

**SAN DIEGO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
ANNUAL ACTUARIAL VALUATION
June 30, 2002**



Revised

Submitted to
THE RETIREMENT BOARD
San Diego County Employees' Retirement Association
San Diego County, California

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September 30, 2002

(Revised)

San Diego County Employees'
Retirement Association
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Members of the Board:

Results of the regular Annual Actuarial Valuation as of June 30, 2002 of the San Diego County Employees' Retirement Association are summarized. The valuation is intended to provide a measure of the funding status of the retirement system. This valuation forms the basis for the employer contribution rates for the year beginning July 1, 2003.

Contributions for	General	Safety	Combined
Normal Costs	10.77%	19.61%	12.71%
Unfunded Accrued	18.21	23.36	19.35
TOTAL	28.98%	42.97%	32.06%

The member statistical data on which the valuation was based was furnished by the Retirement Office, together with pertinent data on financial operations. Data was reviewed for reasonableness, but was not audited by the actuary.

Valuation results indicate that there was an experience loss of \$159.5 million. This loss reflects 4.6% of accrued actuarial liabilities as of June 30, 2001. The bigger reason for the large increase in computed rates are the sizable benefit increases granted in March 2002.

The cooperation of the Retirement Office in furnishing materials requested for this valuation is deeply acknowledged with appreciation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

Rick A. Roeder, E.A., F.S.A., M.A.A.A.

**FINANCIAL PRINCIPLES
AND
OPERATIONAL TECHNIQUES**

Financial Principles and Operational Techniques

Promises Made, and To Be Paid For. As each year is completed, the Retirement System in effect hands an "IOU" to each member then acquiring a year of service credit -- the "IOU" says: "The San Diego County Employees' Retirement Association owes you one year's worth of retirement benefits, payments in cash commencing when you qualify for retirement."

The related key financial questions are:

Which generation of taxpayers contributes the money to cover the IOU?

The present taxpayers, who receive the benefit of the member's present year of service?

Or the future taxpayers, who happen to be in San Diego at the time the IOU becomes a cash demand, years and decades later?

The principle of level percent of payroll financing intends that this year's taxpayers contribute the money to cover the IOUs being handed out this year. By following this principle, the employer contribution rate will remain approximately level from generation to generation (after funding of the system's initial unfunded liability is addressed) -- our children and our grandchildren will contribute the same percents of active payroll we contribute now.

(There are systems which have a design for deferring contributions to future taxpayers, lured by a lower contribution rate now and putting aside the consequence that the contribution rate must then relentlessly grow much greater over decades of time.)

An inevitable by-product of the level-cost design is the accumulation of reserve assets, for decades, and income produced when the assets are invested. Invested assets are a by-product and not the objective. Investment income becomes, in effect, the 3rd contributor for benefits to employees, and is interlocked with the contribution amounts required from employees and employer.

(Concluded on next page)

San Diego County Employees' Retirement Association
Financial Principles and Operational Techniques

(Concluded)

Translated to actuarial terminology, this level-cost objective means that the contribution rates must total at least the following:

Current Cost (the cost of members' service being rendered this year) . . .

plus. . .

Interest on Unfunded Accrued Liabilities (unfunded accrued liabilities are the difference between (i) liabilities for service already rendered and (ii) the accrued assets of the plan).

Computing Contributions To Support System Benefits. From a given schedule of benefits and from the employee data and asset data furnished, the actuary determines the contribution rates to support the benefits, by means of an actuarial valuation and a funding method.

An actuarial valuation has a number of ingredients such as: the rate of investment return which plan assets will earn; rates of withdrawal of active members who leave covered employment; rates of mortality; rates of disability; rates of pay increases; and the assumed age or ages at actual retirement. In an actuarial valuation assumptions must be made as to what the above rates will be, for the next year and for decades in the future. Only the subsequent actual experience of the plan can indicate the degree of accuracy of the assumptions.

Reconciling Differences Between Assumed Experience and Actual Experience. Once actual experience has occurred and been observed, it will not coincide exactly with assumed experience, regardless of the wisdom behind the various financial assumptions or the skill of the actuary and the millions of calculations made. The future can be predicted with considerable but not complete precision, except for inflation which defies reliable prediction.

The System copes with these continually changing differences by having annual actuarial valuations. Each actuarial valuation is a complete recalculation of assumed future experience, taking into account all past differences between assumed and actual experience. The result is continual adjustments in the computed employer contribution rates.

THE ACTUARIAL VALUATION PROCESS

The financing diagram on the opposite page shows the relationship between the two fundamentally different philosophies of paying for retirement benefits: the method where contributions match cash benefit payments (or barely exceed cash benefit payments, as in the Federal Social Security program) which is an increasing contribution method; and the level contribution method which equalizes contributions between the generations.

The actuarial valuation is the mathematical process by which the level contribution rate is determined. The flow of activity constituting the valuation may be summarized as follows:

A. Covered people data, furnished by plan administrator, including:

Retired lives now receiving benefits

Former employees with vested benefits not yet payable

Active employees

B. + Asset data (cash & investments), furnished by plan administrator

C. + Assumptions concerning future experience in various risk areas, which are established by the Retirement Board after consulting with the actuary

D. + The funding method for employer contributions (the long-term, planned pattern for employer contributions)

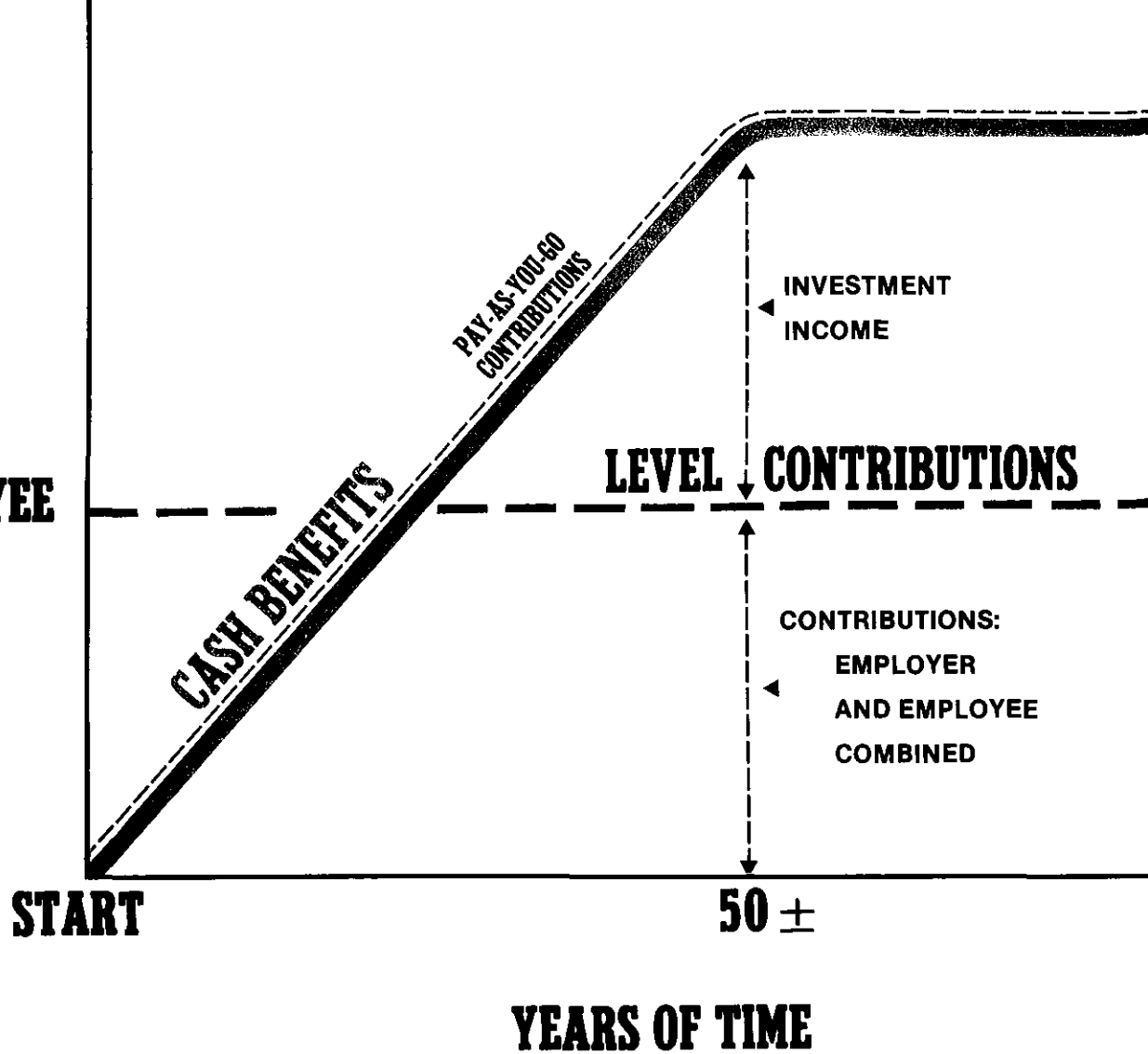
E. + Mathematically combining the assumptions, the funding method, and the data

F. = Determination of:

Plan Financial Position and/or

New Employer Contribution Rate

**% OF
ACTIVE
EMPLOYEE
PAYS**



CASH BENEFITS LINE. This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

LEVEL CONTRIBUTION LINE. Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

Economic Risk Areas

- Rates of investment return**
- Rates of pay increase**
- Changes in active member group size**

Non-Economic Risk Areas

- Ages at actual retirement**
- Rates of mortality**
- Rates of withdrawal of active members (turnover)**
- Rates of disability**

VALUATION RESULTS

&

COMMENTS

June 30, 2002

FUNDING OBJECTIVE

The funding objective of the Retirement Association is to establish and receive contributions, expressed as percents of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of citizens.

CONTRIBUTION RATES

The Retirement Association is supported by member contributions, County contributions, and investment income from Retirement Association assets.

Contributions which satisfy the funding objective are determined by the annual actuarial valuation and are intended to:

- (1) cover the actuarial present value of benefits allocated to the current year by the actuarial cost method (the normal cost); and
- (2) finance over a period of future years the actuarial present value of benefits not covered by valuation assets and anticipated future normal costs (unfunded actuarial accrued liability).

Computed contributions for the fiscal year beginning July 1, 2003 are shown on the following pages.

San Diego County Employees' Retirement Association

Computed County Contribution Rates

(Expressed as Percents of Active Payroll)

County Contributions Based on Valuation of	General		Safety		Combined	
	2001	2002	2001	2002	2001	2002
NORMAL COSTS						
Basic Allowances	4.91%	8.18%	9.50%	13.83%	5.97%	9.42%
Cost-of-living allowances	<u>1.05</u>	<u>2.59</u>	<u>2.40</u>	<u>5.78</u>	<u>1.37</u>	<u>3.29</u>
Total Normal Costs	5.96	10.77	11.90	19.61	7.34	12.71
UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)						
Basic Allowances	(5.56)	13.83	(3.95)	16.47	(5.18)	14.34
Cost-of-living allowances	<u>(1.43)</u>	<u>4.38</u>	<u>(1.08)</u>	<u>6.89</u>	<u>(1.35)</u>	<u>5.01</u>
Total UAAL	(6.99)	18.21	(5.03)	23.36	(6.53)	19.35
TOTAL COUNTY CONTRIBUTION						
	(1.03)%	28.98%	6.87%	42.97%	0.81%	32.06%

Ongoing unfunded actuarial accrued liabilities (UAAL) are a byproduct of actuarial gains and losses, as well as benefit, assumption and methodology changes. An excess/deficit of valuation assets over the accrued liabilities is amortized over ten years, expressed as a percent-of-payroll and applied as a credit/debit to the computed normal costs. Starting in 2002, the UAAL funding credit/debit due to plan and assumption changes is amortized over ten years, expressed as a percent-of-payroll, and added to the computed normal costs. As in prior valuations, an amortization factor of five is used for the UAAL funding credit/debit due to experience gains/losses. Comparative contribution amounts for prior fiscal years are shown on the second following page.

