

Sacramento County Employees' Retirement System

Actuarial Valuation and Review as of
June 30, 2013



This report has been prepared at the request of the Board of Retirement to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Retirement and may only be provided to other parties in its entirety. The measurements shown in the actuarial valuation may not be applicable for other purposes.

Copyright © 2013 by The Segal Group, Inc. All rights reserved.



100 Montgomery Street, Suite 500 San Francisco, CA 94104
T 415.263.8200 www.segalco.com

October 28, 2013

*Board of Retirement
Sacramento County Employees' Retirement System
980 9th Street, Suite 1900
Sacramento, CA 95814*

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2013. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2014-2015 and analyzes the preceding year's experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement System. The census information and financial information on which our calculations were based was prepared by the Retirement System. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, Enrolled Actuary.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

The actuarial calculations were directed under our supervision. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Retirement System.

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

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By: 

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

MYM/hy



*Andy Yeung, ASA, EA, MAAA, FCA
Vice President and Associate Actuary*

SECTION 1

VALUATION SUMMARY

Purpose	i
Significant Issues in Valuation Year.....	ii
Summary of Key Valuation Results.....	vi
Summary of Key Valuation Demographic and Financial Data.....	viii

SECTION 2

VALUATION RESULTS

A. Member Data	1
B. Financial Information.....	4
C. Actuarial Experience.....	8
D. Employer and Member Contributions	13
E. Information Required by GASB.....	22
F. Volatility Ratios	23

SECTION 3

SUPPLEMENTAL INFORMATION

EXHIBIT A

Table of Plan Coverage	
i. Miscellaneous Tier 1.....	24
ii. Miscellaneous Tier 2	25
iii. Miscellaneous Tier 3	26
iv. Miscellaneous Tier 4.....	27
v. Miscellaneous Tier 5	28
vi. Safety Tier 1.....	29
vii. Safety Tier 2.....	30
viii. Safety Tier 3	31
ix. Safety Tier 4	32

EXHIBIT B

Members in Active Service During Year Ended June 30, 2013	
i. Miscellaneous Tier 1.....	33
ii. Miscellaneous Tier 2	34
iii. Miscellaneous Tier 3	35
iv. Miscellaneous Tier 4.....	36
v. Miscellaneous Tier 5	37
vi. Safety Tier 1.....	38
vii. Safety Tier 2.....	39
viii. Safety Tier 3	40
ix. Safety Tier 4	41

EXHIBIT C

Reconciliation of Member Data – June 30, 2012 to June 30, 2013	42
---	----

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis....	43
---	----

EXHIBIT E

Summary Statement of Assets	44
-----------------------------------	----

EXHIBIT F

Actuarial Balance Sheet.....	45
------------------------------	----

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2013	46
--	----

EXHIBIT H

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2013	49
---	----

EXHIBIT I

Section 415 Limitations.....	50
------------------------------	----

EXHIBIT J

Definitions of Pension Terms	51
------------------------------------	----

SECTION 4

REPORTING INFORMATION

EXHIBIT I

Summary of Actuarial Valuation Results	53
---	----

EXHIBIT II

Supplementary Information Required by GASB – Schedule of Employer Contributions.....	55
--	----

EXHIBIT III

Supplementary Information Required by GASB – Schedule of Funding Progress ..	56
---	----

EXHIBIT IV

Supplementary Information Required by GASB	57
---	----

EXHIBIT V

Actuarial Assumptions/Methods.....	58
------------------------------------	----

EXHIBIT VI

Summary of Plan Provisions.....	66
---------------------------------	----

Appendix A

Member Contribution Rates.....	75
--------------------------------	----

Appendix B

UAAL Amortization Schedule as of June 30, 2013	81
---	----

SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

Purpose

This report has been prepared by The Segal Company to present a valuation of the Sacramento County Employees' Retirement System as of June 30, 2013. The valuation was performed to determine whether the asset and contribution levels will be 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 June 30, 2013, provided by the Retirement System;
- The assets of the plan as of June 30, 2013, provided by the Retirement System;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

One of the general goals of an actuarial valuation 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 applied the funding policy adopted by the Board on June 19, 2013 to continue (1) to amortize the unfunded actuarial accrued liability (UAAL) established as a result of the 2010 Early Retirement Incentive Program for the Sacramento County Law Enforcement Managers Association (LEMA) members over a 10-year period beginning June 30, 2010 and (2) to amortize the System's remaining outstanding balance of the June 30, 2012 UAAL over a declining 23-year period (22 years as of June 30, 2013). Effective with the June 30, 2013 valuation, the Board of Retirement's funding policy is to amortize any change in UAAL that arises due to actuarial gains or losses or from changes in actuarial assumptions or methods at each valuation over its own declining 20-year period. Any change in UAAL that arises due to plan amendments will be amortized over its own declining 15-year period and any change in UAAL due to retirement incentive programs will be amortized over its own declining period

SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

of up to 5 years. The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2014 through June 30, 2015.

Significant Issues in Valuation Year

- The results of this valuation reflect changes in actuarial methods as recommended by Segal and adopted by the Board for the June 30, 2013 valuation. These changes were documented in our Review of Actuarial Funding Policy letter dated June 13, 2013. The most significant of the funding policy changes was a change from the aggregate Entry Age funding method to the individual Entry Age funding method to calculate the Normal Cost. In addition, there was a change to the amortization periods used for various future changes in liability. In particular, actuarial experience gains and losses (including gains and losses in 2012/2013) identified in the annual valuation will be amortized over a period of 20 years.
- The County has recently reached an agreement with the Deputy Sheriffs' Association (DSA) to allow its members who submitted an application indicating that they would retire before June 30, 2015 to receive pay increases for retirement and other purposes that would otherwise be deferred for these and other DSA members. SCERS has compiled a list of those members who elected to participate in this retirement incentive program. Following discussions we had with SCERS, we believe it is reasonable not to include in the valuation any explicit cost for the retirement incentive program attributable to the change in the timing of the pay increases for retirement purposes. We have measured the increase in liability as a result of these members retiring earlier than expected under our retirement assumptions and have amortized that additional liability over the 5-year period for retirement incentive programs.

Reference: Pg. 20

- The aggregate employer rate increased from 25.00% of payroll to 27.57%. The reasons for this change in contribution rate are lower than expected returns on investments (after "smoothing"), the impact of the final year of the two-year phase-in of the contribution rate impact of the change in economic assumptions for the June 30, 2012 valuation, the change in actuarial funding methods, an increase in UAAL rate due to lower than expected increase in payroll, a retirement incentive for certain DSA members and other experience losses, offset to some degree by lower than expected salary increases during 2012/2013. A reconciliation of the System's aggregate employer rate is provided in Section 2, Subsection D (see Chart 14).

Reference: Pg. 56

- The ratio of the actuarial value of assets to actuarial accrued liabilities decreased from 83.3% to 82.8%. On a market value of assets basis, the funded ratio increased from 77.5% to 82.7%. The System's unfunded actuarial accrued liability increased from \$1,308 million as of June 30, 2012 to \$1,413 million as of June 30, 2013. The change in the UAAL is mainly due to investment returns (after "smoothing") lower than the 7.50% investment return assumption (used in the June 30, 2012 valuation) offset to some degree by lower than expected salary increases during 2012/2013. A reconciliation of the System's unfunded actuarial accrued liability is provided in Section 3, Exhibit H.

Reference: Pg. 49

SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

- Reference:* Pg. 21
- The aggregate member rate calculated in this valuation has decreased from 6.42% of payroll to 6.39% of payroll. The decrease in member rate is due to changes in demographics offset by the change in actuarial funding method. Note that the change in the aggregate member rate due to the change in the actuarial funding method is primarily a result of how the new method accounts for member contributions (mainly with regard to the 30-year cessation for the legacy tiers). The individual member rates remain virtually unchanged as a result of the new method. A reconciliation of the System's aggregate member rate is provided in Section 2, Subsection D (see Chart 15).

Also of note is that based on our discussions with SCERS, we have used the discretion made recently available by AB1380 to no longer round the member's contribution rates to the nearest ¼% as previously required by the California Public Employees' Pension Reform Act of 2013 (CalPEPRA). This should allow for exactly one-half of the Normal Cost to be paid by each of the employee and employer covered under CalPEPRA plans.
 - The results in the main body of this report have been prepared using the tiers of benefit provided by the employer as of June 30, 2013. In particular, we have included the results based on demographics of actual members enrolled and reported for the first time in the new Miscellaneous Tier 5 and Safety Tier 4 that became available on and after January 1, 2013 under CalPEPRA.
- Reference:* Pg. 6
- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total net unrecognized investment loss as of June 30, 2013 is \$9.8 million. Note that in the previous valuation, this amount was \$456.0 million. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes over the next six years. That means if the System earns the assumed rate of investment return of 7.50% per year on a market value basis, there will be investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed rate of 7.50% and all the other actuarial assumptions are met, the employer contribution requirements would increase slightly in the next few years.
 - The unrecognized investment losses represent about 0.1% of the market value of assets. Unless offset by future investment gains or other favorable experience, the recognition of the \$9.8 million in past market losses is expected to have a slight impact on the System's future funded ratio and the aggregate employer contributions. This potential impact may be illustrated as follows:
 - If the deferred losses were recognized immediately in the actuarial value of assets, the funded percentage would decrease from 82.8% to 82.7%.
 - If the deferred losses were recognized immediately in the actuarial value of assets, the aggregate employer contribution rate would increase from 27.57% of payroll to 27.65% of payroll.

SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

- The footnote in Chart 7 shows that under the asset smoothing method the \$9.8 million in net deferred losses will be recognized in the next six years, but in a very non-level (uneven) pattern. In particular, there will be losses of \$125.8 million recognized in each of the next two years, followed by offsetting gains of \$128.7 million and \$91.5 million in the two years after that (and then a relatively small loss followed by a relatively small gain), so as to ultimately recognize all of the current total net deferred losses of \$9.8 million. This means that, absent any new gains or losses in the future, there will be two more years of increases in the employer contribution rate followed by two years of decreases (and then another increase followed by another decrease) before the \$9.8 million in net deferred losses are full recognized.
- In keeping with model actuarial practice for this situation, effective July 1, 2013, the asset smoothing method could be modified by combining the net deferred losses of \$9.8 million from the current valuation into a single six year smoothing “layer” and thereby recognizing those net deferred losses of \$9.8 million over the next six years in six level amounts of approximately \$1.63 million in each year. This would reduce the volatility associated with the current pattern of the deferred gain/loss recognition and thereby result in more stable funded ratios (on an actuarial value basis) and more level employer contribution rates.

Please note that this change would have no impact on the current June 30, 2013 valuation results as the total amount of unrecognized losses as of June 30, 2013 remain unchanged. Also, note that we recommend using a six-year smoothing period for the combined deferred losses as that will complete the recognition of those net losses over the same time period as under the current separate smoothing layers. We will provide more discussion of this policy option during our presentation of the June 30, 2013 valuation.

- The actuarial valuation report as of June 30, 2013 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.
- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of pension liabilities for accounting purposes. Statement 67 replaces Statement 25 and is for plan reporting. Statement 68 replaces Statement 27 and is for employer reporting. It is important to note that the new GASB rules only redefine pension expense for financial reporting purposes, and do not apply to contribution amounts for actual pension funding purposes. Employers and plans can still develop and adopt funding policies under current practices. Because these new Statements are not effective until the fiscal year ending June 30, 2014 for plan reporting and the fiscal year ending June 30, 2015 for employer reporting, the financial reporting information in this report continues to be in accordance with Statements 25 and 27.

SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

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 Sacramento County Employees' Retirement System

Summary of Key Valuation Results

	June 30, 2013		June 30, 2012	
Employer Contribution Rates (Dollar amounts in thousands):				
	Total Rate	Estimated Annual Amount ⁽¹⁾	Total Rate	Estimated Annual Amount ⁽¹⁾
Miscellaneous Tier 1	23.05%	\$3,408	20.96%	\$3,100
Miscellaneous Tier 2	20.71%	1,145	18.28%	1,010
Miscellaneous Tier 3	23.63%	149,881	21.51%	136,443
Miscellaneous Tier 4	17.91%	3,065	16.33%	2,793
Miscellaneous Tier 5	17.29%	1,746	15.17%	1,532
Safety Tier 1	43.59%	20,737	41.85%	19,909
Safety Tier 2	41.92%	59,254	37.00%	52,299
Safety Tier 3	41.06%	2,127	35.55%	1,842
Safety Tier 4	35.61%	629	29.28%	517
All Categories Combined	27.57%	\$241,992	25.00%	\$219,445
Aggregate Member Contribution Rates (Dollar amounts in thousands):				
	Total Rate	Estimated Annual Amount ⁽¹⁾	Total Rate	Estimated Annual Amount ⁽¹⁾
All Categories Combined	6.39%	\$56,082	6.42%	\$56,346
Individual Member Contribution Rates:				
	Total Rate ⁽²⁾	Per Member Annual Amount ⁽³⁾	Total Rate ⁽²⁾	Per Member Annual Amount ⁽³⁾
Miscellaneous Tier 1	5.43%	\$4,126	5.38%	\$4,089
Miscellaneous Tier 2	3.82%	2,460	3.82%	2,460
Miscellaneous Tier 3	5.18%	3,453	5.18%	3,457
Miscellaneous Tier 4	7.80%	4,339	7.82%	4,352
Miscellaneous Tier 5	8.78%	3,976	7.50%	3,397
Safety Tier 1	14.30%	17,203	14.52%	17,460
Safety Tier 2	11.94%	11,688	11.99%	11,732
Safety Tier 3	11.82%	8,463	11.86%	8,492
Safety Tier 4	13.86%	9,063	12.00%	7,847

⁽¹⁾ Based on June 30, 2013 projected annual compensation.

⁽²⁾ Based on single full-rates payable by members who enter on or after January 1, 1975.

⁽³⁾ Based on average projected annual compensation for members in each respective tier.

SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

Summary of Key Valuation Results – continued

	June 30, 2013	June 30, 2012
Funded Status (Dollar Amounts in thousands):		
Actuarial accrued liability ⁽¹⁾	\$8,210,980	\$7,838,223
Actuarial value of assets (AVA) ⁽¹⁾	6,797,757	6,529,895
Market value of assets (MVA)	6,787,995	6,073,926
Funded percentage on an AVA basis	82.8%	83.3%
Funded percentage on a MVA basis	82.7%	77.5%
Unfunded actuarial accrued liability on an AVA basis	\$1,413,223	\$1,308,328
Unfunded actuarial accrued liability on a MVA basis	1,422,985	1,764,297
Key Assumptions:		
Interest rate	7.50%	7.50%
Inflation rate	3.25%	3.25%
Across-the-board real salary increase	0.25%	0.25%

⁽¹⁾ Includes non-valuation reserves and designations.

