

Alameda County Employees' Retirement Association

*Actuarial Valuation and Review
as of December 31, 2004*

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June 1, 2005

Board of Retirement
Alameda County Employees' Retirement Association
475 - 14th Street, Suite 1000
Oakland, CA 94612

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of December 31, 2004. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2005-2006 and analyzes the preceding year's experience.


The census and financial information were prepared by the ACERA. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, MAAA, Enrolled Actuary.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. In our opinion, the combined operation of the assumptions and the methods applied in this valuation fairly represent past and anticipated future experience of the Association and meet the parameters required by GASB Statement 25. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: 
Andy Yeung, ASA, MAAA, EA
Associate Actuary


Paul Angelo, FSA, MAAA, FCA, EA
Vice President and Actuary

AYY/gvk

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SECTION 1: Valuation Summary for the Alameda County Employees' Retirement Association

Purpose

This report has been prepared by The Segal Company to present a valuation of the Alameda County Employees' Retirement Association as of December 31, 2004. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement Association, as administered by the Board of Retirement. In particular, we assume in this report that all Safety members will continue to receive a benefit pursuant to Section 31664 (2% at 50).
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of November 30, 2004, provided by the Retirement Office;
- The assets of the Plan as of December 31, 2004, provided by the Retirement Office;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. that the Board has adopted for the December 31, 2004 valuation.

For all the Safety employee organizations that have settled their MOUs, we understand that the County has agreed to improve their benefits pursuant to Section 31664.1 (3% at 50) effective July 3, 2005. The rates associated with providing Safety benefits under Section 31664.1 are included in a separate special study report. Those rates would go into effect when the new benefits become effective, as directed by the Board of Retirement.

The Alameda County Employees' Retirement Association's basic financial goal is to establish contributions that fully fund the Association's liabilities, and which, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the Association's assets, liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the Association's staff. This information has not been audited by us, but it has been reviewed and found to be consistent, both internally and with prior year's information.

SECTION 1: Valuation Summary for the Alameda County Employees' Retirement Association

The contribution requirements are determined as a percentage of payroll. The Association's employer rates provide for both normal cost and a payment or credit to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, we have continued with the Board's funding policy to amortize the Association's entire unfunded actuarial accrued liability as of December 31, 2004 over a declining 28-year period. The aggregate employer contribution rate calculated using the declining 28-year amortization period is 17.14% of payroll. In this valuation, we have applied the 7.8% net interest rate assumption adopted by the Board. Except for the interest rate assumption, the other assumptions used in this valuation are those that we recommended to the Board for the December 31, 2004 valuation.

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2005 through June 30, 2006, subject to increase when any new Safety member benefits are formally adopted.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- The ratio of the valuation value of assets to actuarial accrued liabilities decreased from 86.9% to 83.9%. The Association's unfunded actuarial accrued liability has increased from \$508.3 million to \$682.6 million. The increase is mainly due to a combination of actuarial investment return less than the 8% assumed in the December 31, 2003 valuation and changes in actuarial assumptions adopted by the Board for the December 31, 2004 valuation. A reconciliation of the Association's unfunded actuarial accrued liability is provided in Section 3, Exhibit H.
- The aggregate employer rate calculated in this valuation has increased from 14.02% of payroll to 17.14% of payroll. The reasons for this change are: (i) lower than expected return on investments, (ii) lower than expected salary increases, (iii) higher UAAAL rate due to payroll increasing by less than 4.25%, and (iv) changes in actuarial assumptions. A reconciliation of the Association's aggregate employer rate is provided in Section 2, Subsection D (see Chart 15).
- The aggregate member rate calculated in this valuation has increased from 8.27% of payroll to 8.68% of payroll. The change in member rate is due to the changes in actuarial assumptions. A reconciliation of the Association's aggregate member rate is provided in Section 2, Subsection D (see Chart 16).
- The results of this valuation reflect the changes in economic and non-economic actuarial assumptions recommended by Segal for the December 31, 2004 valuation, as well as the 7.8% interest rate assumption adopted by the Board. The impact of the assumption changes is provided in Section 2, Subsection D (see Charts 15 and 16). The specific assumption changes can be found in Section 4, Exhibit IV.

SECTION 1: Valuation Summary for the Alameda County Employees' Retirement Association

- With this valuation, we are recommending a change in the methodology used to determine the COLA component of the member contribution rates. The details and reasons for our recommendation are provided in Section 4, Appendix A.
- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment gains as of December 31, 2004 is \$210.7 million. These investment gains will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, and will offset any investment losses that may occur after December 31, 2004. This implies that if the Association earns the assumed net rate of investment return of 7.80% per year on a **market value** basis, it will result in investment gains on the actuarial value of assets in the next few years. So, if the actual market return is equal to the assumed 7.80% rate and all other actuarial assumptions are met, the contribution requirements would decrease in each of the next few years.

Impact of Future Experience on Contribution Rates

Future contribution requirements may differ from those determined in the valuation because of:

- 1) difference between actual experience and anticipated experience;
- 2) changes in actuarial assumptions or methods;
- 3) changes in statutory provisions; and
- 4) difference between the contribution rates determined by the valuation and those adopted by the Board.

SECTION 1: Valuation Summary for the Alameda County Employees' Retirement Association

Summary of Key Valuation Results (Dollar amounts in thousands)

	December 31, 2004		December 31, 2003	
Employer Contribution Rates:	Total Rate	Estimated Annual Amount*	Total Rate	Estimated Annual Amount*
County	17.91%	\$17,900	14.63%	\$14,622
General Tier 1	14.96%	70,519	12.10%	57,037
General Tier 2	29.46%	6,906	21.51%	5,042
Safety Tier 1	23.87%	21,917	20.91%	19,198
Safety Tier 2	17.08%	117,242	13.97%	95,899
County Combined	22.74%	1,828	19.21%	1,544
District – General Tier 1	17.14%	119,070	14.02%	97,443
County and District Combined				
Average Member Contribution Rates:		Estimated Annual Amount*	Total Rate	Estimated Annual Amount*
General Tier 1	9.89%	\$10,680	9.05%	\$9,773
General Tier 2	7.90%	37,239	7.58%	35,731
Safety Tier 1	9.95%	2,333	9.66%	2,265
Safety Tier 2	10.90%	10,008	10.53%	9,668
All Categories combined	8.68%	60,260	8.27%	57,437
Funded Status:				
Actuarial accrued liability**	\$4,240,553		\$3,890,043	
Valuation value of assets***	3,557,918		3,381,757	
Funded percentage	83.9%		86.9%	
Unfunded Actuarial Accrued Liability	\$682,635		\$ 508,286	
Key Assumptions:				
Interest rate	7.80%		8.00%	
Inflation rate	4.00%		4.00%	
Across-the-board salary increase	0.25%		0.25%	

* Based on December 31, 2004 projected annual compensation.

** Excludes liabilities held for SRBR and other non-valuation reserves.

*** Excludes assets for SRBR and other non-valuation reserves.

SECTION 1: Valuation Summary for the Alameda County Employees' Retirement Association

Summary of Key Valuation Demographic and Financial Data

	December 31, 2004	December 31, 2003	Percentage Change
Active Members:			
Number of members	10,556	11,220	-5.9%
Average age	46.3	45.7	N/A
Average service	11.0	10.4	N/A
Projected total compensation	\$694,626,000	\$714,344,000	-2.8%
Average projected compensation	\$65,804	\$63,667	3.4%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	4,786	4,644	3.1%
Disability retired	658	573	14.8%
Beneficiaries	1,031	1,070	-3.6%
Total	6,475	6,287	3.0%
Average age	71.0	71.7	N/A
Average monthly benefit*	\$2,143	\$1,968	8.9%

Vested Terminated Members:

Number of terminated vested members**	1,361	1,224	11.2%
Average age	47.5	48.0	N/A

Summary of Financial Data (dollar amounts in thousands):

Market value of assets	\$4,322,442	\$3,920,004	10.3%
Return on market value of assets	11.49%	25.46%	N/A
Actuarial value of assets	\$4,111,739	\$3,928,009	4.7%
Return on actuarial value of assets	5.87%	4.58%	N/A
Valuation value of assets	\$3,557,918	\$3,381,757	5.2%
Return on valuation value of assets	5.79%	3.93%	N/A

* Excludes monthly benefits payable from the SRBR.

** Effective January 1, 2003, this includes members who chose to leave their contributions on deposit even though they have less than five years of service.

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, vested terminated members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the member population has changed over the past four valuations can be seen in this chart.

CHART 1
Member Population: 2001 – 2004

Year Ended December 31	Active Members	Vested Terminated Members*	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2001	10,974	1,025	5,867	0.63
2002	11,338	1,141	5,996	0.63
2003	11,220	1,224	6,287	0.67
2004	10,556	1,361	6,475	0.74

**Includes terminated members due a refund of member contributions*

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 10,556 active members with an average age of 46.3 years, average years of service of 11.0 and average compensation of \$65,804. The 11,220 active members in the prior valuation had an average age of 45.7 years, average service of 10.4 and average compensation of \$63,667.

Among the active members, there were none with unknown age.

Inactive Members

In this year's valuation, there were 1,361 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 1,224 in the prior valuation

CHART 2

Distribution of Active Members by Age as of December 31, 2004

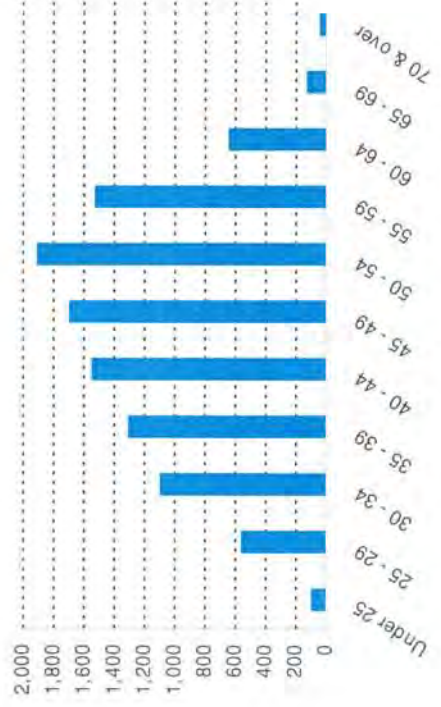
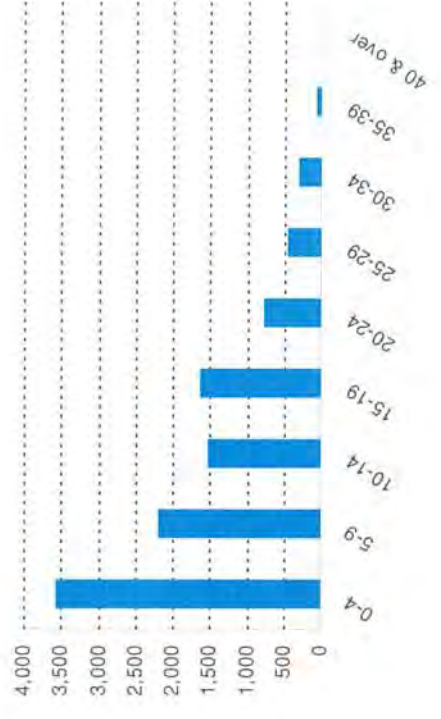


CHART 3

Distribution of Active Members by Years of Service as of December 31, 2004



These graphs show a distribution of active members by age and by years of service. Age and years of service have been projected to December 31, 2004 based on census data collected as of November 30, 2004.

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

Retired Members and Beneficiaries

As of December 31, 2004, 5,444 retired members and 1,031 beneficiaries were receiving total monthly benefits of \$13,876,385. For comparison, in the previous valuation, there were 5,217 retired members and 1,070 beneficiaries receiving monthly benefits of \$12,376,865. These monthly benefits exclude supplemental COLA benefits payable from the Supplemental Retiree Benefit Reserve (SRBR).

These graphs show a distribution of the current retired members based on their monthly amount and age, by type of pension. Age has been projected to December 31, 2004 based on census data collected as of November 30, 2004.

