

**Orange County Employees Retirement System**

*Actuarial Valuation and Review  
as of December 31, 2005*

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*June 9, 2006*

*Board of Retirement  
Orange County Employees Retirement System  
2223 Wellington Avenue  
Santa Ana, CA 92701*

*Dear Board Members:*

*We are pleased to submit this Actuarial Valuation and Review as of December 31, 2005. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2007-2008 and analyzes the preceding year's experience.*

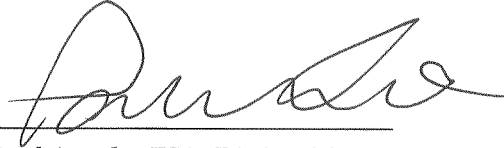
*The census information on which our calculations were based was prepared by the OCERS and the unaudited financial information was provided by the Retirement System. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, Enrolled Actuary.*

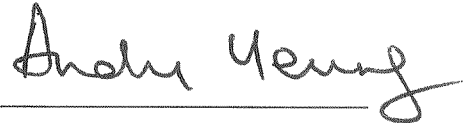
*This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices, including Actuarial Standards of Practice (ASOPs) Nos. 4, 27, 35 and all other relevant ASOPs. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Retirement are reasonably related to the experience of and the expectations for the Plan.*

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

*Sincerely,*

*THE SEGAL COMPANY*

By:   
*Paul Angelo, FSA, EA, MAAA  
Vice President and Actuary*

  
*Andy Yeung, ASA, EA, MAAA  
Associate Actuary*

SUV/hy

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## SECTION 1: Valuation Summary for the Orange County Employees Retirement System

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### Purpose

This report has been prepared by The Segal Company to present a valuation of the Orange County Employees Retirement System as of December 31, 2005. 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 System, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of December 31, 2005, provided by the Retirement System;
- The assets of the Plan as of December 31, 2005, provided by the Retirement System;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Orange County Employees Retirement System's basic financial goal is to establish contributions which fully fund the System'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 System's assets, liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the System'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.

The contribution requirements are determined as a percentage of payroll. The System's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, we have continued with the Board's funding policy to amortize the outstanding balance of the unfunded actuarial accrued liability from the December 31, 2004 valuation over a declining 29-year period. Any increases or decreases in unfunded actuarial accrued liabilities that arise in future years due to actuarial gains or losses will be amortized over separate 15 year periods. The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2007 through June 30, 2008.

## SECTION 1: Valuation Summary for the Orange County Employees Retirement System

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### Significant Issues in Valuation Year

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

- The ratio of the valuation value of assets to actuarial accrued liabilities has increased from 70.85% to 71.53%. The System's unfunded actuarial accrued liability has changed from \$2.16 billion as of December 31, 2004 to \$2.30 billion as of December 31, 2005. The increase in unfunded actuarial accrued liability is mainly due to unfavorable actuarial experience during the 2005 calendar year. There is an increase in the funded ratio even though there is an increase in the unfunded actuarial accrued liability because the valuation value of assets has increased by over 10% while the actuarial accrued liability has only increased by about 9%. A reconciliation of the System's unfunded actuarial accrued liability is provided in Section 3, Exhibit H.
- The aggregate employer rate calculated in this valuation has increased from 24.07% of payroll to 24.30% of payroll. The reasons for the changes are: (i) favorable investment return, (ii) change in methodology used to value liability for vested terminated members, (iii) higher than expected individual salary increases, (iv) less than expected increase in the total payroll, (v) scheduled 3-year phase-in rate increase for OCTA, and (vi) other actuarial losses. A reconciliation of the System's aggregate employer rate is provided in Section 2, Subsection D (see Chart 15). Please note that as a result of the contribution rate increase in the December 31, 2004 valuation, the Board agreed to allow a phase-in of the contribution rate increase over a 3-year period, but only OCTA (Rate Group #5) adopted the 3-year phase-in. The 24.07% and 24.30% aggregate employer rates for the December 31, 2004 and the December 31, 2005 valuations, respectively, reflect the first and the second year of the 3-year phase-in rates only for OCTA and no phase-in for other employers.
- The aggregate member rate calculated in this valuation has decreased from 10.39% of payroll to 10.34% of payroll. The change in member rate is primarily due to the changes in membership demographics. A reconciliation of the System's aggregate member rate is provided in Section 2, Subsection D (see Chart 16).
- The results of this valuation were prepared using the same actuarial assumptions and methods adopted by the Board from the December 31, 2004 valuation. For the December 31, 2005 valuation, the System has provided us with the data necessary to more accurately calculate the liability for vested terminated members. The impact of this change and other actuarial experience during the 2005 calendar year is provided in Section 2, Subsection D (see Charts 15 and 16).

## SECTION 1: Valuation Summary for the Orange County Employees Retirement System

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- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment gain as of December 31, 2005 is \$124,576,000. This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, and will serve to offset any investment losses that may occur after December 31, 2005. This implies that if the System earns the assumed rate of investment return of 7.75% per year (net of expenses) on a **market value** basis, that will result in investment gains on the actuarial value of assets in the next few years.

### Impact of Future Experience on Contribution Rates

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

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

**SECTION 1: Valuation Summary for the Orange County Employees Retirement System**

**Summary of Key Valuation Results (Dollar amounts in thousands)**

	December 31, 2005		December 31, 2004	
<b>Employer Contribution Rates:</b>				
<u>General</u>	Total Rate <sup>(2)</sup>	Estimated Annual Amount <sup>(1)</sup>	Total Rate <sup>(2)</sup>	Estimated Annual Amount <sup>(1)</sup>
Rate Group #1 – Plans A and B (non-OCTA)	14.33%	\$6,856	15.63%	\$7,478
Rate Group #2 – Plans I and J (2.7% @ 55)	22.56%	184,541	22.23%	181,841
Rate Group #3 – Plans G and H (2.5% @ 55 – non-Rancho Santa Margarita)	20.87%	10,376	20.15%	10,019
Rate Group #4 – Plan H (2.5% @ 55 – Rancho Santa Margarita)	12.73%	151	12.83%	151
Rate Group #5 – Plans A and B (OCTA) <sup>(3)</sup>	14.96%	13,238	13.10%	11,592
Rate Group #9 - Plans M and N (TCA)	17.36%	1,038	18.54%	1,109
<u>Safety</u>				
Rate Group #6 – Plans E and F (Probation)	31.94%	17,976	33.41%	18,803
Rate Group #7 – Plans E and F (Law Enforcement)	37.33%	53,889	37.65%	54,350
Rate Group #8 – Plans E and F (Fire Authority)	34.02%	22,083	33.85%	21,973
<b>All Groups Combined</b>	<b>24.30%</b>	<b>\$310,148</b>	<b>24.07%</b>	<b>\$307,316</b>
<b>Average Member Contribution Rates:</b>				
<u>General</u>	Total Rate	Estimated Annual Amount <sup>(1)</sup>	Total Rate <sup>(4)</sup>	Estimated Annual Amount <sup>(1)</sup>
Rate Group #1 – Plans A and B (non-OCTA)	6.99%	\$3,344	7.03%	\$3,364
Rate Group #2 – Plans I and J (2.7% @ 55)	10.40%	85,072	10.45%	85,520
Rate Group #3 – Plans G and H (2.5% @ 55 – non-Rancho Santa Margarita)	10.44%	5,191	10.48%	5,213
Rate Group #4 – Plan H (2.5% @ 55 - Rancho Santa Margarita)	11.75%	139	11.81%	140
Rate Group #5 – Plans A and B (OCTA)	8.00%	7,079	8.04%	7,118
Rate Group #9 – Plans M and N (TCA)	8.41%	503	8.46%	506
<u>Safety</u>				
Rate Group #6 – Plans E and F (Probation)	11.70%	6,585	11.79%	6,634
Rate Group #7 – Plans E and F (Law Enforcement)	11.85%	17,106	11.86%	17,120
Rate Group #8 – Plans E and F (Fire Authority)	10.72%	6,959	10.78%	6,997
<b>All Groups Combined</b>	<b>10.34%</b>	<b>\$131,978</b>	<b>10.39%</b>	<b>\$132,612</b>
<b>Funded Status:</b>				
Actuarial accrued liability	\$8,089,627		\$7,403,972	
Valuation value of assets	5,786,617		5,245,821	
Funded percentage	71.53%		70.85%	
Unfunded Actuarial Accrued Liability	\$2,303,010		\$2,158,151	
<b>Key Assumptions:</b>				
Interest rate	7.75%		7.75%	
Inflation rate	3.50%		3.50%	
Across-the-board real salary increase	0.00%		0.00%	

<sup>(1)</sup> Based on December 31, 2005 projected annual compensation.

<sup>(2)</sup> Rates shown do not reflect the 3-year contribution rate phase-in except for OCTA.

<sup>(3)</sup> OCTA adopted the 3-year contribution rate phase-in and the rates shown to reflect the first year and the second year phase-in for the December 31, 2004 and December 31, 2005 valuations, respectively.

<sup>(4)</sup> Rates have been recalculated by applying the individual entry age based member rates determined in the December 31, 2004 valuation to the System membership as of December 31, 2005.

**SECTION 1: Valuation Summary for the Orange County Employees Retirement System**

**Summary of Key Valuation Demographic and Financial Data**

	December 31, 2005	December 31, 2004	Percentage Change
<b>Active Members:</b>			
Number of members	22,467	22,502	-0.2%
Average age	43.8	44.1	N/A
Average service	10.7	11.1	-3.6%
Projected total compensation	\$1,276,764,000	\$1,257,085,000	1.6%
Average projected compensation	\$56,828	\$55,865	1.7%
<b>Retired Member and Beneficiaries:</b>			
Number of members:			
Service retired	7,610	6,920	10.0%
Disability retired	1,205	1,172	2.8%
Beneficiaries	1,403	1,341	4.6%
Total	10,218	9,433	8.3%
Average age	68.1	68.3	N/A
Average monthly benefit <sup>(1)</sup>	\$2,328	\$2,057	13.2%
<b>Vested Terminated Members:</b>			
Number of vested terminated members <sup>(2)</sup>	2,466	1,910	29.1%
Average age	43.6	44.7	N/A
<b>Summary of Financial Data (dollar amounts in thousands):</b>			
Market value of assets <sup>(3)</sup>	\$5,923,112	\$5,556,995	6.6%
Return on market value of assets	8.11%	11.26%	N/A
Actuarial value of assets	\$5,798,536	\$5,256,380	10.3%
Return on actuarial value of assets	8.72%	8.35%	N/A
Valuation value of assets	\$5,786,617	\$5,245,821	10.3%
Return on valuation value of assets	8.50%	8.55%	N/A

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

<sup>(2)</sup> This includes members who chose to leave their contributions on deposit even though they have less than five years of service.

<sup>(3)</sup> The December 31, 2005 market value excludes \$158,219,000 in the County Investment Account and \$45,925,000 in the prepaid employer contributions account. The December 31, 2004 market value excludes \$155,245,000 in the County Investment Account.



**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**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 five valuations can be seen in this chart.*

**CHART 1**  
**Member Population: 2001 – 2005**

<b>Year Ended December 31</b>	<b>Active Members</b>	<b>Vested Terminated Members*</b>	<b>Retired Members and Beneficiaries</b>	<b>Ratio of Non-Actives to Actives</b>
2001	22,329	1,872	8,216	0.45
2002	22,723	2,177	8,688	0.48
2003	22,672	2,278	9,079	0.50
2004	22,502	1,910	9,433	0.50
2005	22,467	2,466	10,218	0.56

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

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**Active Members**

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 22,467 active members with an average age of 43.8, average years of service of 10.7 years and average compensation of \$56,828. The 22,502 active members in the prior valuation had an average age of 44.1, average service of 11.1 years and average compensation of \$55,865.

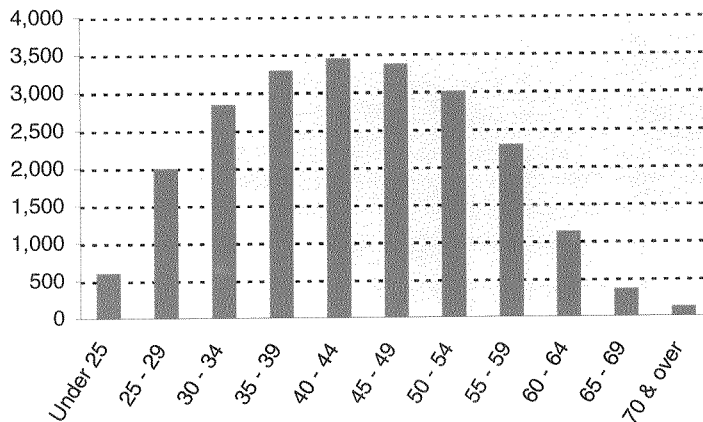
**Inactive Members**

In this year's valuation, there were 2,466 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 1,910 in the prior valuation.