San Diego County Employees' Retirement Association

Computed County Contribution Rates

June 30, 2002

(Expressed as Percents of Active Payroll)

Elements of Normal Cost

	<u>General</u>	<u>Safety</u>	<u>Overall</u>
Service Retirement ¹	14.21%	17.97%	15.03%
Vested Deferred Retirement	3.32	3.49	3.36
Death-In-Service	0.38	0.82	0.48
Ordinary Disability ¹	0.32	0.09	0.27
Duty Disability ¹	0.90	6.38	2.10
Contribution Refunds	<u>0.49</u>	<u>0.13</u>	<u>0.41</u>
Total Normal Cost	19.62	28.88	21.65
Employee Contributions	<u>8.85</u>	<u>9.27</u>	<u>8.94</u>
County Normal Cost	10.77%	19.61%	12.71%

¹ Disability figures could be viewed as overstated, and service retirement correspondingly understated, since, in many cases, a disabilitant will have significant service credit accrued and may be eligible or nearly so for service retirement at time of disability grant.

San Diego County Employees' Retirement Association
 Computed County Contributions - Historic Comparison

Fiscal Year	Valuation Date	General Members	Probation Members	Expressed as Percents of Payroll		
				Safety Members	All Members	Valuation Payroll
86-87	12/31/85	15.18%	--	24.98%	16.40%	\$280,560,958
87-88	12/31/86	14.90%	--	24.79%	16.13%	\$297,151,940
88-89	12/31/87 ¹	11.63%	--	19.55%	12.71%	\$340,499,064
89-90	12/31/88	11.44%	--	19.93%	12.58%	\$365,650,795
90-91	6/30/89	11.08%	--	22.36%	12.63%	\$391,328,886
91-92	6/30/90	10.98%	--	21.92%	12.41%	\$444,840,888
92-93	6/30/91	11.07%	--	22.28%	12.52%	\$494,284,829
92-93	6/30/91 ^{2,3,4}	11.35%	--	21.88%	12.71%	\$494,284,829
93-94	6/30/92	11.17%	--	22.66%	12.71%	\$525,411,229
94-95	6/30/93	10.58%	--	20.74%	12.00%	\$533,124,485
94-95	6/30/93 ²	11.73%	--	21.40%	13.10%	\$533,124,485
94-95	6/30/93 ⁵	4.97%	--	11.77%	5.93%	\$533,124,485
95-96	6/30/94	6.22%	--	12.33%	7.12%	\$535,980,753
96-97	6/30/95	5.89%	--	15.18%	7.33%	\$550,737,347
96-97	6/30/95 ⁴	2.91%	--	11.24%	4.19%	\$550,737,347
97-98	6/30/96	0.74%	--	6.89%	1.68%	\$561,691,535
97-98	6/30/96 ²	3.48%	--	7.84%	4.15%	\$561,691,535
98-99	6/30/97	(1.58)%	--	1.85%	(1.04)%	\$581,453,449
98-99	6/30/97 ²	(0.60)%	--	2.28%	(0.15)%	\$581,453,449
99-00	6/30/98	1.59%	5.88% ⁶	3.95%	2.22%	\$598,971,557
00-01	6/30/99	(1.36)%	--	5.68% ⁷	0.30%	\$642,780,304
01-02	6/30/00 ²	(3.82)%	--	2.96%	(2.20)%	\$672,476,730
02-03	6/30/01	(1.03)%	--	6.87%	0.81%	\$731,130,021
03-04	6/30/02	5.06%	--	17.32%	7.75%	\$810,388,635
03-04	6/30/02 ⁸	28.98%	--	42.97%	32.06%	\$810,388,635

¹ After change in economic assumptions.

² After change in actuarial assumptions.

³ After including the Reserve for Future Deficiencies in the assets allocated to funding.

⁴ After change in asset valuation method.

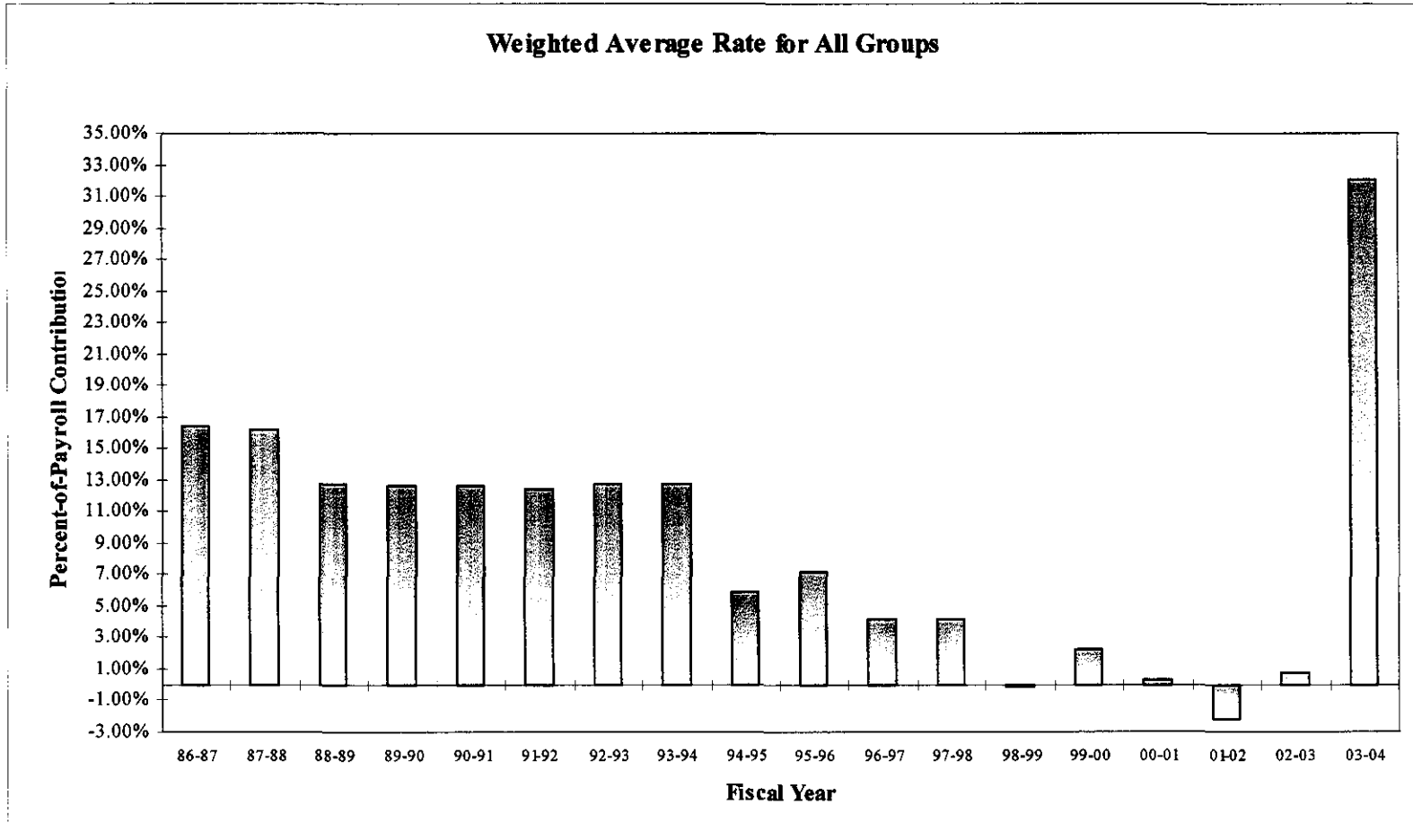
⁵ After Pension Obligation Bond, and method change in amortization of Unfunded Accrued Liability.

⁶ Previously included as part of General group; subsequently, Actives included in Safety.

⁷ Probation included as part of Safety group.

⁸ After benefit increase, retirement assumption change and new amortization period of ten years

**San Diego County Employees' Retirement Association
Computed County Contributions - Historic Comparison**



San Diego County Employees' Retirement Association
Member Contributions as of June 30, 2002

In addition to County contributions, the system is also funded by employee contributions. The rate at which members contribute is expressed as a percent of pay and varies according to age of entry into the system. Please refer to the Appendix for a detailed list of these rates by Tier and Class.

Average member contribution rates for each Tier and class are shown below, as well as the accumulated balances at the valuation date. These rates are weighted by anticipated future service. Member balances were taken from the census data provided by the Retirement Office.

AVERAGE CONTRIBUTION RATES

	General	Safety
Tier I	8.39%	9.27%
Tier A	8.85%	N/A
Combined	8.85%	9.27%

	<u>Accumulated Active Member Contributions</u>
General - Tier I	\$ 172,267
- Tier A	<u>115,784,083</u>
- Total	115,956,350
 Safety*	 \$ 60,246,204
 Grand Total	 <u>\$176,202,554</u>

* Includes Probation

All or part of the employee rate is subject to potential "pick up" by the employer. The rates above are shown prior to any applicable pick up. The pick up rate for each active member was supplied to us in the census data by the Retirement Office. Employees with fewer than five years of service have a lesser % of their employee contributions "picked up" than employees with five or more years of service.

Such pick up and related accumulated interest are not to be refunded to employees at termination. In the valuation, the County's liability for potential refunds is reduced to reflect this. Therefore, the County's contribution is 1% for each 1% of pay pick up. The rate does not get netted for future refund savings, as this is already reflected in system liabilities.

San Diego County Employees' Retirement Association

Unfunded Actuarial Accrued Liability

June 30, 2002

Derivation of Experience Gain (Loss)

The actuarial gains or losses realized in the operation of the Retirement Association provide an experience test. Gains and losses are expected to cancel each other over a period of years and sizable year-to-year fluctuations are common. Detail on the derivation of the actuarial gain (loss) is shown below.

(1)	UAAL* at beginning of year		\$(238,771,773)
(2)	Expected UAAL payment		(48,814,508)
(3)	Interest accrual [(1) - (2)] *.0825		(15,671,474)
(4)	Expected UAAL at end of year (1) - (2) + (3)		(205,628,739)
(5)	Change due to assumption, benefit, or funding revisions		1,292,858,100
	(a) Increase in health benefits and 401(h) reserve	102,156,000	
	(b) Increase in STAR COLA Reserve	15,000,000	
	(c) Increase due to benefit changes	1,098,411,004	
	(d) Increase due to assumption changes	77,291,096	
(6)	Expected UAAL at end of year, after changes in (5): (4) + (5)		1,087,229,361
(7)	Actual UAAL at end of year		1,246,732,268
(8)	Gain(loss): (6) - (7)		(159,502,907)
(9)	Gain(loss) as percentage of actuarial accrued liabilities at beginning of year \$3,506,828,147		(4.55)%

* Unfunded actuarial accrued liability

San Diego County Employees' Retirement Association
Unfunded Actuarial Accrued Liability

June 30, 2002

Components of Estimated Experience Gain/(Loss)

Estimated Gain/(Loss) to pay increases	\$(89,000,000)
Estimated Gain/(Loss) to investment experience	(91,966,928)
Estimated Gain/(Loss) to retiree mortality	(6,414,164)
Estimated Gain/(Loss) attributed to employee turnover, pre-retirement mortality, retirement incidence, data and miscellaneous factors	27,878,186
Total Estimated Experience Gain/(Loss)	\$(159,502,907)

Unfunded Actuarial Accrued Liability

Total actuarial accrued liabilities	5,078,066,575
Assets allocated to funding	3,831,334,307
Unfunded Actuarial Accrued Liability	1,246,732,268

Experience Gain(Loss) – Comparative Schedule

<u>Valuation Date</u>	<u>Gain(Loss)</u>	<u>Beginning-of-Year Accrued Liabilities</u>	<u>Gain(Loss) Percentage</u>
6/30/93	\$40,194,014	\$1,748,588,911	2.3%
6/30/94	(32,583,401)	1,869,929,458	(1.7)
6/30/95	47,291,942	2,006,688,728	2.4
6/30/96	56,360,153	2,148,606,253	2.6
6/30/97	155,182,544	2,340,662,896	6.6
6/30/98	135,645,893	2,487,916,656	5.45
6/30/99	89,282,059	2,677,593,419	3.33
6/30/00	157,154,766	2,990,110,779	5.26
6/30/01	(13,223,262)	3,248,822,070	(0.41)
6/30/02	(159,502,907)	3,506,828,147	(4.55)