CHART 4

Distribution of Retired Members and Beneficiaries by Type and by Monthly Amount as of December 31, 2004

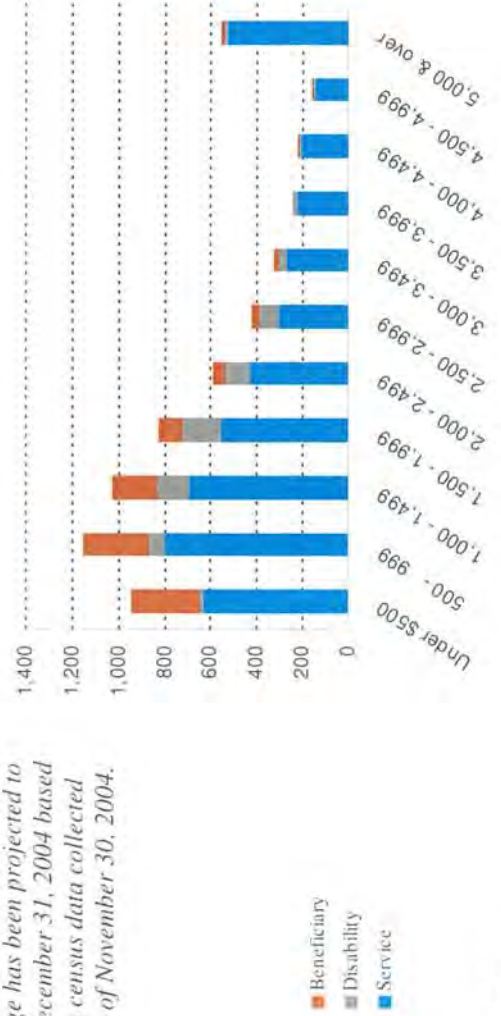
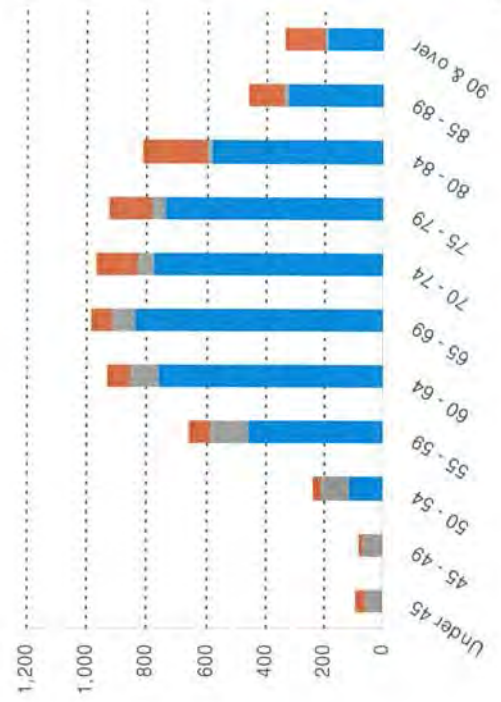


CHART 5

Distribution of Retired Members and Beneficiaries by Type and by Age as of December 31, 2004



SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

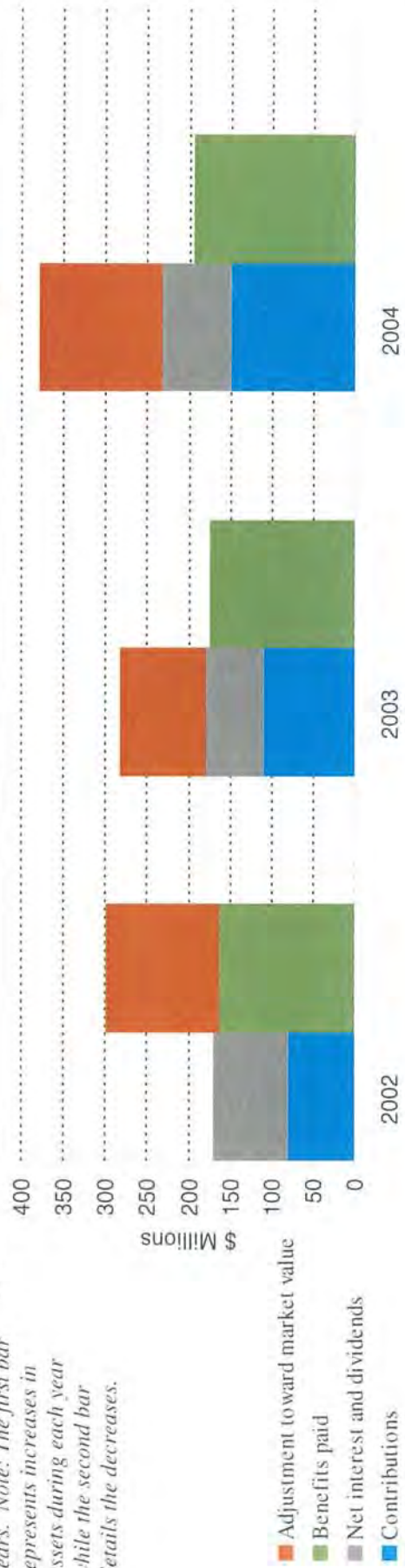
B. FINANCIAL INFORMATION

Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. The adjustment toward market value shown in the chart is the "non-cash" earnings on investments implicitly included in the actuarial value of assets. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D and E.

The chart depicts the components of changes in the actuarial value of assets over the last three years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6
Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended December 31, 2002 through 2004



SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Retirement has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has an immediate effect on the actuarial value of assets.

The determination of the Actuarial Value of Assets is provided on the following page.

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

CHART 7

Determination of Actuarial Value of Assets for Year Ended December 31, 2004

Six Month Period	Total Actual Market Return (net)		Expected Market Return (net)	Investment Gain (Loss)	Deferred Factor	Deferred Return
	From	To				
07/01/2000	12/31/2000	\$(83,147,325)	\$158,464,713	\$(241,612,038)	0.1	\$(24,161,204)
01/01/2001	06/30/2001	(76,028,101)	153,144,503	(229,172,605)	0.2	(45,834,521)
07/01/2001	12/31/2001	(52,912,745)	148,172,548	(201,085,293)	0.3	(60,325,588)
01/01/2002	06/30/2002	(111,719,793)	144,243,116	(255,962,909)	0.4	(102,385,163)
07/01/2002	12/31/2002	(140,700,812)	137,930,598	(66,464,719)*	0.5	(33,232,360)
01/01/2003	06/30/2003	343,293,215	130,468,435	212,824,779	0.6	127,694,868
07/01/2003	12/31/2003	458,724,045	138,808,857	319,915,188	0.7	223,940,631
01/01/2004	06/30/2004	94,823,439	156,374,705	(61,551,266)	0.8	(49,241,013)
07/01/2004	12/31/2004	352,972,448	159,211,156	193,607,452**	0.9	174,246,707
1. Total Deferred Return						\$210,702,357
2. Net Market Value						4,322,441,720
3. Actuarial Value of Assets (Item 2 - Item 1)						4,111,739,363
4. Actuarial Value of Assets - Corridor Limits:						
a. Lower Limit - 80% of Net Market Value						3,457,953,376
b. Upper Limit - 120% of Net Market Value						5,186,930,064
5. Actuarial Value of Assets (within corridor)						4,111,739,363
6. Non-valuation reserves and designations:						
a. Reserve for Interest Fluctuations (Contingency Reserve)						48,246,216
b. Supplemental Retirees Benefits Reserve						498,005,232
c. Other Non-Valuation Reserves (Death Benefit-Burial & 401(h) Reserves)						7,569,716
d. Subtotal						\$553,821,164
7. Valuation Value of Assets (Item 5 - Item 6)						\$3,557,918,199

The chart shows the determination of the actuarial value of assets as of the valuation date.

* Limited so that total deferred losses would be no greater than 20% of market value as of 12/31/02.

** After adjustment for change in accounting principle made by ACERA to the market value of assets as of 12/31/2004.

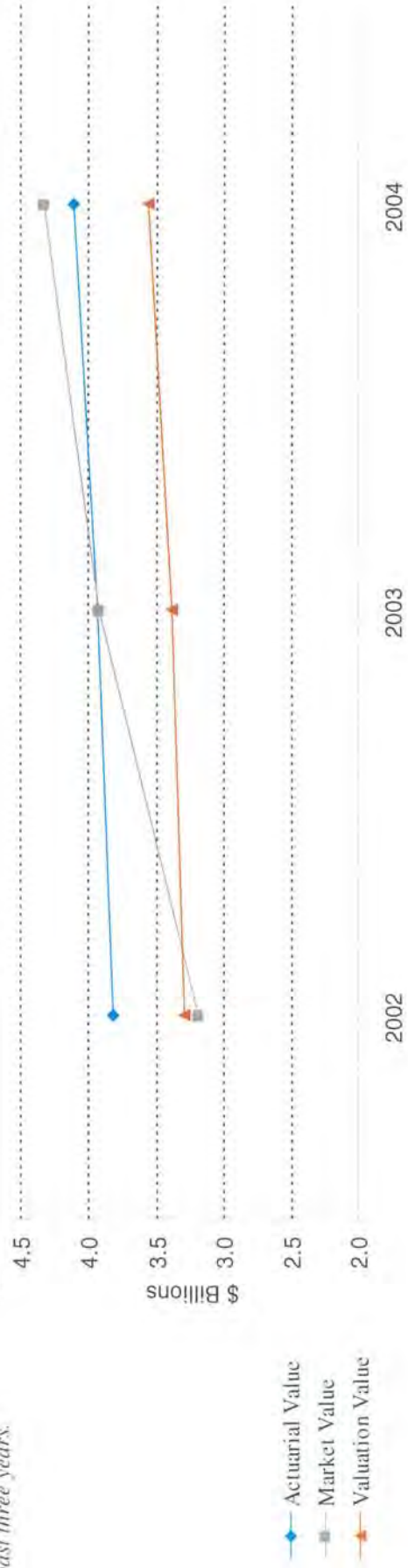
Note: Results may not total properly due to rounding.

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

The market value, actuarial value, and valuation value of assets are representations of the ACERA's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets, but with less volatility. The valuation value of assets is the actuarial value, excluding any non-valuation reserves. The valuation asset value is significant because the ACERA's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in market value, actuarial value and valuation value over the past three years.

CHART 8
Market Value, Actuarial Value and Valuation Value of Assets as of December 31, 2002 – 2004



SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will

return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total experience loss was \$51.5 million, a loss of \$74.4 million from investments and a gain of \$22.9 million from all other sources. The net experience variation from individual sources other than investments was 0.5% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended December 31, 2004

1. Net gain/(loss) from investments*	-\$74,364,000
2. Net gain/(loss) from other experience**	<u>22,861,000</u>
3. Net experience gain/(loss): (1) + (2)	-\$51,503,000

* Details in Chart 10.

** See Section 3, Exhibit H.

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the ACERA's investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 8.00% (based on December 31, 2003 valuation). The actual rate of return on a valuation basis for the 2004 plan year was 5.79%.

Since the actual return for the year was less than the assumed return, the ACERA experienced an actuarial loss during the year ended December 31, 2004 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 10

Investment Experience for Year Ended December 31, 2004 – Valuation Value and Actuarial Value of Assets

	Valuation Value	Actuarial Value
1. Actual return	\$ 195,406,503	\$ 229,088,351
2. Average value of assets	3,372,134,768	3,905,330,158
3. Actual rate of return: (1) ÷ (2)	5.79%	5.87%
4. Assumed rate of return	8.00%	8.00%
5. Expected return: (2) x (4)	269,770,781	312,426,413
6. Actuarial gain/(loss): (1) – (5)	<u>-\$74,364,278</u>	<u>-\$83,338,062</u>

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial, valuation, and market basis for the last three years.

Based on the assumptions adopted by the Board for the December 31, 2004 valuation, we have changed the investment return assumption from 8.00% to 7.80%.

CHART 11

Investment Return – Actuarial Value, Valuation Value and Market Value: 2002 - 2004

Year Ended December 31	Net Interest and Dividend Income		Recognition of Capital Appreciation		Valuation Value Investment Return		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2002	\$89,044,743	2.28%	-\$136,687,849	-3.50%	\$ 35,537,359	1.08%	-\$47,643,106	-1.22%	-\$252,420,614	-7.26%
2003	69,292,248	1.83	104,142,156	2.75	128,596,301	3.93%	173,434,404	4.58%	802,017,260	25.46%
2004	82,078,897	2.10	147,009,454	3.76	195,406,503	5.79%	229,088,351	5.87%	447,795,887	11.49%
Total					\$359,540,163		\$354,879,649		\$997,392,533	

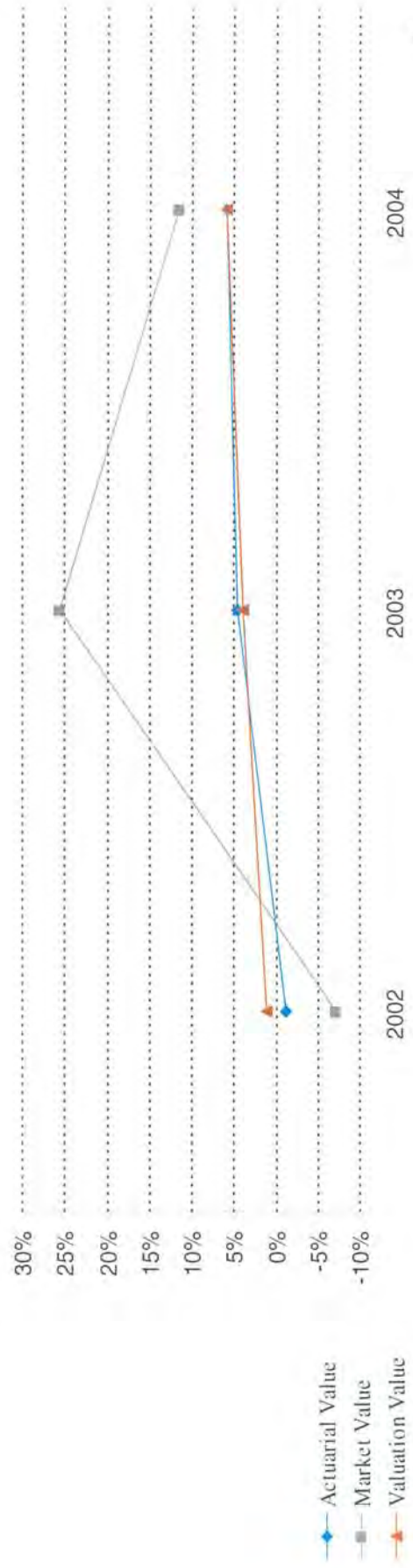
Note: Each year's yield is weighted by the average asset value in that year.