*These graphs show a distribution of active members by age and by years of service.*

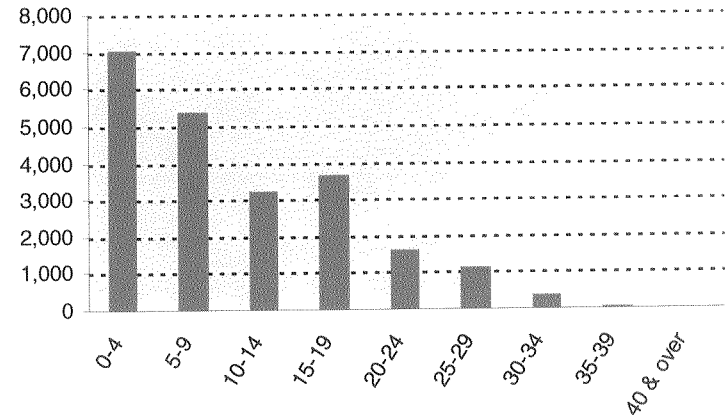
**CHART 2**

**Distribution of Active Members by Age as of December 31, 2005**



**CHART 3**

**Distribution of Active Members by Years of Service as of December 31, 2005**



**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

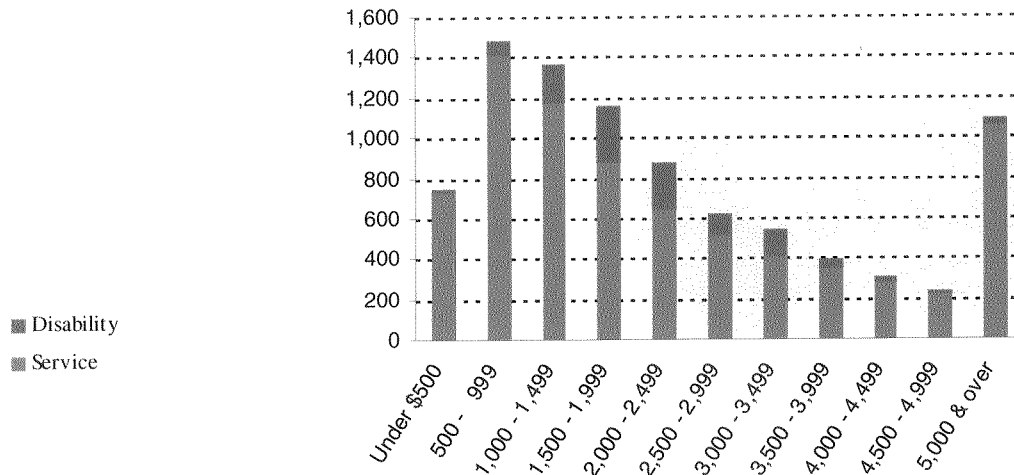
**Retired Members and Beneficiaries**

As of December 31, 2005, 8,815 retired members and 1,403 beneficiaries were receiving total monthly benefits of \$23,787,000. For comparison, in the previous valuation, there were 8,092 retired members and 1,341 beneficiaries receiving total monthly benefits of \$19,404,000. These monthly benefits exclude benefits payable from the RMBR and STAR COLA.

*These graphs show a distribution of the current retired members based on their monthly amount and age, by type of pension.*

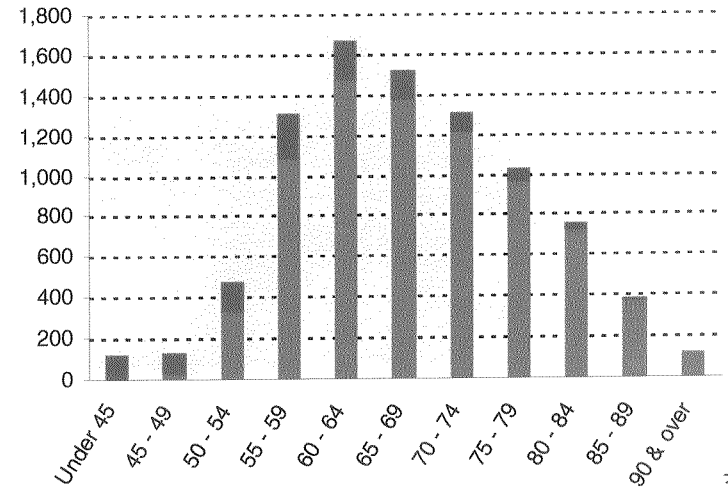
**CHART 4**

**Distribution of Retired Members (Excl. Beneficiaries) by Type and by Monthly Amount as of December 31, 2005**



**CHART 5**

**Distribution of Retired Members (Excl. Beneficiaries) by Type and by Age as of December 31, 2005**



**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

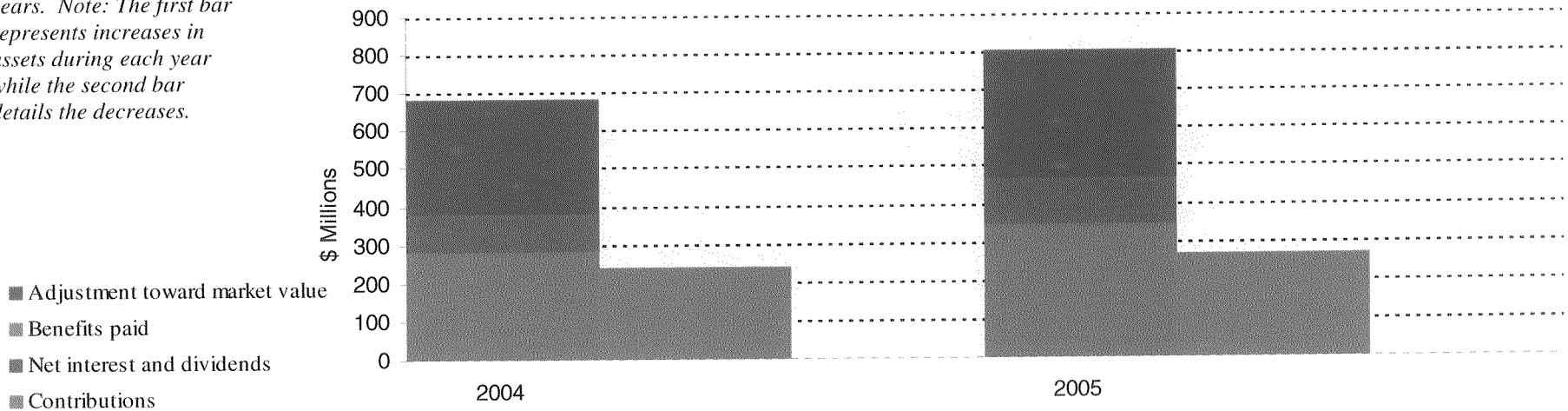
**B. FINANCIAL INFORMATION**

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 two 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, 2004 and 2005**



**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

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 does not have an immediate effect on the actuarial value of assets.

The determination of the Actuarial Value of Assets and Valuation Value of Assets is provided below.

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

**CHART 7**

**Determination of Actuarial and Valuation Value of Assets for Year Ended December 31, 2005**

Plan Year Ending	Total Actual Market Return (net)	Expected Market Return (net)	Investment Gain / (Loss)	Deferred Factor	Deferred Return
2004	\$544,457,000	\$362,744,000	\$181,713,000	0.6	\$109,028,000
2005	\$441,178,000	\$421,743,000	\$19,435,000	0.8	\$15,548,000
1. Total Deferred Return					\$124,576,000
2. Net Market Value of Assets (Excludes \$158,219,000 in County Investment Account and \$45,925,000 in Prepaid Employer Contributions)					\$5,923,112,000
3. Actuarial Value of Assets (2) – (1)					\$5,798,536,000
4. Non-valuation Reserves					
(a) Unclaimed member deposit					\$1,202,000
(b) Medicare medical insurance reserve					87,000
(c) Retired member benefit reserve (RMBR)					<u>10,630,000</u>
(d) Subtotal					\$11,919,000
5. Valuation Value of Assets (3)-(4)(d)					\$5,786,617,000

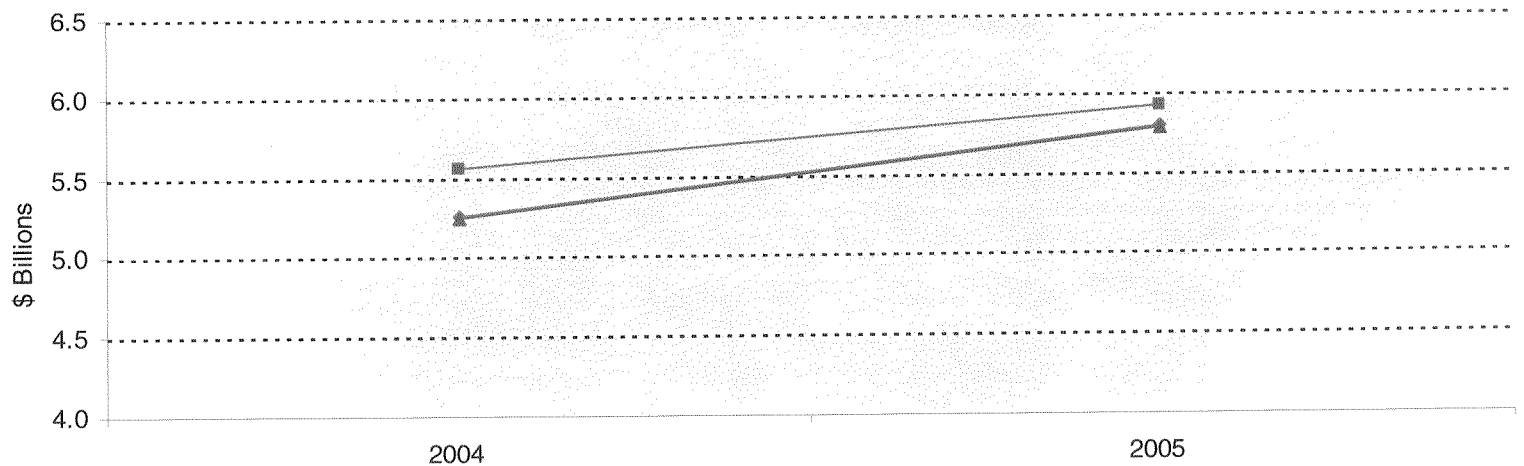
## SECTION 2: Valuation Results for the Orange County Employees Retirement System

The market value, actuarial value, and valuation value of assets are representations of the OCERS'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 value of assets is significant because the OCERS'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 two years.*  
*Notes: Market Value of Assets excludes the County Investment Account and Prepaid Employer Contributions.*

**CHART 8**

**Market Value, Actuarial Value and Valuation Value of Assets as of December 31, 2004 and 2005**



## SECTION 2: Valuation Results for the Orange County Employees Retirement System

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### 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 \$42.5 million, a gain of \$39.5 million from investments and a loss of \$82.0 million from all other sources. 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.*

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### CHART 9

#### Actuarial Experience for Year Ended December 31, 2005 (Dollar Amounts in Thousands)

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1. Net gain/(loss) from investments <sup>(1)</sup>	\$39,536
2. Net gain/(loss) from other experience <sup>(2)</sup>	<u>-82,012</u>
3. Net experience gain/(loss): (1) + (2)	-\$42,476

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<sup>(1)</sup> Details in Chart 10.

<sup>(2)</sup> See Section 3, Exhibit H.

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

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**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 OCERS's investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 7.75% (based on December 31, 2004 valuation). The actual rate of return on a valuation basis for the 2005 plan year was 8.50%.

Since the actual return for the year was greater than the assumed return, OCERS experienced an actuarial gain during the year ended December 31, 2005 with regard to its investments.

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

**CHART 10**

**Investment Experience for Year Ended December 31, 2005 – Valuation Value and Actuarial Value of Assets**

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	<b>Valuation Value</b>	<b>Actuarial Value</b>
1. Actual return	\$449,620,000	\$461,972,000
2. Average value of assets	\$5,291,409,000	\$5,296,472,000
3. Actual rate of return: (1) ÷ (2)	8.50%	8.72%
4. Assumed rate of return	7.75%	7.75%
5. Expected return: (2) x (4)	\$410,084,000	\$410,477,000
6. Actuarial gain/(loss): (1) – (5)	<u>\$39,536,000</u>	<u>\$51,495,000</u>

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**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

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 year.

Based upon this experience, future expectations and directions from the Board, we maintain the assumed rate of return of 7.75% adopted for the December 31, 2004 valuation for this valuation.

**CHART 11**

**Investment Return – Actuarial Value, Valuation Value and Market Value: (Dollar Amounts in Thousands)**

Year Ended December 31	Valuation Value Investment Return		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2004	\$411,453	8.55%	\$403,652	8.35%	\$544,457	11.26%
2005	449,620	8.50%	461,972	8.72%	441,178	8.11%
Total	\$861,073		\$865,624		\$985,635	

*Note: The return on market value is net of the return on the County Investment Account.*

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

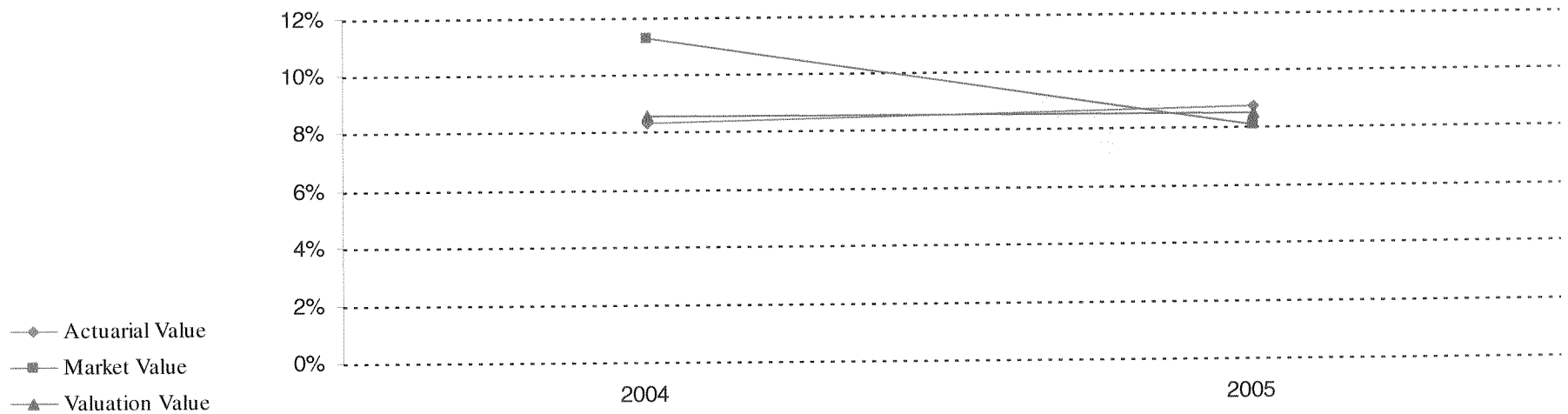
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Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan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

*This chart illustrates how this leveling effect has actually worked over the years 2004 - 2005.*

**CHART 12**  
**Market and Valuation Rates of Return for Years Ended December 31, 2004 - 2005**

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## SECTION 2: Valuation Results for the Orange County Employees Retirement System

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### **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, 2005 amounted to \$82.0 million which is 1.01% of the actuarial accrued liability. See Exhibit H in Section 3 for a detailed development of the Unfunded Actuarial Accrued Liability.