SECTION 1: Valuation Summary for the Sacramento County Employees' Retirement System

Summary of Key Valuation Demographic and Financial Data

	June 30, 2013	June 30, 2012	Percentage Change
Active Members:			
Number of members	12,026	12,155	-1.1%
Average age	47.0	46.8	N/A
Average service	12.9	12.6	N/A
Projected total compensation	\$877,655,709	\$875,671,753	0.2%
Average projected compensation	\$72,980	\$72,042	1.3%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	7,557	7,211	4.8%
Disability retired	716	721	-0.7%
Beneficiaries	1,361	1,307	4.1%
Total	9,634	9,239	4.3%
Average age	69.0	68.8	N/A
Average monthly benefit	\$2,865	\$2,780	3.1%
Vested Terminated Members:			
Number of terminated vested members ⁽¹⁾	3,249	2,851	14.0%
Average age	47.0	47.1	N/A
Summary of Financial Data (dollar amounts in thousands):			
Market value of assets	\$6,787,995	\$6,073,926	11.8%
Return on market value of assets	12.73%	-0.16%	N/A
Actuarial value of assets	\$6,797,757	\$6,529,895	4.1%
Return on actuarial value of assets	5.07%	2.57%	N/A
Valuation value of assets	\$6,805,319	\$6,529,606	4.2%
Return on valuation value of assets	5.19%	3.73%	N/A

⁽¹⁾ Includes terminated members due a refund of member contributions.

SECTION 2: Valuation Results for the Sacramento 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 ten valuations can be seen in this chart.

CHART 1
Member Population: 2004 – 2013

Year Ended June 30	Active Members	Vested Terminated Members⁽¹⁾	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2004	13,672	2,110	6,291	0.61
2005	13,728	2,135	6,784	0.65
2006	14,412	2,192	7,108	0.65
2007	14,716	2,437	7,464	0.67
2008	15,180	2,661	7,709	0.68
2009	14,796	2,818	7,968	0.73
2010	13,340	2,740	8,346	0.83
2011	12,434	2,710	8,821	0.93
2012	12,155	2,851	9,239	0.99
2013	12,026	3,249	9,634	1.07

⁽¹⁾ Includes terminated members due a refund of member contributions

SECTION 2: Valuation Results for the Sacramento 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 12,026 active members with an average age of 47.0, average years of service of 12.9 years and average compensation of \$72,980. The 12,155 active members in the prior valuation had an average age of 46.8, average service of 12.6 years and average compensation of \$72,042.

Inactive Members

In this year's valuation, there were 3,249 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 2,851 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 June 30, 2013

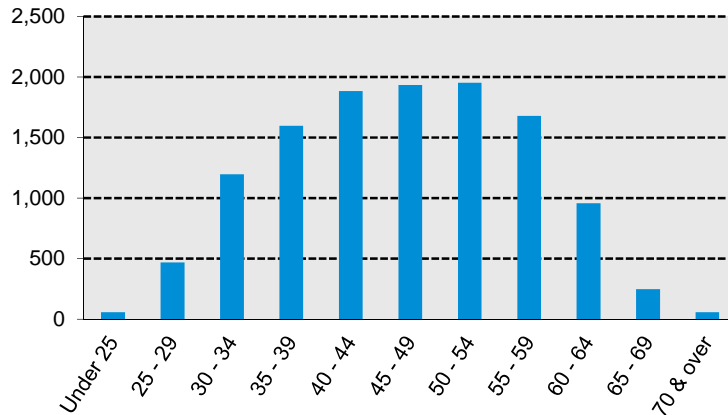
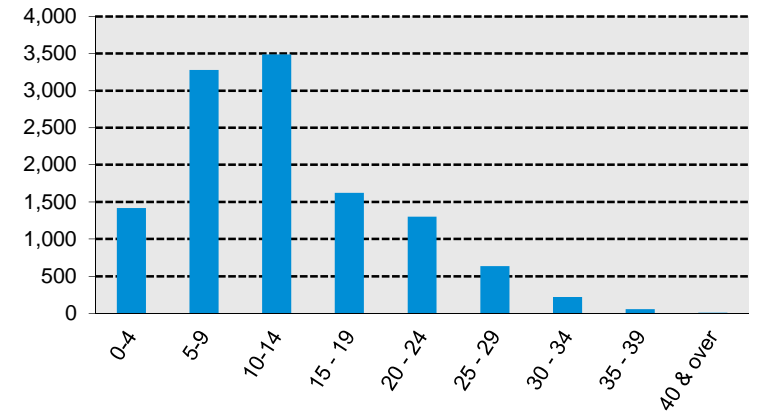


CHART 3
Distribution of Active Members by Years of Service as of June 30, 2013



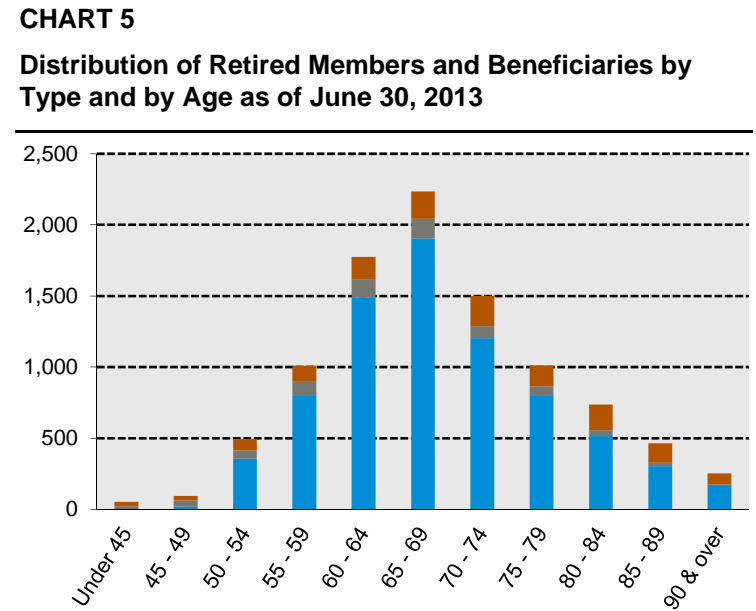
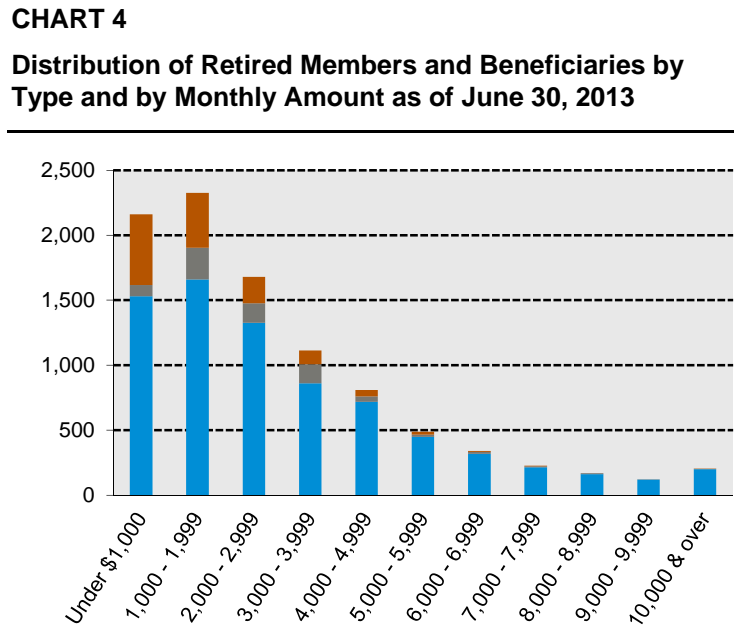
SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

Retired Members and Beneficiaries

As of June 30, 2013, 8,273 retired members and 1,361 beneficiaries were receiving total monthly benefits of \$27,597,978. For comparison, in the previous valuation, there were 7,932 retired members and 1,307 beneficiaries receiving monthly benefits of \$25,682,586.

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

- Beneficiaries
- Disability
- Service



SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

B. FINANCIAL INFORMATION

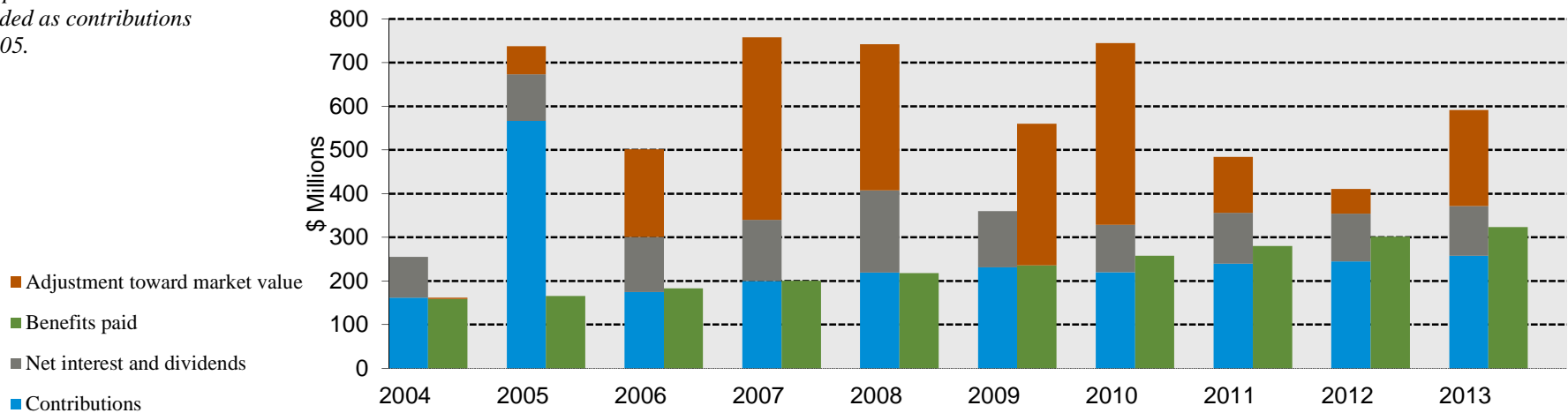
Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

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 ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases. POB proceeds were included as contributions in 2005.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2004 - 2013



SECTION 2: Valuation Results for the Sacramento 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 impact on the actuarial value of assets.

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

In developing the actuarial value of assets as of June 30, 2013, we have used the investment gains/losses from the prior five years. The investment gain for the year ending June 30, 2013 was calculated by comparing the actual market return against an expected market return of 7.50% per annum used in the June 30, 2012 valuation. As adopted by the Board, any investment gains/losses established after July 1, 2008 will be recognized over a seven-year period and the deferred return will be further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

CHART 7 - Determination of Actuarial and Valuation Value of Assets for Year Ended June 30, 2013

From	To	Contributions	Benefits	Market Value	Average Market Value
7/2008	6/2009	\$231,634,350	\$235,677,778	\$4,407,858,000	\$5,807,291,027
7/2009	6/2010	219,555,464	258,023,786	4,980,962,000	4,462,064,342
7/2010	6/2011	240,071,877	280,594,039	6,140,644,000	5,040,052,530
7/2011	6/2012	244,788,721	301,803,914	6,073,926,000	6,187,197,677
7/2012	6/2013	257,906,339	323,566,930	6,787,995,000	6,124,682,749

From	To	Total Actual Market Return (net)	Expected Market Return (net)	Investment Gain (Loss)	Deferred Factor	Deferred Return
7/2008	6/2009	(\$1,324,427,572)	\$457,324,168	(\$1,781,751,740)	0.286	(\$509,071,926)
7/2009	6/2010	611,572,322	351,387,567	260,184,755	0.429	111,507,752
7/2010	6/2011	1,200,204,162	390,604,071	809,600,091	0.571	462,628,623
7/2011	6/2012	(9,702,807)	479,507,820	(489,210,627)	0.714	(349,436,162)
7/2012	6/2013	779,729,591	459,351,206	320,378,385	0.857	274,610,044

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

1. Total Deferred Return ⁽¹⁾	(\$9,761,669)
2. Net Market Value	6,787,995,000
3. Actuarial Value of Assets (Item 2 – Item 1)	6,797,756,669
4. Actuarial Value as a Percentage of Market Value (Before Corridor: Item 3 / Item 2)	100.14%
5. Actuarial Value of Assets – Corridor Limits:	
a. Lower Limit – 70% of Net Market Value	4,751,596,500
b. Upper Limit – 130% of Net Market Value	8,824,393,500
6. Actuarial Value of Assets (within corridor)	6,797,756,669
7. Non-valuation reserves and designations:	
a. Contingency Reserve	0
b. Other Non-Valuation Reserves	0
c. Subtotal	\$0
8. Preliminary Valuation Value of Assets (Item 6 – Item 7c)	6,797,756,669
9. Adjustment to Preliminary Valuation Value of Assets	
a. Balance of transfer to offset member COLA rate	24,646,000
b. Surplus/(deficit) for withdrawn employers (preliminary) ⁽²⁾	(32,207,928)
c. Subtotal	(\$7,561,928)
10. Final Valuation Value of Assets (Item 8 – Item 9c)	\$6,805,318,597

⁽¹⁾ The amounts of deferred return that will be recognized in each subsequent valuation are as follows:

6/30/2014	(\$125,828,448)	6/30/2017	\$91,538,264
6/30/2015	(\$125,828,448)	6/30/2018	(\$24,118,892)
6/30/2016	\$128,707,515	6/30/2019	\$45,768,340

⁽²⁾ Based on the latest estimates available as of June 30, 2006 for Library Authority, June 30, 2007 for Air Quality and June 30, 2012 for Florin Fire adjusted with interest to June 30, 2013.

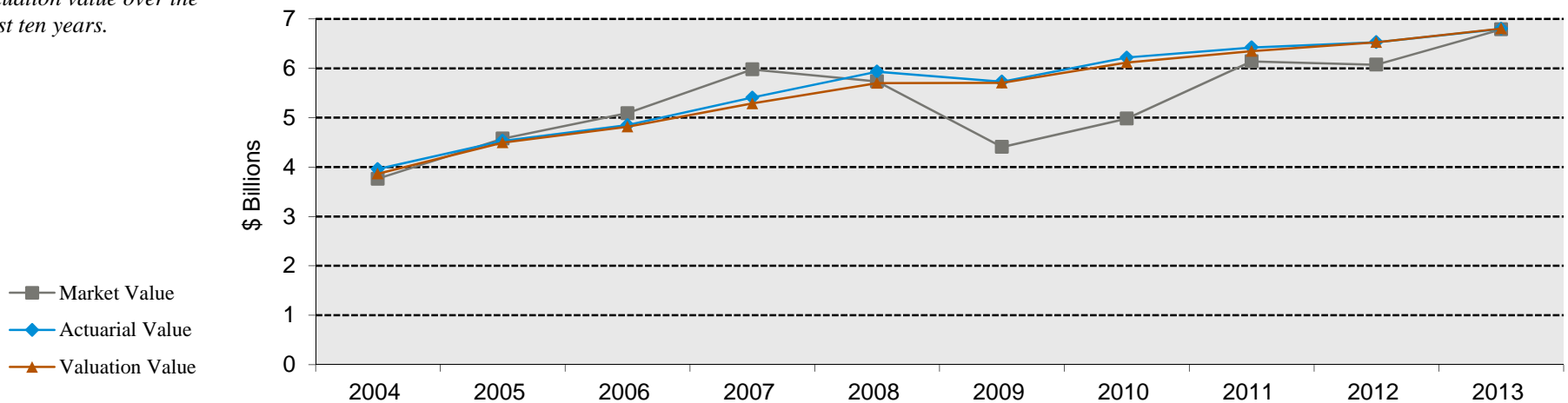
SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

The market value, actuarial value, and valuation value of assets are representations of SCERS' financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets, but with less volatility. The valuation value of assets is the actuarial value, excluding any non-valuation reserves. The valuation asset value is significant because SCERS' 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 ten years.

