 gain due to the asset method change and favorable investment return is in the second year of the ramp-up period under the direct rate smoothing amortization method that decreased

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the employer contribution rate by 1.39% of pay. Whereas, the 2015 actuarial loss increased the rate by only 0.81%.

- Overall participant membership increased compared to last year. There were 467 new hires and rehires during 2014-2015, and the total active population increased from 4,177 to 4,278. Total projected payroll increased from \$323,831,275 to \$336,982,208.

Below we present Tables I-1 and I-2 which summarize the key results of the valuation with respect to SBCERS assets, liabilities, unfunded actuarial liability, funded ratios, contribution rates, and membership. The results are presented and compared for both the current and prior plan year.

<b>Table I-1</b>			
<b>Santa Barbara County Employees' Retirement System</b>			
<b>Summary of Key Valuation Results</b>			
<b>(in millions)</b>			
<b>Valuation Date</b>	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>Relative %</b>
<b>Fiscal Year End</b>	<b>2016</b>	<b>2017</b>	<b>Change</b>
Actuarial Liability	\$ 3,098.0	\$ 3,231.1	4.3%
Market Value of Assets	\$ 2,513.6	\$ 2,532.5	0.8%
Unfunded Actuarial Liability (UAL)	\$ 584.4	\$ 698.6	19.5%
			<b>Absolute</b>
			<b>% Change</b>
Funding Ratio	81.1%	78.4%	-2.7%
Net Employer Contribution Rate	37.94%	36.55%	-1.39%

The key results shown in Table I-1 indicate that because the actuarial liability increased by 4.3% and the market value of assets increased by only 0.8%, the funding ratio decreased from 81.1% as of June 30, 2014 to 78.4% as of June 30, 2015.

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<b>Table I-2 Membership Total</b>				
<b>Item</b>	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>% Change</b>	
Actives	4,177	4,278	2.4%	
Inactives	1,197	1,284	7.3%	
Members Receiving Benefits	3,897	4,030	3.4%	
Total Members	9,271	9,592	3.5%	
Ratio of Retired Members to Active Members	93.3%	94.2%	0.9%	
Active Member Projected Payroll for FYE June 30, 2015 and 2016*	\$ 323,831,275	\$ 336,982,208	4.1%	
Average Pay per Active	\$ 77,527	\$ 78,771	1.6%	

\* Based on valuation data projected for next fiscal year using a full year of salary increases.

<b>Table I-3 Change in Unfunded Actuarial Liability</b>	
<b>Experience</b>	<b>in millions</b>
Unfunded actuarial liability, 6/30/2014	\$ 584.4
Expected change in unfunded actuarial liability	\$ (23.2)
Unfunded increase due to asset loss	163.3
Unfunded decrease due to liability gain	(25.9)
Total change in unfunded actuarial liability	\$ 114.2
Unfunded actuarial liability, 6/30/2015	\$ 698.6

**Changes in UAL**

The unfunded actuarial liability (UAL) for SBCERS increased by \$114.2 million, from \$584.4 million to \$698.6 million. Table I-3 above presents the specific components of the change in the UAL.

We see in Table I-3 that the asset returns lower than the assumed rate of 7.50% - offset slightly by the higher-than-anticipated contribution - increased the UAL by \$163.3 million and the liability experience reduced the UAL by \$25.9 million.



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The expected change in the UAL due to the yearly amortization of the UAL balance (\$23.2 million) combined with the above UAL changes to produce an overall increase of \$114.2 million in the UAL last year.

**Employer Contributions Comparison**

Thus far, the experience of the 2014-15 plan year has been presented in terms of the UAL and funded ratio. Table I-4 below compares the net employer contribution rates from the prior year and its components. The overall net employer contribution rate decreased by 1.39% for the June 30, 2015 valuation. The net employer normal cost decreased by 0.72% and the amortization of the UAL decreased by 0.67%.

<b>Table I-4 Contributions by Components</b>			
<b>Valuation Year</b>	<b>2014</b>	<b>2015</b>	
<b>Effective for Fiscal Year End</b>	<b>FYE 2016</b>	<b>FYE 2017</b>	<b>Change</b>
Gross Normal Cost %	22.31%	21.83%	-0.48%
Employee Contributions	<u>4.95%</u>	<u>5.19%</u>	0.24%
Employer Normal Cost %	17.36%	16.64%	-0.72%
Amortization of UAL%	20.58%	19.91%	-0.67%
Net Employer Contribution Rate: (3 + 4)	37.94%	36.55%	-1.39%

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Table I-5 summarizes the impact of actuarial experience on the employer contribution rate.

<b>Table I-5</b>			
<b>Employer Contribution Reconciliation</b>			
<b>Item</b>	<b>Normal Cost</b>	<b>Amortization</b>	<b>Total</b>
FYE 2016 Net Employer Contribution Rate	17.36%	20.58%	37.94%
Expected Change due to phase-in	0.00%	-1.39%	-1.39%
Change due to asset loss	0.00%	0.96%	0.96%
Change due to PEPRA new hires	-0.56%	0.02%	-0.54%
Change due to demographic gains	-0.16%	-0.15%	-0.31%
Change due to effect of payroll on amortization	0.00%	-0.11%	-0.11%
FYE 2017 Net Employer Contribution Rate	16.64%	19.91%	36.55%

A review of the changes in the employer contribution rate from the prior valuation reveals that Plan experience during the year – including demographic and salary changes, as well as asset experience – resulted in a net decrease in the employer contribution rate of 1.33% of pay:

- Asset experience produced an investment loss on a market basis, which increased the contribution rate by 0.96% of pay. The assets of the Plan returned 0.8% (net of investment expenses) on a market basis, lower than the assumed rate of 7.50%.
- Demographic experience was favorable for a net decrease in cost of about 0.31% of pay.

The demographic experience of the Plan – rates of retirement, death, disability, and termination – was better than predicted by the actuarial assumptions in aggregate, causing a decrease in cost. The primary factors contributing to this decrease were lower than expected Cost-of-Living Adjustments (COLAs) for current retirees, and lower than expected salary increases for returning members.

- Payroll used to amortize unfunded liabilities was higher than expected by about \$1.8 million. As a result of the increase, unfunded actuarial liabilities were amortized over a larger payroll base, and the employer contribution rate decreased by 0.11% of pay.
- PEPRA members are now about 14% of active member payroll. The average employee contribution rate continues to increase since PEPRA members have higher employee contribution rates than the retiring legacy members they replace. PEPRA benefits are also lower than the legacy members' benefits. The impact of the increasing number of PEPRA members was a 0.54% of pay decrease on the employer contribution rate.

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**Plan Risk**

Table I-6 below shows the ratio of assets to active member payroll for SBCERS.

Table I-6 Asset to Payroll Ratio as of June 30, 2015	
Active Member Payroll	\$336,982,208
Market Value of Assets	\$2,532,528,974
Ratio of Assets to Payroll	7.52
Ratio with 100% Funding	9.59

One of the most important measures of a plan's risk is the ratio of plan assets to payroll. The table above shows SBCERS's assets as a percentage of active member payroll. This ratio indicates the sensitivity of the plan to the returns earned on plan assets. We note in the table that assets currently are over seven times covered payroll for the Plan; as funding improves and the Plan reaches 100% funding, the ratio of asset to payroll will increase to over ten times payroll, perhaps higher depending on the Plan's future demographic makeup.

To appreciate the impact of the ratio of assets to payroll on cost, consider the situation for a new plan with almost no assets. Even if the assets suffer a bad year of investment returns, the impact on the cost is nil, because the assets are so small. On the other hand, consider the situation for SBCERS. Suppose SBCERS's assets lose 10% of their value in a year. Since they were assumed to earn 7.50%, there is an actuarial loss of 17.50% of assets. Based on the current ratio of asset to payroll (752%), that means the loss in assets is about 132% of active payroll (752% of the 17.50% loss). There is only one source of funding to make up for this loss: employer contributions. Consequently, barring future offsetting investment gains, the loss must be made up with future employer contributions.

As the plan matures and becomes better funded, the ratio of assets to payroll will increase. When assets are 959% of pay, the 10% loss discussed above will translate to a loss of over 168% of payroll. Therefore, the Plan is likely to become more sensitive to market variation in the future than it is today.

In addition, as new members joining the Plan are subject to PEPR, their employee contribution rates will be generally higher than for current members, causing a corresponding decrease in employer contribution rates. Since all actuarial gains and losses – in particular the investment gains and losses discussed above – are the responsibility of the employer, the combination of increasing assets relative to payroll with a decreasing employer contribution rate will mean that *relative variation* in the reduced employer contribution rate will increase.

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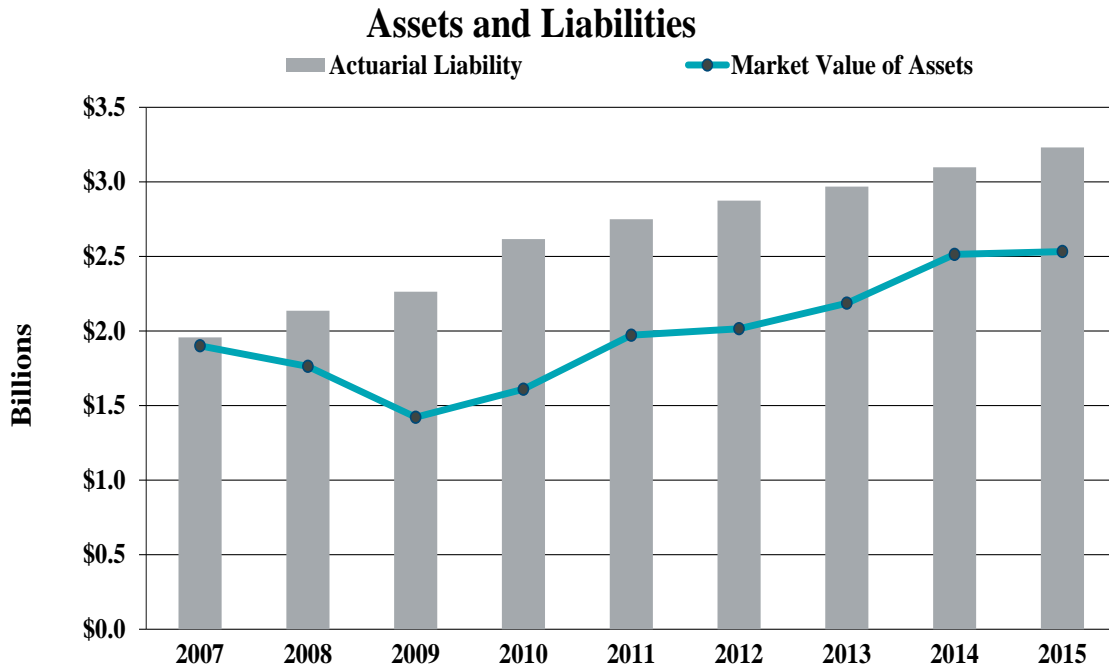
In short, the employer contribution rate will decrease with improved funding and PEPRA, but it will be less stable.

**C. Historical Trends**

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current unfunded actuarial liability and the employer contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is important to judge a current year's valuation result relative to historical trends, as well as trends expected into the future.

**Assets and Liabilities**

The chart below compares the market value of assets (MVA) to the actuarial liabilities. The percentage shown in the table below the graph is the ratio of the market value of assets to the actuarial liability (the funded ratio). The funded ratio has declined from 88.7% in 2007 to 78.4% as of June 30, 2015, primarily as a result of the asset losses in 2008-2009. The decrease in the funded ratio in 2015 from 81.1% to 78.4% is due to assets losses for 2014-15.



<b>Funded Ratio</b>	<b>88.7%</b>	<b>88.7%</b>	<b>75.3%</b>	<b>73.7%</b>	<b>73.0%</b>	<b>71.2%</b>	<b>72.4%</b>	<b>81.1%</b>	<b>78.4%</b>
<b>UAL (Billions)</b>	<b>\$ 0.22</b>	<b>\$ 0.24</b>	<b>\$ 0.56</b>	<b>\$ 0.69</b>	<b>\$ 0.74</b>	<b>\$ 0.83</b>	<b>\$ 0.82</b>	<b>\$ 0.58</b>	<b>\$ 0.70</b>

*\* As of 2014, Market Value of Assets is used to calculate the unfunded actuarial accrued liability and funded ratio.*

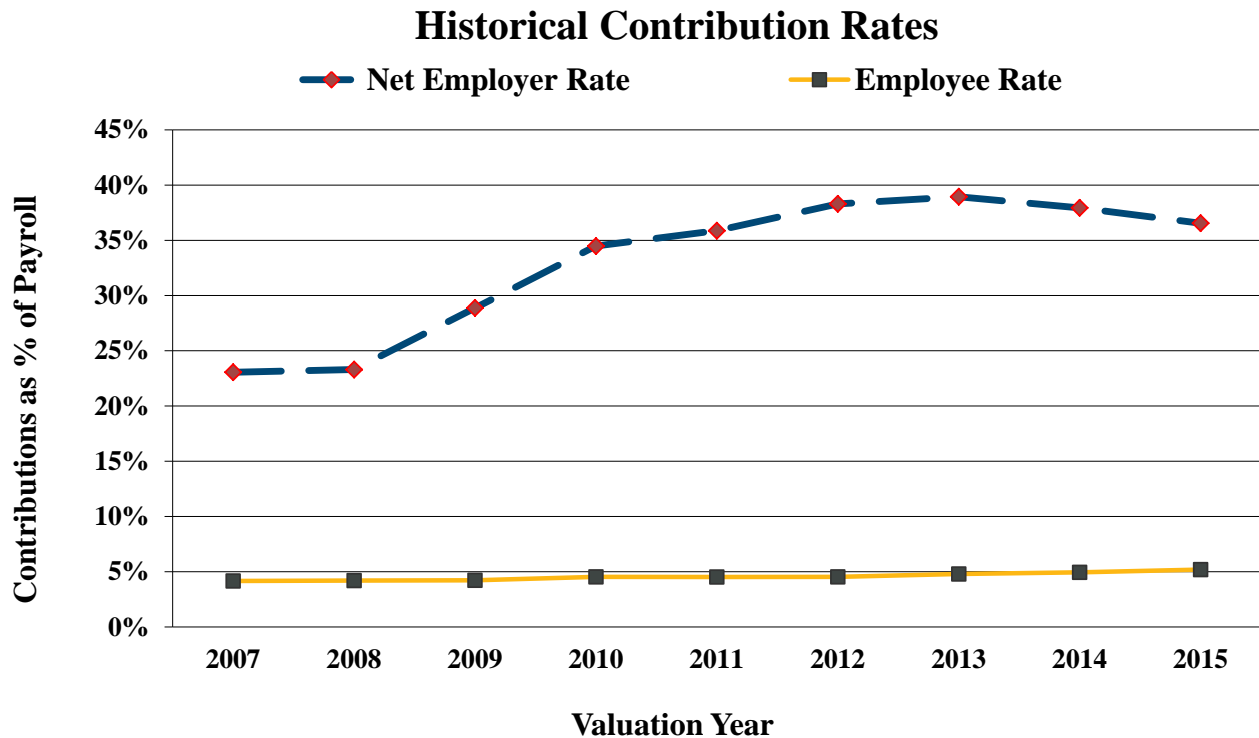
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**Contribution Trends**

In the chart below, we present the historical trends for the SBCERS contribution rates. The employer contribution rates rose steadily after 2008, as the investment losses from 2008-2009 were recognized in the actuarial value of assets. However, for 2014, the employer rate decreased due to favorable asset experience and an asset method change in 2013-14. The impact of the 2014 gains continued to decrease the employer contribution rate in 2015 since amortization of the decrease in the UAL is in its second year of the ramp up period under the direct rate smoothing amortization method.

The average employee contribution rates have stayed relatively stable, increasing slightly as the Plan's economic assumptions have changed. Average employee contribution rates will continue to increase as more new members under PEPRAs are hired.