## SECTION 2: Valuation Results for the Orange County Employees Retirement System

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### 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.

Please note that for Probation Safety members who have prior benefit service in the General OCERS plan, their normal cost rate for their current plan is calculated based on the date they entered service with their current plan.

#### *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 unfunded actuarial accrued liability) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) 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 3.50% (i.e., 3.50% inflation plus 0.00% real across-the-board salary increase). The outstanding balance of December 31, 2004 UAAL is being amortized over a declining 29-year period. Any new UAAL that arises in future years due to actuarial gains or losses will be amortized over separate 15-year periods.

The recommended employer contributions are provided in Chart 13.

## SECTION 2: Valuation Results for the Orange County Employees Retirement System

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### 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:

- 1/200 of Final Average Salary for General Plan A;
- 1/120 of Final Average Salary for General Plan B;
- 1/100 of Final Average Salary for General Plans G, H, I, and J;
- 1/120 of Final Average Salary for General Plans M and N;
- 1/200 of Final Average Salary for Safety Plan E and;
- 1/100 of Final Average Salary for Safety Plan F.

The Annuity age is 60 for General Plans A, B, M, and N, 55 for Plans G, H, I, and J, and 50 for Safety Plans E and F. 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 crediting of interest at the assumed investment earning rate.

Member contribution rates are provided in Appendix A.

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**CHART 13**

**Recommended Employer Contribution Rates as of December 31, 2005 (Dollar Amounts in Thousands)**

**General Employers**

	December 31, 2005 Valuation		December 31, 2004 Valuation	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate <sup>(4)</sup>	Estimated Annual Amount <sup>(1)</sup>
<b>Rate Group #1 - Plans A and B (non-OCTA)</b>				
Normal Cost	9.33%	\$4,464	9.55%	\$4,569
UAAL <sup>(2)</sup>	<u>5.00%</u>	<u>\$2,392</u>	<u>6.08%</u>	<u>\$2,909</u>
Total Contribution	14.33%	\$6,856	15.63%	\$7,478
<b>Rate Group #2 - Plans I and J (2.7% @ 55)<sup>(3)</sup></b>				
Normal Cost	11.46%	\$93,743	11.74%	\$96,033
UAAL <sup>(2)</sup>	<u>11.10%</u>	<u>\$90,798</u>	<u>10.49%</u>	<u>\$85,808</u>
Total Contribution	22.56%	\$184,541	22.23%	\$181,841
<b>Rate Group #3 - Plans G and H (2.5% @ 55 – non-City of Rancho Santa Margarita)<sup>(3)</sup></b>				
Normal Cost	10.54%	\$5,240	10.80%	\$5,370
UAAL <sup>(2)</sup>	<u>10.33%</u>	<u>\$5,136</u>	<u>9.35%</u>	<u>\$4,649</u>
Total Contribution	20.87%	\$10,376	20.15%	\$10,019

<sup>(1)</sup> See page 15 for projected annual compensation.

<sup>(2)</sup> UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.

<sup>(3)</sup> For employers with future service only benefit improvement, please refer to the employer rate adjustment on page 17.

<sup>(4)</sup> Rates shown do not reflect the 3-year contribution rate phase-in except for OCTA.

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**CHART 13 (Continued)**

**Recommended Employer Contribution Rates as of December 31, 2005 (Dollar Amounts in Thousands)**

**General Employers**

	December 31, 2005 Valuation		December 31, 2004 Valuation	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate <sup>(5)</sup>	Estimated Annual Amount <sup>(1)</sup>
<b>Rate Group #4 – Plan H (2.5% @ 55 - City of Rancho Santa Margarita)</b>				
Normal Cost	10.81%	\$128	10.53%	\$124
UAAL <sup>(2)</sup>	<u>1.92%</u>	<u>\$23</u>	<u>2.30%</u>	<u>\$27</u>
Total Contribution	12.73%	\$151	12.83%	\$151
<b>Rate Group #5 – Plans A and B (OCTA)</b>				
Normal Cost	11.36%	\$10,052	11.71%	\$10,362
UAAL <sup>(2)</sup>	<u>3.60%</u>	<u>\$3,186</u>	<u>1.39%</u>	<u>\$1,230</u>
Total Contribution	14.96% <sup>(3)</sup>	\$13,238	13.10% <sup>(4)</sup>	\$11,592
<b>Rate Group #9 – Plans M and N (TCA)</b>				
Normal Cost	11.49%	\$687	11.45%	\$685
UAAL <sup>(2)</sup>	<u>5.87%</u>	<u>\$351</u>	<u>7.09%</u>	<u>\$424</u>
Total Contribution	17.36%	\$1,038	18.54%	\$1,109

<sup>(1)</sup> Based on December 31, 2005 projected annual compensation (also in thousands):

Rate Group # 1	\$47,842
Rate Group # 2	\$818,002
Rate Group # 3	\$49,720
Rate Group # 4	\$1,182
Rate Group # 5	\$88,488
Rate Group # 9	<u>\$5,980</u>
Total – General Members	\$1,011,214

<sup>(2)</sup> UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.

<sup>(3)</sup> This is the second year of a 3-year contribution rate phase in. The rate without the 3-year contribution rate phase in is 16.82% of payroll.

<sup>(4)</sup> This is the first year of a 3-year contribution rate phase in. The rate without the 3-year contribution rate phase in is 17.39% of payroll.

<sup>(5)</sup> Rates shown do not reflect the 3-year contribution rate phase-in except for OCTA.

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**CHART 13 (Continued)**

**Recommended Employer Contribution Rates as of December 31, 2005 (Dollar Amounts in Thousands)**

**Safety Employers**

	December 31, 2005 Valuation		December 31, 2004 Valuation	
	<u>Rate</u>	<u>Estimated Annual Amount<sup>(1)</sup></u>	<u>Rate<sup>(3)</sup></u>	<u>Estimated Annual Amount<sup>(1)</sup></u>
<b>Rate Group #6 – Plans E and F (Probation)</b>				
Normal Cost	20.76%	\$11,684	21.37%	\$12,027
UAAL <sup>(2)</sup>	<u>11.18%</u>	<u>\$6,292</u>	<u>12.04%</u>	<u>\$6,776</u>
Total Contribution	31.94%	\$17,976	33.41%	\$18,803
<b>Rate Group #7 – Plans E and F (Law Enforcement)</b>				
Normal Cost	20.15%	\$29,088	20.43%	\$29,492
UAAL <sup>(2)</sup>	<u>17.18%</u>	<u>\$24,801</u>	<u>17.22%</u>	<u>\$24,858</u>
Total Contribution	37.33%	\$53,889	37.65%	\$54,350
<b>Rate Group #8 – Plans E and F (Fire Authority)</b>				
Normal Cost	20.04%	\$13,008	20.33%	\$13,197
UAAL <sup>(2)</sup>	<u>13.98%</u>	<u>\$9,075</u>	<u>13.52%</u>	<u>\$8,776</u>
Total Contribution	34.02%	\$22,083	33.85%	\$21,973
<b>General and Safety Employers Combined</b>				
<b>Rate Groups #1 – #9</b>				
Total Contributions	24.30%	\$310,148	24.07%	\$307,316

<sup>(1)</sup> Based on December 31, 2005 projected annual compensation (also in thousands):

Rate Group # 6	\$56,281
Rate Group # 7	\$144,357
Rate Group # 8	<u>\$64,912</u>
Total – Safety Members	\$265,550

<sup>(2)</sup> UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.

<sup>(3)</sup> Rates shown do not reflect the 3-year contribution rate phase-in except for OCTA.



**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**CHART 13 (Continued)**

**Recommended Employer Contribution Rates as of December 31, 2005 (Dollar Amounts in Thousands)**

**December 31, 2005 Rate Adjustment for General Employers with 2.7% @ 55  
Future Service Only Benefit Improvement (Plans I and J)**

	<u>Rate</u>	<u>Estimated Annual Amount<sup>(1)</sup></u>
<b>Reduction to UAAL Rate Calculated in December 31, 2005 Valuation</b>		
Reduction to Total Contribution	-3.57%	-\$109

<sup>(1)</sup> Based on December 31, 2005 projected annual compensation (also in thousands):

Retirement System	\$1,136
Local Agency Formation Commission	513
Children & Family Commission	<u>1,410</u>
Total	\$3,059

**December 31, 2005 Rate Adjustment for General Employers with 2.5% @ 55  
Future Service Only Benefit Improvement (Plans G and H)**

	<u>Rate</u>	<u>Estimated Annual Amount<sup>(2)</sup></u>
<b>Reduction to UAAL Rate Calculated in December 31, 2005 Valuation</b>		
Reduction to Total Contribution	-4.28%	-\$43

<sup>(2)</sup> Based on December 31, 2005 projected annual compensation (also in thousands):

Law Library	\$993
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**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**CHART 14**

**“Pick – Up” - Discount Percentages**

For every dollar of member contribution “picked up” by the employer and not deposited in the member’s contribution account, the employer can contribute less than a dollar. This is because the “pick-up” amount is not deposited in the member’s contribution account and so is not payable to a member who withdraws his or her contributions following termination of employment, and is not payable as an additional death benefit. The contribution discount percentages are as follows:

	December 31, 2005 Valuation Pick-Up Percentage		December 31, 2004 Valuation Pick-Up Percentage	
<i>General Members</i>				
Rate Group #1 (non-OCTA)	Plan A: 99.53%	Plan B: 97.47%	Plan A: 99.66%	Plan B: 97.26%
Rate Group #2 (2.7% @ 55)	Plan I: 99.59%	Plan J: 97.55%	Plan I: 99.59%	Plan J: 97.60%
Rate Group #3 (2.5% @ 55 – non-Rancho Santa Margarita)	Plan G: 99.46%	Plan H: 98.10%	Plan G: 99.50%	Plan H: 97.96%
Rate Group #4 (2.5% @ 55 – Rancho Santa Margarita)	N/A	Plan H: 97.35%	N/A	Plan H: 96.92%
Rate Group #5 (OCTA)	Plan A: 99.61%	Plan B: 97.60%	Plan A: 99.59%	Plan B: 97.43%
Rate Group #9 (TCA)	Plan M: 97.29%	Plan N: 97.29%	Plan M: 97.14%	Plan N: 97.14%
<i>Safety Members</i>				
Rate Group #6 (Probation)	Plan E: 99.34%	Plan F: 96.30%	Plan E: 99.49%	Plan F: 96.37%
Rate Group #7 (Law Enforcement)	Plan E: 100.00%	Plan F: 99.57%	Plan E: 100.00%	Plan F: 99.57%
Rate Group #8 (Fire Authority)	Plan E: 100.00%	Plan F: 99.60%	Plan E: 100.00%	Plan F: 99.63%

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**CHART 14 (Continued)**

**“Pick – Up” - Average Entry Age**

The following table provides the average entry age by employer used in determining the “pick-up” contributions under Section 31581.1.

<u>Employer</u>	<u>Code</u>	<u>Average Entry Age</u>
<i>General</i>		
Orange County	101	33
Cemetery District	102	32
Law Library	103	42
Vector Control District	104	35
Retirement System	105	36
Fire Authority	106	33
Department of Education	108	25
Transportation Corridor Agency	109	39
City of San Juan Capistrano	110	34
Sanitation District	111	34
OCTA	112	37
U.C.I. (Bi-weekly)	113	23
U.C.I. (Monthly)	114	22
Children & Families Commission	118	31
Local Agency Formation Commission	119	34
City of Rancho Santa Margarita	120	41
Superior Court	121	33
IHSS Public Authority	122	44
<i>Safety</i>		
Probation	101	28
Law Enforcement	101	27
Fire Authority	106	27

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

The contribution rates as of December 31, 2005 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 or methods.

**Reconciliation of Recommended Contribution**

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

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

**CHART 15**

**Reconciliation of Recommended Employer Contribution Rate from December 31, 2004 to December 31, 2005  
(Dollar Amounts in Thousands)**

	Contribution Rate	Estimated Amount <sup>(1)</sup>
Average Recommended Contribution Rate as of December 31, 2004	24.07%	\$307,316
Effect of investment gain	-0.28%	-\$3,575
Effect of higher than expected individual salary increases	0.12%	\$1,532
Effect of higher UAAL rate due to total payroll increasing by less than 3.5%	0.18%	\$2,298
Effect of changing methodology used to calculate liability for deferred vested members	-0.07%	-\$894
Effect of scheduled 3-year phase in rate increase (for OCTA)	0.15%	\$1,915
Effect of other experience (gain)/loss	<u>0.13%</u>	<u>\$1,556</u>
Subtotal	0.23%	\$2,832
Average Recommended Contribution Rate as of December 31, 2005	24.30%	\$310,148

<sup>(1)</sup> Based on December 31, 2005 projected compensation of \$1,276,764,000.

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

The member contribution rates as of December 31, 2005 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 or methods.

**Reconciliation of Recommended Contribution Rate**  
 The chart below details the changes in the recommended member contribution rate from the prior valuation to the current year's valuation.

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

**CHART 16**  
**Reconciliation of Average Recommended Member Contribution from December 31, 2004 to December 31, 2005 (Dollar Amounts in Thousands)**

	Contribution Rate	Estimated Amount <sup>(1)</sup>
Average Recommended Contribution Rate as of December 31, 2004 <sup>(2)</sup>	10.39%	\$132,612
Effect of change in demographics	-0.05%	-\$634
Average Recommended Contribution Rate as of December 31, 2005	10.34%	\$131,978

<sup>(1)</sup> Based on December 31, 2005 projected compensation of \$1,276,764,000.

<sup>(2)</sup> Rates have been recalculated by applying the individual entry age based member rates determined in the December 31, 2004 valuation to the System membership as of December 31, 2005.