CHART 8

Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2004 – 2013



SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

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 net experience loss was \$55.5 million, \$152.2 million loss from investments and \$96.6 million gain from all other sources. The net experience variation from individual sources other than investments was 1.2% of the actuarial accrued liability. An explanation of the experience variation is provided on page 12 and in Section 3, Exhibit H. A discussion of the major components of the actuarial experience is on the following pages.

CHART 9

Actuarial Experience for Year Ended June 30, 2013

1. Net loss from investments ⁽¹⁾	-\$152,155,000
2. Net gain from other experience ⁽²⁾	<u>96,624,000</u>
3. Net experience loss: (1) + (2)	<u>-\$55,531,000</u>

⁽¹⁾ Details in Chart 10.

⁽²⁾ Details in Section 3, Exhibit H. Does not include the effect of plan or assumption changes, if any.

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

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

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 SCERS' investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 7.50% in the June 30, 2012 valuation. The actual rate of return on a valuation basis for the 2012/2013 plan year was 5.19%.

Since the actual return on the valuation value of assets for the year was less than the assumed return, SCERS experienced an actuarial loss during the year ended June 30, 2013 with regard to its investments.

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

CHART 10

Investment Experience for Year Ended June 30, 2013 – Market, Actuarial and Valuation Value of Assets

	Market Value	Actuarial Value	Valuation Value
1. Actual return	\$779,729,000	\$333,523,000	\$341,373,000
2. Average value of assets	6,124,683,000	6,580,652,000	6,580,363,000
3. Actual rate of return: (1) ÷ (2)	12.73%	5.07%	5.19%
4. Assumed rate of return	7.50%	7.50%	7.50%
5. Expected return:	<u>459,351,000</u>	<u>493,550,000</u>	<u>493,528,000</u>
6. Actuarial gain/(loss): (1) – (5)	<u>\$320,378,000</u>	<u>-\$160,027,000</u>	<u>-\$152,155,000</u>

SECTION 2: Valuation Results for the Sacramento 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 ten years.

CHART 11

Investment Return – Market Value, Actuarial Value and Valuation Value: 2004 – 2013

Year Ended June 30	Market Value Investment Return		Actuarial Value Investment Return		Valuation Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2004	\$518,587,000	15.75%	\$89,988,000	2.30%	\$193,128,000	5.24%
2005	\$414,220,000	9.82%	\$171,384,000	3.88%	\$227,539,000	5.26%
2006	\$522,803,000	11.30%	\$326,688,000	7.13%	\$329,339,000	7.24%
2007	\$885,687,000	17.19%	\$558,262,000	11.37%	\$470,717,000	9.65%
2008	(\$240,661,000)	(3.98%)	\$523,169,000	9.56%	\$413,272,000	7.72%
2009	(\$1,324,428,000)	(22.81%)	(\$196,500,000)	(3.27%)	\$9,241,000	0.16%
2010	\$611,573,000	13.71%	\$525,248,000	9.08%	\$450,949,000	7.83%
2011	\$1,200,204,000	23.81%	\$244,352,000	3.89%	\$269,937,000	4.37%
2012	(\$9,702,000)	(0.16%)	\$166,087,000	2.57%	\$238,467,000	3.73%
2013	\$779,729,000	12.73%	\$333,523,000	5.07%	\$341,373,000	5.19%
Ten-Year Average Return		6.89%		5.08%		5.61%

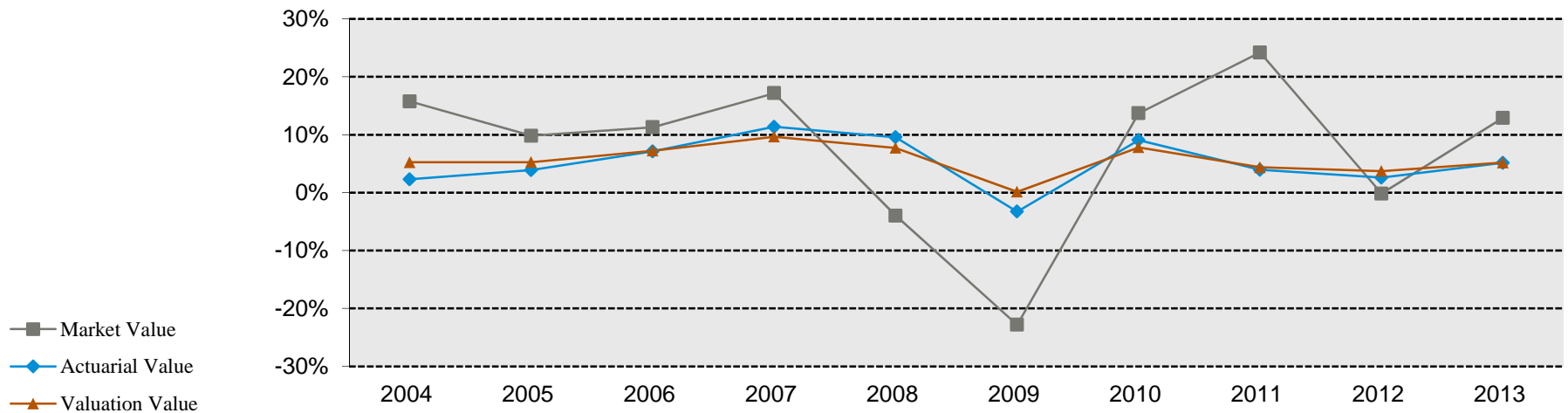
SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

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 - 2013.

CHART 12

Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2004 – 2013



SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

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 gain from this other experience for the year ended June 30, 2013 amounted to \$96.6 million which is 1.2% of the actuarial accrued liability. See Exhibit H for a detailed development of the Unfunded Actuarial Accrued Liability, and the breakdown of the actuarial gain/loss from other experience.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost

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

Contribution to the Unfunded

Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative 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., 3.25% inflation plus 0.25% real across-the-board salary increase). The UAAL established as a result of the Early Retirement Incentive Program for LEMA members is amortized over a 10-year period beginning June 30, 2010. Effective with the June 30, 2013 valuation, the System's remaining outstanding balance of the June 30, 2012 UAAL is being amortized over a declining 23-year period (22 years as of June 30, 2013). The change in UAAL that arises due to actuarial gains or losses or from changes in actuarial assumptions or methods at each valuation is amortized over its own declining 20-year period. Any change in UAAL that arises due to plan amendments will be amortized over its own declining 15-year period and any change in UAAL due to retirement incentive programs will be amortized over its own declining period of up to 5 years.

The recommended employer contributions are provided on Chart 13.

Employer normal cost and UAAL contribution rates are calculated assuming payments made at the end of every pay period.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

Member Contributions

Miscellaneous Tiers 1, 2, 3 & 4
Safety Tiers 1, 2, & 3

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for Miscellaneous members and Safety members, respectively, in the legacy tiers. The basic contribution rate is determined as that percentage of compensation which if paid annually from a member's first year of membership through the prescribed retirement age would accumulate to the amount necessary to fund a prescribed annuity.

The annuity is equal to:

- 1/240 of Final Average Salary per year of service at age 55 for current Miscellaneous Tier 1, Tier 2 and Tier 3 members
- 1/120 of Final Average Salary per year of service at age 60 for current Miscellaneous Tier 4 members
- 1/100 of Final Average Salary per year of service at age 50 for current Safety Tier 1, Tier 2 and Tier 3 members

In addition to their basic contributions, members in the legacy tiers pay one-half of the total normal cost necessary to fund their cost-of-living benefits. The cost to provide the cost-of-living benefits is offset somewhat by the balance available in an account maintained in the valuation to offset member's COLA rates in the legacy tiers. Accumulation includes semi-annual crediting of interest at the assumed investment earning rate. For members paying half rates, their rates should be exactly one-half of the rates described above.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

Miscellaneous Tier 5 & Safety Tier 4

Pursuant to Section 7522.30(a) of the Government Code, Miscellaneous Tier 5 and Safety Tier 4 members are required to contribute at least 50% of the Normal Cost rate. In addition, there are certain additional requirements that would have to be met such as requiring the new employees to pay the contribution rate of “similarly situated employees”, if it is greater. (reference: Section 7522.30(c)). We further understand that different rules may have to be applied for collectively bargained employees, non-represented, managerial or other supervisory employees. (reference: section 7522.30(e)). In preparing the Normal Cost rates in this report, we have assumed that exactly 50% of the Normal Cost would be paid by the new members and we have taken into account in this valuation only the requirements of Section 7522.30(c), but not requirements of Section 7522.30(e). Also of note is that based on our discussions with SCERS, we have used the discretion made recently available by AB1380 to no longer round the member’s contribution rates to the nearest ¼% as previously required by CalPEPRA. This should allow for exactly one-half of the normal cost to be paid by each of the employee and employer covered under CalPEPRA plans.

The member contribution rates are provided in Appendix A.

Member contributions are assumed to be made at the end of every pay period.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

CHART 13

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

County Only⁽¹⁾	June 30, 2013		June 30, 2012	
	Actuarial Valuation		Actuarial Valuation	
	Rate	Estimated Annual Amount⁽²⁾	Rate	Estimated Annual Amount⁽²⁾
Miscellaneous – Tier 1 Members				
Normal Cost	14.65%	\$2,125	13.84%	\$2,008
UAAL	8.26%	1,199	6.99%	1,014
Total Contribution	22.91%	\$3,324	20.83%	\$3,022
Miscellaneous – Tier 2 Members				
Normal Cost	12.45%	\$688	11.33%	\$626
UAAL	8.26%	457	6.95%	384
Total Contribution	20.71%	\$1,145	18.28%	\$1,010
Miscellaneous – Tier 3 Members				
Normal Cost	15.03%	\$90,856	14.27%	\$86,262
UAAL	8.26%	49,945	6.91%	41,771
Total Contribution	23.29%	\$140,801	21.18%	\$128,033
Miscellaneous – Tier 4 Members				
Normal Cost	9.65%	\$1,651	9.36%	\$1,601
UAAL	8.26%	1,414	6.97%	1,192
Total Contribution	17.91%	\$3,065	16.33%	\$2,793
Miscellaneous – Tier 5 Members				
Normal Cost	8.88%	\$876	8.12%	\$801
UAAL	8.26%	815	6.89%	680
Total Contribution	17.14%	\$1,691	15.01%	\$1,481

⁽¹⁾ Includes Superior Court and elected officials (Board of Supervisors, Sheriff, District Attorney and Assessor).

⁽²⁾ Based on June 30, 2013 projected annual payroll, see page 19.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

CHART 13 (continued)

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

County Only ⁽¹⁾	June 30, 2013 Actuarial Valuation		June 30, 2012 Actuarial Valuation	
	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾
Safety – Tier 1 Members				
Normal Cost	23.28%	\$11,075	25.05%	\$11,917
UAAL	20.31%	9,662	16.80%	7,992
Total Contribution	43.59%	\$20,737	41.85%	\$19,909
Safety – Tier 2 Members				
Normal Cost	21.61%	\$30,546	20.32%	\$28,722
UAAL	20.31%	28,708	16.68%	23,577
Total Contribution	41.92%	\$59,254	37.00%	\$52,299
Safety – Tier 3 Members				
Normal Cost	20.75%	\$1,075	18.84%	\$976
UAAL	20.31%	1,052	16.71%	866
Total Contribution	41.06%	\$2,127	35.55%	\$1,842
Safety – Tier 4 Members				
Normal Cost	15.30%	\$270	12.68%	\$224
UAAL	20.31%	359	16.60%	293
Total Contribution	35.61%	\$629	29.28%	\$517
All County Categories Combined				
Normal Cost	16.42%	\$139,162	15.71%	\$133,137
UAAL	11.05%	93,611	9.18%	77,769
Total Contribution	27.47%	\$232,773	24.89%	\$210,906

⁽¹⁾ Includes Superior Court and elected officials (Board of Supervisors, Sheriff, District Attorney and Assessor).

⁽²⁾ Based on June 30, 2013 projected annual payroll, see page 19.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

CHART 13 (continued)

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

District Only	June 30, 2013 Actuarial Valuation		June 30, 2012 Actuarial Valuation	
	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾
Miscellaneous – Tier 1 Members				
Normal Cost	14.59%	\$41	13.76%	\$39
UAAL	15.41%	43	14.01%	39
Total Contribution	30.00%	\$84	27.77%	\$78
Miscellaneous – Tier 3 Members				
Normal Cost	15.09%	\$4,492	14.32%	\$4,263
UAAL	15.41%	4,588	13.93%	4,147
Total Contribution	30.50%	\$9,080	28.25%	\$8,410
Miscellaneous – Tier 5 Members				
Normal Cost	8.78%	\$20	8.12%	\$19
UAAL	15.41%	35	13.91%	32
Total Contribution	24.19%	\$55	22.03%	\$51
All District Categories Combined				
Normal Cost	15.04%	\$4,553	14.27%	\$4,321
UAAL	15.41%	4,666	13.93%	4,218
Total Contribution	30.45%	\$9,219	28.20%	\$8,539
All County and District Categories Combined				
Normal Cost	16.37%	\$143,715	15.66%	\$137,458
UAAL	11.20%	98,277	9.34%	81,987
Total Contribution	27.57%	\$241,992	25.00%	\$219,445

⁽¹⁾ Based on June 30, 2013 projected annual payroll, see page 19.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

CHART 13 (continued)

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

June 30, 2013 projected annual payroll used in developing employer contribution rates on the three previous pages

	<u>County⁽¹⁾</u>	<u>District</u>	<u>Total</u>
Miscellaneous Tier 1	\$14,506	\$281	\$14,787
Miscellaneous Tier 2	5,526	0	5,526
Miscellaneous Tier 3	604,497	29,770	634,267
Miscellaneous Tier 4	17,109	0	17,109
Miscellaneous Tier 5	<u>9,870</u>	<u>230</u>	<u>10,100</u>
Subtotal	\$651,508	\$30,281	\$681,789
Safety Tier 1	\$47,571	\$0	\$47,571
Safety Tier 2	141,350	0	141,350
Safety Tier 3	5,181	0	5,181
Safety Tier 4	<u>1,766</u>	<u>0</u>	<u>1,766</u>
Subtotal	\$195,868	\$0	\$195,868
Total	\$847,376	\$30,281	\$877,657

⁽¹⁾ Includes Superior Court and elected officials (Board of Supervisors, Sheriff, District Attorney and Assessor).