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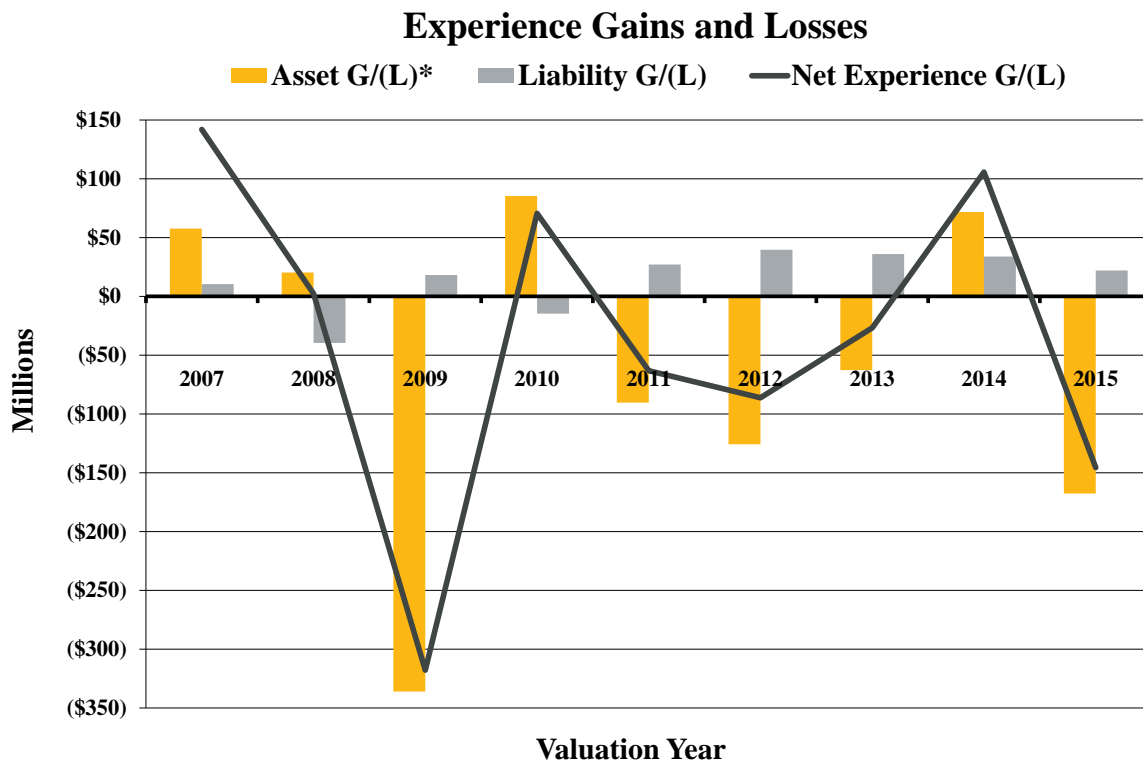
**SECTION I  
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**Gains and Losses**

The chart below presents the pattern of annual gains and losses, broken into the investment and liability components. The investment gains and losses prior to 2015 represent the changes on a smoothed basis (i.e. based on the actuarial value of assets). Starting with the June 30, 2015 valuation, the investment experience is based on the market value of assets due to the new asset valuation method implemented in the June 30, 2014 valuation. The chart does not include any changes in SBCERS' assets and liabilities attributable to changes to actuarial methods, assumptions or plan benefit changes.

The investment loss in 2008-2009 was by far the most significant gain or loss during the last eight years. Even though the Plan was using actuarial smoothing of the assets, there was a significant loss reflected in the June 30, 2009 valuation, because the amount of smoothing was limited by the 80/120% corridor around the market value of assets (the return on the smoothed value of assets for 2008-2009 was -9.6%). This loss was fully recognized in the June 30, 2013 valuation.

Over the past five years, there has been a period of liability gains. The liability experience was more varied prior to this period.



*\* Prior to 2015, based on actuarial value of assets which recognizes market gains/losses over a 5-year period.  
In 2015, based on actual market gains/losses with no smoothing.*

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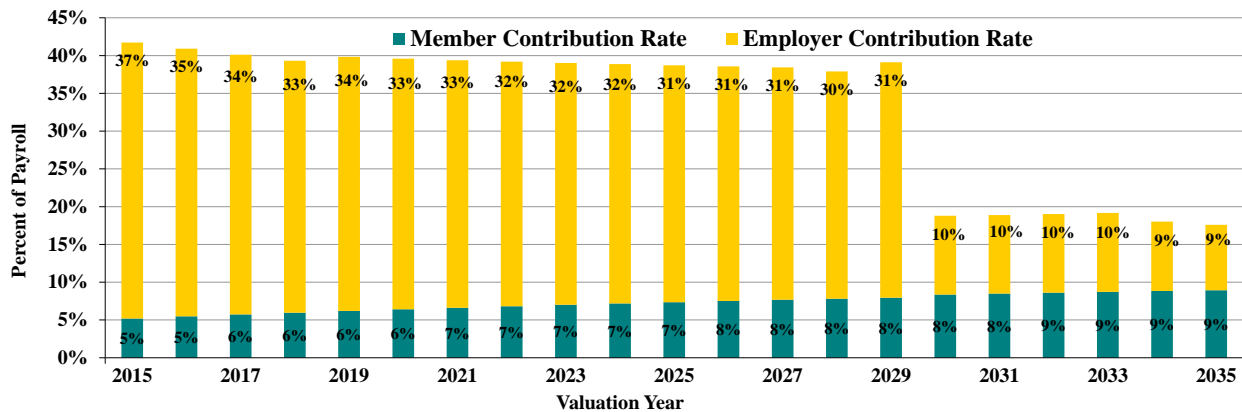
**D. Future Expected Financial Trends**

The analysis of projected financial trends is an important component of this valuation. In this Section, we present our assessment of the implications of the June 30, 2015 valuation results in terms of benefit security (assets over liabilities). All the projections in this section are based on the current investment return assumption of 7.50%. We have assumed future salary increases of 3.50% per year.

The following graph shows the expected employer contribution rate based on achieving the 7.50% assumption **each year** for the next 20 years. This scenario is highly unlikely: even if the Plan does achieve an **average** return of 7.50% over this time period, the returns in each given year will certainly vary.

The contribution rate graph shows that employer contribution rates are expected to stay relatively stable over the next 15 years, as the remaining unfunded liability as of June 30, 2013 is being paid off over this period. There is a moderate decline projected in the employer normal cost rates, primarily due to the PEPRA members becoming a larger proportion of the active member population over time. PEPRA benefits are lower than the legacy plan benefits and PEPRA employee contribution rates are greater than the legacy plans since members pay 50% of the normal cost rate.

**Projection of Contributions, 7.50% Return Each Year**



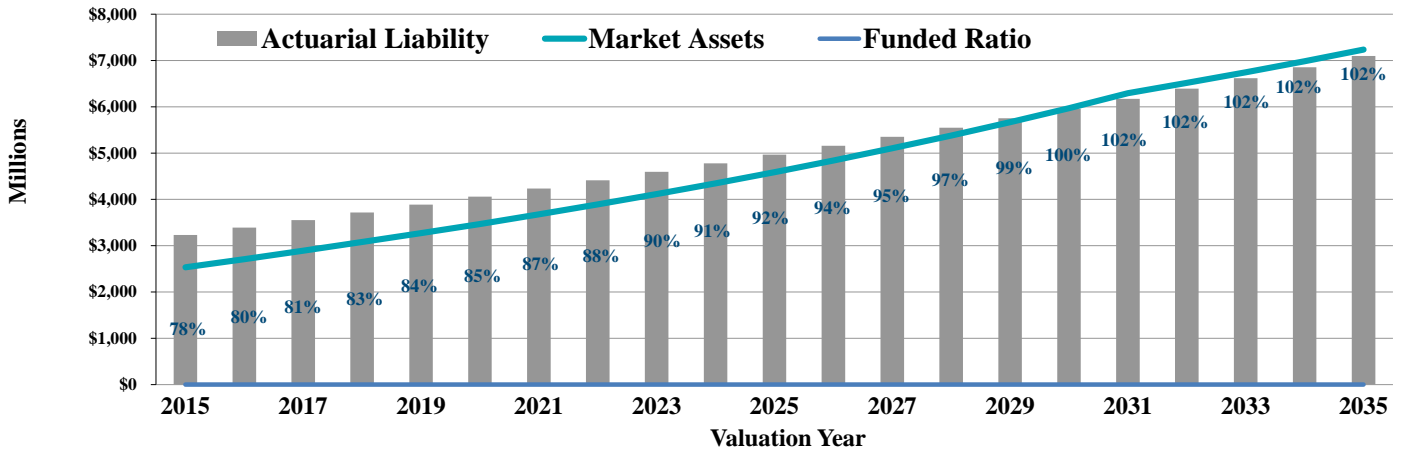
The total contribution rate (employer plus employee) is approximately 42% of member payroll for the June 30, 2015 valuation; it is expected to decrease gradually to 39% if all actuarial assumptions are met over the next 15 years. After 15 years, the total contribution rate is expected to drop significantly to a level around 18% of pay, when the remaining unfunded liability as of June 30, 2013 is fully paid.

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**Asset and Liability Projections:**

The following graph shows the projection of assets and liabilities assuming that assets will earn the 7.50% assumption each year during the projection period. The percentages along the graph represent the funded ratio or status of the System.



The projected funded status, based on the market value of assets, increases over the next 15 years and reaches 100% in 2030 assuming the actuarial assumptions are achieved.

However, as above, it is the **actual** return on System assets that will determine the future funding status and contribution rate to the Fund.



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**SECTION II  
ASSETS**

Pension plan assets play a key role in the financial operation of the System and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, employer contributions, and the ultimate security of participants' benefits.

In this section, we present detailed information on System assets including:

- **Disclosure** of System assets as of June 30, 2014 and June 30, 2015,
- Statement of the **changes** in market values during the year,
- An allocation of the assets by **reserve balances**,
- An assessment of historical **investment performance versus inflation**, and,
- An allocation of the assets between the **valuation subgroups**.

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**SECTION II  
ASSETS**

**Disclosure**

Only the market value of assets is relevant for this actuarial valuation. It represents a snap-shot value, which provides the principal basis for measuring financial performance from one year to the next.

As of June 30, 2014, the actuarial value of assets is no longer used in the calculations of the unfunded actuarial liability or funded status due to the implementation of the new funding policy adopted by the Board in September 2014. This policy change was made in conjunction with the new 19-year layered amortization of any unexpected changes in the unfunded actuarial liability starting with the June 30, 2014 valuation.

Table II-1 on the next page discloses and compares the asset values as of June 30, 2014 and June 30, 2015.

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**SECTION II  
ASSETS**

<b>Table II-1</b>		
<b>Statement of Assets at Market Value</b>		
<b>Assets:</b>	<b>June 30, 2014</b>	<b>June 30, 2015</b>
Cash and Cash Equivalents	\$ 11,595,180	\$ 8,286,972
<b>Receivables:</b>		
Contributions Receivable	8,154,990	8,942,235
Other	(5,918)	0
Accrued Interest	1,902,881	1,878,128
Dividends	766,565	1,217,985
Security Sales	<u>25,082,575</u>	<u>19,925,791</u>
Total Receivables	35,901,092	31,964,139
<b>Investments, at Market Value:</b>		
Short Term Investments	28,850,716	50,317,875
Alternative/Private Equity	166,762,038	176,720,536
Domestic Equity	601,577,427	600,489,252
Domestic Bonds	414,730,876	439,625,455
International Equity	571,462,483	496,124,020
International Bonds	319,971,140	320,760,508
Real Estate	241,115,654	235,792,639
Real Assets / Real Return	<u>141,739,702</u>	<u>203,866,844</u>
Total Investments	2,486,210,037	2,523,697,128
<b>Other Assets:</b>		
Collateral Held for Securities Lent	<u>52,419,008</u>	<u>37,899,441</u>
<b>Total Assets</b>	<b>2,586,125,317</b>	<b>2,601,847,680</b>
<b>Liabilities:</b>		
Accounts Payable	9,006,755	359,807
Benefits Payable	0	9,200,260
Collateral Held for Securities Lent	52,419,008	37,899,441
Investment Manager Fees	850,095	967,533
Security Purchases	<u>10,219,700</u>	<u>20,891,665</u>
<b>Total Liabilities</b>	<b>72,495,558</b>	<b>69,318,706</b>
<b>Market Value of Assets</b>	<b>\$ 2,513,629,759</b>	<b>\$ 2,532,528,974</b>

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**SECTION II  
ASSETS**

**Changes in Market Value**

The components of asset change are:

- Contributions (employer and employee)
- Benefit payments
- Expenses (investment and administrative)
- Investment income (realized and unrealized)

Table II-2 below shows the components of change in the market value of assets during the fiscal years ending June 30, 2014 and June 30, 2015.

<b>Table II-2 Changes in Market Values</b>		
<b><u>Additions</u></b>	<b>Fiscal Year ending <u>June 30, 2014</u></b>	<b>Fiscal Year ending <u>June 30, 2015</u></b>
<b>Contributions</b>		
Employer's Contribution	119,227,652	123,612,352
Members' Contributions	14,514,010	16,622,138
Total Contributions	<u>133,741,662</u>	<u>140,234,490</u>
<b>Net Investment Income</b>		
Net Appreciation/(Depreciation) in		
Fair Value of Investments	314,352,939	6,119,783
Interest	8,491,884	8,179,491
Dividends	11,666,541	13,091,624
Investment Expense	<u>(5,999,469)</u>	<u>(7,008,159)</u>
Net Investment Income	328,511,895	20,382,738
<b>Securities Lending Income</b>		
Securities Lent Income	26,498	72,105
Securities Lent Expense	<u>93,070</u>	<u>108,934</u>
Net Securities Lending Income	119,568	181,039
<b>Miscellaneous Income</b>		
Net Miscellaneous Income	220,926	276,510
<b>Total Additions</b>	<b>462,594,050</b>	<b>161,074,777</b>

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**SECTION II  
ASSETS**

**Table II-2  
Changes in Market Values (Continued)**

	<b>Fiscal Year ending <u>June 30, 2014</u></b>	<b>Fiscal Year ending <u>June 30, 2015</u></b>
<b><u>Deductions</u></b>		
Benefit payments	130,288,118	136,804,317
Refunds of Members' Contributions	<u>812,467</u>	<u>966,902</u>
Total Benefit Payments	131,100,585	137,771,219
Administrative & Other Expenses		
General Administrative Expenses	3,655,345	3,779,383
Actuary Fees	186,972	178,596
Fund Legal Fees	<u>446,286</u>	<u>446,363</u>
Total Administrative & Other Expenses	4,288,603	4,404,342
Total Deductions	135,389,188	142,175,561
Net increase (Decrease)	327,204,862	18,899,215
Net Assets Held in Trust for Pension Benefits		
Beginning of Year	2,186,424,897	2,513,629,759
End of Year	2,513,629,759	2,532,528,974
Approximate Return	15.05%	0.83%

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**SECTION II  
ASSETS**

**Allocation of Reserve Balances**

The following table shows the allocation of the assets among the various accounting reserves.

A new Interest Crediting and Undesignated Earnings Policy was established on August 25, 2010. In accordance with that policy, the Market Stabilization Account is based on the difference between the market value of assets and the actuarial value of assets, which is now zero under the new funding policy. The Contra Tracking Account was established with that policy. In effect, that account is the difference between the actuarial value of assets, now equal to the market value of assets, and the sum of the first four reserves in Table II-3, as long as that account is negative.