## SECTION 2: Valuation Results for the Orange County Employees Retirement System

### 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.

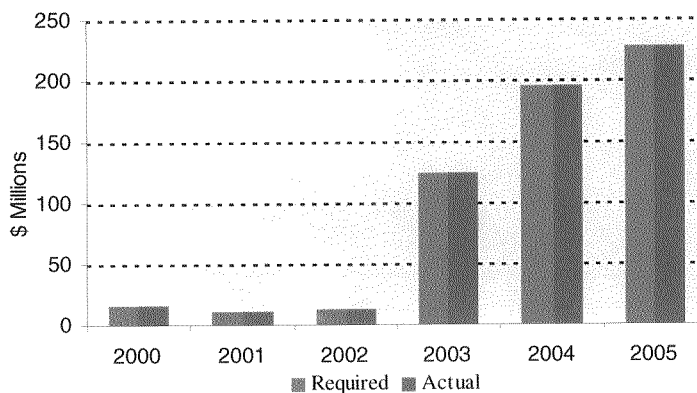
Critical information to GASB is the historical comparison of the GASB required contributions to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 17 below presents a graphical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

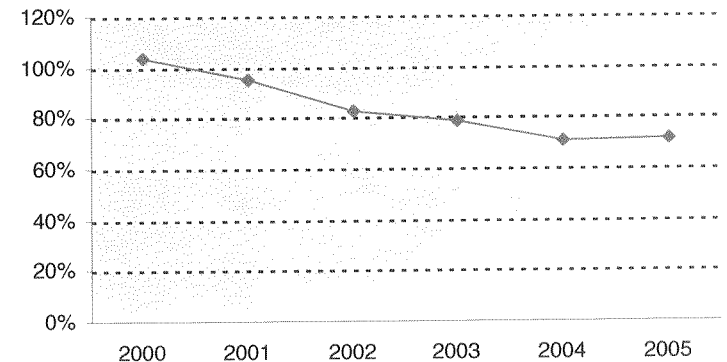
The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits I, II, and III.

*These graphs show key GASB information. In Chart 17, actual contributions excludes transfers from the County Investment Account and prepaid employer contributions.*

**CHART 17**  
**Required Versus Actual Contributions**



**CHART 18**  
**Funded Ratio**



**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**i. General (other than OCTA)**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2005</b>	<b>2004</b>	
<b>Active members in valuation</b>			
Number	16,870	16,880	-0.1%
Average age	44.2	44.5	N/A
Average service	10.4	10.7	N/A
Projected total compensation	\$922,726,708	\$915,432,956	0.8%
Projected average compensation	\$54,696	\$54,235	0.9%
Account balances	\$710,743,001	\$676,555,330	5.1%
Total active vested members	11,655	11,649	0.1%
<b>Vested terminated members</b>			
Number	1,986	1,588	25.1%
Average age	43.7	44.9	N/A
<b>Retired members</b>			
Number in pay status	6,348	5,782	9.8%
Average age	69.8	70.4	N/A
Average monthly benefit <sup>(1)</sup>	\$2,270	\$1,948	16.5%
<b>Disabled members</b>			
Number in pay status	641	631	1.6%
Average age	62.5	61.9	N/A
Average monthly benefit <sup>(1)</sup>	\$1,790	\$1,688	6.0%
<b>Beneficiaries</b>			
Number in pay status	1,197	1,151	4.0%
Average age	71.9	71.6	N/A
Average monthly benefit <sup>(1)</sup>	\$1,144	\$1,071	6.8%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**ii. General OCTA**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2005</b>	<b>2004</b>	
<b>Active members in valuation</b>			
Number	1,946	2,048	-5.0%
Average age	46.3	46.1	N/A
Average service	9.1	8.7	N/A
Projected total compensation	\$88,488,068	\$87,627,026	1.0%
Projected average compensation	\$45,472	\$42,787	6.3%
Account balances	\$70,778,634	\$68,734,751	3.0%
Total active vested members	1,085	1,063	2.1%
<b>Vested terminated members</b>			
Number	282	175	61.1%
Average age	46.5	47.3	N/A
<b>Retired members</b>			
Number in pay status	393	351	12.0%
Average age	66.1	66.0	N/A
Average monthly benefit <sup>(1)</sup>	\$1,605	\$1,417	13.3%
<b>Disabled members</b>			
Number in pay status	204	194	5.2%
Average age	58.7	57.9	N/A
Average monthly benefit <sup>(1)</sup>	\$1,848	\$1,761	4.9%
<b>Beneficiaries</b>			
Number in pay status	87	78	11.5%
Average age	67.0	66.1	N/A
Average monthly benefit <sup>(1)</sup>	\$943	\$918	2.7%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.



**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**iii. Safety Law Enforcement**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2005</b>	<b>2004</b>	
<b>Active members in valuation</b>			
Number	1,851	1,828	1.3%
Average age	40.8	40.6	N/A
Average service	13.4	13.1	N/A
Projected total compensation	\$144,356,104	\$137,787,931	4.8%
Projected average compensation	\$77,988	\$75,376	3.5%
Account balances	\$117,562,631	\$108,085,839	8.8%
Total active vested members	1,624	1,602	1.4%
<b>Vested terminated members</b>			
Number	113	100	13.0%
Average age	40.2	40.1	N/A
<b>Retired members</b>			
Number in pay status	640	607	5.4%
Average age	63.4	63.2	N/A
Average monthly benefit <sup>(1)</sup>	\$5,102	\$4,766	7.0%
<b>Disabled members</b>			
Number in pay status	292	289	1.0%
Average age	56.2	55.5	N/A
Average monthly benefit <sup>(1)</sup>	\$3,328	\$3,147	5.8%
<b>Beneficiaries</b>			
Number in pay status	109	104	4.8%
Average age	68.9	67.3	N/A
Average monthly benefit <sup>(1)</sup>	\$2,089	\$1,867	11.9%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**iv. Safety Probation Officers**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2005</b>	<b>2004</b>	
<b>Active members in valuation</b>			
Number	1,000	955	4.7%
Average age	37.3	37.5	N/A
Average service	9.2	9.2	N/A
Projected total compensation	\$56,281,181	\$52,756,126	6.7%
Projected average compensation	\$56,281	\$55,242	1.9%
Account balances	\$41,468,991	\$37,001,635	12.1%
Total active vested members	644	619	4.0%
<b>Vested terminated members</b>			
Number	74	38	94.7%
Average age	35.1	36.9	N/A
<b>Retired members</b>			
Number in pay status	107	90	18.9%
Average age	60.4	59.7	N/A
Average monthly benefit <sup>(1)</sup>	\$4,591	\$4,313	6.4%
<b>Disabled members</b>			
Number in pay status	5	3	66.7%
Average age	44.1	38.5	N/A
Average monthly benefit <sup>(1)</sup>	\$2,134	\$1,785	19.6%
<b>Beneficiaries</b>			
Number in pay status	2	1	100.0%
Average age	51.4	46.4	N/A
Average monthly benefit <sup>(1)</sup>	\$373	\$101	269.3%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage  
v. Safety Fire Authority**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2005</b>	<b>2004</b>	
<b>Active members in valuation</b>			
Number	800	791	1.1%
Average age	44.4	44.8	N/A
Average service	14.9	15.0	N/A
Projected total compensation	\$64,911,795	\$63,480,172	2.3%
Projected average compensation	\$81,140	\$80,253	1.1%
Account balances	\$61,726,084	\$59,150,833	4.4%
Total active vested members	693	701	-1.1%
<b>Vested terminated members</b>			
Number	11	9	22.2%
Average age	42.5	45.1	N/A
<b>Retired members</b>			
Number in pay status	122	90	35.6%
Average age	59.8	59.7	N/A
Average monthly benefit <sup>(1)</sup>	\$4,418	\$3,708	19.1%
<b>Disabled members</b>			
Number in pay status	63	55	14.5%
Average age	57.0	56.2	N/A
Average monthly benefit <sup>(1)</sup>	\$3,861	\$3,427	12.7%
<b>Beneficiaries</b>			
Number in pay status	8	7	14.3%
Average age	51.3	49.4	N/A
Average monthly benefit <sup>(1)</sup>	\$3,017	\$2,784	8.4%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2005  
By Age and Years of Service**

**i. General (other than OCTA)**

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
<b>Under 25</b>	516	502	14	--	--	--	--	--	--	--
	\$33,705	\$33,552	\$39,177	--	--	--	--	--	--	--
<b>25 - 29</b>	1,493	1,166	326	1	--	--	--	--	--	--
	40,903	40,003	44,124	\$41,002	--	--	--	--	--	--
<b>30 - 34</b>	2,070	1,033	844	176	17	--	--	--	--	--
	47,989	45,032	51,299	48,426	\$58,817	--	--	--	--	--
<b>35 - 39</b>	2,351	742	797	536	274	2	--	--	--	--
	53,660	48,260	55,741	57,692	54,367	\$50,349	--	--	--	--
<b>40 - 44</b>	2,421	588	584	466	594	178	11	--	--	--
	57,077	49,749	57,383	57,577	63,798	56,305	\$60,916	--	--	--
<b>45 - 49</b>	2,452	492	508	406	582	303	152	9	--	--
	58,746	50,641	56,359	58,511	63,546	65,493	62,241	\$50,614	--	--
<b>50 - 54</b>	2,304	390	428	300	492	303	277	114	--	--
	61,961	53,340	58,285	58,571	64,331	69,027	69,312	67,304	--	--
<b>55 - 59</b>	1,821	291	350	272	381	200	163	140	24	--
	61,200	50,156	57,335	57,466	63,579	63,057	74,189	74,818	\$72,897	--
<b>60 - 64</b>	985	124	193	182	241	105	74	45	20	1
	58,305	55,573	54,382	54,910	56,556	59,370	70,787	75,674	73,722	\$67,973
<b>65 - 69</b>	338	33	65	71	89	47	21	8	4	--
	54,811	47,936	57,122	55,636	54,223	53,707	58,266	57,732	61,382	--
<b>70 &amp; over</b>	119	12	18	21	36	17	14	1	--	--
	53,660	41,125	51,740	54,249	59,976	53,350	50,310	51,052	--	--
<b>Total</b>	16,870	5,373	4,127	2,431	2,706	1,155	712	317	48	1
	\$54,696	\$45,477	\$54,507	\$56,914	\$61,813	\$63,341	\$68,243	\$71,044	\$72,281	\$67,973

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2005  
By Age and Years of Service**

**ii. General OCTA**

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	28	28	--	--	--	--	--	--	--	--
	\$33,465	\$33,465	--	--	--	--	--	--	--	--
25 - 29	115	98	17	--	--	--	--	--	--	--
	38,188	37,124	\$44,319	--	--	--	--	--	--	--
30 - 34	153	101	42	10	--	--	--	--	--	--
	38,420	35,015	44,257	\$48,295	--	--	--	--	--	--
35 - 39	227	132	67	11	17	--	--	--	--	--
	44,721	40,429	49,558	53,366	\$53,392	--	--	--	--	--
40 - 44	333	177	78	34	38	5	1	--	--	--
	44,550	38,211	49,659	55,962	51,744	\$55,555	\$51,715	--	--	--
45 - 49	344	128	76	43	51	27	18	1	--	--
	46,820	40,388	47,547	53,646	50,878	54,101	50,557	\$50,556	--	--
50 - 54	327	95	55	34	42	38	53	10	--	--
	47,387	42,486	43,842	50,786	49,955	48,673	51,992	61,823	--	--
55 - 59	265	74	49	37	43	17	35	9	1	--
	51,049	52,869	45,747	51,839	54,968	46,499	50,198	51,640	\$80,159	--
60 - 64	121	30	23	15	19	9	15	10	--	--
	45,760	36,278	44,095	43,948	45,526	62,544	51,145	58,017	--	--
65 - 69	28	6	11	2	4	3	2	--	--	--
	49,772	31,785	42,598	99,494	48,135	67,280	70,476	--	--	--
70 & over	5	1	1	2	--	1	--	--	--	--
	46,781	38,614	43,716	53,991	--	43,595	--	--	--	--
<b>Total</b>	1,946	870	419	188	214	100	124	30	1	--
	\$45,472	\$39,825	\$46,776	\$52,609	\$51,346	\$51,869	\$51,471	\$57,124	\$80,159	--

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2005  
By Age and Years of Service**

**iii. Safety Law Enforcement**

Age	Years of Service								
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	24	24	--	--	--	--	--	--	--
	\$53,540	\$53,540	--	--	--	--	--	--	--
25 - 29	134	89	45	--	--	--	--	--	--
	64,891	60,667	\$73,244	--	--	--	--	--	--
30 - 34	296	60	185	50	1	--	--	--	--
	72,568	63,032	74,484	\$76,865	\$75,470	--	--	--	--
35 - 39	409	58	120	141	90	--	--	--	--
	75,954	69,161	75,011	76,304	81,042	--	--	--	--
40 - 44	435	25	50	52	218	89	1	--	--
	80,511	72,077	76,135	74,274	81,374	\$86,409	\$121,529	--	--
45 - 49	309	13	29	24	90	97	55	1	--
	82,960	75,893	79,593	78,084	79,425	84,225	91,851	\$95,859	--
50 - 54	164	6	4	10	48	36	48	12	--
	86,935	76,190	84,427	86,328	83,464	83,199	92,300	97,281	--
55 - 59	70	6	7	10	21	5	12	9	--
	85,088	79,140	82,248	89,424	86,766	81,142	83,793	86,449	--
60 - 64	10	2	3	1	3	--	1	--	--
	95,992	82,339	105,881	101,115	99,691	--	77,416	--	--
65 - 69	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
<b>Total</b>	1,851	283	443	288	471	227	117	22	--
	\$77,988	\$64,886	\$75,447	\$77,073	\$81,496	\$84,850	\$91,339	\$92,785	--

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2005  
By Age and Years of Service**