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

The contribution rates as of June 30, 2013 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting

future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution Rate

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

CHART 14
Reconciliation of Average Recommended Employer Contribution Rate from June 30, 2012 to June 30, 2013 (Dollar Amounts in Thousands)

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

	Contribution Rate	Estimated Annual Dollar Cost ⁽¹⁾
Average Recommended Contribution Rate as of June 30, 2012, After Reflecting Members Paying Half and Full Rates	25.00%	\$219,445
Effect of investment losses	1.26%	11,058
Effect of difference in actual versus expected individual salary increases	-0.94%	(8,250)
Effect of increase in UAAL rate from lower than expected increase in total payroll	0.32%	2,809
Effect of Deputy Sheriffs' Association retirement incentive	0.14%	1,229
Effect of phase-in of employer's contribution rate impact due to change in economic assumptions over two years	0.77%	6,758
Effect of change to individual Entry Age actuarial funding method	0.60%	5,266
Effect of demographic changes and other actuarial (gains)/losses ⁽²⁾	<u>0.42%</u>	<u>3,677</u>
Subtotal	2.57%	22,547
Average Recommended Contribution Rate as of June 30, 2013, After Reflecting Members Paying Half and Full Rates	27.57%	\$241,992

⁽¹⁾ Based on June 30, 2013 projected annual payroll of \$877,657,000.

⁽²⁾ About one-half is due to contribution loss from scheduled lag in implementing contribution rates one-year after the date of the valuation and about one-half is due to higher than expected liability for new retirees and members reclassified as inactive assumed to elect a deferred benefit upon termination.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

The member contribution rates as of June 30, 2013 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended 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 rate from the prior valuation to the amount determined in this valuation.

CHART 15
Reconciliation of Average Recommended Member Contribution Rate from June 30, 2012 to June 30, 2013 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Amount ⁽¹⁾
Average Recommended Contribution Rate as of June 30, 2012, After Reflecting Members Paying Half and Full Rates	6.42% ⁽²⁾	\$56,346
Effect of change to individual Entry Age actuarial funding method ⁽³⁾	0.09%	790
Effect of reduction in COLA offset reserve	0.01%	88
Effect of demographic changes	<u>-0.13%</u>	<u>(1,142)</u>
Subtotal	-0.03%	(264)
Average Recommended Contribution Rate as of June 30, 2013, After Reflecting Members Paying Half and Full Rates	6.39% ⁽²⁾	\$56,082

⁽¹⁾ Based on June 30, 2013 projected annual payroll of \$877,657,000.

⁽²⁾ Rates have been adjusted to reflect a reserve carried by the Board to reduce part of the COLA contributions.

⁽³⁾ This is due to a change in how the new method accounts for member contributions (mainly with regard to the 30-year cessation for the legacy tiers). The individual member contribution rates remain virtually unchanged.

SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

E. INFORMATION REQUIRED BY GASB

Governmental Accounting Standards Board (GASB) reporting provides standardized information for comparative purposes regarding 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 16 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan that is well positioned to pay benefits when they are due. 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 II, III, and IV.

These graphs show key GASB factors.

CHART 16
Required Versus Actual Contributions

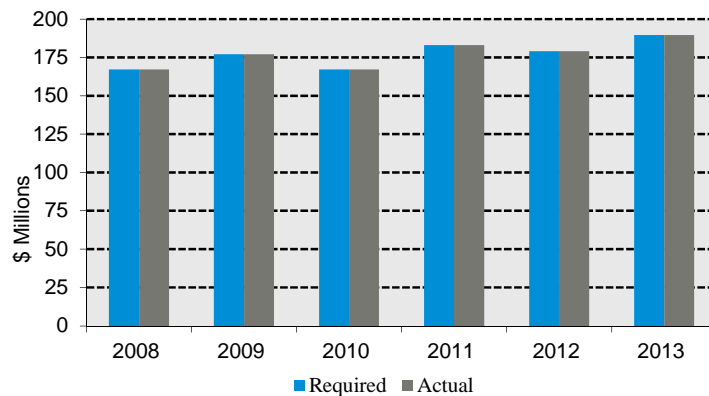
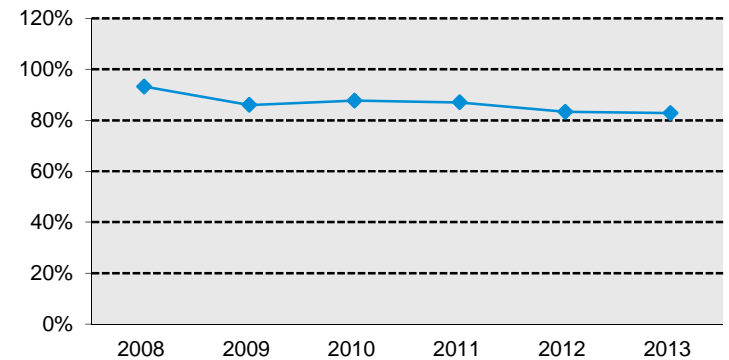


CHART 17
Funded Ratio



SECTION 2: Valuation Results for the Sacramento County Employees' Retirement System

F. VOLATILITY RATIOS

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measure since it is based on the current level of assets.

For SCERS, the current AVR is 7.7. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to 7.7% of one-year's payroll. Since SCERS amortizes actuarial gains and losses over a period of 20 years as of June 30, 2013, there would be a 0.6% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the

Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded. The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions.

For SCERS, the current LVR is 9.4. This is about 22% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long-term. These ratios are not only sensitive to changes in assets and liability but also to changes in payroll. A comparative schedule of assets, liabilities and payroll is provided in Section 4, Exhibit III.

This chart shows how the asset and liability volatility ratios have varied over time.

CHART 18
Volatility Ratios for Years Ended June 30, 2008 – 2013

Year Ended June 30	Asset Volatility Ratio	Liability Volatility Ratio
2008	6.4	7.0
2009	4.6	6.9
2010	5.5	7.8
2011	7.0	8.4
2012	6.9	9.0
2013	7.7	9.4

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

i. Miscellaneous Tier 1

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active members in valuation			
Number	191	238	-19.7%
Average age	58.9	58.4	N/A
Average service	32.6	31.9	N/A
Projected total compensation ^{(1),(2)}	\$14,787,229	\$18,762,434	-21.2%
Projected average compensation	\$77,420	\$78,834	-1.8%
Account balances	\$29,628,245	\$37,518,067	-21.0%
Total active vested members	191	238	-19.7%
Vested terminated members			
Number ⁽³⁾	87	101	-13.9%
Average age	61.4	60.8	N/A
Retired members			
Number in pay status	3,122	3,174	-1.6%
Average age	73.5	73.0	N/A
Average monthly benefit	\$3,073	\$2,935	4.7%
Disabled members			
Number in pay status	213	224	-4.9%
Average age	73.7	73.2	N/A
Average monthly benefit	\$2,004	\$1,942	3.2%
Beneficiaries			
Number in pay status	760	752	1.1%
Average age	76.6	76.3	N/A
Average monthly benefit	\$1,512	\$1,434	5.4%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$77,625.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

ii. Miscellaneous Tier 2

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active members in valuation			
Number	84	87	-3.4%
Average age	53.8	52.8	N/A
Average service	22.8	21.9	N/A
Projected total compensation ^{(1),(2)}	\$5,526,399	\$5,779,602	-4.4%
Projected average compensation	\$65,790	\$66,432	-1.0%
Account balances	\$5,965,917	\$5,903,148	1.1%
Total active vested members	84	87	-3.4%
Vested terminated members			
Number ⁽³⁾	213	229	-7.0%
Average age	55.1	54.3	N/A
Retired members			
Number in pay status	286	275	4.0%
Average age	66.8	66.7	N/A
Average monthly benefit	\$993	\$998	-0.5%
Disabled members			
Number in pay status	32	34	-5.9%
Average age	64.1	63.6	N/A
Average monthly benefit	\$892	\$895	-0.3%
Beneficiaries			
Number in pay status	39	37	5.4%
Average age	68.2	66.9	N/A
Average monthly benefit	\$641	\$628	2.1%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$65,205.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

iii. Miscellaneous Tier 3

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active members in valuation			
Number	9,315	9,809	-5.0%
Average age	48.1	47.5	N/A
Average service	12.8	11.9	N/A
Projected total compensation ^{(1),(2)}	\$634,266,710	\$658,065,940	-3.6%
Projected average compensation	\$68,091	\$67,088	1.5%
Account balances	\$423,142,349	\$406,196,191	4.2%
Total active vested members	8,587	8,411	2.1%
Vested terminated members			
Number ⁽³⁾	2,398	2,067	16.0%
Average age	46.9	46.7	N/A
Retired members			
Number in pay status	2,818	2,491	13.1%
Average age	66.1	65.8	N/A
Average monthly benefit	\$2,114	\$2,021	4.6%
Disabled members			
Number in pay status	224	215	4.2%
Average age	61.3	60.7	N/A
Average monthly benefit	\$1,688	\$1,629	3.6%
Beneficiaries			
Number in pay status	252	225	12.0%
Average age	63.5	63.0	N/A
Average monthly benefit	\$887	\$844	5.1%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$68,310.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

iv. Miscellaneous Tier 4

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active members in valuation			
Number	300	122	145.9%
Average age	37.4	36.6	N/A
Average service	0.9	0.2	N/A
Projected total compensation ^{(1),(2)}	\$17,108,752	\$6,829,815	150.5%
Projected average compensation	\$57,029	\$55,982	1.9%
Account balances	\$1,051,762	\$98,839	964.1%
Total active vested members	1	1	0.0%
Vested terminated members			
Number ⁽³⁾	37	3	1133.3%
Average age	40.4	52.2	N/A
Retired members			
Number in pay status	--	--	N/A
Average age	--	--	N/A
Average monthly benefit	--	--	N/A
Disabled members			
Number in pay status	--	--	N/A
Average age	--	--	N/A
Average monthly benefit	--	--	N/A
Beneficiaries			
Number in pay status	--	--	N/A
Average age	--	--	N/A
Average monthly benefit	--	--	N/A

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$43,470.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

**Table of Plan Coverage
v. Miscellaneous Tier 5**

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active members in valuation			
Number	223	--	N/A
Average age	38.5	--	N/A
Average service	0.3	--	N/A
Projected total compensation ^{(1),(2)}	\$10,099,684	--	N/A
Projected average compensation	\$45,290	--	N/A
Account balances	\$194,755	--	N/A
Total active vested members	--	--	N/A
Vested terminated members			
Number ⁽³⁾	11	--	N/A
Average age	43.3	--	N/A
Retired members			
Number in pay status	--	--	N/A
Average age	--	--	N/A
Average monthly benefit	--	--	N/A
Disabled members			
Number in pay status	--	--	N/A
Average age	--	--	N/A
Average monthly benefit	--	--	N/A
Beneficiaries			
Number in pay status	--	--	N/A
Average age	--	--	N/A
Average monthly benefit	--	--	N/A

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$43,470.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

vi. Safety Tier 1

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active members in valuation			
Number	391	438	-10.7%
Average age	49.1	48.5	N/A
Average service	22.7	21.9	N/A
Projected total compensation ^{(1),(2)}	\$47,570,559	\$50,551,004	-5.9%
Projected average compensation	\$121,664	\$115,413	5.4%
Account balances	\$61,106,741	\$61,528,232	-0.7%
Total active vested members	391	438	-10.7%
Vested terminated members			
Number ⁽³⁾	114	129	-11.6%
Average age	49.7	49.0	N/A
Retired members			
Number in pay status	1,099	1,058	3.9%
Average age	64.7	64.6	N/A
Average monthly benefit	\$6,128	\$5,975	2.6%
Disabled members			
Number in pay status	204	209	-2.4%
Average age	63.5	63.1	N/A
Average monthly benefit	\$4,077	\$3,950	3.2%
Beneficiaries			
Number in pay status	286	269	6.3%
Average age	66.2	66.4	N/A
Average monthly benefit	\$2,688	\$2,634	2.1%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$121,095.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

vii. Safety Tier 2

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active members in valuation			
Number	1,424	1,424	0.0%
Average age	41.1	40.3	N/A
Average service	12.6	11.8	N/A
Projected total compensation ^{(1),(2)}	\$141,349,687	\$133,232,980	6.1%
Projected average compensation	\$99,262	\$93,562	6.1%
Account balances	\$97,746,951	\$84,541,530	15.6%
Total active vested members	1,354	1,315	3.0%
Vested terminated members			
Number ⁽³⁾	388	322	20.5%
Average age	39.3	39.5	N/A
Retired members			
Number in pay status	232	213	8.9%
Average age	64.4	64.1	N/A
Average monthly benefit	\$4,386	\$4,328	1.3%
Disabled members			
Number in pay status	43	39	10.3%
Average age	53.5	53.5	N/A
Average monthly benefit	\$2,988	\$2,999	-0.4%
Beneficiaries			
Number in pay status	24	24	0.0%
Average age	53.4	54.1	N/A
Average monthly benefit	\$2,204	\$2,358	-6.5%

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$99,360.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

viii. Safety Tier 3

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active members in valuation			
Number	71	37	91.9%
Average age	33.9	32.2	N/A
Average service	1.7	0.9	N/A
Projected total compensation ^{(1),(2)}	\$5,181,121	\$2,449,977	111.5%
Projected average compensation	\$72,974	\$66,216	10.2%
Account balances	\$725,146	\$193,042	275.6%
Total active vested members	3	1	200.0%
Vested terminated members			
Number ⁽³⁾	1	--	N/A
Average age	30.3	--	N/A
Retired members			
Number in pay status	--	--	N/A
Average age	--	--	N/A
Average monthly benefit	--	--	N/A
Disabled members			
Number in pay status	--	--	N/A
Average age	--	--	N/A
Average monthly benefit	--	--	N/A
Beneficiaries			
Number in pay status	--	--	N/A
Average age	--	--	N/A
Average monthly benefit	--	--	N/A

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$64,170.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT A

Table of Plan Coverage

ix. Safety Tier 4

Category	Year Ended June 30		Change From Prior Year
	2013	2012	
Active members in valuation			
Number	27	--	N/A
Average age	32.2	--	N/A
Average service	0.6	--	N/A
Projected total compensation ^{(1),(2)}	\$1,765,567	--	N/A
Projected average compensation	\$65,391	--	N/A
Account balances	\$97,790	--	N/A
Total active vested members	1	--	N/A
Vested terminated members			
Number ⁽³⁾	--	--	N/A
Average age	--	--	N/A
Retired members			
Number in pay status	--	--	N/A
Average age	--	--	N/A
Average monthly benefit	--	--	N/A
Disabled members			
Number in pay status	--	--	N/A
Average age	--	--	N/A
Average monthly benefit	--	--	N/A
Beneficiaries			
Number in pay status	--	--	N/A
Average age	--	--	N/A
Average monthly benefit	--	--	N/A

⁽¹⁾ Projected compensation was calculated by increasing the annualized compensation earned during 2012-2013 by 3.50%.