San Diego County Employees' Retirement Association
Actuarial Balance Sheet - June 30, 2002

(\$ in Millions)

PRESENT RESOURCES AND EXPECTED FUTURE RESOURCES

	<u>General</u>	<u>Safety</u>	<u>Grand Total</u>
A. Actuarial value of system assets	\$2,863.5	\$967.8	\$3,831.3
B. Present value of expected future contributions			
1. For normal costs	488.9	256.5	745.4
2. For unfunded actuarial accrued liability	<u>876.7</u>	<u>370.0</u>	<u>1,246.7</u>
3. Totals	1,365.6	626.5	1,992.1
C. Present value of expected future member contributions and employer pick up contributions	<u>425.2</u>	<u>128.7</u>	<u>553.9</u>
Total Present and Expected Future Resources	<u>\$4,654.3</u>	<u>\$1,723.0</u>	<u>\$6,377.3</u>

PRESENT VALUE OF EXPECTED FUTURE BENEFIT PAYMENTS AND RESERVE

	<u>General</u>	<u>Safety</u>	<u>Grand Total</u>
A. To retirants and beneficiaries	\$1,549.3	\$497.2	\$2,046.5
B. To vested terminated members	203.6	31.0	234.6
C. To present active members			
1. Allocated to service rendered prior to valuation date	1,987.4	809.6	2,797.0
2. Allocated to service likely to be rendered after valuation date	<u>914.0</u>	<u>385.2</u>	<u>1,299.2</u>
3. Totals	2,901.4	1,194.8	4,096.2
D. Total Present Value of Expected Future Benefit Payments	<u>\$4,654.3</u>	<u>\$1,723.0</u>	<u>\$6,377.3</u>

Funding Progress Indicators

June 30, 2002

There is no single all-encompassing indicator which measures a retirement system's funding progress and current funded status. A traditional measure has been the relationship of valuation assets to unfunded actuarial accrued liability -- a measure that is influenced by the choice of actuarial cost method.

We believe a better understanding of funding progress and status can be achieved using the following indicators which are independent of the actuarial cost method.

1. The ratio of valuation assets to the actuarial present value of credited projected benefits allocated in the proportion accrued service is to projected total service -- a plan continuation indicator.
2. The ratio of the unfunded actuarial present value of credited projected benefits to member payroll -- a plan continuation indicator. In a soundly financed retirement system, the amount of the unfunded actuarial present value of credited projected benefits will be controlled and prevented from increasing in the absence of benefit improvements or strengthening of actuarial assumptions. However, in an inflationary environment it is seldom practical to impose this control on dollar amounts which are depreciating in value. The ratio is a relative index of condition where inflation is present in both items. The ratio is expected to decrease in the absence of benefit improvements or strengthening of actuarial assumptions.

San Diego County Employees' Retirement Association
Funding Progress Indicators - Historic Comparison

(\$ in Thousands)

Continuation Indicators

<u>Valuation Date</u>	<u>Valuation Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Member Payroll</u>	<u>Ratio to Payroll</u>
12/31/86	\$ 619,951	\$1,073,488	57.8%	\$453,537	\$297,152	152.6%
12/31/87 ¹	734,851	1,088,159	67.5	353,308	340,499	103.8
12/31/88	812,527	1,175,599	69.1	363,072	365,651	99.3
6/30/89	853,852	1,327,127	64.3	473,276	391,329	120.9
6/30/90	941,482	1,447,574	65.0	506,092	444,841	113.8
6/30/91 ^{2,3,4}	1,124,418	1,588,594	70.8	464,176	494,285	93.9
6/30/92	1,274,729	1,748,589	72.9	473,860	525,411	90.2
6/30/93 ²	1,438,093	1,891,844	76.0	453,751	533,124	85.1
6/30/94 ⁵	1,947,310	2,006,689	97.0	59,379	535,981	11.1
6/30/95	2,086,777	2,148,606	97.1	61,829	550,737	11.2
6/30/95 ⁴	2,172,890	2,148,606	101.1	(24,284)	550,737	(4.4)
6/30/96	2,370,519	2,275,887	104.2	(94,531)	561,692	(16.8)
6/30/96 ^{1,2}	2,370,519	2,340,663	101.3	(29,856)	561,692	(5.3)
6/30/97	2,688,098	2,505,271	107.3	(182,827)	581,453	(31.4)
6/30/97 ^{1,2}	2,688,098	2,487,917	108.0	(200,181)	581,453	(34.4)
6/30/98	2,990,733	2,644,916	113.1	(345,817)	599,847	(57.7)
6/30/98 ⁶	2,834,571	2,677,593	105.9	(156,978)	599,847	(26.2)
6/30/99	3,211,872	2,990,111	107.4	(221,761)	642,780	(34.5)
6/30/00 ²	3,568,671	3,248,822	109.8	(319,849)	672,477	(47.6)
6/30/01	3,745,600	3,506,828	106.8	(238,772)	731,130	(32.7)
6/30/02	3,831,334	3,863,108	99.2	31,774	810,389	3.9
6/30/02 ⁷	3,831,334	5,078,067	75.4	1,246,732	810,389	153.9

¹ After change in economic assumptions.

² After change in actuarial assumptions.

³ After including the Reserve for Future Deficiencies in the assets allocated for funding.

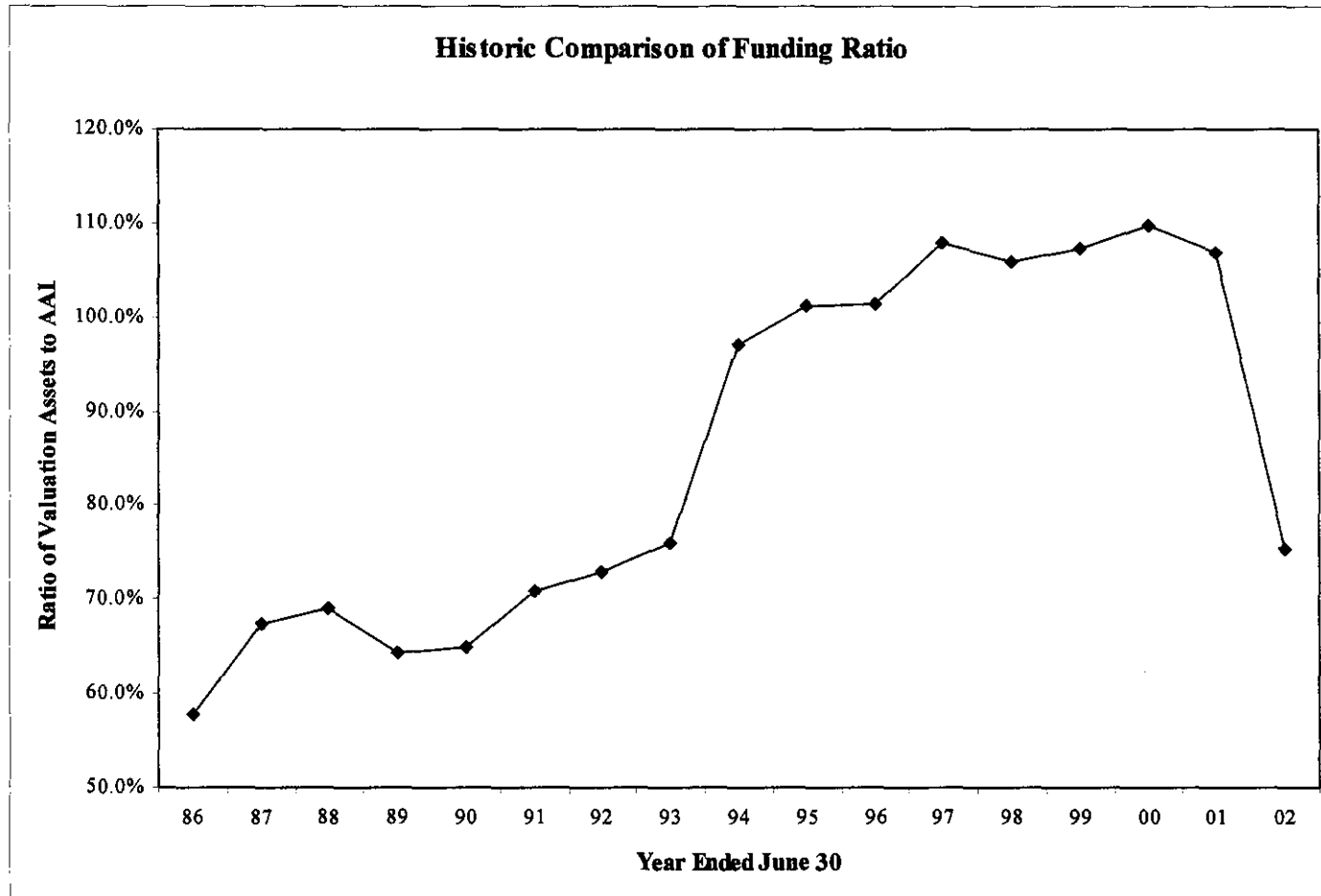
⁴ After change in asset valuation method.

⁵ After Pension Obligation Bond.

⁶ Reflects supplemental benefit reserve transfer of 156.2 million and assumption increases totalling 32.7 million.

⁷ Reflects benefit increases, assumed earlier retirement, \$117.2 million supplemental benefit reserve transfer and change in amortization period to 10 years

San Diego County Employees' Retirement Association
Funding Process Indicators - Historic Comparison



Comments & Recommendations

June 30, 2002

COMMENT A: The County's overall contribution rate markedly increased from 0.81% to 32.06% of payroll. The substantial March 2002 benefit increases accounted for most of the increase. If there were no benefit increase, retirement assumption change, or amortization policy change, the rate still would have increased to 7.75%. There were four other major factors contributing to the increase:

- 1) A net increase of monies transferred to reserves that do not count as valuation assets (retiree health and STAR COLA) of \$ 117.2 million.
- 2) The actuarial value of assets produced an investment experience loss of \$92 million (if not for five-year smoothing of investment returns that deviate from the System's 8.25% return assumption, this loss would have been much higher).
- 3) Extremely high pay increases for members. Among those who were active members in both the June 30, 2001 and June 30, 2002 valuations, the average pay increase was 10.18%. This created an experience loss in the \$89 million ballpark.
- 4) 20% of the 2001's excess of valuation assets over valuation liabilities were used to reduce the aggregate rate to 0.81%, well below the 2001 Normal Cost of 7.34%. With unfunded liabilities now exceeding \$1.2 billion in this valuation, no excess still exists.

COMMENT B: The aggregate experience loss totaled \$159.5 million dollars. When this is aggregated with the added transfers of \$117.2 million to non-countable reserves, this constitutes an unexpected addition of \$277 million to the unfunded liability. This is in addition to the increase in accrued liabilities of \$1.1 billion relating to the benefit increases and an added \$77 million to reflect the assumption change of earlier retirement incidence.

COMMENT C: The funded ratio decreased from 106.8% to 75.4%. Even if there had been no benefit enhancements, the funded ratio would have decreased to 99.2% due to experience losses and reserve transfers to supplemental benefits.

COMMENT D: The Retirement Board implemented a policy change regarding amortization of unfunded liabilities, solely for benefit enhancements and the related change to earlier retirement incidence. If not for the lengthening of the amortization period to ten years, as a level percent of payroll, the County's contribution rate would have been 43.48%.

COMMENT E: During the course of our analysis, we noted two demographics that really surprised us. In addition to the unexpectedly large compensation increases, we were surprised by the large net increase of 930 in active membership from 17,346 to 18,276. This is the biggest net increase in our 17-year data bank for the County. What makes this even more unusual is that it comes in the year that there was heavy retirement incidence (866) due to the new benefits. This means that there were net new hires of close to 2,000.

