

**Santa Barbara County Employees'
Retirement System**

**ACTUARIAL VALUATION
June 30, 2011**



By

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October 17, 2011

Board of Retirement
Santa Barbara County Employees' Retirement System
3916 State Street, Suite 210
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Dear Members of the Board:

As requested, we performed an actuarial valuation of the Santa Barbara County Employees' Retirement System (SBCERS) as of June 30, 2011 for determining contributions for the fiscal year beginning July 1, 2012. Our findings are set forth in this actuary's report. This report reflects the benefit provisions in effect as of the valuation date.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and 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 a reasonable estimate of anticipated experience affecting 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 a change in the 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.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for SBCERS. Actuarial computations presented in this report under GASB Statements No. 25 and 27 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals. The calculations in this report

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have been made on a basis consistent with our understanding of the plan provisions described in Appendix B of this report, and of GASB Statements No. 25 and 27. 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.

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The consultants who worked on this assignment are pension 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 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,



Nick J. Collier, ASA, EA, MAAA
Consulting Actuary

NJC/DRW/nlo



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

Santa Barbara County Employees' Retirement System

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Santa Barbara County Employees' Retirement System

Section 1: Summary of the Findings



Overview

2011 Valuation Results

	June 30, 2011	June 30, 2010
Employer Contribution Rate	35.87%	34.48%
Funded Ratio	73.0%	73.7%

We are pleased to present the results of the June 30, 2011 actuarial valuation. Key points are summarized as follows:

- **Investment Returns:** SBCERS' investment return was 21.1% over the past year on a Market Value basis compared to an assumed return of 7.75% per year. Note that our estimated return is on a dollar-weighted basis and will likely differ from that reported by your investment consultant.

The Actuarial Value of Assets (AVA) is a smoothed value that recognizes, over a five-year period, investment earnings less than (or greater than) the assumed investment return. The actual and expected investment returns used in the calculation are based upon the Market Value of Assets (MVA). When a loss (or gain) occurs, 20% of that amount is recognized each year until it is fully recognized in the fifth year.

To prevent the AVA from deviating too much from the MVA, it has been SBCERS' practice to apply an asset corridor limit on the AVA, such that the AVA stays within 20% of the MVA. As of this valuation, the AVA is approximately 101.8% of the MVA, and thus the asset corridor no longer applies.

After applying the asset-smoothing method, the rate of return on the AVA was 3.1% since last year, which is significantly lower than the assumed rate of 7.75%. Note that currently, the MVA is \$1,971.9 million, while the AVA is \$2,007.9 million. This means that a \$36.0 million net investment return loss is being deferred. These deferred losses will be reflected in future valuations.

- **Funded Ratio:** The Funded Ratio decreased from 73.7% to 73.0%. This is the ratio of the Valuation Assets to the Actuarial Accrued Liability (AAL). This decrease was caused by the recognition of deferred losses from the 2007-2009 period. These losses were partially offset by the positive investment experience since June 30, 2009 as well as other factors. Please see Exhibit 14 for more detail.

Overview
Funded Ratio
(continued)

On a Market Value of Valuation Assets basis, the Funded Ratio has increased significantly from 61.5% to 71.7%. This increase is explained by the positive investment experience in the past year. Note that the Funded Ratio on a market value basis is now close to the Funded Ratio on an actuarial value basis, while it was much lower at the time of our last valuation. This is due to the fact that a significant portion of the deferred losses were recognized in the past year.

- **Contribution Rates:** The Employer Normal Cost rate decreased from 16.58% to 16.52%. Barring changes in plan provisions or assumptions, we expect the normal cost rates to remain relatively stable from year to year.

The Employer's required contribution rate to finance the Unfunded Actuarial Accrued Liability (UAAL) over the 17-year amortization period is 19.35%. This compares to a rate of 17.90% in the previous valuation. The increase was primarily caused by recognition of deferred losses with this valuation. The overall result is an increase in the required total contribution rate from the prior valuation of 1.39% (from 34.48% to 35.87%) of payroll. Note that the new rate is 4.0% higher, on a relative basis, than the previous rate ($35.87\% / 34.48\% - 1$).

- **Key Assumptions:** There have been no changes to the actuarial assumptions from our previous valuation one year ago. Please see Appendix A for a summary of our assumptions.

As of June 30, 2010, the Board elected to decrease the economic assumptions for inflation, wage growth and investment return (discount rate). The Board chose a 7.75% investment return assumption for this valuation and plans to use a 7.50% investment return assumption for the 2012 valuation. All of the assumptions will be reviewed prior to the 2013 valuation as a result of the triennial Investigation of Experience scheduled for that time.

- **Member COLA Contribution Rates:** It is our understanding that at least some of the General members will be asked to contribute one-half of the annual increase in COLA normal costs. In this valuation, the COLA normal cost rates have actually declined by four basis points from our prior valuation. It is also our understanding that this will result in leaving the member contribution rates unchanged from a year ago.

Barring changes to assumptions or plan provisions, we would expect the COLA normal cost rate to remain fairly stable from year to year. Next year, when the discount rate decreases from 7.75% to 7.50%, we expect to see some increase in the COLA normal cost rate.

Overview (continued)

- **UAAL Amortization for Safety Plan 6:** For our June 30, 2009 and June 30, 2010 actuarial valuations, we calculated one UAAL contribution rate for all Safety members based upon the UAAL, the 17-year amortization factor and the projected payroll. For this valuation, it was requested that we calculate a bifurcated contribution level for Safety Plan 4 and Safety Plan 6, since the establishment of Plan 6 created an additional UAAL.

The calculated UAAL rate for Safety Plan 4 is 25.82%, while the calculated UAAL rate for Safety Plan 6 is 28.60%. Please see Section 4 of this actuarial valuation report for more information regarding our methodology and calculations.

- **UAAL by Employer Exhibit:** It was requested that we create an exhibit displaying the UAAL for each employer of SBCERS. Recall that the UAAL is the difference between the AAL and the Valuation Assets. Because we do not have the Valuation Assets broken down by employer (except APCD), an assumption was necessary to display the UAAL by employer.

For non-APCD employers, we allocated the valuation assets in proportion to the AAL for purposes of Exhibit 12 in Section 4 of this actuarial valuation report. These assets will not match the assets that would be available to an employer upon withdrawal from SBCERS.

In addition, the UAAL breakdown by employer will not match the breakdown required in the Governmental Accounting Standards Board (GASB) Exposure Draft for cost-sharing employers. Note that these are proposed standards that are not effective until fiscal years beginning June 15, 2013 or later for multiple employer plans.

Employer Contribution Rate

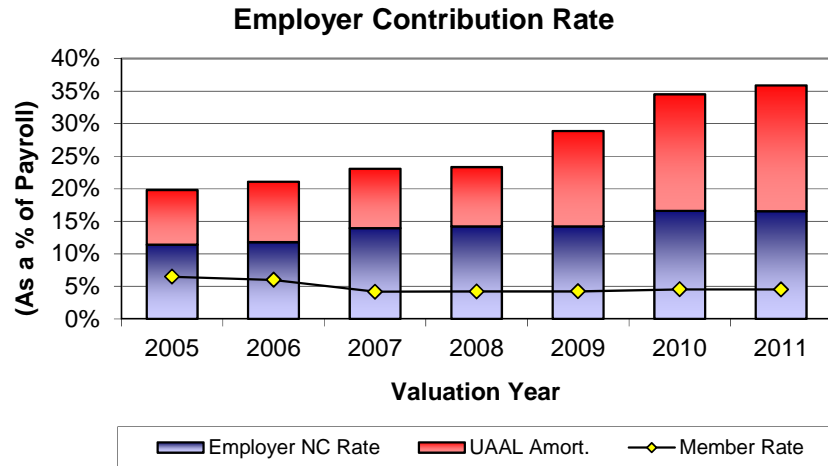
Under the Board's current funding objectives, the calculated Employer contribution rate for the fiscal year beginning July 1, 2012 is 35.87% of payroll. This is equal to the payment of the Employer Normal Cost rate plus a 17-year amortization of the UAAL.

It should be noted that the 35.87% is a weighted average for all SBCERS cost groups (General, Safety, and APCD). The actual percentage of payroll to be contributed by the Employer varies by tier. See Exhibits 10a, 10b and 10c for Normal Cost rates by tier. See Exhibit 11a for the UAAL contribution rates for General, Safety, and APCD and Exhibit 11b for the development of UAAL contribution rates for Safety Plan 4 and Safety Plan 6. See Exhibits 13a, 13b and 13c for the total Employer contribution rates by tier.

Employer Contribution Rate (continued)

The new rate effective for the fiscal year beginning July 1, 2012 of 35.87% is currently adequate to maintain the funding of the retirement system benefits based on the actuarial methods and assumptions shown in this report, and satisfies the current funding objective that calls for the UAAL to be amortized over an open/rolling 17-year period.

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



Comparison with Last Year

A detailed analysis of the sources of the changes since the 2010 valuation is shown in the Gain and Loss Exhibit 14, Section 6 of this report.

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

Sources of Change	Employer Contribution Rate	Funded Ratio
June 30, 2010 Actuarial Valuation	34.48%	73.7%
Expected Year-to-Year Change	-0.90%	1.6%
Expected June 30, 2011 Actuarial Valuation	33.58%	75.3%
Recognized Asset (Gain)/Loss		
From 2010-11	-1.04%	1.4%
From Prior Years	3.39%	-4.7%
Salary / Payroll Variation	0.24%	0.6%
CPI Less than Expected	-0.61%	0.9%
Active Member Demographic Experience	0.09%	-0.1%
Retired Mortality Experience	0.17%	-0.2%
All Other Experience	0.05%	-0.2%
Total Experience	2.29%	-2.3%
Actual June 30, 2011 Actuarial Valuation	35.87%	73.0%

Benefit Provision Changes

It is our understanding that there have been no changes to the benefit plan provisions since our previous valuation.

Member Contribution Rates

There have been no changes in the assumptions for wage increases, investment returns or retiree mortality. Therefore, there have not been changes recommended in the member contribution rates since our prior valuation. Member rates for all tiers are discussed in Section 5 and are shown in detail in Appendix D.

The aggregate member contribution rate has changed from 4.54% to 4.52% of payroll since our prior valuation due to small changes in the demographics for the group.

Funding Progress

There were several factors that had an impact on the UAAL. These factors are shown in detail in Exhibit 14 at the end of Section 6. The major change for this valuation was the partial recognition of the deferred asset losses from the 2007-2009 periods. These losses were partially offset by the positive investment experience since the prior valuation as well as other factors.

One measure of the funding adequacy of the system is the Funded Ratio, which compares the Valuation Assets to the AAL, for all SBCERS tiers combined. SBCERS' Funded Ratio increased rapidly in the last half of the 1990's, reaching almost 100% in 2000. However, due primarily to asset losses early in this decade and again in 2008 and 2009, the Funded Ratio has decreased since then.

Currently, the Funded Ratio is 73.0%; that is, the Valuation Assets of \$2,007.9 million are 27.0% less than the AAL of \$2,749.8 million.

(all dollar amounts in millions)

Valuation Year	Market Value of Assets	Actuarial Value of Assets	Valuation Assets	Non Valuation Assets	Actuarial Accrued Liability	Funded Ratio
2005	\$ 1,476	\$ 1,444	\$ 1,306	\$ 138	\$ 1,688	85.6%
2006	\$ 1,629	\$ 1,553	\$ 1,415	\$ 138	\$ 1,810	85.8%
2007	\$ 1,900	\$ 1,735	\$ 1,704	\$ 31	\$ 1,957	87.1%
2008	\$ 1,763	\$ 1,894	\$ 1,891	\$ 3	\$ 2,136	88.6%
2009	\$ 1,421	\$ 1,706	\$ 1,706	\$ -	\$ 2,264	75.3%
2010	\$ 1,609	\$ 1,927	\$ 1,927	\$ -	\$ 2,616	73.7%
2011	\$ 1,972	\$ 2,008	\$ 2,008	\$ -	\$ 2,750	73.0%

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

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

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

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

Assets

For the fiscal year ending June 30, 2011, we estimate that SBCERS earned 21.1%, net of expenses, on its MVA. Note that our return figure may be slightly different than that shown in the 2011 CAFR due to timing of contributions and benefit payments, as well as the treatment of expenses.

As mentioned above, SBCERS uses an asset-smoothing method in the determination of the AVA used in the calculation of the UAAL contribution rate. Under this method, the Market Value returns are smoothed over a five-year period. After that, it has been SBCERS practice to apply an asset corridor limit on the AVA, such that the AVA stays within 20% of the MVA. At the time of this valuation, the smoothed value of assets is approximately 101.8% of the MVA. Because of this, the corridor does not apply to the AVA.

After applying the asset-smoothing method, the rate of return on the AVA was 3.1% since last year, much lower than the market rate of return due to the recognition of deferred losses. The return on an AVA basis was also less than the assumed rate of 7.75%.

Because \$36.0 million in asset losses are being deferred as of the valuation date, it is likely that there will be decreases in the funded ratio and increases in the employer contribution rates in future years.

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

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

As of June 30, 2011, the Transferred Funds reserve was \$114.9 million. At its September 24, 2008 meeting, the Board directed that the Transferred Funds reserve be treated as a sub-account of the Retired Member reserve.

Note that the Health Benefits are reported in the SBCERS GASB 43 actuarial valuation of Post Employment Benefits Other than Pensions.

Non-Valuation Assets

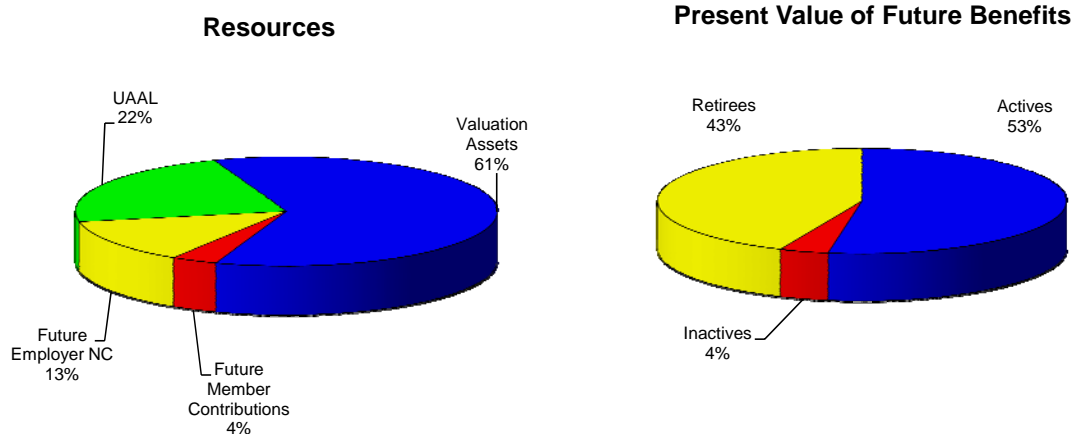
As of June 30, 2011, the entire AVA is included for valuation purposes. In valuations prior to 2009, certain non-valuation assets were excluded from the Valuation Assets.

We have based our understanding of the purposes of the various reserves on information provided to us by the Board and staff.

Actuarial Balance Sheet

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

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



Member Information

The number of active members included in the valuation decreased by 80 (or 1.9%) between 2010 and 2011.

Retired member counts and average retirement benefit amounts continue to increase steadily. For 2011, there were 3,387 retired members and beneficiaries with an average benefit of \$2,712 per month. This represents a 2.1% increase in count and a 2.8% increase in the average monthly benefit.

Summary Valuation Results

The following Exhibits present a summary of key data elements on June 30, 2011 and June 30, 2010, and how they changed over the past year. More detail on each of these elements can be found in the following Sections and Exhibits of this report.

