

**Santa Barbara County Employees'
Retirement System**

**Actuarial Valuation of
Post Employment Benefits Other than Pensions
as of June 30, 2009**



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March 17, 2010

Mr. Vincent Brown
Chief Executive Officer
Santa Barbara County Employees' Retirement System
3916 State Street, Suite 210
Santa Barbara, CA 93105

Re: Actuarial Valuation of Post Employment Benefits as of June 30, 2009

In accordance with the request of Santa Barbara County Employees Retirement System (SBCERS), we have performed an Actuarial Valuation of the Other Post Employment Benefits (OPEB) as of June 30, 2009. The major findings of the valuation are contained in this report. This report reflects the benefit provisions in effect as of June 30, 2009.

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

All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the Plan and to reasonable expectations which, in combination, represent our best estimate of anticipated experience under the System.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Board of Retirement has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix A at its meeting on September 23, 2009.

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

Actuarial computations presented in this report under GASB Statements No. 43 and 45 are for purposes of fulfilling financial accounting requirements. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's goals. The calculations in this report have been made on a basis consistent with our understanding of the OPEB plan provisions described in Appendix B of this report, and of GASB Statements No. 43 and 45. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

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

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We would like to express our appreciation to Lila Deeds of SBCERS, and to members of SBCERS staff, who gave substantial assistance in supplying the data on which this report is based.

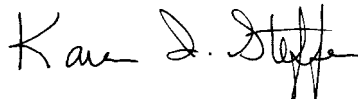
We respectfully submit the following report, and we look forward to discussing it with you.

Sincerely,

A handwritten signature in cursive script that reads "Daniel Wade".

Daniel Wade, FSA, EA, MAAA
Consulting Actuary

DRW/KIS/nlo

A handwritten signature in cursive script that reads "Karen Steffen".

Karen Steffen, FSA, EA, MAAA
Consulting Actuary

**Santa Barbara County Employees' Retirement System
Actuarial Valuation of
Post Employment Benefits Other than Pensions
as of June 30, 2009**

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Santa Barbara County Employees' Retirement System Actuarial Valuation of Post Employment Benefits Other than Pensions as of June 30, 2009

Section 1: Executive Summary



Introduction

Milliman, Inc. ("Milliman") has been retained by Santa Barbara County Employee Retirement System (SBCERS) to provide an actuarial valuation of its other post employment benefit (OPEB) retiree health plan. In our valuation we:

- Calculate the present value of total benefits for each employer and in total (shown in Exhibit 2).
- Calculate the actuarial accrued liability (present value of benefits attributable to past service) for each employer and in total (shown in Exhibit 2).
- Project expected Employer payouts for the next 10 years (shown in Exhibits 6 and 7).
- Calculate the Annual Required Contribution (ARC) and annual OPEB expense under GASB Statement No. 45 for the 2008-2009 fiscal year for two employers (shown in Exhibits 8 and 9).
- Calculate the ARC and annual OPEB expense under GASB Statement No. 45 for each employer for the 2009-2010 fiscal year (shown in Exhibits 10 and 11).
- Prepare the financial statement disclosures relating to the funded status of the plan (shown in Exhibit 12).

Background

PLAN PROVISIONS

Members who retire and are eligible to receive a pension from SBCERS may elect to continue coverage in the employers' health plans and receive a subsidy of \$15 per month per year of service that will help pay their retiree health premiums. If the monthly premium for the health plan selected is less than \$15 times the member's years of service, the subsidy is limited to the entire premium. The health plans can include coverage for eligible spouses and dependents.

After the member's death, a surviving spouse is eligible to continue health plan coverage. The subsidy benefit will be equal to \$15 per year of service times the survivor continuation percentage applicable for pension benefits.

If a member is eligible for a disability retirement benefit, the member can receive a monthly health plan subsidy of \$187 per month or a \$15 per year of service, whichever is greater.

Retirees who choose not to participate in an employer sponsored health plan receive a benefit of \$4 per month per year of service.

HISTORICAL PLAN PROVISIONS

A settlement agreement between the County and retirees provided for a benefit for all retired SBCERS members as of June 24, 1988. At the time of the settlement, the County agreed to pay a retiree health care subsidy of \$8 per month per year of service for retirees who participated in an employer sponsored health plan. For those who did not participate in a health plan, the cash benefit was \$1.47 per month per year of service. Between 1996 and 2002, the Board of Retirement expanded the subsidy incrementally to the current level. These benefits have not increased since 2002.

For this valuation, we assume that no future increases will be granted in any of the following:

- Monthly Health Premium Subsidy of \$15 per year of service.
- Monthly Cash Benefit of \$4 per year of service for those electing to forego the employer-sponsored health plan.
- Monthly subsidy of \$187 for members receiving disability retirement benefits.

IMPLICIT RATE SUBSIDIES

Retiree health premiums (excluding dental and vision) are rated separately from the premiums for active employees. For this reason, there is no implicit rate subsidy for health benefits.

For dental and vision benefits, the retirees are pooled with the active employees for setting premium amounts. Because these benefits are relatively small and the claims costs between actives and retirees are not expected to differ as much as they would for other health benefits, any implicit subsidies for dental and vision benefits were deemed immaterial.

Only the direct subsidies are valued in this report.

NET OPEB OBLIGATION

The OPEB plan is considered an agent plan. Unlike the SBCERS pension plan where the experience is pooled among different employers, an agent plan tracks income, disbursements, and liability experience separately for each individual employer group.

GASB Statement 45 allows employers to set the beginning net OPEB obligation at zero as of the beginning of the initial year. Implementation is required in three phases based upon a government's total annual revenues. It is our understanding that the County is a phase 1 employer, the Santa Barbara County Association of Governments (SBCAG) and the Air Pollution Control District (APCD) are phase 2 employers, while all of the other employers are phase 3 employers.

**NET OPEB
OBLIGATION
(continued)**

For phase 1 employers, such as the County, implementation was required for periods starting after December 15, 2006. The net OPEB obligation for the County was zero as of June 30, 2007. The ARC for the July 1, 2007 through June 30, 2008 and July 1, 2008 through June 30, 2009 was calculated by the County. The net OPEB obligation for Santa Barbara County as of June 30, 2009 was provided by the County.

For phase 2 employers, the implementation date was for periods starting after December 15, 2007. For this reason, we have calculated an ARC for SBCAG and APCD for the July 1, 2008 through June 30, 2009 period, with a net OPEB obligation of zero as of June 30, 2008. SBCAG has a net OPEB obligation as of June 30, 2009, because its contribution for the 2008-2009 period was less than its ARC. APCD has a negative net OPEB obligation, sometimes called a net OPEB asset. This is because the contribution made by APCD was in excess of its ARC.

The other employers did not need to report an ARC for the July 1, 2007 through June 30, 2009 period, but will need to do so for the July 1, 2009 to June 30, 2010 period. This is because phase 3 employers were not required to report for OPEB until periods starting after December 15, 2008. For those employers, we will start with zero net OPEB obligation as of June 30, 2009.