<b>Table II-3</b>			
<b>Allocation of Assets by Accounting Reserve Amounts for the Years Ended June 30, 2014 and June 30, 2015</b>			
		<b>FYE 2014</b>	<b>FYE 2015</b>
1.	Member Deposit Reserve	\$ 174,957,626	\$ 178,232,689
2.	County and District Advance Reserve	739,479,765	799,985,559
3.	Retired Member Reserve	1,871,531,776	2,013,137,379
4.	Transferred Funds Reserve	<u>143,944,643</u>	<u>154,942,913</u>
		\$ 2,929,913,810	\$ 3,146,298,540
5.	New Market Stabilization Reserve	0	0
6.	Contra Tracking Account	(416,284,051)	(613,769,566)
	<b>Total Reserves</b>	<b>\$ 2,513,629,759</b>	<b>\$ 2,532,528,974</b>

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**SECTION II  
ASSETS**

**Historical Investment Performance**

The following table shows the historical annual asset returns on a market value as well as the change in the Consumer Price Index (CPI) since 1991.

Table II-4 Net Return on Assets vs. Increase in Consumer Price Index		
Year Ended June 30	Net Return at Market Value	Consumer Price Index*
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%	3.3%
2005	9.9%	2.5%
2006	10.6%	4.3%
2007	16.6%	2.7%
2008	-7.2%	5.0%
2009	-19.2%	-1.4%
2010	13.4%	1.1%
2011	21.1%	3.6%
2012	1.8%	1.7%
2013	8.1%	1.8%
2014	15.0%	2.1%
2015	0.8%	0.1%
<b>25-Year Geometric Average</b>	<b>8.0%</b>	<b>2.5%</b>

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

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**SECTION II  
ASSETS**

**Allocation of Assets by Valuation Subgroup**

The following table shows the allocation of the market value of assets between the three valuation subgroups (General, Safety, and APCD). The assets are allocated to each subgroup based on their share of the Valuation Reserves maintained by SBCERS. The market value of asset is used to calculate each subgroups' UAL and the resulting amortization payment.

<b>Table II-5 Allocation of Assets by Subgroup for June 30, 2015 (in thousands)</b>					
		<b>General</b>	<b>Safety</b>	<b>APCD</b>	<b>Total</b>
1.	Member Deposit Reserve	\$ 142,834	\$ 35,051	\$ 348	\$ 178,233
2.	County and District Advance Reserve	526,554	268,970	4,461	799,986
3.	Retired Member Reserve	1,117,679	859,402	36,057	2,013,137
4.	Transferred Funds Reserve	<u>80,136</u>	<u>73,180</u>	<u>1,627</u>	<u>154,943</u>
5.	Total Valuation Reserves (1 + 2 + 3 +4)	\$ 1,867,203	\$ 1,236,603	\$ 42,493	\$ 3,146,299
6.	Percentage of Line 5, by Plan	59.35%	39.30%	1.35%	100.00%
7.	Market Value of Assets				2,532,529
8.	Allocated Market Value of Assets	\$ 1,502,955	\$ 995,370	\$ 34,204	\$ 2,532,529



**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**SECTION III  
LIABILITIES**

In this section, we present detailed information on System liabilities including:

- **Disclosure** of System liabilities at June 30, 2014 and June 30, 2015,
- Statement of **changes** in these liabilities during the year.

**Disclosure**

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them. Note that these liabilities are not appropriate for settlement purposes, including the purchase of annuities and the payment of lump sums.

- **Present Value of Future Benefits:** Used for measuring all future System obligations; the obligations of the System earned as of the valuation date and those to be earned in the future by current plan participants, under the current System provisions.
- **Actuarial Liability:** Used for funding calculations, this liability is calculated taking the Present Value of Future Benefits and subtracting the present value of future Member Contributions and future Employer Normal Costs under an acceptable actuarial funding method. The method used for this System is called the **Entry Age Normal** (EAN) funding method.
- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Market Value of Assets.

Table III-1 on the following page discloses each of these liabilities for the current and prior valuations. With respect to each disclosure, a subtraction of the appropriate value of Plan assets yields, for each respective type, a **net surplus**, or an **unfunded actuarial liability**.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**SECTION III  
LIABILITIES**

**Table III-1  
Present Value of Future Benefits and Actuarial Liability  
(in thousands)**

Item	General	Safety	APCD	June 30, 2015 Total	June 30, 2014 Total
<b>Present Value of Future Benefits</b>					
Actives	\$ 1,154,488	\$ 692,911	\$ 15,531	\$ 1,862,930	\$ 1,821,260
Terminated Vested	96,319	26,618	2,699	125,636	120,189
Retirees	921,515	627,634	28,131	1,577,280	1,482,693
Disabled	39,250	72,453	0	111,703	109,922
Beneficiaries	60,793	49,725	1,839	112,357	109,849
<b>Total SBCERS</b>	<b>\$ 2,272,366</b>	<b>\$ 1,469,341</b>	<b>\$ 48,200</b>	<b>\$ 3,789,906</b>	<b>\$ 3,643,913</b>
<b>Actuarial Liability</b>					
Total Present Value of Benefits	\$ 2,272,366	\$ 1,469,341	\$ 48,200	\$ 3,789,906	\$ 3,643,913
Present Value of Future Normal Costs					
Employer Portion	238,624	173,107	3,067	414,798	437,543
Employee Portion	92,370	49,622	1,981	143,973	108,356
<b>Actuarial Liability</b>	<b>\$ 1,941,372</b>	<b>\$ 1,246,612</b>	<b>\$ 43,152</b>	<b>\$ 3,231,135</b>	<b>\$ 3,098,015</b>
Market Value of Assets	\$ 1,502,955	\$ 995,370	\$ 34,204	\$ 2,532,529	\$ 2,513,630
Funded Ratio	77.4%	79.8%	79.3%	78.4%	81.1%
<b>Unfunded Actuarial Liability/(Surplus)</b>	<b>\$ 438,417</b>	<b>\$ 251,242</b>	<b>\$ 8,948</b>	<b>\$ 698,606</b>	<b>\$ 584,385</b>

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**SECTION III  
LIABILITIES**

**Changes in Liabilities**

Each of the liabilities disclosed in the prior tables are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method

Unfunded liabilities will change because of all of the above, and also due to changes in System assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure plan assets

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**SECTION III  
LIABILITIES**

**Table III-2  
Development of 2015 Experience Gain/(Loss)  
(in millions)**

Item	Cost
1. Unfunded Actuarial Liability at June 30, 2014	\$ 584.4
2. Middle of year actuarial liability payment	(64.6)
3. Interest to end of year on 1 and 2	<u>41.4</u>
4. Expected Unfunded Actuarial Liability at June 30, 2015 (1+2+3)	\$ 561.2
5. Actual Unfunded Liability at June 30, 2015	<u>698.6</u>
6. Net Gain/(Loss): (4 - 5)	\$ (137.4)
7. Portion of net gain/(loss) due to:	
a. Investment experience loss	\$ (167.7)
b. Salary increases less than expected	14.0
c. Retiree COLAs less than expected	20.7
d. Inactive mortality loss	(3.4)
e. Retirement loss	(3.5)
f. Termination loss	(1.1)
g. New entrant loss	(2.8)
h. Other experience	<u>6.4</u>
i. Total gain/(loss)	\$ (137.4)

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**SECTION IV  
CONTRIBUTIONS**

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the System. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

For this System, the actuarial funding method used to determine the normal cost and the unfunded actuarial liability is the **Entry Age Normal (EAN)** cost method. There are two primary components to the total contribution: the **normal cost rate** (employee and employer), and the **unfunded actuarial liability rate** (UAL rate).

The normal cost rate is determined in the following steps. First, an individual normal cost rate is determined by taking the value of each member's projected future benefits as of the member's entry age into the System. This value is then divided by the value of the member's expected future salary, also at entry age, producing a normal cost rate that should remain relatively constant over a member's career.

The total normal cost is computed by adding the expected dollar amount of each active member's normal cost for the current year – known as the Individual Entry Age Method. The total normal cost is adjusted with interest to the middle of the year, to reflect the fact that the normal cost contributions are paid throughout the year as member payroll payments are made. Finally, the total normal cost rate, calculated by dividing the total normal cost by expected payroll of the closed group, is reduced by the member contribution rate to produce the employer normal cost rate.

The unfunded actuarial liability (UAL) is the difference between the EAN actuarial liability and the market value of assets. The unfunded actuarial liability payment is determined as the amount needed to fund the outstanding unfunded actuarial liability resulting from the creation of Safety Plan 6 over 13 remaining years and the outstanding unfunded actuarial liability as of June 30, 2013 over a closed period with 15 years remaining, both as a level percentage of pay. Any subsequent unexpected change in the unfunded actuarial liability after June 30, 2013 is amortized over 19 years that includes a five-year phase-in/out of the payments/credits for each annual layer.

The table on the following page presents the calculation of the contribution rates for the System for this valuation and compares the total contribution rate with the prior year rate. The tables on the following pages contain more details on the calculation of the UAL amortization payments, as well as details on the calculation of the contribution rates for each group and tier.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**SECTION IV  
CONTRIBUTIONS**

**Table IV-1  
Development of the Net Employer Contribution Rate as of June 30, 2015 for FYE 2017**

	June 30, 2015				June 30, 2014
	General	Safety	APCD	COMPOSITE	COMPOSITE
1. Total Normal Cost Rate	18.46%	30.97%	19.40%	<b>21.83%</b>	<b>22.31%</b>
2. Member Contribution Rate	<u>4.78%</u>	<u>6.20%</u>	<u>6.86%</u>	<b><u>5.19%</u></b>	<b><u>4.95%</u></b>
3. Employer Normal Cost Rate (1-2)	13.68%	24.77%	12.54%	<b>16.64%</b>	<b>17.36%</b>
4. UAL Amortization	<u>17.00%</u>	<u>27.53%</u>	<u>25.32%</u>	<b><u>19.91%</u></b>	<b><u>20.58%</u></b>
5. Net Employer Contribution Rate (3+4)	30.68%	52.30%	37.86%	<b>36.55%</b>	<b>37.94%</b>

Beginning with the June 30, 2013 valuation, the Member and Employer Contribution Rates have been explicitly loaded to account for anticipated administrative expenses. The load is 3.1% for the June 30, 2015 actuarial valuation, and has been applied to both the Member and Employer Rates.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**SECTION IV  
CONTRIBUTIONS**

The table below presents the calculation of the UAL payments of the System as a dollar amount and as a percentage of pay under the amortization policy. The total UAL payment of the System is 19.91% as a percentage of pay which is not the sum of the individual amortization bases since the Safety Plan 6 UAL of 3.51% is paid only for members under Safety Plan 6.

**Table IV-2  
Development of Amortization Payment  
For the June 30, 2015 Actuarial Valuation**

Type of Base	Date Established	Initial Amount	Initial Amortization Years	June 30, 2015 Outstanding Balance	Remaining Amortization Years	Current Phase-In/Out Percentage	Amortization Amount	% of Pay**	% of Pay After Phase-In**
1. Safety Plan 6 Base*	6/30/2007	\$ 12,800,000	15	\$ 13,656,937	13	N/A	\$ 1,353,819	3.51%	3.51%
2. Remaining UAL	6/30/2013	803,940,900	17	787,388,462	15	N/A	70,027,117	21.45%	21.45%
3. (Gain)/Loss Base	6/30/2014	(227,291,825)	19	(239,823,198)	18	40%	(9,015,158)	-2.76%	-6.90%
4. (Gain)/Loss Base	6/30/2015	137,382,857	19	<u>137,382,857</u>	19	20%	<u>2,632,399</u>	0.81%	4.03%
<b>Total</b>				\$ 698,605,058			\$ 64,998,177	19.91%	

\* In 2011, the outstanding balance was re-amortized over a closed 17-year period.

\*\* Includes explicit administrative expense load. Safety Plan 6 Base is shown as a percentage of the Safety Plan 6 payroll only.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**SECTION IV  
CONTRIBUTIONS**

As discussed earlier, a portion of the UAL attributable to the implementation of Safety Plan 6 is being amortized over a separate period from the rest of UAL. The amortization payment for this separate base is applied only to the payroll of the Safety Plan 6 members. Beginning with the 2011 actuarial valuation, the outstanding balance of the Safety Plan 6 UAL was to be amortized over a closed 17-year period; 13 years are now remaining. Table IV-3 contains the details of the calculations of the Safety UAL rates for the Plan 6 members.

<b>Table IV-3</b>	
<b>Development of Safety UAL Amortization Rates</b>	
<b>(Excluding explicit load for anticipated administrative expenses)</b>	
	<b>Total</b>
June 30, 2015 Plan 6 Layer	\$ 13,656,937
Thirteen year amortization factor	0.099131
Safety Plan 6 payroll	\$ 39,798,299
Middle of year payment	1,353,819
Extra Plan 6 UAL Amortization Rate	3.40%
Safety UAL less Extra Plan 6	\$ 237,583,865
Middle of year payment	22,770,498
Total Safety Payroll	90,442,679
UAL Rate without Extra Plan 6	25.18%
UAL Rate - Plan 6	28.58%



**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**SECTION IV  
CONTRIBUTIONS**

Tables IV-4 through IV-7 show the calculations of the employer contribution rates for each group and tier, as well as a comparison to the prior year rates.

<b>Table IV-4</b>							
<b>Development of the General Net Employer Contribution Rate as of June 30, 2015 for FYE 2017</b>							
	<b>5A</b>	<b>5B</b>	<b>5C</b>	<b>Plan 2</b>	<b>Plan 7</b>	<b>PEPRA</b>	<b>Total</b>
<b>Current Year</b>							
A. Basic Employer Normal Cost Rate	9.80%	9.46%	11.00%	2.86%	10.53%	6.36%	9.75%
B. COLA Normal Cost Rate	<u>4.09%</u>	<u>5.02%</u>	<u>4.47%</u>	<u>0.00%</u>	<u>2.86%</u>	<u>1.26%</u>	<u>3.93%</u>
C. Employer Normal Cost Rate	13.89%	14.48%	15.47%	2.86%	13.39%	7.62%	13.68%
D. Basic UAL Contribution Rate	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%	12.02%
E. COLA UAL Contribution Rate	<u>4.98%</u>	<u>4.98%</u>	<u>4.98%</u>	<u>4.98%</u>	<u>4.98%</u>	<u>4.98%</u>	<u>4.98%</u>
F. UAL Contribution Rate	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%
<b>G. Total June 30, 2015 Contribution Rate (C+F)</b>	<b>30.89%</b>	<b>31.48%</b>	<b>32.47%</b>	<b>19.86%</b>	<b>30.39%</b>	<b>24.62%</b>	<b>30.68%</b>
<b>Prior Year</b>							
A. Basic Employer Normal Cost Rate	9.93%	9.48%	11.14%	2.81%	9.85%	6.48%	10.07%
B. COLA Normal Cost Rate	<u>4.12%</u>	<u>5.01%</u>	<u>4.50%</u>	<u>0.00%</u>	<u>2.72%</u>	<u>1.28%</u>	<u>4.16%</u>
C. Employer Normal Cost Rate	14.05%	14.49%	15.64%	2.81%	12.57%	7.76%	14.23%
D. Basic UAL Contribution Rate	12.40%	12.40%	12.40%	12.40%	12.40%	12.40%	12.40%
E. COLA UAL Contribution Rate	<u>5.19%</u>	<u>5.19%</u>	<u>5.19%</u>	<u>5.19%</u>	<u>5.19%</u>	<u>5.19%</u>	<u>5.19%</u>
F. UAL Contribution Rate	17.59%	17.59%	17.59%	17.59%	17.59%	17.59%	17.59%
<b>G. Total June 30, 2014 Contribution Rate (C+F)</b>	<b>31.64%</b>	<b>32.08%</b>	<b>33.23%</b>	<b>20.40%</b>	<b>30.16%</b>	<b>25.35%</b>	<b>31.82%</b>

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015

**SECTION IV  
CONTRIBUTIONS**

Table IV-5

Development of the Safety Net Employer Contribution Rate as of June 30, 2015 for FYE 2017