Santa Barbara County Employees' Retirement System

Exhibit 1: Summary of Significant Valuation Results

	June 30, 2011	June 30, 2010	Relative Change
I. Total Membership			
A. Active Members	4,148	4,228	(1.9)%
B. Retired Members & Beneficiaries	3,387	3,318	2.1%
C. Vested Terminated Members	890	902	(1.3)%
D. Terminated Members (with Contributions)	276	279	(1.1)%
E. Total	8,701	8,727	(0.3)%
II. Annualized Payroll as of the Valuation Date			
A. Annual Total (\$thousands)	\$ 305,758	\$ 306,963	(0.4)%
B. Monthly Average	\$ 6,143	\$ 6,050	1.5%
III. Average Monthly Benefit to Current Retirees and Beneficiaries	\$ 2,712	\$ 2,637	2.8%
IV. Actuarial Accrued Liability (\$thousands)			
A. Active Members	\$ 1,190,098	\$ 1,132,419	5.1%
B. Retired Members	\$ 1,432,333	\$ 1,375,289	4.1%
C. Vested Terminated Members	\$ 127,383	\$ 108,439	17.5%
D. Total	\$ 2,749,814	\$ 2,616,147	5.1%
V. Assets (\$thousands)			
A. Market Value of Fund	\$ 1,971,903	\$ 1,609,449	22.5%
B. Return on Market Value Basis*	21.09%	13.43%	
C. Valuation Assets	\$ 2,007,859	1,927,229	4.2%
D. Return on Valuation Assets*	3.09%	13.16%	
<i>* May differ from return reported in CAFR due to assumed timing of contributions and benefit payments and treatment of expenses.</i>			
VI. Funded Ratios			
A. Market Value of Assets Basis (V.A. / IV.)	71.7%	61.5%	16.6%
B. Valuation Assets Basis (V.C. / IV.)	73.0%	73.7%	(0.9)%
VII. Unfunded Actuarial Accrued Liability (\$thousands)	\$ 741,954	\$ 688,918	7.7%
VIII. Required Employer contribution rate for all tiers combined as a percent of total payroll			
A. Gross Normal Cost	21.04%	21.12%	(0.4)%
B. Member Contributions	(4.52)%	(4.54)%	(0.4)%
C. Employer Normal Cost	16.52%	16.58%	(0.4)%
D. UAAL Amortization	19.35%	17.90%	8.1%
E. Total Employer Rate	35.87%	34.48%	4.0%

Santa Barbara County Employees' Retirement System

Exhibit 2: Summary of Valuation Results

	06/30/2010 General	06/30/2011 General	Percent Change	06/30/2010 Safety	06/30/2011 Safety	Percent Change	06/30/2010 APCD	06/30/2011 APCD	Percent Change	06/30/2010 Total	06/30/2011 Total	Percent Change
Actives	3,261	3,198	-1.9%	921	904	-1.8%	46	46	0.0%	4,228	4,148	-1.9%
Inactives *	974	961	-1.3%	192	188	-2.1%	15	17	13.3%	1,181	1,166	-1.3%
Retirees	2,548	2,576	1.1%	742	779	5.0%	28	32	14.3%	3,318	3,387	2.1%
Totals	6,783	6,735	-0.7%	1,855	1,871	0.9%	89	95	6.7%	8,727	8,701	-0.3%
Active Payroll **	223,636,643	221,771,155	-0.8%	79,611,070	80,529,115	1.2%	3,715,513	3,457,409	-6.9%	306,963,226	305,757,679	-0.4%
Average	68,579	69,347	1.1%	86,440	89,081	3.1%	80,772	75,161	-6.9%	72,602	73,712	1.5%
Retiree Benefits	63,146,124	65,682,264	4.0%	40,964,544	43,537,116	6.3%	868,116	999,792	15.2%	104,978,784	110,219,172	5.0%
Average	24,783	25,498	2.9%	55,208	55,888	1.2%	31,004	31,244	0.8%	31,639	32,542	2.9%
Valuation Assets	1,128,896,050	1,182,394,450	4.7%	772,276,213	798,048,322	3.3%	26,056,912	27,416,383	5.2%	1,927,229,175	2,007,859,156	4.2%
Market Value of Assets	942,752,581	1,161,220,428	23.2%	644,935,725	783,757,074	21.5%	21,760,392	26,925,418	23.7%	1,609,448,698	1,971,902,920	22.5%
Actuarial Accrued Liability	1,580,178,198	1,640,344,374	3.8%	1,001,336,747	1,073,268,993	7.2%	34,631,911	36,199,935	4.5%	2,616,146,856	2,749,813,302	5.1%
Unfunded Actuarial Accrued Liability	451,282,148	457,949,924	1.5%	229,060,534	275,220,671	20.2%	8,574,999	8,783,552	2.4%	688,917,681	741,954,146	7.7%
<u>Retirement Contribution Rates</u>												
Employer Normal Cost	13.85%	13.71%	-1.0%	24.33%	24.34%	0.0%	14.76%	14.13%	-4.3%	16.58%	16.52%	-0.4%
Unfunded Actuarial Accrued Liability	16.09%	16.47%	2.4%	22.95%	27.26%	18.8%	18.41%	20.26%	10.0%	17.90%	19.35%	8.1%
Total	29.94%	30.18%	0.8%	47.28%	51.60%	9.1%	33.17%	34.39%	3.7%	34.48%	35.87%	4.0%
<u>Funded Ratios</u>												
Valuation Assets	71.4%	72.1%	1.0%	77.1%	74.4%	-3.6%	75.2%	75.7%	0.7%	73.7%	73.0%	-0.9%
Market Value of Assets	59.7%	70.8%	18.6%	64.4%	73.0%	13.4%	62.8%	74.4%	18.4%	61.5%	71.7%	16.6%

* June 30, 2011 numbers include 276 terminated members with a pending refund of contributions as of June 30, 2011. The June 30, 2010 numbers include 279 such members.

** Active payroll excludes pay for Safety members over 65 and General members over age 75. These members are assumed to retire at the valuation date.



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Santa Barbara County Employees' Retirement System

Section 2: Scope of the Report



This report presents the actuarial valuation of the Santa Barbara County Employees' Retirement System as of June 30, 2011. This valuation was requested by the Board. Section 31453 of the County Employees Retirement Law of 1937 (the 37 Act) requires an actuarial valuation to be performed at least every three years for the purposes of setting contribution rates.

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

A summary of the findings resulting from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of SBCERS. The assets and investment income are presented in Exhibits 3-5. Exhibits 6-8 develop the Actuarial Value of Assets as of June 30, 2011.

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

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

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

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

This report includes several appendices:

- Appendix A A summary of the actuarial procedures, and assumptions used to estimate liabilities and contributions.
- Appendix B A summary of the current benefit structure, as determined by the provisions of governing law on June 30, 2011.
- Appendix C Schedules of valuation data classified by various categories of members by class, plan and tier.
- Appendix D Member contribution rates by class, plan and tier.
- Appendix E A glossary of actuarial terms used in this report.

Santa Barbara County Employees' Retirement System

Section 3: Assets



In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date which, for this valuation, is June 30, 2011. On that date, the assets available for the payment of retirement benefits are appraised. These assets are compared with the actuarial liabilities, which are generally well in excess of the actuarial assets. The purpose of the valuation is to determine what future contributions by the members and employers are needed to pay all expected future benefits.

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

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

All dollar amounts in millions

Valuation Date	Market Value of Total Assets	Actuarial Value	
		Total Assets	Valuation Assets
2004	\$ 1,347	\$ 1,379	\$ 1,242
2005	1,476	1,444	1,306
2006	1,629	1,553	1,415
2007	1,900	1,735	1,704
2008	1,763	1,894	1,891
2009	1,421	1,706	1,706
2010	1,609	1,927	1,927
2011	1,972	2,008	2,008

On June 30, 2011, the total Market Value of Assets (MVA) was about \$1.972 billion. The Actuarial Value of Assets (AVA), which is equal to Valuation Assets as of June 30, 2011, was determined to be \$2.008 billion, equal to 101.8% of the Market Value of Assets.

Financial Exhibits

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

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

The Board established a new Interest Crediting and Undesignated Earnings Policy on August 25, 2010. After that policy, the new Market Stabilization Account is based on the difference between the MVA and the AVA. The Contra Tracking Account was established with that policy. In effect, that account is the difference between the AVA and the sum of the accounting reserves, as long as the account is negative.

Actuarial Asset Method

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

The assumed rate of return through June 30, 2010 is 8.16%, net of all expenses. After June 30, 2010, the assumed rate of return is 7.75%.

The difference between the actual Market Value and the computed expected Market Value is smoothed, or recognized over a five-year period. Due to the Board's new Interest Crediting and Undesignated Earnings Policy adopted on August 25, 2010, the AVA must be calculated each December 31 in addition to each June 30. For this reason, beginning with December 31, 2010, we recognize an additional 10% of each asset gain and loss every six months. Previously, 20% was recognized every year.

Because the gains and losses in fiscal years 2010 and previous years were not broken into six-month periods, we do not have a full schedule of six-month losses. We will recognize an additional 10% of each of those losses every six months.

Actuarial Asset Method (continued)

To prevent the AVA from deviating too much from the MVA, it has been SBCERS practice to apply an asset corridor limit on the AVA, such that the AVA stays within 20% of the MVA. After the smoothed value of assets is calculated, the smoothed value is compared to 80% of MVA and 120% of MVA. If the smoothed value is within that range, the smoothed value is used. If the smoothed value is higher than 120% of MVA, then the AVA is set equal to 120% of MVA. Similarly, if the smoothed value is lower than 80% of MVA, the AVA is set equal to 80% of MVA.

At the time of this valuation, the smoothed value of assets is 101.8% of the MVA. Because of this, the corridor does not apply to the AVA.

Actuarial Value of Assets

The development of the June 30, 2011 AVA is shown in Exhibit 6. As of that date, the AVA is 101.8% of the MVA. At the time of the last valuation, the AVA was 119.7% of MVA. There are \$36.0 million of deferred investment return losses yet to be recognized.

Valuation Assets and Non-Valuation Assets

Valuation Assets are the AVA, less the value of any reserves which have been set aside for current liabilities and special benefits that are to be funded outside of the actuarially determined contribution rates. As of June 30, 2011, the entire AVA is included for valuation purposes. In valuations prior to 2009, certain non-valuation assets were excluded from the Valuation Assets.

Allocation of Assets

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

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

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

At its September 24, 2008 meeting, the Board decided to classify the Transferred Funds Reserve as a sub-account of the Retired Member Reserve.

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

**Santa Barbara County Employees'
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**Exhibit 3: Statement of Plan Net Assets
For the Years Ended June 30, 2010 and 2011**

	2011	2010
Assets		
Cash and Deposits	\$ 24,599,333	\$ 21,483,873
Receivables		
Contributions	5,107,540	3,983,960
Security Sales Pending	51,826,051	46,507,251
Dividends	2,318,412	1,308,354
Accrued Interest	4,876,629	3,912,942
Other Receivables	13,678,052	123,565
Total Receivables	<u>\$ 77,806,684</u>	<u>\$ 55,836,072</u>
Investments at Fair Value		
Short Term Investments	130,307,075	51,142,189
Alternative Equity	81,681,978	55,168,188
Domestic Fixed Income Securities	483,852,878	415,198,303
Domestic Equities	662,734,075	585,091,702
International Equities	378,086,499	305,747,082
International Fixed Income Securities	137,331,656	106,185,345
Real Estate	142,208,024	67,295,389
Total Investments	<u>\$ 2,016,202,185</u>	<u>\$ 1,585,828,198</u>
Collateral Held for Securities Lent	135,758,382	71,502,381
Total Assets	<u>\$ 2,254,366,584</u>	<u>\$ 1,734,650,524</u>
Liabilities		
Payables		
Collateral Held for Securities Lent	135,758,382	71,502,381
Securities Purchases Pending	139,302,963	46,411,500
Benefits Payable	7,110,055	6,907,423
Accounts Payable	292,264	380,522
Total Liabilities	<u>282,463,664</u>	<u>125,201,826</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 1,971,902,920</u>	<u>\$ 1,609,448,698</u>

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**Exhibit 4: Statement of Changes in Plan Net Assets
For the Years Ended June 30, 2010 and 2011**

	June 30, 2011	June 30, 2010
Additions		
Contributions		
Employer	\$ 94,436,686	\$ 84,647,133
Member	10,843,091	11,648,995
Total Contributions	<u>105,279,777</u>	<u>96,296,128</u>
Investment Income		
Net Appreciation in Fair Value of Investments	309,413,571	162,597,694
Interest	22,387,681	21,392,480
Dividends	18,630,224	14,501,082
Total Investment Income	<u>350,431,476</u>	<u>198,491,256</u>
Less investment expense	(5,088,570)	(4,245,801)
Net Investment Income	<u>345,342,906</u>	<u>194,245,455</u>
Securities Lending Income	410,070	398,599
Securities Lending Expense	(52,802)	(60,976)
Net Securities Income	<u>357,268</u>	<u>337,623</u>
Other Income	23,724,517	228,877
Total Other Income	<u>23,724,517</u>	<u>228,877</u>
TOTAL ADDITIONS	<u>\$ 474,704,468</u>	<u>\$ 291,108,083</u>
Deductions		
Benefits Paid - Includes Pension and Death Benefits	\$ 106,661,513	\$ 97,813,216
Member Withdrawals	1,476,583	1,319,448
Administrative Expenses	4,112,150	4,045,903
TOTAL DEDUCTIONS	<u>\$ 112,250,246</u>	<u>\$ 103,178,567</u>
NET INCREASE	<u>\$ 362,454,222</u>	<u>\$ 187,929,516</u>
Assets Held in Trust - Beginning of Year	<u>\$ 1,609,448,698</u>	<u>\$ 1,421,519,182</u>
Assets Held in Trust - End of Year	<u>\$ 1,971,902,920</u>	<u>\$ 1,609,448,698</u>

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**Exhibit 5: Allocation of Assets by Accounting Reserve Amounts
For the Years Ended June 30, 2010 and 2011**

	2011	2010
1. Member Deposit Reserve	\$ 165,774,090	\$ 162,431,794
2. County and District Advance Reserve	611,551,174	542,735,967
3. Retired Member Reserve	1,447,916,960	1,361,616,490
4. Transferred Funds Reserve *	114,861,676	106,451,816
	\$ 2,340,103,900	\$ 2,173,236,067
5. Old Market Stabilization Account		(563,787,369)
6. New Market Stabilization Account	(35,956,236)	
7. Contra Tracking Account	(332,244,744)	
	\$ 1,971,902,920	\$ 1,609,448,698

* Established as a valuation asset reserve effective June 30, 2007.

A new Interest Crediting and Undesignated Earnings Policy was established on August 25, 2010. In accordance with that policy, the new Market Stabilization Account is based on the difference between the Market Value of Assets and the Actuarial Value of Assets. The Contra Tracking Account was established with that policy. In effect, that account is the difference between the Actuarial Value of Assets and the sum of the first four reserves above, as long as that account is negative.

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

Period Ending	Contributions and Miscellaneous Revenue	Benefits*	Expected Investment Return	Actual Investment Return	Earnings Gain or (Loss)	Deferred Portion of Gain/Loss	Deferred Investment Return	Expected Market Value	Actual Market Value
06/30/2008	84,940,244	86,228,890	155,026,096	(136,224,090)	(291,250,186)	20%	(58,250,037)	2,054,198,744	1,762,948,558
06/30/2009	86,985,601	90,790,672	143,701,399	(337,624,304)	(481,325,703)	40%	(192,530,281)	1,902,844,886	1,421,519,183
06/30/2010	96,296,127	99,132,664	115,882,504	190,766,052	74,883,548	60%	44,930,129	1,534,565,150	1,609,448,698
12/31/2010	47,136,779	53,208,423	61,088,099	249,009,301	187,921,202	80%	150,336,962	1,664,465,153	1,852,386,355
06/30/2011	81,770,032	54,929,673	70,946,216	92,676,206	21,729,990	90%	19,556,991	1,950,172,930	1,971,902,920
1. Total							\$ (35,956,236)		
2. Market Value of Assets as of June 30, 2011							\$ 1,971,902,920		
3. Preliminary Actuarial Value of Assets as of June 30, 2011 = (2) - (1)							\$ 2,007,859,156		
4. Corridor Limit									
a. 80% of Net Market Value							1,577,522,336		
b. 120% of Net Market Value							2,366,283,504		
5. Actuarial Value of Assets After Corridor as of June 30, 2011							<u>\$ 2,007,859,156</u>		

* Includes pensions, death benefits, and member withdrawals. It also includes health benefits paid prior to the establishment of the 401(h) account.



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Exhibit 7a: Development of Valuation Assets

	Actuarial Value of Assets	Market Value of Assets
1. Total June 30, 2010 Valuation	\$ 1,927,229,175	\$ 1,609,448,698
2. Changes During the Year		
Contributions and Miscellaneous Revenue	128,906,811	128,906,811
Benefit Payments	(108,138,096)	(108,138,096)
Investment Return, Net of Expenses	59,861,266	341,685,507
Total Changes	\$ 80,629,981	\$ 362,454,222
3. Total June 30, 2011 Valuation = 1 + 2	\$ 2,007,859,156	\$ 1,971,902,920
4. Expected Value as of June 30, 2011	\$ 2,098,147,922	\$ 1,755,739,458
5. Gain / (Loss) = (3) - (4)	(90,288,766)	216,163,462
6. Rate of Return	3.09%	21.09%

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

Year Ended June 30	Net Return at Market Value	Net Return at Actuarial Value	Increase in Consumer Price Index*
1988	1.9%		4.0%
1989	17.6%		5.2%
1990	10.8%		4.7%
1991	9.7%		4.7%
1992	18.5%		3.1%
1993	13.2%		3.0%
1994	-0.7%		2.5%
1995	17.7%		3.0%
1996	15.6%		2.8%
1997	19.9%		2.3%
1998	18.9%		1.7%
1999	10.5%		2.0%
2000	6.4%		3.7%
2001	-4.3%		3.2%
2002	-5.4%		1.1%
2003	4.6%		2.1%
2004	15.7%	2.9%	3.3%
2005	9.9%	5.0%	2.5%
2006	10.6%	7.8%	4.3%
2007	16.6%	11.7%	2.7%
2008	-7.2%	9.2%	5.0%
2009	-19.2%	-9.6%	-1.4%
2010	13.4%	13.2%	1.1%
2011	21.1%	3.1%	3.6%
24-Year Compound Average	8.5%		2.9%

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

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**Exhibit 8: Allocation of Valuation Assets
For the Year Ended June 30, 2011**
(Dollars in Thousands)

	General	Safety	APCD	Total
1. Member Deposit Reserve	\$ 132,690	\$ 31,492	\$ 1,592	\$ 165,774
2. County and District Advance Reserve	394,019	205,572	11,960	611,551
3. Retired Member Reserve	791,933	638,789	17,195	1,447,917
4. Transferred Funds Reserve *	59,407	54,249	1,206	114,862
<hr/>				
5. Total Valuation Reserves (1 + 2 + 3 + 4)	\$ 1,378,049	\$ 930,102	\$ 31,953	\$ 2,340,104
<hr/>				
6. Percentage of Line 5. by Plan	58.89%	39.75%	1.37%	100.00%
7. Actuarial Value of Valuation Assets (Exhibit 6)				\$ 2,007,859
8. Allocated Valuation Assets (6 x 7)	<u>\$ 1,182,395</u>	<u>\$ 798,048</u>	<u>\$ 27,416</u>	<u>\$ 2,007,859</u>

* The Transferred Funds Reserve is a sub-account of Retired Member Reserves.

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Section 4: Actuarial Liabilities



In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of SBCERS' assets as of the valuation date, June 30, 2011. In this section, the discussion will focus on the commitments of SBCERS for retirement benefits, which are referred to as its actuarial liabilities.

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

Actuarial Balance Sheet – Liabilities

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

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

The actuarial liabilities include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes measures of both benefits already earned and future benefits to be earned. For all members, active and inactive, the value extends over the rest of their lives and for the lives of any surviving beneficiaries. All pension valuation liabilities reflect the benefits effective through June 30, 2011.

The actuarial assumptions used to determine the liabilities are based on the results of our analysis of experience as of June 30, 2010 and were adopted by the Board in October 2010. These assumptions are summarized in Appendix A.