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

CHART 12

Market, Actuarial and Valuation Rates of Return for Years Ended December 31, 2002 - 2004



SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- actual turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected).

- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the year ended December 31, 2004 amounted to \$22.9 million which is 0.5% of the actuarial accrued liability. See Exhibit H for a detailed development of the Unfunded Actuarial Accrued Liability.

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is expressed as a level percentage of the member's compensation.

Contribution to the Unfunded

Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative UAAL) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the Association) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual inflation rate of 4.25% (i.e., 4.00% inflation plus 0.25% real across-the-board salary increase). The current UAAL is being recognized over a declining 28-year period.

The recommended employer contributions are provided on Chart 13.

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

Member Contributions

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and Safety members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to 1/100 of Final Average Salary for General Tier 1 and all Safety members and 1/120 of Final Average Salary for General Tier 2 members. That age is 60 for all General and 50 for all Safety members. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions, members pay one-half of the total normal cost necessary to fund their cost-of-living benefits. Accumulation includes semi-annual crediting of interest at the assumed investment earning rate. Following the procedure established by the Board, basic member rates have been adjusted to anticipate conversion of terminal pay at retirement.

The member contribution rates provided in Appendix A.

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

CHART 13

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

County Only ⁽¹⁾	December 31, 2004				December 31, 2003			
	BASIC		COLA		TOTAL		BASIC AND COLA COMBINED	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
General Tier 1 Members ⁽²⁾								
Normal Cost	10.04%	\$10,035	3.17%	\$3,168	13.21%	\$13,203	11.32%	\$11,314
UAAL (Before POB Credit)	6.94%	6,936	2.59%	2,589	9.53%	9,525	7.89%	7,886
Pension Obligation Bond Credit	<u>-2.50%</u>	<u>-2,499</u>	<u>-2.33%</u>	<u>-2,329</u>	<u>-4.83%</u>	<u>-4,828</u>	<u>-4.58%</u>	<u>-4,578</u>
Total Contribution	14.48%	\$14,472	3.43%	\$3,428	17.91%	\$17,900	14.63%	\$14,622
General Tier 2 Members ⁽²⁾								
Normal Cost	8.66%	\$40,822	1.60%	\$7,542	10.26%	\$48,364	8.79%	\$41,434
UAAL (Before POB Credit)	6.94%	32,714	2.59%	12,209	9.53%	44,923	7.89%	37,192
Pension Obligation Bond Credit	<u>-2.50%</u>	<u>-11,785</u>	<u>-2.33%</u>	<u>-10,983</u>	<u>-4.83%</u>	<u>-22,768</u>	<u>-4.58%</u>	<u>-21,589</u>
Total Contribution	13.10%	\$61,751	1.86%	\$8,768	14.96%	\$70,519	12.10%	\$57,037
Safety Tier 1 Members								
Normal Cost	14.69%	\$3,444	5.32%	\$1,247	20.01%	\$4,691	14.15%	\$3,317
UAAL (Before POB Credit)	9.02%	2,115	4.90%	1,148	13.92%	3,263	11.74%	2,752
Pension Obligation Bond Credit	<u>-0.66%</u>	<u>-155</u>	<u>-3.81%</u>	<u>-893</u>	<u>-4.47%</u>	<u>-1,048</u>	<u>-4.38%</u>	<u>-1,027</u>
Total Contribution	23.05%	\$5,404	6.41%	\$1,502	29.46%	\$6,906	21.51%	\$5,042
Safety Tier 2 Members								
Normal Cost	11.99%	\$11,009	2.43%	\$2,231	14.42%	\$13,240	13.55%	\$12,441
UAAL (Before POB Credit)	9.02%	8,282	4.90%	4,499	13.92%	12,781	11.74%	10,779
Pension Obligation Bond Credit	<u>-0.66%</u>	<u>-606</u>	<u>-3.81%</u>	<u>-3,498</u>	<u>-4.47%</u>	<u>-4,104</u>	<u>-4.38%</u>	<u>-4,022</u>
Total Contribution	20.35%	\$18,685	3.52%	\$3,232	23.87%	\$21,917	20.91%	\$19,198
All County Categories Combined								
Normal Cost	9.51%	\$65,310	2.07%	\$14,188	11.58%	\$79,498	9.98%	\$68,506
UAAL (Before POB Credit)	7.29%	50,047	2.98%	20,445	10.27%	70,492	8.54%	58,609
Pension Obligation Bond Credit	<u>-2.19%</u>	<u>-15,045</u>	<u>-2.58%</u>	<u>-17,703</u>	<u>-4.77%</u>	<u>-32,748</u>	<u>-4.55%</u>	<u>-31,216</u>
Total Contribution	14.61%	\$100,312	2.47%	\$16,930	17.08%	\$117,242	13.97%	\$95,899

⁽¹⁾ Includes Hospital Authority, Court and First 3 employees.

⁽²⁾ Hospital Authority, Court and First 3 pay the same rate as the County plus Pension Obligation Bond debt service.

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

CHART 14
Breakdown of Employer Contribution Rate by Types of Benefit (For information purposes only)

A breakdown of the approximate portion of the employer contribution rate by the various types of benefit is as follows:

	<u>General</u>	<u>Safety</u>
Service and non-service connected disability benefits	18%	21%
Service retirement and other benefits	<u>82%</u>	<u>79%</u>
	100%	100%

Note: In developing these percentages, we made the simplifying assumption that the liability for active and inactive members (including members who have already retired) can be approximated by the proportion of the normal cost required to fund disability and non-disability benefits.

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

The employer contribution rates as of December 31, 2004 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Employer Contribution

The chart below details the changes in the recommended employer contribution from the prior valuation to the current year's valuation. These items are explained on the following page.

CHART 15

Reconciliation of Recommended Employer Contribution from December 31, 2003 to December 31, 2004 (Dollars in Thousands)

The chart reconciles the employer contribution from the prior valuation to the amount determined in this valuation.

	Contribution Rate	Estimated Amount*
Recommended Contribution Rate as of December 31, 2003	14.02%	\$97,443
Effect of actuarial experience during 2004:		
1. Effect of investment loss	0.62%	\$4,307
2. Effect of lower than expected salary increase	-0.27%	-1,875
3. Effect of higher UAAL rate due to payroll increasing by less than 4.25%	0.29%	2,014
4. Effect of other experience (gain)/loss	0.04%	232
5. Effect of change in actuarial assumptions	2.44%	16,949
Subtotal	3.12%	\$21,627
Recommended Contribution Rate as of December 31, 2004	17.14%	\$119,070

* Based on December 31, 2004 projected compensation.

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

Explanation of each item from prior page:

1. Return on valuation value of assets of 5.79% was less than the 8.00% assumed in the valuation.
2. Salary increases for General members were less than those anticipated by the assumptions.
3. Last year's UAAL rate was calculated as a level percent of future payroll assuming future payroll will increase at 4.25% per year. Since the actual payroll decreased by 2.76%, the remaining UAAL from last year is now being amortized over a smaller payroll and the UAAL rate increases.
4. Other differences in actual versus expected actuarial experience.
5. Includes changes in interest rate, withdrawal, disability and other demographic assumptions.

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

The member contribution rates as of December 31, 2004 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Member Contribution Rate

The chart below details the changes in the recommended member contribution rate from the prior valuation to the current year's valuation.

**CHART 16
Reconciliation of Recommended Member Contribution from December 31, 2003 to December 31, 2004 (Dollar Amounts in Thousands)**

	Contribution Rate	Estimated Amount*
Average Contribution Rate as of December 31, 2003	8.27%	\$57,437
1. Effect of change in actuarial assumptions	0.41%	\$2,823
Average Contribution Rate as of December 31, 2004	8.68%	\$60,260

* Based on December 31, 2004 projected compensation.

Explanation:

1. This includes changes in the interest rate, withdrawal, disability and other demographic assumptions.

The chart reconciles the member contribution from the prior valuation to the amount determined in this valuation.

SECTION 2: Valuation Results for the Alameda County Employees' Retirement Association

E. INFORMATION REQUIRED BY GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contributions to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 17 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits I, II, and III.

CHART 17

Required Versus Actual Contributions

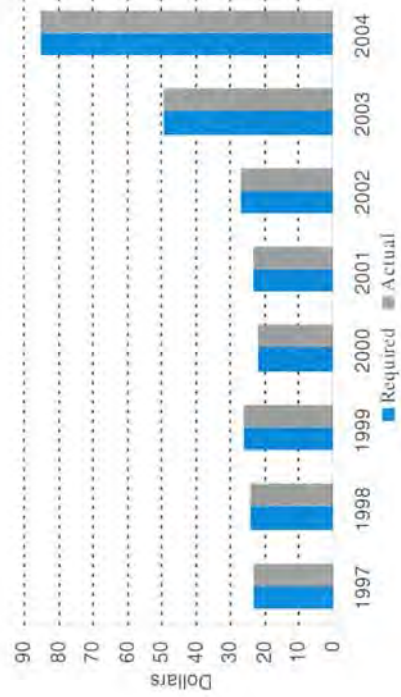
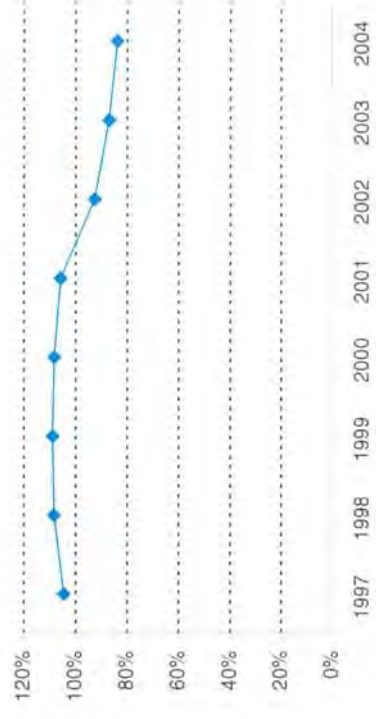


CHART 18

Funded Ratio



These graphs show key GASB factors.

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

i. General Tier 1

Category	Year Ended December 31		Change From Prior Year
	2004	2003	
Active members in valuation			
Number	1,466	1,653	-11.3%
Average age	54.2	53.8	N/A
Average service	24.2	23.5	N/A
Projected total compensation ^{(1),(2)}	\$107,984,000	\$116,199,000	-7.1%
Projected average compensation	\$73,659	\$70,296	4.8%
Member account balances	\$305,903,595	\$331,756,660	-7.8%
Total active vested members	1,401	1,572	-10.9%
Vested terminated members			
Number	283	304	-6.9%
Average age	54.8	54.4	N/A
Retired members			
Number in pay status	3,646	3,670	-0.7%
Average age	73.6	73.8	N/A
Average monthly benefit ⁽³⁾	\$2,259	\$2,071	9.1%
Disabled members			
Number in pay status	251	234	7.3%
Average age	67.0	67.7	N/A
Average monthly benefit ⁽³⁾	\$1,763	\$1,595	10.5%
Beneficiaries			
Number in pay status	829	886	-6.4%
Average age	78.4	78.7	N/A
Average monthly benefit ⁽³⁾	\$1,085	\$991	9.5%

(1) 2005 calendar year projected compensation was calculated by increasing the annualized the 2004 calendar year compensation (assuming every employee will work full time) by 4.25%.

(2) For members without a salary reported for the December 31, 2004 valuation, we have assigned them an annual salary of \$53,000.

(3) Excludes supplemental benefits paid from SRBR.

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

ii. General Tier 2

Category	Year Ended December 31		Change From Prior Year
	2004	2003	
Active members in valuation			
Number	7,672	8,072	-5.0%
Average age	45.4	44.7	N/A
Average service	8.3	7.5	N/A
Projected total compensation ^{(1), (2)}	\$471,381,000	\$482,863,000	-2.4%
Projected average compensation	\$61,442	\$59,819	2.7%
Member account balances	\$308,395,511	\$288,352,400	7.0%
Total active vested members	4,531	4,187	8.2%
Vested terminated members			
Number	914	756	20.9%
Average age	45.8	46.4	N/A
Retired members			
Number in pay status	549	438	25.3%
Average age	65.3	65.6	N/A
Average monthly benefit ⁽³⁾	\$1,186	\$1,063	11.6%
Disabled members			
Number in pay status	255	198	28.8%
Average age	54.7	54.4	N/A
Average monthly benefit ⁽³⁾	\$1,741	\$1,675	3.9%
Beneficiaries			
Number in pay status	70	59	18.6%
Average age	60.2	62.6	N/A
Average monthly benefit ⁽³⁾	\$801	\$802	-0.1%

(1) 2005 calendar year projected compensation was calculated by increasing the annualized the 2004 calendar year compensation (assuming every employee will work full time) by 4.25%.

(2) For members without a salary reported for the December 31, 2004 valuation, we have assigned them an annual salary of \$53,000.

(3) Excludes supplemental benefits paid from SRBR.