Comments & Recommendations

June 30, 2002

COMMENT F: Due to the enormity of the contribution rate increase, we went back and compared our study work to the results of the "before change" and "after change" in this valuation. This is not "apples to apples" since study work was based on June 30, 2000 demographic data and thus does not capture the much-larger-than-expected pay increases of each of the past two years.

Increases	GRS Study	2002 Valuation Results (Comparing "Before Change" To "After Change")
Gross Normal Cost	8.06%	8.19%
Average Employee Contribution Increase	<u>3.20</u>	<u>2.45%</u>
Net County Normal Cost	4.86%	5.74%

The Gross Normal Cost estimates were close to exact.

There is more variance in the average employee contribution increase than we expected. This is largely due to the large, unanticipated influx of new hires at relatively young ages. The manner in which we calculate the weighted employee rate in the valuation is skewed somewhat to those who have the relatively greatest amount of expected future service. The average attained age for active members has dropped by half a year from 44.3 to 43.8. For a large group, a drop of this magnitude is extremely unusual.

Due to the large pay increases in the two years since our study, which used June 30, 2000 demographic data, we expected the dollar amount of accrued liability increase to be significantly larger than our study results. This was borne out. In addition, we had cautioned that there might be a "one-time" hike in liabilities to reflect an unusually large group of new retirees, as actually occurred in March. In our study, we did not attempt to quantify what this one-shot occurrence might be.

Based on 2000 data, our study showed an estimated accrued liability increase of \$934.1 million. This reflected a 28.8% increase in System accrued liabilities at such date. Based on the 2002 accrued liability increases of \$1.176 billion (which include \$77.3 million in increased liabilities due to earlier assumed retirement), this reflects 30.4% of June 30, 2002 accrued liabilities prior to the benefit enhancement. The relationship between these two ratios make sense.

We estimated that the total contribution increase to the County would be 21.72%. The actual 2002 difference between the "before change" rate of 7.75% and the "after change" number of 32.06% is 24.31%.

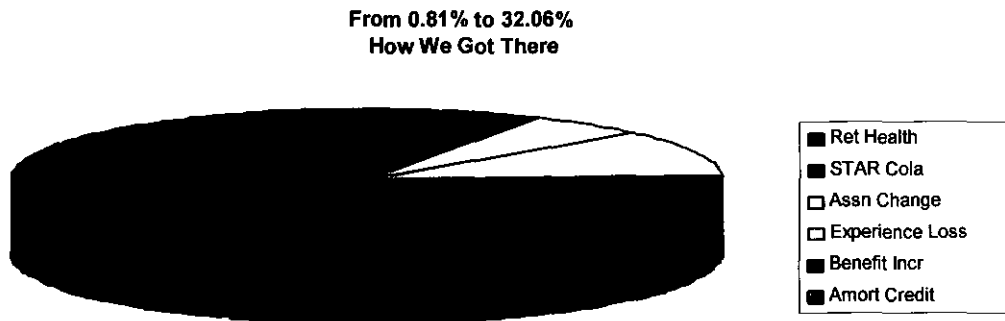
Using these barometers and after extensive analysis, we feel comfortable with that there is consistency between the study and actual 2002 results.

San Diego County Employees' Retirement Association

Comments & Recommendations

June 30, 2002

COMMENT G: A summary of the reasons for the increase in employer contribution rate from 0.81% to 32.06% follows:



Attribution of Net Contribution Increase

Transfer to Retiree Health Reserve	6.98%
Transfer to STAR Cola Reserve	1.03%
Assumption Change	5.28%
Experience Loss	10.90%
Benefit Increase	75.08%
Used Amortization Credit	0.72%
Total	100.00%

COMMENT H: In February 1994, the Retirement System's unfunded actuarial accrued liability of \$428.5 million was retired at such point in time due to the issuance with a Pension Obligation Bond. Such liability retirement occurred because it was felt that there was an arbitrage advantage in funding such obligation outside the Retirement System through a bond issuance. In other words, the reduced contribution to the System in recent years through 2001 was largely attributable to the Pension Obligation Bond.

The financing cost of the Bond was \$53.8 million in the 2001-02 fiscal year, compared to \$51.2 million for the 2000-01 fiscal year. When this cost of 6.63% of the June 30, 2002 valuation payroll is considered, a MUCH truer picture of County pension costs results – 38.69% of valuation payroll.

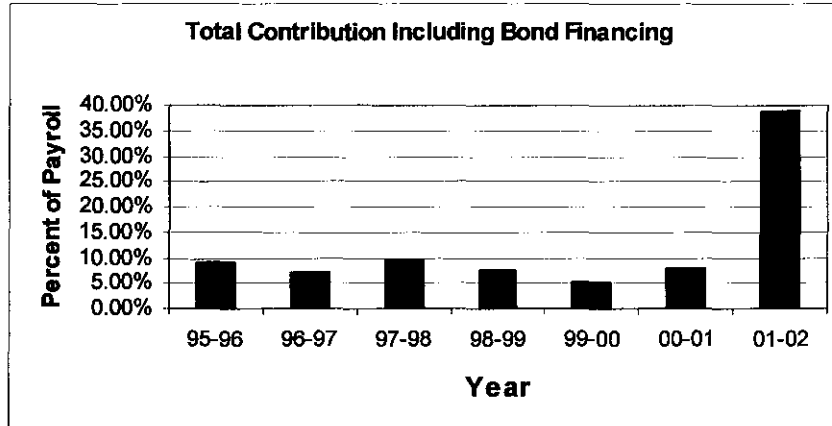
In retrospect, the issuance of the Pension Obligation Bond turned out to be beneficial. The arbitrage gain to the County was dwarfed by the System's ability to take advantage of an extremely favorable investment climate through February 2000 to generate larger investment gains than would have otherwise occurred.

The County is seriously considering issuing another with the new benefit structure. The Retirement Board should be mindful that investing an unusually large influx of money presents another element of risk/reward, depending on when such influx is received in the investment market cycle.

Comments & Recommendations

June 30, 2002

"And, Now, The Rest of the Story"



COMMENT I: As of June 30, 2002, market value of assets is \$676 million below the actuarial value of assets. This is a dramatic drop from the \$114 million dollar excess in market value over actuarial value in the 2001 valuation. In other words, not only has all of the System's once substantial pipeline (i.e. "rainy day money") been used in the past two years, the contribution rate in 2003 will factor in \$676 million of deferred losses not yet reflected in the actuarial value of assets.

The actuarial value of assets smoothes unanticipated gains and losses over five years. This is why the rate of return on the actuarial value of assets was +5.78% for the year even though the System suffered a significant market loss on assets. If the contributions rates were instead based on market value of assets, the aggregate rate would have increased to 41.5%. The funded ratio would have dropped to 62%.

COMMENT J: The sum of active member contribution balances from the data tape as of June 30, 2002 is \$176,202,554. This is a significant drop from \$189,134,066. The sum for all vested deferred members is \$24,311,347. These two sums are less by \$4,058,099 than the Member Deposit Reserve balance of \$204,572,000. This difference has increased by more than three million from the 2001 valuation.

Member reserves dropped from \$214.1 million in 2001. This is attributable to the large number of new retirees with significant employee balances. Younger employees have relatively low balances since greater levels of non-refundable contribution pick ups have applied since the mid-1980's.

COMMENT K: The Retired Members Reserve is \$1,895,700,000 as of June 30, 2002. Since the liability for current retirants and beneficiaries is \$2,046,484,572 we recommend that the \$150,784,572 difference be transferred into this Reserve. The liability for current retirees increased by 32.1%.

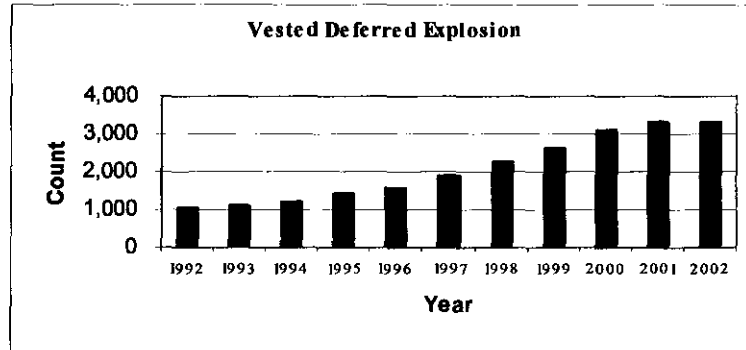
There were 866 new retirees during the year with an average annual pension of \$34,887. This is close to double the overall average pension of \$18,201. The average pension for the 183 new Safety retirees was \$59,418.

San Diego County Employees' Retirement Association

Comments & Recommendations

June 30, 2002

COMMENT L: As we predicted a decade ago, the ranks of the vested deferred members have grown significantly, tripling in total. Our prediction was based on the large non-refundable "pick up" of employee contributions that was implemented earlier in the 1980's. The byproduct of such pick ups was that there would be a "lessening temptation to take the money and run." However, we believe this trend will slow slightly with the increases in out-of-pocket employee contributions that are a byproduct of March's benefit increase.



COMMENT M: We are recommending a refinement to the manner in which the actuarial value of assets is calculated in the 2003 valuation. There was a significant shift in Payables at June 30, 2002 this year. Under the current methodology, changes in gross market value are subject to five-year smoothing but 100% of the change in Payables is directly reflected in valuation assets. There would be more consistency if changes in Payables were also subject to five-year smoothing.

COMMENT N: The County Retirement System is in reasonably sound financial condition in accordance with the actuarial principles of level-cost financing. However, there is a risk of near-term deterioration in the funded ratio and further increases in contribution rates.

SUMMARY OF BENEFIT PROVISIONS

&

VALUATION DATA SUBMITTED BY RETIREMENT SYSTEM

San Diego County Employees' Retirement Association
Brief Summary of Benefit Provisions Evaluated

Effective July 1, 2002

1. Membership Requirements - First biweekly payroll period in the month following employment/appointment to a permanent position working at least 20 hours weekly (§31552 – By Laws).
2. Final Compensation (Compensation Base for Benefits) - Highest one-year average (§31462.1). (In 2001, three-year average was used for Tier II members)
3. Service Requirement
 - A. Eligibility

<u>General, Tier I</u>	Age 50 (was age 55 in 2001 for Tier II members) with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age (§31672).
<u>General, Tier A</u>	Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age (§31672).
<u>Safety</u>	Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years, regardless of age (§31663.25).
 - B. Benefit Formula Per Year of Service

<u>General, Tier I</u> (2% at Age 57)	Integrated - 1/75 first \$350 plus 1/50 excess (§31676.12).
<u>General, Tier A</u> (3% at Age 60) (Increased from benefits valued in 2001)	Integrated - 1/75 first \$350 plus 1/50 excess (§31676.17).
<u>Safety</u>	Non-integrated – 3% at 50 (§31664.1) (In 2001, 2% at 50 was valued).
 - C. Retirement Age Factors

<u>General, Tier I:</u>	Benefits are reduced for retirement before age 57 and increased for retirement after 57 in accordance with law section §31676.12.
<u>General, Tier A:</u>	Benefits increase from 2% for retirement at age 50 to 3% for retirement at age 60 in accordance with law section §31676.17.
<u>Safety:</u>	Benefits are reduced for retirement before age 50 in accordance with law section §31664.1.

Brief Summary of Benefit Provisions Evaluated

Effective July 1, 2002

(Continued)

D. Maximum Benefit - 100% of Highest Average Salary (§31664.1, §31676.12, §31676.17).

4. Ordinary Disability

A. Eligibility - Five years of service (§31720).

B. Benefit Formula Per Year of Service

1.8% for Tier I, Tier A, and Safety per year of service (in most cases a minimum of one-third salary) (§31727.1 & §31727.2).