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Exhibit 9: Actuarial Balance Sheet – June 30, 2011
(Dollars in Thousands)

Resources				
	<u>General</u>	<u>Safety</u>	<u>APCD</u>	<u>Total</u>
Valuation Assets (Actuarial)	\$ 1,182,395	\$ 798,048	\$ 27,416	\$ 2,007,859
Present Value of Future Member Contributions	76,127	39,231	1,585	116,943
Present Value of Future Employer Contributions to Fund:				
a) Normal Cost	253,530	170,103	3,427	427,060
b) Unfunded Actuarial Accrued Liability	457,950	275,221	8,784	741,955
Total Resources	\$ 1,970,002	\$ 1,282,603	\$ 41,212	\$ 3,293,817

Liabilities				
	<u>General</u>	<u>Safety</u>	<u>APCD</u>	<u>Total</u>
Present Value of Future Benefits				
1. Present Retired Members	\$ 802,621	\$ 614,997	\$ 14,715	\$ 1,432,333
2. Current Inactive Members	89,059	34,725	3,599	127,383
3. Current Active Members				
- Service Retirement	995,161	578,618	21,323	1,595,102
- Disability Retirement	34,931	31,367	640	66,938
- Death Benefits	12,929	5,009	461	18,399
- Deferred Vested Benefit	31,963	17,600	394	49,957
- Refund of Member Contributions	<u>3,338</u>	<u>287</u>	<u>80</u>	<u>3,705</u>
- Total Active	\$ 1,078,322	\$ 632,881	\$ 22,898	\$ 1,734,101
Total Actuarial Liabilities	\$ 1,970,002	\$ 1,282,603	\$ 41,212	\$ 3,293,817

Actuarial Balance Sheet – Resources

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

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

Actuarial Cost Method

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

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

Normal Cost

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

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

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

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

**Normal Cost
(continued)**

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

In Exhibit 10, we report the Total Normal Cost Contribution Rate for each class in total and then reduce the total by the members' average contribution rates to develop the Employer's Net Normal Cost Contribution Rate as of June 30, 2011. Exhibits 10a, 10b and 10c provide similar information regarding the normal cost rates, but they give the information by each tier within each plan, one exhibit for each class. Note that we have added active member headcounts to these exhibits since last year.

Note that the normal cost rates for Safety Plan 6A are actually lower than the rates for Safety Plan 6B. This is the case despite the fact that the only difference in benefits between the plans is that Safety Plan 6A uses the member's highest 12 months of compensation and Safety Plan 6B uses the member's highest 36 months of compensation. The reason for this is demographic differences between the two plans. The average entry age for Safety Plan 6B is significantly higher than the average entry age for Safety Plan 6A and that causes the normal cost rate to be higher for Safety Plan 6B.

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**Exhibit 10: Calculated Employer Normal Cost Contribution Rates – June 30, 2011
All Members**

	General	Safety	APCD	All Plans
Number of Active Members	3,198	904	46	4,148
A. Normal Cost Contribution Rate				
Service Retirement	14.75%	24.57%	15.84%	17.35%
Disability Retirement	0.81%	2.55%	0.92%	1.27%
Death while Active	0.26%	0.36%	0.59%	0.29%
Deferred Retirements	1.52%	2.27%	1.93%	1.72%
Refund of Member Contributions	0.47%	0.22%	0.66%	0.41%
Total	17.81%	29.97%	19.94%	21.04%
B. Member Contributions	<u>(4.10)%</u>	<u>(5.63)%</u>	<u>(5.81)%</u>	<u>(4.52)%</u>
C. Net Employer Normal Cost as of June 30, 2011 (A) + (B)	13.71%	24.34%	14.13%	16.52%
D. Net Employer Normal Cost as of June 30, 2010	<u>13.85%</u>	<u>24.33%</u>	<u>14.76%</u>	<u>16.58%</u>
E. Increase (Decrease) as a Percentage of Payroll (C) - (D)	(0.14)%	0.01%	(0.63)%	(0.06)%

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**Exhibit 10a: Calculated Employer Normal Cost Contribution Rates – June 30, 2011
General Members**

	General				
	5A	5B	5C	Plan 2	Total
Number of Active Members	834	484	1,868	12	3,198
A. Normal Cost Contribution Rate					
Service Retirement	13.36%	16.93%	14.78%	2.40%	14.75%
Disability Retirement	0.72%	0.96%	0.81%	0.13%	0.81%
Death while Active	0.26%	0.32%	0.24%	0.03%	0.26%
Deferred Retirements	1.80%	1.32%	1.45%	0.39%	1.52%
Refund of Member Contributions	0.37%	0.84%	0.38%	0.00%	0.47%
Total	16.51%	20.37%	17.66%	2.95%	17.81%
B. Member Contributions	(3.23)%	(7.43)%	(3.35)%	0.00%	(4.10)%
C. Net Employer Normal Cost as of June 30, 2011 (A) + (B)					
	13.28%	12.94%	14.31%	2.95%	13.71%
D. Net Employer Normal Cost as of June 30, 2010					
	13.39%	13.18%	14.45%	2.84%	13.85%
E. Increase (Decrease) as a Percentage of Payroll (C) - (D)					
	(0.11)%	(0.24)%	(0.14)%	0.11%	(0.14)%

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Exhibit 10b: Calculated Employer Normal Cost Contribution Rates – June 30, 2011 Safety Members

	Safety					Total
	4A	4B	4C	6A	6B	
Number of Active Members	97	11	339	141	316	904
A. Normal Cost Contribution Rate						
Service Retirement	24.27%	25.70%	23.05%	25.40%	25.70%	24.57%
Disability Retirement	2.80%	2.95%	2.60%	2.38%	2.46%	2.55%
Death while Active	0.42%	0.31%	0.35%	0.36%	0.35%	0.36%
Deferred Retirements	2.04%	1.58%	1.93%	2.57%	2.58%	2.27%
Refund of Member Contributions	0.23%	0.51%	0.22%	0.21%	0.22%	0.22%
Total	29.76%	31.05%	28.15%	30.92%	31.31%	29.97%
B. Member Contributions	(5.83)%	(11.96)%	(5.52)%	(5.42)%	(5.47)%	(5.63)%
C. Net Employer Normal Cost as of June 30, 2011 (A) + (B)	23.93%	19.09%	22.63%	25.50%	25.84%	24.34%
D. Net Employer Normal Cost as of June 30, 2010	23.81%	18.98%	22.73%	25.44%	25.89%	24.33%
E. Increase (Decrease) as a Percentage of Payroll (C) - (D)	0.12%	0.11%	(0.10)%	0.06%	(0.05)%	0.01%

**Santa Barbara County Employees'
Retirement System**

**Exhibit 10c: Calculated Employer Normal Cost Contribution Rates – June 30, 2011
APCD Members**

	APCD		
	Plan 1	Plan 2	Total
Number of Active Members	22	24	46
A. Normal Cost Contribution Rate			
Service Retirement	15.57%	16.16%	15.84%
Disability Retirement	0.92%	0.92%	0.92%
Death while Active	0.68%	0.49%	0.59%
Deferred Retirements	2.07%	1.76%	1.93%
Refund of Member Contributions	0.46%	0.90%	0.66%
Total	19.70%	20.23%	19.94%
B. Member Contributions	(3.96)%	(7.94)%	(5.81)%
C. Net Employer Normal Cost as of June 30, 2011 (A) + (B)	15.74%	12.29%	14.13%
D. Net Employer Normal Cost as of June 30, 2010	15.86%	13.05%	14.76%
E. Increase (Decrease) as a Percentage of Payroll (C) - (D)	(0.12)%	(0.76)%	(0.63)%

Actuarial Accrued Liability

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

Unfunded Actuarial Accrued Liability

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

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

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

Funding Adequacy

A key consideration in determining the adequacy of the funding of SBCERS is how the UAAL is being funded. If the UAAL amount is positive (that is, the AAL to be funded is greater than the Valuation Assets), then the UAAL is amortized. Under the current funding method, the UAAL is amortized over an open/rolling 17-year period.

Under an open/rolling amortization method, the entire UAAL is amortized over a constant period, in this case, 17 years. A 17-year amortization factor will be applied to the entire UAAL for each of the General, Safety, and APCD groups. The factor does not change from year to year unless the discount rate or wage increase assumption is changed. Because the discount rate and wage increase assumption did not change from the prior valuation, the amortization factor has not changed.

The Board adopted this funding policy at its September 23, 2009 meeting. Exhibit 11a discloses the development of the UAAL payment for each classification.

Analysis of Change in UAAL

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

The 2011 actuarial valuation reflects an increase in the UAAL of \$53.1 million for the fiscal year just ended from \$688.9 million to \$742.0 million, a 7.7% increase. See Exhibit 14 in Section 6 for a detailed breakdown of the change in UAAL.

The main reason for the increase in the UAAL was the recognition of asset losses from the 2007-2009 periods. These recognized losses were partially offset by the positive investment experience since our prior valuation and other factors.

Santa Barbara County Employees' Retirement System

Exhibit 11: Calculated UAAL Amount by Class – June 30, 2011 All Members

(Dollars in Millions)

	General	Safety	APCD	2011 All Plans	2010 All Plans	Percent Change
Number of Active Members	3,198	904	46	4,148	4,228	-1.9%
Number of Vested Terminated Members	961	188	17	1,166	1,181	-1.3%
Number of Retirees and Beneficiaries	<u>2,576</u>	<u>779</u>	<u>32</u>	<u>3,387</u>	<u>3,318</u>	2.1%
Total Number	6,735	1,871	95	8,701	8,727	-0.3%
A. Actuarial present value of all future benefits for contributing members, former contributing members, and their survivors	\$ 1,970.0	\$ 1,282.6	\$ 41.2	\$ 3,293.8	\$ 3,174.3	3.8%
B. Actuarial present value of total future Normal Costs for current members	<u>329.7</u>	<u>209.3</u>	<u>5.0</u>	<u>544.0</u>	<u>558.2</u>	(2.5)%
C. Actuarial Accrued Liability [A-B]	\$ 1,640.3	\$ 1,073.3	\$ 36.2	\$ 2,749.8	\$ 2,616.1	5.1%
D. Valuation Assets	<u>1,182.4</u>	<u>798.0</u>	<u>27.4</u>	<u>2,007.8</u>	<u>1,927.2</u>	4.2%
E. UAAL [C-D]	\$ 457.9	\$ 275.3	\$ 8.8	\$ 742.0	\$ 688.9	7.7%
F. Funded Ratio [D/C]	72.1%	74.4%	75.7%	73.0%	73.7%	(0.9)%



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Santa Barbara County Employees' Retirement System

Exhibit 11a: UAAL Amortization Rates – June 30, 2011

	General	Safety	APCD	All Plans
Number of Active Members	3,198	904	46	4,148
Number of Vested Terminated Members	961	188	17	1,166
Number of Retirees and Beneficiaries	<u>2,576</u>	<u>779</u>	<u>32</u>	<u>3,387</u>
Total Number	6,735	1,871	95	8,701
A. Unfunded Actuarial Accrued Liability	\$ 457,949,924	\$ 275,220,671	\$ 8,783,552	\$ 741,954,147
B. 17-Year Amortization Factor	0.079757	0.079757	0.079757	0.079757
C. Beginning of Year Payment [AxB]	\$ 36,524,521	\$ 21,950,660	\$ 700,546	\$ 59,175,727
D. Beginning of Year Payroll	\$ 221,771,155	\$ 80,529,115	\$ 3,457,409	\$ 305,757,679
E. UAAL Amortization Rate [C/D]	16.47%	27.26%	20.26%	19.35%

UAAL Amortization for Safety Plan 6

With our June 30, 2009 and June 30, 2010 actuarial valuations, we calculated one UAAL contribution rate for all Safety members based upon the UAAL, the 17-year amortization factor and the projected payroll. For this valuation, it was requested that we calculate a bifurcated contribution level for Safety Plan 4 and Safety Plan 6, since the establishment of Plan 6 created an additional UAAL.

Prior to the current methodology of amortizing the entire UAAL over a rolling 17 years, separate layers were established each year based upon gains and losses incurred by the System. In addition to the bases for gains and losses, at the time of our June 30, 2007 actuarial valuation, a base was created for the additional UAAL attributable to the establishment of Plan 6. This base was set equal to the difference between the AAL calculated under Plan 6 provisions and assumptions and the AAL calculated under Plan 4 provisions and assumptions for all of the members anticipated to join Plan 6 in February 2008. This base was \$12.8 million and was anticipated to be amortized over a closed 15-year period.

For two years, an amortization payment was made toward the extra Plan 6 UAAL. After two years of interest and the two amortization payments, the outstanding balance as of June 30, 2009 was approximately \$12.4 million with 13 years remaining on the amortization schedule. At that time, the funding policy was changed to the rolling 17-year method and the UAAL for the change to Plan 6 was no longer separated from the total UAAL for Safety.

Adding a year of interest at 8.16% (the rate used for the June 30, 2009 actuarial valuation), the outstanding balance as of June 30, 2010 was approximately \$13.4 million. Applying a 7.75% interest rate for the year after June 30, 2010 results in a base of approximately \$14.5 million as of June 30, 2011. The balances are growing with interest, but are otherwise unchanged as no separate amortization was being made for the Safety Plan 6 liabilities in our previous two valuations.

We believe a reasonable approach to reflect the additional UAAL for the creation of Safety Plan 6 is to amortize the \$14.5 million calculated above over a closed 17-year period. If an open/rolling period were used for this amortization, the base would never be fully paid. This means that an amortization for the UAAL would continue long after all of the people who benefited from the retroactive benefit increase for Plan 6 would retire.

**UAAL Amortization
for Safety Plan 6
(continued)**

Using the base of \$14.5 million, applying a 17-year amortization factor and dividing by Safety Plan 6 payroll yields a UAAL contribution rate of 2.78% as of June 30, 2011. Amortizing the remainder of the Safety UAAL on a rolling 17-year basis and dividing by the total Safety payroll results in a UAAL contribution rate of 25.82%. Thus, the amortization for Plan 4 would simply be 25.82%, while the amortization for Plan 6 would be 28.60% (25.82% + 2.78%). This compares to an amortization rate of 27.26% calculated for all Safety members calculated above.

The details of the calculation are provided in the following exhibit.

**Santa Barbara County Employees'
Retirement System**

Exhibit 11b: Calculated UAAL Amortization Rates by Plan for Safety – June 30, 2011

A.	Extra Plan 6 Layer - June 30, 2009	\$ 12,429,897
B.	Extra Plan 6 Layer - June 30, 2010 [Ax1.0816]	13,444,177
C.	Extra Plan 6 Layer - June 30, 2011 [Bx1.0775]	14,486,100
D.	17-Year Amortization Factor	0.079757
E.	Beginning of Year Payment [Cx D]	\$ 1,155,362
F.	Safety Plan 6 Beginning of Year Payroll	\$ 41,490,098
G.	Extra Plan 6 UAAL Amortization Rate [E/F]	2.78%
H.	Total Safety UAAL	\$ 275,220,671
I.	Total Safety UAAL less Extra Plan 6 Layer [H-C]	260,734,571
J.	Beginning of Year Payment [Ix D]	20,795,298
K.	Total Safety Payroll	80,529,115
L.	UAAL Rate without Extra Plan 6 Layer [J/K]	25.82%
M.	UAAL Rate - Plan 4 [L]	25.82%
N.	UAAL Rate - Plan 6 [G+L]	28.60%

UAAL by Employer

It was requested that we create an exhibit displaying the UAAL for each employer of SBCERS. Recall that the UAAL is the difference between the AAL and the Valuation Assets. We have the Valuation Assets broken into Safety, General, and APCD, but do not have them broken down by employer (except APCD). Because of this an assumption was necessary to display the UAAL by employer.

For non-APCD employers, we allocated the valuation assets in proportion to the AAL for purposes of the following exhibit. These assets will not match the assets that would be available to an employer upon withdrawal from SBCERS. In addition, the UAAL breakdown by employer will not match the breakdown required in the Governmental Accounting Standards Board (GASB) Exposure Draft for cost-sharing employers. Note that these are proposed standards that are not effective until fiscal years beginning June 15, 2013 or later for multiple employer plans.

Santa Barbara County Employees' Retirement System

Exhibit 12: UAAL by Employer – June 30, 2011

(Dollars in thousands)

	Total	Santa Barbara County	Carpinteria- Summerland FPD	Santa Maria Cemetery	Goleta Cemetery	Oak Hill Cemetery	SBCAG	Summer- land Sanitary	Carpinteria Cemetery	APCD	SB County Vector Control District	Courts
Number of Active Members	4,148	3,754	33	9	4	3	19	4	2	46	7	267
Number of Inactive Members	1,166	1,096	8	1	1	0	9	0	1	17	1	32
Number of Retired Members	3,387	3,210	32	4	3	0	10	2	1	32	1	92
Actuarial Accrued Liability	\$ 2,749,814	\$ 2,538,300	\$ 53,586	\$ 3,531	\$ 1,913	\$ 549	\$ 12,329	\$ 2,268	\$ 786	\$ 36,200	\$ 1,327	\$ 99,025
Actuarial Value of Assets*	<u>2,007,859</u>	<u>1,852,497</u>	<u>39,109</u>	<u>2,577</u>	<u>1,396</u>	<u>400</u>	<u>8,998</u>	<u>1,655</u>	<u>573</u>	<u>27,416</u>	<u>968</u>	<u>72,270</u>
Unfunded Actuarial Accrued Liability	741,955	685,803	14,477	954	517	149	3,331	613	213	8,784	359	26,755

* For purposes of this exhibit, the Actuarial Value of Assets are allocated in proportion to the Actuarial Accrued Liability. This would not match the assets that would be allocated to a district if it chose to withdraw from SBCERS.



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Santa Barbara County Employees' Retirement System

Section 5: Member Contributions



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

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

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

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

Basic Contributions

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

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

Changes in the actuarial assumptions have not occurred since the prior valuation. The expected rate of return on assets, the wage growth assumptions and the mortality assumptions have all remained the same. The rates shown in Appendix D reflect member contribution rates, effective July 1, 2011.

Safety Member Contributions

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

Member Contribution Rates

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

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

General Plan 2 members make no employee contributions.

It is our understanding that at least some of the General members will be asked to contribute one-half of the annual increase in COLA normal costs. In this valuation, the COLA normal cost rates have actually declined by four basis points from the previous valuation. It is also our understanding that this will result in leaving the member contribution rates unchanged from a year ago.

Barring changes to assumptions or plan provisions, we would expect the COLA normal cost rate to remain fairly stable from year to year. Next year, when the discount rate decreases from 7.75% to 7.50%, we expect to see some increase in the COLA normal cost rate.