	4A	4B	4C	6A	6B	PEPRA	Total
<b>Current Year</b>							
A. Basic Employer Normal Cost Rate	17.34%	15.25%	16.36%	19.25%	18.73%	10.05%	16.89%
B. COLA Normal Cost Rate	<u>7.75%</u>	<u>8.76%</u>	<u>7.79%</u>	<u>8.57%</u>	<u>9.01%</u>	<u>3.55%</u>	<u>7.88%</u>
C. Employer Normal Cost Rate	25.09%	24.01%	24.15%	27.82%	27.74%	13.60%	24.77%
D. Basic UAL Contribution Rate	17.22%	17.22%	17.22%	19.54%	19.54%	17.22%	18.24%
E. COLA UAL Contribution Rate	<u>8.77%</u>	<u>8.77%</u>	<u>8.77%</u>	<u>9.96%</u>	<u>9.96%</u>	<u>8.77%</u>	<u>9.29%</u>
F. UAL Contribution Rate	25.99%	25.99%	25.99%	29.50%	29.50%	25.99%	27.53%
<b>G. Total June 30, 2015 Contribution Rate (C+F)</b>	<b>51.08%</b>	<b>50.00%</b>	<b>50.14%</b>	<b>57.32%</b>	<b>57.24%</b>	<b>39.59%</b>	<b>52.30%</b>
<b>Prior Year</b>							
A. Basic Employer Normal Cost Rate	17.35%	14.57%	16.67%	19.47%	19.11%	10.20%	17.54%
B. COLA Normal Cost Rate	<u>7.78%</u>	<u>8.51%</u>	<u>7.90%</u>	<u>8.69%</u>	<u>9.17%</u>	<u>3.60%</u>	<u>8.22%</u>
C. Employer Normal Cost Rate	25.13%	23.08%	24.57%	28.16%	28.28%	13.80%	25.76%
D. Basic UAL Contribution Rate	17.80%	17.80%	17.80%	19.97%	19.97%	17.80%	18.82%
E. COLA UAL Contribution Rate	<u>9.07%</u>	<u>9.07%</u>	<u>9.07%</u>	<u>10.16%</u>	<u>10.16%</u>	<u>9.07%</u>	<u>9.59%</u>
F. UAL Contribution Rate	26.87%	26.87%	26.87%	30.13%	30.13%	26.87%	28.41%
<b>G. Total June 30, 2014 Contribution Rate (C+F)</b>	<b>52.00%</b>	<b>49.95%</b>	<b>51.44%</b>	<b>58.29%</b>	<b>58.41%</b>	<b>40.67%</b>	<b>54.17%</b>

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**SECTION IV  
CONTRIBUTIONS**

<b>Table IV-6</b>				
<b>Development of the APCD Net Employer Contribution Rate as of June 30, 2015 for FYE 2017</b>				
	<b>Plan 1</b>	<b>Plan 2</b>	<b>PEPRA</b>	<b>Total</b>
<b>Current Year</b>				
A. Basic Employer Normal Cost Rate	10.12%	8.66%	5.15%	8.39%
B. COLA Normal Cost Rate	<u>4.41%</u>	<u>5.01%</u>	<u>1.06%</u>	<u>4.15%</u>
C. Employer Normal Cost Rate	14.53%	13.67%	6.21%	12.54%
D. Basic UAL Contribution Rate	18.17%	18.17%	18.17%	18.17%
E. COLA UAL Contribution Rate	<u>7.15%</u>	<u>7.15%</u>	<u>7.15%</u>	<u>7.15%</u>
F. UAL Contribution Rate	25.32%	25.32%	25.32%	25.32%
<b>G. Total June 30, 2015 Contribution Rate (C+F)</b>	<b>39.85%</b>	<b>38.99%</b>	<b>31.53%</b>	<b>37.86%</b>
<b>Prior Year</b>				
A. Basic Employer Normal Cost Rate	10.52%	8.78%	5.74%	9.25%
B. COLA Normal Cost Rate	<u>4.55%</u>	<u>5.05%</u>	<u>1.15%</u>	<u>4.59%</u>
C. Employer Normal Cost Rate	15.07%	13.83%	6.89%	13.84%
D. Basic UAL Contribution Rate	16.63%	16.63%	16.63%	16.63%
E. COLA UAL Contribution Rate	<u>6.38%</u>	<u>6.38%</u>	<u>6.38%</u>	<u>6.38%</u>
F. UAL Contribution Rate	23.01%	23.01%	23.01%	23.01%
<b>G. Total June 30, 2014 Contribution Rate (C+F)</b>	<b>38.08%</b>	<b>36.84%</b>	<b>29.90%</b>	<b>36.85%</b>

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**SECTION IV  
CONTRIBUTIONS**

Table IV-7 Development of the PEPRA Member and Net Employer Contribution Rates as of June 30, 2015 for FYE 2017			
	General	Safety	APCD
<b>Current Year</b>			
Basic Member Contribution Rate	6.36%	10.05%	5.15%
COLA Member Contribution Rate	<u>1.26%</u>	<u>3.55%</u>	<u>1.06%</u>
<b>Member Contribution Rate</b>	<b>7.62%</b>	<b>13.60%</b>	<b>6.21%</b>
Basic Employer Normal Cost Rate	6.36%	10.05%	5.15%
COLA Employer Normal Cost Rate	<u>1.26%</u>	<u>3.55%</u>	<u>1.06%</u>
Employer Normal Cost Rate	7.62%	13.60%	6.21%
Basic UAL Contribution Rate	12.02%	17.22%	18.17%
COLA UAL Contribution Rate	<u>4.98%</u>	<u>8.77%</u>	<u>7.15%</u>
Employer UAL Contribution Rate	17.00%	25.99%	25.32%
<b>Employer Contribution Rate</b>	<b>24.62%</b>	<b>39.59%</b>	<b>31.53%</b>
<b>Prior Year</b>			
Basic Member Contribution Rate	6.48%	10.20%	5.74%
COLA Member Contribution Rate	<u>1.28%</u>	<u>3.60%</u>	<u>1.15%</u>
<b>Member Contribution Rate</b>	<b>7.76%</b>	<b>13.80%</b>	<b>6.89%</b>
Basic Employer Normal Cost Rate	6.48%	10.20%	5.74%
COLA Employer Normal Cost Rate	<u>1.28%</u>	<u>3.60%</u>	<u>1.15%</u>
Employer Normal Cost Rate	7.76%	13.80%	6.89%
Basic UAL Contribution Rate	12.40%	17.80%	16.63%
COLA UAL Contribution Rate	<u>5.19%</u>	<u>9.07%</u>	<u>6.38%</u>
Employer UAL Contribution Rate	17.59%	26.87%	23.01%
<b>Employer Contribution Rate</b>	<b>25.35%</b>	<b>40.67%</b>	<b>29.90%</b>

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**SECTION V  
COMPREHENSIVE ANNUAL FINANCIAL REPORTING INFORMATION**

The GASB adopted Statement Nos. 67 and 68, which replaced GASB Statement Nos. 25, and 27. GASB 67 is effective for periods beginning after June 15, 2013 (first effective June 30, 2014 for the Plan) and GASB 68 is effective for fiscal years beginning after June 15, 2014 (first effective for the fiscal year July 1, 2014 to June 30, 2015 for the Employers). The disclosures needed to satisfy the new GASB requirements can be found in the SBCERS GASB 67/68 Report as of June 30, 2015.

In accordance with Government Finance Officers Association (GFOA) and their recommended checklist for Comprehensive Annual Financial Reports, we continue to prepare the Solvency Test and Actuarial Analysis of Financial Experience disclosures below.

<b>Table V-1 SOLVENCY TEST (dollars in thousands)</b>										
Valuation Date	(A)	(B)	(C)		Portion of Actuarial Liabilities Covered by Reported Assets					
	Active Member Contributions	Retirees And Beneficiaries	Remaining Active Members' Liabilities	Reported Assets*	(A)	(B)	(C)	(A)	(B)	(C)
2015	\$ 178,233	\$ 1,926,975	\$ 1,125,926	\$ 2,532,529	100%	100%	38%			
2014	174,958	1,822,654	1,100,403	2,513,630	100%	100%	47%			
2013	171,614	1,747,430	1,049,090	2,150,006	100%	100%	22%			
2012 **	165,623	1,660,773	1,047,987	2,046,641	100%	100%	21%			
2011	165,774	1,559,716	1,024,324	2,007,859	100%	100%	28%			
2010	162,432	1,483,728	969,987	1,927,229	100%	100%	29%			
2009	174,951	1,237,215	851,696	1,705,733	100%	100%	34%			
2008	162,432	1,483,728	969,987	1,927,229	100%	100%	29%			

\* Actuarial Value of Assets. As of June 30 2014, the Actuarial Value of Assets is the Market Value of Assets.

\*\* June 30, 2012 and earlier numbers calculated by prior actuary.

The solvency test shows the portion of actuarial liabilities for active member contributions, inactive members, and the employer financed portion of the active members that are covered by the actuarial value of assets. Liabilities are discounted at the assumed valuation interest rate of 7.50%.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**SECTION V  
COMPREHENSIVE ANNUAL FINANCIAL REPORTING INFORMATION**

<b>Table V-II ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE (dollars in millions)</b>	
Unfunded Actuarial Liability (UAL) as of June 30, 2014	\$ 584.4
Expected Change in UAL	(23.2)
Actuarial (Gains) or Losses During the Year	
Asset Return (Greater) or Less than Expected	\$ 167.7
New Entrants	2.8
Salary Increases Greater or (Less) than Expected	(14.0)
Changes in Assumptions and Methodology	0.0
All Other (Including Demographic Experience)	<u>(19.1)</u>
Total Changes	\$ 114.2
Unfunded Actuarial Liability (UAL) as of June 30, 2015	\$ 698.6

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX A  
MEMBERSHIP INFORMATION**

The data for this valuation was provided by the System staff as of June 30, 2015. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

**SBCERS' Membership**

As of June 30, 2014 and 2015	2014	2015
<b>Members Now Receiving Benefits</b>		
Service Retirement	3,152	3,275
Disability Retirement	240	244
Beneficiaries and Survivors	505	511
Subtotal	3,897	4,030
<b>Active Members</b>		
Active Vested Members	3,352	3,244
Active Nonvested Members	825	1,034
Subtotal	4,177	4,278
<b>Deferred Members</b>	1,197	1,284
<b>Total Membership</b>	9,271	9,592

Schedule of Average Benefit Payments	<u>Years of Retirement</u>					
	June 30, 2015	0-9	10-14	15-19	20-24	25-29
Average Monthly Benefit	\$3,173	\$3,040	\$2,632	\$2,354	\$2,387	\$1,779
Average Annual Benefit	38,076	36,480	31,584	28,248	28,644	21,348
Number of Active Retirees	2,128	766	473	273	172	218

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**Schedule of Active Member Valuation Data**

Valuation Date	Plan	Active Members	Annual Salary*	Average*	% Increase in Average Salary
June 30, 2015	General	3,307	\$ 231,757,487	70,081	1.96%
	Safety	931	86,077,154	92,457	0.57%
	APCD	40	3,079,706	76,993	-5.35%
	<b>Total</b>	<b>4,278</b>	<b>\$ 320,914,347</b>	<b>75,015</b>	<b>1.49%</b>

\* Based on salary data provided in the June 30, 2015 valuation data for FYE 2015.

**Schedule of Retirees & Beneficiaries Added to and Removed from Retirement Payroll**

Fiscal Year	Added to rolls		Removed from rolls		Rolls at end of year		% Increase in Retiree Allowance	Average Annual Allowance
	Number	Annual Allowance*	Number	Annual Allowance	Number	Annual Allowance		
2007	203	\$ 7,348,140	-70	\$ (1,165,047)	2,812	\$ 70,763,105	9.6%	\$ 25,165
2008	232	\$ 8,624,426	-72	\$ (1,213,017)	2,972	\$ 83,023,412	17.3%	\$ 27,935
2009	239	\$ 8,842,975	-94	\$ (2,084,942)	3,117	\$ 92,275,326	11.1%	\$ 29,604
2010	301	\$ 13,005,361	-100	\$ 2,443,989	3,318	\$ 104,978,781	13.8%	\$ 31,639
2011	192	\$ 5,922,775	-123	\$ 2,942,348	3,387	\$ 110,219,174	5.0%	\$ 32,542
2012	226	\$ 9,082,861	-106	\$ 2,884,973	3,507	\$ 118,545,000	7.6%	\$ 33,802
2013	364**	\$ 8,811,248	-98	\$ 1,787,108	3,773	\$ 126,691,263	6.9%	\$ 33,578
2014	203	\$ 6,842,058	-79	\$ 2,112,523	3,897	\$ 132,766,493	4.8%	\$ 34,069
2015	241	\$ 9,044,486	-108	\$ 2,627,746	4,030	\$ 141,193,001	6.3%	\$ 35,016

\* Annual allowance added during the year does not include COLAs granted in year to continuing retirees and beneficiaries.

\*\* Includes 119 new records for members with benefits in more than one plan. Previously these members had only one record that accounted for their total benefit.



**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**APPENDIX A  
MEMBERSHIP INFORMATION**

**SBCERS Membership - Active Members as of June 30, 2015**

General Members	Count	Annual Salary*	Average Age	Average Monthly Salary*	Average Vesting Service
Plan 2	10	\$684,000	57.3	\$5,700	28.2
Plan 5A	614	\$48,374,000	54.8	\$6,565	24.7
Plan 5B	390	\$38,909,000	47.9	\$8,314	11.4
Plan 5C	1,560	\$101,425,000	46.4	\$5,418	11.6
Plan 7	97	\$6,674,000	38.3	\$5,734	5.4
PEPRA	<u>636</u>	<u>\$35,691,000</u>	35.5	\$4,676	1.0
<b>Total</b>	3,307	\$231,757,000	45.8	\$5,840	11.9
<b>APCD Members</b>					
Plan 1	9	\$771,000	54.9	\$7,139	25.6
Plan 2	22	\$1,751,000	41.0	\$6,633	7.6
PEPRA	<u>9</u>	<u>\$558,000</u>	28.4	\$5,167	0.8
<b>Total</b>	40	\$3,080,000	41.3	\$6,417	10.1
<b>Safety Members</b>					
Plan 4A	63	\$7,446,000	52.5	\$9,849	22.5
Plan 4B	15	\$1,844,000	50.1	\$10,244	20.4
Plan 4C	339	\$30,619,000	42.6	\$7,527	13.3
Plan 6A	89	\$9,854,000	51.2	\$9,227	25.9
Plan 6B	309	\$28,171,000	41.7	\$7,597	11.7
PEPRA	<u>116</u>	<u>\$8,143,000</u>	31.6	\$5,850	1.1
<b>Total</b>	931	\$86,077,000	42.5	\$7,705	13.2
<b>Total Active Members</b>	4,278	\$320,914,000	45.1	\$6,251	12.1

\* Based on salary data provided in the June 30, 2015 valuation data for FYE 2015.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**SBCERS Membership - Schedule of Active Member Valuation Data**