5. Line-of-Duty Disability

A. Eligibility - No age or service requirement (§31720).

B. Benefit - 50% of final compensation (§31727.4).

6. Death Benefits Before Retirement - Less than 5 years of Service

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

7. Death Benefits Before Retirement - Five or more Years of Service

60% of the greater of Service or Ordinary Disability retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1) or a combined benefit of one month's salary for each year of service to a maximum of six months' salary (§31781) plus a 60% benefit as described above (§31781.3)

8. Death Benefits Before Retirement - Line-of-Duty Death

50% of Final Compensation payable to spouse (§31787) or a combined benefit of one months salary for each year of service to a maximum of six months' salary (§31781) plus a 60% benefit as described above (§31781.3).

San Diego County Employees' Retirement Association

Brief Summary of Benefit Provisions Evaluated

Effective July 1, 2002

(Continued)

9. Death After Retirement

A. Service or Ordinary Disability Retirement

- 60% of member's unmodified allowance continued to eligible spouse (§31760.1).
- \$3,500 lump sum benefit payable to member's beneficiary (previously \$1,000).

B. Line-of-Duty Disability

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

10. Withdrawal Benefits

A. Less than Five Years of Service

Refund of accumulated employee contributions with interest (§31628).

B. Five or More Years of Service

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

11. Post-retirement Cost-of-Living Benefits

Based on changes in Consumer Price Index to a maximum percent (below) per year, excess "banked."

General Tier I, General Tier A, and Safety: 3% (§31870.1)

(previously 2% for General Tier II and Safety Tier II)

12. County Contributions

Determined by the Entry-Age Normal Cost method with funding of Unfunded Actuarial Accrued Liability amortized over ten years as a percent of compensation (previously as level-dollar amount over five years).

San Diego County Employees' Retirement Association

Brief Summary of Benefit Provisions Evaluated

Effective July 1, 2002

(Concluded)

13. **Member Contributions** - Please refer to pages 62-66, ceasing after 30 years of service (§31625.3). (In the previous valuation, contributions generally were projected not to cease after 30 years)

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

San Diego County Employees' Retirement System
Summary of Reported Asset Information
Submitted for the June 30, 2002 Valuation

<u>Market Value of Reported Assets</u>		<u>Reserves</u>	
Cash/Short-term	\$50,602,569	Member Deposit Reserve	\$204,572,000
Receivables	42,681,075	County Reserve	897,446,000
Stocks	2,237,661,323	Retired Members Reserve	1,895,700,000
Bonds	823,539,849	Health Benefits Reserve	285,636,000
Real Estate	271,333,013	401(h) Reserve	5,238,000
Miscellaneous	<u>143,930,123</u>	Star COLA Reserve	60,000,000
Gross Market Value	\$3,569,747,952	Contingency Reserve	35,066,000
Liabilities	63,113,757	Undistributed Reserve	<u>65,570,000</u>
Net Market Value	\$3,506,634,195	Total Reserves	\$3,449,228,000
		Unrealized Appreciation	57,406,195
		Total Market Value	\$3,506,634,195

Revenues and Disbursements Among Applicable Reserves

Balance - Beginning of year	\$3,720,458,274 ¹
Revenues	
Employees' Contributions	17,346,370
Employer Contributions	50,581,110 ²
Distributed and undistributed investment income	(160,361,707)
Total Revenues	(92,434,227)
Disbursements	
Retirement and Disability Benefit Payments	\$153,772,271
Death Benefits	595,831
Health Benefit Payments	14,312,373
STAR Cost of Living Allowance	9,225,575
Refunds	889,997
Total Disbursements	\$178,796,047
Balance - End of year	\$3,449,228,000
Net Unrealized Appreciation	<u>57,406,195</u>
Total Market Value	\$3,506,634,195 ¹

¹ Net of "wash" items related to securities lending

² Includes employer pickup of employee contributions

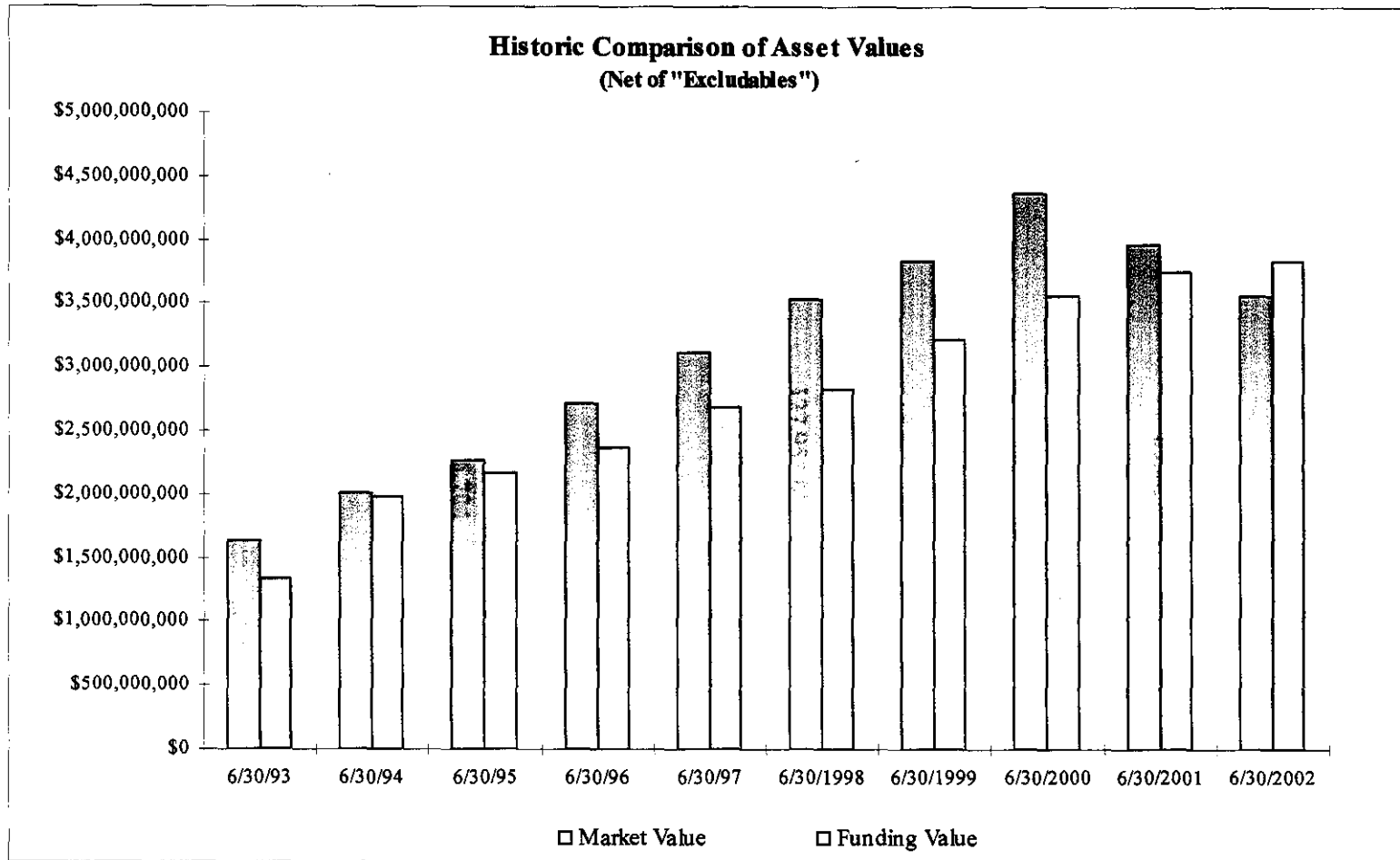
San Diego County Employees' Retirement Association
Development of Funding Value of Assets
Year Ending June 30, 2002

	<u>Plan Year Ended June 1998</u>	<u>Plan Year Ended June 1999</u>	<u>Plan Year Ended June 2000</u>	<u>Plan Year Ended June 2001</u>	<u>Plan Year Ended June 2002</u>
A. Prelim Funding Value BOY	\$2,688,097,675	\$2,834,571,391	\$3,211,872,429	\$3,568,670,609	\$3,745,599,920
B. Gross Market Value EOY	3,539,640,771	3,834,322,248	4,362,148,191	3,963,184,034	3,569,747,952
C. Gross Market Value BOY	3,116,456,802	3,539,640,771	3,834,322,248	4,362,148,191	3,963,184,034
D. Non-investment Cash Flow	(50,634,868)	(76,466,415)	(85,172,434)	(91,989,663)	(95,504,588)
D1. Employer Contributions			38,166,867	41,123,265	50,581,110
E. Investment Income					
E1. Market Total=B-C-D	473,818,837	371,147,892	612,998,377	(306,974,494)	(297,931,494)
E2. 8.25% Recognition	219,679,370	230,697,900	263,040,496	292,317,086	307,158,900 ²
E3. Phased-in Recognition=E1-E2	254,139,467	140,449,992	349,957,881	(599,291,580)	(605,090,394)
F. Phased-in Recognition					
F1. Current Year=E3 x 20%	50,827,893	28,089,998	69,991,576	(119,858,316)	(121,018,079)
F2. First Prior Year	50,688,359	50,827,893	28,089,998	69,991,576	(119,858,316)
F3. Second Prior Year	57,149,883	50,688,359	50,827,893	28,089,998	69,991,576
F4. Third Prior Year	23,851,103	57,149,883	50,688,359	50,827,893	28,089,998
F5. Fourth Prior Year	(35,396,117)	23,851,103	57,149,883	50,688,359	50,827,893
F6. Total Recognized Gain	147,121,121	210,607,237	256,747,710	79,739,511	(91,966,928)
G. Prelim Funding Value EOY =A+D+E2+F6	3,004,263,299	3,199,410,113	3,646,488,201	3,848,737,543	3,865,287,304
H. Excludables and Payables					
H1. End of Year	216,782,598	199,079,545	276,897,137	380,034,760	413,987,757
H2. Beg of Year	47,090,690	216,782,598	199,079,545	276,897,137	380,034,760
H3. Change=H1-H2	169,691,908	(17,703,053)	77,817,592	103,137,623	33,952,997
I. Final Funding Value = G-H3 (Valuation Value)	2,834,571,391	3,211,872,429 ¹	3,568,670,609	3,745,599,920	3,831,334,307

¹ Reflects historical reconciliation adjustment of \$5,240,737

² (A+D1)* .0825 + (D-D1)* .04125

San Diego County Employees' Retirement Association
Development of Funding Value of Assets
 Year Ending June 30, 2002



San Diego County Employees' Retirement Association
 Retirants and Beneficiaries June 30, 2002
General Members
 Tabulated by Type of Allowances Being Paid

Type of Allowance	<u>No.</u>	<u>Annual Allowances</u>
Service Retirement		
Straight Life	1,269	\$16,635,982
Cash Refund Annuity	38	\$549,142
Joint & 50% Survivor	7	\$104,860
Joint & 100% Survivor	83	\$1,034,941
Automatic Joint & 60% Survivor	4,540	\$78,171,423
Social Security Equated	801	\$20,637,651
Beneficiary	751	\$6,914,748
Total Service Retirement	7,489	\$124,048,747
Non-Duty Disability Retirement		
Straight Life	113	1,100,258
Cash Refund Annuity	2	13,456
Joint & 50% Survivor	2	23,631
Joint & 100% Survivor	1	8,594
Automatic Joint & 60% Survivor	229	2,657,153
Beneficiary of Deceased Disablitant	112	1,369,704
Duty Disability Retirement		
Straight Life	108	1,779,990
Cash Refund Annuity	2	25,668
Joint & 50% Survivor	1	9,128
Automatic Joint & 100% Survivor	351	6,284,975
Other	10	99,816
Beneficiary of Deceased Disablitant	29	454,805
Total Disability Retirement	960	13,827,178
Death Before Retirement	164	1,505,130
Total Allowances Being Paid	8,613	\$139,381,055