Santa Barbara County Employees' Retirement System

Section 6: Employer Contributions



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

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

Exhibit 13 shows the total employer contribution rates by class in total for all plans.

The total calculated employer contribution rates for each tier, along with a comparison to the prior year’s computed rates, can be found in Exhibits 13a, 13b and 13c. These results are expressed as a percentage of payroll and annual contribution dollars. Note that SBCERS’ UAAL is determined separately for each class. For the General and APCD classes, the System funds the UAAL evenly as a percentage of pay over salaries for all members. A separate amortization is determined for Safety Plan 6. Please see pages 35-37 for further explanation regarding the UAAL rates for Safety Plan 4 and Plan 6.

Calculated Contribution Rate

The total Employer contribution rate was 34.48% for the fiscal year beginning July 1, 2011. For the fiscal year beginning in 2012, the calculated rate based on this report increased to 35.87%. This is equal to the aggregate Net Normal Cost contribution rate of 16.52% plus the amortization payment of the UAAL as measured from the valuation date and reported in Exhibit 11a. The aggregate UAAL contribution rate is 19.35%.

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

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

Changes in the Normal Cost Rate

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

- (1) **Experience:** Normal experience from year to year, reflecting differences in both the weighting between membership groups and in their characteristics, as well as what was assumed to occur during the past fiscal year and what actually occurred, particularly with respect to salary increases and turnover experience.
- (2) **Changes in Benefit Provisions:** Plans 5C, 6A, and 6B have been added in the past several years. Changes in the aggregate composition of the membership among the various plans will lead to experience gains and losses.
- (3) **Changes in Actuarial Assumptions:** There were significant changes at the time of the previous valuation due to the Investigation of Experience. We also expect to see increases in normal cost rates when the investment return assumption is lowered from 7.75% to 7.50% with next year's valuation.

Changes in UAAL and UAAL Contribution Rates

Exhibit 14 shows the source of the major gains and losses for the System as a whole.

Changes have occurred since the 2010 valuation. The primary source of change is the continued recognition of losses from the 2007 – 2009 periods. This recognition caused significant increases in the UAAL contribution rates. These increases have been partially offset by the positive investment experience since the previous valuation.

Another change from the prior valuation was that the COLAs for some retirees and beneficiaries were less than the 3.0% we expected. The annual COLA that SBCERS retirees and beneficiaries are eligible to receive is based upon the change in the consumer price index. Our assumption is that all receive 3.0% increases each year. Because the CPI actually increased by 1.0% over 2010, some members did not receive the full 3.0% increases in April 2011. Only those retiring April 1, 1988 or earlier received the full 3.0% COLA as their "COLA banks" were drawn down. Some received increases greater than 1.0%, but less than the full 3.0%.

Payroll decreased by 0.4% from our previous valuation, while the assumed increase was 3.75%. Because projected benefits are based upon projected pay, the lower payroll resulted in a decrease in the UAAL. However, because the UAAL is funded based on a level percentage of payroll, the smaller payroll served to increase the contribution rate as a percentage of payroll.

**Changes in UAAL
and UAAL
Contribution Rates
(continued)**

Other experience also caused an increase in the UAAL contribution rate. Please see Exhibit 14 for a complete breakdown of the changes in the UAAL contribution rate.

**Member COLA
Contribution Rates**

It is our understanding that at least some of the General members will be asked to contribute one-half of the annual increase in COLA normal costs. In this valuation, the COLA normal cost rates have actually declined by four basis points from the previous valuation. It is also our understanding that this will result in leaving the member contribution rates unchanged from a year ago.

Barring changes to assumptions or plan provisions, we would expect the COLA normal cost rate to remain fairly stable from year to year. Next year, when the discount rate decreases from 7.75% to 7.50%, we expect to see some increase in the COLA normal cost rate.

Santa Barbara County Employees' Retirement System

Exhibit 13: Total Employer Contributions All Members (Dollars in Thousands)

	General	Safety	APCD	2011 All Plans
Number of Active Members	3,198	904	46	4,148
A. Basic Employer Normal Cost Rate	8.99%	15.48%	8.88%	10.70%
B. COLA Normal Cost Rate	4.72%	8.86%	5.25%	5.82%
C. Employer Normal Cost Rate	13.71%	24.34%	14.13%	16.52%
D. Basic UAAL Contribution Rate	11.29%	17.59%	14.38%	12.98%
E. COLA UAAL Contribution Rate	5.18%	9.67%	5.88%	6.37%
F. UAAL Contribution Rate	16.47%	27.26%	20.26%	19.35%
G. Total June 30, 2011 Contribution Rate (C + F)	30.18%	51.60%	34.39%	35.87%
H. Total June 30, 2010 Contribution Rate	29.94%	47.28%	33.17%	34.48%
I. Estimated Payroll for fiscal year beginning July 1, 2012 *	\$ 234,363	\$ 85,101	\$ 3,654	\$ 323,118
J. Estimated Annual Contribution (G x I) **	\$ 70,718	\$ 43,908	\$ 1,257	\$ 115,883
K. Prior Valuation Estimated Annual Contribution ***	\$ 67,643	\$ 38,810	\$ 1,160	\$ 107,613
L. Increase / (Decrease) in Annual Contribution	\$ 3,075	\$ 5,098	\$ 97	\$ 8,270
M. Percentage Change in Annual Contribution	4.55%	13.14%	8.36%	7.68%

* Estimated payroll based upon the assumption of 3.75% annual payroll growth.

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

***Estimated contribution for fiscal year beginning July 1, 2011 based on salary information as of June 30, 2011.

Santa Barbara County Employees' Retirement System

Exhibit 13a: Total Employer Contributions General Members (Dollars in Thousands)

	General				
	5A	5B	5C	Plan 2	Total
Number of Active Members	834	484	1,868	12	3,198
A. Basic Employer Normal Cost Rate	8.86%	7.67%	9.61%	2.95%	8.99%
B. COLA Normal Cost Rate	4.42%	5.27%	4.70%	0.00%	4.72%
C. Employer Normal Cost Rate	13.28%	12.94%	14.31%	2.95%	13.71%
D. Basic UAAL Contribution Rate	11.29%	11.29%	11.29%	11.29%	11.29%
E. COLA UAAL Contribution Rate	5.18%	5.18%	5.18%	5.18%	5.18%
F. UAAL Contribution Rate	16.47%	16.47%	16.47%	16.47%	16.47%
G. Total June 30, 2011 Contribution Rate (C + F)	29.75%	29.41%	30.78%	19.42%	30.18%
H. Total June 30, 2010 Contribution Rate	29.48%	29.27%	30.54%	18.93%	29.94%
I. Estimated Payroll for fiscal year beginning July 1, 2012 *	\$ 67,040	\$ 45,978	\$ 120,484	\$ 861	\$ 234,363
J. Estimated Annual Contribution (G x I) **	\$ 19,944	\$ 13,522	\$ 37,085	\$ 167	\$ 70,718
K. Prior Valuation Estimated Annual Contribution ***	\$ 19,049	\$ 12,971	\$ 35,466	\$ 157	\$ 67,643
L. Increase / (Decrease) in Annual Contribution	\$ 895	\$ 551	\$ 1,619	\$ 10	\$ 3,075
M. Percentage Change in Annual Contribution	4.70%	4.25%	4.56%	6.37%	4.55%

* Estimated payroll based upon the assumption of 3.75% annual payroll growth.

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

***Estimated contribution for fiscal year beginning July 1, 2011 based on salary information as of June 30, 2011.

Santa Barbara County Employees' Retirement System

Exhibit 13b: Total Employer Contributions Safety Members (Dollars in Thousands)

	Safety					Total
	4A	4B	4C	6A	6B	
Number of Active Members	97	11	339	141	316	904
A. Basic Employer Normal Cost Rate	15.28%	10.17%	14.43%	16.19%	16.48%	15.48%
B. COLA Normal Cost Rate	8.65%	8.92%	8.20%	9.31%	9.36%	8.86%
C. Employer Normal Cost Rate	23.93%	19.09%	22.63%	25.50%	25.84%	24.34%
D. Basic UAAL Contribution Rate	16.66%	16.66%	16.66%	18.45%	18.45%	17.59%
E. COLA UAAL Contribution Rate	9.16%	9.16%	9.16%	10.15%	10.15%	9.67%
F. UAAL Contribution Rate	25.82%	25.82%	25.82%	28.60%	28.60%	27.26%
G. Total June 30, 2011 Contribution Rate (C + F)	49.75%	44.91%	48.45%	54.10%	54.44%	51.60%
H. Total June 30, 2010 Contribution Rate	46.76%	41.93%	45.68%	48.39%	48.84%	47.28%
I. Estimated Payroll for fiscal year beginning July 1, 2012 *	\$ 11,559	\$ 1,385	\$ 28,311	\$ 15,132	\$ 28,714	\$ 85,101
J. Estimated Annual Contribution (G x I) **	\$ 5,751	\$ 622	\$ 13,717	\$ 8,186	\$ 15,632	\$ 43,908
K. Prior Valuation Estimated Annual Contribution ***	\$ 5,210	\$ 560	\$ 12,465	\$ 7,058	\$ 13,517	\$ 38,810
L. Increase / (Decrease) in Annual Contribution	\$ 541	\$ 62	\$ 1,252	\$ 1,128	\$ 2,115	\$ 5,098
M. Percentage Change in Annual Contribution	10.38%	11.07%	10.04%	15.98%	15.65%	13.14%

* Estimated payroll based upon the assumption of 3.75% annual payroll growth.

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

*** Estimated contribution for fiscal year beginning July 1, 2011 based on salary information as of June 30, 2011.

Santa Barbara County Employees' Retirement System

Exhibit 13c: Total Employer Contributions APCD Members (Dollars in Thousands)

	APCD		
	Plan 1	Plan 2	Total
Number of Active Members	22	24	46
A. Basic Employer Normal Cost Rate	10.47%	7.04%	8.88%
B. COLA Normal Cost Rate	5.27%	5.25%	5.25%
C. Employer Normal Cost Rate	15.74%	12.29%	14.13%
D. Basic UAAL Contribution Rate	14.38%	14.38%	14.38%
E. COLA UAAL Contribution Rate	5.88%	5.88%	5.88%
F. UAAL Contribution Rate	20.26%	20.26%	20.26%
G. Total June 30, 2011 Contribution Rate (C + F)	36.00%	32.55%	34.39%
H. Total June 30, 2010 Contribution Rate	34.27%	31.46%	33.17%
I. Estimated Payroll for fiscal year beginning July 1, 2012 *	\$ 1,957	\$ 1,697	\$ 3,654
J. Estimated Annual Contribution (G x I) **	\$ 705	\$ 552	\$ 1,257
K. Prior Valuation Estimated Annual Contribution ***	\$ 646	\$ 514	\$ 1,160
L. Increase / (Decrease) in Annual Contribution	\$ 59	\$ 38	\$ 97
M. Percentage Change in Annual Contribution	9.13%	7.39%	8.36%

* Estimated payroll based upon the assumption of 3.75% annual payroll growth.

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

*** Estimated contribution for fiscal year beginning July 1, 2011 based on salary information as of June 30, 2011.

Santa Barbara County Employees' Retirement System

Exhibit 14: Analysis of Change in Unfunded Actuarial Accrued Liability (Dollars in Millions)

	Amount	As a Percent of June 30, 2011 Actuarial Accrued Liability	UAAL Contribution Rate % of Pay *
Unfunded Actuarial Accrued Liability - June 30, 2010	\$ 688.9	25.05%	17.90%
Interest Accrued	53.4	1.94%	
Benefits Accrued (Normal Cost)	70.3	2.56%	
Contributions and Miscellaneous Revenue (with Assumed Interest)	(133.8)	-4.87%	
Expected Unfunded Actuarial Accrued Liability - June 30, 2011	\$ 678.8	24.68%	17.00%
Source of Change			
Recognized Asset (Gains) and Losses			
From 2010-11	(39.8)	-1.45%	-1.04%
From Prior Years	130.1	4.73%	3.39%
Total	90.3	3.28%	2.35%
Actuarial (Gains) and Losses			
Salary Increases Less than Expected	(18.0)	-0.65%	0.24%
CPI Less than Expected	(23.5)	-0.85%	-0.61%
Active Member Demographic Experience	3.5	0.13%	0.09%
Retired Mortality Experience	6.4	0.23%	0.17%
All Other Experience	4.5	0.16%	0.11%
Total	(27.1)	-0.98%	0.00%
Total Changes	63.2	2.30%	2.35%
Unfunded Actuarial Accrued Liability - June 30, 2011	\$ 742.0	26.98%	19.35%

* The June 30, 2010 Unfunded Actuarial Accrued Liability contribution rate as a percentage of pay is based on 2010 valuation pay. The June 30, 2011 Expected Unfunded Actuarial Accrued Liability as a percentage of pay is based on expected 2011 valuation pay based on actual 2010 valuation pay. Otherwise, actual 2011 valuation pay is used to express the contribution rate as a percentage of pay.

Santa Barbara County Employees' Retirement System

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



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

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

The Schedule of Funding Progress, Exhibit 15, compares actuarial assets and liabilities of SBCERS, based on the actuarial funding method used. Note that we have added more historical years to this exhibit this year. We do not have the breakdown between non-valuation assets and valuation assets for valuations prior to June 30, 2003.

The required Schedule of Employer Contributions, Exhibit 16, compares the employer contributions required based on the actuarial valuation (the actuarial required contribution, or ARC) with the employer contributions actually made. The ARC must be calculated based on certain parameters required for disclosure purposes.

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

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

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

Exhibit 17 compares the Actuarial Value of Valuation Assets to the types of Actuarial Accrued Liabilities, applying them first to Active Member contributions, then to retirees and beneficiaries, and then the remaining amount to the Active Members benefits. This is referred to as the Solvency Test. Although not required under GASB, this test is part of the CAFR guidelines specified by the Government Finance Officers System (GFOA).

Santa Barbara County Employees' Retirement System

Exhibit 15: Schedule of Funding Progress (Dollars in Thousands)

Actuarial Valuation Date*	(a) Actuarial Value of Assets	(b) Non-Valuation Assets (NVA)	(c) Valuation Assets (a)-(b)	(d) Valuation Actuarial Accrued Liabilities (AAL)	(e) AAL with NVA (b)+(d)	(f) Unfunded Actuarial Accrued Liabilities (UAAL) (d)-(c) = (e)-(a)	(g) Prior Method Funded Ratio (a)/(e)	(h) Current Method Funded Ratio (c)/(d)	(i) Covered Payroll	UAAL as a Percentage of Covered Payroll (f)/(i)
January 1, 1995	\$ 562,861	n/a	n/a	n/a	\$ 643,453	\$ 80,592	87.5%	n/a	\$ 140,571	57.3%
January 1, 1996	624,823	n/a	n/a	n/a	711,869	87,046	87.8%	n/a	154,120	56.5%
January 1, 1997	693,301	n/a	n/a	n/a	758,772	65,471	91.4%	n/a	159,906	40.9%
January 1, 1998	799,539	n/a	n/a	n/a	873,624	74,085	91.5%	n/a	171,602	43.2%
January 1, 1999	938,295	n/a	n/a	n/a	950,205	11,910	98.7%	n/a	184,291	6.5%
January 1, 2000	1,068,357	n/a	n/a	n/a	1,067,377	(980)	100.1%	n/a	199,448	-0.5%
January 1, 2001	1,171,138	n/a	n/a	n/a	1,145,519	(25,619)	102.2%	n/a	219,739	-11.7%
January 1, 2003	1,295,956	n/a	n/a	n/a	1,363,605	67,649	95.0%	n/a	251,834	26.9%
June 30, 2003	1,346,665	\$ 135,317	\$ 1,211,348	\$ 1,319,547	1,454,864	108,199	92.6%	91.8%	257,237	42.1%
June 30, 2004	1,379,170	137,613	1,241,557	1,441,156	1,578,769	199,599	87.4%	86.2%	266,960	74.8%
June 30, 2005	1,443,824	137,829	1,305,995	1,549,803	1,687,632	243,808	85.6%	84.3%	267,785	91.0%
June 30, 2006	1,552,776	137,825	1,414,951	1,671,831	1,809,656	256,880	85.8%	84.6%	287,382	89.4%
June 30, 2007 **	1,735,489	31,020	1,704,469	1,956,834	1,987,854	252,365	87.3%	87.1%	294,163	85.8%
June 30, 2008	1,893,984	2,528	1,891,456	2,135,955	2,138,483	244,499	88.6%	88.6%	307,264	79.6%
June 30, 2009	1,705,733	-	1,705,733	2,263,862	2,263,862	558,129	75.3%	75.3%	306,524	182.1%
June 30, 2010	1,927,229	-	1,927,229	2,616,147	2,616,147	688,918	73.7%	73.7%	306,963	224.4%
June 30, 2011	2,007,859	-	2,007,859	2,749,813	2,749,813	741,954	73.0%	73.0%	305,758	242.7%

* Information for years prior to 2007 was provided by prior actuaries. Prior to 2007, non-valuation asset reserves were included with the Actuarial Value of Assets (AVA). Non-valuation asset reserves were also added to the AAL prior to 2007. Beginning in 2007, non-valuation assets are not included in the AVA and are no longer added to the AAL. Prior to June 30, 2003, the breakdown of valuation asset reserves and non-valuation asset reserves is unavailable.