**iv. Safety Probation Officers**

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	39	39	--	--	--	--	--	--	--	--
	\$35,115	\$35,115	--	--	--	--	--	--	--	--
25 - 29	215	182	33	--	--	--	--	--	--	--
	45,321	43,540	\$55,143	--	--	--	--	--	--	--
30 - 34	239	78	140	21	--	--	--	--	--	--
	56,688	49,655	59,215	\$65,962	--	--	--	--	--	--
35 - 39	182	37	73	57	15	--	--	--	--	--
	58,117	46,567	58,899	62,281	\$66,978	--	--	--	--	--
40 - 44	112	12	29	28	41	2	--	--	--	--
	62,026	45,474	58,737	62,063	68,449	\$76,811	--	--	--	--
45 - 49	83	5	13	15	17	21	12	--	--	--
	64,831	50,345	56,377	59,633	65,791	72,595	\$71,577	--	--	--
50 - 54	70	5	13	9	17	13	10	3	--	--
	65,226	44,439	53,607	70,127	63,250	66,915	84,304	\$75,799	--	--
55 - 59	53	4	5	4	11	5	11	13	--	--
	67,518	42,050	55,763	60,521	62,205	77,517	69,698	80,833	--	--
60 - 64	7	--	--	--	--	4	1	2	--	--
	81,388	--	--	--	--	72,132	67,903	106,642	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	1,000	362	306	134	101	45	34	18	--	--
	\$56,281	\$44,414	\$58,240	\$62,990	\$66,228	\$71,647	\$74,604	\$82,862	--	--

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2005  
By Age and Years of Service**

**v. Safety Fire Authority**

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	11	11	--	--	--	--	--	--	--	--
	\$49,185	\$49,185	--	--	--	--	--	--	--	--
25 - 29	43	38	5	--	--	--	--	--	--	--
	62,473	61,120	\$72,759	--	--	--	--	--	--	--
30 - 34	72	40	26	6	--	--	--	--	--	--
	68,338	63,283	74,690	\$74,504	--	--	--	--	--	--
35 - 39	114	36	22	34	22	--	--	--	--	--
	74,839	67,946	75,957	79,250	\$78,184	--	--	--	--	--
40 - 44	148	18	20	33	61	15	1	--	--	--
	80,296	67,632	74,427	80,901	83,336	\$89,512	\$82,019	--	--	--
45 - 49	191	6	7	48	41	51	38	--	--	--
	84,948	71,100	75,584	83,326	81,419	89,577	88,503	--	--	--
50 - 54	140	2	3	21	10	28	72	4	--	--
	88,979	63,787	72,866	89,453	82,117	92,071	90,122	\$86,103	--	--
55 - 59	70	--	2	10	2	6	46	3	1	--
	93,670	--	90,790	87,686	81,569	90,976	96,702	83,464	\$90,790	--
60 - 64	9	--	--	4	--	1	4	--	--	--
	99,134	--	--	95,161	--	81,845	107,428	--	--	--
65 - 69	1	--	1	--	--	--	--	--	--	--
	81,853	--	81,853	--	--	--	--	--	--	--
70 & over	1	--	--	--	1	--	--	--	--	--
	135,533	--	--	--	135,533	--	--	--	--	--
<b>Total</b>	800	151	86	156	137	101	161	7	1	--
	\$81,140	\$63,659	\$75,308	\$82,993	\$82,201	\$90,265	\$92,000	\$84,972	\$90,790	--



**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT C**

**Reconciliation of Member Data – December 31, 2004 to December 31, 2005**

	<b>Active Members</b>	<b>Vested Former Members</b>	<b>Pensioners</b>	<b>Disableds</b>	<b>Beneficiaries</b>	<b>Total</b>
Number as of December 31, 2004	22,502	1,910	6,920	1,172	1,341	33,845
New members	1,997	0	0	0	116	2,113
Terminations – with vested rights	-587 <sup>(1)</sup>	587	0	0	0	0
Contributions Refunds	-592 <sup>(2)</sup>	-56	0	0	0	-648
Retirements	-844	-69	915	-2	0	0
New disabilities	-35	-1	-15	51	0	0
Return to work	50	-36	-13	-1	0	0
Deaths	-24	-3	-200	-15	-54	-296
Data adjustments	0	134	3	0	0	137
Number as of December 31, 2005	22,467	2,466	7,610	1,205	1,403	35,151

<sup>(1)</sup> Includes 161 records that terminated before January 1, 2005.

<sup>(2)</sup> Includes 237 records that terminated before January 1, 2005.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT D**

**Summary Statement of Income and Expenses on an Actuarial Value Basis**

	Year Ended December 31, 2005	Year Ended December 31, 2004
<b>Contribution income:</b>		
Employer contributions <sup>(1)</sup>	\$227,892,000	\$194,430,000
Employee contributions	107,544,000	81,931,000
Transfer from County Investment Account	<u>9,675,000</u>	<u>3,579,000</u>
Net contribution income	\$345,111,000	\$279,940,000
<b>Investment income:</b>		
Interest, dividends and other income	\$147,136,000	\$127,810,000
Recognition of capital appreciation	343,157,000	303,044,000
Less investment and administrative fees	<u>-28,321,000</u>	<u>-27,202,000</u>
Net investment income	<u>461,972,000</u>	<u>403,652,000</u>
<b>Total income available for benefits</b>	<b>\$807,083,000</b>	<b>\$683,592,000</b>
<b>Less benefit payments</b>	<b>-\$264,927,000</b>	<b>-\$238,529,000</b>
<b>Change in reserve for future benefits</b>	<b>\$542,156,000</b>	<b>\$445,063,000</b>

<sup>(1)</sup> Excludes \$45,925,000 in prepaid employer contributions as of December 31, 2005.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT E**

**Summary Statement of Assets**

	Year Ended December 31, 2005	Year Ended December 31, 2004
<b>Cash equivalents</b>	\$187,278,000	\$287,076,000
<b>Accounts receivable:</b>		
Contributions	\$19,395,000	\$15,813,000
Investment income	18,933,000	20,266,000
Securities settlements	<u>16,690,000</u>	<u>10,740,000</u>
Total accounts receivable	55,018,000	46,819,000
<b>Investments:</b>		
Fixed income investments	\$2,368,713,000	\$2,464,691,000
Equities	3,089,839,000	2,399,792,000
Real estate	475,254,000	341,029,000
Venture capital and limited partnership interests	140,337,000	151,402,000
Security lending collateral	627,056,000	809,189,000
Fixed assets net of a depreciation	<u>3,105,000</u>	<u>3,558,000</u>
Total investments at market value	<u>6,704,304,000</u>	<u>6,169,661,000</u>
<b>Total assets</b>	<u>\$6,946,600,000</u>	<u>\$6,503,556,000</u>
<b>Less accounts payable:</b>		
Securities settlements	-\$162,407,000	-\$111,514,000
Security lending liability	-627,056,000	-809,189,000
All other	<u>-29,882,000</u>	<u>-25,858,000</u>
Total accounts payable	-819,345,000	-946,561,000
<b>Net assets at market value<sup>(1)</sup></b>	<u>\$5,923,112,000</u>	<u>\$5,556,995,000</u>
<b>Net assets at actuarial value</b>	<u>\$5,798,536,000</u>	<u>\$5,256,380,000</u>
<b>Net assets at valuation value</b>	<u>\$5,786,617,000</u>	<u>\$5,245,821,000</u>

<sup>(1)</sup> The December 31, 2005 market value excludes \$158,219,000 in the County Investment Account and \$45,925,000 in the prepaid employer contributions account. The December 31, 2004 market value excludes \$155,245,000 in the County Investment Account.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

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**EXHIBIT F**

**Actuarial Balance Sheet**

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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.

**Assets**

1. Total valuation value of assets	\$5,786,617,000
2. Present value of future contributions by members	\$858,928,000
3. Present value of future employer contributions for:	
a. entry age normal cost	\$1,678,411,000
b. unfunded actuarial accrued liability	<u>\$2,303,010,000</u>
4. Total current and future assets	\$10,626,966,000

**Liabilities**

5. Present value of retirement allowance payable to present retired members	\$3,530,008,000
6. Present value of retirement allowances to be granted	<u>\$7,096,958,000</u>
7. Total actuarial liabilities	\$10,626,966,000

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

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**EXHIBIT G**

**Summary of Reported Asset Information as of December 31, 2005**

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Reserves

Included in Valuation Value of Assets

Active Members Reserve (Book Value)	\$1,075,610,000
Retired Members Reserve (Book Value)	2,987,656,000
Employer Advanced Reserve (Book Value)	1,470,964,000
Unrealized Appreciation Included in Valuation Value of Assets	<u>252,387,000</u>
Subtotal: Valuation Value of Assets	\$5,786,617,000

Not Included in Valuation Value of Assets

RMBR	\$10,630,000
Unclaimed Member Deposit	1,202,000
Medicare Medical Insurance Reserve	<u>87,000</u>
Subtotal: Actuarial Value of Assets	\$5,798,536,000
Unrecognized Investment Income (Loss)	<u>124,576,000</u>
Subtotal: Market Value of Assets (Net of County Investment Account and Prepaid Employer Contributions)	\$5,923,112,000
County Investment Account	158,219,000
Prepaid Employer Contributions	<u>45,925,000</u>
Total: Gross Market Value of Assets	\$6,127,256,000

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

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**EXHIBIT H**

**Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended December 31, 2005**

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1.	Unfunded actuarial accrued liability at beginning of year		\$2,158,151,000
2.	Total normal cost at middle of year		297,420,000
3.	Actual employer and member contributions		-345,111,000
4.	Interest		<u>165,409,000</u>
5.	Expected unfunded actuarial accrued liability		\$2,275,869,000
6.	Actuarial (gain)/loss and other changes:		
	(a) Gain on investment return	-\$39,536,000	
	(b) Higher than expected salary increase	16,544,000	
	(c) Change in methodology used to calculate benefits for deferred vested members	-15,335,000	
	(d) Other experience (gain) / loss	<u>65,468,000</u>	
	(e) Total changes		<u>27,141,000</u>
7.	Unfunded actuarial accrued liability at end of year		<u>\$2,303,010,000</u>

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

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**EXHIBIT I**

**Section 415 Limitations**

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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 \$170,000 for 2005 and \$175,000 for 2006. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must 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 Orange County Employees Retirement System

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EXHIBIT J

Definitions of Pension Terms

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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;
- (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 is a wide range of 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 Orange County Employees Retirement System**

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**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: Supplemental Information for the Orange County Employees Retirement System**

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**EXHIBIT I**

**Supplementary Information Required by GASB – Schedule of Employer Contributions**

<b>Plan Year Ended December 31</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
2000	\$ 15,561,000	\$ 15,561,000	100.0%
2001	12,060,000	12,060,000	100.0%
2002	13,289,000	13,289,000	100.0%
2003	124,243,000	124,243,000	100.0%
2004	194,430,000	194,430,000	100.0%
2005	227,892,000	227,892,000	100.0%

*Note: The above contributions do not include transfers from the County Investment Account or prepaid employer contributions.*

**SECTION 4: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT II**

**Supplementary Information Required by GASB – Schedule of Funding Progress**

<b>Actuarial Valuation Date December 31</b>	<b>Valuation Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)</b>
2000	\$4,497,362,000	\$4,335,025,000	\$ -162,337,000	103.74%	\$ 994,669,000	-16.32%
2001	4,586,844,000	4,843,899,000	257,055,000	94.69%	1,122,763,000	22.89%
2002	4,695,675,000	5,673,754,000	978,079,000	82.76%	1,242,348,000	78.73%
2003	4,790,099,000	6,099,433,000	1,309,334,000	78.53%	1,243,964,000	105.25%
2004	5,245,821,000	7,403,972,000	2,158,151,000	70.85%	1,257,085,000	171.68%
2005	5,786,617,000	8,089,627,000	2,303,010,000	71.53%	1,276,764,000	180.38%

**SECTION 4: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT III**

**Supplementary Information Required by GASB**

<b>Valuation date</b>	December 31, 2005
<b>Actuarial cost method</b>	Entry Age Normal Actuarial Cost Method
<b>Amortization method</b>	Level percent of payroll for total unfunded liability (3.50% payroll growth assumed)
<b>Remaining amortization period</b>	29 years closed (declining) amortization of outstanding balance of December 31, 2004 UAAL. Any increases or decreases in UAAL that arise in future years due to actuarial gains or losses will be amortized over separate 15-year periods.
<b>Asset valuation method</b>	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a five-year period. The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.
<b>Actuarial assumptions:</b>	
Investment rate of return	7.75%
Inflation rate	3.50%
Real across-the-board salary increase	0.00%
Projected salary increases *	4.10% to 10.50% for General members; 3.50% to 9.50% for Safety members based on age.
Cost of living adjustments	3.00%
<b>Plan membership:</b>	
Retired members and beneficiaries receiving benefits	10,218
Terminated members entitled to, but not yet receiving benefits	2,466
Active members	<u>22,467</u>
Total	35,151

\* See Exhibit IV for these increases.

**SECTION 4: Supplemental Information for the Orange County Employees Retirement System**

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**EXHIBIT IV**

**Actuarial Assumptions and Actuarial Cost Method**

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**Post – Retirement Mortality Rates:**

*Healthy:*

For General Members and Beneficiaries: 1994 Group Annuity Mortality Table set forward one year.

For Safety Members and Beneficiaries: 1994 Group Annuity Mortality Table set forward one year.

*Disabled:*

For General Members and Safety members: 1994 Group Annuity Mortality Table set forward five years.

*Employee Contribution Rates  
and Optional Benefits:*

For General Members: 1994 Group Annuity Mortality Table set forward one year weighted 40% male and 60% female.

For Safety and Probation Members: 1994 Group Annuity Mortality Table set forward one year weighted 80% male and 20% female.

**SECTION 4: Supplemental Information for the Orange County Employees Retirement System**

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**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	0.12	0.08	0.12	0.08
45	0.17	0.10	0.17	0.10
50	0.29	0.16	0.29	0.16
55	0.49	0.26	0.49	0.26
60	0.90	0.51	0.90	0.51
65	1.62	0.97	1.62	0.97

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

**SECTION 4: Supplemental Information for the Orange County Employees Retirement System**

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**Termination Rates Before Retirement (continued):**

Age	Rate (%)			
	General all other <sup>(1)</sup>	General OCTA <sup>(2)</sup>	Safety – Law & Fire <sup>(3)</sup>	Safety - Probation <sup>(4)</sup>
20	0.00	0.00	0.03	0.00
25	0.03	0.00	0.08	0.06
30	0.08	0.03	0.16	0.16
35	0.13	0.08	0.32	0.20
40	0.18	0.28	0.52	0.20
45	0.20	0.58	0.72	0.20
50	0.23	0.76	0.98	0.20
55	0.31	0.92	2.24	0.20
60	0.41	1.30	3.60	0.08

<sup>(1)</sup> 60% of General all other disabilities are assumed to be duty disabilities. The other 40% are assumed to be ordinary disabilities.