⁽²⁾ For members without a salary reported for the June 30, 2013 valuation, we have assigned them an annual salary of \$64,170.

⁽³⁾ Includes terminated members due a refund of contributions.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

i. Miscellaneous Tier 1

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--	--
35 - 39	--	--	--	--	--	--	--	--	--	--
40 - 44	--	--	--	--	--	--	--	--	--	--
45 - 49	--	--	--	--	--	--	--	--	--	--
50 - 54	38	--	1	--	--	2	2	30	3	--
55 - 59	\$74,916	--	\$32,728	--	--	\$55,217	\$48,896	\$77,704	\$91,583	--
60 - 64	80	--	--	--	2	6	8	48	16	--
65 - 69	76,825	--	--	--	\$96,604	51,273	95,239	78,812	68,764	--
70 & over	61	--	1	2	1	1	4	17	29	6
	82,386	--	148,002	\$74,936	44,689	85,740	110,291	80,125	85,074	\$54,473
	9	--	--	--	--	1	1	3	1	3
	66,892	--	--	--	--	77,438	116,889	58,416	55,931	58,840
	3	--	--	1	--	--	--	--	1	1
	55,612	--	--	82,851	--	--	--	--	41,420	42,566
Total	191	--	2	3	3	10	15	98	50	10
	\$77,420	--	\$90,365	\$77,575	\$79,299	\$58,125	\$94,517	\$78,076	\$78,789	\$54,593

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

ii. Miscellaneous Tier 2

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--	--
35 - 39	--	--	--	--	--	--	--	--	--	--
40 - 44	4	--	--	--	--	4	--	--	--	--
45 - 49	\$59,271	--	--	--	--	\$59,271	--	--	--	--
50 - 54	21	--	--	1	1	17	2	--	--	--
55 - 59	67,548	--	--	\$23,689	\$73,098	71,379	\$54,146	--	--	--
60 - 64	23	--	--	2	2	14	5	--	--	--
65 - 69	59,217	--	--	34,746	58,474	63,400	57,591	--	--	--
70 & over	23	--	--	1	1	14	7	--	--	--
	68,971	--	--	25,710	67,781	66,180	80,905	--	--	--
	10	--	--	1	--	5	3	1	--	--
	72,685	--	--	83,895	--	81,077	64,322	\$44,606	--	--
	2	--	--	--	--	2	--	--	--	--
	66,287	--	--	--	--	66,287	--	--	--	--
	1	--	--	--	--	1	--	--	--	--
	63,036	--	--	--	--	63,036	--	--	--	--
Total	84	--	--	5	4	57	17	1	--	--
	\$65,790	--	--	\$40,557	\$64,457	\$67,818	\$67,973	\$44,606	--	--

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

iii. Miscellaneous Tier 3

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	9	8	1	--	--	--	--	--	--	--
	\$48,044	\$48,948	\$40,807	--	--	--	--	--	--	--
25 - 29	266	104	158	4	--	--	--	--	--	--
	50,687	48,821	51,600	\$63,120	--	--	--	--	--	--
30 - 34	834	170	530	133	1	--	--	--	--	--
	58,810	56,537	60,027	56,892	\$55,398	--	--	--	--	--
35 - 39	1,119	108	527	449	34	1	--	--	--	--
	64,715	59,975	64,820	64,797	77,093	\$62,891	--	--	--	--
40 - 44	1,368	96	462	569	195	45	1	--	--	--
	68,720	63,136	64,621	68,091	82,980	68,183	\$99,538	--	--	--
45 - 49	1,490	95	352	475	265	243	54	6	--	--
	70,678	62,291	65,343	66,101	78,895	79,003	81,324	\$83,011	--	--
50 - 54	1,641	63	332	465	276	298	170	37	--	--
	71,916	62,800	63,039	65,817	77,635	78,406	85,287	87,379	--	--
55 - 59	1,449	48	292	407	238	239	169	53	3	--
	72,788	69,758	64,181	64,062	74,056	79,479	90,656	94,159	\$125,202	--
60 - 64	853	26	175	291	140	129	79	13	--	--
	67,333	60,022	62,991	62,026	75,364	72,103	74,120	84,156	--	--
65 - 69	233	10	63	78	42	26	11	3	--	--
	66,242	52,832	67,610	62,812	65,777	69,409	79,313	102,558	--	--
70 & over	53	1	9	25	13	2	2	1	--	--
	60,655	36,985	64,903	55,860	67,138	73,419	50,797	75,878	--	--
Total	9,315	729	2,901	2,896	1,204	983	486	113	3	--
	\$68,091	\$58,939	\$62,930	\$64,944	\$77,246	\$77,256	\$84,650	\$90,257	\$125,202	--

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

iv. Miscellaneous Tier 4

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	22	22	--	--	--	--	--	--	--	--
	\$44,922	\$44,922	--	--	--	--	--	--	--	--
25 - 29	66	66	--	--	--	--	--	--	--	--
	55,452	55,452	--	--	--	--	--	--	--	--
30 - 34	61	61	--	--	--	--	--	--	--	--
	54,233	54,233	--	--	--	--	--	--	--	--
35 - 39	49	49	--	--	--	--	--	--	--	--
	57,716	57,716	--	--	--	--	--	--	--	--
40 - 44	27	27	--	--	--	--	--	--	--	--
	55,521	55,521	--	--	--	--	--	--	--	--
45 - 49	27	27	--	--	--	--	--	--	--	--
	57,373	57,373	--	--	--	--	--	--	--	--
50 - 54	29	29	--	--	--	--	--	--	--	--
	64,709	64,709	--	--	--	--	--	--	--	--
55 - 59	15	15	--	--	--	--	--	--	--	--
	65,669	65,669	--	--	--	--	--	--	--	--
60 - 64	3	3	--	--	--	--	--	--	--	--
	65,402	65,402	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	1	1	--	--	--	--	--	--	--	--
	218,372	218,372	--	--	--	--	--	--	--	--
Total	300	300	--	--	--	--	--	--	--	--
	\$57,029	\$57,029	--	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

v. Miscellaneous Tier 5

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	17	17	--	--	--	--	--	--	--	--
	\$37,023	\$37,023	--	--	--	--	--	--	--	--
25 - 29	49	49	--	--	--	--	--	--	--	--
	44,176	44,176	--	--	--	--	--	--	--	--
30 - 34	39	39	--	--	--	--	--	--	--	--
	43,420	43,420	--	--	--	--	--	--	--	--
35 - 39	26	26	--	--	--	--	--	--	--	--
	44,315	44,315	--	--	--	--	--	--	--	--
40 - 44	31	31	--	--	--	--	--	--	--	--
	40,466	40,466	--	--	--	--	--	--	--	--
45 - 49	16	16	--	--	--	--	--	--	--	--
	41,134	41,134	--	--	--	--	--	--	--	--
50 - 54	23	23	--	--	--	--	--	--	--	--
	50,250	50,250	--	--	--	--	--	--	--	--
55 - 59	13	13	--	--	--	--	--	--	--	--
	52,125	52,125	--	--	--	--	--	--	--	--
60 - 64	9	9	--	--	--	--	--	--	--	--
	79,346	79,346	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	223	223	--	--	--	--	--	--	--	--
	\$45,290	\$45,290	--	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

vi. Safety Tier 1

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	--	--	--	--	--	--	--	--	--	--
25 - 29	--	--	--	--	--	--	--	--	--	--
30 - 34	--	--	--	--	--	--	--	--	--	--
35 - 39	3	--	--	--	3	--	--	--	--	--
40 - 44	\$106,241	--	--	--	\$106,241	--	--	--	--	--
45 - 49	67	--	--	1	41	25	--	--	--	--
50 - 54	122,272	--	--	\$103,840	119,671	\$127,276	--	--	--	--
55 - 59	170	--	--	5	35	88	41	1	--	--
60 - 64	125,930	--	--	116,514	121,171	123,851	\$135,424	\$133,304	--	--
65 - 69	103	--	1	3	14	41	43	1	--	--
70 & over	119,550	--	\$124,296	91,265	118,381	112,604	127,714	149,767	--	--
	45	--	--	4	5	18	16	2	--	--
	110,787	--	--	62,611	111,652	107,936	124,966	117,209	--	--
	3	--	--	--	1	2	--	--	--	--
	117,466	--	--	--	121,497	115,451	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	391	--	1	13	99	174	100	4	--	--
	\$121,664	--	\$124,296	\$93,127	\$119,225	\$119,950	\$130,435	\$129,372	--	--

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

vii. Safety Tier 2

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	1	1	--	--	--	--	--	--	--	--
	\$90,207	\$90,207	--	--	--	--	--	--	--	--
25 - 29	45	20	21	4	--	--	--	--	--	--
	88,721	75,732	\$96,664	\$111,967	--	--	--	--	--	--
30 - 34	241	18	168	54	1	--	--	--	--	--
	92,764	86,478	90,083	102,099	\$152,218	--	--	--	--	--
35 - 39	390	14	103	222	51	--	--	--	--	--
	95,005	82,346	89,809	94,653	110,505	--	--	--	--	--
40 - 44	381	5	33	178	151	13	1	--	--	--
	105,050	55,122	94,534	101,816	111,718	\$114,430	\$148,385	--	--	--
45 - 49	208	2	20	62	78	41	5	--	--	--
	106,120	100,434	90,617	109,579	107,687	106,559	99,475	--	--	--
50 - 54	88	3	8	28	23	17	8	--	1	--
	97,912	103,774	96,430	90,565	105,751	91,723	111,401	--	\$114,883	--
55 - 59	50	7	12	13	7	6	3	2	--	--
	103,429	116,542	105,610	99,621	100,523	95,804	103,971	\$101,430	--	--
60 - 64	17	--	4	7	3	2	1	--	--	--
	95,813	--	82,246	101,879	102,183	89,080	101,972	--	--	--
65 - 69	3	--	--	2	1	--	--	--	--	--
	115,179	--	--	105,251	135,036	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	1,424	70	369	570	315	79	18	2	1	--
	\$99,262	\$84,541	\$91,366	\$99,379	\$109,951	\$103,402	\$108,381	\$101,430	\$114,883	--

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

viii. Safety Tier 3

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	3	3	--	--	--	--	--	--	--	--
	\$52,663	\$52,663	--	--	--	--	--	--	--	--
25 - 29	29	27	2	--	--	--	--	--	--	--
	67,803	70,731	\$28,279	--	--	--	--	--	--	--
30 - 34	18	18	--	--	--	--	--	--	--	--
	73,644	73,644	--	--	--	--	--	--	--	--
35 - 39	8	7	--	1	--	--	--	--	--	--
	80,240	77,504	--	\$99,385	--	--	--	--	--	--
40 - 44	5	5	--	--	--	--	--	--	--	--
	73,506	73,506	--	--	--	--	--	--	--	--
45 - 49	1	1	--	--	--	--	--	--	--	--
	76,209	76,209	--	--	--	--	--	--	--	--
50 - 54	4	4	--	--	--	--	--	--	--	--
	93,951	93,951	--	--	--	--	--	--	--	--
55 - 59	2	2	--	--	--	--	--	--	--	--
	78,923	78,923	--	--	--	--	--	--	--	--
60 - 64	1	1	--	--	--	--	--	--	--	--
	111,936	111,936	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	71	68	2	1	--	--	--	--	--	--
	\$72,974	\$73,900	\$28,279	\$99,385	--	--	--	--	--	--

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2013
By Age and Years of Service**

ix. Safety Tier 4

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	4	4	--	--	--	--	--	--	--	--
	\$56,331	\$56,331	--	--	--	--	--	--	--	--
25 - 29	12	12	--	--	--	--	--	--	--	--
	59,985	59,985	--	--	--	--	--	--	--	--
30 - 34	4	4	--	--	--	--	--	--	--	--
	62,694	62,694	--	--	--	--	--	--	--	--
35 - 39	3	3	--	--	--	--	--	--	--	--
	76,149	76,149	--	--	--	--	--	--	--	--
40 - 44	1	1	--	--	--	--	--	--	--	--
	113,700	113,700	--	--	--	--	--	--	--	--
45 - 49	1	--	1	--	--	--	--	--	--	--
	55,642	--	\$55,642	--	--	--	--	--	--	--
50 - 54	2	2	--	--	--	--	--	--	--	--
	85,931	85,931	--	--	--	--	--	--	--	--
55 - 59	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
60 - 64	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	27	26	1	--	--	--	--	--	--	--
	\$65,391	\$65,766	\$55,642	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT C

Reconciliation of Member Data – June 30, 2012 to June 30, 2013

	Active Members	Vested Terminated Members⁽¹⁾	Pensioners	Disableds	Beneficiaries	Total
Number as of June 30, 2012	12,155	2,851	7,211	721	1,307	24,245
New members	579	467 ⁽²⁾	0	0	101	1,147
Terminations – with vested rights	-251	251	0	0	0	0
Contributions refunds	-87	-153	0	0	0	-240
Retirements	-368	-127	495	0	0	0
New disabilities	-11	-4	-4	19	0	0
Return to work	22	-22	0	0	0	0
Deaths	-13	-9	-159	-29	-52	-262
Data adjustments	0	-5	14	5	5	19
Number as of June 30, 2013	12,026	3,249	7,557	716	1,361	24,909

⁽¹⁾ Includes terminated members due a refund of member contributions.