San Diego County Employees' Retirement Association

Retirants and Beneficiaries June 30, 2002

Safety Members

Tabulated by Type of Allowances Being Paid

Type of Allowance	<u>No.</u>	<u>Annual Allowances</u>
Service Retirement		
Straight Life	32	\$928,525
Joint & 50% Survivor	1	\$38,169
Joint & 100% Survivor	10	\$372,283
Automatic Joint & 60% Survivor	423	\$18,350,750
Social Security Equated	83	\$4,563,825
Beneficiary	31	\$651,076
Total Service Retirement	580	\$24,904,628
Non-Duty Disability Retirement		
Straight Life	2	30,305
Automatic Joint & 60% Survivor	22	407,481
Beneficiary of Deceased Disabilitant	2	17,434
Duty Disability Retirement		
Straight Life	61	1,408,288
Automatic Joint & 100% Survivor	318	8,495,520
Other	14	205,156
Beneficiary of Deceased Disabilitant	24	558,909
Total Disability Retirement	443	11,123,093
Death Before Retirement	21	359,156
Total Allowances Being Paid	1,044	\$36,386,877

San Diego County Employees' Retirement Association
Retirants and Beneficiaries June 30, 2002

Total Members

Tabulated by Type of Allowances Being Paid

Type of Allowance	<u>No.</u>	<u>Annual Allowances</u>
Service Retirement		
Straight Life	1,301	\$17,564,507
Cash Refund Annuity	38	549,142
Joint & 50% Survivor	8	143,030
Joint & 100% Survivor	93	1,407,224
Automatic Joint & 60% Survivor	4,963	96,522,173
Social Security Equated	884	25,201,476
Beneficiary	782	7,565,825
Total Service Retirement	8,069	\$148,953,377
Non-Duty Disability Retirement		
Straight Life	115	1,130,564
Cash Refund Annuity	2	13,456
Joint & 50% Survivor	2	23,631
Joint & 100% Survivor	1	8,594
Automatic Joint & 60% Survivor	251	3,064,633
Beneficiary of Deceased Disabilitant	114	1,387,138
Duty Disability Retirement		
Straight Life	169	3,188,278
Cash Refund Annuity	2	25,668
Joint & 50% Survivor	1	9,128
Automatic Joint & 100% Survivor	669	14,780,495
Other	24	304,972
Beneficiary of Deceased Disabilitant	53	1,013,715
Total Disability Retirement	1403	24,950,272
Death Before Retirement	185	1,864,284
Total Allowances Being Paid	9,657	\$175,767,933

San Diego County Employees' Retirement Association
Retirants and Beneficiaries – Comparative Statement

Valuation Date	Rolls End of Year					
	No.	Annual Allowances	Average Allowance	Percent Increase	Present Value Of Allowances	Percent Increase
12/31/85	5,379	\$37,413,879	\$6,956	--%	\$481,069,682	--%
12/31/86	5,594	41,041,329	7,337	5.5	522,748,160	8.7
12/31/87 ¹	5,773	44,403,125	7,692	4.8	511,264,996	(2.2)
12/31/88	6,001	49,201,600	8,199	6.6	563,375,624	10.2
6/30/89	6,162	53,161,400	8,627	5.2	597,856,810	6.1
6/30/90	6,416	58,472,570	9,114	5.6	652,992,996	9.2
6/30/91	6,574	63,307,638	9,630	5.7	700,688,515	7.3
6/30/91 ²	6,574	63,307,638	9,630	5.7	711,194,133	8.9
6/30/92	6,759	68,741,191	10,170	5.6	764,731,591	7.5
6/30/93	6,931	74,286,817	10,718	5.4	817,815,733	6.9
6/30/94	7,106	80,270,720	11,296	5.4	876,130,581	7.1
6/30/95	7,294	86,660,001	11,881	5.2	931,221,285	6.3
6/30/96	7,499	93,627,577	12,485	5.1	988,345,777	6.1
6/30/96 ²	7,499	93,627,577	12,485	5.1	1,023,046,508	9.9
6/30/97	7,692	99,998,279	13,000	4.1	1,088,434,068	6.4
6/30/97 ²	7,692	99,998,279	13,000	4.1	1,093,599,640	6.9
6/30/98	7,955	107,752,376	13,545	4.2	1,193,666,958	9.2
6/30/99	8,292	118,154,737	14,249	5.2	1,313,729,971	10.1
6/30/00	8,703	131,163,025	15,071	5.8	1,463,826,543 ¹	11.4
6/30/01	8,921	139,677,744	15,657	3.9	1,549,360,885	5.8
6/30/02 ³	9,657	175,767,933	18,201	16.2	2,046,484,572	32.1

¹ After change in economic assumptions.

² After change in actuarial assumptions.

³ After benefit increases

Retirants and Beneficiaries June 30, 2002
 Tabulated by Attained Ages and Year of Retirement

General Members

<u>Year Retired</u>	<u>Age Groups</u>								<u>TOTALS</u>
	<u>0-49</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Before									
1983	11	15	29	35	151	441	1,250	304	2,236
1983	2	7	5	9	58	63	100	3	247
1984	0	4	6	16	57	51	77	1	212
1985	1	3	6	23	44	72	75	0	224
1986	2	7	2	35	52	80	64	1	243
1987	2	6	5	37	58	87	53	0	248
1988	4	6	7	45	70	82	44	0	258
1989	2	14	21	45	93	75	31	0	281
1990	5	14	22	50	67	93	22	0	273
1991	9	19	33	52	86	51	14	0	264
1992	11	18	26	45	102	45	13	0	260
1993	9	10	26	57	80	41	10	0	233
1994	10	31	42	69	83	31	5	0	271
1995	10	49	41	72	93	24	4	0	293
1996	15	55	66	93	78	16	4	1	328
1997	19	65	79	106	63	11	7	0	350
1998	14	74	132	152	66	21	5	0	464
1999	17	110	136	121	59	11	3	0	457
2000	22	138	132	146	39	6	0	0	483
2001	16	97	99	70	15	4	0	0	301
2002	7	357	222	72	24	4	1	0	687
TOTALS	188	1,099	1,137	1,350	1,438	1,309	1,782	310	8,613

While not used in the financial computations, the following group averages are computed and shown for their general interest:

Age at Retirement: 58.3
 Attained Age: 70.6
 Annual Pension: \$16,183

San Diego County Employees' Retirement Association
 Retirants and Beneficiaries June 30, 2002
 Tabulated by Attained Ages and Year of Retirement

Safety Members

<u>Year Retired</u>	<u>Age Groups</u>								<u>TOTALS</u>
	<u>0-49</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Before									
1983	2	29	17	24	49	54	26	6	207
1983	0	4	8	5	5	7	0	0	29
1984	0	2	3	5	6	3	0	0	19
1985	1	7	2	7	6	3	0	0	26
1986	2	3	2	7	3	0	0	0	17
1987	4	1	4	1	4	1	0	0	15
1988	7	9	6	3	7	2	0	0	34
1989	9	3	5	4	3	0	0	0	24
1990	9	9	5	10	2	0	0	0	35
1991	10	8	5	9	1	0	0	0	33
1992	8	8	3	10	3	1	0	0	33
1993	10	7	4	9	3	0	0	0	33
1994	7	4	9	5	0	0	0	0	25
1995	10	10	10	3	0	0	0	0	33
1996	9	12	9	6	3	1	0	0	40
1997	5	15	6	2	0	0	0	0	28
1998	9	13	19	0	1	0	0	0	42
1999	14	17	13	2	1	0	0	0	47
2000	8	34	26	5	3	0	0	0	76
2001	20	30	13	2	0	0	0	0	65
2002	13	126	38	5	1	0	0	0	183
TOTALS	157	351	207	124	101	72	26	6	1,044

While not used in the financial computations, the following group averages are computed and shown for their general interest

Age at Retirement: 49.4
 Attained Age: 59.5
 Annual Pension: \$34,853

San Diego County Employees' Retirement Association

Beneficiaries (with Average Benefits)

Tabulated by Attained Ages and Year of Retirement

As of June 30, 2002

Year Retired	Age Groups								TOTALS
	0-49	50-59	60-64	65-69	70-74	75-79	80-89	90+	
Before									
1983 NO.	6	12	17	27	51	117	318	66	614
AVG	3,084	13,603	9,251	9,362	9,968	9,758	7,791	7,475	8,490
1983 NO.	1	4	4	5	11	12	15	1	53
AVG	6,124	6,262	10,056	8,687	10,564	9,206	8,056	7,983	8,874
1984 NO.	0	2	6	4	10	9	10	0	41
AVG	0	21,066	8,124	10,700	8,337	8,267	13,496	0	10,400
1985 NO.	1	1	3	5	4	6	10	0	30
AVG	7,536	4,874	11,009	10,039	10,007	12,125	10,094	0	10,312
1986 NO.	0	3	2	4	12	5	6	1	33
AVG	0	9,976	10,275	9,508	12,995	5,420	9,733	8,394	10,253
1987 NO.	2	1	2	6	12	7	7	0	37
AVG	20,558	14,989	2,775	13,039	12,109	10,949	7,995	0	11,292
1988 NO.	3	3	4	2	11	5	4	0	32
AVG	16,920	7,205	21,974	6,622	12,079	10,600	11,012	0	12,607
1989 NO.	2	3	4	5	6	4	3	0	27
AVG	11,272	7,651	16,208	13,977	9,120	21,785	12,739	0	13,344
1990 NO.	2	3	3	4	6	3	1	0	22
AVG	6,557	14,672	17,093	9,236	10,831	19,551	18,979	0	13,090
1991 NO.	5	7	2	6	3	5	2	0	30
AVG	116,758	10,687	42,747	13,131	5,860	11,988	16,916	0	31,141
1992 NO.	3	4	2	3	6	5	1	0	24
AVG	4,825	7,840	26,160	17,297	20,395	12,629	8,181	0	14,322
1993 NO.	1	3	2	3	3	2	1	0	15
AVG	22,613	16,341	12,263	20,564	23,498	8,123	21,961	0	17,770
1994 NO.	4	4	4	4	5	5	1	0	27
AVG	13,881	10,988	13,066	18,676	14,361	17,244	8,235	0	14,545
1995 NO.	4	8	2	2	5	1	2	0	24
AVG	15,715	8,843	15,507	10,019	22,329	7,962	13,832	0	13,830
1996 NO.	8	7	5	4	0	0	1	0	25
AVG	5,064	16,814	21,720	8,139	0	0	8,539	0	12,316
1997 NO.	6	6	7	2	4	2	0	0	27
AVG	11,369	12,853	8,110	13,238	8,476	4,767	0	0	10,075
1998 NO.	2	7	3	6	0	1	0	0	19
AVG	1,346	8,156	11,649	10,081	0	2,742	0	0	8,313
1999 NO.	7	4	3	0	1	2	0	0	17
AVG	12,938	14,151	9,673	0	6,686	16,624	0	0	12,713
2000 NO.	1	5	5	2	1	0	0	0	14
AVG	6,187	12,453	15,964	6,248	5,514	0	0	0	11,877
2001 NO.	5	3	1	2	0	0	0	0	11
AVG	8,682	6,731	2,365	7,119	0	0	0	0	7,291
2002 NO.	4	4	3	0	0	1	0	0	12
AVG	5,914	16,003	11,438	0	0	12,637	0	0	11,218
TOTALS NO.	67	94	84	96	151	192	382	68	1,134
AVG	17,525	11,635	13,105	11,030	11,535	10,383	8,268	7,496	10,433

San Diego County Employees' Retirement Association
 Retirants (with Average Benefits)
 Tabulated by Attained Ages and Year of Retirement
 As of June 30, 2002