<sup>(2)</sup> 70% of General - OCTA disabilities are assumed to be duty disabilities. The other 30% are assumed to be ordinary disabilities.

<sup>(3)</sup> 85% of Safety – Law Enforcement and Fire disabilities are assumed to be duty disabilities. The other 15% are assumed to be ordinary disabilities.

<sup>(4)</sup> 85% of Safety - Probation disabilities are assumed to be duty disabilities. The other 15% are assumed to be ordinary disabilities.

**SECTION 4: Supplemental Information for the Orange County Employees Retirement System**

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**Termination Rates Before Retirement (Continued):**

Rate (%)				
Withdrawal (< 5 Years of Service)				
Years of Service	General all other	General OCTA	Safety – Law & Fire	Safety - Probation
0	10.0	10.0	3.0	11.0
1	8.0	7.0	2.0	10.0
2	6.0	6.0	2.0	8.0
3	6.0	5.0	1.0	6.0
4	5.0	4.0	1.0	5.0
Withdrawal (5+ Years of Service) <sup>(1)</sup>				
Age	General all other	General OCTA	Safety – Law & Fire	Safety – Probation
20	5.0	3.0	1.0	5.0
25	5.0	3.0	1.0	5.0
30	5.0	3.0	1.0	5.0
35	4.4	3.0	0.9	4.4
40	3.7	3.0	0.6	3.7
45	2.9	3.0	0.5	2.9
50	2.2	2.7	0.2	2.2
55	1.4	1.9	0.0	1.4
60	0.4	0.6	0.0	0.4

<sup>(1)</sup> 15% of all terminated vested members will choose a refund of contributions and 85% will choose a deferred vested benefit.



**SECTION 4: Supplemental Information for the Orange County Employees Retirement System**

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**Retirement Rates:**

Age	Rate (%)		
	General	Safety - Law and Fire <sup>(1)</sup>	Safety – Probation <sup>(1)</sup>
50	3.0	10.0	4.0
51	3.0	15.0	6.0
52	3.0	20.0	8.0
53	3.0	20.0	10.0
54	3.0	20.0	15.0
55	4.0	25.0	20.0
56	5.0	25.0	25.0
57	6.0	30.0	25.0
58	7.0	30.0	30.0
59	9.0	40.0	30.0
60	11.0	100.0	40.0
61	13.0	100.0	50.0
62	15.0	100.0	60.0
63	17.0	100.0	100.0
64	19.0	100.0	100.0
65	25.0	100.0	100.0
66	20.0	100.0	100.0
67	20.0	100.0	100.0
68	20.0	100.0	100.0
69	20.0	100.0	100.0
70	100.0	100.0	100.0

<sup>(1)</sup> Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

**SECTION 4: Supplemental Information for the Orange County Employees Retirement System**

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**Retirement Age and Benefit for  
Deferred Vested Members:**

For deferred vested members, we make the following retirement assumption:

General Age: 57

Safety Age: 53

We assume that 40% of future General and Safety deferred vested members are reciprocal. For reciprocals, we assume 5.1% compensation increases per annum.

**Liability Calculation for Current  
Deferred Vested Members:**

Liability for a current deferred vested member is calculated based on salary, service, and eligibility for reciprocal benefit as provided by the Retirement System. For those members without salary and/or service information, we assumed a refund of account balance.

**Future Benefit Accruals:**

1.0 year of service per year of employment. There is no assumption to anticipate conversion of unused sick leave at retirement.

**Unknown Data for Members:**

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

**Percent Married:**

80% of male members and 50% of female members are assumed to be married at retirement or time of pre-retirement death.

**Age of Spouse:**

Female (or male) spouses are four years younger (or older) than their spouses.

**Net Investment Return:**

7.75%; net of investment and administrative expenses.

**Employee Contribution  
Crediting Rate:**

5.00%, compounded semi-annually.

**Consumer Price Index:**

Increase of 3.50% per year, retiree COLA increases due to CPI subject to a 3.0% maximum change per year.

**SECTION 4: Supplemental Information for the Orange County Employees Retirement System**

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**Salary Increases:**

Annual Rate of Compensation Increase (%)		
Inflation: 3.50%, plus the following Merit and Promotional increases:		
Age	General	Safety
20	7.0	6.0
25	5.2	5.1
30	3.4	3.6
35	2.2	1.8
40	1.7	0.7
45	1.6	0.5
50	1.4	0.5
55	0.9	0.5
60	0.6	0.0
65+	0.6	

There are assumed to be no “across the board” salary increases (other than inflation).

**Annual Payoffs Assumptions:**

Additional payoffs are expected to be received during a member’s final average earnings period. The percentages used in this valuation are:

	<u>Final One Year Salary</u>	<u>Final Three Year Salary</u>
General Members	4.50%	2.10%
Safety - Probation	4.50%	2.10%
Safety - Law	9.30%	6.30%
Safety - Fire	5.10%	2.40%

Please note that the annual payoffs assumptions are the same for service and disability retirements.

**SECTION 4: Supplemental Information for the Orange County Employees Retirement System**

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<b>Actuarial Value of Assets:</b>	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a five-year period.
<b>Valuation Value of Assets:</b>	The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.
<b>Actuarial Cost Method:</b>	<p>Entry Age Normal Actuarial Cost Method. Entry Age is the current age minus Vesting Credit. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salaries, with Normal Cost determined as a level percentage of individual salary, as if the current benefit accrual rate had always been in effect. The outstanding balance of the December 31, 2004 unfunded Actuarial Accrued Liability is amortized over a declining 29-year period. Any increases or decreases in unfunded actuarial accrued liability that arise in future years due to actuarial gains or losses will be amortized over separate 15-year periods.</p> <p>Please note that for Probation members who have prior benefit service in another General OCERS plan, the normal cost rate for the current plan is calculated assuming their Entry Age is the date they entered service with their current plan.</p>
<b>Change in Actuarial Assumptions and Methods:</b>	The System has provided us with salary, years of service and eligibility for reciprocal benefit data for terminated vested members. Their benefits are now calculated using those data elements. In the December 31, 2004 valuation, the following assumption was used to estimate their benefits.
<b>Liability Calculation for Current Deferred Vested Members:</b>	Liability for a current deferred vested member is estimated at 3.35 times the member's total basic plus COLA member contribution account balance.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

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**EXHIBIT V**

**Summary of Plan Provisions**

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

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**Membership Eligibility:** Membership with OCERS begins with the day of employment in an eligible position by the County or a participating employer.

**General Plans**

*2.5% @ 55 Plans (City of Rancho Santa Margarita, Orange County Sanitation District and Law Library<sup>(1)</sup>)*

*Plan G* General members hired before September 21, 1979.

*Plan H* General members hired on or after September 21, 1979

*2.7% @ 55 Plans (City of San Juan Capistrano, Orange County Employees except bargaining unit AFSCME members, Orange County Superior Court, Orange County Local Agency Formation Commission<sup>(1)</sup>, Orange County Employees Retirement System<sup>(2)</sup>, Children and Family Commission<sup>(3)</sup> and Orange County Fire Authority)*

*Plan I* General members hired before September 21, 1979.

*Plan J* General members hired on or after September 21, 1979.

<sup>(1)</sup> *Improvement is prospective only for service after June 23, 2005.*

<sup>(2)</sup> *Improvement for management employees is prospective only for service after June 30, 2005.*

<sup>(3)</sup> *Improvement is prospective only for service after December 22, 2005.*

*2.0% @ 55 Plans (Transportation Corridor Agency)*

*Plan M* General members hired before September 21, 1979.

*Plan N* General members hired on or after September 21, 1979.

*All Other General Employers*

*Plan A* General members hired before September 21, 1979.

*Plan B* General members hired on or after September 21, 1979.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

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**Safety Plans**

*Law Enforcement, Fire Protection and Probation Members*

*Plan E* Safety members hired before September 21, 1979.

*Plan F* Safety members hired on or after September 21, 1979.

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**Final Compensation for Benefit Determination:**

*Plans A, E, G, I and M* Highest consecutive twelve months of compensation earnable. (§31462.1) (FAS1)

*Plans B, F, H, J and N* Highest consecutive thirty-six months of compensation earnable. (§31462) (FAS3)

**Service:** Years of service. (Yrs)

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**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 and Probation* Age 50 with 10 years of service, or after 20 years, regardless of age. (§31663.25)  
All part time employees over age 55 with 10 years of employment may retire with 5 years of service.

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**Benefit Formula:**

**General Plans**

<i>2.5% @ 55</i>	<b>Retirement Age</b>	<b>Benefit Formula</b>
<i>Plan G (§31676.18)</i>	50	(2.00% x FAS1 x Yrs)
	55	(2.50% x FAS1 x Yrs)
	60	(2.50% x FAS1 x Yrs)
	62	(2.62% x FAS1 x Yrs)*
	65	(2.62% x FAS1 x Yrs)*

\* Reflects benefit factors from Plan A as they provide a better benefit than those under 2.5% @ 55.

<i>Plan H (§31676.18)</i>	50	(2.00% x FAS3 x Yrs)
	55	(2.50% x FAS3 x Yrs)

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

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**Benefit Formula (continued):**

<i>Plan H (§31676.18) (Cont'd)</i>	<b>Retirement Age</b>	<b>Benefit Formula</b>
	60	(2.50% x FAS3 x Yrs)
	62	(2.50% x FAS3 x Yrs)
	65	(2.50% x FAS3 x Yrs)

<i>2.7% @ 55 Plan I (§31676.19)</i>	<b>Retirement Age</b>	<b>Benefit Formula</b>
	50	(2.00% x FAS1 x Yrs)
	55	(2.70% x FAS1 x Yrs)
	60	(2.70% x FAS1 x Yrs)
	62	(2.70% x FAS1 x Yrs)
	65	(2.70% x FAS1 x Yrs)

<i>Plan J (§31676.19)</i>	50	(2.00% x FAS3 x Yrs)
	55	(2.70% x FAS3 x Yrs)
	60	(2.70% x FAS3 x Yrs)
	62	(2.70% x FAS3 x Yrs)
	65	(2.70% x FAS3 x Yrs)

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

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**Benefit Formula (continued):**

	<b>Retirement Age</b>	<b>Benefit Formula</b>
<i>2.0% @ 55</i>		
<i>Plan M (§31676.16)</i>	50	(1.43% x FAS1 x Yrs)
	55	(2.00% x FAS1 x Yrs)
	60	(2.34% x FAS1 x Yrs)**
	62	(2.62% x FAS1 x Yrs)**
	65	(2.62% x FAS1 x Yrs)**
 <i>Plan N (§31676.16)</i>	50	(1.43% x FAS3 x Yrs)
	55	(2.00% x FAS3 x Yrs)
	60	(2.26% x FAS3 x Yrs)
	62	(2.37% x FAS3 x Yrs)
	65	(2.43% x FAS3 x Yrs)***
 <i>All Other General Members</i>		
<i>Plan A (§31676.12)</i>	50	(1.34% x FAS1 x Yrs)
	55	(1.77% x FAS1 x Yrs)
	60	(2.34% x FAS1 x Yrs)
	62	(2.62% x FAS1 x Yrs)
	65	(2.62% x FAS1 x Yrs)

\*\* Reflects benefit factors from Plan A as they provide a better benefit than those under 2.0% @ 55.

\*\*\* Reflects benefit factors from Plan B as they provide a better benefit than those under 2.0% @ 55.



**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

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**Benefit Formula (continued):**

	<b>Retirement Age</b>	<b>Benefit Formula</b>
<i>Plan B (§31676.1)</i>	50	(1.18% x FAS3 x Yrs)
	55	(1.49% x FAS3 x Yrs)
	60	(1.92% x FAS3 x Yrs)
	62	(2.09% x FAS3 x Yrs)
	65	(2.43% x FAS3 x Yrs)

**Safety Plans**

	<b>Retirement Age</b>	<b>Benefit Formula</b>
<i>Plan E (§31664.1)</i>	50	(3.00% x FAS1 x Yrs)
	55	(3.00% x FAS1 x Yrs)
	60	(3.00% x FAS1 x Yrs)
<i>Plan F (§31664.1)</i>	50	(3.00% x FAS3 x Yrs)
	55	(3.00% x FAS3 x Yrs)
	60	(3.00% x FAS3 x Yrs)

**Maximum Benefit:** 100% of Highest Average Compensation.  
 (§31676.1, §31676.12, §31676.16, §31676.18, §31676.19, §31664.1)

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**Ordinary Disability:**

**General Plans**

*Plans A, B, G, H, I, J, M and N*

*Eligibility* Five years of service. (§31720)

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

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*Benefit Formula*

Plans A, G, I and M:

1.8% per year of service, and if the benefit does not exceed one-third of Final Compensation, the service is projected to 62, but the total benefit cannot be more than one-third of Final Compensation. (§31727.2)

Plans B, H, J and N:

1.5% per year of service, and if the benefit does not exceed one-third of Final Compensation, the service is projected to 65, but the total benefit cannot be more than one-third of Final Compensation. (§31727.1)

**Safety Plans**

*Plans E and F*

*Eligibility*

Five years of service. (§31720)

*Benefit Formula*

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)

For all members, 100% of the Service Retirement benefit will be paid, if greater.

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**Line-of-Duty Disability:**

*All Members*

*Eligibility*

No age or service requirements. (§31720)

*Benefit Formula*

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

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

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**Pre-Retirement Death:**

*All Members*

*Eligibility*

None.

*Benefit*

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) A lump sum benefit in the amount of \$1,000 is payable upon the death of a member (with 10 years of service) to his/her eligible beneficiary. (§31790)

*Death in line of duty*

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

OR

*Vested Members*

*Eligibility*

Five years of service.

