

APPENDIX D

DEVELOPMENT OF PEPRA MEMBER CONTRIBUTION RATE

DEVELOPMENT OF PEPRA MEMBER CONTRIBUTION RATE

The table below shows the determination of the Member contribution rates based on 50 percent of the Total Normal Cost for each respective plan on June 30, 2014.

Assembly Bill (AB) 340 created PEPRA that implemented new benefit formulas and a final compensation period as well as new contribution requirements for new employees. In accordance with Section Code 7522.30(b), "new members ... shall have an initial contribution rate of at least 50 percent of the normal cost rate." The normal cost for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the plan particularly the entry age into the plan. The PEPRA total normal cost for your plan is calculated assuming the entire active population, including classic members, were subject to the adopted PEPRA formula and applicable compensation limits. Should the total normal cost of your plan change by one percent or more from the original total normal cost established for your plan this change in normal cost shall be equally shared between employer and member.

Rate Plan Identifier	Plan	Basis for Current Rate		Rates Effective July 1, 2016			
		Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
26035	Miscellaneous PEPRA	12.900%	6.500%	12.109%	0.791%	No	6.500%

APPENDIX E

GLOSSARY OF ACTUARIAL TERMS

Glossary of Actuarial Terms

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

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

Actuarial Assumptions

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

Actuarial Methods

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

Actuarial Valuation

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

Amortization Bases

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

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

Amortization Period

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

Classic Member (under PEPPRA)

A classic member is a member who joined CalPERS prior to January, 1, 2013 and who is not defined as a new member under PEPPRA. (See definition of new member below)

Discount Rate Assumption

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

Entry Age

The earliest age at which a plan member begins to accrue benefits under a defined benefit pension plan. In most cases, this is the age of the member on their date of hire.

Entry Age Normal Cost Method

An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to yield a rate expressed as a level percentage of payroll. (The assumed retirement age less the entry age is the amount of time required to fund a member's total benefit. Generally, the older a member on the date of hire, the greater the entry age normal cost. This is mainly because there is less time to earn investment income to fund the future benefits.)

Fresh Start

A Fresh Start is when multiple amortization bases are collapsed to one base and amortized together over a new funding period.

Funded Status

A measure of how well funded, or how "on track" a plan or risk pool is with respect to assets versus accrued liabilities. A ratio greater than 100% means the plan or risk pool has more assets than liabilities and a ratio less than 100% means liabilities are greater than assets.

GASB 27

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

GASB 68

Statement No. 68 of the Governmental Accounting Standards Board. The accounting standard governing a state or local governmental employer's accounting and financial reporting for pensions. GASB 68 replaces GASB 27 effective the first fiscal year beginning after June 15, 2014.

New Member (under PEPRA)

A new member includes an individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was not a member of another public retirement system prior to that date, and who is not subject to reciprocity with another public retirement system.

Normal Cost

The annual cost of service accrual for the upcoming fiscal year for active employees. The normal cost should be viewed as the long term contribution rate.

Pension Actuary

A business professional that is authorized by the Society of Actuaries, and the American Academy of Actuaries to perform the calculations necessary to properly fund a pension plan.

PEPRA

The California Public Employees' Pension Reform Act of 2013

Prepayment Contribution

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

Present Value of Benefits (PVB)

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

Rolling Amortization Period

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

Superfunded

A condition existing when a plan's Actuarial Value of Assets exceeds its Present Value of Benefits. Prior to the passage of PEPRA, when this condition existed on a given valuation date for a given plan, employee contributions for the rate year covered by that valuation could be waived.

Unfunded Liability (UAL)

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



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October 2015

**SAFETY PLAN OF THE COUNTY OF RIVERSIDE (CalPERS ID: 5982690295)
 Annual Valuation Report as of June 30, 2014**

Dear Employer,

As an attachment to this letter, you will find a copy of the June 30, 2014 actuarial valuation report of your pension plan. Your 2014 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your CalPERS staff actuary, whose signature appears in the Actuarial Certification Section on page 1, is available to discuss the report with you after November 30, 2015.

Future Contribution Rates

The exhibit below displays the Minimum Employer Contribution Rate for Fiscal Year 2016-17 and a projected contribution rate for 2017-18, before any cost sharing. The projected rate for 2017-18 is based on the most recent information available, including an estimate of the investment return for Fiscal Year 2014-15, namely 2.4 percent. For a projection of employer rates beyond 2017-18, please refer to the "Projected Rates" in the "Risk Analysis" section, which includes rate projections through 2021-22. The 5-year projection of future employer contribution rates supersedes any previous projections we have provided. The Risk Analysis section of your valuation report also contains estimated employer contribution rates in future years under a variety of investment return scenarios.

Fiscal Year	Employer Contribution Rate
2016-17	26.570%
2017-18	28.8% (projected)

Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the above rates. **The employer contribution rates in this report do not reflect any cost sharing arrangement you may have with your employees.**

The estimate for 2017-18 also assumes that there are no future contract amendments and no liability gains or losses (such as larger than expected pay increases, more retirements than expected, etc.). This is a very important assumption because these gains and losses do occur and can have a significant impact on your contribution rate. Even for the largest plans, such gains and losses often cause a change in the employer's contribution rate of one or two percent of payroll and may be even larger in some less common instances. These gains and losses cannot be predicted in advance so the projected employer contribution rates are just estimates. Your actual rate for 2017-18 will be provided in next year's report.

Changes since the Prior Year's Valuation

This actuarial valuation includes Board adopted changes to the demographic assumptions based on the most recent experience study report. The most significant of these is the improvement in post-retirement mortality acknowledging the greater life expectancies we are seeing in our membership and expected continued improvements. The actuarial assumptions and methods used in CalPERS public agency valuations are approved by the Board of Administration upon the recommendation of the Chief Actuary. The individual plan actuary whose signature appears in the actuarial certification in the accompanying report does not set plan specific actuarial assumptions.

Besides the above noted changes, there may also be changes specific to your plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A, "Actuarial Methods and Assumptions." The effect of the changes on your rate is included in the "Reconciliation of Required Employer Contributions" Section.

Effective with the 2014 actuarial valuation, Governmental Accounting Standards Board Statement No. 27 financial reporting information is no longer provided in CalPERS annual actuarial valuation reports. GASB 27 has been replaced with GASB 68 for financial statement reporting purposes. CalPERS is providing separate accounting valuation reports on a fee for service basis for our public agency employers. More details on GASB 68 and instructions for ordering your GASB 68 report are available on our website.

Potential Changes to Future Year Valuations

One of CalPERS strategic goals is to improve the long-term pension benefit sustainability of the system through an integrated view of pension assets and liabilities. The Board of Administration has been engaging in discussions on the funding risks faced by the system and possible risk mitigation strategies to better protect our members. Recent Board actions on a new asset allocation, new actuarial assumptions and new smoothing and amortization policies have already lowered risk. However, future contribution rate volatility is expected as CalPERS pension plans continue to mature. Two approaches under consideration are a flexible glide path methodology, a lowering of the discount rate and expected investment volatility following a great investment return and a blended glide path methodology which is similar to the flexible glide path but with check points over time that would trigger additional asset allocation changes and lowering of the discount rate if investment returns did not result in a sufficient reduction in volatility. Either approach requires thoughtful discussion as it involves tradeoffs between short and long-term system impacts and potential future increases in required contributions. Additional information can be found on the CalPERS website with possible Board action on risk mitigation strategy and policy at the November 2015 Board meeting.

We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their results, we ask that you wait until after November 30 to contact us with actuarial questions. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or **(888-225-7377)**.

Sincerely,

A handwritten signature in cursive script, appearing to read "Alan Milligan".

ALAN MILLIGAN
Chief Actuary



ACTUARIAL VALUATION

as of June 30, 2014

**for the
SAFETY PLAN
of the
COUNTY OF RIVERSIDE**

(CalPERS ID: 5982690295)

(Rate Plan ID: 63)

**REQUIRED CONTRIBUTIONS
FOR FISCAL YEAR
July 1, 2016 – June 30, 2017**

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ACTUARIAL CERTIFICATION

To the best of our knowledge, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the SAFETY PLAN OF THE COUNTY OF RIVERSIDE. This valuation is based on the member and financial data as of June 30, 2014 provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles, in accordance with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

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



TODD TAUZER, FSA, CERA, MAAA
Senior Pension Actuary, CalPERS

HIGHLIGHTS AND EXECUTIVE SUMMARY

- **INTRODUCTION**
- **PURPOSE OF THE REPORT**
- **REQUIRED EMPLOYER CONTRIBUTION**
- **PLAN'S FUNDED STATUS**
- **COST**
- **CHANGES SINCE THE PRIOR YEAR'S VALUATION**
- **SUBSEQUENT EVENTS**

Introduction

This report presents the results of the June 30, 2014 actuarial valuation of the SAFETY PLAN OF THE COUNTY OF RIVERSIDE of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the Fiscal Year 2016-17 required employer contribution rates.

This actuarial valuation includes Board adopted changes to the demographic assumptions based on the most recent experience study report. The most significant of these is the improvement in post-retirement mortality acknowledging the greater life expectancies we are seeing in our membership and expected continued improvements. The actuarial assumptions and methods used in CalPERS public agency valuations are approved by the Board of Administration upon the recommendation of the Chief Actuary. The individual plan actuary whose signature appears in the actuarial certification in this report does not set plan specific actuarial assumptions.

Effective with the 2014 actuarial valuation, Governmental Accounting Standards Board Statement No. 27 financial reporting information is no longer provided in CalPERS annual actuarial valuation reports. GASB 27 has been replaced with GASB 68 for financial statement reporting purposes. CalPERS is providing separate accounting valuation reports on a fee for service basis for our public agency employers. More details on GASB 68 and instructions for ordering your GASB 68 report are available on our website.

Purpose of the Report

The actuarial valuation was prepared by the CalPERS Actuarial Office using data as of June 30, 2014. The purpose of the report is to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2014;
- Determine the required employer contribution rate for the Fiscal Year July 1, 2016 through June 30, 2017;
- Provide actuarial information as of June 30, 2014 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement Number 68 for an Agent Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on our website.

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

California Actuarial Advisory Panel Recommendations

This report includes all the basic disclosure elements as described in the *Model Disclosure Elements for Actuarial Valuation Reports* recommended in 2011 by the California Actuarial Advisory Panel (CAAP), with the exception of including the original base amounts of the various components of the unfunded liability in the Schedule of Amortization Bases shown on page 14.

Additionally, this report includes the following "Enhanced Risk Disclosures" also recommended by the CAAP in the Model Disclosure Elements document:

- A "Deterministic Stress Test," projecting future results under different investment income scenarios
- A "Sensitivity Analysis," showing the impact on current valuation results using a 1 percent plus or minus change in the discount rate.

Required Employer Contribution

	Fiscal Year 2015-16	Fiscal Year 2016-17
Actuarially Determined Employer Contributions		
1. Contribution in Projected Dollars		
a) Total Normal Cost	\$ 76,356,496	\$ 88,415,048
b) Employee Contribution ¹	26,749,979	29,322,238
c) Employer Normal Cost [(1a) – (1b)]	49,606,517	59,092,810
d) Unfunded Liability Contribution	20,329,418	26,606,293
e) Required Employer Contribution [(1c) + (1d)]	\$ 69,935,935	\$ 85,699,103
Projected Annual Payroll for Contribution Year	\$ 296,530,083	\$ 322,541,396
2. Contribution as a Percentage of Payroll		
a) Total Normal Cost	25.750%	27.412%
b) Employee Contribution ¹	9.021%	9.091%
c) Employer Normal Cost [(2a) – (2b)]	16.729%	18.321%
d) Unfunded Liability Rate	6.856%	8.249%
e) Required Employer Rate [(2c) + (2d)]	23.585%	26.570%
Minimum Employer Contribution Rate²	23.585%	26.570%
Annual Lump Sum Prepayment Option ³	\$ 67,452,205	\$ 82,655,555

¹ For classic members this is the percentage specified in the Public Employees Retirement Law, net of any reduction from the use of a modified formula or other factors. For PEPRA members, the member contribution rate is based on 50 percent of the normal cost. A development of PEPRA member contribution rates can be found in Appendix D. Employee cost sharing is not shown in this report.

² The Minimum Employer Contribution Rate under PEPRA is the greater of the required employer rate or the employer normal cost. The timing of contributions made during the year coincides with the employer's payroll reporting periods. § 20572 of the Public Employees' Retirement Law assesses interest at an annual rate of 10 percent if a contracting agency fails to remit the required contributions when due.

³ The Annual Lump Sum Prepayment can be made between July 1 and July 15 and should be made before the contributions for the first payroll reporting period of the new fiscal year are due. If there is contractual cost sharing or other change, this amount will change.

Plan's Funded Status

	June 30, 2013	June 30, 2014
1. Present Value of Projected Benefits	\$ 2,900,494,483	\$ 3,363,956,870
2. Entry Age Normal Accrued Liability	2,285,586,497	2,615,686,777
3. Market Value of Assets (MVA)	\$ 1,776,122,369	\$ 2,098,296,808
4. Unfunded Liability [(2) – (3)]	\$ 509,464,128	\$ 517,389,969
5. Funded Ratio [(3) / (2)]	77.7%	80.2%

Cost

Actuarial Cost Estimates in General

What will this pension plan cost? Unfortunately, there is no simple answer. There are two major reasons for the complexity of the answer. First, actuarial calculations, including the ones in this report, are based on a number of assumptions about the future. These assumptions can be divided into two categories.

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

While CalPERS has set these assumptions to reflect our best estimate of the real future of your plan, it must be understood that these assumptions are very long-term predictors and will surely not be realized in any one year. For example, while the asset earnings at CalPERS have averaged more than the assumed return of 7.5 percent for the past twenty year period ending June 30, 2014, returns for each fiscal year ranged from negative -24 percent to +21.7 percent.

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

- The Normal Cost (i.e., the annual cost associated with one year of service accrual) expressed as a percentage of total active payroll.
- The Past Service Cost or Accrued Liability (i.e., the current value of the benefit for all credited past service of current members) which is expressed as a lump sum dollar amount.

The cost is the sum of a percent of future pay and a lump sum dollar amount. To communicate the total cost, either the Normal Cost must be converted to a lump sum dollar amount or the Past Service Cost must be converted to a percent of payroll. Converting the Past Service Cost lump sum to a percent of payroll requires a specific amortization period, and the employer rate will vary depending on the amortization period chosen. CalPERS Board amortization and smoothing policies specify the amortization period used for each amortization base. These policies permit a restructuring of the amortization bases (also known as a "fresh start") when the application of the amortization policy would not otherwise achieve the goals of the policy – to eliminate the unfunded liabilities in a manner that maintains benefit security while minimizing substantial variations in employer contribution rates. Currently unfunded liabilities are paid as a percent of payroll. However, in the future, unfunded liabilities may be billed as dollar amounts as is the case for plans that are in risk pools.

Changes since the Prior Year's Valuation

Benefits

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

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B for a summary of the plan provisions used in this valuation. The effect of any mandated benefit changes or plan amendments on the unfunded liability is shown in the "(Gain)/Loss Analysis" and the effect on your employer contribution rate is shown in the "Reconciliation of Required Employer Contributions." It should be noted that no change in liability or rate is shown for any plan changes which were already included in the prior year's valuation.

Actuarial Methods and Assumptions

The CalPERS Board of Administration approved several changes to the demographic assumptions that more closely align with actual experience based on the most recent experience study. The most significant of these is mortality improvement to acknowledge the greater life expectancies we are seeing in our membership and expected continued improvements. The new actuarial assumptions are used to set the Fiscal Year 2016-17 contribution rates for public agency employers. The increase in liability due to new actuarial assumptions calculated in this actuarial valuation is amortized over a 20-year period with a 5-year ramp-up/ramp-down in accordance with Board amortization policy.

Subsequent Events

Actuarial Methods and Assumptions

One of CalPERS strategic goals is to improve the long-term pension benefit sustainability of the system through an integrated view of pension assets and liabilities. The Board of Administration has been engaging in discussions on the funding risks faced by the system and possible risk mitigation strategies to better protect our members. Recent Board actions on a new asset allocation, new actuarial assumptions and new smoothing and amortization policies have already lowered risk. However, future contribution rate volatility is expected as CalPERS pension plans continue to mature. Two approaches under consideration are a flexible glide path methodology, a lowering of the discount rate and expected investment volatility following a great investment return and a blended glide path methodology which is similar to the flexible glide path but with check points over time that would trigger additional asset allocation changes and lowering of the discount rate if investment returns did not result in a sufficient reduction in volatility. Either approach requires thoughtful discussion as it involves tradeoffs between short and long-term system impacts and potential future increases in required contributions. Additional information can be found on the CalPERS website with possible Board action on risk mitigation strategy and policy at the November 2015 Board meeting.

ASSETS

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

Reconciliation of the Market Value of Assets

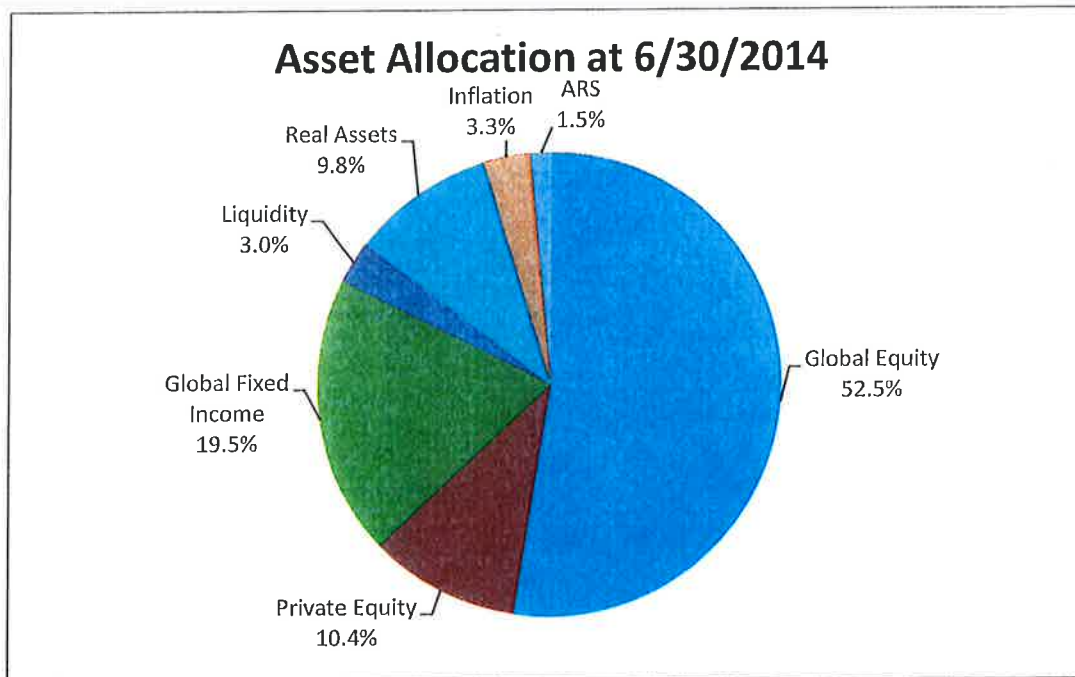
1. Market Value of Assets as of 6/30/13 Including Receivables	\$ 1,776,122,369
2. Change in Receivables for Service Buybacks as of 6/30/13	279,192
3. Employer Contributions	72,946,901
4. Employee Contributions	26,648,643
5. Benefit Payments to Retirees and Beneficiaries	(90,381,978)
6. Refunds	(1,539,513)
7. Lump Sum Payments	0
8. Transfers and Miscellaneous Adjustments	1,747,593
9. Investment Return	312,473,601
10. Market Value of Assets as of 6/30/14 Including Receivables	\$ 2,098,296,808

Asset Allocation

CalPERS adheres to an Asset Allocation Strategy which establishes asset class allocation policy targets and ranges, and manages those asset class allocations within their policy ranges. CalPERS Investment Belief No. 6 recognizes that strategic asset allocation is the dominant determinant of portfolio risk and return. On February 19, 2014 the CalPERS Board of Administration adopted changes to the current asset allocation as shown in the Policy Target Allocation below expressed as percentage of total assets. The asset allocation has an expected long term blended rate of return of 7.5 percent.