For all employers, we calculated an ARC for the July 1, 2009 through June 30, 2010 period. We have estimated the June 30, 2010 net OPEB obligation based upon estimated employer contributions for the July 1, 2009 through June 30, 2010 period.

**Changes from the
July 1, 2007
Actuarial Valuation
Report**

ASSETS

As of the prior valuation date (July 1, 2007), benefits were paid from the Health Coverage Reserve and the Supplemental Health Coverage Reserve previously established by SBCERS via the transfer of excess earnings. Per the Board of Retirement's actions since that date, those reserves no longer exist. Some of the assets in those reserves were used to pay the \$15 health subsidy benefits through September 2008 and the \$4 cash benefits through December 2008. The bulk of the assets in those reserves were transferred to the valuation assets for use to fund the SBCERS pension benefits.

In September 2008, the employers and SBCERS adopted an Internal Revenue Code Section 401(h) account to pay for retiree medical benefits. The 401(h) account was used for the \$15 health subsidy benefits beginning in October 2008 and the \$4 cash benefits in January 2009.

**ASSETS
(continued)**

There are limits as to the annual contribution that an employer is allowed to make to a Section 401(h) account, based upon the normal cost for the pension plan. It is our understanding that the 2008-2009 contributions used in this report are within the limits. We are not attorneys and cannot give legal advice on such issues. We suggest that you review this issue with counsel.

The County has adopted a funding policy to contribute 3% of payroll for covered employees. This results in partial pre-funding of the retiree medical benefits for the County. The APCD is also partially pre-funding its obligation. The other employers are funding on a pay-as-you-go basis.

**INVESTMENT RETURN
ASSUMPTION
(DISCOUNT RATE)**

Since the previous valuation, the investment return assumption (discount rate) has been changed from 8.16% to 4.50%. The 8.16% assumption was based on the expected rate of return on the Health Coverage Reserve and Supplemental Health Coverage Reserve, which were invested the same as the pension assets and were assumed to be used to pay for the retiree health benefits at the time of the 2007 OPEB valuation.

Now, the investment return assumption (discount rate) is based on the expected rate of return for the 401(h) account, which is invested in the Treasurer's pool. The investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of OPEB benefits. Based on our inflation assumption of 3.50% and the asset allocation of the Treasurer's Pool as of June 30, 2009, we believe that a long-term assumption of 4.50% is appropriate for the 2009 OPEB valuation.

This assumption was approved by the Board of Retirement at its September 23, 2009 meeting.

**Significant
Assumptions Used
in This Report**

Please see Appendix A for a complete summary of our assumptions.

When appropriate, our assumptions for valuing the OPEB Plan match the assumptions used for the pension plan. In October 2007, Milliman reviewed SBCERS experience from July 2003 through June 2007. As a result of this study, changes were made to the termination, retirement, disability, and mortality assumptions and were reflected in the 2007 SBCERS pension valuation. They will continue to be used in the 2009 pension valuation and we have used the same assumptions with this valuation.

HEALTH PLAN PARTICIPATION

For this OPEB valuation, we assumed that 75% of future retirees will select a monthly subsidy for employer health plan benefits of \$15 per year of service, while 25% will select the \$4 cash benefit option. This is the same assumption that was used for our July 1, 2007 OPEB valuation.

As of the 2009 valuation date, approximately 65% of retirees choose the \$15 subsidy. However, those with long service are significantly more likely to choose the \$15 option than those with short service. When we reviewed the selection of health plan coverage on a service-weighted basis, we found that those who chose the \$15 subsidy had approximately 73% of the total service. At the time of our last valuation, approximately 76% of the total service was for people who had chosen the \$15 subsidy. Therefore, we feel that the assumption of 75% continues to be reasonable and appropriate.

MAXIMUM SUBSIDY

As mentioned above, if the monthly premium for the health plan selected is less than \$15 times the member's years of service, the subsidy is limited to the entire premium. For this valuation, we used the maximum monthly subsidy.

As of the valuation date, there are retirees who are receiving a subsidy that is less than the maximum monthly subsidy implied by \$15 times years of service. When considering all retirees, the total subsidy as of the valuation date was approximately 99% of the maximum possible based upon \$15 times years of service. As health costs continue to increase, this percentage should increase with time. For this reason, we feel it is appropriate to use the maximum subsidy for our valuation.

Results of Study

The valuation results are summarized in the following exhibit and use the following terms:

The **Present Value of Benefits** is the present value of projected benefits discounted at the valuation interest rate (8.16% for 2007 and 4.50% for 2009).

The **Actuarial Accrued Liability (AAL)** is the portion of the present value of benefits attributed to past service only. The portion attributed to future employee service is excluded. For retirees, this is equal to the present value of benefits. For active employees, the actuarial present value of the projected benefits of each individual is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit (until maximum retirement age). The portion attributed to service between entry age and the valuation date is the actuarial accrued liability.

The **Normal Cost** is that portion of the Employer provided benefit attributable to employee service in the current year.

**Results of Study
(continued)**

The **Annual Required Contribution (ARC)** is the amount that the employer is required to report as an expense under GASB 45. The ARC is equal to the Normal Cost plus an amount to amortize the unfunded AAL. Note the ARC represents an accounting expense, but the employer is not required to contribute the ARC to a trust. If the employer does not set aside funds equal to the ARC each year, then a net OPEB obligation is disclosed.

AMORTIZATION PERIOD

For Santa Barbara County, a closed amortization period of 15 years was established as of January 1, 2007. As of June 30, 2009 this period is now 12.5 years.

For other employers, an open/rolling period of 30 years is used. This is the longest amortization period available and will result in the lowest level of ARC and net OPEB obligation status for the employers' accounting statements. This is common practice if little or no prefunding is expected.

Exhibit 1 on the following page is a summary of the valuation results. The results from the prior valuation are also displayed for purposes of comparison.

**Santa Barbara County Employees' Retirement System
Actuarial Valuation of
Post Employment Benefits Other than Pensions
as of June 30, 2009**

Exhibit 1

Summary of Valuation Results

| | Valuation Date | | Percentage Change |
|---|------------------|-------------------|----------------------|
| | June 30, 2009 | July 1, 2007 | |
| Total Membership | | | |
| Active members | 4,467 | 4,625 | (3.4%) |
| Vested Terminated Members | 906 | 895 | 1.2% |
| Retirees and Surviving Spouses | <u>3,019</u> | <u>2,697</u> | 11.9% |
| Total | 8,392 | 8,217 | 2.1% |
| Discount Rate | 4.50% | 8.16% | |
| Present Value of Benefits | \$ 224,422,000 | \$ 128,663,000 | 74.4% |
| Actuarial Accrued Liability (AAL) | \$ 174,532,000 | \$ 111,326,000 | 56.8% |
| Assets | <u>1,169,000</u> | <u>93,530,000</u> | (98.8%) |
| Unfunded Actuarial Accrued Liability (UAAL) | \$ 173,363,000 | \$ 17,796,000 | 874.2% |
| One-Year Period Following the Valuation Date: | | | |
| Normal Cost | \$ 5,498,000 | \$ 2,553,000 | 115.4% |
| Annual Required Contribution (ARC) | \$ 19,791,000 | N/A | |
| Estimated Annual Benefit Payments | \$ 8,041,000 | \$ 7,333,000 | 9.7% |

Note that the liabilities for June 30, 2009 do not include any liabilities for the Oak Hill Cemetery or the Santa Barbara County Vector Control District. These employers have not elected to join the 401(h) account. The employees for these two employers were included with the 2007 OPEB results.