*Benefit*

60% of the greater of Service or Ordinary Disability Retirement benefit payable to eligible surviving spouse (§31765.1, §31781.1), in lieu of §31781.

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**Death After Retirement:**

*All Members*

*Service or*

*Ordinary Disability Retirement*

60% of member's unmodified allowance continued to eligible spouse. (§31760.1) A lump sum benefit in the amount of \$1,000 is payable upon the death of a member (with 10 years of service) to his/her eligible beneficiary. (§31790) 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) A lump sum benefit in the amount of \$1,000 is payable upon the death of a member (with 10 years of service) to his/her eligible beneficiary. (§31790)

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

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**Withdrawal Benefits:**

<i>Less than Five Years of Service</i>	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 their contributions on deposit in the retirement fund. (§31629.5)
<i>Five or More Years of Service</i>	If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire. (§31700)

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**Post-retirement  
Cost-of-Living Benefits:**

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

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**Supplemental Benefit:**

Non-vested supplemental COLA and medical benefits are also paid by the System to eligible retirees and survivors. These benefits have been excluded from this valuation.

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**Member Contributions:**

Please refer to Appendix A for the specific rates.

**General Plans**

*Plan A*

<i>Basic</i>	Provide for an average annuity payable at age 60 equal to 1/200 of FAS1. (§31621.5)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.

*Plan B*

<i>Basic</i>	Provide for an average annuity payable 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.

*Plans G, H, I and J*

<i>Basic</i>	Provide for an average annuity payable at age 55 equal to 1/100 of FAS3 (FAS1 for Plans G and I). (§31621.8)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

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*Plan M*

*Basic*

Provide for an average annuity payable at age 60 equal to 1/120 of FAS1. (§31621)

*Cost-of-Living*

Provide for one-half of future Cost-of-Living costs.

*Plan N*

*Basic*

Provide for an average annuity payable at age 60 equal to 1/120 of FAS3. (§31621)

*Cost-of-Living*

Provide for one-half of future Cost-of-Living costs.

**Safety Plans:**

*Plans E*

*Basic*

Provide for an average annuity payable at age 50 equal to 1/200 FAS1. (§31639.5)

*Cost-of-Living*

Provide for one-half of future Cost-of-Living costs.

*Plans F*

*Basic*

Provide for an average annuity payable at age 50 equal to 1/100 of FAS3. (§31639.25)

*Cost-of-Living*

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.

**Plan Amendments:**

There have been no new plan amendments reflected since the last valuation.

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

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**Appendix A**

**UAAL Amortization Schedule as of December 31, 2005**

<b>Rate Groups</b>	<b>Date Established</b>	<b>Initial Base</b>	<b>Amortization Amount</b>	<b>Years Remaining</b>	<b>Remaining Base</b>
<i>General Members</i>					
Rate Group #1 – Non-OCTA	12/31/2004	\$45,292,000	\$2,746,000	29	\$46,056,000
	12/31/2005	(3,836,000)	<u>(348,000)</u>	15	<u>(3,836,000)</u>
Subtotal			2,398,000		42,220,000
Rate Group #2 – 2.7% @ 55	12/31/2004	1,331,507,000	80,738,000	29	1,353,971,000
	12/31/2005	86,849,000	<u>7,870,000</u>	15	<u>86,849,000</u>
Subtotal			88,608,000		1,440,820,000
Rate Group #3 – 2.5% @ 55 (non-Rancho Santa Margarita)	12/31/2004	67,595,000	4,099,000	29	68,735,000
	12/31/2005	9,864,000	<u>894,000</u>	15	<u>9,864,000</u>
Subtotal			4,993,000		78,599,000
Rate Group #4 – 2.5% @ 55 (Rancho Santa Margarita)	12/31/2004	191,000	12,000	29	194,000
	12/31/2005	74,000	<u>7,000</u>	15	<u>74,000</u>
Subtotal			19,000		268,000
Rate Group #5 – OCTA	12/31/2004	70,302,000	4,263,000	29	71,488,000
	12/31/2005	1,340,000	<u>121,000</u>	15	<u>1,340,000</u>
Subtotal			4,384,000		72,828,000
Rate Group #9 – TCA	12/31/2004	6,061,000	368,000	29	6,163,000
	12/31/2005	(250,000)	<u>(23,000)</u>	15	<u>(250,000)</u>
<i>Subtotal</i>			345,000		5,913,000

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

<b>Rate Groups</b>	<b>Date Established</b>	<b>Initial Base</b>	<b>Amortization Amount</b>	<b>Years Remaining</b>	<b>Remaining Base</b>
<i>Safety Members</i>					
Rate Group #6 – Probation	12/31/2004	\$82,839,000	\$5,023,000	29	\$84,237,000
	12/31/2005	10,520,000	<u>953,000</u>	15	<u>10,520,000</u>
Subtotal			5,976,000		94,757,000
Rate Group #7 – Law Enforcement	12/31/2004	409,515,000	24,832,000	29	416,424,000
	12/31/2005	1,092,000	<u>99,000</u>	15	<u>1,092,000</u>
Subtotal			24,931,000		417,516,000
Rate Group #8 – Fire Authority	12/31/2004	144,849,000	8,783,000	29	147,293,000
	12/31/2005	2,796,000	<u>253,000</u>	15	<u>2,796,000</u>
Subtotal			9,036,000		150,089,000
Grand Total			<u>\$140,690,000</u>		<u>\$2,303,010,000</u>

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**Appendix B**

**Member Contribution Rates**

**General Plans A (OCTA and Non-OCTA), G, I and M Members' Contribution Rates from the December 31, 2005 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)  
Calculated Under Adopted Assumptions**

<u>Entry Age</u>	<u>Plan I (2.7% @ 55)</u>		<u>Plan G (2.5% @ 55)</u>		<u>Plan M (2.0% @ 55)</u>		<u>Plan A (OCTA)</u>		<u>Plan A (Non-OCTA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
15	7.35%	9.84%	7.35%	9.72%	5.07%	7.13%	3.04%	5.11%	3.04%	4.86%
16	7.35%	9.84%	7.35%	9.72%	5.07%	7.13%	3.04%	5.11%	3.04%	4.86%
17	7.34%	9.83%	7.34%	9.71%	5.07%	7.13%	3.04%	5.11%	3.04%	4.86%
18	7.33%	9.82%	7.33%	9.70%	5.08%	7.13%	3.05%	5.11%	3.05%	4.87%
19	7.33%	9.82%	7.33%	9.70%	5.08%	7.14%	3.05%	5.12%	3.05%	4.87%
20	7.34%	9.83%	7.34%	9.71%	5.09%	7.15%	3.05%	5.13%	3.05%	4.88%
21	7.35%	9.84%	7.35%	9.72%	5.11%	7.17%	3.06%	5.14%	3.06%	4.89%
22	7.37%	9.87%	7.37%	9.75%	5.12%	7.20%	3.07%	5.16%	3.07%	4.91%
23	7.39%	9.90%	7.39%	9.78%	5.15%	7.23%	3.09%	5.18%	3.09%	4.93%
24	7.43%	9.95%	7.43%	9.83%	5.18%	7.27%	3.11%	5.21%	3.11%	4.96%
25	7.47%	10.01%	7.47%	9.88%	5.21%	7.32%	3.13%	5.25%	3.13%	5.00%
26	7.52%	10.07%	7.52%	9.95%	5.25%	7.38%	3.15%	5.29%	3.15%	5.03%
27	7.58%	10.15%	7.58%	10.03%	5.30%	7.44%	3.18%	5.33%	3.18%	5.08%
28	7.64%	10.24%	7.64%	10.11%	5.35%	7.51%	3.21%	5.38%	3.21%	5.12%
29	7.71%	10.33%	7.71%	10.20%	5.40%	7.58%	3.24%	5.44%	3.24%	5.18%
30	7.79%	10.43%	7.79%	10.30%	5.46%	7.66%	3.27%	5.50%	3.27%	5.23%
31	7.87%	10.54%	7.87%	10.41%	5.52%	7.75%	3.31%	5.56%	3.31%	5.29%
32	7.96%	10.66%	7.96%	10.52%	5.58%	7.84%	3.35%	5.62%	3.35%	5.35%
33	8.05%	10.78%	8.05%	10.65%	5.65%	7.94%	3.39%	5.69%	3.39%	5.42%
34	8.14%	10.91%	8.14%	10.77%	5.72%	8.04%	3.43%	5.76%	3.43%	5.49%
35	8.24%	11.04%	8.24%	10.91%	5.80%	8.14%	3.48%	5.84%	3.48%	5.56%
36	8.35%	11.18%	8.35%	11.04%	5.87%	8.25%	3.52%	5.92%	3.52%	5.63%
37	8.46%	11.33%	8.46%	11.19%	5.95%	8.36%	3.57%	6.00%	3.57%	5.71%



**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**General Plans A (OCTA and Non-OCTA), G, I and M Members' Contribution Rates from the December 31, 2005 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)  
Calculated Under Adopted Assumptions**

<u>Entry Age</u>	<u>Plan I (2.7% @ 55)</u>		<u>Plan G (2.5% @ 55)</u>		<u>Plan M (2.0% @ 55)</u>		<u>Plan A (OCTA)</u>		<u>Plan A (Non-OCTA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
38	8.57%	11.47%	8.57%	11.33%	6.04%	8.48%	3.62%	6.08%	3.62%	5.79%
39	8.68%	11.63%	8.68%	11.48%	6.12%	8.60%	3.67%	6.16%	3.67%	5.87%
40	8.80%	11.78%	8.80%	11.64%	6.21%	8.72%	3.72%	6.25%	3.72%	5.95%
41	8.91%	11.94%	8.91%	11.79%	6.29%	8.84%	3.78%	6.34%	3.78%	6.03%
42	9.04%	12.10%	9.04%	11.95%	6.38%	8.97%	3.83%	6.43%	3.83%	6.12%
43	9.16%	12.27%	9.16%	12.12%	6.48%	9.09%	3.89%	6.52%	3.89%	6.21%
44	9.28%	12.43%	9.28%	12.28%	6.57%	9.23%	3.94%	6.61%	3.94%	6.30%
45	9.41%	12.60%	9.41%	12.45%	6.66%	9.36%	4.00%	6.71%	4.00%	6.39%
46	9.54%	12.78%	9.54%	12.62%	6.76%	9.50%	4.06%	6.81%	4.06%	6.48%
47	9.67%	12.96%	9.67%	12.79%	6.86%	9.64%	4.12%	6.91%	4.12%	6.58%
48	9.81%	13.14%	9.81%	12.97%	6.96%	9.78%	4.18%	7.01%	4.18%	6.67%
49	9.94%	13.32%	9.94%	13.16%	7.07%	9.93%	4.24%	7.12%	4.24%	6.77%
50	10.08%	13.51%	10.08%	13.34%	7.17%	10.08%	4.30%	7.22%	4.30%	6.88%
51	10.23%	13.70%	10.23%	13.53%	7.28%	10.23%	4.37%	7.34%	4.37%	6.98%
52	10.37%	13.90%	10.37%	13.72%	7.40%	10.39%	4.44%	7.45%	4.44%	7.09%
53	10.53%	14.10%	10.53%	13.93%	7.51%	10.55%	4.51%	7.57%	4.51%	7.20%
54	10.69%	14.31%	10.69%	14.14%	7.64%	10.72%	4.58%	7.69%	4.58%	7.32%
55	10.69%	14.31%	10.69%	14.14%	7.76%	10.90%	4.66%	7.82%	4.66%	7.44%
56	10.69%	14.31%	10.69%	14.14%	7.89%	11.08%	4.73%	7.94%	4.73%	7.56%
57	10.69%	14.31%	10.69%	14.14%	8.02%	11.26%	4.81%	8.08%	4.81%	7.69%
58	10.69%	14.31%	10.69%	14.14%	8.15%	11.45%	4.89%	8.21%	4.89%	7.81%
59	10.69%	14.31%	10.69%	14.14%	8.28%	11.64%	4.97%	8.34%	4.97%	7.94%
60	10.69%	14.31%	10.69%	14.14%	8.28%	11.64%	4.97%	8.34%	4.97%	7.94%
COLA Loading:		33.96%		32.29%		40.45%		67.85%		59.75%

Interest: 7.75%  
 Salary Increases: See Exhibit IV, page 51  
 Mortality: See Exhibit IV, page 45

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**General Plans B (OCTA and Non-OCTA), H, J and N Members' Contribution Rates from the December 31, 2005 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)  
Calculated Under Adopted Assumptions**