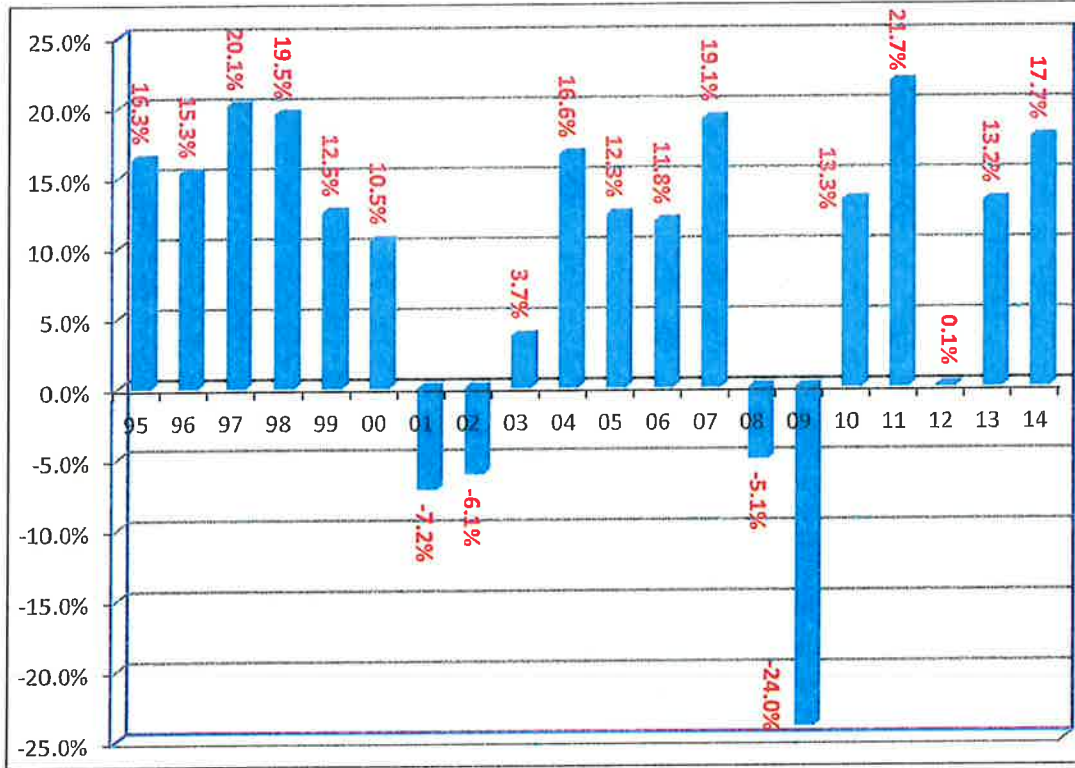
The asset allocation and market value of assets shown below reflect the values of the Public Employees Retirement Fund (PERF) in its entirety as of June 30, 2014. The assets for COUNTY OF RIVERSIDE SAFETY PLAN are part of the Public Employees Retirement Fund (PERF) and are invested accordingly.

(A) Asset Class	(B) Market Value (\$ Billion)	(C) Policy Target Allocation
Global Equity	158.2	50.0%
Private Equity	31.5	14.0%
Global Fixed Income	58.8	17.0%
Liquidity	9.0	4.0%
Real Assets	29.6	11.0%
Inflation Sensitive Assets	9.9	4.0%
Absolute Return Strategy (ARS)	4.5	0.0%
Total Fund	\$301.5	100.0%



CalPERS History of Investment Returns

The following is a chart with the 20-year historical annual returns of the Public Employees Retirement Fund for each fiscal year ending on June 30. Beginning in 2002, the figures are reported as gross of fees.



The table below shows historical geometric mean annual returns of the Public Employees Retirement Fund for various time periods ending on June 30, 2014, (figures are reported as gross of fees). The geometric mean rate of return is the average rate per period compounded over multiple periods. It should be recognized that in any given year the rate of return is volatile. Although the expected rate of return on the recently adopted new asset allocation is 7.5 percent, the portfolio has an expected volatility of 11.76 percent per year. The volatility is a measure of the risk of the portfolio expressed in the standard deviation of the fund's total return distribution, expressed in percent. Consequently when looking at investment returns it is more instructive to look at returns over longer time horizons.

History of CalPERS Geometric Mean Rates of Return and Volatilities					
	1 year	5 year	10 year	20 year	30 year
Geometric Return	17.7%	13.0%	7.1%	8.4%	10.1%
Volatility	-	8.1%	14.0%	11.9%	11.4%

LIABILITIES AND RATES

- **DEVELOPMENT OF ACCRUED AND UNFUNDED LIABILITIES**
- **(GAIN) / LOSS ANALYSIS 06/30/13 - 06/30/14**
- **SCHEDULE OF AMORTIZATION BASES**
- **ALTERNATE AMORTIZATION SCHEDULES**
- **RECONCILIATION OF REQUIRED EMPLOYER CONTRIBUTIONS**
- **EMPLOYER CONTRIBUTION RATE HISTORY**
- **FUNDING HISTORY**

Development of Accrued and Unfunded Liabilities

		Prior Year Assumptions	New Assumptions
	June 30, 2013	June 30, 2014	June 30, 2014
1. Present Value of Projected Benefits			
a) Active Members	\$ 1,648,048,992	1,803,457,218	2,004,878,525
b) Transferred Members	37,671,217	38,478,675	42,249,744
c) Terminated Members	22,193,297	20,999,771	17,287,333
d) Members and Beneficiaries Receiving Payments	1,192,580,977	1,254,203,556	1,299,541,268
e) Total	\$ 2,900,494,483	3,117,139,220	3,363,956,870
2. Present Value of Future Employer Normal Costs	\$ 392,915,243	409,556,209	492,797,500
3. Present Value of Future Employee Contributions	\$ 221,992,743	242,183,915	255,472,593
4. Entry Age Normal Accrued Liability			
a) Active Members [(1a) - (2) - (3)]	\$ 1,033,141,006	1,151,717,094	1,256,608,432
b) Transferred Members (1b)	37,671,217	38,478,675	42,249,744
c) Terminated Members (1c)	22,193,297	20,999,771	17,287,333
d) Members and Beneficiaries Receiving Payments (1d)	1,192,580,977	1,254,203,556	1,299,541,268
e) Total	\$ 2,285,586,497	2,465,399,096	2,615,686,777
5. Market Value of Assets (MVA)	\$ 1,776,122,369	2,098,296,808	2,098,296,808
6. Unfunded Liability [(4e) - (5)]	\$ 509,464,128	367,102,288	517,389,969
7. Funded Ratio [(5) / (4e)]	77.7%	85.1%	80.2%

(Gain) /Loss Analysis 6/30/13 - 6/30/14

To calculate the cost requirements of the plan, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is compared to the expected experience based on the actuarial assumptions. This results in actuarial gains or losses, as shown below.

A Total (Gain)/Loss for the Year	
1. Unfunded Accrued Liability (UAL) as of 6/30/13	\$ 509,464,128
2. Expected Payment on the UAL during 2013/2014	20,638,874
3. Interest through 6/30/14 $ [.075 \times (A1) - ((1.075)^{1/2} - 1) \times (A2)]$	37,449,844
4. Expected UAL before all other changes $ [(A1) - (A2) + (A3)]$	526,275,098
5. Change due to plan changes	0
6. Change due to assumption change	150,287,681
7. Expected UAL after all other changes $ [(A4) + (A5) + (A6)]$	676,562,779
8. Actual UAL as of 6/30/14	517,389,969
9. Total (Gain)/Loss for 2013/2014 $ [(A8) - (A7)]$	\$ (159,172,810)
B Contribution (Gain)/Loss for the Year	
1. Expected Contribution (Employer and Employee)	\$ 92,670,892
2. Interest on Expected Contributions	3,412,334
3. Actual Contributions	99,595,544
4. Interest on Actual Contributions	3,667,314
5. Expected Contributions with Interest $ [(B1) + (B2)]$	96,083,226
6. Actual Contributions with Interest $ [(B3) + (B4)]$	103,262,858
7. Contribution (Gain)/Loss $ [(B5) - (B6)]$	\$ (7,179,632)
C Asset (Gain)/Loss for the Year	
1. Market Value of Assets as of 6/30/13	\$ 1,776,122,369
2. Receivables PY	(7,391,036)
3. Receivables CY	7,670,228
4. Contributions Received	99,595,544
5. Benefits and Refunds Paid	(91,921,491)
6. Transfers and miscellaneous adjustments	1,747,593
7. Expected Int. $ [.075 \times (C1 + C2) + ((1.075)^{1/2} - 1) \times ((C4) + (C5) + (C6))]$	133,001,774
8. Expected Assets as of 6/30/14 $ [(C1) + (C2) + (C3) + (C4) + (C5) + (C6) + (C7)]$	1,918,824,981
9. Market Value of Assets as of 6/30/14	2,098,296,808
10. Asset (Gain)/Loss $ [(C8) - (C9)]$	\$ (179,471,827)
D Liability (Gain)/Loss for the Year	
1. Total (Gain)/Loss (A9)	\$ (159,172,810)
2. Contribution (Gain)/Loss (B7)	(7,179,632)
3. Asset (Gain)/Loss (C10)	(179,471,827)
4. Liability (Gain)/Loss $ [(D1) - (D2) - (D3)]$	\$ 27,478,649

Schedule of Amortization Bases

There is a two-year lag between the Valuation Date and the Contribution Fiscal Year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date; June 30, 2014.
- The employer contribution rate determined by the valuation is for the fiscal year beginning two years after the valuation date; Fiscal Year 2016-17.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and due to the need to provide public agencies with their employer contribution rates well in advance of the start of the fiscal year.

The Unfunded Liability is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The Unfunded Liability is rolled forward each year by subtracting the expected Payment on the Unfunded Liability for the fiscal year and adjusting for interest. The Expected Payment on the Unfunded Liability for a fiscal year is equal to the Expected Employer Contribution for the fiscal year minus the Expected Normal Cost for the year. The Employer Contribution Rate for the first fiscal year is determined by the actuarial valuation two years ago and the rate for the second year is from the actuarial valuation one year ago. The Normal Cost Rate for each of the two fiscal years is assumed to be the same as the rate determined by the current valuation. All expected dollar amounts are determined by multiplying the rate by the expected payroll for the applicable fiscal year, based on payroll as of the valuation date.

Reason for Base	Date Established	Amorti- zation Period	Balance 6/30/14	Expected Payment 2014-15	Balance 6/30/15	Expected Payment 2015-16	Amounts for Fiscal 2016-17		Payment as Percentage of Payroll
							Balance 6/30/16	Scheduled Payment for 2016-17	
FS 30-YEAR AMORTIZATION	06/30/08	24	\$(5,018,518)	\$(324,592)	\$(5,058,362)	\$(334,330)	\$(5,091,099)	\$(344,359)	(0.107%)
ASSUMPTION CHANGE	06/30/09	15	\$20,203,754	\$1,697,342	\$19,959,193	\$1,748,262	\$19,643,496	\$1,800,710	0.558%
SPECIAL (GAIN)/LOSS	06/30/09	25	\$70,822,080	\$4,488,578	\$71,479,880	\$4,623,235	\$72,047,399	\$4,761,932	1.476%
GOLDEN HANDSHAKE	06/30/10	16	\$12,792,465	\$1,034,204	\$12,679,614	\$1,065,230	\$12,526,131	\$1,097,187	0.340%
SPECIAL (GAIN)/LOSS	06/30/10	26	\$56,066,469	\$3,486,224	\$56,656,860	\$3,590,811	\$57,183,092	\$3,698,536	1.147%
ASSUMPTION CHANGE	06/30/11	17	\$45,326,116	\$3,536,659	\$45,058,689	\$3,642,759	\$44,661,197	\$3,752,042	1.163%
SPECIAL (GAIN)/LOSS	06/30/11	27	\$61,064,051	\$3,729,430	\$61,777,099	\$3,841,313	\$62,427,624	\$3,956,552	1.227%
PAYMENT (GAIN)/LOSS	06/30/12	28	\$(34,853,122)	\$(2,092,948)	\$(35,297,092)	\$(2,155,737)	\$(35,709,258)	\$(2,220,409)	(0.688%)
(GAIN)/LOSS	06/30/12	28	\$(4,974,478)	\$(298,720)	\$(5,037,844)	\$(307,682)	\$(5,096,672)	\$(316,912)	(0.098%)
(GAIN)/LOSS	06/30/13	29	\$304,846,282	\$(432,552)	\$328,158,233	\$4,615,557	\$347,984,589	\$9,508,047	2.948%
ASSUMPTION CHANGE	06/30/14	20	\$150,287,681	\$(6,120,047)	\$167,904,657	\$(6,303,649)	\$187,033,269	\$3,562,551	1.105%
(GAIN)/LOSS	06/30/14	30	\$(159,172,811)	\$1,897,816	\$(173,078,469)	\$2,239,085	\$(188,380,887)	\$(2,649,584)	(0.821%)
TOTAL			\$517,389,969	\$10,601,394	\$545,202,458	\$16,264,854	\$569,228,881	\$26,606,293	8.249%

Alternate Amortization Schedules

The amortization schedule shown on the previous page shows the minimum contribution required according to CalPERS amortization policy. There has been considerable interest from many agencies in paying off these unfunded accrued liabilities sooner and the possible savings in doing so. Therefore, we have provided alternate amortization schedules to help analyze your current amortization schedule and illustrate the advantages of accelerating payments towards your plan's unfunded liability of \$569,228,881 as of June 30, 2016, which under the minimum schedule, will require total payments of \$1,272,784,043. Shown below are the level rate payments required to amortize your plan's unfunded liability assuming a fresh start over the various periods noted. Note that the payments under each scenario would increase by 3 percent for each year into the future.

Period	Level Rate of Payroll Amortization				
	2016-17 Rate	2016-17 Payment	Total Payments	Total Interest	Difference from Current Schedule
20	13.325%	\$42,979,870	\$1,154,885,205	\$585,656,325	\$117,898,838
15	16.178%	\$52,180,947	\$970,508,937	\$401,280,057	\$302,275,106

If you are interested in changing your plan's amortization schedule please contact your plan actuary to discuss further.

Reconciliation of Required Employer Contributions

	Percentage of Projected Payroll	Estimated \$ Based on Projected Payroll
1. Contribution for 7/1/15 – 6/30/16	23.585%	\$ 69,935,935
2. Effect of changes since the prior year annual valuation		
a) Effect of changes in demographics and financial results	(0.133%)	(428,441)
b) Effect of plan changes	0.000%	0
c) Effect of changes in Assumptions	3.118%	10,056,841
d) Effect of change in payroll	-	6,134,768
e) Effect of elimination of amortization base	0.000%	0
f) Effect of changes due to Fresh Start	0.000%	0
g) Net effect of the changes above [Sum of (a) through (f)]	2.985%	15,763,168
3. Contribution for 7/1/16 – 6/30/17 [(1)+(2g)]	26.570%	85,699,103

The contribution actually paid (item 1) may be different if a prepayment of unfunded actuarial liability is made or a plan change became effective after the prior year's actuarial valuation was performed.

Employer Contribution Rate History

The table below provides a recent history of the employer contribution rates for your plan, as determined by the annual actuarial valuation. It does not account for prepayments or benefit changes made in the middle of the year.

Required By Valuation

Fiscal Year	Employer Normal Cost	Unfunded Rate	Total Employer Contribution Rate
2011 - 2012	18.395%	2.891%	21.286%
2012 - 2013	18.063%	4.396%	22.459%
2013 - 2014	17.504%	5.864%	23.368%
2014 - 2015	16.564%	5.335%	21.899%
2015 - 2016	16.729%	6.856%	23.585%
2016 - 2017	18.321%	8.249%	26.570%

Funding History

The Funding History below shows the recent history of the actuarial accrued liability, the market value of assets, the funded ratio and the annual covered payroll.

Valuation Date	Accrued Liability	Market Value of Assets (MVA)	Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/09	\$ 1,642,554,731	\$ 1,100,356,865	\$ 542,197,866	67.0%	\$ 265,237,512
06/30/10	1,809,467,588	1,279,783,747	529,683,841	70.7%	265,165,399
06/30/11	2,032,001,280	1,565,799,198	466,202,082	77.1%	273,169,605
06/30/12	2,086,406,405	1,567,404,726	519,001,679	75.1%	261,703,717
06/30/13	2,285,586,497	1,776,122,369	509,464,128	77.7%	271,367,032
06/30/14	2,615,686,777	2,098,296,808	517,389,969	80.2%	295,171,068

STPC ANALYSIS

- **VOLATILITY RATIOS**
- **PROJECTED RATES**
- **ANALYSIS OF FUTURE INVESTMENT RETURN SCENARIOS**
- **ANALYSIS OF DISCOUNT RATE SENSITIVITY**
- **HYPOTHETICAL TERMINATION LIABILITY**

Volatility Ratios

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

Asset Volatility Ratio (AVR)

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

Liability Volatility Ratio (LVR)

Plans that have higher liability to payroll ratios produce more volatile employer rates due to investment return and changes in liability. For example, a plan with a liability to payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability to payroll ratio of 4. The liability volatility ratio is also included in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility and the asset volatility ratio, described above, will tend to move closer to this ratio as the plan matures.

Rate Volatility	As of June 30, 2014	
1. Market Value of Assets without Receivables	\$	2,090,626,580
2. Payroll		295,171,068
3. Asset Volatility Ratio (AVR = 1. / 2.)		7.1
4. Accrued Liability	\$	2,615,686,777
5. Liability Volatility Ratio (LVR = 4. / 2.)		8.9

Projected Rates

The estimated rate for 2017-18 is based on a projection of the most recent information we have available, including an estimated 2.4 percent investment return for Fiscal Year 2014-15.

The table below shows projected employer contribution rates (before cost sharing) for the next five fiscal years, assuming CalPERS earns 2.4 percent for Fiscal Year 2014-15 and 7.50 percent every fiscal year thereafter, and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected contribution rates do not reflect that the plan's normal cost will decline over time as new employees are hired into PEPRA and other lower cost benefit tiers.

	Required Rate	Projected Future Employer Contribution Rates				
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Contribution Rates:	26.570%	28.8%	31.1%	33.4%	34.2%	34.7%

Analysis of Future Investment Return Scenarios

In 2014 CalPERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014 the CalPERS Board of Administration adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long-term blended return that continues to support a discount rate assumption of 7.5 percent. The newly adopted asset allocation has a lower expected investment volatility which will result in better risk characteristics than an equivalent margin for adverse deviation. The previous asset allocation had an expected standard deviation of 12.45 percent while the current asset allocation has a lower expected standard deviation of 11.76 percent.

The investment return for Fiscal Year 2014-15 was announced July 13, 2015. The investment return in Fiscal Year 2014-15 is 2.4 percent before administrative expenses. This year, there will be no adjustment for real estate and private equities. For purposes of projecting future employer rates, we are assuming a 2.4 percent investment return for Fiscal Year 2014-15.

The investment return realized during a fiscal year first affects the contribution rate for the fiscal year two years later. Specifically, the investment return for 2014-15 will first be reflected in the June 30, 2015 actuarial valuation that will be used to set the 2017-18 employer contribution rates. The 2015-16 investment return will first be reflected in the June 30, 2016 actuarial valuation that will be used to set the 2018-19 employer contribution rates and so forth.

Based on a 2.4 percent investment return for Fiscal Year 2014-15, the April 17, 2013 CalPERS Board-approved amortization and rate smoothing method change, the February 18, 2014 new demographic assumptions including 20-year mortality improvement using Scale BB and assuming that all other actuarial assumptions will be realized, and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the Fiscal Year 2017-18, the effect on the 2017-18 Employer Rate is as follows:

Estimated 2017-18 Employer Rate

28.8%

**Estimated Increase in Employer Rate between
2016-17 and 2017-18**

2.2%

As part of this report, a sensitivity analysis was performed to determine the effects of various investment returns during fiscal years 2015-16, 2016-17 and 2017-18 on the 2018-19, 2019-20 and 2020-21 employer rates. Once again, the projected rate increases assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

Five different investment return scenarios were selected.