Results of Study (continued)

All of the numbers in Exhibit 1 are aggregate amounts for all employers. See the exhibits later in the report for the breakdowns by individual employers.

Note that the count for retirees and surviving spouses is lower for this valuation than it is for the pension valuation. Retirees who are married to other SBCERS retirees often pool their service credit for a better insurance subsidy. In those cases, there are two pension allowances, but only one retiree medical subsidy. Also, the pension valuation includes those receiving pension benefits pursuant to a Qualified Domestic Relations Order (QDRO), but not receiving retiree medical benefits.

Reconciliation

As of the 2007 OPEB valuation, the actuarial accrued liability was determined to be \$111.3 million. The expected value as of June 30, 2009 based upon the 2007 valuation, including the 2007 discount rate assumption, was \$119.5 million. The actuarial accrued liability based upon our June 30, 2009 valuation is \$ 174.5 million, which is 46% greater than expected for reasons summarized as follows:

| Reason | Liability Increase (Decrease) as a Percentage |
|------------------------------------|--|
| Demographic Experience | (1%) |
| Change in Discount Rate Assumption | <u>47%</u> |
| Total | 46% |

We generally expect the actuarial accrued liability to increase due to the passage of time. Employees have earned two more years of service credit since our last valuation and there are two fewer years of discounting applied to future payments. Those increases are partially offset by the fact that there is no longer an obligation for benefits paid over the two years between valuations.

When we reviewed the 2009 census, the actual **demographic experience** (health plan participation, termination of employment, disability, retirement, and mortality rates) since 2007 do not perfectly match our demographic assumptions. There was a very small decrease in liability attributable to the demographic experience between July 1, 2007 and June 30, 2009.

The change in the **discount rate** was responsible for the large increase in liabilities between the July 1, 2007 valuation and the June 30, 2009 valuation. Discounting at a much lower rate resulted in much higher liabilities.

In addition, the assets previously allocated for OPEB benefits as of the 2007 valuation are no longer available for OPEB benefits as of this valuation. The increase in liabilities that results from the lower discount rate and the loss of OPEB assets has resulted in an extremely large increase in the UAAL.

Variability of Results

The results contained in this report represent our best estimates. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions.

**Santa Barbara County Employees' Retirement System
Actuarial Valuation of
Post Employment Benefits Other than Pensions
as of June 30, 2009**

Section 2: Exhibits



Detailed Valuation Results

Exhibit 2 displays the Present Value of Benefits and Actuarial Accrued Liabilities for each employer and in total.

Exhibit 3 displays the Normal Cost by each employer and in total.

Exhibit 4 displays a reconciliation of assets in the 401(h) account from the beginning of the year (when all assets were zero) to the end of the year.

Exhibit 5 displays the Unfunded Actuarial Accrued Liability for each individual employer and in total.

Benefit Payments

Exhibit 6 illustrates the projected employer costs of providing subsidized retiree health benefits on a pay-as-you-go basis. The chart in Exhibit 7 graphically illustrates the total projected cash flow payments for all employers combined.

Note that these projections do not reflect any new hires after July 1, 2009, however all employees hired prior to that date are included in our valuation.

Accounting Disclosure Information for GASB 43 and 45

Exhibit 8 provides the development of the ARC for 2008-2009 for the two Phase 2 employers.

Exhibit 9 provides the calculation for the development of the Net OPEB Obligation as of June 30, 2009 for the two Phase 2 employers.

Exhibit 10 provides the development of the ARC for 2009-2010 for each employer and in total.

Exhibit 11 shows the calculation for the development of the Net OPEB Obligation as of June 30, 2010 for each employer and in total.

Exhibit 12 displays the Schedule of Funding Progress for each employer and in total.

**Santa Barbara County Employees' Retirement System
Actuarial Valuation of
Post Employment Benefits Other than Pensions
as of June 30, 2009**

Exhibit 2

Liabilities

| <u>June 30, 2009</u> | <u>Total</u> | <u>Santa Barbara County</u> | <u>Carpinteria- Summerland FPD</u> | <u>Santa Maria Cemetery</u> | <u>Goleta Cemetery</u> | <u>SBCAG</u> | <u>Summerland Sanitary</u> | <u>Carpinteria Cemetery</u> | <u>APCD</u> | <u>Courts</u> |
|---|-------------------|-------------------------------------|--|-------------------------------------|----------------------------|----------------|--------------------------------|---------------------------------|----------------|------------------|
| <i>Present Value of Benefits</i> | | | | | | | | | | |
| Active employees | \$ 118,152,968 | \$ 107,473,475 | \$ 971,458 | \$ 235,887 | \$ 92,238 | \$ 448,049 | \$ 101,625 | \$ 21,452 | \$ 1,655,204 | \$ 7,153,580 |
| Vested Terminated Employees | 11,461,688 | 10,792,150 | 82,416 | 0 | 0 | 94,715 | 0 | 45,023 | 189,829 | 257,555 |
| Retirees | <u>94,807,810</u> | <u>89,432,386</u> | <u>1,832,281</u> | <u>138,428</u> | <u>65,196</u> | <u>202,304</u> | <u>20,168</u> | <u>51,728</u> | <u>532,179</u> | <u>2,533,140</u> |
| Total | \$ 224,422,466 | \$ 207,698,011 | \$ 2,886,155 | \$ 374,315 | \$ 157,434 | \$ 745,068 | \$ 121,793 | \$ 118,203 | \$ 2,377,212 | \$ 9,944,275 |
| <i>Actuarial Accrued Liability</i> | | | | | | | | | | |
| Active employees | \$ 68,262,349 | \$ 61,774,073 | \$ 517,773 | \$ 134,453 | \$ 58,418 | \$ 248,235 | \$ 56,114 | \$ 4,203 | \$ 1,129,543 | \$ 4,339,537 |
| Vested Terminated Employees | 11,461,688 | 10,792,150 | 82,416 | 0 | 0 | 94,715 | 0 | 45,023 | 189,829 | 257,555 |
| Retirees | <u>94,807,810</u> | <u>89,432,386</u> | <u>1,832,281</u> | <u>138,428</u> | <u>65,196</u> | <u>202,304</u> | <u>20,168</u> | <u>51,728</u> | <u>532,179</u> | <u>2,533,140</u> |
| Total | \$ 174,531,847 | \$ 161,998,609 | \$ 2,432,470 | \$ 272,881 | \$ 123,614 | \$ 545,254 | \$ 76,282 | \$ 100,954 | \$ 1,851,551 | \$ 7,130,232 |