Valuation Date	Plan Type	Count	Annual Salary*	Average Annual Salary*	Increase in Average Salary
<b>June 30, 2006</b>	General	3,658	\$214,405,000	\$58,613	4.60%
	Safety	<u>982</u>	<u>\$72,977,000</u>	\$74,315	2.90%
	Total	4,640	\$287,382,000	\$61,936	4.20%
<b>June 30, 2007</b>	General	3569	\$214,717,000	\$60,162	2.60%
	APCD	53	\$3,940,000	\$74,340	N/A
	Safety	<u>1,003</u>	<u>\$75,506,000</u>	\$75,280	1.30%
	Total	4,625	\$294,163,000	\$63,603	2.70%
<b>June 30, 2008</b>	General	3,552	\$226,426,000	\$63,746	6.00%
	APCD	48	\$3,608,000	\$75,167	1.10%
	Safety	<u>1,006</u>	<u>\$77,230,000</u>	\$76,769	2.00%
	Total	4,606	\$307,264,000	\$66,710	4.90%
<b>June 30, 2009</b>	General	3,450	\$223,831,000	\$64,879	1.80%
	APCD	50	\$3,955,000	\$79,100	5.20%
	Safety	<u>967</u>	<u>\$79,596,000</u>	\$82,312	7.20%
	Total	4,467	\$307,382,000	\$68,812	3.20%
<b>June 30, 2010</b>	General	3,261	\$223,995,000	\$68,689	5.90%
	APCD	46	\$3,716,000	\$80,783	2.10%
	Safety	<u>921</u>	<u>\$79,795,000</u>	\$86,640	5.30%
	Total	4,228	\$307,506,000	\$72,731	5.70%
<b>June 30, 2011</b>	General	3,198	\$222,046,000	\$69,433	1.10%
	APCD	46	\$3,457,000	\$75,161	-7.00%
	Safety	<u>904</u>	<u>\$81,025,000</u>	\$89,630	3.50%
	Total	4,148	\$306,528,000	\$73,898	1.60%
<b>June 30, 2012</b>	General	3,141	\$220,234,000	\$70,116	1.00%
	APCD	46	\$3,475,000	\$75,548	0.50%
	Safety	<u>885</u>	<u>\$79,168,000</u>	\$89,456	-0.20%
	Total	4,072	\$302,877,000	\$74,380	0.70%
<b>June 30, 2013</b>	General	3,161	\$216,968,000	\$68,639	-2.11%
	APCD	43	\$3,344,000	\$77,767	2.94%
	Safety	<u>904</u>	<u>\$81,004,000</u>	\$89,606	0.17%
	Total	4,108	\$301,316,000	\$73,349	-1.39%
<b>June 30, 2014</b>	General	3,226	\$221,733,000	\$68,733	0.14%
	APCD	41	\$3,335,000	\$81,341	4.60%
	Safety	<u>910</u>	<u>\$83,659,000</u>	\$91,933	2.60%
	Total	4,177	\$308,727,000	\$73,911	0.77%
<b>June 30, 2015</b>	General	3,307	\$231,757,487	\$70,081	1.96%
	APCD	40	\$3,079,706	\$76,993	-5.35%
	Safety	<u>931</u>	<u>\$86,077,154</u>	\$92,457	0.57%
	Total	4,278	\$320,914,347	\$75,015	1.49%

\* Based on salary data provided in the for Fiscal Year End of Valuation Date.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**APPENDIX A  
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**SBCERS Membership - Deferred Vested Members as of June 30, 2015**

General Members	Count	Average Age
Plan 2	23	55.9
Plan 5A	210	54.4
Plan 5B	455	47.9
Plan 5C	278	43.4
Plan 7	23	34.1
PEPRA	77	35.0
<b>Total</b>	<u>1066</u>	46.9
<b>APCD Members</b>		
Plan 1	8	53.3
Plan 2	7	43.0
PEPRA	1	30.0
<b>Total</b>	<u>16</u>	47.3
<b>Safety Members</b>		
Plan 4A	5	46.0
Plan 4B	52	44.8
Plan 4C	39	41.1
Plan 6A	41	52.0
Plan 6B	48	38.3
PEPRA	17	32.2
<b>Total</b>	<u>202</u>	42.8
<b>Total Deferred Vested</b>	1,284	46.3

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**APPENDIX A  
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**SBCERS Membership – Retired Members as of June 30, 2015**

General Members	Count	Average Current Age	Average Age at Retirement*	Monthly Allowances	Average Monthly Benefit
Plan 1	901	81.2	58.5	\$1,506,000	\$1,672
Plan 2	58	69.8	61.1	\$34,000	\$583
Plan 3	6	62.7	56.4	\$6,000	\$1,060
Plan 4A	192	73.2	59.5	\$442,000	\$2,302
Plan 4B	5	74.2	61.3	\$2,000	\$337
Plan 5A	1,391	66.1	59.2	\$4,352,000	\$3,129
Plan 5B	252	66.0	60.9	\$366,000	\$1,452
Plan 5C	221	63.4	61.6	\$378,000	\$1,712
Plan 7**	1	65.0	63.2	\$0	\$245
<b>Total</b>	<u>3,027</u>	70.9	59.5	<u>\$7,086,000</u>	\$2,341
<b>APCD Members</b>					
Plan 1	49	63.6	58.0	\$161,000	\$3,287
Plan 2	9	65.8	61.6	\$17,000	\$1,929
<b>Total</b>	<u>58</u>	63.9	58.6	<u>\$178,000</u>	\$3,069
<b>Safety Members</b>					
Plan 1	300	74.3	55.1	\$1,238,000	\$4,127
Plan 2	23	72.1	55.2	\$50,000	\$2,174
Plan 3	3	61.7	55.3	\$13,000	\$4,285
Plan 4A	259	63.7	55.8	\$1,670,000	\$6,448
Plan 4B	101	64.6	56.7	\$294,000	\$2,915
Plan 4C	56	61.9	59.8	\$164,000	\$2,929
Plan 4D	2	60.0	63.0	\$7,000	\$3,543
Plan 6A	177	57.7	53.3	\$995,000	\$5,620
Plan 6B	24	57.0	56.1	\$70,000	\$2,903
<b>Total</b>	<u>945</u>	66.0	55.5	<u>\$4,501,000</u>	\$4,763
<b>Total Retired Members</b>	4,030	69.7	58.5	\$11,765,000	\$2,918

\* For healthy retired members only, excludes disabled members and beneficiaries.

\*\* Monthly benefit is \$245.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**APPENDIX A  
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**SBCERS Membership – Retired Members as of June 30, 2015**

	Count	Monthly Allowances	Average Monthly Benefit
<b>General Members</b>			
Healthy	2,534	\$6,298,000	\$2,485
Disabled	123	257,000	2,089
Beneficiaries	<u>370</u>	<u>531,000</u>	1,435
<b>Total</b>	<b>3,027</b>	<b>\$7,086,000</b>	<b>\$2,341</b>
<b>APCD Members</b>			
Healthy	53	\$166,000	\$3,132
Disabled	0	0	0
Beneficiaries	<u>5</u>	<u>12,000</u>	2,400
<b>Total</b>	<b>58</b>	<b>\$178,000</b>	<b>\$3,069</b>
<b>Safety Members</b>			
Healthy	688	\$3,724,000	\$5,413
Disabled	121	431,000	3,562
Beneficiaries	<u>136</u>	<u>347,000</u>	2,551
<b>Total</b>	<b>945</b>	<b>\$4,501,000</b>	<b>\$4,763</b>
<b>Total Retired Members</b>	<b>4,030</b>	<b>\$11,765,000</b>	<b>\$2,918</b>

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**APPENDIX A  
MEMBERSHIP INFORMATION**

**Age & Service Distribution of Active Members by Count and Average Salary as of June 30, 2015  
All Members**

Age	Years of Service									Total Count
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
Under 25	15	45	0	0	0	0	0	0	0	60
25-29	69	222	33	0	0	0	0	0	0	324
30-34	46	229	208	60	0	0	0	0	0	543
35-39	30	106	178	163	43	0	0	0	0	520
40-44	10	71	115	177	183	44	1	0	0	601
45-49	9	48	101	137	156	120	46	0	0	617
50-54	8	50	81	93	127	105	109	33	1	607
55-59	11	33	62	87	106	85	92	57	18	551
60-64	3	18	59	53	66	47	43	27	19	335
65 & Over	2	9	23	30	20	13	9	6	8	120
<b>Total Count</b>	<b>203</b>	<b>831</b>	<b>860</b>	<b>800</b>	<b>701</b>	<b>414</b>	<b>300</b>	<b>123</b>	<b>46</b>	<b>4,278</b>

Age	Years of Service									Average Salary*
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
Under 25	\$48,300	\$51,171	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,453
25-29	53,462	54,173	59,261	0	0	0	0	0	0	54,540
30-34	56,296	60,072	69,631	71,629	0	0	0	0	0	64,691
35-39	61,608	62,200	70,839	77,058	81,219	0	0	0	0	71,353
40-44	70,059	64,570	71,344	77,990	87,418	82,014	46,632	0	0	78,114
45-49	71,708	68,986	76,566	79,729	80,476	81,013	94,282	0	0	79,782
50-54	70,657	68,040	75,936	72,866	81,702	82,970	90,308	92,226	81,294	80,644
55-59	56,076	85,382	80,974	82,702	76,751	82,848	86,870	91,809	71,245	82,278
60-64	70,983	66,607	78,944	79,978	76,866	87,043	89,499	91,036	93,779	82,271
65 & Over	96,045	90,485	80,847	81,872	72,677	84,699	69,402	79,892	123,232	83,055
<b>Average Salary*</b>	<b>\$58,051</b>	<b>\$61,140</b>	<b>\$72,877</b>	<b>\$77,815</b>	<b>\$81,430</b>	<b>\$82,793</b>	<b>\$88,974</b>	<b>\$91,170</b>	<b>\$89,812</b>	<b>\$75,015</b>

\* Based on salary data provided in the June 30, 2015 valuation data for FYE 2015.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**Age & Service Distribution of Active Members by Count and Average Salary as of June 30, 2015  
General Members**

Age	Years of Service									Total Count
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
Under 25	13	34	0	0	0	0	0	0	0	47
25-29	49	174	28	0	0	0	0	0	0	251
30-34	38	181	145	36	0	0	0	0	0	400
35-39	27	86	124	97	26	0	0	0	0	360
40-44	9	59	94	128	99	29	1	0	0	419
45-49	9	46	80	103	112	76	23	0	0	449
50-54	8	44	77	80	104	79	68	24	1	485
55-59	11	32	53	84	95	72	75	47	17	486
60-64	3	18	51	48	58	46	36	23	19	302
65 & Over	1	8	23	27	20	12	8	5	4	108
<b>Total Count</b>	<b>168</b>	<b>682</b>	<b>675</b>	<b>603</b>	<b>514</b>	<b>314</b>	<b>211</b>	<b>99</b>	<b>41</b>	<b>3,307</b>

Age	Years of Service									Average Salary*
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
Under 25	\$46,180	\$45,813	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,914
25-29	49,481	49,615	54,997	0	0	0	0	0	0	50,189
30-34	54,706	56,123	62,601	58,817	0	0	0	0	0	58,579
35-39	60,951	59,765	64,351	66,941	67,572	0	0	0	0	63,931
40-44	71,299	62,370	68,073	72,698	77,149	68,865	46,632	0	0	70,900
45-49	71,708	67,702	74,325	76,738	74,126	68,453	77,551	0	0	73,269
50-54	70,657	65,726	75,265	70,324	79,098	78,337	78,544	76,702	81,294	75,374
55-59	56,076	83,688	75,616	82,629	75,750	81,563	80,671	86,246	68,376	79,379
60-64	70,983	66,607	75,308	79,237	75,012	86,009	87,975	86,794	93,779	80,491
65 & Over	57,000	81,600	80,847	79,918	72,677	84,409	64,763	78,129	101,219	78,770
<b>Average Salary*</b>	<b>\$56,479</b>	<b>\$58,218</b>	<b>\$68,807</b>	<b>\$73,546</b>	<b>\$75,726</b>	<b>\$77,166</b>	<b>\$80,127</b>	<b>\$83,650</b>	<b>\$83,667</b>	<b>\$70,081</b>

\* Based on salary data provided in the June 30, 2015 valuation data for FYE 2015.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**Age & Service Distribution of Active Members by Count and Average Salary as of June 30, 2015  
Safety Members**

Age	Years of Service									Total Count
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
Under 25	2	10	0	0	0	0	0	0	0	12
25-29	17	44	5	0	0	0	0	0	0	66
30-34	8	46	57	24	0	0	0	0	0	135
35-39	3	17	52	65	17	0	0	0	0	154
40-44	1	11	21	49	84	15	0	0	0	181
45-49	0	2	20	33	44	44	23	0	0	166
50-54	0	5	4	12	23	24	38	9	0	115
55-59	0	1	9	3	10	12	15	10	1	61
60-64	0	0	8	5	6	1	6	4	0	30
65 & Over	1	0	0	3	0	1	1	1	4	11
<b>Total Count</b>	<b>32</b>	<b>136</b>	<b>176</b>	<b>194</b>	<b>184</b>	<b>97</b>	<b>83</b>	<b>24</b>	<b>5</b>	<b>931</b>

Age	Years of Service									Average Salary*
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
Under 25	\$62,082	\$68,662	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$67,566
25-29	63,531	70,725	83,139	0	0	0	0	0	0	69,813
30-34	63,847	75,690	86,827	90,847	0	0	0	0	0	82,385
35-39	67,518	74,566	86,429	91,659	102,090	0	0	0	0	88,687
40-44	58,900	75,742	85,990	91,813	99,520	107,435	0	0	0	94,850
45-49	0	98,518	84,205	90,520	96,642	102,707	111,014	0	0	97,548
50-54	0	83,469	88,847	87,685	93,475	97,096	112,568	133,624	0	102,482
55-59	0	139,598	112,527	84,743	85,214	89,876	118,017	117,956	120,018	105,034
60-64	0	0	102,124	87,100	98,121	134,605	98,385	115,424	0	100,928
65 & Over	135,090	0	0	99,455	0	88,182	106,509	88,707	145,245	117,985
<b>Average Salary*</b>	<b>\$65,985</b>	<b>\$74,522</b>	<b>\$88,262</b>	<b>\$91,054</b>	<b>\$97,491</b>	<b>\$100,642</b>	<b>\$112,024</b>	<b>\$122,191</b>	<b>\$140,200</b>	<b>\$92,457</b>

\* Based on salary data provided in the June 30, 2015 valuation data for FYE 2015.