- The first scenario is what one would expect if the markets were to give us a 5th percentile return from July 1, 2015 through June 30, 2018. The 5th percentile return corresponds to a -3.8 percent return for each of the 2015-16, 2016-17 and 2017-18 fiscal years.
- The second scenario is what one would expect if the markets were to give us a 25th percentile return from July 1, 2015 through June 30, 2018. The 25th percentile return corresponds to a 2.8 percent return for each of the 2015-16, 2016-17 and 2017-18 fiscal years.
- The third scenario assumed the return for 2015-16, 2016-17, 2017-18 would be our assumed 7.5 percent investment return which represents about a 49th percentile event.
- The fourth scenario is what one would expect if the markets were to give us a 75th percentile return from July 1, 2015 through June 30, 2018. The 75th percentile return corresponds to a 12.0 percent return for each of the 2015-16, 2016-17 and 2017-18 fiscal years.
- Finally, the last scenario is what one would expect if the markets were to give us a 95th percentile return from July 1, 2015 through June 30, 2018. The 95th percentile return corresponds to a 18.9 percent return for each of the 2015-16, 2016-17 and 2017-18 fiscal years.

The table below shows the estimated projected contribution rates and the estimated increases for your plan under the five different scenarios.

2015-18 Investment Return Scenario	Estimated Employer Rate			Estimated Change in Employer Rate between 2017-18 and 2020-21
	2018-19	2019-20	2020-21	
(3.8%) (5th percentile)	32.3%	36.8%	40.8%	12.0%
2.8% (25th percentile)	31.6%	34.8%	37.1%	8.2%
7.5%	31.1%	33.4%	34.2%	5.4%
12.0%(75th percentile)	30.7%	32.0%	31.3%	2.4%
18.9%(95th percentile)	30.0%	29.7%	18.3%	(10.5%)

Analysis of Discount Rate Sensitivity

The following analysis looks at the 2016-17 total normal cost rates and liabilities under two different discount rate scenarios. Shown below are the total normal cost rates assuming discount rates that are 1 percent lower and 1 percent higher than the current valuation discount rate. This analysis gives an indication of the potential plan impacts if the PERF were to realize investment returns of 6.50 percent or 8.50 percent over the long-term.

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

As of June 30, 2014	Sensitivity Analysis		
	6.50% Discount Rate (-1%)	7.50% Discount Rate (assumed rate)	8.50% Discount Rate (+1%)
Total Normal Cost	34.895%	27.412%	21.787%
Accrued Liability	\$3,020,510,864	\$2,615,686,777	\$2,287,590,716
Unfunded Accrued Liability	\$922,214,056	\$517,389,969	\$189,293,908

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of your plan if you had terminated your contract with CalPERS as of June 30, 2014. Your plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For this hypothetical termination liability calculation both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are included.

For the Terminated Agency Pool the CalPERS Board adopted a more conservative investment policy and asset allocation strategy. Since the Terminated Agency Pool has limited funding sources due to the fact that no future employer contributions will be made, expected benefit payments are secured by risk-free assets. With this change, CalPERS increased benefit security for members while limiting its funding risk. However, this asset allocation has a lower expected rate of return than the PERF. Consequently, the lower discount rate for the Terminated Agency pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during the period from July 1, 2013 through June 30, 2015.

Valuation Date	Market Value of Assets (MVA)	Hypothetical Termination Liability ^{1,2} @ 2.00%	Unfunded Termination Liability @ 2.00%	Hypothetical Termination Liability ^{1,2} @ 3.75%	Unfunded Termination Liability @ 3.75%
06/30/14	\$ 2,098,296,808	\$ 5,598,751,552	\$ 3,500,454,744	\$ 4,085,933,214	\$ 1,987,636,406

¹ The hypothetical liabilities calculated above include a 7 percent mortality contingency load in accordance with Board policy. Other actuarial assumptions, such as wage and inflation assumptions, can be found in Appendix A.

² The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 3.00% on June 30, 2014.

In order to terminate your plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow your plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of your plan liabilities. CalPERS strongly advises you to consult with your plan actuary before beginning this process.

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in the following section of this Appendix.

Benefit Provision	Contract Package					
	Active Peace	Active Fire	Active Peace	Active Peace	Active Peace	Receiving Peace
Benefit Formula Social Security Coverage Full/Modified	3.0% @ 50 No Full	3.0% @ 50 No Full	3.0% @ 50 No Full	2.7% @ 57 No Full	2.0% @ 50 No Full	Receiving Peace
Employee Contribution Rate	9.00%	9.00%	9.00%	10.75%	9.00%	
Final Average Compensation Period	One Year	Three Year	One Year	Three Year	Three Year	
Sick Leave Credit	No	No	No	No	No	
Non-Industrial Disability	Standard	Standard	Standard	Standard	Standard	
Industrial Disability	Yes	Yes	Yes	Yes	Yes	
Pre-Retirement Death Benefits Optional Settlement 2W	Yes	Yes	Yes	Yes	Yes	
1959 Survivor Benefit Level Special	Indexed Yes	Indexed Yes	Indexed Yes	Indexed Yes	Indexed Yes	
Alternate (firefighters)	No	No	No	No	No	
Post-Retirement Death Benefits Lump Sum	\$500 Yes	\$500 Yes	\$500 Yes	\$500 Yes	\$500 Yes	\$500 Yes
Survivor Allowance (PRSA)	2%	2%	2%	2%	2%	2%
COLA						

APPENDICES

- **APPENDIX A – ACTUARIAL METHODS AND ASSUMPTIONS**
- **APPENDIX B – PRINCIPAL PLAN PROVISIONS**
- **APPENDIX C – PARTICIPANT DATA**
- **APPENDIX D – DEVELOPMENT OF PEPRRA MEMBER CONTRIBUTION RATES**
- **APPENDIX E – GLOSSARY OF ACTUARIAL TERMS**

APPENDIX A

ACTUARIAL METHODS AND ASSUMPTIONS

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

Actuarial Data

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

Actuarial Methods

Funding Method

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

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

The excess of the total actuarial accrued liability over the market value of plan assets is called the unfunded actuarial accrued liability (UAL). Funding requirements are determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payrolls. Commencing with the June 30, 2013 valuation all new gains or losses are tracked and amortized over a fixed 30-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. All changes in liability due to plan amendments (other than golden handshakes), changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. Changes in unfunded accrued liability due to a Golden Handshake will be amortized over a period of 5 years.

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

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

The necessary additional contribution will be obtained by changing the amortization period of the gains and losses, except for those occurring in the fiscal years 2008-2009, 2009-2010, and 2010-2011 to a period, which will result in the satisfaction of the above criteria. CalPERS actuaries will reassess the criteria above when performing each future valuation to determine whether or not additional contributions are necessary.

An exception to the funding rules above is used whenever the application of such rules results in inconsistencies. In these cases, a "fresh start" approach is used. This simply means that the current unfunded actuarial liability is projected and amortized over a set number of years. However, in the case of a 30-year fresh start, just the unfunded liability not already in the (gain)/loss base (which is already amortized over 30 years), will go into the new fresh start base. In addition, a fresh start is needed in the following situations:

- 1) When a positive payment would be required on a negative unfunded actuarial liability (or conversely a negative payment on a positive unfunded actuarial liability); or

- 2) When there are excess assets, rather than an unfunded liability. In this situation, a 30-year fresh start is used, unless a longer fresh start is needed to avoid a negative total rate.

It should be noted that the actuary may choose to use a fresh start under other circumstances. In all cases, the fresh start period is set by the actuary at what is deemed appropriate; however, the period will not be greater than 30 years.

Asset Valuation Method

It is the policy of the CalPERS Board of Administration to use professionally accepted amortization methods to eliminate unfunded accrued liabilities or surpluses in a manner that maintains benefit security for the members of the System while minimizing substantial variations in employer contribution rates. On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS employs an amortization and smoothing policy that pays for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. CalPERS no longer uses an actuarial value of assets and only uses the market value of assets. This direct rate smoothing method is equivalent to a method using a 5 year asset smoothing period with no actuarial value of asset corridor and a 25-year amortization period for gains and losses.

PEPRA Normal Cost Rate Methodology

Per Government Code Section 7522.30(b) the "normal cost rate" shall mean the annual actuarially determined normal cost for the plan of retirement benefits provided to the new member and shall be established based on actuarial assumptions used to determine the liabilities and costs as part of the annual actuarial valuation. The plan of retirement benefits shall include any elements that would impact the actuarial determination of the normal cost, including, but not limited to, the retirement formula, eligibility and vesting criteria, ancillary benefit provisions, and any automatic cost-of-living adjustments as determined by the public retirement system.

Each non-pooled plan is considered to be stable with a sufficiently large demographic of actives. It is preferable to determine normal cost using a large active population ongoing so that this rate remains relatively stable. The total PEPRA normal cost will be calculated using all active members within a non-pooled plan. Accordingly plans will be funded equally between employer and employee based on the demographics of the employees of that employer. As each non-pooled plan builds up to either 100+ active PEPRA members or half of their active population is under the PEPRA formula, the total PEPRA normal cost will be based on the active PEPRA population in the plan.

Actuarial Assumptions

In 2014 CalPERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014 the CalPERS Board of Administration adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long-term blended return that continues to support a discount rate assumption of 7.5 percent. The Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these is mortality improvement to acknowledge the greater life expectancies we are seeing in our membership and expected continued improvements. The new actuarial assumptions are used in this valuation to set the Fiscal Year 2016-17 contribution rates for public agency employers. The increase in liability due to new actuarial assumptions is amortized over a 20-year period with a 5-year ramp-up/ramp-down in accordance with Board policy. These new actuarial assumptions are set forth below. For more details, please refer to the experience study report that can be found on the CalPERS website under: Forms and Publications Center; Employers Section. Click on View employer publications; Actuarial Reports and scroll down to CalPERS Experience Study.

Economic Assumptions

Discount Rate

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

Termination Liability Discount Rate

The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date.

Previously, for purposes of the hypothetical termination liability estimate, the discount rate used was the yield on the 30-year US Treasury Separate Trading of Registered Interest and Principal of Securities (STRIPS). However, this point in time estimate for the termination discount rate can be significantly different from the calculated discount rate for a plan termination based on prevailing market rates. Rather than using a point estimate the hypothetical termination liabilities in this report are calculated using an observed range of market interest rates. This range is based on the 20-year Treasury bond which has a similar duration to most plan liabilities and serves as a good proxy for the termination discount rate.

The securities purchased for the Terminated Agency Pool (TAP), however, consist solely of STRIPS, TIPS, and cash with varying maturity dates over the next 30 years. As a result, the methodology to set the discount rate for the TAP needs to be modified to ensure the discount rate is consistent with the yield rate of the portfolio. Beginning with the June 30, 2014 valuation the discount rate will be calculated by using a weighted average of the yields of the securities effective in the portfolio as of the last day of the most recent month of termination. This methodology would result in a discount rate that more closely reflects the yield rate of the TAP. As of June 30, 2014 this discount rate is 2.91 percent as opposed to the yield on the 30-year Strip of 3.55 percent.

Furthermore, when a plan with a large liability terminates a contingency immunization calculation is performed using actual cash flows of the terminating agency. Large liability terminations are expected to have large annual cash flows that may have an impact on the TAP's cash flows thus creating a need to rebalance the portfolio. Pricing the actual cash flows at current market rates would have the same effect as a rebalance. A large liability plan is defined as one that would cause a 50 percent reduction of the existing TAP surplus as of the latest annual valuation. Quotes would be retrieved from securities necessary to immunize the additional liability. The termination discount rate is determined using the methodology above with the calculation being based on the yields of the quoted securities as opposed to the entire TAP portfolio.

Salary Growth

Annual increases vary by category, entry age, and duration of service. A sample of assumed increases are shown below.

Public Agency Miscellaneous

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1220	0.1160	0.1020
1	0.0990	0.0940	0.0830
2	0.0860	0.0810	0.0710
3	0.0770	0.0720	0.0630
4	0.0700	0.0650	0.0570
5	0.0640	0.0600	0.0520
10	0.0460	0.0430	0.0390
15	0.0420	0.0400	0.0360
20	0.0390	0.0380	0.0340
25	0.0370	0.0360	0.0330
30	0.0350	0.0340	0.0320

Public Agency Fire

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.2000	0.1980	0.1680
1	0.1490	0.1460	0.1250
2	0.1200	0.1160	0.0990
3	0.0980	0.0940	0.0810
4	0.0820	0.0780	0.0670
5	0.0690	0.0640	0.0550
10	0.0470	0.0460	0.0420
15	0.0440	0.0420	0.0390
20	0.0420	0.0390	0.0360
25	0.0400	0.0370	0.0340
30	0.0380	0.0360	0.0340

Public Agency Police

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1500	0.1470	0.1310
1	0.1160	0.1120	0.1010
2	0.0950	0.0920	0.0830
3	0.0810	0.0780	0.0700
4	0.0700	0.0670	0.0600
5	0.0610	0.0580	0.0520
10	0.0450	0.0430	0.0370
15	0.0450	0.0430	0.0370
20	0.0450	0.0430	0.0370
25	0.0450	0.0430	0.0370
30	0.0450	0.0430	0.0370

Salary Growth (continued)

Public Agency County Peace Officers			
<u>Duration of Service</u>	<u>(Entry Age 20)</u>	<u>(Entry Age 30)</u>	<u>(Entry Age 40)</u>
0	0.1770	0.1670	0.1500
1	0.1340	0.1260	0.1140
2	0.1080	0.1030	0.0940
3	0.0900	0.0860	0.0790
4	0.0760	0.0730	0.0670
5	0.0650	0.0620	0.0580
10	0.0470	0.0450	0.0410
15	0.0460	0.0450	0.0390
20	0.0460	0.0450	0.0380
25	0.0460	0.0450	0.0380
30	0.0460	0.0440	0.0380

Schools			
<u>Duration of Service</u>	<u>(Entry Age 20)</u>	<u>(Entry Age 30)</u>	<u>(Entry Age 40)</u>
0	0.0900	0.0880	0.0820
1	0.0780	0.0750	0.0700
2	0.0700	0.0680	0.0630
3	0.0650	0.0630	0.0580
4	0.0610	0.0590	0.0540
5	0.0580	0.0560	0.0510
10	0.0460	0.0450	0.0410
15	0.0420	0.0410	0.0380
20	0.0390	0.0380	0.0350
25	0.0370	0.0350	0.0330
30	0.0350	0.0330	0.0310

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

Overall Payroll Growth

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

Inflation

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

Non-valued Potential Additional Liabilities

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

Miscellaneous Loading Factors

Credit for Unused Sick Leave

Total years of service is increased by 1 percent for those plans that have accepted the provision providing Credit for Unused Sick Leave.

Conversion of Employer Paid Member Contributions (EPMC)

Total years of service is increased by the Employee Contribution Rate for those plans with the provision providing for the Conversion of Employer Paid Member Contributions (EPMC) during the final compensation period.

Norris Decision (Best Factors)

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

Termination Liability

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

Demographic Assumptions

Pre-Retirement Mortality

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

Age	Non-Industrial Death (Not Job-Related)		Industrial Death (Job-Related)
	Male	Female	Male and Female
20	0.00031	0.00020	0.00003
25	0.00040	0.00023	0.00007
30	0.00049	0.00025	0.00010
35	0.00057	0.00035	0.00012
40	0.00075	0.00050	0.00013
45	0.00106	0.00071	0.00014
50	0.00155	0.00100	0.00015
55	0.00228	0.00138	0.00016
60	0.00308	0.00182	0.00017
65	0.00400	0.00257	0.00018
70	0.00524	0.00367	0.00019
75	0.00713	0.00526	0.00020
80	0.00990	0.00814	0.00021

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

Post-Retirement Mortality

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

Age	Healthy Recipients		Non-Industrially Disabled (Not Job-Related)		Industrially Disabled (Job-Related)	
	Male	Female	Male	Female	Male	Female
50	0.00501	0.00466	0.01680	0.01158	0.00501	0.00466
55	0.00599	0.00416	0.01973	0.01149	0.00599	0.00416
60	0.00710	0.00436	0.02289	0.01235	0.00754	0.00518
65	0.00829	0.00588	0.02451	0.01607	0.01122	0.00838
70	0.01305	0.00993	0.02875	0.02211	0.01635	0.01395
75	0.02205	0.01722	0.03990	0.03037	0.02834	0.02319
80	0.03899	0.02902	0.06083	0.04725	0.04899	0.03910
85	0.06969	0.05243	0.09731	0.07762	0.07679	0.06251
90	0.12974	0.09887	0.14804	0.12890	0.12974	0.09887
95	0.22444	0.18489	0.22444	0.21746	0.22444	0.18489
100	0.32536	0.30017	0.32536	0.30017	0.32536	0.30017
105	0.58527	0.56093	0.58527	0.56093	0.58527	0.56093
110	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000

The post-retirement mortality rates above include 20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries.

Marital Status

For active members, a percentage who are married upon retirement is assumed according to member category as shown in the following table.

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

Age of Spouse

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

Terminated Members

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

Age	Load Factor Miscellaneous	Load Factor Safety
50	190%	310%
51	110%	190%
52	110%	105%
53 through 54	100%	105%
55	100%	140%
56 and above	100% (no change)	100% (no change)

Termination with Refund

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

Public Agency Miscellaneous

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

Public Agency Safety

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

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

Schools

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

30	0.0015	0.0003	0.0002	0.0002	0.0002	0.0002
35	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002

Termination with Vested Benefits

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

Public Agency Miscellaneous

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

Public Agency Safety

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

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

Schools

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

Non-Industrial (Not Job-Related) Disability

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

Age	Miscellaneous		Fire	Police	County Peace Officer	Schools	
	Male	Female	Male and Female	Male and Female	Male and Female	Male	Female
20	0.0002	0.0001	0.0001	0.0001	0.0001	0.0003	0.0003
25	0.0002	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001
30	0.0002	0.0002	0.0001	0.0002	0.0001	0.0001	0.0002
35	0.0005	0.0008	0.0001	0.0003	0.0004	0.0005	0.0004
40	0.0012	0.0016	0.0001	0.0004	0.0007	0.0015	0.0010
45	0.0019	0.0022	0.0002	0.0005	0.0013	0.0030	0.0019
50	0.0021	0.0023	0.0005	0.0008	0.0018	0.0039	0.0024
55	0.0022	0.0018	0.0010	0.0013	0.0010	0.0036	0.0021
60	0.0022	0.0014	0.0015	0.0020	0.0006	0.0031	0.0014

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

Industrial (Job-Related) Disability

Rates vary by age and category.