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Exhibit 3

Normal Cost

| Normal Cost | <u>Total</u> | <u>Santa Barbara County</u> | <u>Carpinteria- Summerland FPD</u> | <u>Santa Maria Cemetery</u> | <u>Goleta Cemetery</u> | <u>SBCAG</u> | <u>Summer- land Sanitary</u> | <u>Carpinteria Cemetery</u> | <u>APCD</u> | <u>Courts</u> |
|----------------------------------|---------------------|-------------------------------------|--|-------------------------------------|----------------------------|------------------|--------------------------------------|---------------------------------|------------------|-------------------|
| Active employees | \$ 5,261,571 | \$ 4,787,293 | \$ 48,627 | \$ 10,533 | \$ 6,036 | \$ 19,846 | \$ 4,467 | \$ 1,426 | \$ 69,445 | \$ 313,898 |
| Interest* | 236,770 | 215,428 | 2,188 | 474 | 272 | 893 | 201 | 64 | 3,125 | 14,125 |
| Normal Cost with interest | \$ 5,498,341 | \$ 5,002,721 | \$ 50,815 | \$ 11,007 | \$ 6,308 | \$ 20,739 | \$ 4,668 | \$ 1,490 | \$ 72,570 | \$ 328,023 |

* Interest is calculated using the valuation interest rate of 4.50%.

**Santa Barbara County Employees' Retirement System
Actuarial Valuation of
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as of June 30, 2009**

Exhibit 4

Assets

| | Total | Santa Barbara County | Carpinteria- Summerland FPD | Santa Maria Cemetery | Goleta Cemetery | SBCAG | Summer- land Sanitary | Carpinteria Cemetery | APCD | Courts |
|---|---------------------|----------------------------|-----------------------------------|----------------------------|--------------------|------------------|-----------------------------|-------------------------|-------------------|-------------------|
| Beginning of Year Assets | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Revenues | | | | | | | | | | |
| Contributions | \$ 7,216,419 | \$ 6,793,636 | \$ 101,332 | \$ 3,848 | \$ 3,192 | \$ 11,443 | \$ 723 | \$ 2,542 | \$ 153,335 | \$ 146,368 |
| Interest Income* | 19,900 | 19,900 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unrealized Gains on Investments | 11,410 | 10,143 | 0 | 0 | 0 | 0 | 0 | 0 | 1,267 | 0 |
| Total Revenues | \$ 7,247,728 | \$ 6,823,679 | \$ 101,332 | \$ 3,848 | \$ 3,192 | \$ 11,443 | \$ 723 | \$ 2,542 | \$ 154,601 | \$ 146,368 |
| Expenditures | | | | | | | | | | |
| \$15 Health Insurance Subsidy | \$ 5,722,959 | \$ 5,444,448 | \$ 98,559 | \$ 2,703 | \$ 2,873 | \$ 10,146 | \$0 | \$ 2,542 | \$ 23,120 | \$ 138,568 |
| \$4 Cash Benefit | 356,206 | 338,267 | 2,773 | 1,145 | 243 | 1,296 | 723 | 0 | 3,960 | 7,801 |
| Total Expenditures | \$ 6,079,166 | \$ 5,782,715 | \$ 101,332 | \$ 3,848 | \$ 3,116 | \$ 11,443 | \$ 723 | \$ 2,542 | \$ 27,080 | \$ 146,368 |
| Total Assets as of June 30, 2009 | \$ 1,168,563 | \$ 1,040,965 | \$0 | \$0 | \$ 77 | \$0 | \$0 | \$0 | \$ 127,521 | \$0 |

* At the time interest income was posted, employer "Santa Barbara County" was the only employer pre-funding; therefore, they were allocated 100% of the interest income.



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Exhibit 5

Unfunded Actuarial Accrued Liability

| June 30, 2009 UAAL | <u>Total</u> | <u>Santa Barbara County</u> | <u>Carpinteria- Summerland FPD</u> | <u>Santa Maria Cemetery</u> | <u>Goleta Cemetery</u> | <u>SBCAG</u> | <u>Summer- land Sanitary</u> | <u>Carpinteria Cemetery</u> | <u>APCD</u> | <u>Courts</u> |
|-----------------------------|------------------|-------------------------------------|--|-------------------------------------|----------------------------|--------------|--------------------------------------|---------------------------------|----------------|---------------|
| Actuarial Accrued Liability | \$ 174,531,847 | \$ 161,998,609 | \$ 2,432,470 | \$ 272,881 | \$ 123,614 | \$ 545,254 | \$ 76,282 | \$ 100,954 | \$ 1,851,551 | \$ 7,130,232 |
| Assets | <u>1,168,563</u> | <u>1,040,965</u> | <u>0</u> | <u>0</u> | <u>77</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>127,521</u> | <u>0</u> |
| UAAL | \$ 173,363,284 | 160,957,644 | 2,432,470 | 272,881 | 123,537 | 545,254 | 76,282 | 100,954 | 1,724,030 | 7,130,232 |
| Funded percentage | 0.7% | 0.6% | 0.0% | 0.0% | 0.1% | 0.0% | 0.0% | 0.0% | 6.9% | 0.0% |



**Santa Barbara County Employees' Retirement System
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Exhibit 6

Projected Benefit Payments

Total Benefit Payments

| Fiscal Year Ending | Total | Santa Barbara County | Carpinteria- Summerland FPD | Santa Maria Cemetery | Goleta Cemetery | SBCAG | Summerland Sanitary | Carpinteria Cemetery | APCD | Courts |
|--------------------------|--------------|----------------------------|-----------------------------------|----------------------------|--------------------|-----------|------------------------|-------------------------|-----------|------------|
| 2010 | \$ 8,041,450 | \$ 7,624,434 | \$ 134,389 | \$ 9,050 | \$ 4,610 | \$ 17,927 | \$ 1,513 | \$ 3,385 | \$ 41,385 | \$ 204,757 |
| 2011 | 8,440,112 | 7,972,651 | 138,075 | 9,628 | 5,338 | 19,347 | 1,701 | 3,380 | 52,081 | 237,911 |
| 2012 | 8,847,288 | 8,326,689 | 140,574 | 10,281 | 6,283 | 21,550 | 1,947 | 3,375 | 61,548 | 275,041 |
| 2013 | 9,247,333 | 8,679,905 | 142,775 | 10,970 | 7,185 | 22,993 | 2,229 | 3,367 | 70,629 | 307,280 |
| 2014 | 9,651,158 | 9,029,502 | 145,533 | 11,772 | 7,865 | 25,054 | 2,543 | 3,359 | 82,851 | 342,679 |
| 2015 | 10,030,914 | 9,361,002 | 148,832 | 12,733 | 8,494 | 26,309 | 2,909 | 3,348 | 93,726 | 373,561 |
| 2016 | 10,403,519 | 9,686,108 | 152,906 | 13,828 | 9,024 | 28,581 | 3,309 | 3,339 | 103,245 | 403,179 |
| 2017 | 10,769,059 | 10,003,625 | 158,151 | 15,070 | 9,569 | 30,164 | 3,816 | 3,345 | 113,611 | 431,708 |
| 2018 | 11,124,542 | 10,307,640 | 161,837 | 16,461 | 9,931 | 33,732 | 4,381 | 7,250 | 123,581 | 459,729 |
| 2019 | 11,452,154 | 10,593,876 | 165,405 | 17,806 | 10,214 | 35,204 | 5,002 | 7,292 | 130,943 | 486,412 |