⁽²⁾ Of this group, 375 members were previously assumed in the valuation by Segal as members who had already received a refund of member contributions. Based on discussions with and clarifications provided by SCERS for the 2013 valuation, as no refunds had been made these members have been reclassified as vested terminated members.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2013	Year Ended June 30, 2012
Contribution income:		
Employer contributions	\$189,664,000	\$179,099,000
Employee contributions	<u>68,242,000</u>	<u>65,690,000</u>
Net contribution income	\$257,906,000	\$244,789,000
Investment income:		
Interest, dividends and other income	\$157,323,000	\$145,148,000
Recognition of capital appreciation	219,533,000	56,537,000
Less investment and administrative fees	<u>-43,333,000</u>	<u>-35,599,000</u>
Net investment income	<u>333,523,000</u>	<u>166,086,000</u>
Total income available for benefits	\$591,429,000	\$410,875,000
Less benefit payments:		
Benefits paid	\$320,828,000	\$298,764,000
Withdrawal of contributions	<u>2,739,000</u>	<u>3,040,000</u>
Net benefit payments	\$323,567,000	\$301,804,000
Change in reserve for future benefits	\$267,862,000	\$109,071,000

Note: Results may be slightly off due to rounding.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT E

Summary Statement of Assets

	Year Ended June 30, 2013	Year Ended June 30, 2012
Cash equivalents	\$574,066,000	\$779,834,000
Accounts receivable:		
Securities sold	\$179,053,000	\$49,096,000
Accrued investment income	19,758,000	34,229,000
Employee and employer contributions	<u>8,328,000</u>	<u>6,587,000</u>
Total accounts receivable	207,139,000	89,912,000
Investments:		
Equities	\$3,432,020,000	\$3,229,826,000
Hedge Funds	561,309,000	322,609,000
Opportunities	54,030,000	184,668,000
Fixed income investments	1,301,670,000	1,073,081,000
Real estate	1,062,269,000	663,128,000
Securities lending collateral	<u>255,615,000</u>	<u>538,443,000</u>
Total investments at market value	6,666,913,000	6,011,755,000
Other assets	<u>6,367,000</u>	<u>3,351,000</u>
Total assets	\$7,454,485,000	\$6,884,852,000
Less accounts payable:		
Accounts payable and other liabilities	-\$26,822,000	-\$31,354,000
Investment trades, mortgages, and warrants payable	-384,053,000	-241,129,000
Securities lending liability	<u>-255,615,000</u>	<u>-538,443,000</u>
Total accounts payable	-\$666,490,000	-\$810,926,000
Net assets at market value	<u>\$6,787,995,000</u>	<u>\$6,073,926,000</u>
Net assets at actuarial value	<u>\$6,797,757,000</u>	<u>\$6,529,895,000</u>
Net assets at valuation value	<u>\$6,805,319,000</u>	<u>\$6,529,606,000</u>

Note: Results may be slightly off due to rounding.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT F

Actuarial Balance Sheet

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

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

Actuarial Balance Sheet (Dollar Amounts in Thousands)			
Assets	<u>Basic</u>	<u>Cola</u>	<u>Total</u>
1. Total valuation assets			
a. Valuation value assets	\$4,652,125	\$2,153,194	\$6,805,319
b. Balance of transfer to offset member COLA rate	0	24,646	24,646
c. Retiree health benefit reserve	0	0	0
d. Adjustment to 1a. for surplus/(deficit) for withdrawn employers (preliminary) ⁽¹⁾	-32,208	0	-32,208
e. Contingency Reserve	0	0	0
2. Present value of future contributions by members	339,249	111,174	450,423
3. Present value of future employer contributions for:			
a. Entry age normal cost	915,721	150,265	1,065,986
b. Unfunded actuarial accrued liability	<u>1,227,585</u>	<u>185,638</u>	<u>1,413,223</u>
4. Total current and future assets	\$7,102,472	\$2,624,917	\$9,727,389
Liabilities			
5. Present value of retirement allowances payable to present retired members	\$2,673,206	\$1,554,962	\$4,228,168
6. Present value of retirement allowances to be granted			
a. Active members	4,187,712	1,005,673	5,193,385
b. Inactive members with vested rights	273,762	64,282	338,044
7. Retiree health benefit reserve	0	0	0
8. Surplus/(deficit) for withdrawn employers (preliminary) ⁽¹⁾	-32,208	0	-32,208
9. Contingency Reserve	<u>0</u>	<u>0</u>	<u>0</u>
10. Total liabilities	\$7,102,472	\$2,624,917	\$9,727,389

⁽¹⁾ Based on the latest estimates available as of June 30, 2006 for Library Authority, June 30, 2007 for Air Quality and June 30, 2012 for Florin Fire adjusted with interest to June 30, 2013.

Note: Results may be slightly off due to rounding.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2013

	Reserves
<u>Included in Valuation Value of Assets</u>	
Employee reserve	\$699,964,648
Employer reserve	2,433,921,661
Retiree reserve	3,649,191,924
Retiree death benefit reserve	<u>14,678,436</u>
Subtotal: Preliminary Valuation Value of Assets ⁽¹⁾	6,797,756,669
<u>Not Included in Valuation Value of Assets</u>	
Retiree health benefit reserve	\$0
Contingency Reserve	<u>0</u>
Subtotal: Actuarial Value of Assets	\$6,797,756,669
Market stabilization reserve	<u>-9,761,669</u>
Total Market Value of Assets	\$6,787,995,000

⁽¹⁾ Please note that the final Valuation Value of Assets (i.e. \$6,805,318,597) is calculated by taking the preliminary Valuation Value of Assets and adjusting for the balance of transfer to offset member COLA rate and for the surplus/(deficit) for withdrawn employers.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2013 (Continued) – Change in Reserves

	Balance at 06/30/2012	Interest Credited	Contributions	Benefits	Transfers	Balance at 06/30/2013
Employee Reserve	\$674,006,435	\$6,942,424	\$68,242,619	\$(2,738,868)	\$(46,487,962)	\$699,964,648
Employer Reserve	2,358,852,321	127,952,291	189,663,720	(542,107)	(242,004,564)	2,433,921,661
Retiree Reserve	3,482,411,932	197,820,588	0	(319,533,122)	288,492,526	3,649,191,924
Death Benefit Reserve	<u>14,623,814</u>	<u>807,455</u>	<u>0</u>	<u>(752,833)</u>	<u>0</u>	<u>14,678,436</u>
Subtotal	\$6,529,894,502	\$333,522,758	\$257,906,339	\$(323,566,930)	\$0	\$6,797,756,669
Contingency Reserve	\$0	\$0	\$0	\$0	\$0	\$0
Retiree Health Benefit Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$0</u>	<u>0</u>	<u>0</u>
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
Total Allocated Reserves	\$6,529,894,502	\$333,522,758	\$257,906,339	\$(323,566,930)	\$0	\$6,797,756,669
Market Stabilization Reserve	<u>\$(455,968,502)</u>	<u>\$446,206,833</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$(9,761,669)</u>
Net Market Value of Assets	<u>\$6,073,926,000</u>	<u>\$779,729,591</u>	<u>\$257,906,339</u>	<u>\$(323,566,930)</u>	<u>\$0</u>	<u>\$6,787,995,000</u>

Note: Results may be slightly off due to rounding.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT G

Summary of Reported Asset Information as of June 30, 2013 (Continued) – Summary of Earnings

	Per Excess Earnings Policy
Earnings from July 1, 2012 to June 30, 2013	\$779,729,591
Contingency Reserve	<u>0</u>
Subtotal:	\$779,729,591
Amounts Credited for:	
Market Stabilization Reserve	\$(446,206,833)
Regular Interest Crediting	<u>(333,522,758)</u>
Subtotal	\$(779,729,591)
Net Earnings	\$0
Amount Credited Under Excess Earnings Policy for:	
Contingency Reserve	\$0
Board Provided Supplemental Benefits	0
Amount Over Reserved Benefits	0
Employer Reserves	0
Member Future COLA Contribution Offset	<u>0</u>
Subtotal	\$0
Remaining Excess Earnings	<u>\$0</u>

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT H

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2013

1.	Unfunded actuarial accrued liability at beginning of year		\$1,308,328,000
2.	Total normal cost		198,039,000
3.	Actual employer and member contributions ⁽¹⁾		-244,907,000
4.	Interest		<u>90,098,000</u>
5.	Expected unfunded actuarial accrued liability ⁽²⁾		\$1,351,558,000
6.	Actuarial (gain)/loss due to all changes:		
	(a) Investment return	\$152,155,000	
	(b) Salary increases less than expected ⁽³⁾	-112,754,000	
	(c) Other experience loss ^{(3),(4)}	16,130,000	
	(d) Deputy Sheriffs' Association retirement incentive	6,134,000	
	(e) Total changes		<u>\$61,665,000</u>
7.	Unfunded actuarial accrued liability at end of year		<u>\$1,413,223,000</u>

(1) Excludes approximately \$13 million in contributions toward payment of Additional Retirement Credit (ARC).

(2) Includes a contribution loss of about \$17 million due to the one-year lag in implementation of the contribution rates determined in the June 30, 2012 valuation and the two-year phase in of the contribution rate impact of the change in economic assumptions for the June 30, 2012 valuation.

(3) The sum of 6(b) and 6(c) is equal to the net gain of \$96.6 million shown in Section 2, Chart 9.

(4) Primarily due to higher than expected liability for new retirees, prior terminations and members newly reported as inactive assumed to elect a deferred benefit upon termination.

SECTION 3: Supplemental Information for the Sacramento County Employees' Retirement System

EXHIBIT I

Section 415 Limitations

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

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

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar amount indexed for inflation. That limit is \$205,000 for 2013. 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 for members in non-CalPEPRA tiers 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 Sacramento County Employees' Retirement System

EXHIBIT J

Definitions of Pension Terms

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

Assumptions or Actuarial

Assumptions:

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

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (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; and
- (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 recognizing 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 Sacramento County Employees' Retirement System

**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 market value gains and losses to avoid significant swings in the value of assets from one year to the next.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

1. Retired members as of the valuation date (including 1,361 beneficiaries in pay status)	9,634
2. Members inactive during year ended June 30, 2013 with vested rights	3,249
3. Members active during the year ended June 30, 2013	12,026

The actuarial factors as of the valuation date are as follows (amounts in 000s):

1. Normal cost		\$199,797
2. Present value of future benefits		9,759,597
3. Present value of future normal costs		1,541,055
4. Actuarial accrued liability ⁽¹⁾		8,218,542
Retired members and beneficiaries	\$4,228,168	
Inactive members with vested rights	338,044	
Active members	3,652,330	
5. Valuation value of assets ⁽¹⁾ (\$6,787,995 at market value as reported by Retirement System)		6,805,319
6. Unfunded actuarial accrued liability		\$1,413,223

⁽¹⁾ Excludes non-valuation reserves and designations.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The determination of the recommended average employer contribution is as follows
(amounts in 000s):

	Dollar Amount	% of Payroll
1. Total normal cost	\$199,797	22.76%
2. Expected employee contributions	<u>-56,082</u>	<u>-6.39%</u>
3. Employer normal cost: (1) + (2)	\$143,715	16.37%
4. Amortization of unfunded actuarial accrued liability	<u>98,277</u>	<u>11.20%</u>
5. Total recommended average employer contribution: (3) + (4)	\$241,992	27.57%
6. Projected compensation	\$877,657	

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

EXHIBIT II

Supplementary Information Required by GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2008	\$167,054,356	\$167,054,356	100.0%
2009	177,011,005	177,011,005	100.0%
2010	167,141,893	167,141,893	100.0%
2011	182,920,751	182,920,751	100.0%
2012	179,098,469	179,098,469	100.0%
2013	189,663,720	189,663,720	100.0%

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

EXHIBIT III

Supplementary Information Required by GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets⁽¹⁾ (a)	Actuarial Accrued Liability (AAL)⁽¹⁾ (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (%) (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (%) [(b) - (a)] / (c)
6/30/2008	\$5,930,758,000	\$6,363,355,000	\$432,597,000	93.2	\$902,971,000	47.9
6/30/2009	5,730,215,000	6,661,993,000	931,778,000	86.0	968,130,000	96.2
6/30/2010	6,216,994,000	7,090,497,000	873,503,000	87.7	912,644,000	95.7
6/30/2011	6,420,824,000	7,382,897,000	962,073,000	87.0	880,766,000	109.2
6/30/2012	6,529,895,000	7,838,223,000	1,308,328,000	83.3	875,672,000	149.4
6/30/2013	6,797,757,000	8,210,980,000	1,413,223,000	82.8	877,657,000	161.0

⁽¹⁾ Includes contingency reserve and retiree health benefit reserve.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

EXHIBIT IV

Supplementary Information Required by GASB

Valuation date	June 30, 2013
Actuarial cost method	Entry Age Cost Method
Amortization method	Level percent of payroll for total unfunded liability (assuming a 3.50% payroll increase)
Remaining amortization period	22 years (declining) as of June 30, 2013 for the outstanding balance of the June 30, 2012 UAAL. The UAAL established as a result of the Early Retirement Incentive Program for LEMA members is amortized over a 10-year period, beginning June 30, 2010. Effective June 30, 2013, any changes in UAAL due to actuarial gains or losses or due to changes in actuarial assumptions or methods will be amortized over a 20-year closed period effective with each valuation. Any change in UAAL that arises due to plan amendments will be amortized over its own declining 15-year period and any change in UAAL due to retirement incentive programs will be amortized over a declining period of up to 5 years.
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between actual and expected returns on a market value basis and is recognized over a seven-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.
Actuarial assumptions:	
Investment rate of return ⁽¹⁾	7.50%
Projected salary increases ⁽²⁾	4.89% to 11.30% for Miscellaneous; 3.50% to 9.51% for Safety
Cost of living adjustments	3.25% of Miscellaneous and Safety Tier 1 retirement income, 2.00% of Miscellaneous Tier 3, Tier 4 and Tier 5 and Safety Tier 2, Tier 3 and Tier 4 retirement income, and 0.00% of Miscellaneous Tier 2 retirement income.
Plan membership:	
Retired members and beneficiaries receiving benefits	9,634
Terminated members entitled to, but not yet receiving benefits	3,249
Active members	<u>12,026</u>
Total	24,909

⁽¹⁾ Includes inflation at 3.25%.

⁽²⁾ Includes inflation at 3.25%, plus real across-the-board salary increase of 0.25%, plus merit and promotion increases. See Exhibit V for these increases.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

EXHIBIT V

Actuarial Assumptions/Methods

Post – Retirement Mortality Rates:

<i>Healthy:</i>	For Miscellaneous Members and Beneficiaries: RP-2000 Combined Healthy Mortality Table set back two years. For Safety Members: RP-2000 Combined Healthy Mortality Table set back one year.
<i>Disabled:</i>	For Miscellaneous Members: RP-2000 Disabled Retiree Mortality Table set forward one year. For Safety members: RP-2000 Combined Healthy Mortality Table set back one year. The mortality tables shown above were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a review of the mortality experience in the June 30, 2010 Actuarial Experience Study.
<i>Member Contribution Rates:</i>	For Miscellaneous members: RP-2000 Combined Healthy Mortality Table set back two years weighted 40% male and 60% female. For Safety members: RP-2000 Combined Healthy Mortality Table set back one year weighted 70% male and 30% female.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Termination Rates Before Retirement:

Age	Rate (%) Mortality			
	Miscellaneous		Safety	
	Male	Female	Male	Female
25	0.04	0.02	0.04	0.02
30	0.04	0.02	0.04	0.02
35	0.06	0.04	0.07	0.04
40	0.10	0.06	0.10	0.06
45	0.13	0.09	0.14	0.10
50	0.19	0.14	0.20	0.16
55	0.29	0.22	0.32	0.24
60	0.53	0.39	0.59	0.44
65	1.00	0.76	1.13	0.86

All Miscellaneous pre-retirement deaths are assumed to be non-duty. For Safety, 25% of pre-retirement deaths are assumed to be non-duty and the rest are assumed to be duty.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Termination Rates Before Retirement (continued):

Age	Rate (%)	
	Disability	
	Miscellaneous⁽¹⁾	Safety⁽²⁾
20	0.00	0.10
25	0.01	0.10
30	0.03	0.19
35	0.05	0.34
40	0.08	0.49
45	0.16	0.64
50	0.26	0.82
55	0.36	1.68
60	0.61	0.00

⁽¹⁾ 20% of Miscellaneous disabilities are assumed to be duty disabilities. The other 80% are assumed to be non-duty disabilities.