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



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

Santa Barbara County Employees' Retirement System

Exhibit 16: Schedule of Contributions from the Employer
(Dollars in Thousands)

Year Ending*	Annual Required Contribution (ARC)	Actual Employer Contributions	Percentage of ARC Contributed
December 31, 1994	\$ 24,678	\$ 24,678	100%
December 31, 1995	27,664	27,664	100%
December 31, 1996	27,114	27,114	100%
December 31, 1997	31,692	31,692	100%
December 31, 1998	28,414	28,414	100%
December 31, 1999	30,484	30,484	100%
December 31, 2000	29,272	29,272	100%
December 31, 2001	27,155	27,155	100%
December 31, 2002	32,999	32,999	100%
June 30, 2003 **	9,118	9,118	100%
June 30, 2004	39,335	39,335	100%
June 30, 2005	46,721	46,721	100%
June 30, 2006	53,977	53,977	100%
June 30, 2007	63,395	63,395	100%
June 30, 2008	69,461	69,461	100%
June 30, 2009	75,902	75,902	100%
June 30, 2010	84,647	84,647	100%
June 30, 2011	94,437	94,437	100%

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

** January 1, 2003 through June 30, 2003

Santa Barbara County Employees' Retirement System

Exhibit 17: Solvency Test

(Dollars in Thousands)

Actuarial Valuation Date*	Valuation Assets	Actuarial Accrued Liabilities for			Portion of Actuarial Accrued Liabilities Covered by Assets		
		Active Member Contributions (A)	Retirees and Beneficiaries (B)	Active Members (Employer Financed Portion) (C)	(A)	(B)	(C)
June 30, 2003	\$ 1,346,665	\$ 105,570	\$ 572,737	\$ 776,557	100%	100%	86%
June 30, 2004	1,379,170	115,530	633,082	830,157	100%	100%	76%
June 30, 2005	1,443,824	125,040	715,319	847,273	100%	100%	71%
June 30, 2006	1,552,776	137,148	788,479	884,029	100%	100%	71%
June 30, 2007 **	1,704,469	169,218	979,657	810,516	100%	100%	69%
June 30, 2008	1,891,456	177,770	1,124,748	833,437	100%	100%	71%
June 30, 2009	1,705,733	174,951	1,237,215	851,696	100%	100%	34%
June 30, 2010	1,927,229	162,432	1,483,728	969,987	100%	100%	29%
June 30, 2011	2,007,859	165,774	1,559,716	1,024,324	100%	100%	28%

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

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

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

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

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

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

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

Santa Barbara County Employees' Retirement System

Appendix A: Actuarial Procedures and Assumptions



The actuarial procedures and assumptions used in this valuation are described in this section. The assumptions were reviewed and changed June 30, 2010 as a result of the 2010 Investigation of Experience Study.

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

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

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

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

Tables 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 2010 Investigation of Experience Study. The rates are the probabilities a member will leave active employment for various reasons.

Actuarial Cost Method

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

The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets, and (b) the actuarial present value of future normal costs is called the Unfunded Actuarial Accrued Liability (UAAL).

**Actuarial Cost Method
(continued)**

The UAAL (or Surplus Funding) is amortized as a percentage of the projected salaries of present and future members of SBCERS. Effective with the June 30, 2009 valuation, each year, the entire UAAL is amortized over an “open/rolling” 17-year period. The amortization factor does not change from year to year unless the discount rate or salary assumption is changed.

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

Internal Revenue Code Section 415 Limit

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

Internal Revenue Code Section 401(a)(17)

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

Employer Contributions

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

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

Member Contributions	The member contribution rates vary by entry age and are described in the law or pursuant to collective bargaining. Code references and a description of the rates are shown in Section 5 of the report. The methods and assumptions used are detailed later in this section. The individual member rates by entry age, plan and class are illustrated in Appendix D.
Valuation of Assets	The assets are valued using a five-year smoothed method based on the difference between the expected market value and the actual market value of the assets as of the valuation date. The expected market value is the prior year's market value increased with the net increase in the cash flow of funds, all increased with interest during the past fiscal year at the expected investment return rate assumption. The expected market value with five-year smoothing valuation basis for all assets was adopted effective June 30, 2002.
Investment Earnings and Expenses	The future investment earnings of the assets of SBCERS are assumed to accrue at an annual rate of 7.75% compounded annually, net of both investment and administrative expenses. This rate was adopted effective June 30, 2010.
Postretirement Benefit Increases	Postretirement increases are assumed for the valuation in accordance with the benefits provided as described in Appendix B. These adjustments are assumed to be payable each year in the future as they are less than the expected increase in the Consumer Price Index of 3.25% per year. This rate was adopted effective June 30, 2010.
Interest on Member Contributions	The annual credited interest rate on member contributions is assumed to be 4.25%. This rate was adopted effective June 30, 2010. As of June 30, 2008, the credited interest rate each six-month period is the semi-annual yield of the five-year Treasury note as of the last business day of the interest crediting period.
Future Salaries	The rates of annual salary increase assumed for the purpose of the valuation are illustrated in Tables A-5 and A-6. In addition to increases in salary due to promotions and longevity, this scale includes an assumed 3.75% per annum rate of increase in the general wage level of the membership. Salary increases are assumed to occur midyear. These rates were adopted effective June 30, 2010.
Social Security Wage Base	General Plan 2 members have their benefits offset by an assumed Social Security Benefit. For valuation funding purposes, we need to project the Social Security Benefit. We assume the current Social Security provisions will continue and the annual Wage Base will increase at the rate of 3.75% per year. Note, statutory provisions describe exactly how to compute the offset for purposes of determining a member's offset amount at time of termination or retirement.

Retirement

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

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

All deferred vested members are assumed to retire at the later of age at termination or the following ages:

General Plan 5 Members	Age 58
General Plan 2 Members	Age 65
Safety Plan 4 Members	Age 54
Safety Plan 6 Members	Age 50
APCD Members	Age 58

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, an active General member hired at age 30 has a probability to withdraw from SBCERS due to death, disability or other termination of employment until age 50. After age 50, the member could still withdraw due to death, disability or retirement. Thus, in no year during the member's projected employment would they be eligible for both a probability of other termination of employment and a probability of retirement.

These rates were adopted effective June 30, 2010.

Disability

The rates of disability used in the valuation are also illustrated in Tables A-7 to A-12. These rates were revised June 30, 2010.

**Sick Leave Service
Credit Upon
Retirement**

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

Vacation Cashout

Any cashouts of vacation at retirement are recognized at that time. There is no preresognition of potential costs included in the valuation.

**Mortality – Other
Than 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, 2010.

Males: General members: RP-2000 Combined Healthy Mortality Table for Males projected to 2010 using scale AA, with ages set back two years.

Safety members: RP-2000 Combined Healthy Mortality Table for Males projected to 2010 using scale AA, with ages set back two years.

Females: General members: RP-2000 Combined Healthy Mortality Table for Females projected to 2010 using scale AA, with ages set back four years.

Safety members: RP-2000 Combined Healthy Mortality Table for Females projected to 2010 using scale AA, with ages set back four years

**Mortality – Disabled
Members**

For disabled members, the mortality rates used in the valuation rates are illustrated in Table A-3. These rates were adopted June 30, 2010.

Males: General members: RP-2000 Combined Healthy Mortality Table for Males projected to 2010 using scale AA, with no age adjustment.

Safety members: RP-2000 Combined Healthy Mortality Table for Males projected to 2010 using scale AA, with no age adjustment.

Females: General members: RP-2000 Combined Healthy Mortality Table for Females projected to 2010 using scale AA, with no age adjustment.

Safety members: RP-2000 Combined Healthy Mortality Table for Females projected to 2010 using scale AA, 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, 2010.

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

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

General Plan 5 Members	Age 58
General Plan 2 Members	Age 65
Safety Plan 4 Members	Age 54
Safety Plan 6 Members	Age 50
APCD Members	Age 58

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

General & APCD Members	4.00%
Safety Members	4.25%

These rates and assumptions were adopted effective June 30, 2010.

Probability of Eligible Survivor

For members not currently in pay status, 80% of all males and 55% of all females are assumed to have eligible survivors (spouses or qualified domestic partners). Survivors are assumed to be three years younger than male members and three years older than female members. Survivors are assumed to be of the opposite sex as the member. There is no explicit assumption for children's benefits. We believe the survivor benefits based on this assumption are sufficient to cover children's benefits as they occur.

Member Contribution Rate Optional Form Factor Assumptions

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

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

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

General Healthy Members:	RP-2000 Combined Healthy Male projected to 2010 using scale AA, set back 4 years.
Safety Healthy Members:	RP-2000 Combined Healthy Male projected to 2010 using scale AA, set back 3 years.
Beneficiaries:	RP-2000 Combined Healthy Female projected to 2010 using scale AA, set back 2 years.
General Disabled Members:	RP-2000 Combined Healthy Male projected to 2010 using scale AA, set back 1 year.
Safety Disabled Members:	RP-2000 Combined Healthy Male projected to 2010 using scale AA, no adjustment.

- B. The annuity factor used in determining the present value of future benefits (PVFB) at entry age is equal to the life only annuity factor at 7.75%.
- C. The Final Compensation is based on the salary paid in the year prior to attaining the retirement age.
Example: For a General Plan 5 member who enters at age 59 or earlier, the Final Compensation at retirement (age 60) will be the monthly average of the annual salaries during age 59.
- D. Member Rates are assumed to increase with entry age.

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Table A-1: Summary of Valuation Assumptions as of June 30, 2011

I.	Economic assumptions	
	A. General wage increases	3.75%
	B. Investment earnings	7.75%
	C. Growth in membership	0.00
	D. Postretirement benefit increases (varies by plan)	Plan COLA not greater than CPI assumption.
	E. CPI inflation assumption	3.25%
II.	Demographic assumptions	
	A. Salary increases due to service	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 Healthy Mortality Table for respective sexes for general members projected to 2010 using scale AA, as adjusted:	
	<u>Class of Members</u>	<u>Age Adjustment</u>
	General – males	-2 years
	General – females	-4 years
	Safety – males	-2 years
	Safety – females	-4 years
	E. Mortality among disabled members*	Table A-3
	Basis – RP-2000 Combined Healthy Mortality Table projected to 2010 using scale AA, as adjusted:	
	General - males	0 years
	General - females	0 years
	Safety - males	0 years
	Safety - females	0 years
	F. Mortality for beneficiaries.*	Table A-2
	Basis – Beneficiaries are assumed to have the same mortality as a general member of the opposite sex who has taken a service retirement.	
	G. Other terminations of employment	Tables A-7 to A-12
	H. Refund of contributions on vested termination	Table A-4

* *The current mortality assumptions contain a margin to account for expected future mortality improvement. Please see our 2010 Investigation of Experience report for details.*

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

Age	Safety Male	Safety Female	General Male	General Female
20	0.026%	0.015%	0.026%	0.015%
25	0.032%	0.016%	0.032%	0.016%
30	0.037%	0.019%	0.037%	0.019%
35	0.060%	0.028%	0.060%	0.028%
40	0.091%	0.046%	0.091%	0.046%
45	0.116%	0.067%	0.116%	0.067%
50	0.158%	0.103%	0.158%	0.103%
55	0.238%	0.158%	0.238%	0.158%
60	0.449%	0.291%	0.449%	0.291%
65	0.870%	0.553%	0.870%	0.553%
70	1.552%	1.042%	1.552%	1.042%
75	2.612%	1.749%	2.612%	1.749%
80	4.620%	2.858%	4.620%	2.858%
85	8.279%	4.734%	8.279%	4.734%
90	14.323%	8.215%	14.323%	8.215%

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Table A-3: Mortality for Members Retired for Disability

Age	Safety Male	Safety Female	General Male	General Female
20	0.028%	0.016%	0.028%	0.016%
25	0.034%	0.018%	0.034%	0.018%
30	0.042%	0.024%	0.042%	0.024%
35	0.074%	0.043%	0.074%	0.043%
40	0.100%	0.061%	0.100%	0.061%
45	0.132%	0.096%	0.132%	0.096%
50	0.178%	0.141%	0.178%	0.141%
55	0.299%	0.251%	0.299%	0.251%
60	0.574%	0.481%	0.574%	0.481%
65	1.106%	0.923%	1.106%	0.923%
70	1.909%	1.592%	1.909%	1.592%
75	3.286%	2.594%	3.286%	2.594%
80	5.821%	4.277%	5.821%	4.277%
85	10.324%	7.292%	10.324%	7.292%
90	17.620%	12.778%	17.620%	12.778%

**Santa Barbara County Employees'
Retirement System**

Table A-4: Immediate Refund of Contributions Upon Termination of Employment
(Does not apply to General Plan 2)

Years of Service	General Male	General Female	Safety
0	100%	100%	100%
1	100%	100%	100%
2	100%	100%	100%
3	100%	100%	100%
4	100%	100%	100%
5	40%	40%	25%
6	40%	40%	25%
7	40%	40%	25%
8	40%	40%	25%
9	40%	40%	25%
10	25%	25%	0%
11	25%	25%	0%
12	25%	25%	0%
13	25%	25%	0%
14	25%	25%	0%
15	10%	10%	0%
16	10%	10%	0%
17	10%	10%	0%
18	10%	10%	0%
19	10%	10%	0%
20	10%	10%	0%
21	10%	10%	0%
22	10%	10%	0%
23	10%	10%	0%
24	10%	10%	0%
25	0%	10%	0%
26	0%	10%	0%
27	0%	10%	0%
28	0%	10%	0%
29	0%	10%	0%
30 & Up	0%	0%	0%

Santa Barbara County Employees' Retirement System

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

Years of Service	Due to Promotion and Longevity	Total Annual Increase*
<1	4.75%	8.68%
1	4.00%	7.90%
2	3.25%	7.12%
3	2.50%	6.34%
4	2.00%	5.83%
5	1.50%	5.31%
6	1.25%	5.05%
7	1.00%	4.79%
8	0.90%	4.68%
9	0.80%	4.58%
10	0.78%	4.55%
11	0.75%	4.53%
12	0.70%	4.48%
13	0.65%	4.42%
14	0.60%	4.37%
15	0.55%	4.32%
16	0.50%	4.27%
17	0.48%	4.25%
18	0.46%	4.23%
19	0.44%	4.21%
20	0.42%	4.19%
21	0.40%	4.16%
22	0.38%	4.14%
23	0.36%	4.12%
24	0.34%	4.10%
25	0.32%	4.08%
26	0.30%	4.06%
27	0.28%	4.04%
28	0.26%	4.02%
29	0.25%	4.01%
30 or More	0.25%	4.01%

** The total expected increase in salary is the increase due to promotions and longevity, adjusted for an assumed 3.75% per annum increase in the general wage level of the membership. The total result is compounded rather than additive.*



Santa Barbara County Employees' Retirement System

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

Years of Service	Due to Promotion and Longevity	Total Annual Increase*
<1	6.00%	9.98%
1	5.00%	8.94%
2	4.00%	7.90%
3	3.25%	7.12%
4	2.50%	6.34%
5	2.00%	5.83%
6	1.60%	5.41%
7	1.30%	5.10%
8	1.20%	4.99%
9	1.10%	4.89%
10	1.00%	4.79%
11	0.95%	4.74%
12	0.92%	4.70%
13	0.89%	4.68%
14	0.87%	4.65%
15	0.85%	4.63%
16	0.82%	4.60%
17	0.80%	4.57%
18	0.77%	4.55%
19	0.74%	4.52%
20	0.72%	4.50%
21	0.69%	4.47%
22	0.67%	4.45%
23	0.64%	4.42%
24	0.62%	4.39%
25	0.59%	4.37%
26	0.57%	4.34%
27	0.54%	4.32%
28	0.52%	4.29%
29	0.50%	4.27%
30 or More	0.50%	4.27%

** The total expected increase in salary is the increase due to promotions and longevity, adjusted for an assumed 3.75% per annum increase in the general wage level of the membership. The total result is compounded rather than additive.*

Santa Barbara County Employees' Retirement System

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

Age	Service Retirement	Service Disability	Ordinary Disability	Death	Years of Service	Other Terminations
18	0.0000	0.00003	0.00005	0.00023	0	0.1300
19	0.0000	0.00003	0.00005	0.00025	1	0.1200
20	0.0000	0.00003	0.00005	0.00026	2	0.0950
21	0.0000	0.00003	0.00005	0.00027	3	0.0700
22	0.0000	0.00003	0.00005	0.00028	4	0.0600
23	0.0000	0.00003	0.00005	0.00030	5	0.0550
24	0.0000	0.00003	0.00005	0.00031	6	0.0500
25	0.0000	0.00003	0.00005	0.00032	7	0.0450
26	0.0000	0.00003	0.00005	0.00033	8	0.0430
27	0.0000	0.00003	0.00005	0.00034	9	0.0410
28	0.0000	0.00003	0.00005	0.00036	10	0.0390
29	0.0000	0.00003	0.00005	0.00036	11	0.0370
30	0.0000	0.00003	0.00005	0.00037	12	0.0350
31	0.0000	0.00003	0.00005	0.00039	13	0.0330
32	0.0000	0.00003	0.00005	0.00042	14	0.0310
33	0.0000	0.00003	0.00005	0.00047	15	0.0290
34	0.0000	0.00003	0.00005	0.00053	16	0.0270
35	0.0000	0.00003	0.00005	0.00060	17	0.0250
36	0.0000	0.00003	0.00005	0.00067	18	0.0240
37	0.0000	0.00003	0.00005	0.00074	19	0.0230
38	0.0000	0.00003	0.00005	0.00080	20	0.0220
39	0.0000	0.00003	0.00005	0.00086	21	0.0210
40	0.0300	0.00006	0.00009	0.00091	22	0.0200
41	0.0300	0.00015	0.00022	0.00095	23	0.0160
42	0.0300	0.00023	0.00035	0.00100	24	0.0120
43	0.0300	0.00032	0.00048	0.00104	25	0.0080
44	0.0300	0.00041	0.00061	0.00110	26	0.0040
45	0.0300	0.00050	0.00074	0.00116	27	0.0000
46	0.0300	0.00058	0.00087	0.00124	28	0.0000
47	0.0300	0.00067	0.00100	0.00132	29	0.0000
48	0.0300	0.00076	0.00113	0.00140	30 & Above	0.0000
49	0.0300	0.00084	0.00126	0.00149		
50	0.0300	0.00093	0.00140	0.00158		
51	0.0400	0.00102	0.00153	0.00168		
52	0.0400	0.00110	0.00166	0.00178		
53	0.0400	0.00119	0.00179	0.00202		
54	0.0400	0.00128	0.00192	0.00218		
55	0.0400	0.00137	0.00205	0.00238		
56	0.0600	0.00145	0.00218	0.00261		
57	0.0600	0.00154	0.00231	0.00299		
58	0.0600	0.00163	0.00244	0.00350		
59	0.1200	0.00171	0.00257	0.00395		
60	0.1500	0.00180	0.00270	0.00449		
61	0.2500	0.00180	0.00270	0.00506		
62	0.2500	0.00180	0.00270	0.00574		
63	0.2500	0.00180	0.00270	0.00660		
64	0.2500	0.00180	0.00270	0.00753		
65	0.2500	0.00180	0.00270	0.00870		
66	0.2500	0.00180	0.00270	0.00980		
67	0.2500	0.00180	0.00270	0.01106		
68	0.2500	0.00180	0.00270	0.01264		
69	0.2500	0.00180	0.00270	0.01410		
70	0.2500	0.00180	0.00270	0.01552		
71	0.2500	0.00180	0.00270	0.01720		
72	0.2500	0.00180	0.00270	0.01909		
73	0.2500	0.00180	0.00270	0.02112		
74	0.2500	0.00180	0.00270	0.02345		
75	1.0000	0.00000	0.00000	0.00000		