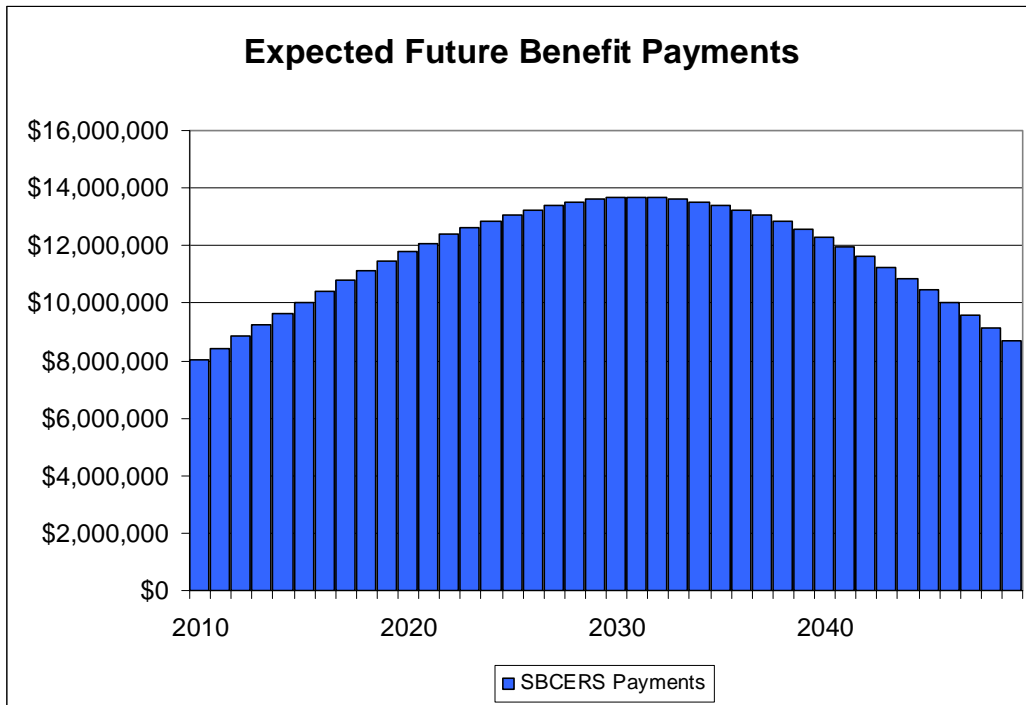


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**Santa Barbara County Employees' Retirement System
Actuarial Valuation of
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Exhibit 7

**Projected Benefit Payments
(all employers except Oak Hill Cemetery
and SB County Vector Control District)**



**Santa Barbara County Employees' Retirement System
Actuarial Valuation of
Post Employment Benefits Other than Pensions
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Exhibit 8

Development of Annual Required Contribution for 2008-2009

| <i>Calculation of ARC for 2008-2009</i> | <u>SBCAG</u> | <u>APCD</u> |
|--|--------------|-------------|
| 1. End of Year Normal Cost | \$ 19,846 | \$ 69,445 |
| 2. Unfunded Actuarial Accrued Liability (UAAL) | 545,254 | 1,724,030 |
| 3. Amortization Period in Years | 30.0 | 30.0 |
| 4. Amortization Factor (level % of pay) | 28.009 | 28.009 |
| 5. Amortization Payment (2. / 4.) | \$ 19,467 | \$ 61,553 |
| 6. Annual Required Contribution (1. + 5.) | \$ 39,313 | \$ 130,998 |

**Santa Barbara County Employees' Retirement System
Actuarial Valuation of
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Exhibit 9

Development of Net OPEB Obligation for June 30, 2009

| <i>Development of Net OPEB Obligation</i> | <u>SBCAG</u> | <u>APCD</u> |
|--|---------------|---------------|
| 1. End of Year Normal Cost | \$ 19,846 | \$ 69,445 |
| 2. Amortization of UAAL | <u>19,467</u> | <u>61,553</u> |
| 3. Annual Required Contribution (1.+2.) | \$ 39,313 | \$ 130,998 |
| 4. Interest on Net OPEB Obligation (4.5% x 9.) | \$ 0 | \$ 0 |
| 5. Adjustment to ARC (9./amortization factor) | <u>0</u> | <u>0</u> |
| 6. Annual OPEB Cost (3.+4.-5.) | \$ 39,313 | \$ 130,998 |
| 7. Employer Contributions | 11,443 | 153,335 |
| 8. Change in Net OPEB Obligation (6.-7.) | \$ 27,870 | \$ (22,337) |
| 9. Net OPEB Obligation, Beginning of Year | 0 | 0 |
| 10. Estimated Net OPEB Obligation, End of Year (8.+9.) | \$ 27,870 | \$ (22,337) |

**Santa Barbara County Employees' Retirement System
Actuarial Valuation of
Post Employment Benefits Other than Pensions
as of June 30, 2009**

Exhibit 10

Development of Annual Required Contribution for 2009-2010

| <i>Calculation of ARC for 2009-2010</i> | <u>Total</u> | <u>Santa Barbara County</u> | <u>Carpinteria- Summerland FPD</u> | <u>Santa Maria Cemetery</u> | <u>Goleta Cemetery</u> | <u>SBCAG</u> | <u>Summerland Sanitary</u> | <u>Carpinteria Cemetery</u> | <u>APCD</u> | <u>Courts</u> |
|--|---------------|-------------------------------------|--|-------------------------------------|----------------------------|--------------|--------------------------------|---------------------------------|-------------|---------------|
| 1. End of Year Normal Cost | \$ 5,498,341 | \$ 5,002,721 | \$ 50,815 | \$ 11,007 | \$ 6,308 | \$ 20,739 | \$ 4,668 | \$ 1,490 | \$ 72,570 | \$ 328,023 |
| 2. Unfunded Actuarial Accrued Liability (UAAL) | 173,363,284 | 160,957,644 | 2,432,470 | 272,881 | 123,537 | 545,254 | 76,282 | 100,954 | 1,724,030 | 7,130,232 |
| 3. Amortization Period in Years | varies | 12.5 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 |
| 4. Amortization Factor (level % of pay) | varies | 12.162 | 28.009 | 28.009 | 28.009 | 28.009 | 28.009 | 28.009 | 28.009 | 28.009 |
| 5. Amortization Payment (2. / 4.) * 1.045 | \$ 14,293,108 | \$ 13,830,256 | \$ 90,755 | \$ 10,181 | \$ 4,609 | \$ 20,343 | \$ 2,846 | \$ 3,767 | \$ 64,323 | \$ 266,028 |
| 6. Annual Required Contribution (1. + 5.) | \$ 19,791,449 | \$ 18,832,977 | \$ 141,570 | \$ 21,188 | \$ 10,917 | \$ 41,082 | \$ 7,514 | \$ 5,257 | \$ 136,893 | \$ 594,051 |