Year Retired	Age Groups								TOTALS
	0-49	50-59	60-64	65-69	70-74	75-79	80-89	90+	
Before									
1983 NO.	7	32	29	32	149	378	958	244	1,829
AVG	7,577	17,748	16,780	16,962	11,856	12,192	11,984	8,767	11,835
1983 NO.	1	7	9	9	52	58	85	2	223
AVG	7,816	16,959	23,024	16,472	11,701	16,172	17,596	995	15,812
1984 NO.	0	4	3	17	53	45	67	1	190
AVG	0	19,778	27,477	12,252	12,241	18,269	14,290	6,678	14,762
1985 NO.	1	9	5	25	46	69	65	0	220
AVG	16,095	22,844	19,776	14,166	16,586	17,177	17,338	0	17,045
1986 NO.	4	7	2	38	43	75	58	0	227
AVG	17,186	22,779	19,358	11,326	17,890	18,927	15,903	0	16,777
1987 NO.	4	6	7	32	50	81	46	0	226
AVG	17,873	14,264	24,703	11,828	18,793	20,222	14,248	0	17,440
1988 NO.	8	12	9	46	66	79	40	0	260
AVG	18,567	22,750	23,936	13,817	21,734	21,239	14,856	0	19,150
1989 NO.	9	14	22	44	90	71	28	0	278
AVG	18,594	18,953	14,064	16,298	21,802	17,696	19,113	0	18,752
1990 NO.	12	20	24	56	63	90	21	0	286
AVG	18,935	20,024	16,516	19,018	21,823	18,269	21,003	0	19,403
1991 NO.	14	20	36	55	84	46	12	0	267
AVG	19,374	19,567	14,863	16,945	23,183	19,658	16,148	0	19,382
1992 NO.	16	22	27	52	99	41	12	0	269
AVG	18,117	19,064	17,340	21,368	24,247	17,340	13,398	0	20,672
1993 NO.	18	14	28	63	80	39	9	0	251
AVG	19,730	22,770	16,027	20,733	26,338	16,657	14,948	0	21,195
1994 NO.	13	31	47	70	78	26	4	0	269
AVG	18,836	15,039	20,752	21,646	22,571	13,589	15,835	0	19,996
1995 NO.	16	51	49	73	88	23	2	0	302
AVG	20,683	19,003	19,156	21,288	24,222	19,600	16,516	0	21,219
1996 NO.	16	60	70	95	81	17	3	1	343
AVG	18,415	16,179	18,598	23,816	18,851	20,200	34,929	14,951	19,883
1997 NO.	18	74	78	106	59	9	7	0	351
AVG	18,886	17,213	18,482	19,807	13,071	14,043	11,379	0	17,470
1998 NO.	21	80	148	146	67	20	5	0	487
AVG	18,185	17,280	22,595	22,605	12,229	10,392	12,002	0	19,499
1999 NO.	24	123	146	123	59	9	3	0	487
AVG	17,327	19,617	23,318	19,335	15,620	19,627	10,966	0	20,005
2000 NO.	29	167	153	149	41	6	0	0	545
AVG	15,021	21,110	25,333	20,433	11,840	10,586	0	0	20,973
2001 NO.	31	124	111	70	15	4	0	0	355
AVG	20,167	18,515	27,575	14,056	12,320	11,502	0	0	20,272
2002 NO.	16	479	257	77	25	3	1	0	858
AVG	29,773	35,074	40,055	24,493	21,739	18,923	2,291	0	35,034
TOTALS NO.	278	1,356	1,260	1,378	1,388	1,189	1,426	248	8,523
AVG	18,784	24,618	25,474	19,487	18,636	16,215	13,376	8,721	19,235

San Diego County Employees' Retirement Association
Total Retirants and Beneficiaries (with Average Benefits)
Tabulated by Attained Ages and Year of Retirement
As of June 30, 2002

Year Retired	Age Groups								TOTALS
	0-49	50-59	60-64	65-69	70-74	75-79	80-89	90+	
Before									
1983 NO.	13	44	46	59	200	495	1,276	310	2,443
AVG	5,503	16,618	13,998	13,484	11,375	11,617	10,939	8,492	10,994
1983 NO.	2	11	13	14	63	70	100	3	276
AVG	6,970	13,069	19,034	13,692	11,503	14,978	16,165	3,324	14,480
1984 NO.	0	6	9	21	63	54	77	1	231
AVG	0	20,207	14,575	11,956	11,621	16,602	14,187	6,678	13,988
1985 NO.	2	10	8	30	50	75	75	0	250
AVG	11,816	21,047	16,488	13,479	16,059	16,773	16,372	0	16,237
1986 NO.	4	10	4	42	55	80	64	1	260
AVG	17,186	18,938	14,816	11,153	16,822	18,082	15,325	8,394	15,949
1987 NO.	6	7	9	38	62	88	53	0	263
AVG	18,768	14,368	19,830	12,019	17,500	19,484	13,423	0	16,575
1988 NO.	11	15	13	48	77	84	44	0	292
AVG	18,118	19,641	23,332	13,517	20,354	20,606	14,507	0	18,433
1989 NO.	11	17	26	49	96	75	31	0	305
AVG	17,263	16,959	14,394	16,061	21,009	17,914	18,496	0	18,273
1990 NO.	14	23	27	60	69	93	22	0	308
AVG	17,167	19,326	16,580	18,366	20,868	18,310	20,911	0	18,952
1991 NO.	19	27	38	61	87	51	14	0	297
AVG	45,002	17,265	16,330	16,570	22,585	18,906	16,258	0	20,570
1992 NO.	19	26	29	55	105	46	13	0	293
AVG	16,019	17,337	17,948	21,146	24,027	16,828	12,997	0	20,152
1993 NO.	19	17	30	66	83	41	10	0	266
AVG	19,882	21,635	15,776	20,725	26,235	16,241	15,649	0	21,002
1994 NO.	17	35	51	74	83	31	5	0	296
AVG	17,670	14,576	20,149	21,486	22,077	14,179	14,315	0	19,499
1995 NO.	20	59	51	75	93	24	4	0	326
AVG	19,690	17,626	19,013	20,987	24,121	19,115	15,174	0	20,675
1996 NO.	24	67	75	99	81	17	4	1	368
AVG	13,964	16,245	18,806	23,183	18,851	20,200	28,332	14,951	19,369
1997 NO.	24	80	85	108	63	11	7	0	378
AVG	17,007	16,886	17,628	19,685	12,780	12,357	11,379	0	16,942
1998 NO.	23	87	151	152	67	21	5	0	506
AVG	16,720	16,546	22,377	22,111	12,229	10,028	12,002	0	19,079
1999 NO.	31	127	149	123	60	11	3	0	504
AVG	16,336	19,445	23,043	19,335	15,471	19,081	10,966	0	19,759
2000 NO.	30	172	158	151	42	6	0	0	559
AVG	14,726	20,858	25,036	20,245	11,690	10,586	0	0	20,745
2001 NO.	36	127	112	72	15	4	0	0	366
AVG	18,572	18,237	27,350	13,863	12,320	11,502	0	0	19,882
2002 NO.	20	483	260	77	25	4	1	0	870
AVG	25,001	34,916	39,725	24,493	21,739	17,352	2,291	0	34,706
TOTALS NO.	345	1,450	1,344	1,474	1,539	1,381	1,808	316	9,657
AVG	18,539	23,776	24,701	18,937	17,939	15,404	12,297	8,457	18,201

San Diego County Employees' Retirement Association
Active Member June 30, 2002
By Attained Ages and Years of Service
General Members Tier I

Age Group	YEARS OF ACCRUED SERVICE												TOTALS
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up	
20-24 NO.	2	1	0	0	0	0	0	0	0	0	0	0	3
TOT PAY	82,326	22,506	0	0	0	0	0	0	0	0	0	0	104,832
AVG PAY	41,163	22,506	0	0	0	0	0	0	0	0	0	0	34,944
25-29 NO.	7	6	2	1	1	0	0	0	0	0	0	0	17
TOT PAY	248,040	209,435	75,816	78,894	29,827	0	0	0	0	0	0	0	642,013
AVG PAY	35,434	34,906	37,908	78,894	29,827	0	0	0	0	0	0	0	37,765
30-34 NO.	3	2	3	1	1	0	0	0	0	0	0	0	10
TOT PAY	88,234	70,637	148,886	37,045	30,347	0	0	0	0	0	0	0	375,149
AVG PAY	29,411	35,318	49,629	37,045	30,347	0	0	0	0	0	0	0	37,515
35-39 NO.	2	2	2	0	0	1	0	0	0	0	0	0	7
TOT PAY	53,851	114,005	70,720	0	0	31,970	0	0	0	0	0	0	270,546
AVG PAY	26,926	57,002	35,360	0	0	31,970	0	0	0	0	0	0	38,649
40-44 NO.	2	1	0	1	0	1	0	0	0	0	0	0	5
TOT PAY	60,590	25,522	0	33,696	0	40,851	0	0	0	0	0	0	160,659
AVG PAY	30,295	25,522	0	33,696	0	40,851	0	0	0	0	0	0	32,132
45-49 NO.	4	3	1	1	0	1	1	0	0	0	0	0	11
TOT PAY	96,575	79,248	24,378	26,104	0	31,970	31,970	0	0	0	0	0	290,243
AVG PAY	24,144	26,416	24,378	26,104	0	31,970	31,970	0	0	0	0	0	26,386
50-54 NO.	8	3	1	1	0	2	0	0	0	0	0	0	15
TOT PAY	235,040	94,297	27,248	30,451	0	56,805	0	0	0	0	0	0	443,841
AVG PAY	29,380	31,432	27,248	30,451	0	28,402	0	0	0	0	0	0	29,589
55-59 NO.	6	7	2	1	2	0	0	0	0	0	0	0	18
TOT PAY	126,870	173,410	68,224	31,304	64,917	0	0	0	0	0	0	0	464,725
AVG PAY	21,145	24,773	34,112	31,304	32,458	0	0	0	0	0	0	0	25,818
60-64 NO.	2	2	0	0	1	0	2	2	0	0	0	0	9
TOT PAY	65,562	47,445	0	0	45,053	0	74,672	74,755	0	0	0	0	307,486
AVG PAY	32,781	23,722	0	0	45,053	0	37,336	37,378	0	0	0	0	34,165
65-99 NO.	0	0	1	0	0	0	0	0	0	0	0	0	1
TOT PAY	0	0	44,054	0	0	0	0	0	0	0	0	0	44,054
AVG PAY	0	0	44,054	0	0	0	0	0	0	0	0	0	44,054
TOT NO.	36	27	12	6	5	5	3	2	0	0	0	0	96
TOT AMT	1,057,088	836,504	459,327	237,494	170,144	161,595	106,641	74,755	0	0	0	0	3,103,548
AVG AMT	29,364	30,982	38,277	39,582	34,029	32,319	35,547	37,378	0	0	0	0	32,329

San Diego County Employees' Retirement Association
Active Member June 30, 2002
By Attained Ages and Years of Service