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

Santa Barbara County Employees' Retirement System

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

Age	Service Retirement	Service Disability	Ordinary Disability	Death	Years of Service	Other Terminations
18	0.0000	0.00003	0.00005	0.00014	0	0.1300
19	0.0000	0.00003	0.00005	0.00014	1	0.1300
20	0.0000	0.00003	0.00005	0.00015	2	0.1000
21	0.0000	0.00003	0.00005	0.00016	3	0.0800
22	0.0000	0.00003	0.00005	0.00016	4	0.0600
23	0.0000	0.00003	0.00005	0.00016	5	0.0550
24	0.0000	0.00003	0.00005	0.00016	6	0.0483
25	0.0000	0.00003	0.00005	0.00016	7	0.0450
26	0.0000	0.00003	0.00005	0.00016	8	0.0420
27	0.0000	0.00003	0.00005	0.00017	9	0.0390
28	0.0000	0.00003	0.00005	0.00017	10	0.0360
29	0.0000	0.00003	0.00005	0.00018	11	0.0330
30	0.0000	0.00003	0.00005	0.00019	12	0.0300
31	0.0000	0.00003	0.00005	0.00020	13	0.0280
32	0.0000	0.00003	0.00005	0.00021	14	0.0260
33	0.0000	0.00003	0.00005	0.00022	15	0.0240
34	0.0000	0.00003	0.00005	0.00024	16	0.0220
35	0.0000	0.00003	0.00005	0.00028	17	0.0200
36	0.0000	0.00003	0.00005	0.00032	18	0.0190
37	0.0000	0.00003	0.00005	0.00036	19	0.0180
38	0.0000	0.00003	0.00005	0.00039	20	0.0170
39	0.0000	0.00003	0.00005	0.00043	21	0.0160
40	0.0700	0.00006	0.00009	0.00046	22	0.0150
41	0.0700	0.00015	0.00022	0.00049	23	0.0140
42	0.0700	0.00023	0.00035	0.00052	24	0.0130
43	0.0700	0.00032	0.00048	0.00056	25	0.0120
44	0.0700	0.00041	0.00061	0.00061	26	0.0110
45	0.0700	0.00050	0.00074	0.00067	27	0.0100
46	0.0700	0.00058	0.00087	0.00073	28	0.0067
47	0.0700	0.00067	0.00100	0.00081	29	0.0033
48	0.0700	0.00076	0.00113	0.00088	30 & Above	0.0000
49	0.0700	0.00084	0.00126	0.00096		
50	0.0700	0.00093	0.00140	0.00103		
51	0.0300	0.00102	0.00153	0.00111		
52	0.0300	0.00110	0.00166	0.00120		
53	0.0300	0.00119	0.00179	0.00129		
54	0.0900	0.00128	0.00192	0.00141		
55	0.0900	0.00137	0.00205	0.00158		
56	0.0900	0.00145	0.00218	0.00175		
57	0.0900	0.00154	0.00231	0.00196		
58	0.0900	0.00163	0.00244	0.00219		
59	0.1200	0.00171	0.00257	0.00251		
60	0.1500	0.00180	0.00270	0.00291		
61	0.1800	0.00180	0.00270	0.00331		
62	0.2500	0.00180	0.00270	0.00373		
63	0.2500	0.00180	0.00270	0.00422		
64	0.2500	0.00180	0.00270	0.00481		
65	0.2500	0.00180	0.00270	0.00553		
66	0.2500	0.00180	0.00270	0.00633		
67	0.2500	0.00180	0.00270	0.00727		
68	0.2500	0.00180	0.00270	0.00820		
69	0.2500	0.00180	0.00270	0.00923		
70	0.2500	0.00180	0.00270	0.01042		
71	0.2500	0.00180	0.00270	0.01157		
72	0.2500	0.00180	0.00270	0.01279		
73	0.2500	0.00180	0.00270	0.01413		
74	0.2500	0.00180	0.00270	0.01592		
75	1.0000	0.00000	0.00000	0.00000		

Santa Barbara County Employees' Retirement System

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

Age	Service Retirement	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	0.00090	0.00010	0.00010	0.00023	0	0.0800
19	0.0000	0.00090	0.00010	0.00010	0.00025	1	0.0800
20	0.0000	0.00090	0.00010	0.00010	0.00026	2	0.0300
21	0.0000	0.00090	0.00010	0.00010	0.00027	3	0.0300
22	0.0000	0.00090	0.00010	0.00010	0.00028	4	0.0300
23	0.0000	0.00090	0.00010	0.00010	0.00030	5	0.0300
24	0.0000	0.00090	0.00010	0.00010	0.00031	6	0.0300
25	0.0000	0.00090	0.00010	0.00010	0.00032	7	0.0300
26	0.0000	0.00090	0.00010	0.00010	0.00033	8	0.0270
27	0.0000	0.00090	0.00010	0.00010	0.00034	9	0.0240
28	0.0000	0.00090	0.00010	0.00010	0.00036	10	0.0210
29	0.0000	0.00090	0.00010	0.00010	0.00036	11	0.0180
30	0.0200	0.00135	0.00015	0.00010	0.00037	12	0.0150
31	0.0200	0.00135	0.00015	0.00010	0.00039	13	0.0140
32	0.0200	0.00135	0.00015	0.00010	0.00042	14	0.0130
33	0.0200	0.00135	0.00015	0.00010	0.00047	15	0.0120
34	0.0200	0.00135	0.00015	0.00010	0.00053	16	0.0110
35	0.0200	0.00180	0.00020	0.00010	0.00060	17	0.0100
36	0.0200	0.00180	0.00020	0.00010	0.00067	18	0.0080
37	0.0200	0.00180	0.00020	0.00010	0.00074	19	0.0060
38	0.0200	0.00180	0.00020	0.00010	0.00080	20 & Above	0.0000
39	0.0200	0.00180	0.00020	0.00010	0.00086		
40	0.0200	0.00225	0.00025	0.00010	0.00091		
41	0.0200	0.00225	0.00025	0.00010	0.00095		
42	0.0200	0.00225	0.00025	0.00010	0.00100		
43	0.0200	0.00225	0.00025	0.00010	0.00104		
44	0.0200	0.00225	0.00025	0.00010	0.00110		
45	0.0200	0.00270	0.00030	0.00010	0.00116		
46	0.0200	0.00315	0.00035	0.00010	0.00124		
47	0.0200	0.00360	0.00040	0.00010	0.00132		
48	0.0200	0.00405	0.00045	0.00010	0.00140		
49	0.0200	0.00450	0.00050	0.00010	0.00149		
50	0.0800	0.00495	0.00055	0.00010	0.00158		
51	0.0400	0.00540	0.00060	0.00010	0.00168		
52	0.0400	0.00585	0.00065	0.00010	0.00178		
53	0.0400	0.00630	0.00070	0.00010	0.00202		
54	0.2000	0.00675	0.00075	0.00010	0.00218		
55	0.3300	0.00720	0.00080	0.00010	0.00238		
56	0.2500	0.00720	0.00080	0.00010	0.00261		
57	0.2500	0.00720	0.00080	0.00010	0.00299		
58	0.2500	0.00720	0.00080	0.00010	0.00350		
59	0.2500	0.00720	0.00080	0.00010	0.00395		
60	0.2500	0.00720	0.00080	0.00010	0.00449		
61	0.2500	0.00720	0.00080	0.00010	0.00506		
62	0.3500	0.00720	0.00080	0.00010	0.00574		
63	0.3500	0.00720	0.00080	0.00010	0.00660		
64	0.3500	0.00720	0.00080	0.00010	0.00753		
65	1.0000	0.00000	0.00000	0.00000	0.00000		

Santa Barbara County Employees' Retirement System

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

Age	Service Retirement	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	0.00090	0.00010	0.00010	0.00014	0	0.0800
19	0.0000	0.00090	0.00010	0.00010	0.00014	1	0.0800
20	0.0000	0.00090	0.00010	0.00010	0.00015	2	0.0300
21	0.0000	0.00090	0.00010	0.00010	0.00016	3	0.0300
22	0.0000	0.00090	0.00010	0.00010	0.00016	4	0.0300
23	0.0000	0.00090	0.00010	0.00010	0.00016	5	0.0300
24	0.0000	0.00090	0.00010	0.00010	0.00016	6	0.0300
25	0.0000	0.00090	0.00010	0.00010	0.00016	7	0.0300
26	0.0000	0.00090	0.00010	0.00010	0.00016	8	0.0270
27	0.0000	0.00090	0.00010	0.00010	0.00017	9	0.0240
28	0.0000	0.00090	0.00010	0.00010	0.00017	10	0.0210
29	0.0000	0.00090	0.00010	0.00010	0.00018	11	0.0180
30	0.0200	0.00135	0.00015	0.00010	0.00019	12	0.0150
31	0.0200	0.00135	0.00015	0.00010	0.00020	13	0.0140
32	0.0200	0.00135	0.00015	0.00010	0.00021	14	0.0130
33	0.0200	0.00135	0.00015	0.00010	0.00022	15	0.0120
34	0.0200	0.00135	0.00015	0.00010	0.00024	16	0.0110
35	0.0200	0.00180	0.00020	0.00010	0.00028	17	0.0100
36	0.0200	0.00180	0.00020	0.00010	0.00032	18	0.0080
37	0.0200	0.00180	0.00020	0.00010	0.00036	19	0.0060
38	0.0200	0.00180	0.00020	0.00010	0.00039	20 & Above	0.0000
39	0.0200	0.00180	0.00020	0.00010	0.00043		
40	0.0200	0.00225	0.00025	0.00010	0.00046		
41	0.0200	0.00225	0.00025	0.00010	0.00049		
42	0.0200	0.00225	0.00025	0.00010	0.00052		
43	0.0200	0.00225	0.00025	0.00010	0.00056		
44	0.0200	0.00225	0.00025	0.00010	0.00061		
45	0.0200	0.00270	0.00030	0.00010	0.00067		
46	0.0200	0.00315	0.00035	0.00010	0.00073		
47	0.0200	0.00360	0.00040	0.00010	0.00081		
48	0.0200	0.00405	0.00045	0.00010	0.00088		
49	0.0200	0.00450	0.00050	0.00010	0.00096		
50	0.0800	0.00495	0.00055	0.00010	0.00103		
51	0.0400	0.00540	0.00060	0.00010	0.00111		
52	0.0400	0.00585	0.00065	0.00010	0.00120		
53	0.0400	0.00630	0.00070	0.00010	0.00129		
54	0.2000	0.00675	0.00075	0.00010	0.00141		
55	0.3300	0.00720	0.00080	0.00010	0.00158		
56	0.2500	0.00720	0.00080	0.00010	0.00175		
57	0.2500	0.00720	0.00080	0.00010	0.00196		
58	0.2500	0.00720	0.00080	0.00010	0.00219		
59	0.2500	0.00720	0.00080	0.00010	0.00251		
60	0.2500	0.00720	0.00080	0.00010	0.00291		
61	0.2500	0.00720	0.00080	0.00010	0.00331		
62	0.3500	0.00720	0.00080	0.00010	0.00373		
63	0.3500	0.00720	0.00080	0.00010	0.00422		
64	0.3500	0.00720	0.00080	0.00010	0.00481		
65	1.0000	0.00000	0.00000	0.00000	0.00000		

Santa Barbara County Employees' Retirement System

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

Age	Service Retirement	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	0.00090	0.00010	0.00010	0.00023	0	0.0800
19	0.0000	0.00090	0.00010	0.00010	0.00025	1	0.0800
20	0.0000	0.00090	0.00010	0.00010	0.00026	2	0.0300
21	0.0000	0.00090	0.00010	0.00010	0.00027	3	0.0300
22	0.0000	0.00090	0.00010	0.00010	0.00028	4	0.0300
23	0.0000	0.00090	0.00010	0.00010	0.00030	5	0.0300
24	0.0000	0.00090	0.00010	0.00010	0.00031	6	0.0300
25	0.0000	0.00090	0.00010	0.00010	0.00032	7	0.0300
26	0.0000	0.00090	0.00010	0.00010	0.00033	8	0.0270
27	0.0000	0.00090	0.00010	0.00010	0.00034	9	0.0240
28	0.0000	0.00090	0.00010	0.00010	0.00036	10	0.0210
29	0.0000	0.00090	0.00010	0.00010	0.00036	11	0.0180
30	0.0200	0.00135	0.00015	0.00010	0.00037	12	0.0150
31	0.0200	0.00135	0.00015	0.00010	0.00039	13	0.0140
32	0.0200	0.00135	0.00015	0.00010	0.00042	14	0.0130
33	0.0200	0.00135	0.00015	0.00010	0.00047	15	0.0120
34	0.0200	0.00135	0.00015	0.00010	0.00053	16	0.0110
35	0.0200	0.00180	0.00020	0.00010	0.00060	17	0.0100
36	0.0200	0.00180	0.00020	0.00010	0.00067	18	0.0080
37	0.0200	0.00180	0.00020	0.00010	0.00074	19	0.0060
38	0.0200	0.00180	0.00020	0.00010	0.00080	20 & Above	0.0000
39	0.0200	0.00180	0.00020	0.00010	0.00086		
40	0.0200	0.00225	0.00025	0.00010	0.00091		
41	0.0200	0.00225	0.00025	0.00010	0.00095		
42	0.0200	0.00225	0.00025	0.00010	0.00100		
43	0.0200	0.00225	0.00025	0.00010	0.00104		
44	0.0200	0.00225	0.00025	0.00010	0.00110		
45	0.0200	0.00270	0.00030	0.00010	0.00116		
46	0.0200	0.00315	0.00035	0.00010	0.00124		
47	0.0700	0.00360	0.00040	0.00010	0.00132		
48	0.0700	0.00405	0.00045	0.00010	0.00140		
49	0.1000	0.00450	0.00050	0.00010	0.00149		
50	0.2000	0.00495	0.00055	0.00010	0.00158		
51	0.1000	0.00540	0.00060	0.00010	0.00168		
52	0.1000	0.00585	0.00065	0.00010	0.00178		
53	0.1000	0.00630	0.00070	0.00010	0.00202		
54	0.3000	0.00675	0.00075	0.00010	0.00218		
55	0.3300	0.00720	0.00080	0.00010	0.00238		
56	0.2500	0.00720	0.00080	0.00010	0.00261		
57	0.2500	0.00720	0.00080	0.00010	0.00299		
58	0.2500	0.00720	0.00080	0.00010	0.00350		
59	0.2500	0.00720	0.00080	0.00010	0.00395		
60	0.2500	0.00720	0.00080	0.00010	0.00449		
61	0.2500	0.00720	0.00080	0.00010	0.00506		
62	0.3500	0.00720	0.00080	0.00010	0.00574		
63	0.3500	0.00720	0.00080	0.00010	0.00660		
64	0.3500	0.00720	0.00080	0.00010	0.00753		
65	1.0000	0.00000	0.00000	0.00000	0.00000		

Santa Barbara County Employees' Retirement System

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

Age	Service Retirement	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	0.00090	0.00010	0.00010	0.00014	0	0.0800
19	0.0000	0.00090	0.00010	0.00010	0.00014	1	0.0800
20	0.0000	0.00090	0.00010	0.00010	0.00015	2	0.0300
21	0.0000	0.00090	0.00010	0.00010	0.00016	3	0.0300
22	0.0000	0.00090	0.00010	0.00010	0.00016	4	0.0300
23	0.0000	0.00090	0.00010	0.00010	0.00016	5	0.0300
24	0.0000	0.00090	0.00010	0.00010	0.00016	6	0.0300
25	0.0000	0.00090	0.00010	0.00010	0.00016	7	0.0300
26	0.0000	0.00090	0.00010	0.00010	0.00016	8	0.0270
27	0.0000	0.00090	0.00010	0.00010	0.00017	9	0.0240
28	0.0000	0.00090	0.00010	0.00010	0.00017	10	0.0210
29	0.0000	0.00090	0.00010	0.00010	0.00018	11	0.0180
30	0.0200	0.00135	0.00015	0.00010	0.00019	12	0.0150
31	0.0200	0.00135	0.00015	0.00010	0.00020	13	0.0140
32	0.0200	0.00135	0.00015	0.00010	0.00021	14	0.0130
33	0.0200	0.00135	0.00015	0.00010	0.00022	15	0.0120
34	0.0200	0.00135	0.00015	0.00010	0.00024	16	0.0110
35	0.0200	0.00180	0.00020	0.00010	0.00028	17	0.0100
36	0.0200	0.00180	0.00020	0.00010	0.00032	18	0.0080
37	0.0200	0.00180	0.00020	0.00010	0.00036	19	0.0060
38	0.0200	0.00180	0.00020	0.00010	0.00039	20 & Above	0.0000
39	0.0200	0.00180	0.00020	0.00010	0.00043		
40	0.0200	0.00225	0.00025	0.00010	0.00046		
41	0.0200	0.00225	0.00025	0.00010	0.00049		
42	0.0200	0.00225	0.00025	0.00010	0.00052		
43	0.0200	0.00225	0.00025	0.00010	0.00056		
44	0.0200	0.00225	0.00025	0.00010	0.00061		
45	0.0200	0.00270	0.00030	0.00010	0.00067		
46	0.0200	0.00315	0.00035	0.00010	0.00073		
47	0.0700	0.00360	0.00040	0.00010	0.00081		
48	0.0700	0.00405	0.00045	0.00010	0.00088		
49	0.1000	0.00450	0.00050	0.00010	0.00096		
50	0.2000	0.00495	0.00055	0.00010	0.00103		
51	0.1000	0.00540	0.00060	0.00010	0.00111		
52	0.1000	0.00585	0.00065	0.00010	0.00120		
53	0.1000	0.00630	0.00070	0.00010	0.00129		
54	0.3000	0.00675	0.00075	0.00010	0.00141		
55	0.3300	0.00720	0.00080	0.00010	0.00158		
56	0.2500	0.00720	0.00080	0.00010	0.00175		
57	0.2500	0.00720	0.00080	0.00010	0.00196		
58	0.2500	0.00720	0.00080	0.00010	0.00219		
59	0.2500	0.00720	0.00080	0.00010	0.00251		
60	0.2500	0.00720	0.00080	0.00010	0.00291		
61	0.2500	0.00720	0.00080	0.00010	0.00331		
62	0.3500	0.00720	0.00080	0.00010	0.00373		
63	0.3500	0.00720	0.00080	0.00010	0.00422		
64	0.3500	0.00720	0.00080	0.00010	0.00481		
65	1.0000	0.00000	0.00000	0.00000	0.00000		

Santa Barbara County Employees' Retirement System

Appendix B: Summary of Benefit Provisions



All actuarial calculations are based on our understanding of the statutes governing the SBCERS as contained in the County Employees Retirement Law (CERL) of 1937, with provisions adopted by the County Board of Supervisors, a district Board of Directors, or the SBCERS Board, effective through June 30, 2011. The benefit and contribution provisions of this law are summarized briefly below, along with corresponding references to the State Code. This summary does not attempt to cover all the detailed provisions of the law.