Age	Fire	Police	County Peace Officer
20	0.0001	0.0000	0.0004
25	0.0003	0.0017	0.0013
30	0.0007	0.0048	0.0025
35	0.0016	0.0079	0.0037
40	0.0030	0.0110	0.0051
45	0.0053	0.0141	0.0067
50	0.0277	0.0185	0.0092
55	0.0409	0.0479	0.0151
60	0.0583	0.0602	0.0174

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

Service Retirement

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

Service Retirement

Public Agency Miscellaneous 1.5% @ 65

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

Public Agency Miscellaneous 2% @ 60

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.010	0.013	0.015	0.018	0.019	0.021
51	0.009	0.011	0.014	0.016	0.017	0.019
52	0.011	0.014	0.017	0.020	0.022	0.024
53	0.010	0.012	0.015	0.017	0.020	0.021
54	0.015	0.019	0.023	0.025	0.029	0.031
55	0.022	0.029	0.035	0.040	0.045	0.049
56	0.018	0.024	0.028	0.033	0.036	0.040
57	0.024	0.032	0.038	0.043	0.049	0.053
58	0.027	0.036	0.043	0.049	0.055	0.061
59	0.033	0.044	0.054	0.061	0.068	0.076
60	0.056	0.077	0.092	0.105	0.117	0.130
61	0.071	0.097	0.118	0.134	0.149	0.166
62	0.117	0.164	0.198	0.224	0.250	0.280
63	0.122	0.171	0.207	0.234	0.261	0.292
64	0.114	0.159	0.193	0.218	0.244	0.271
65	0.150	0.209	0.255	0.287	0.321	0.358
66	0.114	0.158	0.192	0.217	0.243	0.270
67	0.141	0.196	0.238	0.270	0.301	0.337
68	0.103	0.143	0.174	0.196	0.219	0.245
69	0.109	0.153	0.185	0.209	0.234	0.261
70	0.117	0.162	0.197	0.222	0.248	0.277

Service Retirement

Public Agency Miscellaneous 2% @ 55

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.014	0.018	0.021	0.025	0.027	0.031
51	0.012	0.014	0.017	0.020	0.021	0.025
52	0.013	0.017	0.019	0.023	0.025	0.028
53	0.015	0.020	0.023	0.027	0.030	0.034
54	0.026	0.033	0.038	0.045	0.051	0.059
55	0.048	0.061	0.074	0.088	0.100	0.117
56	0.042	0.053	0.063	0.075	0.085	0.100
57	0.044	0.056	0.067	0.081	0.091	0.107
58	0.049	0.062	0.074	0.089	0.100	0.118
59	0.057	0.072	0.086	0.103	0.118	0.138
60	0.067	0.086	0.103	0.123	0.139	0.164
61	0.081	0.103	0.124	0.148	0.168	0.199
62	0.116	0.147	0.178	0.214	0.243	0.288
63	0.114	0.144	0.174	0.208	0.237	0.281
64	0.108	0.138	0.166	0.199	0.227	0.268
65	0.155	0.197	0.238	0.285	0.325	0.386
66	0.132	0.168	0.203	0.243	0.276	0.328
67	0.122	0.155	0.189	0.225	0.256	0.304
68	0.111	0.141	0.170	0.204	0.232	0.274
69	0.114	0.144	0.174	0.209	0.238	0.282
70	0.130	0.165	0.200	0.240	0.272	0.323

Public Agency Miscellaneous 2.5% @ 55

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.004	0.009	0.019	0.029	0.049	0.094
51	0.004	0.009	0.019	0.029	0.049	0.094
52	0.004	0.009	0.020	0.030	0.050	0.095
53	0.008	0.014	0.025	0.036	0.058	0.104
54	0.024	0.034	0.050	0.066	0.091	0.142
55	0.066	0.088	0.115	0.142	0.179	0.241
56	0.042	0.057	0.078	0.098	0.128	0.184
57	0.041	0.057	0.077	0.097	0.128	0.183
58	0.045	0.061	0.083	0.104	0.136	0.192
59	0.055	0.074	0.098	0.123	0.157	0.216
60	0.066	0.088	0.115	0.142	0.179	0.241
61	0.072	0.095	0.124	0.153	0.191	0.255
62	0.099	0.130	0.166	0.202	0.248	0.319
63	0.092	0.121	0.155	0.189	0.233	0.302
64	0.091	0.119	0.153	0.187	0.231	0.299
65	0.122	0.160	0.202	0.245	0.297	0.374
66	0.138	0.179	0.226	0.272	0.329	0.411
67	0.114	0.149	0.189	0.229	0.279	0.354
68	0.100	0.131	0.168	0.204	0.250	0.322
69	0.114	0.149	0.189	0.229	0.279	0.354
70	0.127	0.165	0.209	0.253	0.306	0.385

Service Retirement

Public Agency Miscellaneous 2.7% @ 55

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.004	0.009	0.014	0.035	0.055	0.095
51	0.002	0.006	0.011	0.030	0.050	0.090
52	0.006	0.012	0.017	0.038	0.059	0.099
53	0.010	0.017	0.024	0.046	0.068	0.110
54	0.032	0.044	0.057	0.085	0.113	0.160
55	0.076	0.101	0.125	0.165	0.205	0.265
56	0.055	0.074	0.093	0.127	0.160	0.214
57	0.050	0.068	0.086	0.118	0.151	0.204
58	0.055	0.074	0.093	0.127	0.161	0.215
59	0.061	0.082	0.102	0.138	0.174	0.229
60	0.069	0.093	0.116	0.154	0.192	0.250
61	0.086	0.113	0.141	0.183	0.225	0.288
62	0.105	0.138	0.171	0.218	0.266	0.334
63	0.103	0.135	0.167	0.215	0.262	0.329
64	0.109	0.143	0.177	0.226	0.275	0.344
65	0.134	0.174	0.215	0.270	0.326	0.401
66	0.147	0.191	0.235	0.294	0.354	0.433
67	0.121	0.158	0.196	0.248	0.300	0.372
68	0.113	0.147	0.182	0.232	0.282	0.352
69	0.117	0.153	0.189	0.240	0.291	0.362
70	0.141	0.183	0.226	0.283	0.341	0.418

Public Agency Miscellaneous 3% @ 60

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.012	0.018	0.024	0.039	0.040	0.091
51	0.009	0.014	0.019	0.034	0.034	0.084
52	0.014	0.020	0.026	0.043	0.044	0.096
53	0.016	0.023	0.031	0.048	0.050	0.102
54	0.026	0.036	0.045	0.065	0.070	0.125
55	0.043	0.057	0.072	0.096	0.105	0.165
56	0.042	0.056	0.070	0.094	0.103	0.162
57	0.049	0.065	0.082	0.108	0.119	0.180
58	0.057	0.076	0.094	0.122	0.136	0.199
59	0.076	0.100	0.123	0.157	0.175	0.244
60	0.114	0.148	0.182	0.226	0.255	0.334
61	0.095	0.123	0.152	0.190	0.214	0.288
62	0.133	0.172	0.211	0.260	0.294	0.378
63	0.129	0.166	0.204	0.252	0.285	0.368
64	0.143	0.185	0.226	0.278	0.315	0.401
65	0.202	0.260	0.318	0.386	0.439	0.542
66	0.177	0.228	0.279	0.340	0.386	0.482
67	0.151	0.194	0.238	0.292	0.331	0.420
68	0.139	0.179	0.220	0.270	0.306	0.391
69	0.190	0.245	0.299	0.364	0.414	0.513
70	0.140	0.182	0.223	0.274	0.310	0.396

Service Retirement

Public Agency Miscellaneous 2% @ 62						
Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.000	0.000	0.000	0.000	0.000	0.000
51	0.000	0.000	0.000	0.000	0.000	0.000
52	0.010	0.013	0.016	0.019	0.022	0.024
53	0.013	0.017	0.020	0.024	0.027	0.031
54	0.021	0.027	0.033	0.039	0.045	0.050
55	0.044	0.056	0.068	0.080	0.092	0.104
56	0.030	0.039	0.047	0.055	0.063	0.072
57	0.036	0.046	0.056	0.066	0.076	0.086
58	0.046	0.059	0.072	0.085	0.097	0.110
59	0.058	0.074	0.089	0.105	0.121	0.137
60	0.062	0.078	0.095	0.112	0.129	0.146
61	0.062	0.079	0.096	0.113	0.129	0.146
62	0.097	0.123	0.150	0.176	0.202	0.229
63	0.089	0.113	0.137	0.162	0.186	0.210
64	0.094	0.120	0.145	0.171	0.197	0.222
65	0.129	0.164	0.199	0.234	0.269	0.304
66	0.105	0.133	0.162	0.190	0.219	0.247
67	0.105	0.133	0.162	0.190	0.219	0.247
68	0.105	0.133	0.162	0.190	0.219	0.247
69	0.105	0.133	0.162	0.190	0.219	0.247
70	0.125	0.160	0.194	0.228	0.262	0.296

Service Retirement

Public Agency Fire ½ @ 55 and 2% @ 55			
Age	Rate	Age	Rate
50	0.0159	56	0.1108
51	0.0000	57	0.0000
52	0.0344	58	0.0950
53	0.0199	59	0.0441
54	0.0413	60	1.00000
55	0.0751		

Public Agency Police ½ @ 55 and 2% @ 55			
Age	Rate	Age	Rate
50	0.0255	56	0.0692
51	0.0000	57	0.0511
52	0.0164	58	0.0724
53	0.0272	59	0.0704
54	0.0095	60	1.0000
55	0.1667		

Service Retirement

Public Agency Police 2% @ 50						
Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.005	0.005	0.005	0.005	0.017	0.089
51	0.005	0.005	0.005	0.005	0.017	0.087
52	0.018	0.018	0.018	0.018	0.042	0.132
53	0.044	0.044	0.044	0.044	0.090	0.217
54	0.065	0.065	0.065	0.065	0.126	0.283
55	0.086	0.086	0.086	0.086	0.166	0.354
56	0.067	0.067	0.067	0.067	0.130	0.289
57	0.066	0.066	0.066	0.066	0.129	0.288
58	0.066	0.066	0.066	0.066	0.129	0.288
59	0.139	0.139	0.139	0.139	0.176	0.312
60	0.123	0.123	0.123	0.123	0.153	0.278
61	0.110	0.110	0.110	0.110	0.138	0.256
62	0.130	0.130	0.130	0.130	0.162	0.291
63	0.130	0.130	0.130	0.130	0.162	0.291
64	0.130	0.130	0.130	0.130	0.162	0.291
65	1.000	1.000	1.000	1.000	1.000	1.000

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

Service Retirement

Public Agency Fire 2% @ 50						
Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.009	0.009	0.009	0.009	0.013	0.020
51	0.013	0.013	0.013	0.013	0.020	0.029
52	0.018	0.018	0.018	0.018	0.028	0.042
53	0.052	0.052	0.052	0.052	0.079	0.119
54	0.067	0.067	0.067	0.067	0.103	0.154
55	0.089	0.089	0.089	0.089	0.136	0.204
56	0.083	0.083	0.083	0.083	0.127	0.190
57	0.082	0.082	0.082	0.082	0.126	0.189
58	0.088	0.088	0.088	0.088	0.136	0.204
59	0.074	0.074	0.074	0.074	0.113	0.170
60	0.100	0.100	0.100	0.100	0.154	0.230
61	0.072	0.072	0.072	0.072	0.110	0.165
62	0.099	0.099	0.099	0.099	0.152	0.228
63	0.114	0.114	0.114	0.114	0.175	0.262
64	0.114	0.114	0.114	0.114	0.175	0.262
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 3% @ 55						
Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.004	0.004	0.004	0.004	0.015	0.086
51	0.014	0.014	0.014	0.014	0.034	0.114
52	0.026	0.026	0.026	0.026	0.060	0.154
53	0.038	0.038	0.038	0.038	0.083	0.188
54	0.071	0.071	0.071	0.071	0.151	0.292
55	0.061	0.061	0.061	0.061	0.131	0.261
56	0.072	0.072	0.072	0.072	0.153	0.295
57	0.065	0.065	0.065	0.065	0.140	0.273
58	0.066	0.066	0.066	0.066	0.142	0.277
59	0.118	0.118	0.118	0.118	0.247	0.437
60	0.065	0.065	0.065	0.065	0.138	0.272
61	0.084	0.084	0.084	0.084	0.178	0.332
62	0.108	0.108	0.108	0.108	0.226	0.405
63	0.084	0.084	0.084	0.084	0.178	0.332
64	0.084	0.084	0.084	0.084	0.178	0.332
65	1.000	1.000	1.000	1.000	1.000	1.000

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

Service Retirement

Public Agency Fire 3% @ 55						
Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.001	0.001	0.001	0.006	0.016	0.069
51	0.002	0.002	0.002	0.006	0.018	0.071
52	0.012	0.012	0.012	0.021	0.040	0.098
53	0.032	0.032	0.032	0.049	0.085	0.149
54	0.057	0.057	0.057	0.087	0.144	0.217
55	0.073	0.073	0.073	0.109	0.179	0.259
56	0.064	0.064	0.064	0.097	0.161	0.238
57	0.063	0.063	0.063	0.095	0.157	0.233
58	0.065	0.065	0.065	0.099	0.163	0.241
59	0.088	0.088	0.088	0.131	0.213	0.299
60	0.105	0.105	0.105	0.155	0.251	0.344
61	0.118	0.118	0.118	0.175	0.282	0.380
62	0.087	0.087	0.087	0.128	0.210	0.295
63	0.067	0.067	0.067	0.100	0.165	0.243
64	0.067	0.067	0.067	0.100	0.165	0.243
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 3% @ 50						
Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.050	0.050	0.050	0.099	0.240	0.314
51	0.034	0.034	0.034	0.072	0.198	0.260
52	0.033	0.033	0.033	0.071	0.198	0.259
53	0.039	0.039	0.039	0.080	0.212	0.277
54	0.045	0.045	0.045	0.092	0.229	0.300
55	0.052	0.052	0.052	0.105	0.248	0.323
56	0.042	0.042	0.042	0.087	0.221	0.289
57	0.043	0.043	0.043	0.088	0.223	0.292
58	0.054	0.054	0.054	0.109	0.255	0.333
59	0.054	0.054	0.054	0.108	0.253	0.330
60	0.060	0.060	0.060	0.121	0.272	0.355
61	0.048	0.048	0.048	0.098	0.238	0.311
62	0.061	0.061	0.061	0.122	0.274	0.357
63	0.057	0.057	0.057	0.115	0.263	0.343
64	0.069	0.069	0.069	0.137	0.296	0.385
65	1.000	1.000	1.000	1.000	1.000	1.000

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

Service Retirement

Public Agency Fire 3% @ 50						
Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.020	0.020	0.020	0.040	0.130	0.192
51	0.008	0.008	0.008	0.023	0.107	0.164
52	0.023	0.023	0.023	0.043	0.136	0.198
53	0.023	0.023	0.023	0.043	0.135	0.198
54	0.027	0.027	0.027	0.048	0.143	0.207
55	0.043	0.043	0.043	0.070	0.174	0.244
56	0.053	0.053	0.053	0.085	0.196	0.269
57	0.054	0.054	0.054	0.086	0.197	0.271
58	0.052	0.052	0.052	0.084	0.193	0.268
59	0.075	0.075	0.075	0.116	0.239	0.321
60	0.065	0.065	0.065	0.102	0.219	0.298
61	0.076	0.076	0.076	0.117	0.241	0.324
62	0.068	0.068	0.068	0.106	0.224	0.304
63	0.027	0.027	0.027	0.049	0.143	0.208
64	0.094	0.094	0.094	0.143	0.277	0.366
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 2% @ 57						
Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.011	0.011	0.011	0.011	0.020	0.036
51	0.009	0.009	0.009	0.009	0.016	0.028
52	0.018	0.018	0.018	0.018	0.034	0.060
53	0.037	0.037	0.037	0.037	0.067	0.119
54	0.049	0.049	0.049	0.049	0.089	0.159
55	0.063	0.063	0.063	0.063	0.115	0.205
56	0.045	0.045	0.045	0.045	0.082	0.146
57	0.064	0.064	0.064	0.064	0.117	0.209
58	0.047	0.047	0.047	0.047	0.086	0.154
59	0.105	0.105	0.105	0.105	0.130	0.191
60	0.105	0.105	0.105	0.105	0.129	0.188
61	0.105	0.105	0.105	0.105	0.129	0.188
62	0.105	0.105	0.105	0.105	0.129	0.188
63	0.105	0.105	0.105	0.105	0.129	0.188
64	0.105	0.105	0.105	0.105	0.129	0.188
65	1.000	1.000	1.000	1.000	1.000	1.000

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

Service Retirement

Public Agency Fire 2% @ 57						
Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.005	0.005	0.005	0.005	0.008	0.012
51	0.006	0.006	0.006	0.006	0.009	0.013
52	0.012	0.012	0.012	0.012	0.019	0.028
53	0.033	0.033	0.033	0.033	0.050	0.075
54	0.045	0.045	0.045	0.045	0.069	0.103
55	0.061	0.061	0.061	0.061	0.094	0.140
56	0.055	0.055	0.055	0.055	0.084	0.126
57	0.081	0.081	0.081	0.081	0.125	0.187
58	0.059	0.059	0.059	0.059	0.091	0.137
59	0.055	0.055	0.055	0.055	0.084	0.126
60	0.085	0.085	0.085	0.085	0.131	0.196
61	0.085	0.085	0.085	0.085	0.131	0.196
62	0.085	0.085	0.085	0.085	0.131	0.196
63	0.085	0.085	0.085	0.085	0.131	0.196
64	0.085	0.085	0.085	0.085	0.131	0.196
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 2.5% @ 57

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.014	0.014	0.014	0.014	0.025	0.045
51	0.012	0.012	0.012	0.012	0.021	0.038
52	0.025	0.025	0.025	0.025	0.046	0.081
53	0.047	0.047	0.047	0.047	0.086	0.154
54	0.063	0.063	0.063	0.063	0.115	0.205
55	0.076	0.076	0.076	0.076	0.140	0.249
56	0.054	0.054	0.054	0.054	0.099	0.177
57	0.071	0.071	0.071	0.071	0.130	0.232
58	0.057	0.057	0.057	0.057	0.103	0.184
59	0.126	0.126	0.126	0.126	0.156	0.229
60	0.126	0.126	0.126	0.126	0.155	0.226
61	0.126	0.126	0.126	0.126	0.155	0.226
62	0.126	0.126	0.126	0.126	0.155	0.226
63	0.126	0.126	0.126	0.126	0.155	0.226
64	0.126	0.126	0.126	0.126	0.155	0.226
65	1.000	1.000	1.000	1.000	1.000	1.000

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

Service Retirement

Public Agency Fire 2.5% @ 57

Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.007	0.007	0.007	0.007	0.010	0.015
51	0.008	0.008	0.008	0.008	0.012	0.018
52	0.016	0.016	0.016	0.016	0.025	0.038
53	0.042	0.042	0.042	0.042	0.064	0.096
54	0.057	0.057	0.057	0.057	0.088	0.132
55	0.074	0.074	0.074	0.074	0.114	0.170
56	0.066	0.066	0.066	0.066	0.102	0.153
57	0.090	0.090	0.090	0.090	0.139	0.208
58	0.071	0.071	0.071	0.071	0.110	0.164
59	0.066	0.066	0.066	0.066	0.101	0.151
60	0.102	0.102	0.102	0.102	0.157	0.235
61	0.102	0.102	0.102	0.102	0.157	0.236
62	0.102	0.102	0.102	0.102	0.157	0.236
63	0.102	0.102	0.102	0.102	0.157	0.236
64	0.102	0.102	0.102	0.102	0.157	0.236
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 2.7% @ 57						
Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.0138	0.0138	0.0138	0.0138	0.0253	0.0451
51	0.0123	0.0123	0.0123	0.0123	0.0226	0.0402
52	0.0249	0.0249	0.0249	0.0249	0.0456	0.0812
53	0.0497	0.0497	0.0497	0.0497	0.0909	0.1621
54	0.0662	0.0662	0.0662	0.0662	0.1211	0.2160
55	0.0854	0.0854	0.0854	0.0854	0.1563	0.2785
56	0.0606	0.0606	0.0606	0.0606	0.1108	0.1975
57	0.0711	0.0711	0.0711	0.0711	0.1300	0.2318
58	0.0628	0.0628	0.0628	0.0628	0.1149	0.2049
59	0.1396	0.1396	0.1396	0.1396	0.1735	0.2544
60	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506
61	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506
62	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506
63	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506
64	0.1396	0.1396	0.1396	0.1396	0.1719	0.2506
65	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

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

Service Retirement

Public Agency Fire 2.7% @ 57						
Age	Duration of Service					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.0065	0.0065	0.0065	0.0065	0.0101	0.0151
51	0.0081	0.0081	0.0081	0.0081	0.0125	0.0187
52	0.0164	0.0164	0.0164	0.0164	0.0254	0.0380
53	0.0442	0.0442	0.0442	0.0442	0.0680	0.1018
54	0.0606	0.0606	0.0606	0.0606	0.0934	0.1397
55	0.0825	0.0825	0.0825	0.0825	0.1269	0.1900
56	0.0740	0.0740	0.0740	0.0740	0.1140	0.1706
57	0.0901	0.0901	0.0901	0.0901	0.1387	0.2077
58	0.0790	0.0790	0.0790	0.0790	0.1217	0.1821
59	0.0729	0.0729	0.0729	0.0729	0.1123	0.1681
60	0.1135	0.1135	0.1135	0.1135	0.1747	0.2615
61	0.1136	0.1136	0.1136	0.1136	0.1749	0.2618
62	0.1136	0.1136	0.1136	0.1136	0.1749	0.2618
63	0.1136	0.1136	0.1136	0.1136	0.1749	0.2618
64	0.1136	0.1136	0.1136	0.1136	0.1749	0.2618
65	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Service Retirement

Schools 2% @ 55

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

Miscellaneous

Superfunded Status

Prior to enactment of the Public Employees' Pension Reform Act (PEPRA) that became effective January 1, 2013, a plan in superfunded status (actuarial value of assets exceeding present value of benefits) would normally pay a zero employer contribution rate while also being permitted to use its superfunded assets to pay its employees' normal member contributions.

However, Section 7522.52(a) of PEPRA states, "In any fiscal year a public employer's contribution to a defined benefit plan, in combination with employee contributions to that defined benefit plan, shall not be less than the total normal cost rate..." This means that not only must employers pay their employer normal cost regardless of plan surplus, but also, employers may no longer use superfunded assets to pay employee normal member contributions.