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**Santa Barbara County Employees' Retirement System
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Exhibit 11

Development of Net OPEB Obligation for June 30, 2010

| Development of Net OPEB Obligation | <u>Total</u> | <u>Santa Barbara County</u> | <u>Carpinteria- Summerland FPD</u> | <u>Santa Maria Cemetery</u> | <u>Goleta Cemetery</u> | <u>SBCAG</u> | <u>Summerland Sanitary</u> | <u>Carpinteria Cemetery</u> | <u>APCD</u> | <u>Courts</u> |
|--|-------------------|-------------------------------------|--|-------------------------------------|----------------------------|---------------|--------------------------------|---------------------------------|---------------|----------------|
| 1. End of Year Normal Cost | \$ 5,498,341 | \$ 5,002,721 | \$ 50,815 | \$ 11,007 | \$ 6,308 | \$ 20,739 | \$ 4,668 | \$ 1,490 | \$ 72,570 | \$ 328,023 |
| 2. Amortization of UAAL | <u>14,293,108</u> | <u>13,830,256</u> | <u>90,755</u> | <u>10,181</u> | <u>4,609</u> | <u>20,343</u> | <u>2,846</u> | <u>3,767</u> | <u>64,323</u> | <u>266,028</u> |
| 3. Annual Required Contribution (1.+2.) | \$ 19,791,449 | \$ 18,832,977 | \$ 141,570 | \$ 21,188 | \$ 10,917 | \$ 41,082 | \$ 7,514 | \$ 5,257 | \$ 136,893 | \$ 594,051 |
| 4. Interest on Net OPEB Obligation (4.5% x 9.) | \$ 859,164 | \$ 858,915 | \$ 0 | \$ 0 | \$ 0 | \$ 1,254 | \$ 0 | \$ 0 | \$ (1,005) | \$ 0 |
| 5. Adjustment to ARC (9./amortization factor) | <u>1,569,621</u> | <u>1,569,423</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>995</u> | <u>0</u> | <u>0</u> | <u>(798)</u> | <u>0</u> |
| 6. Annual OPEB Cost (3.+4.-5.) | \$ 19,080,992 | \$ 18,122,469 | \$ 141,570 | \$ 21,188 | \$ 10,917 | \$ 41,341 | \$ 7,514 | \$ 5,257 | \$ 136,685 | \$ 594,051 |
| 7. Estimated Employer Contributions* | 8,913,783 | 8,384,817 | 134,389 | 9,050 | 4,610 | 17,927 | 1,513 | 3,385 | 153,335 | 204,757 |
| 8. Change in Net OPEB Obligation (6.-7.) | \$ 10,167,210 | \$ 9,737,652 | \$ 7,181 | \$ 12,138 | \$ 6,307 | \$ 23,414 | \$ 6,001 | \$ 1,872 | \$ (16,650) | \$ 389,294 |
| 9. Net OPEB Obligation, Beginning of Year | 19,092,533 | 19,087,000 | 0 | 0 | 0 | 27,870 | 0 | 0 | (22,337) | 0 |
| 10. Estimated Net OPEB Obligation, End of Year (8.+9.) | \$ 29,259,743 | \$ 28,824,652 | \$ 7,181 | \$ 12,138 | \$ 6,307 | \$ 51,284 | \$ 6,001 | \$ 1,872 | \$ (38,987) | \$ 389,294 |

* Estimated Employer Contributions for Santa Barbara County based upon 3% of payroll. For APCD, it is based upon the prior year's contribution. For others, it is the estimated benefit payments for the year.

** The Beginning of Year Net OPEB Obligation for Santa Barbara County was supplied by the County. Estimated amounts will be replaced by actual amounts at year end.

**Santa Barbara County Employees' Retirement System
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Exhibit 12

Schedule of Funding Progress

| | Actuarial Value of Assets (a) | Entry Age Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as % of Covered Payroll ((b - a) / c) |
|----------------------------|--|---|--------------------------------------|----------------------------|---------------------------|---|
| Total | \$ 1,168,563 | \$ 174,531,847 | \$ 173,363,284 | 0.7% | \$ 306,524,099 | 56.6% |
| Santa Barbara County | 1,040,965 | 161,998,609 | 160,957,644 | 0.6% | 279,493,886 | 57.6% |
| Carpinteria-Summerland FPD | 0 | 2,432,470 | 2,432,470 | 0.0% | 3,293,494 | 73.9% |
| Santa Maria Cemetery | 0 | 272,881 | 272,881 | 0.0% | 396,558 | 68.8% |
| Goleta Cemetery | 77 | 123,614 | 123,537 | 0.1% | 236,839 | 52.2% |
| SBCAG | 0 | 545,254 | 545,254 | 0.0% | 1,778,455 | 30.7% |
| Summerland Sanitary | 0 | 76,282 | 76,282 | 0.0% | 333,954 | 22.8% |
| Carpinteria Cemetery | 0 | 100,954 | 100,954 | 0.0% | 109,785 | 92.0% |
| APCD | 127,521 | 1,851,551 | 1,724,030 | 6.9% | 3,954,591 | 43.6% |
| Courts | 0 | 7,130,232 | 7,130,232 | 0.0% | 16,477,936 | 43.3% |

**Santa Barbara County Employees' Retirement System
Actuarial Valuation of
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as of June 30, 2009**

Appendix A: Actuarial Procedures and Assumptions



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

The investment return assumption (discount rate) is the estimated long-term investment yield on the investments in the 401(h) account that are expected to be used to finance the payment of benefits. This assumption was changed effective June 30, 2009.

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

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

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

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

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

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

We have highlighted assumptions that are not shared by the pension valuation.

Actuarial Cost Method

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

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

The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets and (b) the actuarial present value of future normal costs is called the Unfunded Actuarial Accrued Liability (UAAL). The UAAL (or Surplus Funding) is amortized as a percentage of the projected salaries of present and future members of SBCERS.