MEMBERSHIP IN RETIREMENT PLANS

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

**Government
Code Section**

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

General members: All non-Safety employees are eligible to be General members. Membership in a particular tier depends primarily upon date of entry to the system.

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

APCD Plan 1:	APCD employees hired on or before July 3, 1995.
APCD Plan 2:	APCD employees hired after July 3, 1995.
General Plan 2:	Employees hired on or before January 11, 1999 who elected to join General Plan 2. Once vested, Plan 2 members have a one-time election to defer accrued Plan 2 benefits and enter a contributory plan in effect at the time of election. Contributions are based upon age at time of transfer.
Safety Plan 4A & General Plan 5A:	General employees hired before October 10, 1994 who did not elect to join General Plan 2, and Safety employees hired before October 10, 1994.
Safety Plan 4B & General Plan 5B:	Employees hired on or after October 10, 1994.
General Plan 5C:	Members in certain bargaining units hired on or after October 10, 1994. Members in those bargaining units transferred from Plan 5B on March 10, 2008.

- Safety Plan 4C:** Members in certain bargaining units who were hired on or after October 10, 1994. All members in certain bargaining units. Members in those bargaining units transferred from Plan 4B on July 3, 2006.
- Safety Plan 6A:** Members in certain bargaining units hired prior to October 10, 1994. Members in those bargaining units transferred from Plan 4A on February 25, 2008.
- Safety Plan 6B:** Members in certain bargaining units hired after October 10, 1994. Members in those bargaining units transferred from Plan 4D on February 25, 2008.

MEMBER CONTRIBUTIONS

Basic:

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

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

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

Cost-of-Living:

Some members may contribute towards the cost-of-living benefit based on increases in COLA normal cost rates.

Cost-Sharing:

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

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

General Plan 5C is based on half rates.

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

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

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

EMPLOYER CONTRIBUTIONS

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

SERVICE RETIREMENT ALLOWANCE

Eligibility:

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

Final Compensation:

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

SERVICE RETIREMENT ALLOWANCE (Continued)

Compensation Limit:

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

Monthly Allowance:

General members:

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

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

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

APCD members:

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

Safety members:

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

Age Factors are higher for Plans 6A and 6B (31664.1)

SERVICE RETIREMENT ALLOWANCE (Continued)

Age Factors by Plan

Code Section:	<u>General</u>	<u>APCD</u>	<u>Safety</u>	
	Plan 5	Plan 5	Plan 4	Plan 6
Label:	2% @ 57	2% @ 55	3% @ 55	3% @ 50
Base:	2.00%	2.00%	3.00%	3.00%
Age				
41			0.4777	0.6258
42			0.5058	0.6625
43			0.5347	0.7004
44			0.5647	0.7397
45			0.5958	0.7805
46			0.6280	0.8226
47			0.6625	0.8678
48			0.6936	0.9085
49			0.7269	0.9522
50	0.6681	0.7454	0.7634	1.0000
51	0.7056	0.7882	0.8028	1.0000
52	0.7454	0.8346	0.8457	1.0000
53	0.7882	0.8850	0.8926	1.0000
54	0.8346	0.9399	0.9418	1.0000
55	0.8850	1.0000	1.0000	1.0000
56	0.9399	1.0447	1.0000	1.0000
57	1.0000	1.1048	1.0000	1.0000
58	1.0447	1.1686	1.0000	1.0000
59	1.1048	1.2365	1.0000	1.0000
60	1.1686	1.3093	1.0000	1.0000
61	1.2365	1.3608		
62	1.3093	1.4123		
63	1.3093	1.4638		
64	1.3093	1.5153		
65	1.3093	1.5668		

Maximum Allowance:

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

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



SERVICE RETIREMENT ALLOWANCE (Continued)

Unmodified Retirement Allowance (Normal Form):

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

Eligible survivor includes certain domestic partners. (31780.2)

Optional Retirement Allowance:

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

Option 1: Member's allowance is reduced to pay a cash refund of any unpaid annuity payments (up to the amount of the member's contributions at retirement) to the member's estate or to a beneficiary having an insurable interest in the life of the member. (31761)

Option 2: 100% of member's reduced allowance is payable to a surviving spouse or beneficiary having an insurable interest in the life of the member. (31762)

Option 3: 50% of member's reduced allowance is payable to a surviving spouse or beneficiary having an insurable interest in the life of the member. (31763)

Option 4: Other % of member's reduced allowance is payable to a surviving spouse or beneficiary(ies) having an insurable interest in the life of the member. (31764)

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

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

Death after Retirement:

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

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

SERVICE-CONNECTED DISABILITY RETIREMENT ALLOWANCE

Eligibility:

General Plan 2:	Disability benefits not valued since provided outside of the retirement system.	(31720, 31720.5, 31720.6, 31720.7, 31720.9)
All other Plans:	Any age and length of service; disability must result from occupational injury or disease, and member must be permanently incapacitated for the performance of duty.	

Monthly Allowance:

General Plan 2:	Service retirement benefit payable at age 65 with service projected from disability until age 65. Prior to age 65, disability benefits are provided outside of retirement system.	
All other Plans:	Greater of (1) 50% of final compensation, and (2) the service retirement allowance, if eligible to retire.	(31727.4)

Supplemental Disability Allowance:

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

General Plan 2:	Service retirement benefit payable at age 65 with service projected from disability until age 65. Prior to age 65, disability benefits are provided outside of retirement system.	(31760, 31786)
All other Plans:	Life Annuity payable to retired member with 100% continuance to an eligible survivor (or eligible children).	

Death after Retirement:

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

NONSERVICE-CONNECTED DISABILITY RETIREMENT ALLOWANCE

Eligibility:

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

Monthly Allowance:

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

Projected Service:

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

Supplemental Monthly Disability Retirement:

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

Normal Form Of Payment:

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

Death after Retirement:

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

SERVICE-CONNECTED DEATH BENEFITS

Eligibility:

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

Monthly Allowance:

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

All other Plans: A monthly allowance is payable to an eligible survivor equal to the greater of the Member's Service Retirement Allowance (if he is eligible for service Retirement at his date of death), and (b) $50\% \times$ Final Compensation. (31787)

Supplemental Monthly Death Benefit:

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

NONSERVICE-CONNECTED DEATH BENEFITS

Eligibility:

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

Monthly Allowance:

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

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

Supplemental Monthly Death Benefit:

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

DEFERRED VESTED BENEFITS

Eligibility:

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

Monthly Allowance:

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

COST-OF-LIVING INCREASES

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

- All Plans (excluding General Plan 2): Members (and their beneficiaries) are limited to a maximum 3% cost-of-living increase. (31870.1)
- General Plan 2: General Plan 2 does not have a COLA.

COLA Bank:

- All Plans (excluding General Plan 2): When the CPI exceeds the applicable percentage, the difference between the actual CPI and the maximum cost-of-living increase given in any year is credited to the COLA Accumulation (COLA Bank). It may be used in future years to provide cost-of-living increases when the CPI falls below the applicable percentage. (31874, 31874.1, 31874.2, 31874.3)
- General Plan 2: General Plan 2 does not have a COLA and, therefore, does not have a COLA Bank.

Santa Barbara County Employees' Retirement System

Appendix C: Valuation Data and Schedules



Data on SBCERS membership as of June 30, 2011 was supplied to us by the system staff. On the following tables, Exhibit C-1a and C-1b, we present summaries of SBCERS membership at June 30, 2011 for active members. Similar information is shown in Exhibit C-2 for deferred vested members and Exhibits C-3a and C-3b for retired members.

Note that the compensation amounts shown are the total prior year earnings, adjusted for one-half year of expected salary increases.

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

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

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

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

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

**Santa Barbara County Employees'
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Exhibit C-1a: SBCERS Membership – Active Members as of June 30, 2011

	<u>Total Number</u>	<u>Annual Compensation</u>	<u>Average Age</u>	<u>Average Monthly Compensation</u>	<u>Average Vesting Service</u>
General Members					
Plan 5A	834	\$ 63,712,339	52.9	\$6,366	21.9
Plan 5B	484	\$ 43,507,668	44.9	\$7,491	7.0
Plan 5C	1,868	\$ 114,010,694	43.7	\$5,086	7.8
Plan 2	12	\$ 814,843	53.0	\$5,659	24.5
Total	3,198	\$ 222,045,544	46.3	\$5,786	11.4
Safety Members					
Plan 4A	97	\$ 10,938,331	49.8	\$9,397	20.5
Plan 4B	11	\$ 1,310,784	47.7	\$9,930	18.8
Plan 4C	339	\$ 27,098,020	40.8	\$6,661	9.8
Plan 6A	141	\$ 14,319,021	48.6	\$8,463	22.0
Plan 6B	316	\$ 27,359,176	39.0	\$7,215	8.5
Total	904	\$ 81,025,333	42.4	\$7,469	12.5
APCD Members					
Plan 1	22	\$ 1,851,933	55.8	\$7,015	22.4
Plan 2	24	\$ 1,605,476	40.0	\$5,575	5.3
Total	46	\$ 3,457,409	47.6	\$6,263	13.5
Grand Total	4,148	\$ 306,528,286	45.5	\$6,158	11.7

Santa Barbara County Employees' Retirement System

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

Valuation Date	Plan Type	Number	Annual Payroll	Average Annual Salary	Increase in Average Pay
June 30, 2004	General	3,559	\$ 199,365,000	\$ 56,017	5.8%
	Safety	944	\$ 67,596,000	71,606	3.3%
	Total	4,503	266,961,000	59,285	5.4%
June 30, 2005	General	3,558	\$ 199,371,000	\$ 56,035	0.0%
	Safety	947	\$ 68,414,000	72,243	0.9%
	Total	4,505	267,785,000	59,442	0.3%
June 30, 2006	General	3,658	\$ 214,405,000	\$ 58,613	4.6%
	Safety	982	\$ 72,977,000	74,315	2.9%
	Total	4,640	287,382,000	61,936	4.2%
June 30, 2007	General	3569	\$ 214,717,000	\$ 60,162	2.6%
	APCD	53	\$ 3,940,000	74,340	N/A
	Safety	1,003	\$ 75,506,000	75,280	1.3%
	Total	4,625	294,163,000	63,603	2.7%
June 30, 2008	General	3,552	\$ 226,426,000	\$ 63,746	6.0%
	APCD	48	\$ 3,608,000	75,167	1.1%
	Safety	1,006	\$ 77,230,000	76,769	2.0%
	Total	4,606	307,264,000	66,710	4.9%
June 30, 2009	General	3,450	\$ 223,831,000	\$ 64,879	1.8%
	APCD	50	\$ 3,955,000	79,100	5.2%
	Safety	967	\$ 79,596,000	82,312	7.2%
	Total	4,467	307,382,000	68,812	3.2%
June 30, 2010	General	3,261	\$ 223,995,000	\$ 68,689	5.9%
	APCD	46	\$ 3,716,000	80,783	2.1%
	Safety	921	\$ 79,795,000	86,640	5.3%
	Total	4,228	307,506,000	72,731	5.7%
June 30, 2011	General	3,198	\$ 222,046,000	\$ 69,433	1.1%
	APCD	46	\$ 3,457,000	75,161	-7.0%
	Safety	904	\$ 81,025,000	89,630	3.5%
	Total	4,148	306,528,000	73,898	1.6%

**Santa Barbara County Employees'
Retirement System**

Exhibit C-2: SBCERS Membership – Deferred Vested Members as of June 30, 2011

	Number	Average Age
<i>General Members</i>		
Plan 5A	288	51.8
Plan 5B	467	45.3
Plan 5C	179	41.5
Plan 2	27	53.1
Total	961	46.8
<i>Safety Members</i>		
Plan 4A	9	47.1
Plan 4B	61	41.9
Plan 4C	36	38.6
Plan 4D	8	38.1
Plan 6A	59	49.0
Plan 6B	15	36.3
Total	188	43.1
<i>APCD Members</i>		
Plan 1	13	50.3
Plan 2	4	42.5
Total	17	48.5
<i>Grand Total</i>	1,166	46.2

**Santa Barbara County Employees'
Retirement System**

Exhibit C-3a: SBCERS Membership – Retired Members as of June 30, 2011

	<u>Number</u>	<u>Average Age</u>	<u>Monthly Allowance</u>	<u>Average Monthly Benefit</u>
General Members				
Plan 5A	993	63.8	\$ 2,949,183	\$ 2,970
Plan 5B	163	64.1	\$ 214,845	1,318
Plan 5C	76	62.2	\$ 105,839	1,393
Plan 2	45	70.5	\$ 28,058	624
Other	<u>1,299</u>	<u>77.6</u>	<u>\$ 2,175,597</u>	<u>1,675</u>
Total	2,576	70.8	\$ 5,473,522	\$ 2,125
Safety Members				
Plan 4A	212	61.3	\$ 1,326,061	\$ 6,255
Plan 4B	81	62.1	\$ 317,221	\$ 3,916
Plan 4C	28	60.8	\$ 86,263	\$ 3,081
Plan 4D	2	56.0	\$ 6,661	\$ 3,331
Plan 6A	94	55.6	\$ 531,128	\$ 5,650
Plan 6B	5	57.4	\$ 12,674	\$ 2,535
Other	<u>357</u>	<u>70.8</u>	<u>\$ 1,348,085</u>	<u>\$ 3,776</u>
Total	779	65.0	\$ 3,628,093	\$ 4,657
APCD Members				
Plan 1	26	61.0	\$ 73,722	\$ 2,835
Plan 2	<u>6</u>	<u>62.7</u>	<u>\$ 9,594</u>	<u>\$ 1,599</u>
Total	32	61.3	\$ 83,316	\$ 2,604
Grand Total	3,387	69.4	\$ 9,184,931	\$ 2,712

**Santa Barbara County Employees'
Retirement System**

**Exhibit C-3b: SBCERS Membership – Retired Members as of June 30, 2011
Subtotaled by Class and Retirement Type**

	<u>Number</u>	<u>Monthly Allowance</u>	<u>Average Monthly Benefit</u>
General Members			
Healthy	2,095	\$ 4,789,028	\$ 2,286
Disabled	126	\$ 240,937	\$ 1,912
Beneficiaries	355	\$ 443,557	\$ 1,249
Total	<u>2,576</u>	<u>\$ 5,473,522</u>	<u>\$ 2,125</u>
Safety Members			
Healthy	579	\$ 3,025,017	\$ 5,225
Disabled	119	\$ 387,099	\$ 3,253
Beneficiaries	81	\$ 215,977	\$ 2,666
Total	<u>779</u>	<u>\$ 3,628,093</u>	<u>\$ 4,657</u>
APCD Members			
Healthy	31	\$ 81,363	\$ 2,625
Disabled	-	\$ -	\$ -
Beneficiaries	1	\$ 1,954	\$ 1,954
Total	<u>32</u>	<u>\$ 83,316</u>	<u>\$ 2,604</u>
Grand Total	3,387	\$ 9,184,931	\$ 2,712

Santa Barbara County Employees' Retirement System

**Exhibit C-4: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2011
All Members**

Count										
Age	Years of Vesting Service									Total Count
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	11	13	1	-	-	-	-	-	-	25
25-29	40	168	65	-	-	-	-	-	-	273
30-34	31	200	210	26	-	-	-	-	-	467
35-39	15	113	185	174	33	1	-	-	-	521
40-44	19	104	160	205	110	34	1	-	-	633
45-49	11	97	120	153	104	106	35	1	-	627
50-54	13	70	106	136	99	106	85	36	-	651
55-59	13	57	94	103	80	93	63	46	4	553
60-64	3	33	65	64	43	39	25	29	6	307
65 & Over	-	11	28	22	13	7	5	1	4	91
Total Count	156	866	1,034	883	482	386	214	113	14	4,148

Compensation										
Age	Years of Vesting Service									Average Comp.
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	21,601	55,136	47,872	-	-	-	-	-	-	40,090
25-29	35,475	59,572	64,721	-	-	-	-	-	-	57,267
30-34	35,088	64,702	66,987	72,647	-	-	-	-	-	64,206
35-39	41,618	66,676	71,845	74,929	72,232	48,534	-	-	-	70,863
40-44	37,434	76,810	74,663	77,272	74,190	79,949	72,819	-	-	74,942
45-49	53,140	76,616	71,927	75,971	75,740	83,138	79,092	72,964	-	76,239
50-54	53,950	78,633	72,412	73,261	76,108	83,281	99,364	82,804	-	79,315
55-59	60,021	87,416	76,840	73,157	84,768	83,269	85,294	90,437	77,218	81,174
60-64	23,780	82,950	66,779	78,211	77,946	74,406	90,786	88,334	103,046	77,713
65 & Over	-	104,757	71,924	86,830	79,179	68,643	73,154	214,033	50,167	80,953
Avg. Annual Compensation	39,855	70,435	71,029	75,657	77,010	81,693	90,168	88,405	80,558	73,898