**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2015  
APCD Members**

Age	Years of Service									Total Count
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
Under 25	0	1	0	0	0	0	0	0	0	1
25-29	3	4	0	0	0	0	0	0	0	7
30-34	0	2	6	0	0	0	0	0	0	8
35-39	0	3	2	1	0	0	0	0	0	6
40-44	0	1	0	0	0	0	0	0	0	1
45-49	0	0	1	1	0	0	0	0	0	2
50-54	0	1	0	1	0	2	3	0	0	7
55-59	0	0	0	0	1	1	2	0	0	4
60-64	0	0	0	0	2	0	1	0	0	3
65 & Over	0	1	0	0	0	0	0	0	0	1
<b>Total Count</b>	<b>3</b>	<b>13</b>	<b>9</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>40</b>

Age	Years of Service									Average Salary*
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
Under 25	\$0	\$58,438	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$58,438
25-29	61,422	70,388	0	0	0	0	0	0	0	66,545
30-34	0	58,190	76,175	0	0	0	0	0	0	71,679
35-39	0	61,936	67,771	109,315	0	0	0	0	0	71,777
40-44	0	71,458	0	0	0	0	0	0	0	71,458
45-49	0	0	103,057	31,781	0	0	0	0	0	67,419
50-54	0	92,702	0	98,406	0	96,436	74,993	0	0	86,994
55-59	0	0	0	0	87,190	91,043	85,738	0	0	87,427
60-64	0	0	0	0	66,892	0	91,043	0	0	74,942
65 & Over	0	161,562	0	0	0	0	0	0	0	161,562
<b>Average Salary*</b>	<b>\$61,422</b>	<b>\$74,454</b>	<b>\$77,295</b>	<b>\$79,834</b>	<b>\$73,658</b>	<b>\$94,638</b>	<b>\$81,250</b>	<b>\$0</b>	<b>\$0</b>	<b>\$76,993</b>

\* Based on salary data provided in the June 30, 2015 valuation data for FYE 2015.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**Distribution of Retired Members by Age and Retirement Year as of June 30, 2015  
All Members**

Age	Benefit Effective Date									Total Count	Average Monthly Benefit
	Pre-1980	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-14	2015+		
Under 35	0	0	0	0	3	2	2	4	0	11	\$663
35-39	0	0	0	0	0	2	1	3	0	6	\$1,585
40-44	0	0	0	0	1	2	0	5	0	8	\$2,061
45-49	0	0	0	2	3	3	4	6	0	18	\$1,971
50-54	0	0	0	0	2	8	11	118	14	153	\$2,592
55-59	0	0	1	1	17	13	136	241	29	438	\$2,785
60-64	1	2	2	1	9	79	241	293	46	674	\$3,200
65-69	4	2	5	6	66	188	303	281	23	878	\$3,468
70-74	11	7	5	30	134	212	201	87	11	698	\$3,284
75-79	14	8	20	69	109	131	55	25	1	432	\$2,587
80-84	12	17	40	61	77	44	22	19	2	294	\$2,227
85-89	15	29	47	59	26	26	18	13	2	235	\$2,025
90-94	28	26	32	16	9	8	8	9	1	137	\$1,836
95-99	13	13	5	3	1	1	2	2	0	40	\$1,915
100 & Over	6	0	0	1	0	0	1	0	0	8	\$1,260
<b>Total Count</b>	<b>104</b>	<b>104</b>	<b>157</b>	<b>249</b>	<b>457</b>	<b>719</b>	<b>1,005</b>	<b>1,106</b>	<b>129</b>	<b>4,030</b>	
<b>Avg Monthly Benefit</b>	<b>\$1,628</b>	<b>\$1,861</b>	<b>\$2,351</b>	<b>\$2,383</b>	<b>\$2,613</b>	<b>\$2,935</b>	<b>\$3,195</b>	<b>\$3,166</b>	<b>\$3,285</b>	<b>\$2,920</b>	<b>\$2,920</b>

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**Distribution of Retired Members by Age and Retirement Year as of June 30, 2015  
General Members**

Age	Benefit Effective Date									Total Count	
	Pre-1980	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-14	2015+		
Under 35	0	0	0	0	3	2	1	2	0	8	\$497
35-39	0	0	0	0	0	2	1	2	0	5	\$1,259
40-44	0	0	0	0	1	1	0	3	0	5	\$1,343
45-49	0	0	0	2	1	1	3	1	0	8	\$967
50-54	0	0	0	0	2	5	4	63	3	77	\$1,241
55-59	0	0	1	1	11	9	79	142	17	260	\$1,677
60-64	1	0	1	1	7	57	158	229	37	491	\$2,338
65-69	1	0	3	3	51	114	243	251	20	686	\$2,995
70-74	1	2	2	18	71	152	175	72	10	503	\$2,645
75-79	2	1	13	54	82	119	49	22	1	343	\$2,257
80-84	8	15	31	50	70	40	20	13	2	249	\$1,979
85-89	12	26	45	58	23	22	16	12	2	216	\$1,931
90-94	23	26	32	16	9	8	8	7	1	130	\$1,823
95-99	11	13	5	3	1	1	2	2	0	38	\$1,756
100 & Over	6	0	0	1	0	0	1	0	0	8	\$1,260
<b>Total Count</b>	<b>65</b>	<b>83</b>	<b>133</b>	<b>207</b>	<b>332</b>	<b>533</b>	<b>760</b>	<b>821</b>	<b>93</b>	<b>3,027</b>	
<b>Avg Monthly Benefit</b>	<b>\$1,173</b>	<b>\$1,587</b>	<b>\$2,068</b>	<b>\$1,973</b>	<b>\$1,785</b>	<b>\$2,229</b>	<b>\$2,574</b>	<b>\$2,679</b>	<b>\$2,784</b>	<b>\$2,341</b>	<b>\$2,341</b>

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**Distribution of Retired Members by Age and Retirement Year as of June 30, 2015  
Safety Members**

Age	Benefit Effective Date									Total Count	
	Pre-1980	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-14	2015+		
Under 35	0	0	0	0	0	0	1	2	0	3	\$1,105
35-39	0	0	0	0	0	0	0	1	0	1	\$3,216
40-44	0	0	0	0	0	1	0	2	0	3	\$3,257
45-49	0	0	0	0	2	2	1	5	0	10	\$2,774
50-54	0	0	0	0	0	3	7	50	11	71	\$4,169
55-59	0	0	0	0	6	4	51	94	11	166	\$4,558
60-64	0	2	1	0	2	21	79	56	5	166	\$5,673
65-69	3	2	2	3	15	71	58	24	2	180	\$5,240
70-74	10	5	3	12	63	60	23	12	1	189	\$5,004
75-79	12	7	7	15	27	9	4	3	0	84	\$3,909
80-84	4	2	9	11	7	4	2	6	0	45	\$3,603
85-89	3	3	2	1	3	3	2	1	0	18	\$3,267
90-94	5	0	0	0	0	0	0	2	0	7	\$2,077
95-99	2	0	0	0	0	0	0	0	0	2	\$4,926
100 & Over	0	0	0	0	0	0	0	0	0	0	\$0
<b>Total Count</b>	<b>39</b>	<b>21</b>	<b>24</b>	<b>42</b>	<b>125</b>	<b>178</b>	<b>228</b>	<b>258</b>	<b>30</b>	<b>945</b>	
<b>Avg Monthly Benefit</b>	<b>\$2,386</b>	<b>\$2,946</b>	<b>\$3,918</b>	<b>\$4,403</b>	<b>\$4,810</b>	<b>\$5,083</b>	<b>\$5,294</b>	<b>\$4,729</b>	<b>\$4,474</b>	<b>\$4,763</b>	<b>\$4,763</b>

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**Distribution of Retired Members by Age and Retirement Year as of June 30, 2015  
APCD Members**

Age	Benefit Effective Date									Total Count	Average Monthly Benefit
	Pre-1980	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-14	2015+		
Under 35	0	0	0	0	0	0	0	0	0	0	\$0
35-39	0	0	0	0	0	0	0	0	0	0	\$0
40-44	0	0	0	0	0	0	0	0	0	0	\$0
45-49	0	0	0	0	0	0	0	0	0	0	\$0
50-54	0	0	0	0	0	0	0	5	0	5	\$1,016
55-59	0	0	0	0	0	0	6	5	1	12	\$2,275
60-64	0	0	0	0	0	1	4	8	4	17	\$3,956
65-69	0	0	0	0	0	3	2	6	1	12	\$3,978
70-74	0	0	0	0	0	0	3	3	0	6	\$2,686
75-79	0	0	0	0	0	3	2	0	0	5	\$2,974
80-84	0	0	0	0	0	0	0	0	0	0	\$0
85-89	0	0	0	0	0	1	0	0	0	1	\$52
90-94	0	0	0	0	0	0	0	0	0	0	\$0
95-99	0	0	0	0	0	0	0	0	0	0	\$0
100 & Over	0	0	0	0	0	0	0	0	0	0	\$0
<b>Total Count</b>	0	0	0	0	0	8	17	27	6	58	
<b>Avg Monthly Benefit</b>	\$0	\$0	\$0	\$0	\$0	\$2,174	\$2,818	\$3,055	\$5,102	\$3,069	\$3,069

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**Reconciliation of System Membership Since Prior Valuation  
All Members**

	Actives	Deferred Members	Non-Duty Disabled	Duty Disabled	Retired	Beneficiaries	Total
<b>June 30, 2014</b>	<b>4,177</b>	<b>1,197</b>	<b>66</b>	<b>174</b>	<b>3,152</b>	<b>505</b>	<b>9,271</b>
New Entrants	457	0	0	0	0	0	457
Rehires	25	(13)	0	0	(2)	0	10
Duty Disabilities	(2)	0	0	2	0	0	0
Ordinary Disabilities	(1)	(1)	2	0	0	0	0
Retirements	(141)	(50)	0	0	191	0	0
Retirements from Safety with Misc Service	0	0	0	0	13	0	13
Vested Terminations	(66)	66	0	0	0	0	0
Died, With Beneficiaries' Benefit Payable	(1)	0	0	(2)	(24)	27	0
Non-Vested Terminations and Death without beneficiary	(94)	91	0	(1)	(52)	0	(56)
Transfers	(15)	15	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	(24)	(24)
Domestic Relations Orders	0	6	0	0	0	3	9
Withdrawals Paid	(61)	(28)	0	0	0	0	(89)
Data Corrections	0	1	1	2	(3)	0	1
<b>June 30, 2015</b>	<b>4,278</b>	<b>1,284</b>	<b>69</b>	<b>175</b>	<b>3,275</b>	<b>511</b>	<b>9,592</b>

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**Reconciliation of System Membership Since Prior Valuation  
General Members**

	Actives	Deferred Members	Non-Duty Disabled	Duty Disabled	Retired	Beneficiaries	Total
<b>June 30, 2014</b>	<b>3,226</b>	<b>989</b>	<b>55</b>	<b>63</b>	<b>2,455</b>	<b>368</b>	<b>7,156</b>
New Entrants	371	0	0	0	0	0	371
Rehires	20	(10)	0	0	(2)	0	8
Duty Disabilities	(2)	0	0	2	0	0	0
Ordinary Disabilities	(1)	(1)	2	0	0	0	0
Retirements	(101)	(37)	0	0	138	0	0
Retirements from Safety with Misc Service	0	0	0	0	11	0	11
Vested Terminations	(59)	59	0	0	0	0	0
Died, With Beneficiaries' Benefit Payable	(1)	0	0	0	(22)	23	0
Non-Vested Terminations and Death without beneficiary	(79)	76	0	(1)	(44)	0	(48)
Transfers	(16)	13	0	0	0	0	(3)
Beneficiary Deaths	0	0	0	0	0	(21)	(21)
Domestic Relations Orders	0	3	0	0	0	0	3
Withdrawals Paid	(51)	(27)	0	0	0	0	(78)
Data Corrections	0	1	1	1	(2)	0	1
<b>June 30, 2015</b>	<b>3,307</b>	<b>1,066</b>	<b>58</b>	<b>65</b>	<b>2,534</b>	<b>370</b>	<b>7,400</b>

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**Reconciliation of System Membership Since Prior Valuation  
Safety Members**

	Actives	Deferred Members	Non-Duty Disabled	Duty Disabled	Retired	Beneficiaries	Total
<b>June 30, 2014</b>	<b>910</b>	<b>193</b>	<b>11</b>	<b>111</b>	<b>650</b>	<b>133</b>	<b>2,008</b>
New Entrants	80	0	0	0	0	0	80
Rehires	5	(3)	0	0	0	0	2
Duty Disabilities	0	0	0	0	0	0	0
Ordinary Disabilities	0	0	0	0	0	0	0
Retirements	(34)	(13)	0	0	47	0	0
Retirements from Safety with Misc Service	0	0	0	0	1	0	1
Vested Terminations	(7)	7	0	0	0	0	0
Died, With Beneficiaries' Benefit Payable	0	0	0	(2)	(1)	3	0
Non-Vested Terminations and Death without beneficiary	(14)	14	0	0	(8)	0	(8)
Transfers	1	2	0	0	0	0	3
Beneficiary Deaths	0	0	0	0	0	(3)	(3)
Domestic Relations Orders	0	3	0	0	0	3	6
Withdrawals Paid	(10)	(1)	0	0	0	0	(11)
Data Corrections	0	0	0	1	(1)	0	0
<b>June 30, 2015</b>	<b>931</b>	<b>202</b>	<b>11</b>	<b>110</b>	<b>688</b>	<b>136</b>	<b>2,078</b>



**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**APPENDIX A  
MEMBERSHIP INFORMATION**

**Reconciliation of System Membership Since Prior Valuation  
APCD Members**

	Actives	Deferred Members	Non-Duty Disabled	Duty Disabled	Retired	Beneficiaries	Total
<b>June 30, 2014</b>	<b>41</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>47</b>	<b>4</b>	<b>107</b>
New Entrants	6	0	0	0	0	0	6
Rehires	0	0	0	0	0	0	0
Duty Disabilities	0	0	0	0	0	0	0
Ordinary Disabilities	0	0	0	0	0	0	0
Retirements	(6)	0	0	0	6	0	0
Retirements from Safety with Misc Service	0	0	0	0	1	0	1
Vested Terminations	0	0	0	0	0	0	0
Died, With Beneficiaries' Benefit Payable	0	0	0	0	(1)	1	0
Non-Vested Terminations and Death without beneficiary	(1)	1	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	0	0
Domestic Relations Orders	0	0	0	0	0	0	0
Withdrawals Paid	0	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0	0
<b>June 30, 2015</b>	<b>40</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>5</b>	<b>114</b>

**APPENDIX B**  
**STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS**

**Contribution Allocation Procedure**

The contribution allocation procedure primarily consists of an actuarial cost method, an asset valuation method, and an amortization method as described below. There were no changes to the contribution allocation procedures from the prior valuation.

**1. 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 normal cost for the Plan is based on the sum of the individual normal costs for each member (Individual Entry Age Method).

**2. Amortization Method**

The UAL (or Surplus Funding) is amortized as a percentage of the projected salaries of present and future members of SBCERS. Effective with the June 30, 2013 valuation, the UAL as of June 30, 2013 is amortized over a closed 17-year period, except for the additional UAL attributable to the creation of Safety Plan 6, which is being amortized over a separate closed period (currently 13 years). Effective with the June 30, 2014 valuation, any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes is amortized over a closed 19-year period, with five-year ramp up period at the beginning of the period, a four-year ramp down at the end of the period, and ten years of level payments as a percentage of payroll. This new method is a type of direct rate smoothing method.

The single equivalent amortization period is 14.12 years. As of June 30, 2015, it would take 14.12 years to fully pay off the total unfunded actuarial liability based on the current UAL payment increasing as a level percentage of payroll.

**3. Asset Valuation Method**

As of June 30, 2014, the market value of assets is used to determine the System's UAL. The actuarial value of assets is no longer applicable.

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015

**APPENDIX B**  
**STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS**

**Actuarial Assumptions**

The assumptions used in this report reflect the results of an Experience Study performed by Cheiron covering the period from July 1, 2010 through June 30, 2013 and adopted by the Board. More details on the rationale for the demographic and economic assumptions can be found in the Experience Analysis dated November 8, 2013. There were no changes to the assumptions or methods from the prior valuation.

**1. Rate of Return**

Assets are assumed to earn 7.50% net of investment expenses.

**2. Administrative Expenses**

Administrative expenses are assumed to be \$4.40 million for the next year, to be split between employees and employers based on their share of the overall contributions. Administrative expenses are assumed to increase by the assumed wage inflation of 3.50% each year.

**3. Cost-of-Living**

The cost-of-living as measured by the Consumer Price Index (CPI) will increase at the rate of 3.00% per year.

**4. Post Retirement COLA**

Benefits are assumed to increase after retirement at the rate of 2.75% per year for General Plans 5, Safety Plans 4, 6 and 8 (PEPRA), and APCD Plans 1 and 2; 2.00% per year for General Plans 7 and APCD Plan 8 (PEPRA), and 0% per year for General Plan 2.

For General Plan 8 (PEPRA), benefits are assumed to increase at the rate of 2.00% per year if their employer had implemented General Plan 7 prior to January 1, 2013. Otherwise, benefits are assumed to increase at the rate of 2.75% per year.

**5. 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.

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

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX B  
STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS**

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.

**7. Social Security Wage Base**

General Plan 2 members have their benefits offset by an assumed Social Security Benefit. For projecting the Social Security Benefit, the annual Social Security Wage Base increase is assumed to be 3.00% per year. This assumption is also used for increasing the compensation limit that applies to PEPRA members.

**8. Interest on Member Contributions**

The annual credited interest rate on member contributions is assumed to be 4.00%. As of June 30, 2008, the credited interest rate each six-month period is the semi-annual yield of the five-year Treasury note as of the last business day of the interest-crediting period.