<u>Entry Age</u>	<u>Plan J (2.7% @ 55)</u>		<u>Plan H (2.5% @ 55)</u>		<u>Plan N (2.0% @ 55)</u>		<u>Plan B (OCTA)</u>		<u>Plan B (Non-OCTA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
15	7.03%	9.41%	7.03%	9.29%	4.87%	6.84%	4.87%	6.85%	4.87%	6.61%
16	7.03%	9.41%	7.03%	9.29%	4.87%	6.84%	4.87%	6.85%	4.87%	6.61%
17	7.02%	9.40%	7.02%	9.28%	4.87%	6.83%	4.87%	6.85%	4.87%	6.61%
18	7.01%	9.39%	7.01%	9.28%	4.87%	6.84%	4.87%	6.85%	4.87%	6.61%
19	7.01%	9.39%	7.01%	9.28%	4.87%	6.85%	4.87%	6.86%	4.87%	6.62%
20	7.02%	9.40%	7.02%	9.28%	4.88%	6.86%	4.88%	6.87%	4.88%	6.63%
21	7.03%	9.42%	7.03%	9.30%	4.90%	6.88%	4.90%	6.89%	4.90%	6.65%
22	7.05%	9.44%	7.05%	9.32%	4.91%	6.90%	4.91%	6.91%	4.91%	6.68%
23	7.07%	9.47%	7.07%	9.35%	4.94%	6.93%	4.94%	6.95%	4.94%	6.71%
24	7.10%	9.52%	7.10%	9.40%	4.96%	6.97%	4.96%	6.99%	4.96%	6.74%
25	7.14%	9.57%	7.14%	9.45%	5.00%	7.02%	5.00%	7.03%	5.00%	6.79%
26	7.19%	9.64%	7.19%	9.52%	5.04%	7.07%	5.04%	7.09%	5.04%	6.84%
27	7.25%	9.71%	7.25%	9.59%	5.08%	7.13%	5.08%	7.15%	5.08%	6.90%
28	7.31%	9.79%	7.31%	9.67%	5.13%	7.20%	5.13%	7.22%	5.13%	6.97%
29	7.38%	9.88%	7.38%	9.76%	5.18%	7.27%	5.18%	7.29%	5.18%	7.04%
30	7.45%	9.98%	7.45%	9.85%	5.23%	7.35%	5.23%	7.36%	5.23%	7.11%
31	7.53%	10.08%	7.53%	9.96%	5.29%	7.43%	5.29%	7.45%	5.29%	7.19%
32	7.61%	10.19%	7.61%	10.07%	5.35%	7.52%	5.35%	7.53%	5.35%	7.27%
33	7.70%	10.31%	7.70%	10.18%	5.42%	7.61%	5.42%	7.63%	5.42%	7.36%
34	7.79%	10.43%	7.79%	10.30%	5.49%	7.71%	5.49%	7.72%	5.49%	7.46%
35	7.88%	10.56%	7.88%	10.43%	5.56%	7.81%	5.56%	7.82%	5.56%	7.55%
36	7.98%	10.69%	7.98%	10.56%	5.63%	7.91%	5.63%	7.93%	5.63%	7.65%
37	8.09%	10.83%	8.09%	10.70%	5.71%	8.02%	5.71%	8.03%	5.71%	7.76%

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**General Plans B (OCTA and Non-OCTA), H, J and N Members' Contribution Rates from the December 31, 2005 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)  
Calculated Under Adopted Assumptions**

<u>Entry Age</u>	<u>Plan J (2.7% @ 55)</u>		<u>Plan H (2.5% @ 55)</u>		<u>Plan N (2.0% @ 55)</u>		<u>Plan B (OCTA)</u>		<u>Plan B (Non-OCTA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
38	8.19%	10.97%	8.19%	10.84%	5.79%	8.13%	5.79%	8.15%	5.79%	7.86%
39	8.30%	11.12%	8.30%	10.98%	5.87%	8.24%	5.87%	8.26%	5.87%	7.97%
40	8.41%	11.27%	8.41%	11.13%	5.95%	8.36%	5.95%	8.37%	5.95%	8.09%
41	8.53%	11.42%	8.53%	11.28%	6.04%	8.48%	6.04%	8.49%	6.04%	8.20%
42	8.64%	11.58%	8.64%	11.43%	6.12%	8.60%	6.12%	8.61%	6.12%	8.32%
43	8.76%	11.73%	8.76%	11.59%	6.21%	8.72%	6.21%	8.74%	6.21%	8.44%
44	8.88%	11.89%	8.88%	11.74%	6.30%	8.85%	6.30%	8.86%	6.30%	8.56%
45	9.00%	12.05%	9.00%	11.90%	6.39%	8.98%	6.39%	8.99%	6.39%	8.68%
46	9.12%	12.22%	9.12%	12.07%	6.48%	9.11%	6.48%	9.12%	6.48%	8.81%
47	9.25%	12.39%	9.25%	12.24%	6.58%	9.24%	6.58%	9.26%	6.58%	8.94%
48	9.38%	12.56%	9.38%	12.41%	6.68%	9.38%	6.68%	9.40%	6.68%	9.07%
49	9.51%	12.74%	9.51%	12.58%	6.78%	9.52%	6.78%	9.54%	6.78%	9.21%
50	9.64%	12.92%	9.64%	12.76%	6.88%	9.66%	6.88%	9.68%	6.88%	9.35%
51	9.78%	13.10%	9.78%	12.94%	6.99%	9.81%	6.99%	9.83%	6.99%	9.49%
52	9.92%	13.29%	9.92%	13.12%	7.09%	9.96%	7.09%	9.98%	7.09%	9.64%
53	10.30%	13.79%	10.30%	13.62%	7.21%	10.12%	7.21%	10.14%	7.21%	9.79%
54	10.69%	14.31%	10.69%	14.14%	7.32%	10.28%	7.32%	10.30%	7.32%	9.95%
55	10.69%	14.31%	10.69%	14.14%	7.44%	10.45%	7.44%	10.47%	7.44%	10.11%
56	10.69%	14.31%	10.69%	14.14%	7.57%	10.63%	7.57%	10.64%	7.57%	10.28%
57	10.69%	14.31%	10.69%	14.14%	7.69%	10.80%	7.69%	10.82%	7.69%	10.45%
58	10.69%	14.31%	10.69%	14.14%	7.98%	11.21%	7.98%	11.23%	7.98%	10.84%
59	10.69%	14.31%	10.69%	14.14%	8.28%	11.64%	8.28%	11.66%	8.28%	11.25%
60	10.69%	14.31%	10.69%	14.14%	8.28%	11.64%	8.28%	11.66%	8.28%	11.25%
COLA Loading:		33.96%		32.29%		40.45%		40.71%		35.85%

Interest: 7.75%  
 Salary Increases: See Exhibit IV, page 51  
 Mortality: See Exhibit IV, page 45

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

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**Safety Plan E (Fire, Law and Probation) Members' Contribution Rates from the December 31, 2005 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)  
Calculated Under Adopted Assumptions**

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<u>Entry Age</u>	<u>Plan E (Fire Authority)</u>		<u>Plan E (Law Enforcement)</u>		<u>Plan E (Probation)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
15	3.77%	8.50%	3.77%	8.46%	3.77%	8.11%
16	3.77%	8.50%	3.77%	8.46%	3.77%	8.11%
17	3.77%	8.49%	3.77%	8.45%	3.77%	8.10%
18	3.77%	8.50%	3.77%	8.45%	3.77%	8.10%
19	3.77%	8.50%	3.77%	8.46%	3.77%	8.11%
20	3.78%	8.51%	3.78%	8.47%	3.78%	8.12%
21	3.78%	8.53%	3.78%	8.49%	3.78%	8.14%
22	3.79%	8.55%	3.79%	8.51%	3.79%	8.16%
23	3.81%	8.58%	3.81%	8.54%	3.81%	8.19%
24	3.83%	8.62%	3.83%	8.58%	3.83%	8.23%
25	3.85%	8.67%	3.85%	8.63%	3.85%	8.27%
26	3.87%	8.73%	3.87%	8.68%	3.87%	8.33%
27	3.90%	8.79%	3.90%	8.75%	3.90%	8.39%
28	3.93%	8.87%	3.93%	8.83%	3.93%	8.46%
29	3.97%	8.96%	3.97%	8.91%	3.97%	8.54%
30	4.02%	9.05%	4.02%	9.01%	4.02%	8.64%
31	4.06%	9.16%	4.06%	9.11%	4.06%	8.74%
32	4.12%	9.28%	4.12%	9.23%	4.12%	8.85%
33	4.17%	9.41%	4.17%	9.36%	4.17%	8.97%
34	4.24%	9.55%	4.24%	9.50%	4.24%	9.11%
35	4.30%	9.70%	4.30%	9.65%	4.30%	9.25%
36	4.38%	9.86%	4.38%	9.81%	4.38%	9.41%
37	4.45%	10.04%	4.45%	9.99%	4.45%	9.57%

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**Safety Plan E (Fire, Law and Probation) Members' Contribution Rates from the December 31, 2005 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Adopted Assumptions**

<u>Entry Age</u>	<u>Plan E (Fire Authority)</u>		<u>Plan E (Law Enforcement)</u>		<u>Plan E (Probation)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
38	4.53%	10.22%	4.53%	10.17%	4.53%	9.75%
39	4.61%	10.40%	4.61%	10.35%	4.61%	9.92%
40	4.70%	10.59%	4.70%	10.54%	4.70%	10.11%
41	4.79%	10.79%	4.79%	10.74%	4.79%	10.29%
42	4.88%	10.99%	4.88%	10.94%	4.88%	10.48%
43	4.97%	11.20%	4.97%	11.14%	4.97%	10.68%
44	5.06%	11.40%	5.06%	11.35%	5.06%	10.88%
45	5.15%	11.61%	5.15%	11.56%	5.15%	11.08%
46	5.25%	11.83%	5.25%	11.77%	5.25%	11.28%
47	5.34%	12.04%	5.34%	11.98%	5.34%	11.49%
48	5.44%	12.26%	5.44%	12.20%	5.44%	11.70%
49	5.54%	12.48%	5.54%	12.42%	5.54%	11.91%
50	5.54%	12.48%	5.54%	12.42%	5.54%	11.91%
51	5.54%	12.48%	5.54%	12.42%	5.54%	11.91%
52	5.54%	12.48%	5.54%	12.42%	5.54%	11.91%
53	5.54%	12.48%	5.54%	12.42%	5.54%	11.91%
54	5.54%	12.48%	5.54%	12.42%	5.54%	11.91%
55	5.54%	12.48%	5.54%	12.42%	5.54%	11.91%
56	5.54%	12.48%	5.54%	12.42%	5.54%	11.91%
57	5.54%	12.48%	5.54%	12.42%	5.54%	11.91%
58	5.54%	12.48%	5.54%	12.42%	5.54%	11.91%
59	5.54%	12.48%	5.54%	12.42%	5.54%	11.91%
60	5.54%	12.48%	5.54%	12.42%	5.54%	11.91%
<i>COLA Loading:</i>		<i>125.41%</i>		<i>124.30%</i>		<i>115.03%</i>

*Interest:* 7.75%  
*Salary Increases:* See Exhibit IV, page 51  
*Mortality:* See Exhibit IV, page 45

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

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**Safety Plan F (Fire, Law and Probation) Members' Contribution Rates from the December 31, 2005 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)  
Calculated Under Adopted Assumptions**

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<u>Entry Age</u>	<u>Plan F (Fire Authority)</u>		<u>Plan F (Law Enforcement)</u>		<u>Plan F (Probation)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
15	7.25%	11.80%	7.25%	11.76%	7.25%	11.43%
16	7.25%	11.80%	7.25%	11.76%	7.25%	11.43%
17	7.25%	11.80%	7.25%	11.76%	7.25%	11.42%
18	7.25%	11.80%	7.25%	11.76%	7.25%	11.42%
19	7.26%	11.81%	7.26%	11.77%	7.26%	11.43%
20	7.27%	11.82%	7.27%	11.78%	7.27%	11.45%
21	7.28%	11.85%	7.28%	11.81%	7.28%	11.47%
22	7.30%	11.88%	7.30%	11.84%	7.30%	11.50%
23	7.33%	11.92%	7.33%	11.88%	7.33%	11.54%
24	7.36%	11.97%	7.36%	11.93%	7.36%	11.59%
25	7.40%	12.04%	7.40%	12.00%	7.40%	11.66%
26	7.45%	12.12%	7.45%	12.08%	7.45%	11.73%
27	7.51%	12.21%	7.51%	12.17%	7.51%	11.82%
28	7.57%	12.32%	7.57%	12.28%	7.57%	11.93%
29	7.64%	12.44%	7.64%	12.40%	7.64%	12.04%
30	7.73%	12.57%	7.73%	12.53%	7.73%	12.17%
31	7.82%	12.72%	7.82%	12.68%	7.82%	12.31%
32	7.92%	12.88%	7.92%	12.84%	7.92%	12.47%
33	8.03%	13.06%	8.03%	13.02%	8.03%	12.65%
34	8.15%	13.26%	8.15%	13.21%	8.15%	12.84%
35	8.28%	13.47%	8.28%	13.42%	8.28%	13.04%
36	8.42%	13.70%	8.42%	13.65%	8.42%	13.26%
37	8.57%	13.94%	8.57%	13.89%	8.57%	13.49%

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**Safety Plan F (Fire, Law and Probation) Members' Contribution Rates from the December 31, 2005 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Adopted Assumptions**

<u>Entry Age</u>	<u>Plan F (Fire Authority)</u>		<u>Plan F (Law Enforcement)</u>		<u>Plan F (Probation)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
38	8.72%	14.19%	8.72%	14.14%	8.72%	13.74%
39	8.88%	14.45%	8.88%	14.40%	8.88%	13.99%
40	9.04%	14.71%	9.04%	14.66%	9.04%	14.24%
41	9.21%	14.98%	9.21%	14.93%	9.21%	14.51%
42	9.38%	15.26%	9.38%	15.21%	9.38%	14.78%
43	9.56%	15.55%	9.56%	15.50%	9.56%	15.05%
44	9.73%	15.84%	9.73%	15.78%	9.73%	15.33%
45	9.91%	16.13%	9.91%	16.08%	9.91%	15.62%
46	10.10%	16.43%	10.10%	16.37%	10.10%	15.90%
47	10.28%	16.73%	10.28%	16.67%	10.28%	16.19%
48	10.67%	17.36%	10.67%	17.30%	10.67%	16.81%
49	11.08%	18.02%	11.08%	17.96%	11.08%	17.45%
50	11.08%	18.02%	11.08%	17.96%	11.08%	17.45%
51	11.08%	18.02%	11.08%	17.96%	11.08%	17.45%
52	11.08%	18.02%	11.08%	17.96%	11.08%	17.45%
53	11.08%	18.02%	11.08%	17.96%	11.08%	17.45%
54	11.08%	18.02%	11.08%	17.96%	11.08%	17.45%
55	11.08%	18.02%	11.08%	17.96%	11.08%	17.45%
56	11.08%	18.02%	11.08%	17.96%	11.08%	17.45%
57	11.08%	18.02%	11.08%	17.96%	11.08%	17.45%
58	11.08%	18.02%	11.08%	17.96%	11.08%	17.45%
59	11.08%	18.02%	11.08%	17.96%	11.08%	17.45%
60	11.08%	18.02%	11.08%	17.96%	11.08%	17.45%
<i>COLA Loading:</i>		62.70%		62.15%		57.52%

*Interest:* 7.75%  
*Salary Increases:* See Exhibit IV, page 51  
*Mortality:* See Exhibit IV, page 45

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