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

Santa Barbara County Employees' Retirement System

**Exhibit C-4a: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2011
General Members**

Count										
Age	Years of Service									Total Count
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	8	11	1	-	-	-	-	-	-	20
25-29	32	129	42	-	-	-	-	-	-	203
30-34	28	148	137	19	-	-	-	-	-	332
35-39	14	92	131	106	21	1	-	-	-	365
40-44	17	84	116	135	68	20	1	-	-	441
45-49	11	86	100	117	80	61	27	1	-	483
50-54	12	62	99	121	76	80	49	27	-	526
55-59	13	47	83	89	66	75	51	37	4	465
60-64	3	31	61	58	39	35	23	26	4	280
65 & Over	-	8	28	19	13	6	4	1	4	83
Total Count	138	698	798	664	363	278	155	92	12	3,198

Compensation										
Age	Years of Service									Average Comp.
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	17,011	50,870	47,872	-	-	-	-	-	-	37,176
25-29	33,224	54,480	54,564	-	-	-	-	-	-	51,147
30-34	32,890	60,054	58,747	65,786	-	-	-	-	-	57,552
35-39	42,847	62,900	65,567	65,813	60,065	48,534	-	-	-	63,731
40-44	33,655	76,414	68,858	70,746	65,733	69,164	72,819	-	-	69,059
45-49	53,140	75,841	70,102	72,511	69,656	72,339	73,216	72,964	-	71,710
50-54	54,284	73,480	72,686	71,784	73,938	76,408	85,507	70,372	-	73,975
55-59	60,021	83,706	74,993	71,965	81,850	81,695	79,553	85,380	77,218	78,275
60-64	23,780	83,350	65,330	78,835	77,886	73,414	90,431	86,859	73,906	76,620
65 & Over	-	114,968	71,924	86,665	79,179	66,198	68,823	214,033	50,167	80,684
Avg. Annual Compensation	38,984	67,617	66,910	71,642	72,705	75,723	81,625	82,657	67,097	69,433



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

Santa Barbara County Employees' Retirement System

**Exhibit C-4b: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2011
Safety Members**

Count											
	Age	Years of Service									Total Count
0-1		1-4	5-9	10-14	15-19	20-24	25-29	30-34	35&Over		
	Under 25	2	2	-	-	-	-	-	-	-	4
	25-29	6	36	22	-	-	-	-	-	-	64
	30-34	2	49	73	7	-	-	-	-	-	131
	35-39	-	20	54	68	11	-	-	-	-	153
	40-44	2	19	44	69	42	14	-	-	-	190
	45-49	-	11	19	35	24	42	8	-	-	139
	50-54	-	8	7	15	20	24	35	9	-	118
	55-59	-	10	11	10	13	14	11	9	-	78
	60-64	-	1	4	5	4	1	2	2	2	21
	65 & Over	-	3	-	3	-	-	-	-	-	6
	Total Count	12	159	234	212	114	95	56	20	2	904

Compensation											
	Age	Years of Service									Average Comp.
0-1		1-4	5-9	10-14	15-19	20-24	25-29	30-34	35&Over		
	Under 25	39,159	78,598	-	-	-	-	-	-	-	58,878
	25-29	48,198	77,620	83,076	-	-	-	-	-	-	76,737
	30-34	71,312	78,627	82,449	91,270	-	-	-	-	-	81,321
	35-39	-	83,951	87,076	89,138	91,432	-	-	-	-	87,897
	40-44	69,557	78,213	89,970	89,549	87,881	95,356	-	-	-	88,362
	45-49	-	82,678	80,441	88,531	96,020	99,655	98,925	-	-	92,215
	50-54	-	118,571	68,546	85,169	82,523	105,708	118,302	120,098	-	102,668
	55-59	-	104,852	90,777	82,884	97,628	92,231	110,257	111,227	-	98,079
	60-64	-	62,403	88,874	70,798	78,535	98,154	94,876	106,517	161,326	90,934
	65 & Over	-	77,528	-	87,877	-	-	-	-	-	82,703
	Avg. Annual Compensation	54,104	82,835	84,912	88,216	89,781	99,441	113,117	114,748	161,326	89,630



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

Santa Barbara County Employees' Retirement System

**Exhibit C-4c: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2011
APCD Members**

Count										
	Age	Years of Service								Total Count
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	1	-	-	-	-	-	-	-	-	1
25-29	2	3	1	-	-	-	-	-	-	6
30-34	1	3	-	-	-	-	-	-	-	4
35-39	1	1	-	-	1	-	-	-	-	3
40-44	-	1	-	1	-	-	-	-	-	2
45-49	-	-	1	1	-	3	-	-	-	5
50-54	1	-	-	-	3	2	1	-	-	7
55-59	-	-	-	4	1	4	1	-	-	10
60-64	-	1	-	1	-	3	-	1	-	6
65 & Over	-	-	-	-	-	1	1	-	-	2
Total Count	6	9	2	7	5	13	3	1	-	46

Compensation										
	Age	Years of Service								Average Comp.
	0-1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	23,204	-	-	-	-	-	-	-	-	23,204
25-29	33,318	61,941	87,506	-	-	-	-	-	-	56,661
30-34	24,209	66,564	-	-	-	-	-	-	-	55,975
35-39	24,412	68,533	-	-	116,556	-	-	-	-	69,834
40-44	-	83,469	-	111,219	-	-	-	-	-	97,344
45-49	-	-	92,638	41,173	-	71,464	-	-	-	69,640
50-54	49,941	-	-	-	88,302	89,084	115,549	-	-	86,937
55-59	-	-	-	75,377	110,202	81,422	103,517	-	-	84,091
60-64	-	91,095	-	79,036	-	78,073	-	90,329	-	82,446
65 & Over	-	-	-	-	-	83,313	90,481	-	-	86,897
Avg. Annual Compensation	31,400	69,846	90,072	76,134	98,333	79,675	103,182	90,329	-	75,161



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

Santa Barbara County Employees' Retirement System

Exhibit C-5: Distribution of Retired Members by Age and Retirement Year as of June 30, 2011 All Members

Age	Benefit Effective Date								Total Count	Average Monthly Benefit
	Pre-1980	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-14		
Under 35	-	-	-	-	3	4	4	-	11	\$ 931
35-39	-	-	-	-	-	1	-	-	1	3,632
40-44	-	-	-	1	4	3	2	1	11	1,955
45-49	-	-	-	1	1	8	10	6	26	2,402
50-54	-	-	-	-	13	11	92	49	165	2,214
55-59	-	1	3	1	11	58	221	77	372	2,978
60-64	4	2	6	4	53	145	300	120	634	3,351
65-69	10	9	6	24	133	221	225	54	682	3,360
70-74	18	10	15	69	117	151	80	13	473	2,723
75-79	12	13	42	62	117	56	29	8	339	2,182
80-84	22	38	49	84	37	38	23	8	299	1,908
85-89	47	31	63	29	14	18	14	6	222	1,689
90-94	33	36	14	3	3	13	5	4	111	1,535
95-99	24	6	2	-	2	-	1	-	35	1,351
100 & Over	4	-	-	-	1	-	1	-	6	1,209
Total Count	174	146	200	278	509	727	1,007	346	3,387	
Avg Monthly Benefit	\$ 1,425	\$ 1,819	\$ 2,207	\$ 2,372	\$ 2,454	\$ 2,869	\$ 3,123	\$ 3,153		\$ 2,712



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

Santa Barbara County Employees' Retirement System

**Exhibit C-5a: Distribution of Retired Members by Age and Retirement Year as of June 30, 2011
General Members**

Age	Benefit Effective Date								Total Count	Average Monthly Benefit
	Pre-1980	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-14		
Under 35	-	-	-	-	3	4	3	-	10	\$ 755
35-39	-	-	-	-	-	-	-	-	-	-
40-44	-	-	-	1	2	2	2	-	7	1,273
45-49	-	-	-	1	1	4	2	2	10	1,331
50-54	-	-	-	-	8	7	48	25	88	1,202
55-59	-	-	1	1	9	40	138	47	236	1,520
60-64	2	1	4	3	42	88	235	106	481	2,774
65-69	-	2	3	12	74	145	198	48	482	2,641
70-74	3	1	10	49	76	130	70	12	351	2,243
75-79	6	11	29	47	104	52	26	7	282	1,925
80-84	16	32	46	82	34	34	21	7	272	1,804
85-89	39	31	62	28	14	17	14	6	211	1,654
90-94	30	35	14	3	3	13	5	4	107	1,424
95-99	22	6	2	-	2	-	1	-	33	1,300
100 & Over	4	-	-	-	1	-	1	-	6	1,209
Total Count	122	119	171	227	373	536	764	264	2,576	
Avg Monthly Benefit	\$ 1,094	\$ 1,586	\$ 1,972	\$ 1,964	\$ 1,680	\$ 2,126	\$ 2,480	\$ 2,678		\$ 2,125



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

Santa Barbara County Employees' Retirement System

**Exhibit C-5b: Distribution of Retired Members by Age and Retirement Year as of June 30, 2011
Safety Members**

Age	Benefit Effective Date								Total Count	Average Monthly Benefit
	Pre-1980	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-14		
Under 35	-	-	-	-	-	-	1	-	1	\$ 2,685
35-39	-	-	-	-	-	1	-	-	1	\$ 3,632
40-44	-	-	-	-	2	1	-	1	4	\$ 3,147
45-49	-	-	-	-	-	4	8	4	16	\$ 3,071
50-54	-	-	-	-	5	4	40	21	70	\$ 3,499
55-59	-	1	2	-	2	18	78	28	129	\$ 5,684
60-64	2	1	2	1	11	53	63	12	145	\$ 5,280
65-69	10	7	3	12	59	76	23	5	195	\$ 5,158
70-74	15	9	5	20	41	18	8	1	117	\$ 4,149
75-79	6	2	13	15	13	4	3	1	57	\$ 3,452
80-84	6	6	3	2	3	4	2	1	27	\$ 2,955
85-89	8	-	1	1	-	1	-	-	11	\$ 2,376
90-94	3	1	-	-	-	-	-	-	4	\$ 4,496
95-99	2	-	-	-	-	-	-	-	2	\$ 2,192
100 & Over	-	-	-	-	-	-	-	-	-	\$ -
Total Count	52	27	29	51	136	184	226	74	779	
Avg Monthly Benefit	\$ 2,203	\$ 2,844	\$ 3,593	\$ 4,186	\$ 4,577	\$ 5,046	\$ 5,326	\$ 4,923		\$ 4,657



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

Santa Barbara County Employees' Retirement System

**Exhibit C-5c: Distribution of Retired Members by Age and Retirement Year as of June 30, 2011
APCD Members**

Age	Benefit Effective Date						Total Count	Average Monthly Benefit		
	Pre-1980	1980-84	1985-89	1990-94	1995-99	2000-04			2005-09	2010-14
Under 35	-	-	-	-	-	-	-	-	\$ -	
35-39	-	-	-	-	-	-	-	-	-	
40-44	-	-	-	-	-	-	-	-	-	
45-49	-	-	-	-	-	-	-	-	-	
50-54	-	-	-	-	-	-	4	3	7	2,070
55-59	-	-	-	-	-	-	5	2	7	2,275
60-64	-	-	-	-	-	4	2	2	8	3,121
65-69	-	-	-	-	-	-	4	1	5	2,524
70-74	-	-	-	-	-	3	2	-	5	3,062
75-79	-	-	-	-	-	-	-	-	-	-
80-84	-	-	-	-	-	-	-	-	-	-
85-89	-	-	-	-	-	-	-	-	-	-
90-94	-	-	-	-	-	-	-	-	-	-
95-99	-	-	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-	-	-
Total Count	-	-	-	-	-	7	17	8	32	
Avg Monthly Benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,519	\$ 2,715	\$ 2,440		\$ 2,604



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Santa Barbara County Employees' Retirement System

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

	<u>Actives</u>	<u>Vested Terms</u>	<u>Terms with Contributions on Deposit</u>	<u>Retirees *</u>	<u>Disabilities</u>	<u>Beneficiaries</u>	<u>Total</u>
Total Record Count as of July 1, 2010	4,228	902	279	2,637	248	433	8,727
New Members	140						140
Rehired Non-Vested Members	19		(7)				12
Rehired Vested Members	4	(3)		(1)			-
Non-Vested Terms - Contributions on Deposit	(48)		48				-
Vested Terms	(74)	76	(2)				-
Service Retirements	(68)	(62)		130			-
Retirement Disabilities	(1)	(3)		(2)	6		-
New Beneficiaries	-					35	35
Deaths	(1)		(1)	(81)	(10)	(31)	(124)
Refund of Contributions	(51)	(19)	(53)				(123)
Other Status Transfers		-					-
Data Adjustments		<u>(1)</u>	<u>12</u>	<u>22</u>	<u>1</u>		<u>34</u>
Subtotal of Net Changes from 2010 to 2011	(80)	(12)	(3)	68	(3)	4	(26)
Total Record Count as of July 1, 2011	4,148	890	276	2,705	245	437	8,701

* Retiree count includes duplicate records for members being both Service Retirement and Continuance benefits as well as members being paid benefits from multiple plans.



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Santa Barbara County Employees' Retirement System

Appendix D: Member Contribution Rates



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

Santa Barbara County Employees' Retirement System

Exhibit D-1

Based on June 30, 2010 Actuarial Valuation

Member Contribution Rates

Entry Age	General			APCD		Safety		
	5A	5B	5C	1	2	4A & 6A	4B	4C & 6B
16	2.60%	5.19%	2.50%	3.07%	6.15%	4.83%	9.66%	4.63%
17	2.60%	5.19%	2.50%	3.07%	6.15%	4.83%	9.66%	4.63%
18	2.60%	5.19%	2.50%	3.07%	6.15%	4.83%	9.66%	4.63%
19	2.60%	5.19%	2.50%	3.07%	6.15%	4.83%	9.66%	4.63%
20	2.60%	5.19%	2.50%	3.07%	6.15%	4.83%	9.66%	4.63%
21	2.66%	5.31%	2.55%	3.14%	6.28%	4.93%	9.86%	4.73%
22	2.72%	5.43%	2.61%	3.21%	6.42%	5.03%	10.06%	4.83%
23	2.78%	5.55%	2.67%	3.28%	6.56%	5.13%	10.26%	4.92%
24	2.84%	5.67%	2.73%	3.35%	6.71%	5.24%	10.48%	5.03%
25	2.90%	5.80%	2.79%	3.43%	6.86%	5.35%	10.69%	5.13%
26	2.97%	5.93%	2.85%	3.50%	7.01%	5.45%	10.91%	5.23%
27	3.03%	6.06%	2.91%	3.58%	7.16%	5.56%	11.13%	5.34%
28	3.10%	6.19%	2.98%	3.66%	7.31%	5.68%	11.35%	5.44%
29	3.17%	6.33%	3.04%	3.74%	7.47%	5.79%	11.58%	5.55%
30	3.24%	6.47%	3.11%	3.81%	7.63%	5.90%	11.80%	5.65%
31	3.31%	6.61%	3.18%	3.89%	7.79%	6.01%	12.03%	5.76%
32	3.38%	6.75%	3.25%	3.98%	7.95%	6.13%	12.26%	5.87%
33	3.45%	6.90%	3.32%	4.06%	8.11%	6.25%	12.49%	5.98%
34	3.53%	7.05%	3.39%	4.14%	8.28%	6.36%	12.73%	6.09%
35	3.60%	7.20%	3.46%	4.22%	8.45%	6.48%	12.96%	6.20%
36	3.68%	7.35%	3.53%	4.31%	8.62%	6.60%	13.20%	6.32%
37	3.75%	7.50%	3.60%	4.40%	8.79%	6.72%	13.44%	6.43%
38	3.83%	7.66%	3.68%	4.48%	8.97%	6.84%	13.68%	6.54%
39	3.91%	7.81%	3.75%	4.57%	9.15%	6.97%	13.93%	6.66%
40	3.99%	7.97%	3.83%	4.66%	9.32%	7.09%	14.18%	6.78%
41	4.07%	8.13%	3.90%	4.75%	9.50%	7.22%	14.44%	6.90%
42	4.15%	8.30%	3.98%	4.84%	9.68%	7.35%	14.70%	7.02%
43	4.23%	8.46%	4.06%	4.93%	9.86%	7.48%	14.96%	7.14%
44	4.32%	8.63%	4.14%	5.02%	10.05%	7.62%	15.23%	7.27%
45	4.40%	8.80%	4.22%	5.12%	10.23%	7.75%	15.51%	7.39%
46	4.48%	8.96%	4.29%	5.21%	10.43%	7.89%	15.78%	7.51%
47	4.57%	9.13%	4.37%	5.31%	10.62%	8.03%	16.06%	7.63%
48	4.65%	9.30%	4.45%	5.40%	10.81%	8.17%	16.34%	7.73%
49	4.74%	9.48%	4.53%	5.49%	10.98%	8.29%	16.58%	7.81%
50	4.83%	9.65%	4.62%	5.57%	11.14%	8.40%	16.79%	7.86%
51	4.92%	9.84%	4.70%	5.63%	11.27%	8.47%	16.94%	7.87%
52	5.01%	10.02%	4.77%	5.67%	11.35%	8.50%	17.01%	7.87%
53	5.10%	10.20%	4.85%	5.69%	11.38%	8.50%	17.01%	8.13%
54	5.18%	10.36%	4.91%	5.69%	11.38%	8.50%	17.01%	8.43%
55	5.26%	10.51%	4.95%	5.69%	11.38%	8.50%	17.01%	8.43%
56	5.32%	10.63%	4.98%	5.69%	11.38%	8.50%	17.01%	8.43%
57	5.36%	10.71%	4.98%	5.69%	11.38%	8.50%	17.01%	8.43%
58	5.37%	10.73%	5.16%	5.69%	11.38%	8.50%	17.01%	8.43%
59	5.37%	10.73%	5.35%	5.69%	11.38%	8.50%	17.01%	8.43%
60	5.37%	10.73%	5.35%	5.69%	11.38%	8.50%	17.01%	8.43%

Assumptions:

Interest: 7.75%
Salary: 2010 Valuation Scale (Service Based)
Unisex Mortality: General and APCD - RP 2000 Projected to 2010 with Scale AA (Male, Setback 4 years)
Safety - RP 2000 Projected to 2010 with Scale AA (Male, Setback 3 years)



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Santa Barbara County Employees' Retirement System

Appendix E: Glossary



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

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

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