**9. Sick Leave Service Credit Upon Retirement**

Upon retirement, members are entitled to turn their sick leave balances into service credit for retirement benefits. Members are limited to one year of service credit. A 1.34% load was applied to the expected years of service at retirement for sick leave service credit. This assumption was adopted effective June 30, 2010.

**10. Family Composition**

Percentage married for all active members who retire, become disabled, or die during active service is shown in the table below. Male members are assumed to be three years older than their spouses and female members are assumed to be two years younger than their spouses.

Percentage Married	
Gender	Percentage
Males	75%
Females	55%

**11. Vacation Cashout**

Any cashouts of vacation during the final average salary period affecting the calculation of a retirement benefit are recognized at the time of retirement. There is no preresognition of potential costs included in the valuation.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX B  
STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS**

**12. Increases in Pay**

Wage inflation component: 3.50%

Additional longevity and promotion component:

Longevity and Promotion Increases		
Service	General	Safety
0	4.75%	6.00%
1	4.00%	5.00%
2	3.25%	4.00%
3	2.50%	3.25%
4	2.00%	2.50%
5	1.50%	2.00%
6	1.25%	1.60%
7	1.00%	1.30%
8	0.90%	1.20%
9	0.80%	1.10%
10	0.78%	1.00%
11	0.75%	0.95%
12	0.70%	0.92%
13	0.65%	0.89%
14	0.60%	0.87%
15	0.55%	0.85%
16	0.50%	0.82%
17	0.48%	0.80%
18	0.46%	0.77%
19	0.44%	0.74%
20	0.42%	0.72%
21	0.40%	0.69%
22	0.38%	0.67%
23	0.36%	0.64%
24	0.34%	0.62%
25	0.32%	0.59%
26	0.30%	0.57%
27	0.28%	0.54%
28	0.26%	0.52%
29	0.25%	0.50%
30+	0.25%	0.50%

*\* Increases are compound rather than additive.*

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX B  
STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS**

**13. Rates of Termination**

Sample rates of termination are show in the following table below. The 1.30% rate of termination continues for Safety PEPRA members with 20 or more years of service who are not eligible to retire.

Rates of Termination		
Service	General	Safety
0	20.00%	9.00%
1	14.00%	9.00%
2	10.00%	3.50%
3	8.00%	3.50%
4	7.00%	3.50%
5	6.00%	3.50%
6	6.00%	3.00%
7	5.00%	2.70%
8	5.00%	2.70%
9	4.50%	2.70%
10	4.50%	2.00%
11	4.00%	1.50%
12	3.50%	1.50%
13	3.00%	1.30%
14	3.00%	1.30%
15	2.50%	1.30%
16	2.00%	1.30%
17	2.00%	1.30%
18	2.00%	1.30%
19	2.00%	1.30%
20	1.00%	0.00%
21	1.00%	
22	1.00%	
23	1.00%	
24	1.00%	
25	1.00%	
26	1.00%	
27	1.00%	
28	1.00%	
29	1.00%	
30	0.00%	

*\* Termination rates do not apply once a member is eligible for retirement.*

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX B  
STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS**

**14. Withdrawal**

Rates of withdrawal apply to active Members who terminate their employment and withdraw their member contributions, forfeiting entitlement to future Plan benefits.

<b>Rates of Withdrawal</b>		
<b>Service</b>	<b>General</b>	<b>Safety</b>
0	100.00%	100.00%
1	100.00%	100.00%
2	100.00%	100.00%
3	100.00%	100.00%
4	100.00%	100.00%
5	30.00%	30.00%
6	30.00%	30.00%
7	30.00%	30.00%
8	30.00%	30.00%
9	30.00%	30.00%
10	20.00%	15.00%
11	20.00%	15.00%
12	20.00%	15.00%
13	20.00%	15.00%
14	20.00%	15.00%
15	15.00%	15.00%
16	15.00%	15.00%
17	15.00%	15.00%
18	15.00%	15.00%
19	15.00%	15.00%
20	15.00%	0.00%
21	15.00%	0.00%
22	15.00%	0.00%
23	15.00%	0.00%
24	15.00%	0.00%
25	0.00%	0.00%
26	0.00%	0.00%
27	0.00%	0.00%
28	0.00%	0.00%
29	0.00%	0.00%
30	0.00%	0.00%

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX B  
STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS**

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

General Plans 5, 7, and 8 (PEPRA) Members:	Age 58
General Plan 2 Members:	Age 65
Safety Plans 4 and 8 (PEPRA) Members:	Age 54
Safety Plan 6 Members:	Age 50
APCD Members:	Age 58

**15. Reciprocal Transfers**

50% of vested terminated General (except Plan 2) and Safety Members that leave their member contributions on deposit with the Plan are assumed to be reciprocal.

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

General & APCD Members:	3.75%
Safety Members:	4.00%



**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX B  
STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS**

**16. Rates of Disability**

Disability rates of active participants are shown below.

Rates of Disability				
Age	General		Safety	
	Years of Service		Years of Service	
	Less than 5	5 or More	Less than 5	5 or More
29 or less	0.004%	0.010%	0.045%	0.050%
30	0.004%	0.010%	0.072%	0.080%
31	0.004%	0.010%	0.072%	0.080%
32	0.004%	0.010%	0.072%	0.080%
33	0.004%	0.010%	0.072%	0.080%
34	0.004%	0.010%	0.072%	0.080%
35	0.004%	0.010%	0.090%	0.100%
36	0.004%	0.010%	0.090%	0.100%
37	0.004%	0.010%	0.090%	0.100%
38	0.004%	0.010%	0.090%	0.100%
39	0.004%	0.010%	0.090%	0.100%
40	0.004%	0.010%	0.117%	0.130%
41	0.008%	0.020%	0.117%	0.130%
42	0.012%	0.030%	0.117%	0.130%
43	0.016%	0.040%	0.117%	0.130%
44	0.020%	0.050%	0.117%	0.130%
45	0.024%	0.060%	0.135%	0.150%
46	0.028%	0.070%	0.162%	0.180%
47	0.032%	0.080%	0.180%	0.200%
48	0.036%	0.090%	0.225%	0.250%
49	0.040%	0.100%	0.225%	0.250%
50	0.048%	0.120%	0.252%	0.280%
51	0.052%	0.130%	0.270%	0.300%
52	0.056%	0.140%	0.630%	0.700%
53	0.060%	0.150%	0.630%	0.700%
54	0.064%	0.160%	0.630%	0.700%
55	0.068%	0.170%	0.630%	0.700%
56	0.072%	0.180%	0.630%	0.700%
57	0.076%	0.190%	0.630%	0.700%
58	0.080%	0.200%	0.630%	0.700%
59	0.084%	0.210%	0.630%	0.700%
60	0.088%	0.220%	0.630%	0.700%
61	0.092%	0.230%	0.630%	0.700%
62	0.092%	0.230%	0.630%	0.700%
63	0.092%	0.230%	0.630%	0.700%
64	0.092%	0.230%	0.630%	0.700%
65	0.092%	0.230%	0.000%	0.000%
66	0.092%	0.230%		
67	0.092%	0.230%		
68	0.092%	0.230%		
69	0.092%	0.230%		
70	0.092%	0.230%		
71	0.092%	0.230%		
72	0.092%	0.230%		
73	0.092%	0.230%		
74	0.092%	0.230%		
75	0.000%	0.000%		

40% of General disabilities and 90% of Safety disabilities where the member has five or more years of service are assumed to be service-related. All disabilities for those with less than five years or service are assumed to be service-related.

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**APPENDIX B**  
**STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS**

**17. Rates of Mortality for Healthy Lives**

Mortality rates for actives, retirees, beneficiaries, terminated vested and reciprocals are based on the sex distinct Retired Pensioner (RP) 2000 Combined Healthy Tables, published by the Society of Actuaries, with Generational improvement using Projection Scale BB.

**18. Rates of Mortality for Retired Disabled Lives**

Mortality rates for disabled retirees are based on the sex distinct Retired Pensioner (RP) 2000 Tables Combined Healthy Tables, published by the Society of Actuaries, with Generational improvement using Projection Scale BB, set forward five years for males and females.

**19. Type of Mortality**

For non-safety employees, all deaths are assumed to be non-service related.

**SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015**

**APPENDIX B  
STATEMENT OF CURRENT ACTUARIAL ASSUMPTIONS AND METHODS**

**20. Rates of Retirement**

Rates of retirement are based on age according to the following table. The rates for Safety PEPPRA members are the same as the Safety Plan 4 rates.

Rates of Retirement						
Age	General		General - PEPPRA		Safety	
	Male	Female	Male	Female	Plan 4	Plan 6
< 34	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
36	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
37	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
38	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
39	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
40	3.00%	4.00%	0.00%	0.00%	1.00%	1.00%
41	3.00%	4.00%	0.00%	0.00%	1.00%	1.00%
42	3.00%	4.00%	0.00%	0.00%	1.00%	1.00%
43	3.00%	4.00%	0.00%	0.00%	1.00%	1.00%
44	3.00%	4.00%	0.00%	0.00%	1.00%	1.00%
45	3.00%	4.00%	0.00%	0.00%	1.00%	1.00%
46	3.00%	4.00%	0.00%	0.00%	1.00%	2.00%
47	3.00%	4.00%	0.00%	0.00%	1.00%	5.00%
48	3.00%	4.00%	0.00%	0.00%	1.00%	5.00%
49	3.00%	4.00%	0.00%	0.00%	3.00%	17.00%
50	3.00%	4.00%	0.00%	0.00%	4.00%	23.00%
51	4.00%	4.00%	0.00%	0.00%	4.00%	14.00%
52	4.00%	4.00%	2.40%	1.80%	4.00%	14.00%
53	4.00%	4.00%	2.40%	1.80%	5.00%	14.00%
54	4.00%	6.00%	2.40%	5.40%	22.00%	28.00%
55	4.00%	7.00%	2.40%	5.40%	33.00%	31.00%
56	6.00%	8.00%	3.60%	5.40%	23.00%	20.00%
57	6.00%	9.00%	3.60%	5.40%	23.00%	20.00%
58	6.00%	9.00%	3.60%	5.40%	23.00%	20.00%
59	12.00%	12.00%	7.20%	7.20%	23.00%	20.00%
60	15.00%	13.00%	9.00%	9.00%	23.00%	20.00%
61	25.00%	23.00%	15.00%	10.80%	23.00%	20.00%
62	25.00%	23.00%	20.00%	20.00%	23.00%	20.00%
63	25.00%	23.00%	20.00%	20.00%	23.00%	20.00%
64	25.00%	23.00%	20.00%	20.00%	23.00%	20.00%
65	25.00%	23.00%	25.00%	25.00%	100.00%	100.00%
66	25.00%	23.00%	25.00%	25.00%		
67	25.00%	23.00%	40.00%	40.00%		
68	25.00%	23.00%	25.00%	25.00%		
69	25.00%	23.00%	25.00%	25.00%		
70	25.00%	23.00%	25.00%	25.00%		
71	25.00%	23.00%	25.00%	25.00%		
72	25.00%	23.00%	25.00%	25.00%		
73	25.00%	23.00%	25.00%	25.00%		
74	25.00%	23.00%	25.00%	25.00%		
75	100.00%	100.00%	100.00%	100.00%		

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**APPENDIX C**  
**SUMMARY OF PLAN 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 County Board of Supervisors, a district Board of Directors, or the SBCERS Board, effective through June 30, 2015. 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.

There have been no changes to the Plan provisions since the prior valuation.

**A. Membership in Retirement Plans**

The County has established several defined benefit tiers based primarily on a member's date of entry into SBCERS and in some cases, bargaining unit. There are two types of SBCERS members:

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

**General members:** All non-Safety employees are eligible to be General members. Membership in a particular tier depends primarily upon date of entry to the system. General members employed by Santa Barbara County Air Pollution Control District (APCD) are in APCD Plan 1, APCD Plan 2, General Plan 7, or General Plan 8 depending upon their date of entry to the system.

**APCD Plan 1:** APCD employees hired on or before July 3, 1995.

**APCD Plan 2:** APCD employees hired after July 3, 1995.

**General Plan 2:** Employees hired on or before June 30, 1999, who elected to join General Plan 2. Once vested, Plan 2 members have a one-time election to defer accrued Plan 2 benefits and enter a contributory plan in effect at the time of election. Contributions are based upon age at time of transfer.

**Safety Plan 4A &**

**General Plan 5A:** General employees hired before October 10, 1994, who did not elect to join General Plan 2, and some Safety employees hired before October 10, 1994.

**Safety Plan 4B &**

**General Plan 5B:** Employees in certain bargaining units hired on or after October 10, 1994. Some employees are in Safety Plan 4B without regard to hire date.

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
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**APPENDIX C**  
**SUMMARY OF PLAN PROVISIONS**

- General Plan 5C:** Members in certain bargaining units hired on or after October 10, 1994. Members in those bargaining units transferred from Plan 5B on March 10, 2008.
- General Plan 7:** County General employees hired on or after June 25, 2012, and other new non-PEPRA General hires for employers that have adopted Plan 7.
- Safety Plan 4C:** Members in certain bargaining units who were hired on or after October 10, 1994. All members in certain bargaining units. Members in those bargaining units transferred from Plan 4B on July 3, 2006.
- Safety Plan 6A:** Members in certain bargaining units hired prior to October 10, 1994. Members in those bargaining units transferred from Plan 4A on February 25, 2008.
- Safety Plan 6B:** Members in certain bargaining units hired after October 10, 1994. Members in those bargaining units transferred from Plan 4B on February 25, 2008.
- Plan 8 (PEPRA):** All new members hired on or after January 1, 2013. Employees who transfer from and are eligible for reciprocity with another public employer will not be PEPRA members if their service in the reciprocal system was under a pre-PEPRA tier.

**B. 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 Appendix F for details on this calculation. Current member rates are shown in the Appendix. (31453, 31454, 31454.1)

Contributions cease for all non-PEPRA safety members credited with 30 years of service. (31625, 31625.2)

Plan 8: PEPRA members must contribute half of the normal cost of the Plan. Contributions for these members will be based on the Normal Cost associated with their benefits; General and Safety members will pay different rates.

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)

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**Cost-of-Living:** Some members may contribute towards the cost-of-living benefit based on increases in COLA Normal Cost rates. No additional employee contributions towards the cost-of-living benefits are included in the current employee rates.

**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.  
General Plan 5C is based on half rates.

APCD Plan 1 member rates are half APCD Plan 2 member rates.

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

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

(31621.2, 31621.4, 31621.5, 31621.6, 31581.1)

**C. Employer Contributions:**

The employer (County or District) contributes to the retirement fund a percentage 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)

**D. Service Retirement Allowance:**

**Eligibility:**

**General Plan members:**

**Plans 5A,**

**5B, 5C, & 7:** Age 50 with 5 years of service and 10 years of elapsed time since membership;  
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 and 10 years of elapsed time since membership. (31486.4)

**APCD Plan members:**

Age 50 with 5 years of service and 10 years of elapsed time since membership;

Any age with 30 years of service; or

Age 70 regardless of service. (31672, 31672.1)

**Safety Plan members:**

Age 50 with 5 years of service and 10 years of elapsed time since membership;

Any age with 20 years of service. (31663.25)

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***PEPRA Plan 8 members:***

General and APCD: Age 52 with 5 years of service.  
Safety: Age 50 with 5 years of service.  
All PEPRA members: Age 70 regardless of service. (31672.3)

**Final Compensation:**

***General Plan members:***

**Plans 5A & 5B:** Monthly average of a member's highest 12 consecutive months of compensation. (31462.1)

**Plans 5C & 7:** Monthly average of a member's highest 36 consecutive months of compensation. (31462)

**Plan 2:** Monthly average of a member's highest 36 non-consecutive months of compensation.

***APCD Plan members:***

**Plans 1 & 2:** Monthly average of a member's highest 12 consecutive months of compensation. (31486.1)

***Safety Plan members***

**Plans 4A, 4B, & 6A:** Monthly average of a member's highest 12 consecutive months of compensation. (31462.1)

**Plans 4C & 6B:** Monthly average of a member's highest 36 consecutive months of compensation. (31462)

***PEPRA Plan members:***

**Plan 8:** Monthly average of a member's highest 36 consecutive months of pensionable compensation.

**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)

**Plan 8:** For PEPRA members, only pensionable compensation up to the Social Security-integrated PEPRA compensation limit will count for computing Plan benefits and employee contributions and employer contributions for those participating in Social Security (\$117,020 for calendar year 2015)

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and 2016). For those not participating in Social Security, the compensation cap is 120% of the above limit (\$140,424 for calendar year 2015 and 2016). In addition, it is possible that some sources of compensation, such as any payments deemed to be terminal or special pays, may be excluded from the benefit and contribution computations for PEPRA members.