Amortization Period for UAAL

For Santa Barbara County, a closed amortization period of 15 years was established as of January 1, 2007. As of June 30, 2009, this period is 12.5 years. For other employers, an open/rolling period of 30 years is used.

Valuation of Subsidy

When the monthly premium for the health plan selected is less than \$15 times the member's years of service, the subsidy is limited to the entire premium. As of the valuation date, there are retirees who are receiving a subsidy that is less than the maximum monthly subsidy implied by \$15 times years of service.

When considering all retirees, the total subsidy as of the valuation date was approximately 99% of the maximum possible based upon \$15 times years of service. As health costs continue to increase, this percentage should increase with time.

We assume that the monthly subsidy will be equal to the maximum subsidy of \$15 per year of service.

Implicit Rate Subsidy

Retirees and actives are covered by separate plans (excluding dental and vision). Milliman has not performed an analysis of the premiums for the retiree plans, however, SBCERS staff indicates that premiums for retiree health plans are anticipated to be sufficient to cover claims costs.

For dental and vision benefits, the retirees are pooled with the active employees for setting premium amounts. Because these benefits are relatively small and the claims costs between retirees and actives are not expected to differ as much as they would for other health benefits, any implicit subsidies for dental and vision benefits are deemed immaterial. Only the direct subsidies are valued in this report.

Records and Data

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

Replacement of Terminated Members

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

Growth in Membership

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

Valuation of Assets

We assume that the 401(h) account will be used to pay for the retiree health benefits.

Investment Earnings, Discount Rate, and Expenses

The future investment earnings of the assets in the 401(h) account are assumed to accrue at an annual rate of 4.50% compounded annually, net of both investment and administrative expenses.

Postretirement Benefit Increases

We assume that no future increases will be granted in any of the following:

- Monthly Health Premium Subsidy of \$15 per year of service.
- Monthly Cash Benefit of \$4 per year of service for those electing to forego the health subsidy.
- Monthly Subsidy of \$187 for members receiving disability retirement benefits.

There have been multiple increases in these benefit levels in the past. No increases have occurred since 2002 and none are expected as of the valuation date. If a new increase to the benefit levels should occur, the assumption that there will be no future increases granted may need to be revised.

Future Salaries

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

Note that future salary increases do not have an impact on OPEB benefit levels. However, this assumption is still required for the actuarial cost method chosen: individual entry age normal (level percentage of pay).

Retirement

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

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

All deferred vested members are assumed to retire at the later of current age or age 56 for General Plan 5 members, age 52 for Safety Plan 4 members, and age 50 for Safety Plan 6 members. General Plan 2 members are assumed to retire at 65.

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

These rates were adopted effective June 30, 2007.

Health Plan Participation

Seventy-five percent (75%) of future retirees are assumed to receive the monthly health subsidy of \$15 per year of service.

Twenty-five percent (25%) are assumed to receive the monthly cash benefit of \$4 per year of service.

Actual selection is used for current retirees.

Disability

The rates of disability used in the valuation are also illustrated in Tables A-7 through A-12.

Mortality – Disabled Members

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

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

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

Mortality – Other Than Disabled Members

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

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

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

Other Employment Terminations

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

Terminating employees may withdraw their contributions immediately upon termination of employment and forfeit the right to further benefits, or they may leave their contributions with SBCERS. Former contributing members whose contributions are on deposit may later elect to receive a refund, may return to work or may remain inactive until becoming eligible to receive a retirement benefit under either SBCERS or a reciprocal retirement system. All terminating members who are not eligible for vested benefits are assumed to withdraw their contributions immediately.

**Other Employment
Terminations
(continued)**

All terminating members are assumed to not be rehired. Table A-4 gives the assumed probabilities that vested members will withdraw their contributions and elect a refund immediately upon termination and the probability the remaining members will elect a deferred vested benefit. All non-vested members are assumed to elect a refund and withdraw their contributions. These rates were adopted effective June 30, 2007.

**Probability of Eligible
Survivors**

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

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Table A-1: Summary of Proposed Valuation Assumptions as of June 30, 2009

| | | | | | | | | | | | | | | |
|-------------------------|--|--------------------|-----|-------------------------|-------------------|-----------------|----------|-------------------|----------|----------------|----------|------------------|----------|--|
| I. | Economic assumptions | | | | | | | | | | | | | |
| A. | General wage increases | 4.00% | | | | | | | | | | | | |
| B. | Investment earnings | 4.50% | | | | | | | | | | | | |
| C. | Growth in membership | 0.00% | | | | | | | | | | | | |
| D. | Future benefit increases | 0.00% | | | | | | | | | | | | |
| II. | Demographic assumptions | | | | | | | | | | | | | |
| A. | Salary increases due to service (only used for actuarial cost method) | Tables A-5 to A-6 | | | | | | | | | | | | |
| B. | Retirement | Tables A-7 to A-12 | | | | | | | | | | | | |
| C. | Disability | Tables A-7 to A-12 | | | | | | | | | | | | |
| D. | Mortality for active members after termination and service retired members. | Table A-2 | | | | | | | | | | | | |
| | Basis – RP-2000 Combined Mortality Table for respective sexes for general members, as adjusted: | | | | | | | | | | | | | |
| | <table border="0"> <tr> <td></td> <td style="text-align: center;">Age</td> </tr> <tr> <td style="text-align: center;"><u>Class of Members</u></td> <td style="text-align: center;"><u>Adjustment</u></td> </tr> <tr> <td>General – males</td> <td>-3 years</td> </tr> <tr> <td>General – females</td> <td>-2 years</td> </tr> <tr> <td>Safety – males</td> <td>-3 years</td> </tr> <tr> <td>Safety – females</td> <td>-2 years</td> </tr> </table> | | Age | <u>Class of Members</u> | <u>Adjustment</u> | General – males | -3 years | General – females | -2 years | Safety – males | -3 years | Safety – females | -2 years | |
| | Age | | | | | | | | | | | | | |
| <u>Class of Members</u> | <u>Adjustment</u> | | | | | | | | | | | | | |
| General – males | -3 years | | | | | | | | | | | | | |
| General – females | -2 years | | | | | | | | | | | | | |
| Safety – males | -3 years | | | | | | | | | | | | | |
| Safety – females | -2 years | | | | | | | | | | | | | |
| E. | Mortality among disabled members | Table A-3 | | | | | | | | | | | | |
| | Basis – RP-2000 Combined Mortality Table, as adjusted: | | | | | | | | | | | | | |
| | <table border="0"> <tr> <td></td> <td style="text-align: center;">Age</td> </tr> <tr> <td style="text-align: center;"><u>Class of Members</u></td> <td style="text-align: center;"><u>Adjustment</u></td> </tr> <tr> <td>General - males</td> <td>0 years</td> </tr> <tr> <td>General - females</td> <td>0 years</td> </tr> <tr> <td>Safety - males</td> <td>0 years</td> </tr> <tr> <td>Safety - females</td> <td>0 years</td> </tr> </table> | | Age | <u>Class of Members</u> | <u>Adjustment</u> | General - males | 0 years | General - females | 0 years | Safety - males | 0 years | Safety - females | 0 years | |
| | Age | | | | | | | | | | | | | |
| <u>Class of Members</u> | <u>Adjustment</u> | | | | | | | | | | | | | |
| General - males | 0 years | | | | | | | | | | | | | |
| General - females | 0 years | | | | | | | | | | | | | |
| Safety - males | 0 years | | | | | | | | | | | | | |
| Safety - females | 0 years | | | | | | | | | | | | | |
| F. | Mortality for beneficiaries | Table A-2 | | | | | | | | | | | | |
| | Basis – Beneficiaries are assumed to have the same mortality as a general member of the opposite sex who has taken a service retirement. | | | | | | | | | | | | | |
| G. | Other terminations of employment | Tables A-7 to A-12 | | | | | | | | | | | | |
| H. | Refund of contributions on vested termination | Table A-4 | | | | | | | | | | | | |
| I. | Future Retirees Electing Health Plan Subsidy | 75% | | | | | | | | | | | | |