Internal Revenue Code Section 415

The limitations on benefits imposed by Internal Revenue Code Section 415 are taken into account in this valuation. Each year the impact of any changes in this limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base. This results in lower contributions for those employers contributing to the Replacement Benefit Fund and protects CalPERS from prefunding expected benefits in excess of limits imposed by federal tax law.

Internal Revenue Code Section 401(a)(17)

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

PEPRA Assumptions

The Public Employees' Pension Reform Act of 2013 (PEPRA) mandated new benefit formulas and new member contributions for new members (as defined by PEPRA) hired after January 1, 2013. For non-pooled plans, these new members were first reflected in the June 30, 2013 non-pooled plan valuations. New members in pooled plans were first reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in November 2012 in response to the passage of PEPRA, also beginning with the June 30, 2013 valuation. Assumptions for PEPRA members are disclosed in Appendix A tables.

APPENDIX B

PRINCIPAL PLAN REVISIONS

The following is a description of the principal plan provisions used in calculating costs and liabilities. We have indicated whether a plan provision is standard or optional. Standard benefits are applicable to all members while optional benefits vary among employers. Optional benefits that apply to a single period of time, such as Golden Handshakes, have not been included. Many of the statements in this summary are general in nature, and are intended to provide an easily understood summary of the complex Public Employees' Retirement Law. The law itself governs in all situations. For a full listing of all optional benefits refer to the PERS-CON-40 available on CalPERS website by choosing Employer Information > Retirement Benefit Programs & Contracting Services > Retirement Benefits Program > Contract Information > Optional Benefits

Service Retirement

Eligibility

A classic CalPERS member or PEPRSA Safety member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). For employees hired into a plan with the 1.5 percent at 65 formula, eligibility for service retirement is age 55 with at least 5 years of service. PEPRSA miscellaneous members become eligible for Service Retirement upon attainment of age 52 with at least 5 years of service.

Benefit

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

- The *benefit factor* depends on the benefit formula specified in your agency's contract. The table below shows the factors for each of the available formulas. Factors vary by the member's age at retirement. Listed are the factors for retirement at whole year ages:

Miscellaneous Plan Formulas

Retirement Age	1.5% at 65	2% at 60	2% at 55	2.5% at 55	2.7% at 55	3% at 60	PEPRSA 2% at 62
50	0.5000%	1.092%	1.426%	2.000%	2.000%	2.000%	N/A
51	0.5667%	1.156%	1.522%	2.100%	2.140%	2.100%	N/A
52	0.6334%	1.224%	1.628%	2.200%	2.280%	2.200%	1.000%
53	0.7000%	1.296%	1.742%	2.300%	2.420%	2.300%	1.100%
54	0.7667%	1.376%	1.866%	2.400%	2.560%	2.400%	1.200%
55	0.8334%	1.460%	2.000%	2.500%	2.700%	2.500%	1.300%
56	0.9000%	1.552%	2.052%	2.500%	2.700%	2.600%	1.400%
57	0.9667%	1.650%	2.104%	2.500%	2.700%	2.700%	1.500%
58	1.0334%	1.758%	2.156%	2.500%	2.700%	2.800%	1.600%
59	1.1000%	1.874%	2.210%	2.500%	2.700%	2.900%	1.700%
60	1.1667%	2.000%	2.262%	2.500%	2.700%	3.000%	1.800%
61	1.2334%	2.134%	2.314%	2.500%	2.700%	3.000%	1.900%
62	1.3000%	2.272%	2.366%	2.500%	2.700%	3.000%	2.000%
63	1.3667%	2.418%	2.418%	2.500%	2.700%	3.000%	2.100%
64	1.4334%	2.418%	2.418%	2.500%	2.700%	3.000%	2.200%
65	1.5000%	2.418%	2.418%	2.500%	2.700%	3.000%	2.300%
66	1.5000%	2.418%	2.418%	2.500%	2.700%	3.000%	2.400%
67 & up	1.5000%	2.418%	2.418%	2.500%	2.700%	3.000%	2.500%

Safety Plan Formulas

Retirement Age	½ at 55 *	2% at 55	2% at 50	3% at 55	3% at 50
50	1.783%	1.426%	2.000%	2.400%	3.000%
51	1.903%	1.522%	2.140%	2.520%	3.000%
52	2.035%	1.628%	2.280%	2.640%	3.000%
53	2.178%	1.742%	2.420%	2.760%	3.000%
54	2.333%	1.866%	2.560%	2.880%	3.000%
55 & Up	2.500%	2.000%	2.700%	3.000%	3.000%

* For this formula, the benefit factor also varies by entry age. The factors shown are for members with an entry age of 35 or greater. If entry age is less than 35, then the age 55 benefit factor is 50 percent divided by the difference between age 55 and entry age. The benefit factor for ages prior to age 55 is the same proportion of the age 55 benefit factor as in the above table.

PEPRA Safety Plan Formulas

Retirement Age	2% at 57	2.5% at 57	2.7% at 57
50	1.426%	2.000%	2.000%
51	1.508%	2.071%	2.100%
52	1.590%	2.143%	2.200%
53	1.672%	2.214%	2.300%
54	1.754%	2.286%	2.400%
55	1.836%	2.357%	2.500%
56	1.918%	2.429%	2.600%
57 & Up	2.000%	2.500%	2.700%

- The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer's contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance. An agency may contract for an optional benefit where any unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave.
- The *final compensation* is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). The standard benefit is 36 months. Employers had the option of providing a final compensation equal to the highest 12 consecutive months for classic plans only. Final compensation must be defined by the highest 36 consecutive months' pay under the 1.5% at 65 formula. PEPRA members have a cap on the annual salary that can be used to calculate final compensation for all new members based on the Social Security Contribution and Benefit Base. For employees that participate in Social Security this cap is \$115,064 for 2014 and for those employees that do not participate in social security the cap for 2014 is \$138,077, the equivalent of 120 percent of the 2013 Contribution and Benefit Base. Adjustments to the caps are permitted annually based on changes to the CPI for All Urban Consumers.
- Employees must be covered by Social Security with the 1.5% at 65 formula. Social Security is optional for all other benefit formulas. For employees covered by Social Security, the Modified formula is the standard benefit. Under this type of formula, the final compensation is offset by \$133.33 (or by one third if the final compensation is less than \$400). Employers may contract for the Full benefit with Social Security that will eliminate the offset

applicable to the final compensation. For employees not covered by Social Security, the Full benefit is paid with no offsets. Auxiliary organizations of the CSUC system may elect reduced contribution rates, in which case the offset is \$317 if members are not covered by Social Security or \$513 if members are covered by Social Security.

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

Vested Deferred Retirement

Eligibility for Deferred Status

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

Eligibility to Start Receiving Benefits

The CalPERS classic members and Safety PEPRA members become eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for Deferred Status and upon attainment of age 50 (55 for employees hired into a 1.5% @ 65 plan). PEPRA Miscellaneous members become eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for Deferred Status and upon attainment of age 52.

Benefit

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

Non-Industrial (Non-Job Related) Disability Retirement

Eligibility

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

Standard Benefit

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

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

Improved Benefit

Employers have the option of providing the improved Non-Industrial Disability Retirement benefit. This benefit provides a monthly allowance equal to 30 percent of final compensation for the first 5 years of service, plus 1 percent for each additional year of service to a maximum of 50 percent of final compensation.

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

Industrial (Job Related) Disability Retirement

All safety members have this benefit. For miscellaneous members, employers have the option of providing this benefit. An employer may choose to provide the Increased benefit option or the Improved benefit option.

Eligibility

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

Standard Benefit

The standard Industrial Disability Retirement benefit is a monthly allowance equal to 50 percent of final compensation.

Increased Benefit (75 percent of Final Compensation)

The increased Industrial Disability Retirement benefit is a monthly allowance equal to 75 percent final compensation for total disability.

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

The improved Industrial Disability Retirement benefit is a monthly allowance equal to the Workman's Compensation Appeals Board permanent disability rate percentage (if 50 percent or greater, with a maximum of 90 percent) times the final compensation.

For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of accumulated member contributions with respect to employment in this group. With the standard or increased benefit, a member may also choose to receive the annuitization of the accumulated member contributions.

If a member is eligible for Service Retirement and if the Service Retirement benefit is more than the Industrial Disability Retirement benefit, the member may choose to receive the larger benefit.

Post-Retirement Death Benefit

Standard Lump Sum Payment

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

Improved Lump Sum Payment

Employers have the option of providing an improved lump sum death benefit of \$600, \$2,000, \$3,000, \$4,000 or \$5,000.

Form of Payment for Retirement Allowance

Standard Form of Payment

Generally, the retirement allowance is paid to the retiree in the form of an annuity for as long as he or she is alive. The retiree may choose to provide for a portion of his or her allowance to be paid to any designated beneficiary after the retiree's death. CalPERS provides for a variety of such benefit options, which the retiree pays for by taking a reduction in his or her retirement allowance. Such reduction takes into account the amount to be provided to the beneficiary and the probable duration of payments (based on the ages of the member and beneficiary) made subsequent to the member's death.

Improved Form of Payment (Post Retirement Survivor Allowance)

Employers have the option to contract for the post retirement survivor allowance.

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

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

The remaining 75 percent or 50 percent of the retirement allowance, which may be referred to as the option portion of the benefit, is paid to the retiree as an annuity for as long as he or she is alive. Or, the retiree may choose to provide for some of this option portion to be paid to any designated beneficiary after the retiree's death. Benefit options applicable to the option portion are the same as those offered with the standard form. The reduction is calculated in the same manner but is applied only to the option portion.

Pre-Retirement Death Benefits

Basic Death Benefit

This is a standard benefit.

Eligibility

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

Benefit

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

1957 Survivor Benefit

This is a standard benefit.

Eligibility

An employee's *eligible survivor(s)* may receive the 1957 Survivor benefit if the member dies while actively employed, has attained at least age 50 for Classic and Safety PEPRA members and age 52 for Miscellaneous PEPRA members, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements). A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An eligible survivor means the surviving spouse to whom the member was married at least one year before death or, if there is no eligible spouse, to the member's unmarried children under age 18. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this 1957 Survivor benefit.

Benefit

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

Optional Settlement 2W Death Benefit

This is an optional benefit.

Eligibility

An employee's *eligible survivor* may receive the Optional Settlement 2W Death benefit if the member dies while actively employed, has attained at least age 50 for Classic and Safety PEPRA members and age 52 for Miscellaneous PEPRA members, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements). A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married at least one year before death. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this Optional Settlement 2W Death benefit.

Benefit

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

Special Death Benefit

This is a standard benefit for safety members. An employer may elect to provide this benefit for miscellaneous members.

Eligibility

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

Benefit

The Special Death benefit is a monthly allowance equal to 50 percent of final compensation, and will be increased whenever the compensation paid to active employees is increased but ceasing to increase when the member would have attained age 50. The allowance is payable to the surviving spouse until death at which time the allowance is continued to any unmarried children under age 22. There is a guarantee that the total amount paid will at least equal the Basic Death Benefit.

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

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

Alternate Death Benefit for Local Fire Members

This is an optional benefit available only to local fire members.

Eligibility

An employee's *eligible survivor(s)* may receive the Alternate Death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried children under age 18.

Benefit

The Alternate Death benefit is a monthly allowance equal to the Service Retirement benefit that the member would have received had the member retired on the date of his or her death and elected Optional Settlement 2W. (A retiree who elects Optional Settlement 2W receives an allowance that has been reduced so that it will continue to be paid after his or her death to a surviving beneficiary.) If the member has not yet attained age 50, the benefit is equal to that which would be payable if the member had retired at age 50, based on service credited at the time of death. The allowance is payable as long as the surviving spouse lives, at which time it is continued to any unmarried children under age 18, if applicable. The total amount paid will be at least equal to the Basic Death Benefit.

Cost-of-Living Adjustments (COLA)

Standard Benefit

Retirement and survivor allowances are adjusted each year in May for cost of living, beginning the second calendar year after the year of retirement. The standard cost-of-living adjustment (COLA) is 2 percent. Annual adjustments are calculated by first determining the lesser of 1) 2 percent compounded from the end of the year of retirement or 2) actual rate of inflation. The resulting increase is divided by the total increase provided in prior years. For any particular year, the COLA adjustment may be less than 2 percent (when the rate of inflation is low), may be greater than the rate of inflation (when the rate of inflation is low after several years of high inflation) or may even be greater than 2 percent (when inflation is high after several years of low inflation).

Improved Benefit

Employers have the option of providing a COLA of 3 percent, 4 percent, or 5 percent, determined in the same manner as described above for the standard 2 percent COLA. An improved COLA is not available with the 1.5% at 65 formula.

Purchasing Power Protection Allowance (PPPA)

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

Employee Contributions

Each employee contributes toward his or her retirement based upon the retirement formula. The standard employee contribution is as described below.

The percent contributed below the monthly compensation breakpoint is 0 percent.

The monthly compensation breakpoint is \$0 for full and supplemental formula members and \$133.33 for employees covered by the modified formula.

The percent contributed above the monthly compensation breakpoint depends upon the benefit formula, as shown in the table below.

Benefit Formula	Percent Contributed above the Breakpoint
Miscellaneous, 1.5% at 65	2%
Miscellaneous, 2% at 60	7%
Miscellaneous, 2% at 55	7%
Miscellaneous, 2.5% at 55	8%
Miscellaneous, 2.7% at 55	8%
Miscellaneous, 3% at 60	8%
Miscellaneous, 2% at 62	50% of the Total Normal Cost
Safety, 1/2 at 55	Varies by entry age
Safety, 2% at 55	7%
Safety, 2% at 50	9%
Safety, 3% at 55	9%
Safety, 3% at 50	9%
Safety, 2% at 57	50% of the Total Normal Cost
Safety, 2.5% at 57	50% of the Total Normal Cost
Safety, 2.7% at 57	50% of the Total Normal Cost

The employer may choose to "pick-up" these contributions for the employees (Employer Paid Member Contributions or EPMC). EPMC is prohibited for new PEPRAs members.

An employer may also include Employee Cost Sharing in the contract, where employees agree to share the cost of the employer contribution. These contributions are paid in addition to the member contribution.

Auxiliary organizations of the CSUC system may elect reduced contribution rates, in which case the offset is \$317 and the contribution rate is 6 percent if members are not covered by Social Security. If members are covered by Social Security, the offset is \$513 and the contribution rate is 5 percent.

Refund of Employee Contributions

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

1959 Survivor Benefit

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

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

APPENDIX C

PARTICIPANT DATA

- **SUMMARY OF VALUATION DATA**
- **ACTIVE MEMBERS**
- **TRANSFERRED AND TERMINATED MEMBERS**
- **RETIRED MEMBERS AND BENEFICIARIES**

Summary of Valuation Data

	June 30, 2013	June 30, 2014
1. Active Members		
a) Counts	3,448	3,541
b) Average Attained Age	39.17	39.29
c) Average Entry Age to Rate Plan	28.87	28.73
d) Average Years of Service	10.30	10.56
e) Average Annual Covered Pay	\$ 78,703	\$ 83,358
f) Annual Covered Payroll	271,367,032	295,171,068
g) Projected Annual Payroll for Contribution Year	296,530,083	322,541,396
h) Present Value of Future Payroll	2,458,352,462	2,796,279,323
2. Transferred Members		
a) Counts	524	528
b) Average Attained Age	41.99	42.01
c) Average Years of Service	3.15	3.10
d) Average Annual Covered Pay	\$ 78,678	\$ 80,355
3. Terminated Members		
a) Counts	530	551
b) Average Attained Age	40.88	40.84
c) Average Years of Service	2.96	2.90
d) Average Annual Covered Pay	\$ 46,060	\$ 47,265
4. Retired Members and Beneficiaries		
a) Counts	2,073	2,164
b) Average Attained Age	62.06	62.45
c) Average Annual Benefits	\$ 42,123	\$ 42,909
5. Active to Retired Ratio [(1a) / (4a)]	1.66	1.64

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

Average Annual Benefits represents benefit amounts payable by this plan only. Some members may have service with another agency and would therefore have a larger total benefit than would be included as part of the average shown here.

Active Members

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

Distribution of Active Members by Age and Service

Attained Age	Years of Service at Valuation Date						Total
	0-4	5-9	10-14	15-19	20-25	25+	
15-24	131	11	0	0	0	0	142
25-29	279	220	1	0	0	0	500
30-34	118	435	58	1	0	0	612
35-39	50	315	252	58	0	0	675
40-44	28	193	204	157	35	0	617
45-49	14	113	87	121	120	89	544
50-54	9	56	53	45	55	57	275
55-59	7	35	30	21	19	18	130
60-64	2	4	14	6	5	6	37
65 and over	0	0	3	2	2	2	9
All Ages	638	1382	702	411	236	172	3,541

Distribution of Average Annual Salaries by Age and Service

Attained Age	Years of Service at Valuation Date						Average
	0-4	5-9	10-14	15-19	20-25	25+	
15-24	\$48,491	\$63,613	\$0	\$0	\$0	\$0	\$49,662
25-29	52,970	70,075	85,402	0	0	0	60,561
30-34	56,358	77,962	87,076	99,106	0	0	74,695
35-39	63,393	79,688	87,072	98,103	0	0	82,820
40-44	57,565	83,846	90,214	103,865	120,293	0	91,920
45-49	59,928	87,144	92,940	104,056	112,777	119,024	102,002
50-54	75,098	80,444	85,990	99,155	113,947	119,215	99,136
55-59	134,541	97,972	79,897	89,790	100,690	122,717	98,272
60-64	46,691	76,029	82,772	97,472	105,247	108,914	89,753
65 and over	0	0	67,059	77,819	92,862	58,306	73,239
All Ages	\$55,036	\$79,160	\$88,150	\$101,642	\$112,863	\$118,415	\$83,358

Transferred and Terminated Members

Distribution of Transfers to Other CalPERS Plans by Age and Service

Attained Age	Years of Service at Valuation Date						Total	Average Salary
	0-4	5-9	10-14	15-19	20-25	25+		
15-24	5	0	0	0	0	0	5	\$52,770
25-29	40	5	0	0	0	0	45	67,898
30-34	65	9	0	0	0	0	74	71,977
35-39	80	15	3	0	0	0	98	79,005
40-44	88	19	3	0	0	0	110	83,297
45-49	72	17	5	4	2	0	100	92,608
50-54	40	14	4	0	0	0	58	79,893
55-59	18	5	1	0	0	0	24	81,107
60-64	10	1	0	0	0	0	11	71,992
65 and over	3	0	0	0	0	0	3	81,170
All Ages	421	85	16	4	2	0	528	80,355

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

Attained Age	Years of Service at Valuation Date						Total	Average Salary
	0-4	5-9	10-14	15-19	20-25	25+		
15-24	14	0	0	0	0	0	14	\$39,436
25-29	50	3	0	0	0	0	53	44,573
30-34	102	21	0	0	0	0	123	48,314
35-39	68	15	3	0	0	0	86	46,719
40-44	58	17	6	1	1	0	83	48,910
45-49	61	12	16	4	2	1	96	53,325
50-54	40	8	3	1	0	0	52	42,608
55-59	26	3	0	0	0	0	29	41,640
60-64	11	0	1	0	0	0	12	37,736
65 and over	3	0	0	0	0	0	3	37,736
All Ages	433	79	29	6	3	1	551	47,265

Retired Members and Beneficiaries

Distribution of Retirees and Beneficiaries by Age and Retirement Type*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 30	0	0	2	0	3	7	12
30-34	1	0	5	0	1	2	9
35-39	0	2	15	0	0	1	18
40-44	0	3	22	0	1	1	27
45-49	0	5	40	0	3	1	49
50-54	223	6	76	0	6	12	323
55-59	360	6	83	2	5	11	467
60-64	320	5	100	4	3	18	450
65-69	269	4	81	3	1	22	380
70-74	127	1	59	2	0	24	213
75-79	58	0	21	0	1	20	100
80-84	39	1	15	0	1	26	82
85 and Over	14	0	4	0	0	16	34
All Ages	1411	33	523	11	25	161	2,164

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

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 30	\$0	\$0	\$17,154	\$0	\$13,837	\$10,610	\$12,507
30-34	8,061	0	30,266	0	54,124	22,396	28,701
35-39	0	7,155	21,902	0	0	18,970	20,100
40-44	0	12,508	28,860	0	44,029	543	26,556
45-49	0	16,594	24,414	0	35,798	37,654	24,583
50-54	58,910	21,363	26,158	0	56,462	37,280	49,657
55-59	56,746	17,975	29,115	9,338	42,576	26,308	50,266
60-64	51,363	9,237	26,345	39,619	39,917	39,559	44,682
65-69	50,743	13,541	27,041	26,385	21,738	21,359	43,330
70-74	41,378	22,073	33,062	31,866	0	27,830	37,368
75-79	35,001	0	24,746	0	25,696	21,759	30,106
80-84	28,954	15,982	25,696	0	33,394	28,219	28,021
85 and Over	26,844	0	35,404	0	0	18,319	23,839
All Ages	\$51,346	\$15,431	\$27,443	\$29,094	\$39,972	\$26,241	\$42,909

Retired Members and Beneficiaries (continued)

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

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 5 Yrs	572	12	76	2	1	72	735
5-9	423	4	57	3	5	37	529
10-14	242	8	84	5	6	20	365
15-19	105	6	102	0	4	17	234
20-24	41	2	70	1	2	9	125
25-29	19	0	57	0	3	4	83
30 and Over	9	1	77	0	4	2	93
All Years	1411	33	523	11	25	161	2,164

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

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 5 Yrs	\$58,341	\$16,826	\$27,718	\$39,017	\$59,132	\$30,960	\$51,763
5-9	51,139	16,012	39,077	45,043	19,696	27,020	47,555
10-14	46,293	14,923	32,148	17,542	44,076	20,227	40,492
15-19	36,736	12,244	27,676	0	48,868	22,808	31,354
20-24	38,600	17,225	24,005	19,162	44,039	18,636	28,579
25-29	29,506	0	22,823	0	48,314	8,109	24,565
30 and Over	27,034	15,982	19,661	0	37,184	1,767	20,703
All Years	\$51,346	\$15,431	\$27,443	\$29,094	\$39,972	\$26,241	\$42,909

* Counts of members do not include alternate payees receiving benefits while the member is still working. Therefore, the total counts may not match information on page 25 of the report. Multiple records may exist for those who have service in more than one coverage group. This does not result in double counting of liabilities.