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

iii. Safety Tier 1

Category	Year Ended December 31		Change From Prior Year
	2004	2003	
Active members in valuation			
Number	241	294	-18.0%
Average age	52.0	51.9	N/A
Average service	25.0	24.7	N/A
Projected total compensation ^{(1),(2)}	\$23,444,000	\$27,362,000	-14.3%
Projected average compensation	\$97,279	\$93,068	4.5%
Member account balances	\$82,884,280	\$99,132,199	-16.4%
Total active vested members	239	294	-18.7%
Vested terminated members			
Number	47	51	-7.8%
Average age	49.2	48.7	N/A
Retired members			
Number in pay status	539	498	8.2%
Average age	64.8	65.1	N/A
Average monthly benefit ⁽³⁾	\$4,404	\$4,057	8.6%
Disabled members			
Number in pay status	93	91	2.2%
Average age	59.9	59.5	N/A
Average monthly benefit ⁽³⁾	\$3,218	\$2,970	8.4%
Beneficiaries			
Number in pay status	117	114	2.6%
Average age	71.5	71.0	N/A
Average monthly benefit ⁽³⁾	\$1,749	\$1,696	3.1%

(1) 2005 calendar year projected compensation was calculated by increasing the annualized the 2004 calendar year compensation (assuming every employee will work full time) by 4.25%.

(2) For members without a salary reported for the December 31, 2004 valuation, we have assigned them an annual salary of \$73,000.

(3) Excludes supplemental benefits paid from SRBR.

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage
iv. Safety Tier 2

Category	Year Ended December 31		Change From Prior Year
	2004	2003	
Active members in valuation			
Number	1,177	1,201	-2.0%
Average age	40.9	40.0	N/A
Average service	9.3	8.4	N/A
Projected total compensation ^{(1), (2)}	\$91,817,000	\$87,920,000	4.4%
Projected average compensation	\$78,009	\$73,206	6.6%
Member account balances	\$92,372,827	\$83,200,930	11.0%
Total active vested members	822	743	10.6%
Vested terminated members			
Number	117	113	3.5%
Average age	42.2	41.6	N/A
Retired members			
Number in pay status	52	38	36.8%
Average age	60.2	60.2	N/A
Average monthly benefit ⁽¹⁾	\$2,133	\$1,953	9.2%
Disabled members			
Number in pay status	59	50	18.0%
Average age	50.9	50.1	N/A
Average monthly benefit ⁽¹⁾	\$2,387	\$2,270	5.2%
Beneficiaries			
Number in pay status	15	11	36.4%
Average age	59.1	71.3	N/A
Average monthly benefit ⁽¹⁾	\$1,021	\$729	40.1%

(1) 2005 calendar year projected compensation was calculated by increasing the annualized the 2004 calendar year compensation (assuming every employee will work full time) by 4.25%.

(2) For members without a salary reported for the December 31, 2004 valuation, we have assigned them an annual salary of \$73,000.

(3) Excludes supplemental benefits paid from SRBR.

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT B

Members in Active Service and Projected Average Compensation⁽¹⁾ as of December 31, 2004
By Age, Years of Service

i. General Tier 1

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	--	--	--	--	--	--	--	--	--	--
25 - 29	8	8	--	--	--	--	--	--	--	--
	\$38,302	\$38,302	--	--	--	--	--	--	--	--
30 - 34	8	6	2	--	--	--	--	--	--	--
	48,629	47,855	\$50,953	--	--	--	--	--	--	--
35 - 39	17	12	2	2	1	--	--	--	--	--
	47,041	45,926	52,105	\$49,712	\$44,948	--	--	--	--	--
40 - 44	51	7	6	2	11	22	3	--	--	--
	56,636	49,214	50,970	59,541	61,230	\$57,470	\$60,378	--	--	--
45 - 49	216	8	12	12	39	97	39	9	--	--
	64,953	62,036	53,552	70,645	60,572	67,676	64,666	\$66,037	--	--
50 - 54	470	13	6	14	59	149	137	87	5	--
	71,609	53,838	52,847	68,737	62,727	72,355	75,107	75,333	\$70,324	--
55 - 59	487	9	7	9	46	122	140	122	31	1
	83,058	59,997	66,492	413,018	66,498	72,364	79,050	86,753	68,294	\$71,103
60 - 64	171	2	2	2	19	36	43	48	19	--
	77,915	40,458	43,553	79,511	58,366	75,486	82,591	81,380	90,121	--
65 - 69	27	--	--	--	2	5	9	2	8	1
	58,305	--	--	--	64,356	51,024	51,427	47,173	71,486	61,346
70 & over	11	1	--	--	--	1	2	3	4	--
	51,644	41,746	--	--	--	42,101	45,425	48,766	61,772	--
Total	1,466	66	37	41	177	432	373	271	67	2
	\$73,659	\$0,727	\$54,708	\$144,018	\$62,589	\$70,493	\$75,509	\$80,735	\$74,627	\$66,224

(1) An annual salary of \$53,000 was used for those members without a salary reported for the December 31, 2004 valuation.

Note: Age and years of service was projected from November 30, 2004 to December 31, 2004.

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT B

Members in Active Service and Projected Average Compensation⁽¹⁾ as of December 31, 2004
By Age, Years of Service

ii. General Tier 2

Age	Total	Years of Service												
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over					
Under 20	1	1	--	--	--	--	--	--	--	--	--	--	--	--
	\$53,000	\$53,000	--	--	--	--	--	--	--	--	--	--	--	--
20 - 24	84	83	1	--	--	--	--	--	--	--	--	--	--	--
	41,177	41,250	\$35,069	--	--	--	--	--	--	--	--	--	--	--
25 - 29	456	380	76	--	--	--	--	--	--	--	--	--	--	--
	49,014	49,204	48,062	--	--	--	--	--	--	--	--	--	--	--
30 - 34	849	576	235	35	3	--	--	--	--	--	--	--	--	--
	57,211	56,759	58,678	\$55,450	\$49,806	--	--	--	--	--	--	--	--	--
35 - 39	1,042	480	303	197	61	1	--	--	--	--	--	--	--	--
	60,731	57,482	64,063	64,825	56,573	\$58,222	--	--	--	--	--	--	--	--
40 - 44	1,255	459	289	245	236	26	--	--	--	--	--	--	--	--
	61,542	58,042	61,620	62,948	67,208	57,783	--	--	--	--	--	--	--	--
45 - 49	1,268	431	272	286	240	38	1	--	--	--	--	--	--	--
	64,325	61,549	62,870	64,331	68,706	77,149	\$115,576	--	--	--	--	--	--	--
50 - 54	1,237	367	259	266	292	50	1	2	--	--	--	--	--	--
	65,219	62,185	63,458	64,009	68,854	80,455	141,358	\$61,087	--	--	--	--	--	--
55 - 59	910	244	185	217	217	38	7	2	--	--	--	--	--	--
	64,327	61,474	65,977	65,063	65,312	62,058	72,195	88,710	--	--	--	--	--	--
60 - 64	440	103	103	103	107	22	1	1	--	--	--	--	--	--
	63,194	60,797	60,702	63,415	64,149	77,246	93,069	102,717	--	--	--	--	--	--
65 - 69	97	19	14	25	34	4	1	--	--	--	--	--	--	--
	62,056	56,036	62,669	65,453	59,759	90,324	47,945	--	--	--	--	--	--	--
70 & Over	33	11	6	9	6	1	--	--	--	--	--	--	--	--
	55,356	66,055	46,559	52,219	52,398	36,450	--	--	--	--	--	--	--	--
Total	7,672	3,154	1,743	1,383	1,196	180	11	5	--	--	--	--	--	--
	\$61,442	\$57,547	\$61,875	\$63,858	\$66,421	\$72,057	\$82,120	\$80,462	--	--	--	--	--	--

(1) An annual salary of \$53,000 was used for those members without a salary reported for the December 31, 2004 valuation.

Note: Age and years of service was projected from November 30, 2004 to December 31, 2004.

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT B

Members in Active Service and Projected Average Compensation⁽¹⁾ as of December 31, 2004
By Age, Years of Service

iii. Safety Tier 1

Age	Total	Years of Service												
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over					
Under 25	--	--	--	--	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--	--	--	--	--	--
35 - 39	--	--	--	--	--	--	--	--	--	--	--	--	--	--
40 - 44	10	--	--	1	9	--	--	--	--	--	--	--	--	--
45 - 49	\$97,466	--	--	\$96,195	--	\$97,607	--	--	--	--	--	--	--	--
50 - 54	98,163	--	\$61,070	118,147	\$86,548	100,516	\$98,544	--	--	--	--	--	--	--
55 - 59	96,961	\$73,000	--	91,631	88,047	87,166	98,349	\$112,603	--	--	--	--	--	--
60 - 64	97,016	73,000	79,802	--	77,768	87,399	87,027	119,724	\$125,411	--	--	--	--	--
65 - 69	101,349	--	--	--	12,833	--	105,438	--	181,688	--	--	--	--	--
70 & Over	1	--	--	--	--	--	--	--	--	1	--	--	--	1
Total	62,756	2	3	4	16	102	74	35	5	62,756	--	--	--	--
	\$97,279	\$73,000	\$67,314	\$106,030	\$80,120	\$94,268	\$96,127	\$115,451	\$124,135					

(1) An annual salary of \$73,000 was used for those members without a salary reported for the December 31, 2004 valuation.
Note: Age and years of service was projected from November 30, 2004 to December 31, 2004.

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT B

Members in Active Service and Projected Average Compensation⁽¹⁾ as of December 31, 2004
By Age, Years of Service

iv. Safety Tier 2

Age	Total	Years of Service									
		0-4	5-9	10-14	15-19	20-24	25-29				
Under 25	12	11	1	--	--	--	--	--	--	--	--
	\$65,222	\$65,434	\$62,887	--	--	--	--	--	--	--	--
25 - 29	97	75	22	--	--	--	--	--	--	--	--
	69,546	67,176	77,625	--	--	--	--	--	--	--	--
30 - 34	237	112	122	3	--	--	--	--	--	--	--
	72,926	68,138	77,078	\$82,855	--	--	--	--	--	--	--
35 - 39	249	76	137	17	19	--	--	--	--	--	--
	75,296	69,175	75,778	81,721	\$90,552	--	--	--	--	--	--
40 - 44	234	27	56	36	95	20	--	--	--	--	--
	82,891	72,010	76,124	83,702	87,750	\$91,985	--	--	--	--	--
45 - 49	145	16	27	17	59	26	--	--	--	--	--
	81,964	65,508	77,813	84,692	83,241	91,721	--	--	--	--	--
50 - 54	93	18	19	12	33	10	1	--	--	--	--
	81,663	85,362	70,268	81,676	84,845	85,195	\$91,096	--	--	--	--
55 - 59	81	18	16	16	21	10	--	--	--	--	--
	84,144	85,313	83,204	78,794	83,841	92,740	--	--	--	--	--
60 - 64	25	2	6	4	10	3	--	--	--	--	--
	83,145	70,285	103,805	89,363	74,109	72,230	--	--	--	--	--
65 - 69	3	--	1	1	1	--	--	--	--	--	--
	82,292	--	86,372	96,558	63,947	--	--	--	--	--	--
70 & Over	1	--	--	--	1	--	--	--	--	--	--
	238,767	--	--	--	238,767	--	--	--	--	--	--
Total	1,177	355	407	106	239	69	1	--	--	--	--
	\$78,009	\$70,005	\$76,892	\$82,884	\$86,077	\$90,152	\$91,096	--	--	--	--

(1) An annual salary of \$73,000 was used for those members without a salary reported for the December 31, 2004 valuation.

Note: Age and years of service was projected from November 30, 2004 to December 31, 2004.

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT C

Reconciliation of Member Data – December 31, 2003 to December 31, 2004

	Active Members	Vested Former Members	Pensioners	Disableds	Beneficiaries	Total
Number as of December 31, 2003	11,220	1,224	4,644	573	1,070	18,731
New members	359	0	0	0	0	359
Terminations – with vested rights	-254	254	0	0	0	0
Contributions Refunds	-354	-65	0	0	0	-419
Retirements	-343	-49	392	0	0	0
New disabilities	-71	-11	-21	103	0	0
Return to work	17	-17	0	0	0	0
Died with or without beneficiary	-18	-3	-244	-19	-41	-325
Data adjustments	0	28	15	1	2	46
Number as of December 31, 2004	10,556	1,361	4,786	658	1,031	18,392

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended December 31, 2004	Year Ended December 31, 2003
Contribution income:		
Employer contributions	\$85,497,767	\$49,091,005
Employee contributions	<u>63,065,526</u>	<u>60,159,279</u>
Contribution income	\$148,563,293	\$109,250,284
Investment income:		
Interest, dividends and other income	\$106,465,301	\$93,662,025
Adjustment toward market value	147,009,454	104,142,156
Less investment and administrative fees	<u>-24,386,404</u>	<u>-24,369,777</u>
Net investment income	<u>229,088,351</u>	<u>173,434,404</u>
Total income available for benefits	\$377,651,644	\$282,684,688
Less benefit payments:		
Service retirement	-\$161,411,401	-\$142,270,330
Death payments	-2,143,825	-2,020,305
Supplemental cost of living	-5,587,585	-6,324,807
Members refunds	-5,189,609	-6,585,186
Health insurance subsidies	<u>-19,589,165</u>	<u>-17,002,962</u>
Benefit payments	-\$193,921,585	-\$174,203,590
Change in reserve for future benefits	\$183,730,059	\$108,481,098

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT E

Summary Statement of Assets

	Year Ended December 31, 2004	Year Ended December 31, 2003
Cash equivalents	\$2,294,424	\$1,947,146
Accounts receivable:		
Contributions	\$10,839,248	\$10,746,915
Accrued interest	18,123,059	14,554,105
Sales of securities	125,176,816	33,655,614
Others	<u>3,452,989</u>	<u>2,025,854</u>
Total accounts receivable	157,592,112	60,982,488
Investments:		
Equities	\$2,661,881,880	\$2,432,533,146
Fixed income investments (incl short term investments)	1,412,301,421	1,153,407,193
Real estate	177,318,454	251,948,442
Housing Trust	52,232,949	65,148,310
Securities lending collateral	353,491,227	240,979,054
Capital assets	<u>6,124,519</u>	<u>9,778,981</u>
Total investments at market value	4,663,350,450	4,153,795,126
Total assets	\$4,823,236,986	\$4,216,724,760
Less accounts payable:		
Securities lending & settlement of securities purchased	-\$491,057,050	-\$287,809,160
Members benefits & refund, stock dividends, and retirement payroll deductions payable	-2,087,323	-2,609,512
Professional service	-3,652,885	-5,830,166
Others	<u>-3,998,007</u>	<u>-471,798</u>
Total accounts payable	-\$500,795,265	-\$296,720,636
Net assets at market value	\$4,322,441,720	\$3,920,004,126
Net assets at actuarial value	\$4,111,739,363	\$3,928,009,304
Net assets at valuation value	<u>\$3,557,918,199</u>	<u>\$3,381,757,839</u>

Note: Results may not total properly due to rounding.