**Santa Barbara County Employees' Retirement System
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Table A-2: Mortality for Members Retired for Service

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

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Table A-3: Mortality for Members Retired for Disability

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

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

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

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**Table A-5: Annual Increase in Salary* - General Plans
(Only used for Actuarial Cost Method)**

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

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

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**Table A-6: Annual Increase in Salary* - Safety Plans
(Only used for Actuarial Cost Method)**

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

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

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Tables A-7 to A-12: Rates of Separation From Active Service

A schedule of the probabilities of termination of employment due to the following causes can be found on the following pages:

| | |
|----------------------|---|
| Service Retirement: | Member retires after meeting age and service requirements for reasons other than disability. |
| Withdrawal: | Member terminates and elects a refund of member contributions, or a deferred vested retirement benefit. |
| Service Disability: | Member receives disability retirement; disability is service related. |
| Ordinary Disability: | Member receives disability retirement; disability is not service related. |
| Service Death: | Member dies before retirement; death is service related. |
| Ordinary Death: | Member dies before retirement; death is not service related. |

Each rate represents the probability that a member will separate from service at each age due to the particular cause. For example, a rate of 0.0300 for a member's service retirement at age 50 means we assume that 30 out of 1,000 members who are age 50 will retire at that age.

Each table represents the detailed rates needed for each SBCERS plan by sex:

| | |
|------------|----------------------|
| Table A-7: | General Plan Males |
| A-8: | General Plan Females |
| A-9: | Safety Plan Males |
| A-10: | Safety Plan Females |
| A-11: | Safety Plan Males |
| A-12: | Safety Plan Females |

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

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

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

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

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

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

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

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

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

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

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

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

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Appendix B: Summary of Plan Provisions



Eligibility

Based upon eligibility for pension benefits from SBCERS.

Benefit Levels

Members can choose a monthly subsidy for County health plan benefits of \$15 per year of service. If the monthly premium for the health plan selected is less than \$15 times the member's years of service, the subsidy is limited to the entire premium. The health plans can include coverage for eligible spouses and dependents.

If a member does not elect a County health plan, the member receives a monthly cash benefit equal to \$4 per year of service.

If a member is eligible for a disability retirement benefit, the member can receive a monthly health plan subsidy of \$187 per month or a \$15 per year of service, whichever is greater.

Survivor's Benefits

After the member's death, a surviving spouse is eligible to continue health plan coverage. The monthly subsidy benefit will be equal to \$15 per year of service times the survivor continuation percentage applicable for pension benefits. For example, if the survivor continuation is 60%, the subsidy for the surviving spouse will be equal to \$9 (equals 60% of \$15) per year of service.

Similarly, the cash benefit will be based upon the survivor continuation percentage applicable for pension benefits.

**Santa Barbara County Employees' Retirement System
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Appendix C: Valuation Data



Please see Appendix C in the June 30, 2009 Actuarial Valuation of the Santa Barbara County Employees' Retirement System for a detailed description and schedules of our valuation data. The valuation data used for the OPEB is fundamentally the same as that used for the pension valuation.

We used the active data from the pension valuation for our OPEB valuation.

There were some discrepancies between the pension valuation data and the data provided by the System for OPEB for retirees, but these appeared to be minor.

Statistics for the retirees and surviving spouses receiving Post Employment Benefits Other than Pension are included in the table below.

Note that the average service is significantly higher for those electing health plan coverage.

Statistics for Inactive Participants
As of July 1, 2009

| | \$15 Subsidy | \$4 Cash |
|-------------------|--------------|----------|
| Retirees | 1,663 | 963 |
| Average Age | 69.36 | 67.38 |
| Average Service | 21.37 | 11.64 |
| Total Service | 35,531 | 11,205 |
| Surviving Spouses | 159 | 234 |
| Average Age | 77.13 | 73.92 |
| Average Service | 18.72 | 12.60 |
| Total Service | 2,977 | 2,949 |

Note that the count for retirees and surviving spouses is lower for this valuation than it is for the pension valuation. Retirees who are married to other SBCERS retirees often pool their service credit for a better insurance subsidy. In those cases, there are two pension allowances, but only one retiree medical subsidy. Also, the pension valuation includes those receiving pension benefits pursuant to a Qualified Domestic Relations Order (QDRO), but not receiving retiree medical benefits.

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The following census was used in the actuarial valuation. SBCERS provided the data used. We have summarized these statistics by employer in the table below.

| <u>July 1, 2009</u> | <u>Total</u> | <u>Santa Barbara County</u> | <u>Carpinteria- Summerland FPD</u> | <u>Santa Maria Cemetery</u> | <u>Goleta Cemetery</u> | <u>Oak Hill Cemetery</u> | <u>SBCAG</u> | <u>Summer- land Sanitary</u> | <u>Carpinteria Cemetery</u> | <u>APCD</u> | <u>SB County Vector Control District</u> | <u>Courts</u> |
|--------------------------------|--------------|-------------------------------------|--|-------------------------------------|----------------------------|------------------------------|--------------|--------------------------------------|---------------------------------|-------------|--|---------------|
| Total Members | | | | | | | | | | | | |
| Active employees | 4,467 | 4,057 | 35 | 9 | 4 | 3 | 19 | 4 | 2 | 50 | 6 | 278 |
| Vested Terminated Employees | 906 | 856 | 5 | 0 | 0 | 0 | 9 | 0 | 1 | 14 | 2 | 19 |
| Retirees and Surviving Spouses | <u>3,019</u> | <u>2,876</u> | <u>31</u> | <u>4</u> | <u>2</u> | <u>0</u> | <u>8</u> | <u>2</u> | <u>1</u> | <u>25</u> | <u>0</u> | <u>70</u> |
| Total | 8,392 | 7,789 | 71 | 13 | 6 | 3 | 36 | 6 | 4 | 89 | 8 | 367 |