APPENDIX D

DEVELOPMENT OF PEPPRA MEMBER CONTRIBUTION RATE

DEVELOPMENT OF PEPRA MEMBER CONTRIBUTION RATE

The table below shows the determination of the Member contribution rates based on 50 percent of the Total Normal Cost for each respective plan on June 30, 2014.

Assembly Bill (AB) 340 created PEPRA that implemented new benefit formulas and a final compensation period as well as new contribution requirements for new employees. In accordance with Section Code 7522.30(b), "new members ... shall have an initial contribution rate of at least 50 percent of the normal cost rate." The normal cost for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the plan particularly the entry age into the plan. The PEPRA total normal cost for your plan is calculated assuming the entire active population, including classic members, were subject to the adopted PEPRA formula and applicable compensation limits. Should the total normal cost of your plan change by one percent or more from the original total normal cost established for your plan this change in normal cost shall be equally shared between employer and member.

Rate Plan Identifier	Plan	Basis for Current Rate		Rates Effective July 1, 2016			
		Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
25051	Safety County Peace Officers PEPRA	21.400%	10.750%	22.283%	(0.883%)	No	10.750%
25052	Safety Fire PEPRA	21.400%	10.750%	22.283%	(0.883%)	No	10.750%

APPENDIX E

GLOSSARY OF ACTUARIAL TERMS

Glossary of Actuarial Terms

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

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

Actuarial Assumptions

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

Actuarial Methods

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

Actuarial Valuation

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

Amortization Bases

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

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

Amortization Period

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

Classic Member (under PEPRA)

A classic member is a member who joined CalPERS prior to January, 1, 2013 and who is not defined as a new member under PEPRA. (See definition of new member below)

Discount Rate Assumption

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

Entry Age

The earliest age at which a plan member begins to accrue benefits under a defined benefit pension plan. In most cases, this is the age of the member on their date of hire.

Entry Age Normal Cost Method

An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to yield a rate expressed as a level percentage of payroll.

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

Fresh Start

A Fresh Start is when multiple amortization bases are collapsed to one base and amortized together over a new funding period.

Funded Status

A measure of how well funded, or how "on track" a plan or risk pool is with respect to assets versus accrued liabilities. A ratio greater than 100% means the plan or risk pool has more assets than liabilities and a ratio less than 100% means liabilities are greater than assets.

GASB 27

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

GASB 68

Statement No. 68 of the Governmental Accounting Standards Board. The accounting standard governing a state or local governmental employer's accounting and financial reporting for pensions. GASB 68 replaces GASB 27 effective the first fiscal year beginning after June 15, 2014.

New Member (under PEPRA)

A new member includes an individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was not a member of another public retirement system prior to that date, and who is not subject to reciprocity with another public retirement system.

Normal Cost

The annual cost of service accrual for the upcoming fiscal year for active employees. The normal cost should be viewed as the long term contribution rate.

Pension Actuary

A business professional that is authorized by the Society of Actuaries, and the American Academy of Actuaries to perform the calculations necessary to properly fund a pension plan.

PEPRA

The California Public Employees' Pension Reform Act of 2013

Prepayment Contribution

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

Present Value of Benefits (PVB)

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

Rolling Amortization Period

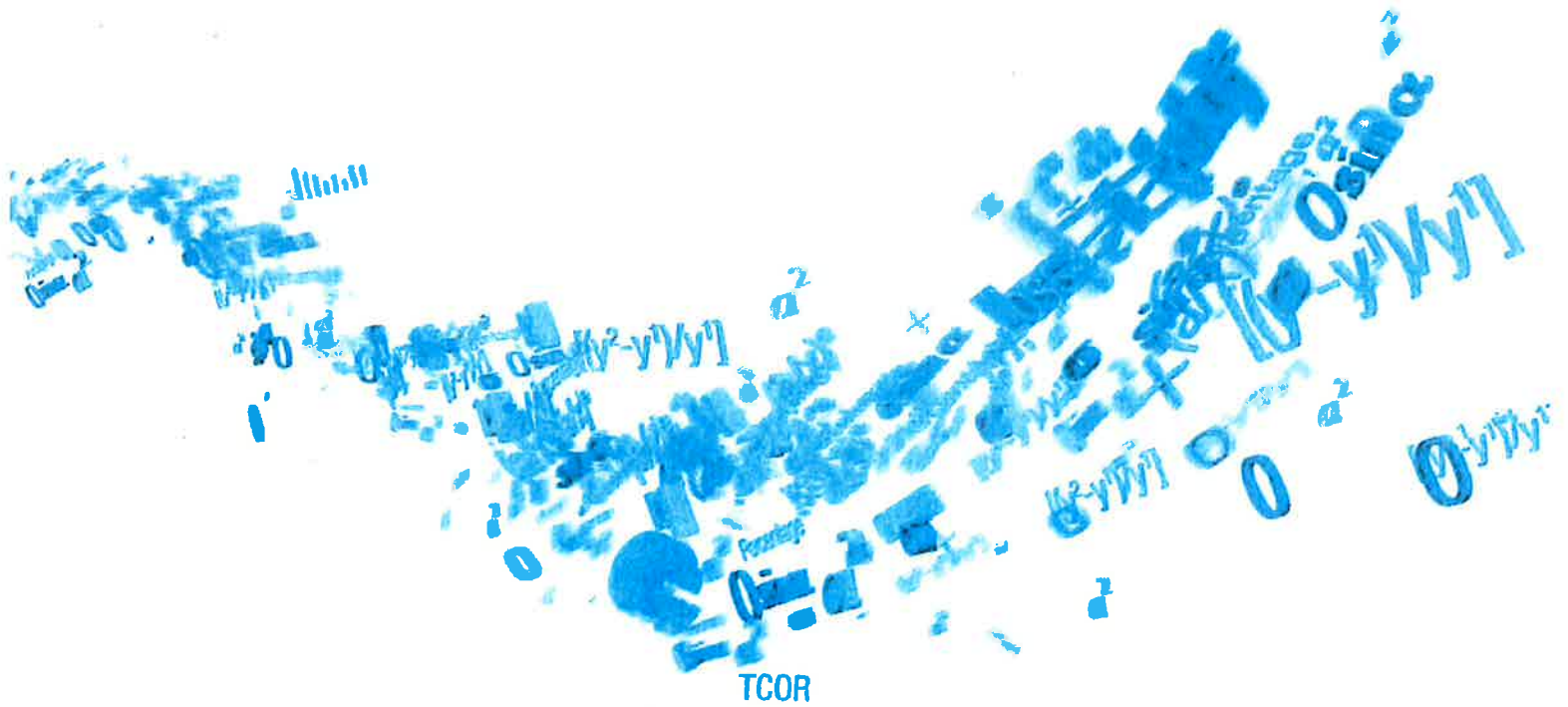
An amortization period that remains the same each year, rather than declining.

Superfunded

A condition existing when a plan's Actuarial Value of Assets exceeds its Present Value of Benefits. Prior to the passage of PEPRA, when this condition existed on a given valuation date for a given plan, employee contributions for the rate year covered by that valuation could be waived.

Unfunded Liability (UAL)

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



Actuarial Valuation Report

County of Riverside

County of Riverside Postretirement Benefits Plan

As of July 1, 2015

Executive Summary

Background

The County of Riverside provides retiree medical benefits for eligible retirees enrolled in County sponsored plans. The benefits are provided in the form of:

- Monthly County contributions toward the retiree's premium,
- Access to CalPERS health plan coverage at subsidized premium levels, and
- \$25 per month to the RSA Trust for RSA law enforcement retirees.

County Contributions

The County of Riverside makes contributions to eligible retirees for their medical plan premiums when the retiree enrolls in a County sponsored health plan. The current monthly amount paid by the County ranges from \$25 – \$256, depending on the retiree's bargaining unit at retirement. The County provided amounts are detailed in Exhibit VIII and summarized as follows:

- **CalPERS Health Benefits program retirees** (Law Enforcement Management, Deputy District Attorneys Association (Deputy DAs), and RSA Public Safety members) are eligible for the greater of the stated Public Employees' Medical and Hospital Care Act (PEMHCA) amounts and the bargaining unit's negotiated amount. The PEMHCA monthly amounts are \$122.00 and \$125.00 in 2015 and 2016, respectively, and increase annually thereafter by Medical CPI. These are the only groups that have inflation-indexed benefits.
- **All other retirees** are eligible for their bargaining unit negotiated amount (i.e. \$25 – \$256). These amounts do not increase in future years to account for inflation.

Note: The County contributes \$25.00 per month to the RSA Benefit Trust for RSA Law Enforcement retirees, and this cost is included in Plan liabilities.

As described above, the majority of participants are eligible to receive benefits that are fixed at current levels. Retirees receiving the PEMHCA benefits are eligible for inflation-indexed benefits. The long term benefit under PEMHCA could be more than 10 times greater than certain fixed benefit amounts in 20 years, as illustrated in Appendix A.

Implicit Subsidy

Under CalPERS health plans, retirees receive benefits prior to age 65 by paying premiums that are developed by blending active and retiree costs. Since retirees are older and generally cost more than actives, the premium paid by the retiree is less than the "true cost" of coverage for retirees. For example, under the Blue Shield Net Value, the estimated "true cost" for an age 60 retiree is \$952.88 per month, while the required premium is only \$666.35 per month in 2016. Subsidization can also occur for post 65 benefits due to demographic differences between the County retirees and the CalPERS population used to develop premiums. This implicit subsidy is considered an employer obligation under the Actuarial Standards Of Practice (ASOP) No. 6 requirements (see below) and is included in this valuation.

Executive Summary (cont.)

GASB 45

The liabilities and annual costs due to the County's contractual agreements to assist with retiree health care costs are calculated in this actuarial valuation in accordance with Government Accounting Standards Board (GASB) Statement 45. The County adopted GASB 45 for the fiscal year ending June 30, 2008. This report assumes the County will continue to fully pre-fund the County obligations.

It is important to note that only current active and retired participants are valued in this actuarial study. Future new entrants or any projected growth in the County's employee population are not considered.

ARC Development

GASB requires an Annual Required Contribution (ARC) to be developed each year based on the Plan's assets and liabilities. Although GASB does not actually require prefunding, the portion of the ARC that is not funded each year accumulates as a liability on the County's financial statements.

The County amortizes the unfunded liability over an open 30-year period as a level percentage of payroll. It should be noted that pre-funding with an open amortization period is not necessarily expected to fully fund the actuarial accrued liability.

ASOP 6

The Actuarial Standards Board amended Actuarial Standards of Practice (ASOP) No. 6 – Measuring Retiree Group Benefit Obligations, effective for measurement dates after March 31, 2015. This amendment requires plans to recognize certain additional healthcare costs (i.e. implicit subsidy) for pooled health plans. Since CalPERS plans are considered pooled health plans, the implicit subsidy is reflected beginning with this actuarial valuation.

Future GASB Developments

In June 2015, GASB released Statements 74 and 75, which affect accounting for OPEB plans. The changes include moving unfunded liabilities from footnotes to the balance sheet, the potential for more volatile periodic expense, and a change in the discount rate basis. In order to prepare and effectively manage plans, it is important for agencies to consider and understand the possible ramifications.

Executive Summary (cont.)

Summary of Results

Annual Required Contributions (ARC)

The ARC for fiscal year ending 2016 is \$1,077,000 and is based on an open period, 30-year amortization of the unfunded Actuarial Accrued Liability (AAL).

As the ARC amount is determined based on a level percent of payroll, it is expected to increase as payroll increases. The following table illustrates the projected ARC in future years:

	2015-2016	2016-2017	2017-2018*
ARC for Safety	\$531,000	\$513,000	\$463,000
ARC for Miscellaneous	\$546,000	\$481,000	\$433,000
Total ARC	\$1,077,000	\$994,000	\$896,000

* GASB 45 calculations do not apply and GASB 75 anticipated to be adopted for fiscal year ending 6/30/2018 and later. ARC shown above is projected actuarially determined contribution based on GASB 45 ARC methodology.

It should be noted that the ARC is less than the estimated pay-as-you go contribution for current retirees of \$2,525,000. Thus, the ARC can currently be satisfied through pay-as-you go funding.

Annual OPEB Cost (AOC)

The AOC for the fiscal year ending June 30, 2016 is \$649,000. This is the County's annual expense for its OPEB plan.

Liabilities

There are a few terms to understand related to the Plan's liabilities. The Present Value of Benefits (PVB) represents the actuarial present value of all future benefits expected to be paid to current employees and retirees. The Actuarial Accrued Liability (AAL) is the portion of the PVB attributable to past service. The Normal Cost is the portion of the PVB that is allocated to the current plan year for active employees.

The table below summarizes the liability results:

Present Value of Benefits (PVB)	\$46,237,000
Actuarial Accrued Liability (AAL)	\$41,249,000
Normal Cost	\$658,000

Executive Summary (cont.)

Comparison to Prior Valuation Results

This report is based on a 7.28% discount rate, which assumes the County fully pre-funds in the California Employers' Retiree Benefit Trust (CERBT) Fund Asset Allocation Strategy 1 on an ongoing basis. The following table compares results to the prior valuation results:

	July 1, 2015	July 1, 2014
Liabilities		
Present Value of Benefits (PVB)	\$46,237,000	\$47,088,000
Actuarial Accrued Liability (AAL)	\$41,249,000	\$40,121,000
Normal Cost	\$658,000	\$960,000
Plan Assets	\$34,486,000	\$34,098,000
Unfunded AAL	\$6,763,000	\$6,023,000
ARC	\$1,077,000	\$1,346,000

Unfunded liabilities increased due to unfavorable investment return on plan assets, which was partially offset by lower liabilities than projected as a net result of the following:

- Recognition of an implicit subsidy, as required under Actuarial Standards of Practice No. 6. This subsidy was not previously valued for "community rated" plans such as CalPERS and increases the liability.
- Reductions in assumed plan participation (i.e., election) rates were updated to reflect more recent experience and a continued trend to a lower rate, which resulted in a decrease in liabilities. This only impacts active participants.
- Census experience was different than assumed, resulting in an actuarial gain.
- The liabilities, by their nature, grow each year as all participants get closer to receiving benefits and active participants accrue additional benefits.

Despite the larger unfunded AAL, the ARC decreased due to a lower normal cost that is a result of the changes in the liabilities as discussed above.

It should be noted that employee groups from Special Districts (Waste, Parks, Flood and RCA) and active Court members were not included in the valuation results presented in this report.

Executive Summary (cont.)

Effect of Asset Allocation Strategy Selection and the Discount Rate Impact

Beginning in 2011, CalPERS offers three asset allocation strategies for selection by employers who contract to pre-fund their future OPEB costs through CERBT.

The asset allocation and associated expected asset return, and thus the assumed discount rate, have a considerable impact on valuation results and the magnitude of liabilities. CalPERS periodically reviews the expected asset returns and the rates used in this valuation are based on CalPERS revised guidance adopted in October 2014. The following table summarizes financial characteristics of the three strategies:

	Strategy 1	Strategy 2	Strategy 3
Expected 20 Year Return / Discount Rate	7.28%	6.73%	6.12%
Standard Deviation of Expected Returns	11.74%	9.32%	7.14%

All three asset allocation strategies invest to some extent in each of the five asset classes (Global Equity, U.S. Nominal Bonds, U.S. Inflation Linked Bonds, Global Public Real Estate and Commodities). The portion of assets allocated to each asset class varies among the strategies, and thus, the long term expected rate of return and level of risk of each asset allocation is different for each strategy.

Currently, the County utilizes Strategy 1, although it should continue to monitor the return versus risk balance and maintain an asset allocation strategy appropriate for the County's funding and overall financial policies.

In order to understand the impact of strategy selection, we compared valuation results under Strategy 1 to potential results if the County had chosen Strategy 2:

	Asset Allocation Strategy 1 7.28%	Asset Allocation Strategy 2 6.73%
Liabilities		
Present Value of Benefits (PVB)	\$46,237,000	\$49,898,000
Actuarial Accrued Liability (AAL)	\$41,249,000	\$44,021,000
Normal Cost	\$658,000	\$746,000
ARC	\$1,077,000	\$1,297,000

The remainder of the report provides details of results based on the 7.28% discount rate.

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I Actuarial Valuation Certificate

This report documents the results of the July 1, 2015 actuarial valuation for the County of Riverside Post-retirement Medical Benefits for development of the Annual Required Contribution (ARC) and disclosure of items under the Governmental Accounting Standards Board (GASB) Statement 45.

Determinations for purposes other than financial accounting may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to (but not limited to) such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions
- Changes in economic or demographic assumptions
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements
- Changes in plan provisions or applicable law
- Issuance of additional regulatory guidance

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, health care claim cost, and asset information supplied by the County of Riverside and its health plans as of the valuation date. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. Each significant assumption used in this actuarial valuation represents, in our opinion, a reasonable expectation of anticipated experience under the plan.

Actuarial computations under GASB 45 are for purposes of fulfilling employer accounting requirements. The calculations reported herein have been made on a basis consistent with our understanding of these accounting standards. Determinations for purposes other than meeting Employer financial accounting requirements may be different from these results. As required by GASB 45, this valuation assumes this will be an ongoing plan. However, this assumption does not imply any obligation by the employer to continue the plan.

Funded status measurements shown in this report may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, and funded status measurements for the employer and plan disclosure and reporting purposes may not be appropriate for assessing the need for or the amount of future contributions.

I Actuarial Valuation Certificate (cont.)

This report is intended for the sole use of the County of Riverside. It is intended only to supply information for the County to comply with the stated purpose of the report and may not be appropriate for other business purposes. Reliance on information contained in this report by anyone for other than the intended purposes, puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions. Accordingly, no person or entity, including the County of Riverside should base any representations or warranties in any business agreement on any statements or conclusions contained in this report without the written consent of Aon Hewitt.

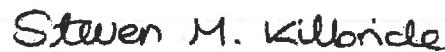
The undersigned are familiar with the near-term and long-term aspects of postretirement valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

To our knowledge, no colleague of Aon Hewitt providing services to the County of Riverside has any material direct or indirect financial interest in the County of Riverside. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for the County of Riverside.

Respectfully submitted,



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February 5, 2016

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II Plan Liabilities

The liabilities shown in this exhibit were calculated using a 7.28% discount rate.