**Monthly Allowance:**

**General Plan members:**

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

**Plan 7:**  $1/60 \times \text{Final Compensation} \times \text{Plan 7 Age Factor} \times \text{Years of Service}$ .  
(31676.1)

**Plan 2:** Sum of (a) + (b) – (c):  
(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)  $1/35 \times \text{Primary Insurance Amount (PIA)} \text{ at age 65} \times \text{Years of Covered Service}$  (max. 35 years). (31486.4)

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, the benefit amount is adjusted by an actuarial equivalent factor (see Sample Plan Age Factors).

**APCD Plan members:**

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

**Safety Plan 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)

**General, Safety and APCD members:**

**PEPRA Plan 8:**  $\text{PEPRA Age Factor} \times \text{Final Compensation} \times \text{Years of Service}$ .

In between exact ages, the multiplier will increase by 0.025% for each quarter year increase in age.



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Age Factors By Plan							
	General		General & APCD	APCD	Safety		
	Plan 5	Plan 7	Plan 8		Plan 4	Plan 6	Plan 8
<b>Code Section:</b>	31676.12	31676.1		31676.15	31664.2	31664.1	
<b>Label:</b>	2% @ 57	1.67% @ 57.5	PEPRA	2% @ 55	3% @ 55	3% @ 50	PEPRA
<b>Base:</b>	2.00%	1.67%		2.00%	3.00%	3.00%	
<b>Age:</b>							
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	0.7091		0.7454	0.7634	1.0000	0.0200
51	0.7056	0.7457		0.7882	0.8028	1.0000	0.0210
52	0.7454	0.7816	0.0100	0.8346	0.8457	1.0000	0.0220
53	0.7882	0.8181	0.0110	0.8850	0.8926	1.0000	0.0230
54	0.8346	0.8556	0.0120	0.9399	0.9418	1.0000	0.0240
55	0.8850	0.8954	0.0130	1.0000	1.0000	1.0000	0.0250
56	0.9399	0.9382	0.0140	1.0447	1.0000	1.0000	0.0260
57	1.0000	0.9846	0.0150	1.1048	1.0000	1.0000	0.0270
58	1.0447	1.0350	0.0160	1.1686	1.0000	1.0000	0.0270
59	1.1048	1.0899	0.0170	1.2365	1.0000	1.0000	0.0270
60	1.1686	1.1500	0.0180	1.3093	1.0000	1.0000	0.0270
61	1.2365	1.1947	0.0190	1.3608	1.0000	1.0000	0.0270
62	1.3093	1.2548	0.0200	1.4123	1.0000	1.0000	0.0270
63	1.3093	1.3186	0.0210	1.4638	1.0000	1.0000	0.0270
64	1.3093	1.3865	0.0220	1.5153	1.0000	1.0000	0.0270
65	1.3093	1.4593	0.0230	1.5668	1.0000	1.0000	0.0270
66	1.3093	1.4593	0.0240	1.5668	1.0000	1.0000	0.0270
67	1.3093	1.4593	0.0250	1.5668	1.0000	1.0000	0.0270

**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

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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 (does not apply to PEPRA members).

**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) If there is no eligible survivor, any unpaid remainder of the member's accumulated contributions will be paid to the member's designated beneficiary.

**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 beneficiary having an insurable interest in the life of the member. (31763)

**Option 4:** Other % of member's reduced allowance is payable to a 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)

**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)

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**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)

**E. Service-Connected Disability Retirement Allowance**

**Eligibility:**

**General Plan 2:** Disability benefits not valued since provided outside of the retirement system.

**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, 31720.5, 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).

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**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)

**F. Non Service-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 of 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. Otherwise, allowance equals (a) or (b) where: (31727, 31727.1, 31727.2, 31727.3)

(a)  $90\% \times 1/50$  ( $1/60$  for PEPRA General and PEPRA APCD members and those in Plan 7)  $\times$  Final Compensation  $\times$  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)  $90\% \times 1/50$  ( $1/60$  for PEPRA General and APCD members and those in Plan 7)  $\times$  Final Compensation  $\times$  Projected Service, not to exceed  $1/3$  of Final Compensation.

**Projected Service:**

**General Members:** Age 62. (31727.1); Age 65 for Plan 8 (PEPRA) General members.

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**APCD Members:** Age 65. (31727.3)

**Safety Members:** Age 55. (31727.2)

**Supplemental Monthly Disability Retirement:**

**APCD Members:** Upon retirement for non-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:** Life Annuity with 60% continuance to a surviving spouse (or eligible children). 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)

**G. 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)

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**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)

**H. Non Service-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.

**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 non-service connected disability 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). (31781.1)

**Supplemental Monthly Death Benefit:**

**APCD Members:** Eligible survivors of an active member 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)

**I. Deferred Vested Benefits**

**Eligibility:**

**General Plan 2:** The member must have terminated with 10 years of service. Members are eligible for service retirement when they reach service retirement eligibility (based on years of service at termination plus reciprocal service, if any). (31700)

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**All other Plans:** Member contributions must be left on deposit and the member must have terminated with five (5) years of service or entered a 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). (31700, 31701, 31702)

**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 any time after the member would have been eligible for service retirement. (31703, 31704, 31705)

**J. 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 average annual Consumer Price Index (CPI), rounded to the nearest ½ of 1%. (31870, 31870.1)

**All Plans (excluding General Plans 2, 7, and 8):**

Members (and their beneficiaries) are limited to a maximum 3% cost-of-living increase. (31870.1)

**General Plan 7:**

Members (and their beneficiaries) are limited to a maximum 2% cost-of-living increase. (31870)

**General Plan 8 (PEPRA):**

Members (and their beneficiaries) hired by employers who had implemented General Plan 7 prior to January 1, 2013 are limited to a maximum 2% cost-of-living increase. (31870) Members hired by employers who had not implemented General Plan 7 prior to January 1, 2013 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

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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.



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**APPENDIX D  
GLOSSARY**

**1. Actuarial Assumptions**

Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

**2. Actuarial Cost Method**

A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a Normal Cost and an Actuarial Liability.

**3. Actuarial Gain (Loss)**

The difference between actual experience and that expected based upon a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.

**4. Actuarial Liability**

The portion of the Actuarial Present Value of Projected Benefits that will not be paid by future Normal Costs. It represents the value of the past Normal Costs with interest to the valuation date.

**5. Actuarial Present Value (Present Value)**

The value as of a given date of a future amount or series of payments. The Actuarial Present Value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

**6. Actuarial Valuation**

The determination, as of a specified date, of the Normal Cost, Actuarial Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

**APPENDIX D  
GLOSSARY**

**7. Actuarial Value of Assets**

The value of cash, investments and other property belonging to a pension plan as used by the actuary for the purpose of an Actuarial Valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values. As of the June 30, 2014, actuarial valuation the Actuarial Value of Assets is equal to the market value.

**8. Actuarially Equivalent**

Of equal Actuarial Present Value, determined as of a given date, with each value based on the same set of actuarial assumptions.

**9. Amortization Payment**

The portion of the pension plan contribution which is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

**10. Entry Age Normal Actuarial Cost Method**

A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

**11. Funded Ratio**

The ratio of the Market Value of Assets to the Actuarial Liability.

**12. Normal Cost**

That portion of the Actuarial Present Value of pension plan benefits and expenses that is allocated to a valuation year by the Actuarial Cost Method.

**13. Projected Benefits**

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of Actuarial Assumptions, taking into account such items as increases in future compensation and service credits.

**14. Unfunded Actuarial Liability**

The excess of the Actuarial Liability over the Market Value of Assets.

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**APPENDIX E  
MEMBER CONTRIBUTION RATES**

<b>Plan/Tier</b>	<b>Code Section</b>	<b>Member Contribution Provides Average Annuity</b>	<b>FAS Period</b>
General 5A	31621.5	1/200th of Final Average Salary (FAS) at age 60	1 year
General 5B	31621.2	1/100th of Final Average Salary (FAS) at age 60	1 year
General 5C	31621.5	1/200th of Final Average Salary (FAS) at age 60	3 year
General 2	NA	NA	3 year
General 7	31621.4	1/240th of Final Average Salary (FAS) at age 60	3 year
APCD 1	31621.6 & 31581.1	1/2 x 1/100th of Final Average Salary (FAS) at age 55	1 year
APCD 2	31621.6	1/100th of Final Average Salary (FAS) at age 55	1 year
Safety 4A & 6A		1/2 x 3/200th of Final Average Salary (FAS) at age 55	1 year
Safety 4B		3/200th of Final Average Salary (FAS) at age 55	1 year
Safety 4C & 6B		1/2 x 3/200th of Final Average Salary (FAS) at age 55	3 year

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**Member Contribution Rates effective as of the July 1, 2013 Valuation**

Entry Age	General				APCD		Safety		
	5A	5B	5C	7	1	2	4A & 6A	4B	4C & 6B
16	2.77%	5.54%	2.67%	2.22%	3.27%	6.53%	5.13%	10.26%	4.93%
17	2.77%	5.54%	2.67%	2.22%	3.27%	6.53%	5.13%	10.26%	4.93%
18	2.77%	5.54%	2.67%	2.22%	3.27%	6.53%	5.13%	10.26%	4.93%
19	2.77%	5.54%	2.67%	2.22%	3.27%	6.53%	5.13%	10.26%	4.93%
20	2.77%	5.54%	2.67%	2.22%	3.27%	6.53%	5.13%	10.26%	4.93%
21	2.83%	5.66%	2.73%	2.27%	3.34%	6.68%	5.23%	10.47%	5.03%
22	2.89%	5.79%	2.79%	2.33%	3.41%	6.83%	5.34%	10.69%	5.14%
23	2.96%	5.92%	2.85%	2.38%	3.49%	6.98%	5.45%	10.91%	5.25%
24	3.03%	6.05%	2.92%	2.43%	3.57%	7.13%	5.57%	11.13%	5.35%
25	3.09%	6.19%	2.98%	2.49%	3.65%	7.29%	5.68%	11.36%	5.46%
26	3.16%	6.32%	3.05%	2.54%	3.73%	7.45%	5.80%	11.60%	5.57%
27	3.23%	6.46%	3.12%	2.60%	3.81%	7.61%	5.92%	11.83%	5.69%
28	3.30%	6.61%	3.19%	2.66%	3.89%	7.78%	6.03%	12.07%	5.80%
29	3.38%	6.76%	3.26%	2.71%	3.97%	7.95%	6.15%	12.31%	5.91%
30	3.45%	6.91%	3.33%	2.77%	4.06%	8.12%	6.27%	12.55%	6.03%
31	3.53%	7.06%	3.40%	2.83%	4.14%	8.29%	6.40%	12.79%	6.14%
32	3.61%	7.21%	3.48%	2.90%	4.23%	8.46%	6.52%	13.04%	6.26%
33	3.68%	7.37%	3.55%	2.96%	4.32%	8.64%	6.64%	13.29%	6.38%
34	3.76%	7.53%	3.63%	3.02%	4.41%	8.81%	6.77%	13.54%	6.50%
35	3.84%	7.69%	3.70%	3.08%	4.50%	8.99%	6.90%	13.79%	6.62%
36	3.92%	7.85%	3.78%	3.15%	4.59%	9.18%	7.02%	14.05%	6.74%
37	4.01%	8.01%	3.86%	3.21%	4.68%	9.36%	7.15%	14.31%	6.86%
38	4.09%	8.18%	3.94%	3.28%	4.78%	9.55%	7.28%	14.57%	6.98%
39	4.17%	8.35%	4.02%	3.35%	4.87%	9.74%	7.42%	14.83%	7.11%
40	4.26%	8.52%	4.10%	3.42%	4.97%	9.93%	7.55%	15.11%	7.24%
41	4.35%	8.69%	4.18%	3.48%	5.06%	10.13%	7.69%	15.38%	7.37%
42	4.43%	8.87%	4.26%	3.55%	5.16%	10.32%	7.83%	15.67%	7.50%
43	4.52%	9.05%	4.35%	3.62%	5.26%	10.51%	7.98%	15.96%	7.63%
44	4.61%	9.23%	4.43%	3.69%	5.36%	10.71%	8.13%	16.25%	7.77%
45	4.70%	9.41%	4.52%	3.76%	5.46%	10.92%	8.28%	16.55%	7.90%
46	4.79%	9.59%	4.60%	3.84%	5.56%	11.13%	8.43%	16.85%	8.04%
47	4.89%	9.77%	4.69%	3.91%	5.67%	11.34%	8.58%	17.16%	8.16%
48	4.98%	9.96%	4.78%	3.98%	5.77%	11.53%	8.72%	17.45%	8.26%
49	5.07%	10.15%	4.86%	4.05%	5.86%	11.72%	8.85%	17.70%	8.33%
50	5.17%	10.34%	4.95%	4.13%	5.94%	11.88%	8.96%	17.91%	8.37%
51	5.27%	10.54%	5.04%	4.20%	6.00%	12.00%	9.02%	18.04%	8.37%
52	5.37%	10.74%	5.12%	4.27%	6.03%	12.07%	9.04%	18.09%	8.37%
53	5.46%	10.93%	5.20%	4.33%	6.04%	12.07%	9.04%	18.09%	8.61%
54	5.55%	11.10%	5.26%	4.38%	6.04%	12.07%	9.04%	18.09%	8.92%
55	5.63%	11.25%	5.30%	4.41%	6.04%	12.07%	9.04%	18.09%	8.92%
56	5.68%	11.37%	5.31%	4.43%	6.04%	12.07%	9.04%	18.09%	8.92%
57	5.71%	11.43%	5.31%	4.43%	6.04%	12.07%	9.04%	18.09%	8.92%
58	5.72%	11.44%	5.50%	4.58%	6.04%	12.07%	9.04%	18.09%	8.92%
59	5.72%	11.44%	5.69%	4.74%	6.04%	12.07%	9.04%	18.09%	8.92%
60	5.72%	11.44%	5.69%	4.74%	6.04%	12.07%	9.04%	18.09%	8.92%

**Assumptions:**

Interest: 7.50%

Salary: 2013 Valuation Scale (Service based, includes wage inflation at 3.50%)

Unisex Mortality: RP2000 Combined Healthy Mortality, projected to 2037 using Scale BB (blended 35% Male / 65% Female for General and APCD, and blended 80% Male / 20% Female for Safety)

Member rates have been loaded by 3.10% to account for expected administrative expenses allocated to the members

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2015

APPENDIX E  
MEMBER CONTRIBUTION RATES

Member Contribution Rates effective as of the July 1, 2015 Valuation

	PEPRA Rates		
General	Safety	APCD	
7.62%	13.60%	6.21%	
<b>Assumptions:</b>			
Interest:	7.50%		
Salary:	2013 Valuation Scale (Service based, includes wage inflation at 3.50%)		
Mortality:	Because the PEPRA contribution rates are based on 50% of the actual Normal Cost, the mortality rates are the same as those used in the Actuarial Valuation (RP2000 Combined Healthy Mortality, based on generational improvements using Scale BB)		
Administrative expenses:	Rates have been loaded by 3.10% to account for expected administrative expenses allocated to the members		