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT F
Actuarial Balance Sheet

An overview of your Plan's funding is given by an Actuarial Balance Sheet. In this approach, we first determine the amount and timing of all future payments that will be made by the Plan for current participants. We then discount these payments at the valuation interest rate to the date of the valuation, thereby determining their present value. We refer to this present value as the "liability" of the Plan.

Second, we determine how this liability will be met. These actuarial "assets" include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments.

Actuarial Balance Sheet (Dollar Amounts in Thousands)

Assets	Basic	COLA	Total
1. Total valuation assets	\$2,364,931	\$1,192,987	\$3,557,918
2. Present value of future contributions by members	\$448,159	\$118,796	\$566,955
3. Present value of future employer contributions for:			
a. entry age normal cost	\$581,321	\$118,008	\$699,329
b. unfunded actuarial accrued liability	\$630,805	\$51,830	\$682,635
4. Total current and future assets	\$4,025,216	\$1,481,621	\$5,506,837
Liabilities			
5. Present value of benefits already granted	\$1,225,071	\$765,720	\$1,990,791
6. Present value of benefits to be granted	\$2,800,145	\$715,901	\$3,516,046
7. Total liabilities	\$4,025,216	\$1,481,621	\$5,506,837

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT G

Summary of Reported Asset Information as of December 31, 2004

	Reserves
Used in Development of Valuation Value of Assets	
Members deposit-basic	\$ 728,698,110
Members cost-of-living	180,798,971
Employer advance	444,547,051
Pension reserve-current	735,462,171
Pension reserve-prior	2,752,556
Annuity reserve	449,335,893
Cost-of-living reserve	1,012,188,506
Survivor death benefit	4,134,941
Subtotal	\$ 3,557,918,199
Not Used in Development of Valuation Value of Assets	
401(h) account	\$ 2,593,748
Death benefit-burial	4,975,968
Supplemental retirees benefit reserve	498,005,232
Contingency reserve	48,246,215
Market stabilization reserve	210,702,357
Subtotal	764,523,520
Total	\$ 4,322,441,720

Note: Results may not total properly due to rounding.

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT H

Development of Unfunded/(Overfunded) Actuarial Accrued Liability and for Year Ended December 31, 2004

	(Dollar amounts in Thousands)	
1	Unfunded actuarial accrued liability at beginning of year	\$508,286
2	Gross Normal Cost at middle of year	128,569
3	Actual employer and member contributions	-148,563
4	Interest (whole year on (1) plus half year on (2) + (3))	39,862
5	Expected unfunded actuarial accrued liability at end of year	\$528,154
6	Actuarial (gain)/loss due to all changes:	
	a. Loss from investment	\$74,364
	b. Lower than expected salary increase	-32,922
	c. Change in assumptions	102,978
	d. Other experience (gain)/loss	<u>10,061</u>
	e. Subtotal	\$154,481
7	Actual unfunded actuarial accrued liability at end of year (5+6e)	\$682,635

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT I

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar indexed for inflation. That limit is \$165,000 for 2004 and \$170,000 for 2005. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must generally be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Contributions rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT J

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions:

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future net, in this case, of investment and administrative expenses.
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost:

The amount of contributions required to fund the level cost allocated to the current year of service.

Actuarial Accrued Liability For Actives:

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners:

The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability:

The extent to which the actuarial accrued liability of the Plan exceeds (or is exceeded by) the assets of the Plan. There are many approaches to paying off the unfunded or overfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

SECTION 3: Supplemental Information for the Alameda County Employees' Retirement Association

**Amortization of the Unfunded
(Overfunded) Actuarial
Accrued Liability:**

Payments made over a period of years equal in value to the Plan's unfunded or overfunded actuarial accrued liability.

Investment Return:

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

Appendix A

Member Contribution Rates

- With this valuation, we are recommending a change in the methodology used to determine the COLA component of the member contribution rates
- The member contribution rates are made up of two components -- one to fund the basic benefit and a second to fund the COLA benefit. The basic component is developed on an individual member basis according to a formula specified in the 1937 Act. The COLA component is developed as a percentage of the basic rate. The COLA percentage used in this calculation is developed so as to fund for 1/2 of the future normal costs associated with the COLA benefit.
- The change in methodology being recommended deals only with the COLA component. In previous years the COLA percentage has been determined for each unique contribution rate category (e.g., Safety Tier 1.) The new methodology combines the Tier 1 and Tier 2 groups to determine the percentage, after adjusting for the difference in the COLA benefit between the tiers.
- The reason for the change is to avoid a large increase in the Safety Tier 1 COLA rate that would otherwise have resulted from the recent experience study's assumption changes. The problem with this increase is that it was being driven by the new early career termination rates. Why are Tier 1 member rates affected by early career termination rate assumptions when these members are all long past their early careers? It is because member rates are entry age based, so we must project backwards to entry age to develop them. Where do the Tier 1 early career termination rates come from when Tier 1 members are past their early careers? The answer is -- from Tier 2 experience.
- This led to a situation where Tier 1 member COLA rates were being driven up by Tier 2 member termination experience. We felt this was unjustifiable unless we went the next step and pooled the Tier 1 and Tier 2 COLA costs to derive the member rates, after adjusting for the difference in COLA benefits between the two tiers. The result was to address the Tier 1 problem with very little impact on the Tier 2 member rates. Because this also has the advantage of ensuring the stability of future Tier 1 rates, we extended the change to General member COLA rates as well, as it is only a matter of time before the same problem occurs with General Tier 1 rates
- We believe this is an appropriate change and avoids burdening Tier 1 members with a member COLA rate increase we believe is unjustifiable. The change adheres to the 1937 Act requirement that member COLA rates support 1/2 of the future COLA normal cost.
- The member rates included in this report have been developed using the recommended methodology. However, for comparison purposes only, we have provided in the following schedule contribution rates calculated using both the new recommended and the current old methodology.

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

**Appendix A
Member Contribution Rates (Continued)**

Comparison of Total Member Rate* from December 31, 2004 and December 31, 2003 Valuations

New Rates Calculated Using Recommended Methodology									
General Tier 1					General Tier 2				
Entry Age	Current	New	Increase	Entry Age	Current	New	Increase	Entry Age	Increase
25	10.28%	11.09%	0.81%	25	6.98%	7.40%	0.42%	25	0.42%
35	11.14%	11.90%	0.76%	35	7.57%	7.93%	0.36%	35	0.36%
45	12.35%	13.05%	0.70%	45	8.38%	8.70%	0.32%	45	0.32%

New Rates Calculated Using Old Methodology									
Safety Tier 1					Safety Tier 2				
Entry Age	Current	New	Increase	Entry Age	Current	New	Increase	Entry Age	Increase
25	13.39%	13.88%	0.49%	25	10.33%	10.87%	0.54%	25	0.54%
30	13.94%	14.37%	0.43%	30	10.75%	11.26%	0.51%	30	0.51%
35	14.71%	15.10%	0.39%	35	11.36%	11.82%	0.46%	35	0.46%

* Contributions for the first \$161 of biweekly payroll are based on 2/3 of the above rates for integrated members.

New Rates Calculated Using Old Methodology									
General Tier 1					General Tier 2				
Entry Age	Current	New	Increase	Entry Age	Current	New	Increase	Entry Age	Increase
25	10.28%	11.18%	0.90%	25	6.98%	7.39%	0.41%	25	0.41%
35	11.14%	12.00%	0.86%	35	7.57%	7.92%	0.35%	35	0.35%
45	12.35%	13.16%	0.81%	45	8.38%	8.69%	0.31%	45	0.31%

New Rates Calculated Using Old Methodology									
Safety Tier 1					Safety Tier 2				
Entry Age	Current	New	Increase	Entry Age	Current	New	Increase	Entry Age	Increase
25	13.39%	15.19%	1.80%	25	10.33%	10.82%	0.49%	25	0.49%
30	13.94%	15.72%	1.78%	30	10.75%	11.20%	0.45%	30	0.45%
35	14.71%	16.52%	1.81%	35	11.36%	11.76%	0.40%	35	0.40%

* Contributions for the first \$161 of biweekly payroll are based on 2/3 of the above rates for integrated members.

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

Breakdown of member rate between basic and COLA calculated in the December 31, 2004 and December 31, 2003 valuation:

	December 31, 2004 Actuarial Valuation				December 31, 2003 Actuarial Valuation							
	BASIC		COLA		TOTAL		BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
General Tier 1 Members	7.09%	\$7,656	2.80%	\$3,024	9.89%	\$10,680	6.67%	\$7,203	2.38%	\$2,570	9.05%	\$9,773
General Tier 2 Members	6.38%	\$30,074	1.52%	\$7,165	7.90%	\$37,239	6.18%	\$29,131	1.40%	\$6,600	7.58%	\$35,731
Safety Tier 1 Members	6.80%	\$1,594	3.15%	\$739	9.95%	\$2,333	6.70%	\$1,571	2.96%	\$694	9.66%	\$2,265
Safety Tier 2 Members	8.50%	\$7,804	2.40%	\$2,204	10.90%	\$10,008	8.30%	\$7,621	2.23%	\$2,047	10.53%	\$9,668
All member categories Combined	6.78%	\$47,128	1.90%	\$13,132	8.68%	\$60,260	6.55%	\$45,526	1.72%	\$11,911	8.27%	\$57,437

* Amounts are in thousands and are based on December 31, 2004 annual payroll (Also in thousands):

	County Only	District Only	Total
General Tier 1	\$ 99,949	\$ 8,036	\$ 107,985
General Tier 2	471,380		471,380
Safety Tier 1	23,444		23,444
Safety Tier 2	91,817		91,817
Total	\$ 686,590	\$ 8,036	\$ 694,626

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

**Appendix A
Member Contribution Rates (Continued)**

**General Tier 1 Members' Contribution Rates based on the December 31, 2004
Actuarial Valuation as a percentage of payroll**

Entry Age	Basic Only		COLA Only		Total	
	First \$161	Over \$161*	First \$161	Over \$161*	First \$161	Over \$161*
15	5.09%	7.63%	2.01%	3.01%	7.10%	10.64%
16	5.09%	7.63%	2.01%	3.01%	7.10%	10.64%
17	5.12%	7.68%	2.02%	3.03%	7.14%	10.71%
18	5.15%	7.72%	2.03%	3.05%	7.18%	10.77%
19	5.17%	7.76%	2.04%	3.06%	7.21%	10.82%
20	5.19%	7.79%	2.05%	3.07%	7.24%	10.86%
21	5.21%	7.81%	2.05%	3.08%	7.26%	10.89%
22	5.23%	7.84%	2.07%	3.10%	7.30%	10.94%
23	5.25%	7.88%	2.07%	3.11%	7.32%	10.99%
24	5.27%	7.91%	2.08%	3.12%	7.35%	11.03%
25	5.30%	7.95%	2.09%	3.14%	7.39%	11.09%
26	5.33%	8.00%	2.11%	3.16%	7.44%	11.16%
27	5.36%	8.04%	2.11%	3.17%	7.47%	11.21%
28	5.40%	8.09%	2.13%	3.19%	7.53%	11.28%
29	5.43%	8.15%	2.15%	3.22%	7.58%	11.37%
30	5.47%	8.20%	2.16%	3.24%	7.63%	11.44%
31	5.51%	8.26%	2.17%	3.26%	7.68%	11.52%
32	5.55%	8.33%	2.19%	3.29%	7.74%	11.62%
33	5.59%	8.39%	2.21%	3.31%	7.80%	11.70%
34	5.64%	8.46%	2.23%	3.34%	7.87%	11.80%
35	5.69%	8.53%	2.25%	3.37%	7.94%	11.90%
36	5.73%	8.60%	2.26%	3.39%	7.99%	11.99%
37	5.78%	8.67%	2.28%	3.42%	8.06%	12.09%
38	5.83%	8.75%	2.30%	3.45%	8.13%	12.20%
39	5.89%	8.83%	2.33%	3.49%	8.22%	12.32%