The **Present Value of Benefits (PVB)** represents the actuarial present value of all benefits ever to be paid to current employees and retirees. The PVB is as follows:

	Safety Employees	Miscellaneous Employees	Total
PVB			
<i>County Contribution</i>			
Retirees	\$10,661,000	\$14,364,000	\$25,025,000
Actives	\$5,456,000	\$6,931,000	\$12,387,000
Subtotal	\$16,117,000	\$21,295,000	\$37,412,000
<i>Implicit Subsidy</i>			
Retirees	\$4,565,000	\$299,000	\$4,864,000
Actives	\$3,297,000	\$664,000	\$3,961,000
Subtotal	\$7,862,000	\$963,000	\$8,825,000
<i>All Benefits</i>			
Retirees	\$15,226,000	\$14,663,000	\$29,889,000
Actives	\$8,753,000	\$7,595,000	\$16,348,000
Total PVB	\$23,979,000	\$22,258,000	\$46,237,000
Number of Retirees as of 7/1/2015	700	1,356	2,056
Number of Actives as of 7/1/2015	3,752	15,366	19,118
PVB Per Retiree	\$21,800	\$10,800	\$14,500
PVB Per Active	\$2,300	\$500	\$900

II Plan Liabilities (cont.)

The **Actuarial Accrued Liability (AAL)** is a portion of the PVB attributable to past service. For retirees and fully eligible active employees, the AAL is equal to the PVB. For other active employees, the AAL is the portion of the PVB deemed to be accrued to date. The **Normal Cost** is the portion of the PVB that is allocated to the current plan year for only active employees.

The AAL in this report is based on the Entry Age Normal cost method and has been developed by spreading costs as a level percentage of payroll.

	Safety Employees	Miscellaneous Employees	Total
AAL			
<i>County Contribution</i>			
Retirees	\$10,661,000	\$14,364,000	\$25,025,000
Actives	\$3,698,000	\$4,867,000	\$8,565,000
Subtotal	\$14,359,000	\$19,231,000	\$33,590,000
<i>Implicit Subsidy</i>			
Retirees	\$4,565,000	\$299,000	\$4,864,000
Actives	\$2,387,000	\$408,000	\$2,795,000
Subtotal	\$6,952,000	\$707,000	\$7,659,000
<i>All Benefits</i>			
Retirees	\$15,226,000	\$14,663,000	\$29,889,000
Actives	\$6,085,000	\$5,275,000	\$11,360,000
Total AAL	\$21,311,000	\$19,938,000	\$41,249,000
Number of Retirees as of 7/1/2015	700	1,356	2,056
Number of Actives as of 7/1/2015	3,752	15,366	19,118
AAL Per Retiree	\$15,200	\$10,600	\$12,200
AAL Per Active	\$1,000	\$300	\$400
Normal Cost			
County Contribution	\$211,000	\$315,000	\$526,000
Implicit Subsidy	\$104,000	\$28,000	\$132,000
Total Normal Cost	\$315,000	\$343,000	\$658,000
Normal Cost per Active	\$84	\$22	\$34

III Plan Assets

The County of Riverside participates in CalPERS' CERBT trust fund. The following table shows the development of assets since the prior valuation.

Assets	July 1, 2014 To June 30, 2015
Assets, Beginning of Year	\$34,098,000
Contributions	
Retiree Premiums	\$2,171,000
Reimbursement from CERBT	(\$2,026,000)
Implicit Subsidy	N/A
Pre-Funding	<u>\$2,534,000</u>
Total	\$2,679,000
Investment Earnings	(\$86,000)
Administrative Expenses	(\$34,000)
Benefit Payments	<u>(\$2,171,000)</u>
Assets at Valuation Date	\$34,486,000
Return on Assets	(0.3%)

For the fiscal year ending June 30, 2015, the County contributed 350% of their \$1,346,000 ARC and took a disbursement of \$2,026,000 from the CERBT trust fund. The assets shown as of June 30, 2015 are based on the CERBT annual statement.

The actual return on assets can be compared to the prior year's expected return of 7.28%.

IV Annual Costs

Development of the Annual Required Contribution (ARC)

The ARC amounts shown on this page represent the costs of post-retirement medical benefits to the County under GASB 45 for the fiscal year ending June 30, 2016. This is *not* the same as the “pay-as-you-go” plan cost.

The ARC amounts shown assume payments are made on average in the middle of the year.

The Entry Age Normal method is used to develop the County’s OPEB costs. Under this method, the ARC is equal to the Normal Cost plus the amortization of the unfunded AAL over 30 years.

The assets shown below have been allocated in proportion to the AAL for Safety and Miscellaneous groups.

	Safety	Miscellaneous	Total
AAL	\$21,311,000	\$19,938,000	\$41,249,000
Assets	\$17,817,000	\$16,669,000	\$34,486,000
Unfunded AAL	\$3,494,000	\$3,269,000	\$6,763,000
Amortization of UAL	\$205,000	\$191,000	\$396,000
Normal Cost, plus interest	\$326,000	\$355,000	\$681,000
ARC	\$531,000	\$546,000	\$1,077,000

Development of the Annual OPEB Cost (AOC)

The AOC is the accrual basis measure of periodic cost recognized by the County, as developed below for the fiscal year ending June 30, 2016:

Net OPEB Obligation / (Asset), Beginning of Year	(\$29,905,000)
Annual Required Contribution	\$1,077,000
Interest on Net OPEB Obligation / (Asset)	(\$2,177,000)
Adjustment to the ARC (amortization factor of 17.1)	\$1,749,000
Annual OPEB Cost (AOC)	\$649,000

V Projected Benefit Payments

The following table shows the estimated projected net County benefit payments based on the current plan provisions, current plan participants, and the valuation assumptions used in this report. The payments would be equivalent to funding the liabilities on a pay-as-you-go basis.

Fiscal Year Ending June 30	Safety	Miscellaneous	Total
2016	\$1,053,000	\$1,472,000	\$2,525,000
2017	\$1,131,000	\$1,519,000	\$2,650,000
2018	\$1,223,000	\$1,543,000	\$2,766,000
2019	\$1,202,000	\$1,577,000	\$2,779,000
2020	\$1,289,000	\$1,609,000	\$2,898,000
2021	\$1,334,000	\$1,613,000	\$2,947,000
2022	\$1,384,000	\$1,640,000	\$3,024,000
2023	\$1,403,000	\$1,674,000	\$3,077,000
2024	\$1,464,000	\$1,692,000	\$3,156,000
2025	\$1,493,000	\$1,712,000	\$3,205,000
2026	\$1,527,000	\$1,735,000	\$3,262,000
2027	\$1,653,000	\$1,755,000	\$3,408,000
2028	\$1,743,000	\$1,766,000	\$3,509,000
2029	\$1,818,000	\$1,784,000	\$3,602,000
2030	\$1,930,000	\$1,784,000	\$3,714,000
2031	\$2,029,000	\$1,797,000	\$3,826,000
2032	\$2,087,000	\$1,815,000	\$3,902,000
2033	\$2,181,000	\$1,817,000	\$3,998,000
2034	\$2,246,000	\$1,815,000	\$4,061,000
2035	\$2,319,000	\$1,812,000	\$4,131,000
2036	\$2,405,000	\$1,805,000	\$4,210,000
2037	\$2,470,000	\$1,797,000	\$4,267,000
2038	\$2,536,000	\$1,774,000	\$4,310,000
2039	\$2,566,000	\$1,768,000	\$4,334,000
2040	\$2,615,000	\$1,745,000	\$4,360,000
2041	\$2,644,000	\$1,708,000	\$4,352,000
2042	\$2,641,000	\$1,671,000	\$4,312,000
2043	\$2,676,000	\$1,594,000	\$4,270,000
2044	\$2,694,000	\$1,542,000	\$4,236,000
2045	\$2,690,000	\$1,459,000	\$4,149,000
2046	\$2,706,000	\$1,374,000	\$4,080,000
2047	\$2,706,000	\$1,295,000	\$4,001,000

Projected benefit payments include the implicit subsidy for all years (excluding the implicit subsidy, the FYE 2016 projected benefit payments are \$695,000 for Safety and \$1,440,000 for Miscellaneous).

VI GASB Reporting and Disclosure Information

GASB 45 requires certain items to be disclosed in the footnotes to the County's financial statements, including the following:

- Plan description - Name of plan and identification of the entity that administers plan, brief description of the types of benefits
- Funding policy - Required contribution rates of plan members, required contribution rates of employer

In addition, the tables below show required supplementary information to be shown with three years of historical information in the County's financial statements.

Sample information is shown based on the County's adoption of GASB 45 for fiscal year ended June 30, 2008, and the election to use entry age normal cost method with unfunded liability amortized over an open 30 year period. Contributions for the 2014-2015 fiscal year included County Contributions for current retirees of \$2.17 million less a re-imbursment of \$2.03 million from CERBT, plus a \$2.53 million pre-funding contribution to the CalPERS trust.

Development of Net OPEB Obligation (NOO) and Annual OPEB Cost (in thousands)

Fiscal Year	Annual Required Contributions	Actual Contribution	NOO End of Year	Interest on Net OPEB Obligation	Adjustment to the Annual Required Contribution	Annual OPEB Cost	Interest Rate	Amortization Factor
07/08	\$ 4,390	\$ 14,930	\$ (10,540)	\$ 0	\$ 0	\$4,390	7.24%	17.6
08/09	\$ 3,918	\$ 7,105	\$ (13,890)	\$ (763)	\$ (600)	\$3,755	7.24%	17.6
09/10	\$ 4,454	\$ 10,725	\$ (20,377)	\$ (1,006)	\$ (790)	\$4,238	7.24%	17.6
10/11	\$ 3,368	\$ 5,091	\$ (22,456)	\$ (1,579)	\$ (1,223)	\$3,012	7.75%	16.7
11/12	\$ 2,499	\$ 4,895	\$ (25,232)	\$ (1,709)	\$ (1,329)	\$2,119	7.61%	16.7
12/13	\$ 2,615	\$ 3,461	\$ (25,575)	\$ (1,920)	\$ (1,577)	\$2,272	7.61%	16.0
13/14	\$ 2,343	\$ 4,567	\$ (28,168)	\$ (1,882)	\$ (1,513)	\$1,974	7.36%	16.9
14/15	\$ 1,346	\$ 2,679	\$ (29,905)	\$ (2,051)	\$ (1,647)	\$942	7.28%	17.1

Schedule of Funding Progress (in thousands)

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll	Interest Rate
Actual	1/1/2007	\$ 0	\$ 48,582	\$ 48,582	0.0%	\$838,007	5.80%	7.24 - 7.75%
Actual	1/1/2008	\$ 10,411	\$ 46,681	\$ 36,270	22.3%	985,494	3.68%	7.24 - 7.75%
Actual	1/1/2009	\$ 9,872	\$ 55,288	\$ 45,416	17.9%	1,011,96	4.49%	7.24 - 7.75%
Actual	7/1/2010	\$ 14,272	\$ 43,158	\$ 28,886	33.1%	1,030,030	2.80%	7.75%
Actual	7/1/2011	\$ 19,460	\$ 40,166	\$ 20,706	48.4%	1,012,698	2.04%	7.61%
Actual	7/1/2012	\$ 22,572	\$ 42,850	\$ 20,278	52.7%	1,026,755	1.97%	7.61%
Actual	7/1/2013	\$ 26,764	\$ 43,829	\$ 17,065	61.0%	1,096,375	1.56%	7.36%
Actual	7/1/2014	\$ 34,098	\$ 40,121	\$ 6,023	85.0%	1,152,127	0.52%	7.28%
Actual	7/1/2015	\$ 34,486	\$ 41,249	\$ 6,763	83.6%	1,281,024	0.53%	7.28%

VI GASB Reporting and Disclosure Information (cont.)

Schedule of Employer Contributions (in thousands)

Fiscal Year Ending:	Annual OPEB Costs	Actual Contribution	Percentage Contribution	Net OPEB Obligation (Asset)
6/30/2008	\$ 4,390	\$ 14,930	340%	\$ (10,540)
6/30/2009	\$ 3,755	\$ 7,105	189%	\$ (13,890)
6/30/2010	\$ 4,238	\$ 10,725	253%	\$ (20,377)
6/30/2011	\$ 3,012	\$ 5,091	169%	\$ (22,456)
6/30/2012	\$ 2,119	\$ 4,895	231%	\$ (25,232)
6/30/2013	\$ 2,272	\$ 3,461	152%	\$ (25,575)
6/30/2014	\$ 1,974	\$ 4,567	231%	\$ (28,168)
6/30/2015	\$ 942	\$ 2,679	284%	\$ (29,905)

VII Participant Information

These table summaries below contain participant demographic information.

Active Employee Age/Service Distribution

Age	Years of Service								Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	>35	
<25	550	10							560
25-29	1,513	490	17						2,020
30-34	1,215	1,261	323	10					2,809
35-39	780	1,032	756	235	4				2,807
40-44	560	837	699	578	113	9			2,796
45-49	454	608	551	523	248	173	2		2,559
50-54	380	494	536	360	246	263	68	7	2,354
55-59	270	387	403	316	187	223	76	23	1,885
60-64	123	229	262	187	100	74	38	12	1,025
>65	30	72	94	52	25	20	5	5	303
Total	5,875	5,420	3,641	2,261	923	762	189	47	19,118

Participant Statistics

	Safety Employees	Miscellaneous Employees	Total
<i>Retirees</i>			
Number of retirees	700	1,356	2,056
Average age	62.7	71.4	68.6
Number of retiree spouses	342	309	651
<i>Actives</i>			
Number of actives	3,752	15,366	19,118
Average age	39.0	44.0	43.0
Average past service (years)	10.5	9.7	9.9

VII Participant Information (cont.)

Active Participant Benefit Summary

The table below summarizes the number of participants by bargaining units and the benefits valued. As described in the plan summary and actuarial assumptions sections, certain groups are eligible for PEMHCA benefits not shown in this summary.

Union Code	Description	Bargaining Unit (used to determine contribution)	# Records	2015 Monthly County Contribution	Health Plan	CalPERS Retirement Program
CNF	Confidential	Confidential	257	\$ 256.00	County	Misc
LEM	Law Enforcement Management	LEMU	471	\$ 128.00	CalPERS	Safety
MGT	Management (General)	Management	814	\$ 256.00	County	Misc
MLX	Law Enforcement Exec Staff	LE Exec Staff	17	\$ 256.00	County	Safety
PD7	Public Defender, Prosecution (District Attorney's)	DDAA	382	\$ 256.00	CalPERS	Misc
RSA	RSA Law Enforcement	RSA	2,649	\$ 25.00	RSA	Safety
RSP	RSA Public Safety	RSA Public Safety	615	\$ 122.00	CalPERS	Safety
SE2	SEIU Professional	SEIU	2,861	\$ 25.00	County	Misc
SE8	SEIU Registered Nurses	SEIU	1,058	\$ 25.00	County	Misc
SE9	SEIU Para Professional	SEIU	930	\$ 25.00	County	Misc
SES	SEIU Supervisory	SEIU	1,451	\$ 25.00	County	Misc
UNC	Unrepresented Confidential	Confidential	198	\$ 256.00	County	Misc
UP4	LIUNA Inspection and Technical	LIUNA	1,328	\$ 25.00	County	Misc
UP5	LIUNA Trades, Crafts and Labor	LIUNA	944	\$ 25.00	County	Misc
UP6	LIUNA Supporting Services	LIUNA	5,143	\$ 25.00	County	Misc
County Total			19,118			

* Law Enforcement Management (LEMU), Prosecution (Deputy DAs), and RSA Public Safety members are eligible to receive the greater of the PEMHCA amount or the bargained amount. Currently, LEMU and DDAA are above the PEMHCA amount and RSA Public Safety is at the PEMHCA amount.

Special District (Waste, Parks, Flood and RCA) employees are not included in this valuation.

VII Participant Information (cont.)

Retired Participant Benefit Summary

The table below summarizes the number of current retirees receiving various monthly County contribution amounts:

Age	\$25.00	\$122.00	\$128.00	\$256.00	Total
<40	4		1		5
40-44	4				4
45-49	8	1			9
50-54	65	8	29	5	107
55-59	96	18	52	38	204
60-64	205	15	62	101	383
65-69	292	37	127	98	554
70-74	236	15	81	28	360
75-79	131	4	39	5	179
80-84	101	2	24	3	130
85-89	48	1	25		74
90-94	27		7		34
>95	11		2		13
Total	1,228	101	449	278	2,056

VIII Summary of Principal Plan Provisions

The following plan provisions are the basis for the calculations in this actuarial valuation.

1. Benefit Eligibility

All employees who retire from active employment within 120 days of separation are eligible for participation. Participants are eligible for service retirement at or after age 50, or disability retirement at an age younger than 50, with at least 5 years of service. Former employees who become eligible for CalPERS pension benefits more than 120 days after separation are not eligible for retiree health benefits.

2. Benefits / Plans Covered

The County contributes a portion of an eligible retiree's medical plan premium under a County sponsored health plan (either at retirement or during a subsequent annual enrollment) for the retiree's lifetime. Contributions are based on the employee's bargaining unit at the time of retirement; as follows:

<i>Bargaining Unit at Retirement</i>	<i>Monthly Contribution</i>				
	2012	2013	2014	2015	2016
Confidential**	\$256.00	\$256.00	\$256.00	\$256.00	\$256.00
LEMU (Management)*	\$128.00	\$128.00	\$128.00	\$128.00	\$128.00
MLX (Executive Staff)**	\$256.00	\$256.00	\$256.00	\$256.00	\$256.00
LIUNA	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Management**	\$256.00	\$256.00	\$256.00	\$256.00	\$256.00
District Attorneys (DDAA)*	\$112.00	\$256.00	\$256.00	\$256.00	\$256.00
RSA Law Enforcement	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
RSA Public Safety*	\$112.00	\$115.00	\$119.00	\$122.00	\$125.00
SEIU	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Unrepresented**	\$256.00	\$256.00	\$256.00	\$256.00	\$256.00

* Law Enforcement Management (LEMU), Prosecution (Deputy DAs), and RSA Public Safety members are eligible to receive the greater of the PEMHCA amount or the bargained amount. Currently, LEMU and Prosecution (Deputy DAs) are above the PEMHCA amount and RSA Public Safety is at the PEMHCA amount.

** Confidential, MLX (Executive Staff), Management and Unrepresented retired before 11/1/2005 receive a monthly contribution of \$128 and after 11/1/2005 receive a monthly contribution of \$256.

Future PEMHCA amounts increase at the same rate as Medical CPI. See Appendix A for a projection of the monthly PEMHCA contribution amounts.

RSA – The County contributes \$25.00 per month to the RSA Benefit Trust for RSA Law Enforcement retirees. Although the Trust is responsible for providing a benefit with a much larger premium, the County is responsible for the \$25.00 monthly contribution and this benefit is included in Plan liabilities.

Implicit Subsidy – Under CalPERS plans, retirees can receive coverage at premium rates that are subsidized due to demographic differences between those receiving benefits and the population used to develop premiums (e.g. blended active and retiree premiums.)

VIII Summary of Principal Plan Provisions (cont.)

3. Survivor Coverage Benefits

Upon the death of the retiree, the eligible surviving spouse receives the same monthly benefit amount for their lifetime.

IX Actuarial Assumptions

1. Actuarial Cost Method

The costs shown in the report were developed using the Entry Age Normal cost method.

The Entry Age Normal (EAN) cost method spreads plan costs for each participant from entry date (assuming the plan existed on the employee's hire date) to the expected retirement date. Under the EAN cost method, the plan's normal cost is developed as a level percentage of pay spread over the participants' working lifetime. For this purpose, pay is assumed to increase 3% per annum. The AAL is the cumulative value, on the valuation date, of prior service costs. For retirees, the AAL is the present value of all projected benefits.

ARC Amortization

The ARC under this method equals the normal cost plus the amortization of the unfunded AAL based on the following:

- 30-year amortization period
- Level percentage of future payroll amounts

The Plan costs are derived by making certain specific assumptions as to the rates of interest, mortality, turnover and other demographic events, which are assumed to hold for many years into the future. Actual experience may differ somewhat from the assumptions and the effect of such differences is spread over all periods. Due to these differences, the costs determined by the valuation must be regarded as estimates of the true Plan costs.

2. Discount Rate

7.28% - This assumes that the County will continue to pre-fund the liabilities in the CERBT Asset Allocation Strategy 1. The 7.28% return is based on a real return assumption of 4.66%, a long term expected inflation rate of 2.75%, and investment and administrative fees of 0.13%.