⁽²⁾ 90% of Safety disabilities are assumed to be duty disabilities. The other 10% are assumed to be non-duty disabilities.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Termination Rates Before Retirement (continued):

Rate (%)		
Withdrawal (< 5 Years of Service)		
Years of Service	Miscellaneous	Safety
0	15.00	10.00
1	9.00	6.00
2	8.00	5.00
3	6.00	4.00
4	5.00	3.00
Withdrawal (5+ Years of Service) *		
Age	Miscellaneous	Safety
20	5.10	3.00
25	4.85	3.00
30	4.60	3.00
35	4.35	2.70
40	3.80	2.20
45	2.90	1.70
50	2.02	0.00
55	1.58	0.00
60	0.00	0.00

* 50% of the Miscellaneous members and 40% of the Safety members are assumed to elect a refund of contribution balance while the remaining 50% and 60% of Miscellaneous and Safety members, respectively, are assumed to elect a deferred retirement benefit. No withdrawal is assumed after a member is assumed to retire.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Retirement Rates:

Age	Rate (%)						
	Miscellaneous Tier 1	Miscellaneous Tiers 2 & 3	Miscellaneous Tier 4	Miscellaneous Tier 5	Safety Tiers 1 & 2	Safety Tier 3	Safety Tier 4
45	0.00	0.00	0.00	0.00	2.00	1.50	0.00
46	0.00	0.00	0.00	0.00	2.00	1.50	0.00
47	0.00	0.00	0.00	0.00	2.00	1.50	0.00
48	0.00	0.00	0.00	0.00	2.00	1.50	0.00
49	0.00	0.00	0.00	0.00	5.00	4.00	0.00
50	6.00	2.00	2.00	0.00	25.00	10.00	15.00
51	4.00	2.00	2.00	0.00	20.00	12.00	10.50
52	4.00	2.00	2.00	4.00	20.00	14.00	12.00
53	4.00	3.00	2.00	1.50	25.00	16.00	14.00
54	7.00	4.00	3.00	2.50	25.00	18.00	15.50
55	10.00	6.00	4.00	3.50	25.00	50.00	40.00
56	12.00	6.00	5.00	4.50	30.00	30.00	25.00
57	15.00	8.00	6.00	5.50	30.00	30.00	25.00
58	20.00	13.00	7.00	6.50	30.00	30.00	25.00
59	24.00	15.00	8.00	7.50	30.00	30.00	25.00
60	29.00	18.00	9.00	8.50	50.00	50.00	50.00
61	32.00	20.00	10.00	9.50	60.00	60.00	60.00
62	35.00	30.00	18.00	17.00	75.00	75.00	75.00
63	40.00	35.00	16.00	15.00	75.00	75.00	75.00
64	45.00	40.00	20.00	19.00	75.00	75.00	75.00
65	50.00	45.00	25.00	24.00	100.00	100.00	100.00
66	45.00	45.00	20.00	20.00	100.00	100.00	100.00
67	45.00	45.00	20.00	20.00	100.00	100.00	100.00
68	50.00	50.00	30.00	30.00	100.00	100.00	100.00
69	60.00	60.00	40.00	40.00	100.00	100.00	100.00
70	100.00	100.00	100.00	100.00	100.00	100.00	100.00

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

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

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

Miscellaneous Age: 59
Safety Age: 53

We assume that 50% of future Miscellaneous and 60% of future Safety deferred vested members will continue to work for a reciprocal employer. For reciprocals, we assume 5.40% compensation increases per annum.

Future Benefit Accruals:

1.0 year of service per year for the full-time employees. Continuation of current partial service accrual for part-time employees.

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; 55% of female members.

Age of Spouse:

Female (or male) spouses are 3 years younger (or older) than their spouses.

**Service From Unused
Sick Leave Conversion:**

The following assumptions for service converted from unused sick leave as a percentage of service at retirement are used:

Service Retirements:

Miscellaneous: 1.50%
Safety: 2.25%

Disability Retirements:

Miscellaneous: 0.00%
Safety: 0.25%

Pursuant to Section 31641.01, the cost of this benefit will be charged only to employers and will not affect member contribution rates.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Net Investment Return: 7.50%; net of administration and investment expenses.

Employee Contribution Crediting Rate¹: 3.25% (assumed rate of inflation); compounded semi-annually.

Cost-of-Living Adjustment for Retirees: Miscellaneous and Safety Tier 1 benefits are assumed to increase at 3.25% per year. Miscellaneous Tier 3, Tier 4 and Tier 5 and Safety Tier 2, Tier 3 and Tier 4 benefits are assumed to increase at 2.0% per year. Miscellaneous Tier 2 receive no COLA increases.

Salary Increases:

Annual Rate of Compensation Increase (%)		
Inflation: 3.25%, plus “across the board” salary increases of 0.25% per year; plus the following merit and promotional increases.		
Age	Miscellaneous	Safety
20	7.80	6.01
25	5.13	5.12
30	3.73	3.97
35	3.17	2.78
40	2.66	2.24
45	2.36	1.86
50	2.00	1.74
55	1.58	1.64
60	1.39	0.00

¹ Current policy is to credit the member contribution account with interest up to the current 5-year Treasury rate, if such earnings are available. However, the difference in earnings between the 5-year Treasury rate and the target crediting rate will be applied to the other valuation reserves so that the overall valuation reserve target crediting rate is maintained at 7.50%.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Actuarial Value of Assets:	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between actual and expected returns on a market value basis and is recognized over a seven-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 30% of the market value of assets.
Valuation Value of Assets:	Actuarial value of assets reduced by the value of the non-valuation reserves and designations.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the member's hire date. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation, as if the current benefit formulas have always been in effect (i.e., "replacement life").
Amortization Policy:	<p>The UAAL established as a result of the Early Retirement Incentive Program for LEMA members is amortized over a 10-year period beginning June 30, 2010. The balance of the UAAL as of June 30, 2012 shall be amortized separately from any future changes in UAAL over a period of 23 years from June 30, 2012.</p> <p>Any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of June 30 will be amortized over a period of 20 years.</p> <p>Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 20 years.</p> <p>The change in UAAL as a result of any plan amendments will be amortized over a period of 15 years and the change in UAAL resulting from retirement incentive programs will be amortized over a period of up to 5 years.</p>
Changes in Actuarial Cost Method:	Based on the Review of Actuarial Funding Policy, the following actuarial cost method was changed since the previous valuation. Previously, that method was as follows:
Actuarial Cost Method:	Entry Age Actuarial Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation. The Normal Cost is calculated on an aggregate basis by taking the Present Value of Future Normal Costs divided by the Present Value of Future Salaries to obtain a normal cost rate. This normal cost rate is then multiplied by the total current salaries.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

EXHIBIT VI

Summary of Plan Provisions

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

Membership Eligibility:	Membership with SCERS usually begins with the employment by the County or member District as a permanent full-time or part-time employee as provided in the County Salary Resolution or the District's Salary Resolution.
<i>Miscellaneous Tier 1</i>	All Miscellaneous members hired prior to September 27, 1981.
<i>Miscellaneous Tier 2 and Tier 3</i>	All Miscellaneous members hired on or after September 27, 1981. Membership into Tier 2 or Tier 3 is determined by date of hire and by bargaining unit.
<i>Miscellaneous Tier 4</i>	All Miscellaneous members hired on or after January 1, 2012 as adopted by the County. Membership into Tier 4 is determined by date of hire.
<i>Miscellaneous Tier 5</i>	All Miscellaneous members hired on or after January 1, 2013.
<i>Safety Tier 1 and Tier 2</i>	Membership into Tier 1 or Tier 2 for Safety employee is determined by date of hire and by bargaining unit.
<i>Safety Tier 3</i>	All Safety members hired on or after January 1, 2012 as adopted by the County. Membership into Tier 3 is determined by date of hire.
<i>Safety Tier 4</i>	All Safety members hired on or after January 1, 2013.

Final Compensation for Benefit Determination:	
<i>Miscellaneous and Safety Tier 1</i>	Highest consecutive 1 year (12 months) of compensation earnable (§31462.1) (FAS1)
<i>Miscellaneous Tier 2, Tier 3, and Tier 4 and Safety Tier 2 and Tier 3</i>	Highest consecutive 3 years (36 months) of compensation earnable. (§31462) (FAS3)
<i>Miscellaneous Tier 5 and Safety Tier 4</i>	Highest consecutive 3 years (36 months) of pensionable compensation. (§7522.10(c), §7522.32 and §7522.34) (FAS3)

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Service: Years of service. (Yrs)

Service Retirement Eligibility:

Miscellaneous

Tiers 1, 2, 3 and 4

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

Tier 5

Age 52 with 5 years of service (§7522.20(a)).

Safety

Tiers 1, 2 and 3

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

Tier 4

Age 50 with 5 years of service (§7522.25(d)).

Benefit Formula:

Miscellaneous Plans	Retirement Age	Benefit Formula
<i>Miscellaneous Tier 1</i> (§31676.14)	50	$(1.48\% \times \text{FAS1} - 1/3 \times 1.48\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.95\% \times \text{FAS1} - 1/3 \times 1.95\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.44\% \times \text{FAS1} - 1/3 \times 2.44\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.61\% \times \text{FAS1} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$
	65 or later	$(2.61\% \times \text{FAS1} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$
<i>Miscellaneous Tier 2 and Tier 3</i> (§31676.14)	50	$(1.48\% \times \text{FAS3} - 1/3 \times 1.48\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.95\% \times \text{FAS3} - 1/3 \times 1.95\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.44\% \times \text{FAS3} - 1/3 \times 2.44\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.61\% \times \text{FAS3} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$
	65 or later	$(2.61\% \times \text{FAS3} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

	Retirement Age	Benefit Formula
<i>Miscellaneous Tier 4 (§31676.1)</i>	50	$(1.18\% \times \text{FAS3} - 1/3 \times 1.18\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.49\% \times \text{FAS3} - 1/3 \times 1.49\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(1.92\% \times \text{FAS3} - 1/3 \times 1.92\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.09\% \times \text{FAS3} - 1/3 \times 2.09\% \times \$350 \times 12) \times \text{Yrs}$
	65 or later	$(2.43\% \times \text{FAS3} - 1/3 \times 2.43\% \times \$350 \times 12) \times \text{Yrs}$
<i>Miscellaneous Tier 5 (§7522.20(a))</i>	52	$1.00\% \times \text{FAS3} \times \text{Yrs}$
	55	$1.30\% \times \text{FAS3} \times \text{Yrs}$
	60	$1.80\% \times \text{FAS3} \times \text{Yrs}$
	62	$2.00\% \times \text{FAS3} \times \text{Yrs}$
	65	$2.30\% \times \text{FAS3} \times \text{Yrs}$
	67 or later	$2.50\% \times \text{FAS3} \times \text{Yrs}$
 Safety Plans		
<i>Safety Tier 1 (§31664.1)</i>	Retirement Age	Benefit Formula
	50	$(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	60 or later	$(3.00\% \times \text{FAS1} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
<i>Safety Tier 2 (§31664.1)</i>	50	$(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	60 or later	$(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
<i>Safety Tier 3 (§31664.2)</i>	50	$(2.29\% \times \text{FAS3} - 1/3 \times 2.29\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	60 or later	$(3.00\% \times \text{FAS3} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

	Retirement Age	Benefit Formula
<i>Safety Tier 4 (§7522.25(d))</i>	50	2.00%xFAS3xYrs
	55	2.50%xFAS3xYrs
	57 or later	2.70%xFAS3xYrs
Maximum Benefit:		
<i>Miscellaneous Tier 1, Tier 2, Tier 3 and Tier 4 and Safety Tier 1, Tier 2 and Tier 3</i>		100% of Highest Average Compensation (§31676.14, §31676.1, §31664.1, §31664.2)
<i>Miscellaneous Tier 5 and Safety Tier 4</i>		None

Additional Benefit Information:

- For Miscellaneous members of the following Districts, benefits accrued before June 29, 2003 will continue to be calculated using §31676.1.
 1. Fair Oaks Cemetery District
 2. Galt Arno Cemetery District

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Non-duty Disability:

Miscellaneous and Safety Tier 1

Eligibility Five years of service (§31720).
Benefit Formula 1.5% per year of service for Miscellaneous Tier 1 and 1.8% per year of service for Safety Tier 1. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65 for Miscellaneous Tier 1 and 55 for Safety Tier 1, but the total benefit cannot be more than one-third of Final Compensation (§31727 and §31727.2). The Service Retirement benefit is payable, if greater.

Miscellaneous Tier 2, Tier 3, Tier 4,
and Tier 5 and Safety Tier 2, Tier 3
and Tier 4

Eligibility Five years of service (§31720).
Benefit Formula 20% of Final Compensation for the first five years of service plus 2% for each year of additional service for a maximum of 40% of Final Compensation (§31727.7). The Service Retirement benefit is payable, if greater.

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 Sacramento County Employees' Retirement System

Pre-Retirement Death:

All Members

Eligibility

No age or service requirements.

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).

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 Non-duty Disability Retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1), in lieu of above.

Death in Line-of-Duty

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

Death After Retirement:

All Members

Service Retirement or Non-Duty Disability

60% of member's unmodified allowance continued to eligible spouse (§31760.1). An additional \$4,000 lump sum benefit is payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was married to the member at least one year prior to the date of retirement (§31760.1).

Line-of-Duty Disability

100% of member's allowance continued to eligible spouse (§31786). An additional \$4,000 lump sum benefit is payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was married to the member at least one year prior to the date of retirement (§31760.1).

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

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).

Post-retirement

Cost-of-Living Benefits:

<i>Miscellaneous and Safety Tier 1</i>	Future changes based on Consumer Price Index to a maximum of 4% per year, excess “banked.” (§31870.3)
<i>Miscellaneous Tier 3, Tier 4 and Tier 5 and Safety Tier 2, Tier 3 and Tier 4</i>	Future changes based on Consumer Price Index to a maximum of 2% per year, excess “banked.” (§31870)

Note: There is no cost-of-living benefit for Miscellaneous Tier 2.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Member Contributions:	Please refer to Appendix A for the specific rates.
<i>Miscellaneous Tier 1</i>	
<i>Basic</i>	Provide for an average annuity at age 55 equal to 1/240 of FAS1. (§31621.3)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.
<i>Miscellaneous Tier 2</i>	
<i>Basic</i>	Provide for an average annuity at age 55 equal to 1/240 of FAS3. (§31621.3)
<i>Cost-of-Living</i>	None.
<i>Miscellaneous Tier 3</i>	
<i>Basic</i>	Provide for an average annuity at age 55 equal to 1/240 of FAS3. (§31621.3)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.
<i>Miscellaneous Tier 4</i>	
<i>Basic</i>	Provide for an average annuity at age 60 equal to 1/120 of FAS3. (§31621)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.
<i>Miscellaneous Tier 5</i>	50% of the total Normal Cost rate.
<i>Safety Tier 1, Tier 2 and Tier 3</i>	
<i>Basic</i>	Provide for an average annuity at age 50 equal to 1/100 of FAS1 (FAS3 for Tier 2 and Tier 3). (§31639.25)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.
<i>Safety Tier 4</i>	50% of the total Normal Cost rate.