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

**Appendix A
Member Contribution Rates (Continued)**

Entry Age	Basic Only		COLA Only		Total	
	First \$161	Over \$161*	First \$161	Over \$161*	First \$161	Over \$161*
40	5.94%	8.91%	2.35%	3.52%	8.29%	12.43%
41	6.00%	9.00%	2.37%	3.55%	8.37%	12.55%
42	6.05%	9.08%	2.39%	3.58%	8.44%	12.66%
43	6.11%	9.17%	2.41%	3.62%	8.52%	12.79%
44	6.17%	9.26%	2.44%	3.66%	8.61%	12.92%
45	6.24%	9.36%	2.46%	3.69%	8.70%	13.05%
46	6.30%	9.45%	2.49%	3.73%	8.79%	13.18%
47	6.37%	9.55%	2.51%	3.77%	8.88%	13.32%
48	6.43%	9.65%	2.54%	3.81%	8.97%	13.46%
49	6.50%	9.74%	2.57%	3.85%	9.07%	13.59%
50	6.56%	9.84%	2.59%	3.89%	9.15%	13.73%
51	6.63%	9.94%	2.61%	3.92%	9.24%	13.86%
52	6.69%	10.04%	2.64%	3.96%	9.33%	14.00%
53	6.76%	10.14%	2.67%	4.00%	9.43%	14.14%
54	6.82%	10.24%	2.69%	4.04%	9.51%	14.28%
55	6.88%	10.33%	2.72%	4.08%	9.60%	14.41%
56	6.94%	10.40%	2.74%	4.11%	9.68%	14.51%
57	6.97%	10.46%	2.75%	4.13%	9.72%	14.59%
58	6.96%	10.44%	2.75%	4.12%	9.71%	14.56%
59 & Over	6.76%	10.13%	2.67%	4.00%	9.43%	14.13%

* Use these rates for entire salary of Non-Integrated Members

Interest: 7.80% per annum
 COLA: 3.00%
 Mortality: 94 Group Annuity Mortality Table weighted 30% male and 70% female
 Salary Increase: Inflation (4.0%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV)
 COLA Loading Factor: 39.47%
 Terminal Pay: 8.8%

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

**Appendix A
Member Contribution Rates (Continued)**

**General Tier 2 Members' Contribution Rates based on the December 31, 2004
Actuarial Valuation as a percentage of payroll**

Entry Age	Basic Only		COLA Only		Total	
	First \$161	Over \$161*	First \$161	Over \$161*	First \$161	Over \$161*
15	3.82%	5.73%	0.91%	1.37%	4.73%	7.10%
16	3.82%	5.73%	0.91%	1.37%	4.73%	7.10%
17	3.84%	5.76%	0.92%	1.38%	4.76%	7.14%
18	3.86%	5.80%	0.93%	1.39%	4.79%	7.19%
19	3.88%	5.82%	0.93%	1.39%	4.81%	7.21%
20	3.90%	5.85%	0.93%	1.40%	4.83%	7.25%
21	3.91%	5.87%	0.93%	1.40%	4.84%	7.27%
22	3.92%	5.89%	0.94%	1.41%	4.86%	7.30%
23	3.94%	5.91%	0.94%	1.41%	4.88%	7.32%
24	3.96%	5.94%	0.95%	1.42%	4.91%	7.36%
25	3.98%	5.97%	0.95%	1.43%	4.93%	7.40%
26	4.00%	6.00%	0.96%	1.44%	4.96%	7.44%
27	4.02%	6.04%	0.96%	1.44%	4.98%	7.48%
28	4.05%	6.07%	0.97%	1.45%	5.02%	7.52%
29	4.08%	6.11%	0.97%	1.46%	5.05%	7.57%
30	4.10%	6.16%	0.98%	1.47%	5.08%	7.63%
31	4.13%	6.20%	0.99%	1.48%	5.12%	7.68%
32	4.17%	6.25%	0.99%	1.49%	5.16%	7.74%
33	4.20%	6.30%	1.01%	1.51%	5.21%	7.81%
34	4.23%	6.35%	1.01%	1.52%	5.24%	7.87%
35	4.27%	6.40%	1.02%	1.53%	5.29%	7.93%
36	4.30%	6.46%	1.03%	1.54%	5.33%	8.00%
37	4.34%	6.51%	1.04%	1.56%	5.38%	8.07%
38	4.38%	6.57%	1.05%	1.57%	5.43%	8.14%
39	4.42%	6.63%	1.06%	1.59%	5.48%	8.22%

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

**Appendix A
Member Contribution Rates (Continued)**

Entry Age	Basic Only		COLA Only		Total	
	First \$161	Over \$161*	First \$161	Over \$161*	First \$161	Over \$161*
40	4.46%	6.69%	1.07%	1.60%	5.53%	8.29%
41	4.50%	6.75%	1.08%	1.62%	5.58%	8.37%
42	4.54%	6.82%	1.09%	1.63%	5.63%	8.45%
43	4.59%	6.88%	1.10%	1.65%	5.69%	8.53%
44	4.63%	6.95%	1.11%	1.66%	5.74%	8.61%
45	4.68%	7.02%	1.12%	1.68%	5.80%	8.70%
46	4.73%	7.09%	1.13%	1.70%	5.86%	8.79%
47	4.78%	7.17%	1.14%	1.71%	5.92%	8.88%
48	4.83%	7.24%	1.15%	1.73%	5.98%	8.97%
49	4.87%	7.31%	1.17%	1.75%	6.04%	9.06%
50	4.92%	7.39%	1.18%	1.77%	6.10%	9.16%
51	4.97%	7.46%	1.19%	1.78%	6.16%	9.24%
52	5.02%	7.53%	1.20%	1.80%	6.22%	9.33%
53	5.07%	7.61%	1.21%	1.82%	6.28%	9.43%
54	5.12%	7.68%	1.23%	1.84%	6.35%	9.52%
55	5.16%	7.75%	1.23%	1.85%	6.39%	9.60%
56	5.20%	7.80%	1.25%	1.87%	6.45%	9.67%
57	5.23%	7.84%	1.25%	1.88%	6.48%	9.72%
58	5.42%	8.14%	1.30%	1.95%	6.72%	10.09%
59 & Over	5.63%	8.44%	1.35%	2.02%	6.98%	10.46%

* Use these rates for entire salary of Non-Integrated Members

Interest: 7.80% per annum
 COLA: 2.00%
 Mortality: 94 Group Annuity Mortality Table weighted 30% male and 70% female
 Salary Increase: Initiation (4.0%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV)
 COLA Loading Factor 23.92%
 Terminal Pay: 3.0%

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

**Appendix A
Member Contribution Rates (Continued)**

**Safety Tier 1 Members' Contribution Rates based on the December 31, 2004
Actuarial Valuation as a percentage of payroll**

Entry Age	Basic Only		COLA Only		Total	
	First \$161	Over \$161*	First \$161	Over \$161*	First \$161	Over \$161*
15	6.05%	9.08%	2.80%	4.20%	8.85%	13.28%
16	6.05%	9.08%	2.80%	4.20%	8.85%	13.28%
17	6.09%	9.14%	2.82%	4.23%	8.91%	13.37%
18	6.13%	9.20%	2.84%	4.26%	8.97%	13.46%
19	6.16%	9.24%	2.85%	4.28%	9.01%	13.52%
20	6.19%	9.28%	2.87%	4.30%	9.06%	13.58%
21	6.21%	9.32%	2.87%	4.31%	9.08%	13.63%
22	6.23%	9.35%	2.89%	4.33%	9.12%	13.68%
23	6.26%	9.39%	2.90%	4.35%	9.16%	13.74%
24	6.29%	9.44%	2.91%	4.37%	9.20%	13.81%
25	6.32%	9.49%	2.93%	4.39%	9.25%	13.88%
26	6.36%	9.54%	2.95%	4.42%	9.31%	13.96%
27	6.40%	9.60%	2.96%	4.44%	9.36%	14.04%
28	6.45%	9.67%	2.98%	4.47%	9.43%	14.14%
29	6.49%	9.74%	3.01%	4.51%	9.50%	14.25%
30	6.55%	9.82%	3.03%	4.55%	9.58%	14.37%
31	6.61%	9.91%	3.06%	4.59%	9.67%	14.50%
32	6.67%	10.00%	3.09%	4.63%	9.76%	14.63%
33	6.74%	10.10%	3.12%	4.68%	9.86%	14.78%
34	6.81%	10.21%	3.15%	4.72%	9.96%	14.93%
35	6.88%	10.32%	3.19%	4.78%	10.07%	15.10%
36	6.95%	10.43%	3.22%	4.83%	10.17%	15.26%
37	7.03%	10.55%	3.25%	4.88%	10.28%	15.43%
38	7.11%	10.67%	3.29%	4.94%	10.40%	15.61%
39	7.19%	10.79%	3.33%	4.99%	10.52%	15.78%

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

**Appendix A
Member Contribution Rates (Continued)**

Entry Age	Basic Only		COLA Only		Total	
	First \$161	Over \$161*	First \$161	Over \$161*	First \$161	Over \$161*
40	7.27%	10.91%	3.37%	5.05%	10.64%	15.96%
41	7.35%	11.02%	3.40%	5.10%	10.75%	16.12%
42	7.42%	11.14%	3.43%	5.15%	10.85%	16.29%
43	7.50%	11.25%	3.47%	5.21%	10.97%	16.46%
44	7.57%	11.35%	3.50%	5.25%	11.07%	16.60%
45	7.63%	11.45%	3.53%	5.30%	11.16%	16.75%
46	7.69%	11.53%	3.56%	5.34%	11.25%	16.87%
47	7.72%	11.57%	3.57%	5.36%	11.29%	16.93%
48	7.69%	11.53%	3.56%	5.34%	11.25%	16.87%
49 & Over	7.44%	11.15%	3.44%	5.16%	10.88%	16.31%

* Use these rates for entire salary of Non-Integrated Members

Interest: 7.80% per annum
 COLA: 3.00%
 Mortality: 94 Group Annuity Mortality Table weighted 75% male and 25% female
 Salary Increase: Inflation (4.0%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV)
 COLA Loading Factor 46.28%
 Terminal Pay: 9.5%

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

**Appendix A
Member Contribution Rates (Continued)**

**Safety Tier 2 Members' Contribution Rates based on the December 31, 2004
Actuarial Valuation as a percentage of payroll**

Entry Age	Basic Only		COLA Only		Total	
	First \$161	Over \$161*	First \$161	Over \$161*	First \$161	Over \$161*
15	5.41%	8.11%	1.53%	2.29%	6.94%	10.40%
16	5.41%	8.11%	1.53%	2.29%	6.94%	10.40%
17	5.45%	8.17%	1.54%	2.31%	6.99%	10.48%
18	5.48%	8.22%	1.55%	2.32%	7.03%	10.54%
19	5.51%	8.26%	1.55%	2.33%	7.06%	10.59%
20	5.53%	8.30%	1.56%	2.34%	7.09%	10.64%
21	5.55%	8.33%	1.57%	2.35%	7.12%	10.68%
22	5.57%	8.36%	1.57%	2.36%	7.14%	10.72%
23	5.60%	8.39%	1.58%	2.37%	7.18%	10.76%
24	5.62%	8.43%	1.59%	2.38%	7.21%	10.81%
25	5.65%	8.48%	1.59%	2.39%	7.24%	10.87%
26	5.69%	8.53%	1.61%	2.41%	7.30%	10.94%
27	5.72%	8.58%	1.61%	2.42%	7.33%	11.00%
28	5.76%	8.64%	1.63%	2.44%	7.39%	11.08%
29	5.81%	8.71%	1.64%	2.46%	7.45%	11.17%
30	5.85%	8.78%	1.65%	2.48%	7.50%	11.26%
31	5.91%	8.86%	1.67%	2.50%	7.58%	11.36%
32	5.96%	8.94%	1.68%	2.52%	7.64%	11.46%
33	6.02%	9.03%	1.70%	2.55%	7.72%	11.58%
34	6.08%	9.13%	1.72%	2.58%	7.80%	11.71%
35	6.15%	9.22%	1.73%	2.60%	7.88%	11.82%
36	6.22%	9.33%	1.75%	2.63%	7.97%	11.96%
37	6.29%	9.43%	1.77%	2.66%	8.06%	12.09%
38	6.36%	9.54%	1.79%	2.69%	8.15%	12.23%
39	6.43%	9.64%	1.81%	2.72%	8.24%	12.36%

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

**Appendix A
Member Contribution Rates (Continued)**

Entry Age	Basic Only		COLA Only		Total	
	First \$161	Over \$161*	First \$161	Over \$161*	First \$161	Over \$161*
40	6.50%	9.75%	1.83%	2.75%	8.33%	12.50%
41	6.57%	9.85%	1.85%	2.78%	8.42%	12.63%
42	6.64%	9.96%	1.87%	2.81%	8.51%	12.77%
43	6.71%	10.06%	1.89%	2.84%	8.60%	12.90%
44	6.77%	10.15%	1.91%	2.87%	8.68%	13.02%
45	6.83%	10.24%	1.93%	2.89%	8.76%	13.13%
46	6.88%	10.31%	1.94%	2.91%	8.82%	13.22%
47	6.90%	10.35%	1.95%	2.92%	8.85%	13.27%
48	7.16%	10.75%	2.02%	3.03%	9.18%	13.78%
49 & Over	7.44%	11.15%	2.10%	3.15%	9.54%	14.30%

* Use these rates for entire salary of Non-Integrated Members

Interest: 7.80% per annum
 COLA: 2.00%
 Mortality: 94 Group Annuity Mortality Table weighted 75% male and 25% female
 Salary Increase: Inflation (4.0%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit IV)
 COLA Loading Factor 28.23%
 Terminal Pay: 3.0%

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SECTION 4: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT I

Supplementary Information Required by GASB – Schedule of Employer Contributions (Dollar Amounts in Millions)

Plan Year Ended December 31	Annual Required Contributions	Actual Contributions	Percentage Contributed
1999	26	26	100.0%
2000	22	22	100.0%
2001	23	23	100.0%
2002	27	27	100.0%
2003	49	49	100.0%
2004	85	85	100.0%

SECTION 4: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT II

Supplementary Information Required by GASB – Schedule of Funding Progress (Dollar Amounts in Thousands)

Actuarial Valuation Date	Valuation Value of Assets*	Actuarial Accrued Liability (AAL)**	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (%) (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (%) [(b) - (a) / (c)]
12/31/1999	\$2,997,932	\$2,762,524	\$(235,408)	108.5	\$487,986	-48.2
12/31/2000	3,169,178	2,936,631	(232,547)	107.9	532,305	-43.7
12/31/2001	3,321,794	3,140,216	(181,579)	105.8	590,392	-30.8
12/31/2002	3,294,053	3,559,613	265,560	92.5	640,777	41.4
12/31/2003	3,381,757	3,890,043	508,286	86.9	714,344	71.2
12/31/2004	3,557,918	4,240,553	682,635	83.9	694,626	98.3

* Excludes assets for SRBR and other non-valuation reserves.