3. Payroll Increases

3.00% - This is the annual rate at which total payroll is expected to increase and is used in the funding method to calculate the ARC as a level percent of payroll.

4. Inflation

2.75% - This is the assumed annual rate of inflation for future years.

IX Actuarial Assumptions (cont.)

For demographic assumptions:

- Public Agency Police consists of Law Enforcement Management and Law Enforcement Executive Staff;
- Public Agency County Peace Officer consists of RSA Law Enforcement and RSA Public Safety, and;
- Miscellaneous consists of all other bargaining units.

5. Mortality

Mortality rates are based on the most recent CalPERS mortality table developed in the 1997-2011 CalPERS Experience Study, with generational future improvements using scale MP-2014. Sample rates for the base year mortality are as follows:

Age	Public Agency Police		Public Agency County Peace Officer		Miscellaneous	
	Male	Female	Male	Female	Male	Female
30	0.06%	0.04%	0.06%	0.04%	0.05%	0.03%
40	0.09%	0.07%	0.09%	0.07%	0.08%	0.05%
50	0.18%	0.12%	0.18%	0.12%	0.16%	0.11%
60	0.37%	0.24%	0.37%	0.24%	0.35%	0.22%
70	1.77%	1.26%	1.77%	1.26%	1.77%	1.26%
80	5.28%	3.69%	5.28%	3.69%	5.28%	3.69%
90	16.19%	12.33%	16.19%	12.33%	16.19%	12.33%

6. Turnover

Turnover rates developed in the 1997-2011 CalPERS Experience Study were used in the valuation. The following sample rates are based on age and service:

Public Agency Police

Hire Age	Years of Service						
	0 - 1	5	10	15	20	25	30
30	10.13%	2.49%	1.79%	1.09%	0.00%	0.00%	0.00%
35	10.13%	2.49%	1.79%	1.09%	0.82%	0.00%	0.00%
40	10.13%	2.49%	1.79%	1.09%	0.82%	0.70%	0.00%
45	10.13%	2.49%	1.79%	1.09%	0.82%	0.70%	0.65%
50	10.13%	0.86%	0.53%	0.27%	0.17%	0.12%	0.09%
55	10.13%	0.86%	0.53%	0.27%	0.17%	0.12%	0.09%

IX Actuarial Assumptions (cont.)

Turnover (cont.)

Public Agency County Peace Officer

Hire Age	Years of Service						
	0 – 1	5	10	15	20	25	30
30	9.97%	4.10%	2.93%	1.75%	0.00%	0.00%	0.00%
35	9.97%	4.10%	2.93%	1.75%	0.94%	0.00%	0.00%
40	9.97%	4.10%	2.93%	1.75%	0.94%	0.52%	0.00%
45	9.97%	4.10%	2.93%	1.75%	0.94%	0.52%	0.36%
50	9.97%	1.45%	0.89%	0.45%	0.20%	0.09%	0.06%
55	9.97%	1.45%	0.89%	0.45%	0.20%	0.09%	0.06%

Miscellaneous

Hire Age	Years of Service						
	0 – 1	5	10	15	20	25	30
30	16.06%	7.90%	6.68%	5.81%	0.00%	0.00%	0.00%
35	15.37%	7.11%	5.87%	5.03%	4.50%	0.00%	0.00%
40	14.68%	6.32%	5.07%	4.24%	3.70%	3.12%	0.00%
45	14.00%	5.54%	4.27%	3.47%	2.90%	2.29%	1.61%
50	13.32%	1.16%	0.71%	0.32%	0.21%	0.11%	0.05%
55	12.62%	0.97%	0.55%	0.23%	0.13%	0.05%	0.01%

7. Disability

Disability rates developed in the 1997-2011 CalPERS Experience Study were used in the valuation. Sample rates are as follows:

Age	Public Agency Police		Public Agency County Peace Officer		CalPERS Miscellaneous	
	Male	Female	Male	Female	Male	Female
25	0.18%	0.18%	0.14%	0.14%	0.02%	0.01%
30	0.50%	0.50%	0.26%	0.26%	0.02%	0.02%
35	0.82%	0.82%	0.41%	0.41%	0.05%	0.08%
40	1.14%	1.14%	0.58%	0.58%	0.12%	0.16%
45	1.46%	1.46%	0.80%	0.80%	0.19%	0.22%
50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
55	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

IX Actuarial Assumptions (cont.)

8. Retirement Age

Retirement rates developed in the 1997-2011 CalPERS Experience Study are used in the valuation. Sample rates are provided below.

- Hire date prior to August 24, 2012:
 - Police 3% @ 50 were used for safety employees (including County Peace Officers)
 - Miscellaneous 3% @ 60 rates were used for all other employees employees.
- Hire date August 24, 2012 to December 31, 2012:
 - Police 2% @ 50 were used for safety employees (including County Peace Officers)
 - Miscellaneous 2% @ 60 rates were used for all other employees employees.
- Hire date post December 31, 2012:
 - Police 2.7% @ 57 were used for safety employees (including County Peace Officers)
 - Miscellaneous 2% @ 62 rates were used for all other employees employees.

Miscellaneous 3% @ 60

Attained Age	Years of Service						
	5	10	15	20	25	30	35
50	1.20%	1.80%	2.40%	3.90%	4.00%	9.10%	9.70%
55	4.30%	5.70%	7.20%	9.60%	10.50%	16.50%	17.90%
60	11.40%	14.80%	18.20%	22.60%	25.50%	33.40%	36.80%
65	20.20%	26.00%	31.80%	38.60%	43.90%	54.20%	60.00%
70	14.00%	18.20%	22.30%	27.40%	31.00%	39.60%	43.70%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Miscellaneous 2% @ 60

Attained Age	Years of Service						
	5	10	15	20	25	30	35
50	1.00%	1.30%	1.50%	1.80%	1.90%	2.10%	2.30%
55	2.20%	2.90%	3.50%	4.00%	4.50%	4.90%	5.40%
60	5.60%	7.70%	9.20%	10.50%	11.70%	13.00%	14.20%
65	15.00%	20.90%	25.50%	28.70%	32.10%	35.80%	39.30%
70	11.70%	16.20%	19.70%	22.20%	24.80%	27.70%	30.40%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Miscellaneous 2% @ 62

Attained Age	Years of Service						
	5	10	15	20	25	30	35
50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
55	4.40%	5.60%	6.80%	8.00%	9.20%	10.40%	11.60%
60	6.16%	7.84%	9.52%	11.20%	12.88%	14.56%	16.24%
65	12.87%	16.38%	19.89%	23.40%	26.91%	30.42%	33.93%
70	12.54%	15.96%	19.38%	22.80%	26.22%	29.64%	33.06%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

IX Actuarial Assumptions (cont.)

Police 3% @ 50

Attained Age	Years of Service						
	5	10	15	20	25	30	35
50	5.00%	5.00%	5.00%	9.90%	24.00%	31.40%	37.90%
55	5.20%	5.20%	5.20%	10.50%	24.80%	32.30%	38.90%
60	6.00%	6.00%	6.00%	12.10%	27.20%	35.50%	42.80%
65	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Police 2% @ 50

Attained Age	Years of Service						
	5	10	15	20	25	30	35
50	0.50%	0.50%	0.50%	0.50%	1.70%	8.90%	9.80%
55	8.60%	8.60%	8.60%	8.60%	16.60%	35.40%	41.20%
60	12.30%	12.30%	12.30%	12.30%	15.30%	27.80%	32.20%
65	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Police 2.7% @ 57

Attained Age	Years of Service						
	5	10	15	20	25	30	35
50	1.38%	1.38%	1.38%	1.38%	2.53%	4.51%	5.35%
55	8.54%	8.54%	8.54%	8.54%	15.63%	27.85%	33.00%
60	13.96%	13.96%	13.96%	13.96%	17.19%	25.06%	29.69%
65	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

9. Annual Medical Inflation ("Trend")

County Contribution: PEMHCA amounts have been determined through 2016 (\$125). After 2016, the PEMHCA amounts will increase at the same rate as the Medical CPI. For valuation purposes, this is assumed to be 4% for all years. This applies to RSA Public Safety, Deputy District Attorney and Law Enforcement Management who were assumed to participate in CalPERS Health Benefits programs and receive the PEMHCA amounts.

All other County contributions are assumed to remain at their current level.

IX Actuarial Assumptions (cont.)

For purposes of calculating the implicit subsidy, a medical trend rate assumption was used to develop the projected future medical claim amounts. The medical trend rate represents the long-term expected growth of medical benefits paid by the plan, due to non-age-related factors such as general medical inflation, utilization, new technology, and the like. The following table sets forth the trend assumptions used for the valuation:

Year	Medical	
	Pre Medicare	Post Medicare
2015	7.00%	8.40%
2016	6.90%	8.10%
2017	6.50%	7.40%
2018	6.00%	6.70%
2019	5.60%	6.00%
2020	5.30%	5.60%
2021	5.20%	5.50%
2022	5.10%	5.30%
2023	5.10%	5.20%
2024	5.00%	5.00%

Excise Tax (for implicit subsidy calculations)

For the excise tax on medical benefits under the Affordable Care Act, the overall value of the benefit was compared to the excise tax threshold. The values of the benefits were assumed to increase with the valuation trend and the excise tax thresholds were assumed to increase by 2.5% per year. The excise tax threshold is estimated to be reached in 2026 for Pre Medicare plans and 2046 for Post Medicare plans, and the additional cost of the excise tax each year after 2018 has been reflected in the liabilities, based on the following additional trend rates:

Pre Medicare

Year	Additional Trend	Year	Additional Trend	Year	Additional Trend	Year	Additional Trend
2026	0.3%	2039-2040	1.3%	2052-2055	0.8%	2082-2095	0.3%
2027-2029	0.4%	2041-2042	0.12%	2056-2060	0.7%	2096+	0.2%
2030-2036	0.3%	2043-2045	0.11%	2061-2066	0.6%		
2037	1.0%	2046-2048	0.10%	2067-2073	0.5%		
2038	1.4%	2049-2051	0.9%	2074-2082	0.4%		

Post Medicare

Year	Additional Trend	Year	Additional Trend	Year	Additional Trend	Year	Additional Trend
2046-2050	0.3%	2060-2061	1.4%	2071-2074	0.10%	2093+	0.2%
2051-2057	0.4%	2062-2064	1.3%	2075-2079	0.9%		
2058	0.3%	2065-2067	0.12%	2080-2085	0.8%		
2059	1.0%	2068-2070	0.11%	2086-2092	0.3%		

IX Actuarial Assumptions (cont.)

10. Monthly Medical Costs (for implicit Subsidy calculations)

The table below shows 2016 premiums as of the valuation date based on the Southern California Region.

Plan	HMO/PPO	Employee Only	Employee & 1 Dep.
Basic			
Anthem Select	HMO	\$634.75	\$1,269.50
Anthem Traditional	HMO	710.79	1,421.58
Blue Shield	HMO	654.87	1,309.74
Blue Shield Net Value	HMO	666.35	1,332.70
Exclusive Care	HMO	497.08	1,005.60
Health Net Salud y Más	HMO	535.98	1,071.96
Health Net SmartCare	HMO	596.98	1,193.96
Kaiser	HMO	605.05	1,210.10
PERS Choice	PPO	683.71	1,367.42
PERS Select	PPO	625.20	1,250.40
PERSCare	PPO	761.50	1,523.00
PORAC	PPO	699.00	1,399.00
Sharp	HMO	561.34	1,122.68
United Healthcare	HMO	493.99	987.98
Supplemental/Managed Medicare			
Blue Shield	HMO	371.20	742.20
Kaiser	HMO	297.23	594.46
PERS Choice	PPO	366.38	732.76
PERS Select	PPO	366.38	732.76
PERSCare	PPO	408.04	816.08
PORAC	PPO	442.00	881.00

Monthly Medical costs were developed by applying age adjustments to the above premiums to reflect the implicit subsidy. These age adjustments are based on statewide information provided by CalPERS. Single rate age adjustment factors are used for retirees and spouses. A sampling of the factors used is included below:

Aging Factors		
Age	HMO Plans	PPO Plans
20	0.30	0.24
30	0.50	0.47
40	0.66	0.62
50	0.99	0.91
60	1.43	1.30
70	0.92	0.86
80	1.13	1.12
90+	1.14	1.15

IX Actuarial Assumptions (cont.)

11. Retiree Contributions

Retirees pay the premiums in excess of the County contributions.

12. Dental Benefits

Retirees are eligible for dental benefits if they pay the entire premium. Since dental claims are not assumed to vary with age, costs are expected to be fully paid by retirees and no County liabilities exist.

13. Participants Valued

Only current active and retired participants are directly valued. No future entrants are considered in this valuation.

Certain employees are eligible for retirement benefits at termination but do not immediately elect coverage. Such former employees may still be eligible to elect retiree coverage at a later date. Although the liabilities for such benefits are not directly valued, the County believes that the likelihood of such former employees returning to elect benefit coverage is considerably small, except for RSA, as discussed below. The plan participation assumptions are adjusted to consider this liability.

For RSA, it is anticipated that a significant number of retirees will defer benefits to later years. The RSA retiree liability was loaded 15% to account for such current "deferred" retirees that are not included in the census data.

14. Plan Participation

Assumed plan participation rates of future retirees is as set out in the following table:

Health Plan / Benefit	Assumed Participation Rate
CalPERS health plans	20%
RSA health plans	20% immediate / 20% defer to age 65
County health plans	
\$25 per month benefit	10%
\$256 per month benefit	20%

These percentages were developed based on a review of the County's recent experience.

15. Spousal Coverage Assumption

50% of future eligible retirees are assumed to cover their spouses. Males are assumed to be three years older than their female spouses. Current spousal coverage is used for current retirees.

16. Participants Excluded

Special District (Waste, Parks, Flood and RCA) employees, along with active Court members, were not included in this valuation.

IX Actuarial Assumptions (cont.)

17. Affordable Care Act

The impact of the Affordable Care Act was addressed in this valuation. In particular, the following items were reviewed:

- Reduced Funding on Medicare Advantage Plans by Federal Government
- Excise Taxes on High Cost Plans

The potential additional costs due to above items are included in the implicit subsidy liabilities of this valuation. The excise tax had the effect of increasing the liability approximately 0.3%.

18. Changes in Valuation Assumptions

The following assumptions were changed from the prior valuation:

1) Plan Participation Rate

Health Plan / Benefit	2015	2014
CalPERS health plan	20%	40%
RSA health plan	20% immediate 20% defer to age 65	40% immediate 40% defer to age 65
County health plan		
\$25 per month benefit	10%	25%
\$256 per month benefit	20%	35%

- 2) Retirement Rates were updated to reflect additional decrement assumptions based on date of hire.
- 3) Implicit Subsidy - The basis for plan costs were changed to reflect variations in expected claims due to age, as required under revised actuarial standards.

Appendix A – Comparison of County Contribution to PEMHCA

The following table compares the projected monthly benefit per participant under the current plan to the projected monthly benefit per participant under PEMHCA. The PEMHCA amounts are assumed to increase at the same rate as medical inflation each year after 2015.

Current Benefits			
Year	Low - \$25/month	High - \$256/month	PEMHCA Benefit
2015	\$25.00	\$256.00	\$122.00
2016	\$25.00	\$256.00	\$125.00
2017	\$25.00	\$256.00	\$130.00
2018	\$25.00	\$256.00	\$135.20
2019	\$25.00	\$256.00	\$140.61
2020	\$25.00	\$256.00	\$146.23
2021	\$25.00	\$256.00	\$152.08
2022	\$25.00	\$256.00	\$158.16
2023	\$25.00	\$256.00	\$164.49
2024	\$25.00	\$256.00	\$171.07
2025	\$25.00	\$256.00	\$177.91
2026	\$25.00	\$256.00	\$185.03
2027	\$25.00	\$256.00	\$192.43
2028	\$25.00	\$256.00	\$200.13
2029	\$25.00	\$256.00	\$208.13
2030	\$25.00	\$256.00	\$216.46
2031	\$25.00	\$256.00	\$225.12
2032	\$25.00	\$256.00	\$234.12
2033	\$25.00	\$256.00	\$243.49
2034	\$25.00	\$256.00	\$253.23
2035	\$25.00	\$256.00	\$263.36
2036	\$25.00	\$256.00	\$273.89
2037	\$25.00	\$256.00	\$284.85

Appendix B – Projected Results

This section shows projected results based on a 7.28% discount rate as of the July 1, 2015 valuation date. The projection assumes that the County contributes the projected benefit payments for the year.

Valuation Date	July 1, 2015	Estimated July 1, 2016
Asset		
Asset @ BOY	\$34,098,000	\$34,486,000
Contributions		
Retiree Premiums	\$2,171,000	\$2,134,000
Reimbursement	(\$2,026,000)	\$0
Implicit Subsidy	N/A	\$391,000
Pre-Funding	\$2,534,000	\$0
Total	\$2,679,000	\$2,525,000
Benefit Payments		
Retiree Premiums	(\$2,171,000)	(\$2,134,000)
Implicit Subsidy	N/A	(\$391,000)
Total	(\$2,171,000)	(\$2,525,000)
Administrative Expenses	(\$34,000)	(\$34,000)
Interest to EOY	(\$86,000)	\$2,511,000
Total Asset @ Valuation Date	\$34,486,000	\$36,963,000
Actuarial Accrued Liability		
Retiree	\$29,889,000	\$29,044,000
Active	\$11,360,000	\$12,915,000
Total AAL @ Valuation Date	\$41,249,000	\$41,959,000
Unfunded Accrued Liability		
	\$6,763,000	\$4,996,000
Fiscal Period		
	7/1/15 to 6/30/16	7/1/16 to 6/30/17
Development of ARC		
Amortization period	30	30
Amortization of UAL	\$396,000	\$293,000
Normal Cost @ MOY	\$681,000	\$701,000
Total ARC @ MOY	\$1,077,000	\$994,000
Development of Annual OPEB Cost		
NOO Beginning of Year	(\$29,905,000)	(\$31,781,000)
Amortization Factor	17.1	17.1
Annual Required Contribution	\$1,077,000	\$994,000
Interest on Net OPEB Obligation	(\$2,177,000)	(\$2,314,000)
Adjustment to the ARC	\$1,749,000	\$1,859,000
Annual OPEB Cost (AOC)	\$649,000	\$539,000
Development of Net OPEB Obligation / (Asset)		
NOO Beginning of Year	(\$29,905,000)	(\$31,781,000)
OPEB Cost	\$649,000	\$539,000
Expected Contribution	(\$2,525,000)	(\$2,650,000)
NOO End of Year	(\$31,781,000)	(\$33,892,000)

For the year ended June 30, 2015, the County elected to be reimbursed for pay-as-you-go costs from the CERBT trust. If the County again elects reimbursement for the year ending June 30, 2016, the projected funded status as of July 1, 2016 would be 83%, compared to 88% if the County does not seek reimbursement (as in the illustration above).

Appendix C – Pre-65 / Post-65 Breakdown

Alternate breakdown of AAL is shown below to help understand the source of costs.

	Pre-65	Post-65	Total
<i>All Benefits</i>			
County Contribution - Flat Dollar (County & RSA)			
Retirees	\$1,780,000	\$13,078,000	\$14,858,000
Actives	\$1,630,000	\$3,595,000	\$5,225,000
Subtotal	\$3,410,000	\$16,673,000	\$20,083,000
County Contribution - CalPERS Benefits			
Retirees	\$1,649,000	\$8,518,000	\$10,167,000
Actives	\$1,264,000	\$2,076,000	\$3,339,000
Subtotal	\$2,913,000	\$10,594,000	\$13,506,000
CalPERS - Implicit Subsidy			
Retirees	\$4,316,000	\$548,000	\$4,864,000
Actives	\$2,741,000	\$54,000	\$2,795,000
Subtotal	\$7,057,000	\$602,000	\$7,659,000
Total AAL	\$13,380,000	\$27,869,000	\$41,249,000
Number of Retirees as of 7/1/2015	700	1,356	2,056
Number of Actives as of 7/1/2015	3,752	15,366	19,118
AAL Per Retiree	\$11,100	\$16,300	\$14,500
AAL Per Active	\$1,500	\$400	\$600
Normal Cost			
Flat Dollar (County & RSA)	\$108,000	\$225,000	333,000
CalPERS Benefits	\$81,000	\$112,000	193,000
CalPERS - Implicit Subsidy	\$128,000	\$4,000	132,000
Total Normal Cost	\$317,000	\$341,000	\$658,000

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