Note: The above rates are known as full rates. For members paying half rates, their rates should be one-half of the rates provided in this report. In addition, for members entering the plan on or after January 1, 1975, they pay a rate based on a single entry age (§31621.11 and §31639.26).

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Other Information: Safety Tier 1, Tier 2 and Tier 3 members with 30 or more years of service are exempt from paying member contributions. The same applies for Miscellaneous Tier 1, Tier 2, Tier 3 and Tier 4 members hired on or before March 7, 1973.

Plan Amendment: All members with membership dates on or after January 1, 2013 entered either Miscellaneous Tier 5 or Safety Tier 4.

NOTE: *The summary of major plan provisions is designed to outline principal 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 they can both be sure the proper provisions are valued.*

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Appendix A

Member Contribution Rates

Comparison of Member Rate^{(1),(2)} from June 30, 2012 and June 30, 2013 Valuation

	June 30, 2013			June 30, 2012			Increase/(Decrease) in Rate	
	Miscellaneous	Basic	COLA	Total	Basic	COLA		Total
Tier 1		4.02%	1.41%	5.43%	4.02%	1.36%	5.38%	0.05%
Tier 2		3.82%	0.00%	3.82%	3.82%	0.00%	3.82%	0.00%
Tier 3		3.82%	1.36%	5.18%	3.82%	1.36%	5.18%	0.00%
Tier 4		6.67%	1.13%	7.80%	6.67%	1.15%	7.82%	-0.02%
Tier 5		7.41%	1.37%	8.78%	6.27%	1.23%	7.50%	1.28% ⁽³⁾
Safety	Basic	COLA	Total	Basic	COLA	Total	Increase/(Decrease) in Rate	
Tier 1	9.78%	4.52%	14.30%	9.78%	4.74%	14.52%	-0.21%	
Tier 2	9.30%	2.64%	11.94%	9.30%	2.69%	11.99%	-0.05%	
Tier 3	9.30%	2.52%	11.82%	9.30%	2.56%	11.86%	-0.04%	
Tier 4	11.24%	2.62%	13.86%	9.69%	2.31%	12.00%	1.86% ⁽³⁾	

⁽¹⁾ For members paying half rates, their rates should be exactly one-half of rates described above.

⁽²⁾ Members who enter on or after 1/1/1975 contribute as indicated above and all others contribute the rate at their respective entry ages.

⁽³⁾ There is a large difference in the contribution rates between the 2012 and the 2013 valuations for the CalPEPRA tiers as 2013 is the first valuation that actual membership information is used to set the contribution rates for those tiers. Also, the switch to the individual Entry Age method has a larger impact for those tiers.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Appendix A

Member Contribution Rates (Continued)

Miscellaneous Members' Contribution Rates from the June 30, 2013 Actuarial Valuation

Entry Age	Basic Only						COLA Only						Total					
	First \$350 of Monthly Salary			Salary in Excess of \$350			First \$350 of Monthly Salary			Salary in Excess of \$350			First \$350 of Monthly Salary			Salary in Excess of \$350		
	Tier 1	Tier 2 & Tier 3	Tier 4	Tier 1	Tier 2 & Tier 3	Tier 4	Tier 1	Tier 3	Tier 4	Tier 1	Tier 3	Tier 4	Tier 1	Tier 3	Tier 4	Tier 1	Tier 3	Tier 4
16	2.52%			3.78%			0.88%			1.32%			3.40%			5.10%		
17	2.53%			3.79%			0.89%			1.33%			3.42%			5.12%		
18	2.53%			3.80%			0.89%			1.33%			3.42%			5.13%		
19	2.53%			3.80%			0.89%			1.33%			3.42%			5.13%		
20	2.53%			3.80%			0.89%			1.33%			3.42%			5.13%		
21	2.53%			3.80%			0.89%			1.33%			3.42%			5.13%		
22	2.53%			3.79%			0.89%			1.33%			3.42%			5.12%		
23	2.53%			3.80%			0.89%			1.33%			3.42%			5.13%		
24	2.53%			3.80%			0.89%			1.33%			3.42%			5.13%		
25	2.54%			3.81%			0.89%			1.33%			3.43%			5.14%		
26	2.55%			3.82%			0.89%			1.34%			3.44%			5.16%		
27	2.55%			3.83%			0.89%			1.34%			3.44%			5.17%		
28	2.57%			3.85%			0.90%			1.35%			3.47%			5.20%		
29	2.57%			3.86%			0.90%			1.35%			3.47%			5.21%		
30	2.59%			3.88%			0.91%			1.36%			3.50%			5.24%		
31	2.60%			3.90%			0.91%			1.37%			3.51%			5.27%		
32	2.61%			3.92%			0.91%			1.37%			3.52%			5.29%		
33	2.63%			3.94%			0.92%			1.38%			3.55%			5.32%		
34	2.65%			3.97%			0.93%			1.39%			3.58%			5.36%		
35	2.66%			3.99%			0.93%			1.40%			3.59%			5.39%		
36	2.68%	2.55%	4.45%	4.02%	3.82%	6.67%	0.94%	0.91%	0.75%	1.41%	1.36%	1.13%	3.62%	3.46%	5.20%	5.43%	5.18%	7.80%
37	2.70%			4.05%			0.95%			1.42%			3.65%			5.47%		
38	2.71%			4.07%			0.95%			1.43%			3.66%			5.50%		
39	2.73%			4.10%			0.96%			1.44%			3.69%			5.54%		
40	2.75%			4.13%			0.97%			1.45%			3.72%			5.58%		
41	2.78%			4.17%			0.97%			1.46%			3.75%			5.63%		
42	2.80%			4.20%			0.98%			1.47%			3.78%			5.67%		
43	2.82%			4.23%			0.99%			1.48%			3.81%			5.71%		
44	2.85%			4.27%			1.00%			1.50%			3.85%			5.77%		
45	2.87%			4.31%			1.01%			1.51%			3.88%			5.82%		
46	2.89%			4.34%			1.01%			1.52%			3.90%			5.86%		
47	2.92%			4.38%			1.02%			1.53%			3.94%			5.91%		
48	2.95%			4.42%			1.03%			1.55%			3.98%			5.97%		
49	2.97%			4.46%			1.04%			1.56%			4.01%			6.02%		
50	3.01%			4.51%			1.05%			1.58%			4.06%			6.09%		
51	3.03%			4.55%			1.06%			1.59%			4.09%			6.14%		

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Appendix A

Member Contribution Rates (Continued)

Miscellaneous Members' Contribution Rates from the June 30, 2013 Actuarial Valuation

Entry Age	Basic Only						COLA Only						Total					
	First \$350 of Monthly Salary			Salary in Excess of \$350			First \$350 of Monthly Salary			Salary in Excess of \$350			First \$350 of Monthly Salary			Salary in Excess of \$350		
	Tier 1	Tier 2 & Tier 3	Tier 4	Tier 1	Tier 2 & Tier 3	Tier 4	Tier 1	Tier 3	Tier 4	Tier 1	Tier 3	Tier 4	Tier 1	Tier 3	Tier 4	Tier 1	Tier 3	Tier 4
52	3.07%			4.60%			1.07%			1.61%			4.14%			6.21%		
53	3.10%			4.65%			1.09%			1.63%			4.19%			6.28%		
54	3.13%			4.70%			1.10%			1.65%			4.23%			6.35%		
55	3.13%			4.70%			1.10%			1.65%			4.23%			6.35%		
56	3.13%			4.70%			1.10%			1.65%			4.23%			6.35%		
57	3.13%			4.70%			1.10%			1.65%			4.23%			6.35%		
58	3.13%			4.70%			1.10%			1.65%			4.23%			6.35%		
59 & Over	3.13%			4.70%			1.10%			1.65%			4.23%			6.35%		

The rates above are full contribution rates expressed as a percentage of salary based upon the following interest and salary scale assumptions. Members who enter prior to 1/1/1975 contribute on the basis of their actual entry age and all others contribute on the basis of a single entry age of 36.

Tier 5			
All Eligible Pay ⁽¹⁾			
Basic Only	COLA Only	Total	
All members	7.41%	1.37%	8.78%

⁽¹⁾ It is our understanding that in the determination of pension benefits under the CalPEPRA formulas, the compensation that can be taken into account for 2013 is equal to the Social Security Taxable Wage Base or \$113,700 (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2013 (reference: Section 7522.10(d)).

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Appendix A

Member Contribution Rates (Continued)

Miscellaneous Members' Contribution Rates from the June 30, 2013 Actuarial Valuation

Interest:	7.50% per annum
COLA:	Tier 1: 3.25%
	Tier 2: 0.00%
	Tier 3: 2.00%
	Tier 4: 2.00%
	Tier 5: 2.00%
Mortality:	RP-2000 Combined Healthy Mortality Table set back two years weighted 40% male and 60% female
Salary increase:	Inflation (3.25%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit V).
COLA Loading Factor:	Tier 1 ⁽²⁾ : 35.02%
	Tier 3 ⁽²⁾ : 35.52%
	Tier 4 ⁽²⁾ : 16.95%
	Tier 5: 18.49%

⁽²⁾ Factors have been adjusted to reflect a reserve carried by the Board to reduce part of the COLA contributions.

Non-Refundability factor:

Tier 1:	100.00%
Tier 2:	99.76%
Tier 3:	97.26%
Tier 4:	91.21%
Tier 5:	90.11%

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

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

Safety Members' Contribution Rates from the June 30, 2013 Actuarial Valuation

Entry Age	Basic Only				COLA Only						Total					
	First \$350 of Monthly Salary		Salary in Excess of \$350		First \$350 of Monthly Salary			Salary in Excess of \$350			First \$350 of Monthly Salary			Salary in Excess of \$350		
	Tier 1	Tier 2 & Tier 3	Tier 1	Tier 2 & Tier 3	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3
18	6.42%		9.63%		2.97%			4.45%			9.39%			14.08%		
19	6.43%		9.64%		2.97%			4.46%			9.40%			14.10%		
20	6.43%		9.64%		2.97%			4.46%			9.40%			14.10%		
21	6.43%		9.64%		2.97%			4.46%			9.40%			14.10%		
22	6.42%		9.63%		2.97%			4.45%			9.39%			14.08%		
23	6.42%		9.63%		2.97%			4.45%			9.39%			14.08%		
24	6.43%		9.64%		2.97%			4.46%			9.40%			14.10%		
25	6.44%		9.66%		2.98%			4.47%			9.42%			14.13%		
26	6.45%		9.68%		2.99%			4.48%			9.44%			14.16%		
27	6.47%		9.70%		2.99%			4.49%			9.46%			14.19%		
28	6.49%		9.74%		3.01%			4.51%			9.50%			14.25%		
29	6.52%	6.20%	9.78%	9.30%	3.01%	1.76%	1.68%	4.52%	2.64%	2.52%	9.53%	7.96%	7.88%	14.30%	11.94%	11.82%
30	6.55%		9.83%		3.03%			4.55%			9.58%			14.38%		
31	6.59%		9.88%		3.05%			4.57%			9.64%			14.45%		
32	6.63%		9.95%		3.07%			4.60%			9.70%			14.55%		
33	6.67%		10.01%		3.09%			4.63%			9.76%			14.64%		
34	6.73%		10.09%		3.11%			4.67%			9.84%			14.76%		
35	6.78%		10.17%		3.13%			4.70%			9.91%			14.87%		
36	6.83%		10.25%		3.16%			4.74%			9.99%			14.99%		
37	6.89%		10.34%		3.19%			4.78%			10.08%			15.12%		
38	6.96%		10.44%		3.22%			4.83%			10.18%			15.27%		
39	7.02%		10.53%		3.25%			4.87%			10.27%			15.40%		
40	7.09%		10.63%		3.28%			4.92%			10.37%			15.55%		
41	7.15%		10.73%		3.31%			4.96%			10.46%			15.69%		
42	7.22%		10.83%		3.34%			5.01%			10.56%			15.84%		
43	7.29%		10.94%		3.37%			5.06%			10.66%			16.00%		
44	7.37%		11.05%		3.41%			5.11%			10.78%			16.16%		
45	7.44%		11.16%		3.44%			5.16%			10.88%			16.32%		
46	7.52%		11.28%		3.48%			5.22%			11.00%			16.50%		
47	7.60%		11.40%		3.51%			5.27%			11.11%			16.67%		
48	7.68%		11.52%		3.55%			5.33%			11.23%			16.85%		
49 & Over	7.76%		11.64%		3.59%			5.38%			11.35%			17.02%		

The rates above are full contribution rates expressed as a percentage of salary based upon the following interest and salary scale assumptions. Members who enter prior to 1/1/1975 contribute on the basis of their actual entry age and all others contribute on the basis of a single entry age of 29.

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Appendix A

Member Contribution Rates (Continued)

Safety Members' Contribution Rates from the June 30, 2013 Actuarial Valuation

	Tier 4		
	All Eligible Pay ⁽¹⁾		
	Basic Only	COLA Only	Total
All members	11.24%	2.62%	13.86%

⁽¹⁾ It is our understanding that in the determination of pension benefits under the CalPEPRA formulas, the compensation that can be taken into account for 2013 is equal to the Social Security Taxable Wage Base or \$113,700 (reference: Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2013 (reference: Section 7522.10(d)).

Interest:	7.50% per annum	
COLA:	Tier 1:	3.25%
	Tier 2:	2.00%
	Tier 3:	2.00%
	Tier 4:	2.00%
Mortality:	RP-2000 Combined Healthy Mortality Table set back one year weighted 70% male and 30% female	
Salary increase:	Inflation (3.25%) + Across-the-Board Increase (0.25%) + Merit (See Exhibit V).	
COLA Loading Factor:	Tier 1 ⁽²⁾ :	46.26%
	Tier 2 ⁽²⁾ :	28.42%
	Tier 3 ⁽²⁾ :	27.14%
	Tier 4:	23.31%

⁽²⁾ Factors have been adjusted to reflect a reserve carried by the Board to reduce part of the COLA contributions.

Non-Refundability factor:

Tier 1:	99.88%
Tier 2:	98.15%
Tier 3:	94.71%
Tier 4:	93.33%

SECTION 4: Reporting Information for the Sacramento County Employees' Retirement System

Appendix B

UAAL Amortization Schedule as of June 30, 2013 (Dollar Amounts in Thousands)

	Date Established	Source	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment
Miscellaneous	June 30, 2012	Restart amortization	\$814,400	\$819,502	22	\$56,045
	June 30, 2013	Actuarial loss	34,060	<u>34,060</u>	20	<u>2,479</u>
Subtotal				\$853,562		\$58,524
Safety	June 30, 2010	LEMA	\$4,047	\$3,331	7	553
	June 30, 2012	Restart amortization	493,928	497,022	22	33,991
	June 30, 2013	Actuarial loss	53,174	53,174	20	3,871
	June 30, 2013	DSA Retirement Incentive	6,134	<u>6,134</u>	5	<u>1,374</u>
Subtotal				\$559,661		\$39,789
Grand Total				<u>\$1,413,223</u>		<u>\$98,313</u>

5264879v3/05750.002