** Excludes liabilities for SRBR and other non-valuation reserves.

SECTION 4: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT III

Supplementary Information Required by GASB

Valuation date	December 31, 2004
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll for total unfunded liability
Remaining amortization period	28 years (declining) for all UAAL
Asset valuation method	The Actuarial Value of Assets is determined by phasing in any difference between actual and expected market return over 10 six-month interest crediting periods. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves.
Actuarial assumptions:	
Investment rate of return	7.80%
Inflation rate	4.00%
Real across-the-board salary increase	0.25%
Projected salary increases*	General: 4.98% to 7.93% and Safety: 4.51% to 7.86%
Cost of living adjustments	3.00% of Tier 1 retirement income, and 2.00% of Tier 2 retirement income
Plan membership:	
Retired members and beneficiaries receiving benefits	6,475
Terminated members entitled to, but not yet receiving benefits	1,361
Active members	<u>10,556</u>
Total	18,392

* Includes inflation at 4.00%, plus real across-the-board salary increase of 0.25% plus merit and longevity increases. See Exhibit IV for these increases.

SECTION 4: Supplemental Information for the Alameda County Employees' Retirement Association

EXHIBIT IV

Actuarial Assumptions and Actuarial Cost Method

Post – Retirement Mortality Rates:

Healthy:

For General Members and Beneficiaries: 1994 Group Annuity Mortality Table.

For Safety Members and Beneficiaries: 1994 Group Annuity Mortality Table.

Disabled:

For General Members: 1981 General Disability Mortality Table set back seven years.

For Safety members: 1981 Safety Disability Mortality Table set back two years.

*Employee Contribution Rates
and Optional Benefits:*

For General members, 1994 Group Annuity Mortality Table weighted 30% male and 70% female.

For Safety members, 1994 Group Annuity Mortality Table weighted 75% male and 25% female.

SECTION 4: Supplemental Information for the Alameda County Employees' Retirement Association

Termination Rates Before Retirement:

Age	Rate (%)			
	Mortality			
	General		Safety	
	Male	Female	Male	Female
25	0.07	0.03	0.07	0.03
30	0.08	0.04	0.08	0.04
35	0.09	0.05	0.09	0.05
40	0.11	0.07	0.11	0.07
45	0.16	0.10	0.16	0.10
50	0.26	0.14	0.26	0.14
55	0.44	0.23	0.44	0.23
60	0.80	0.44	0.80	0.44
65	1.45	0.86	1.45	0.86

All pre-retirement deaths are assumed to be non-service connected.

SECTION 4: Supplemental Information for the Alameda County Employees' Retirement Association

Termination Rates Before Retirement (Continued):

Age	Rate (%)	
	General ⁽¹⁾	Safety ⁽²⁾
20	0.00	0.00
25	0.01	0.00
30	0.07	0.24
35	0.22	0.46
40	0.36	0.62
45	0.46	0.94
50	0.56	1.16
55	0.78	1.20
60	1.02	0.48

⁽¹⁾ 80% of General disabilities are assumed to be duty disabilities. The other 20% are assumed to be ordinary disabilities.

⁽²⁾ 100% of Safety disabilities are assumed to be duty disabilities.

SECTION 4: Supplemental Information for the Alameda County Employees' Retirement Association

Termination Rates Before Retirement (Continued):

		Rate (%)
Withdrawal (< 5 Years of Service)		
Years of Service	General	Safety
0	12.00	5.00
1	10.00	5.00
2	9.00	5.00
3	7.00	4.00
4	4.00	4.00

Withdrawal (5+ Years of Service) *

Age	General	Safety
20	4.00	3.00
25	4.00	3.00
30	4.00	3.00
35	4.00	2.10
40	3.40	1.20
45	2.40	1.00
50	2.00	1.00
55	2.00	1.00
60	1.40	0.40

* 25% of all terminated members will choose a refund of contributions and 75% will choose a deferred vested benefit. No withdrawal is assumed after a member is eligible for retirement.

SECTION 4: Supplemental Information for the Alameda County Employees' Retirement Association

Retirement Rates:

Age	Rate(%)			
	General Tier 1	General Tier 2	Safety Tier 1	Safety Tier 2
45	-	-	-	-
46	-	-	-	-
47	-	-	-	-
48	-	-	-	-
49	-	-	-	-
50	3.00	2.00	7.00	4.00
51	2.00	2.00	4.00	2.00
52	2.00	2.00	4.00	2.00
53	3.00	2.00	6.00	3.00
54	3.00	2.00	15.00	8.00
55	7.00	3.00	30.00	15.00
56	7.00	4.00	30.00	12.00
57	8.00	5.00	30.00	25.00
58	10.00	6.00	30.00	11.00
59	15.00	6.00	60.00	27.00
60	20.00	8.00	100.00	100.00
61	20.00	10.00	100.00	100.00
62	30.00	20.00	100.00	100.00
63	25.00	16.00	100.00	100.00
64	25.00	20.00	100.00	100.00
65	30.00	25.00	100.00	100.00
66	25.00	20.00	100.00	100.00
67	25.00	35.00	100.00	100.00
68	25.00	45.00	100.00	100.00
69	50.00	55.00	100.00	100.00
70	100.00	100.00	100.00	100.00

SECTION 4: Supplemental Information for the Alameda County Employees' Retirement Association

Retirement Age and Benefit for Deferred Vested Members

For current deferred vested members, retirement assumptions are as follows:

General: Age 58
Safety: Age 55

We assume that 40% of future General and Safety deferred vested members will continue to work for a reciprocal employer. For these, we assume 5.65% compensation increases per annum.

Future Benefit Accruals:

1.0 year of service per year of employment plus 0.008 year of additional service to anticipate conversion of unused sick leave for each year of employment.

Unknown Data for Members:

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Inclusion of Deferred Vested Members:

All deferred vested members are included in the valuation.

Percent Married:

80% of male members; 55% of female members.

Age of Spouse:

Females are 3 years younger than their spouses.

Net Investment Return:

7.80%, net of administration and investment expenses (approximately 1% of assets)

Employee Contribution Crediting Rate:

7.80%, compounded semi-annually.

Consumer Price Index:

Increase of 4.00% per year, retiree COLA increases due to CPI subject to a 3% maximum change per year for General and Safety Tier 1 and 2% maximum change per year for General and Safety Tier 2.

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

Salary Increases:

Annual Rate of Compensation Increase		
Age	General	Safety
25	3.68%	3.61%
30	2.82%	2.70%
35	2.31%	1.57%
40	1.99%	1.15%
45	1.60%	1.13%
50	1.40%	0.95%
55	1.12%	0.73%
60	0.86%	0.26%
65	0.73%	0.00%

Inflation: 4.0%; an additional 0.25% "across the board" salary increases (other than inflation); plus the following Merit and Longevity increases based on age.

Actuarial Value of Assets:

The Actuarial Value of Assets is determined by phasing in any difference between actual and expected market return over 10 six-month interest crediting periods.

Valuation Value of Assets:

The Actuarial Value of Assets reduced by the value of the non-valuation reserves.

Actuarial Cost Method:

Entry Age Normal Actuarial Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation. The Normal Cost is calculated on an aggregate basis by taking the Present Value of Future Normal Costs divided by the Present Value of Future Salaries to obtain a normal cost rate. This normal cost rate is then multiplied by the total of current salaries.

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

Terminal Pay Assumptions:

Additional pay elements are expected to be received during a member's final average earnings period. The percentages, added to the final year salary, used in this valuation are:

	<u>Service Retirement</u>	<u>Disability Retirement</u>
General Tier 1	8.8%	7.0%
General Tier 2	3.0%	2.8%
Safety Tier 1	9.5%	8.5%
Safety Tier 2	3.0%	2.8%

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

Changes in Actuarial Assumptions:

Based on the December 31, 2004 review of economic and non-economic assumptions, several assumptions were changed. Previously, those assumptions were as follow:

Healthy:

General Males - 1994 Male Uninsured Pensioner Mortality Table set back two years.
General Females – 1994 Female Uninsured Pensioner Mortality Table set back one year.

Safety Members

Safety members – 1994 Male Uninsured Pensioner Mortality Table set back two years.
Beneficiaries – 1994 Female Uninsured Pensioner Mortality Table set back one year.

Disabled

For General members, the 1981 General Disability Mortality Table set back three years. For Safety members, the 1981 Safety Disability Mortality Table.

Employee Contribution Rates and Optional Benefits:

For General members, 1994 Male Uninsured Pensioner Mortality Table set back four years.
For Safety members, 1994 Male Uninsured Pensioner Mortality Table set back two years.

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

Changes in Actuarial Assumptions (Previous Assumptions Continued):

Termination Rates Before Retirement:

Age	Ordinary Withdrawal				General Tier 1 - Male				Duty	
	$0 < X < 3$	$3 \leq X < 4$	$4 \leq X < 5$	$5 \leq X$	Vested Termination	Ordinary Disability	Duty Disability	Ordinary Death	Duty Death	
25	12.75%	11.73%	5.25%	5.25%	0.10%	0.02%	0.01%	0.06%	0.01%	
30	12.75%	11.73%	5.25%	5.25%	0.46%	0.02%	0.01%	0.08%	0.01%	
35	12.75%	11.73%	5.25%	5.25%	0.84%	0.04%	0.01%	0.09%	0.01%	
40	12.75%	11.73%	5.25%	2.85%	0.87%	0.07%	0.04%	0.10%	0.01%	
45	7.28%	6.70%	3.00%	0.37%	0.72%	0.11%	0.07%	0.15%	0.01%	
50	7.28%	6.70%	3.00%	0.25%	0.66%	0.14%	0.14%	0.23%	0.01%	
55	7.28%	6.70%	3.00%	0.16%	0.20%	0.18%	0.34%	0.39%	0.01%	
60	7.28%	6.70%	3.00%	0.00%	0.08%	0.26%	0.34%	0.68%	0.01%	
65	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.23%	0.01%	

General Tier 1 - Female

Age	Ordinary Withdrawal				General Tier 1 - Female				Duty	
	$0 < X < 3$	$3 \leq X < 4$	$4 \leq X < 5$	$5 \leq X$	Vested Termination	Ordinary Disability	Duty Disability	Ordinary Death	Duty Death	
25	16.31%	10.50%	5.25%	5.25%	0.09%	0.03%	0.01%	0.03%	0.00%	
30	16.31%	10.50%	5.25%	5.15%	0.64%	0.04%	0.02%	0.04%	0.00%	
35	16.31%	10.50%	5.25%	4.64%	1.50%	0.07%	0.05%	0.05%	0.01%	
40	16.31%	10.50%	5.25%	1.22%	2.00%	0.10%	0.08%	0.08%	0.01%	
45	10.87%	7.00%	3.00%	0.33%	0.91%	0.12%	0.11%	0.10%	0.01%	
50	10.87%	7.00%	3.00%	0.24%	0.67%	0.20%	0.29%	0.15%	0.01%	
55	10.87%	7.00%	3.00%	0.12%	0.32%	0.20%	0.49%	0.25%	0.01%	
60	10.87%	7.00%	3.00%	0.00%	0.21%	0.20%	0.89%	0.48%	0.01%	
65	0.00%	0.00%	0.00%	0.00%	0.06%	0.00%	0.00%	0.93%	0.01%	

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

Changes in Actuarial Assumptions (Previous Assumptions Continued):

Termination Rates Before Retirement (continued):

Age	General Tier 2 - Male										General Tier 2 - Female									
	Ordinary Withdrawal		Vested Termination		Ordinary Disability		Duty Disability		Duty Death		Ordinary Disability		Vested Termination		Ordinary Disability		Duty Disability		Duty Death	
	$0 \leq X < 1$	$1 \leq X < 2$	$2 \leq X < 3$	$3 \leq X < 4$	$4 \leq X < 5$	$5 \leq X$	$0 \leq X < 5$	$5 \leq X$	$5 \leq X$	$5 \leq X$	$0 \leq X < 5$	$5 \leq X$	$5 \leq X$	$0 \leq X < 5$	$5 \leq X$	$5 \leq X$	$0 \leq X < 5$	$5 \leq X$	$5 \leq X$	
25	14.52%	9.53%	7.36%	6.70%	3.00%	3.00%	1.47%	3.00%	0.02%	0.01%	0.02%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
30	14.52%	9.53%	7.36%	6.70%	3.00%	3.00%	1.05%	3.00%	0.02%	0.01%	0.02%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
35	14.52%	9.53%	7.36%	6.70%	3.00%	2.61%	1.00%	2.00%	0.10%	0.03%	0.10%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
40	14.52%	8.66%	7.36%	6.70%	3.00%	2.23%	0.88%	1.75%	0.12%	0.13%	0.12%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%
45	14.52%	8.66%	6.70%	6.70%	3.00%	1.84%	0.88%	1.75%	0.10%	0.23%	0.10%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%
50	14.52%	8.66%	6.70%	6.70%	3.00%	1.32%	0.88%	1.75%	0.14%	0.30%	0.14%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
55	14.52%	8.66%	6.70%	6.70%	3.00%	1.00%	1.66%	1.66%	0.35%	0.67%	0.35%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%
60	14.52%	8.66%	6.70%	6.70%	3.00%	1.00%	0.63%	1.00%	0.70%	1.05%	0.70%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
65	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.34%	0.00%	0.00%	0.00%	0.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

Changes in Actuarial Assumptions (Previous Assumptions Continued):

Termination Rates Before Retirement (continued):

Age	Ordinary Withdrawal			Vested Termination	Safety Tier 1			
	$0 < X < 3$	$3 \leq X \leq 5$	$5 \leq X$		Ordinary Disability	Duty Disability	Ordinary Death	Duty Death
25	9.70%	9.70%	9.70%	10.00%	0.01%	0.01%	0.07%	0.04%
30	6.90%	6.90%	6.90%	4.42%	0.02%	0.02%	0.09%	0.04%
35	6.10%	6.10%	3.91%	0.76%	0.03%	0.30%	0.09%	0.04%
40	4.00%	4.00%	0.91%	0.50%	0.06%	0.40%	0.12%	0.05%
45	2.00%	2.00%	0.38%	0.18%	0.08%	0.50%	0.17%	0.06%
50	0.00%	0.00%	0.00%	0.05%	0.10%	0.57%	0.28%	0.07%
55	0.00%	0.00%	0.00%	0.00%	0.13%	0.90%	0.48%	0.08%
60	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
65	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Age	Ordinary Withdrawal			Vested Termination	Safety Tier 2			
	$0 < X < 3$	$3 \leq X \leq 5$	$5 \leq X$		Ordinary Disability	Duty Disability	Ordinary Death	Duty Death
25	4.00%	3.00%	1.00%	0.85%	0.01%	0.01%	0.07%	0.04%
30	4.00%	3.00%	1.00%	0.85%	0.02%	0.27%	0.09%	0.04%
35	4.00%	3.00%	1.00%	0.85%	0.03%	0.42%	0.09%	0.04%
40	4.00%	3.00%	1.00%	0.85%	0.06%	0.65%	0.12%	0.05%
45	4.00%	3.00%	0.64%	0.85%	0.08%	0.90%	0.17%	0.06%
50	0.00%	0.00%	0.00%	0.85%	0.10%	1.10%	0.28%	0.07%
55	0.00%	0.00%	0.00%	0.00%	0.13%	1.10%	0.48%	0.08%
60	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
65	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

Changes in Actuarial Assumptions (Previous Assumptions Continued):

Retirement Rates:

Age	General Tier 1		General Tier 2		Safety Tier 1	Safety Tier 2
	Male	Female	Male	Female	Tier 1	Tier 2
41	0.00%	0.00%	0.00%	0.00%	0.10%	0.10%
42	0.00%	0.00%	0.00%	0.00%	0.10%	0.10%
43	0.00%	0.00%	0.00%	0.00%	0.10%	0.10%
44	0.00%	0.00%	0.00%	0.00%	0.10%	0.10%
45	0.00%	0.00%	0.00%	0.00%	0.10%	0.10%
46	0.00%	0.00%	0.00%	0.00%	0.15%	0.15%
47	0.00%	0.00%	0.00%	0.00%	0.15%	0.15%
48	0.00%	0.00%	0.00%	0.00%	0.19%	0.21%
49	0.00%	0.00%	0.00%	0.00%	0.22%	0.27%
50	3.00%	3.45%	1.66%	1.99%	6.70%	4.25%
51	1.30%	2.42%	1.86%	1.78%	2.23%	1.58%
52	1.80%	2.14%	2.06%	2.01%	2.48%	1.97%
53	2.20%	2.32%	2.26%	2.00%	4.09%	2.94%
54	2.70%	2.86%	2.46%	2.28%	12.39%	8.11%
55	9.07%	7.15%	3.34%	4.72%	27.62%	14.92%
56	7.67%	6.24%	2.93%	3.85%	22.29%	11.11%
57	7.48%	7.37%	2.96%	4.26%	23.87%	25.00%
58	8.09%	9.87%	4.22%	5.60%	23.55%	10.67%
59	10.44%	10.17%	6.76%	5.67%	61.92%	27.49%
60	18.09%	19.64%	8.00%	8.49%	100.00%	100.00%
61	17.72%	18.59%	10.02%	10.50%	100.00%	100.00%
62	40.64%	21.02%	25.00%	21.24%	100.00%	100.00%
63	20.38%	18.49%	18.65%	18.01%	100.00%	100.00%
64	16.81%	8.45%	10.00%	19.67%	100.00%	100.00%
65	27.67%	25.41%	24.58%	32.93%	100.00%	100.00%
66	31.13%	22.30%	18.55%	31.49%	100.00%	100.00%
67	23.94%	31.49%	14.61%	45.49%	100.00%	100.00%
68	41.04%	19.72%	25.04%	64.99%	100.00%	100.00%
69	54.72%	46.26%	33.39%	77.98%	100.00%	100.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

Changes in Actuarial Assumptions (Previous Assumptions Continued):

Retirement Age and Benefit for Deferred Vested Members:

For current deferred vested members, we make the following retirement assumptions:

General: Age 62
Safety: Age 55

We assume that 50% of future General and Safety deferred vested members will continue to work for a reciprocal employer. For these, we assume 5.65% compensation increases per annum.

Net Investment Return: 8.00%, net of administration and investment expenses.

Employee Contribution Crediting Rate: 8.00%, compounded semi-annually.

Terminal Pay Assumptions:

Additional pay elements are expected to be received during a member's final average earnings period. The percentages, added to the final year salary, used in this valuation are:

	<u>Service Retirement</u>	<u>Disability Retirement</u>
General Tier 1	8.8%	7.0%
General Tier 2	3.0%	2.8%
Safety Tier 1	11.7%	8.5%
Safety Tier 2	3.0%	2.8%

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

EXHIBIT V

Summary of Plan Provisions

This exhibit summarizes the major provisions of the ACERA included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership Eligibility:

Membership with ACERA usually begins with the second pay period following appointment to a full time County or member District position. ACERA members who change from full time to part time may elect to continue membership at ACERA.

General and Safety Tier 1

All General and Safety members hired on or before June 30, 1983.

General and Safety Tier 2

All General and Safety members hired after June 30, 1983.

Final Compensation for Benefit Determination:

General and Safety Tier 1

Highest consecutive twelve months of compensation earnable (§31462.1) (FAS1)

General and Safety Tier 2

Highest consecutive thirty-six months of compensation earnable. (§31462) (FAS3)

Service:

Years of service. (Yrs)

Service Retirement Eligibility:

General

Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age (§31672).

Safety

Age 50 with 10 years of service, or after 20 years, regardless of age (§31663.25).

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

Benefit Formula:

	Retirement Age	Benefit Formula
<i>General Tier 1 (§31676.12)</i>	50	$(1.34\% \times \text{FAS1} - 1/3 \times 1.34\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.77\% \times \text{FAS1} - 1/3 \times 1.77\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.34\% \times \text{FAS1} - 1/3 \times 2.34\% \times \$350 \times 12) \times \text{Yrs}$
	62 or later	$(2.62\% \times \text{FAS1} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Yrs}$
	Retirement Age	Benefit Formula
<i>General Tier 2 (§31676.1)</i>	50	$(1.18\% \times \text{FAS3} - 1/3 \times 1.18\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.49\% \times \text{FAS3} - 1/3 \times 1.49\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(1.92\% \times \text{FAS3} - 1/3 \times 1.92\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.09\% \times \text{FAS3} - 1/3 \times 2.09\% \times \$350 \times 12) \times \text{Yrs}$
	65	$(2.43\% \times \text{FAS3} - 1/3 \times 2.43\% \times \$350 \times 12) \times \text{Yrs}$

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

	Retirement Age	Benefit Formula
<i>Safety Tier 1 (Non-Integrated)</i> (§31664)	50	(2.00%xFAS1xYrs)
	55 or later	(2.62%xFAS1xYrs)
<i>Safety Tier 2 (Non-Integrated)</i> (§31664)	50	(2.00%xFAS3xYrs)
	55 or later	(2.62%xFAS3xYrs)
Maximum Benefit:	100% of Highest Average Compensation (§31676.1, §31676.12, §31664)	

Ordinary Disability:

General Tier 1 and Tier 2

Eligibility

Benefit Formula

Five years of service (§31720).

1.8% per year of service for General Tier 1 and 1.5% per year of service for General Tier 2. If the benefit does not exceed one-third of Final Compensation, the service is projected to 62 for General Tier 1 and 65 for General Tier 2, but the total benefit cannot be more than one-third of Final Compensation (§31727 and §31727.2).

Safety Tier 1 and Tier 2

Eligibility

Benefit Formula

Five years of service (§31720).

1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 55, but the total benefit cannot be more than one-third of Final Compensation (§31727.2).

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

Line-of-Duty Disability:

All Members

Eligibility

Benefit Formula

No age or service requirements (§31720).

50% of the Final Compensation or 100% of Service Retirement benefit, if greater (§31727.4).

Pre-Retirement Death:

All Members

Eligibility

Basic lump sum benefit

Death in line of duty

None.

Refund of employee contributions with interest, plus one month's compensation for each year of service, to a maximum of six month's compensation (§31781).

50% of Final Compensation or 100% of Service Retirement benefit, if greater, payable to spouse or minor children (§31787).

OR

Vested Members

Eligibility

Basic benefit

Five years of service.

60%⁽¹⁾ of the greater of Service or Ordinary Disability Retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1), in lieu of the basic lump sum benefit above.

Death in line of duty

50% of Final compensation or 100% of Service Retirement benefit, if greater, payable to spouse or minor children (§31787).

⁽¹⁾ The Retirement Board also provides an Active Equity Death Benefit (ADEB) that increases the 60% continuance to 100% continuance. The ADEB benefit is funded by the Supplemental Retiree Benefit Reserve (SRBR) and the cost associated with the ADEB is excluded from this valuation.

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

Death After Retirement:

All Members

Service or

Ordinary Disability Retirement

60% of member's unmodified allowance continued to eligible spouse (§31760.1) and \$5,000⁽¹⁾ lump sum benefit payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was married to the member at least one year prior to the date of retirement (§31760.1).

Line-of-Duty Disability

100% of member's allowance continued to eligible spouse (§31786).

Withdrawal Benefits:

Less than Five Years of Service

Refund of accumulated employee contributions with interest, or earned benefit at age 70 (§31628). Effective January 1, 2003, a member may also elect to leave contributions on deposit in the retirement fund (§31629.5).

Five or More Years of Service

If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire (§31700).

Post-retirement

Cost-of-Living Benefits:

General and Safety Tier 1

Future changes based on Consumer Price Index to a maximum of 3% per year; excess "banked." (§31870.1)

General and Safety Tier 2

Future changes based on Consumer Price Index to a maximum of 2% per year; excess "banked". (§31870)

County Contributions:

The amortization period for Unfunded Actuarial Accrued Liability is amortized over a declining 28-year period.

⁽¹⁾ \$750 is funded by the employer. \$4,250 is funded by the Supplement Retiree Benefit Reserve. These benefits are excluded from the valuation.

SECTION 4: Reporting Information for the Alameda County Employees' Retirement Association

Supplemental Benefit:	Non-vested supplemental COLA and medical benefits are also paid from the Supplemental Retiree Benefit Reserve to eligible retirees and survivors. These benefits have been excluded from this valuation.
Member Contributions:	Please refer to Appendix A for specific rates.
<i>General Tier 1</i>	
<i>Basic</i>	Provide for an average annuity at age 60 equal to 1/100 of FAS1. (§31621.2)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.
<i>General Tier 2</i>	
<i>Basic</i>	Provide for an average annuity at age 60 equal to 1/120 of FAS3. (§31621)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.
<i>Safety</i>	
<i>Basic</i>	Provide for an average annuity at age 50 equal to 1/100 of FAS1 (FAS3 for Tier 2). (§31639.25)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.

Other Information: Safety members with 30 or more years of service are exempt from paying member contributions. The same applies for General members hired on or before March 7, 1973.

NOTE: *The summary of major plan provisions is designed to outline principal plan benefits as interpreted for purposes of the actuarial valuation. If the Association should find the plan summary not in accordance with the actual provisions, the Association should alert the actuary so they can both be sure the proper provisions are valued.*