General Members Tier A

Age Group	YEARS OF ACCRUED SERVICE												TOTALS	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up		
15-19 NO.	13	0	0	0	0	0	0	0	0	0	0	0	0	13
TOT PAY	252,054	0	0	0	0	0	0	0	0	0	0	0	0	252,054
AVG PAY	19,389	0	0	0	0	0	0	0	0	0	0	0	0	19,389
20-24 NO.	255	75	20	8	2	0	0	0	0	0	0	0	0	360
TOT PAY	6,591,771	2,086,251	540,114	217,464	72,051	0	0	0	0	0	0	0	0	9,507,651
AVG PAY	25,850	27,817	27,006	27,183	36,026	0	0	0	0	0	0	0	0	26,410
25-29 NO.	509	324	156	80	44	53	0	0	0	0	0	0	0	1,166
TOT PAY	15,907,301	10,752,639	5,432,019	2,869,468	1,731,850	1,858,201	0	0	0	0	0	0	0	38,551,478
AVG PAY	31,252	33,187	34,821	35,868	39,360	35,060	0	0	0	0	0	0	0	33,063
30-34 NO.	324	244	220	139	106	346	98	0	0	0	0	0	0	1,477
TOT PAY	10,853,335	9,202,169	8,690,137	6,095,617	4,631,027	14,998,547	3,704,569	0	0	0	0	0	0	58,175,400
AVG PAY	33,498	37,714	39,501	43,853	43,689	43,348	37,802	0	0	0	0	0	0	39,388
35-39 NO.	231	160	133	107	77	397	426	112	4	0	0	0	0	1,647
TOT PAY	7,577,730	5,877,867	4,924,125	4,493,604	3,665,948	18,047,710	19,497,561	4,606,731	176,841	0	0	0	0	68,868,118
AVG PAY	32,804	36,737	37,023	41,996	47,610	45,460	45,769	41,132	44,210	0	0	0	0	41,814
40-44 NO.	257	179	175	99	85	466	633	293	97	2	0	0	0	2,286
TOT PAY	7,501,839	6,366,872	6,861,099	3,755,495	3,702,026	19,461,990	30,888,652	14,201,634	4,412,948	89,648	0	0	0	97,242,202
AVG PAY	29,190	35,569	39,206	37,934	43,553	41,764	48,797	48,470	45,494	44,824	0	0	0	42,538
45-49 NO.	196	172	120	112	101	468	585	368	263	76	3	0	0	2,464
TOT PAY	6,719,317	6,681,647	4,561,284	4,578,935	4,144,577	19,919,275	27,851,689	18,962,207	12,909,390	3,592,788	156,270	0	0	110,077,379
AVG PAY	34,282	38,847	38,011	40,883	41,035	42,563	47,610	51,528	49,085	47,274	52,090	0	0	44,674
50-54 NO.	151	125	124	95	60	409	564	324	311	246	57	3	0	2,469
TOT PAY	4,988,350	4,833,896	4,620,601	4,461,875	2,603,662	16,385,103	26,802,360	15,762,481	15,631,938	13,949,580	3,125,636	149,573	0	113,315,055
AVG PAY	33,035	38,671	37,263	46,967	43,394	40,061	47,522	48,650	50,263	56,706	54,836	49,858	0	45,895
55-59 NO.	92	66	66	47	42	303	458	271	219	174	117	8	0	1,863
TOT PAY	3,189,940	2,347,083	2,323,752	2,014,158	1,901,120	12,282,328	21,175,849	12,785,967	10,416,570	9,693,454	7,314,265	339,040	0	85,783,527
AVG PAY	34,673	35,562	35,208	42,854	45,265	40,536	46,235	47,181	47,564	55,710	62,515	42,380	0	46,046
60-64 NO.	40	34	25	26	17	150	228	111	94	50	33	9	0	817
TOT PAY	1,280,365	1,106,704	976,342	1,148,826	692,988	5,970,679	10,169,181	5,072,123	4,438,324	2,538,703	2,142,650	629,845	0	36,166,730
AVG PAY	32,009	32,550	39,054	44,186	40,764	39,805	44,602	45,695	47,216	50,774	64,929	69,983	0	44,268
65-99 NO.	9	13	6	11	2	63	88	26	23	9	4	2	0	256
TOT PAY	242,414	394,327	306,530	464,822	49,358	2,327,611	3,393,349	1,028,331	809,120	528,798	230,776	92,061	0	9,867,498
AVG PAY	26,935	30,333	51,088	42,257	24,679	36,946	38,561	39,551	35,179	58,755	57,694	46,030	0	38,545
TOT NO.	2,077	1,392	1,045	724	536	2,655	3,080	1,505	1,011	557	214	22	0	14,818
TOT AMT	65,104,415	49,649,456	39,236,002	30,100,263	23,194,608	111,251,444	143,483,210	72,419,474	48,795,131	30,392,971	12,969,598	1,210,518	0	627,807,091
AVG AMT	31,345	35,668	37,546	41,575	43,274	41,903	46,585	48,119	48,264	54,565	60,606	55,024	0	42,368

**San Diego County Employees' Retirement Association
Active Member June 30, 2002
By Attained Ages and Years of Service**

Safety Members

Age Group	YEARS OF ACCRUED SERVICE												TOTALS	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up		
20-24 NO.	17	9	9	0	1	0	0	0	0	0	0	0	0	36
TOT PAY	554,838	327,412	343,368	0	38,675	0	0	0	0	0	0	0	0	1,264,293
AVG PAY	32,638	36,379	38,152	0	38,675	0	0	0	0	0	0	0	0	35,119
25-29 NO.	26	24	41	37	38	51	0	0	0	0	0	0	0	217
TOT PAY	883,007	887,139	1,588,815	1,553,055	1,638,385	2,454,538	0	0	0	0	0	0	0	9,004,938
AVG PAY	33,962	36,964	38,752	41,974	43,115	48,128	0	0	0	0	0	0	0	41,497
30-34 NO.	21	13	35	38	73	191	60	0	0	0	0	0	0	431
TOT PAY	740,642	482,686	1,374,732	1,615,974	3,224,238	10,154,267	3,420,174	0	0	0	0	0	0	21,012,713
AVG PAY	35,269	37,130	39,278	42,526	44,168	53,164	57,003	0	0	0	0	0	0	48,753
35-39 NO.	13	9	11	13	20	150	228	45	1	0	0	0	0	490
TOT PAY	527,650	461,126	437,536	561,605	966,509	7,919,160	13,453,245	2,853,734	49,327	0	0	0	0	27,229,891
AVG PAY	40,588	51,236	39,776	43,200	48,325	52,794	59,005	63,416	49,327	0	0	0	0	55,571
40-44 NO.	10	12	21	10	13	71	129	133	33	0	0	0	0	432
TOT PAY	363,322	558,467	984,833	438,608	645,065	3,805,592	7,524,912	8,607,207	2,235,459	0	0	0	0	25,163,464
AVG PAY	36,332	46,539	46,897	43,861	49,620	53,600	58,333	64,716	67,741	0	0	0	0	58,249
45-49 NO.	3	7	6	11	6	42	61	66	114	24	1	0	0	341
TOT PAY	130,725	382,295	292,309	503,434	296,664	2,240,488	3,746,873	4,320,126	8,066,005	1,853,181	61,195	0	0	21,893,296
AVG PAY	43,575	54,614	48,718	45,767	49,444	53,345	61,424	65,456	70,754	77,216	61,195	0	0	64,203
50-54 NO.	0	2	3	6	2	29	36	39	75	52	12	0	0	256
TOT PAY	0	140,358	116,025	283,912	118,884	1,593,721	2,143,281	2,625,635	5,398,525	4,208,136	1,019,954	0	0	17,648,432
AVG PAY	0	70,179	38,675	47,319	59,442	54,956	59,536	67,324	71,980	80,926	84,996	0	0	68,939
55-59 NO.	1	2	0	2	3	14	19	19	32	37	14	1	1	144
TOT PAY	65,354	134,160	0	112,836	130,014	909,502	1,098,470	1,289,929	2,224,606	2,792,576	1,073,878	100,002	100,002	9,931,328
AVG PAY	65,354	67,080	0	56,418	43,338	64,964	57,814	67,891	69,519	75,475	76,706	100,002	100,002	68,968
60-64 NO.	0	0	0	0	1	3	6	8	2	4	3	0	0	27
TOT PAY	0	0	0	0	42,631	168,550	359,258	586,962	120,975	279,300	248,161	0	0	1,805,837
AVG PAY	0	0	0	0	42,631	56,183	59,876	73,370	60,488	69,825	82,720	0	0	66,883
65-99 NO.	0	0	0	0	0	4	2	1	0	0	1	0	0	8
TOT PAY	0	0	0	0	0	356,235	110,522	72,238	0	0	61,195	0	0	600,191
AVG PAY	0	0	0	0	0	89,059	55,261	72,238	0	0	61,195	0	0	75,024
TOT NO.	91	78	126	117	157	555	541	311	257	117	31	1	1	2,382
TOT AMT	3,265,538	3,373,643	5,137,617	5,069,424	7,101,064	29,602,053	31,856,736	20,355,831	18,094,897	9,133,193	2,464,383	100,002	100,002	135,554,382
AVG AMT	35,885	43,252	40,775	43,328	45,230	53,337	58,885	65,453	70,408	78,061	79,496	100,002	100,002	56,908

San Diego County Employees' Retirement Association
Active Member June 30, 2002
By Attained Ages and Years of Service

Probation Members

Age Group	YEARS OF ACCRUED SERVICE											TOTALS	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34		35 & Up
20-24 NO.	25	6	0	0	0	0	0	0	0	0	0	0	31
TOT PAY	813,294	194,113	0	0	0	0	0	0	0	0	0	0	1,007,407
AVG PAY	32,532	32,352	0	0	0	0	0	0	0	0	0	0	32,497
25-29 NO.	54	22	32	20	17	16	0	0	0	0	0	0	161
TOT PAY	1,820,699	818,438	1,224,497	758,673	696,481	694,758	0	0	0	0	0	0	6,013,546
AVG PAY	33,717	37,202	38,266	37,934	40,969	43,422	0	0	0	0	0	0	37,351
30-34 NO.	44	22	22	18	25	91	11	0	0	0	0	0	233
TOT PAY	1,543,953	829,412	868,454	748,032	1,128,574	4,217,486	564,554	0	0	0	0	0	9,900,465
AVG PAY	35,090	37,701	39,475	41,557	45,143	46,346	51,323	0	0	0	0	0	42,491
35-39 NO.	12	7	9	13	7	41	52	6	0	0	0	0	147
TOT PAY	416,769	283,482	358,315	537,942	279,760	1,862,057	2,587,085	304,658	0	0	0	0	6,630,069
AVG PAY	34,731	40,497	39,813	41,380	39,966	45,416	49,752	50,776	0	0	0	0	45,103
40-44 NO.	9	6	5	7	3	22	28	32	3	0	0	0	115
TOT PAY	311,234	237,722	202,238	299,286	114,422	1,016,523	1,344,560	1,682,922	142,501	0	0	0	5,351,409
AVG PAY	34,582	39,620	40,448	42,755	38,141	46,206	48,020	52,591	47,500	0	0	0	46,534
45-49 NO.	7	6	1	3	2	14	19	24	13	3	0	0	92
TOT PAY	228,438	227,059	34,840	126,847	74,422	675,147	965,180	1,289,610	701,303	187,866	0	0	4,510,712
AVG PAY	32,634	37,843	34,840	42,282	37,211	48,225	50,799	53,734	53,946	62,622	0	0	49,029
50-54 NO.	6	1	4	5	3	9	26	14	12	15	3	0	98
TOT PAY	248,310	43,742	173,182	244,837	122,645	430,304	1,375,922	765,253	632,963	935,709	164,674	0	5,137,541
AVG PAY	41,385	43,742	43,295	48,967	40,882	47,812	52,920	54,661	52,747	62,381	54,891	0	52,424
55-59 NO.	4	0	2	2	0	9	17	16	5	14	7	0	76
TOT PAY	157,456	0	80,648	75,482	0	405,225	871,783	868,914	227,775	876,396	477,984	0	4,041,662
AVG PAY	39,364	0	40,324	37,741	0	45,025	51,281	54,307	45,555	62,600	68,283	0	53,180
60-64 NO.	0	0	1	0	0	6	8	3	4	1	2	0	25
TOT PAY	0	0	43,742	0	0	255,463	409,262	153,899	221,873	48,214	107,619	0	1,240,073
AVG PAY	0	0	43,742	0	0	42,577	51,158	51,300	55,468	48,214	53,810	0	49,603
65-99 NO.	0	0	0	0	0	0	2	0	0	0	0	0	2
TOT PAY	0	0	0	0	0	0	90,731	0	0	0	0	0	90,731
AVG PAY	0	0	0	0	0	0	45,365	0	0	0	0	0	45,365
TOT NO.	161	70	76	68	57	208	163	95	37	33	12	0	980
TOT AMT	5,540,154	2,633,969	2,985,916	2,791,098	2,416,304	9,556,963	8,209,076	5,065,256	1,926,414	2,048,185	750,277	0	43,923,613
AVG AMT	34,411	37,628	39,288	41,046	42,391	45,947	50,362	53,318	52,065	62,066	62,523	0	44,820

COUNTY EMPLOYEES RETIREMENT ASSOCIATION
Active Member June 30, 2002
By Attained Ages and Years of Service

Total Members

Age Group	YEARS OF ACCRUED SERVICE												TOTALS		
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up			
15-19 NO.	13	0	0	0	0	0	0	0	0	0	0	0	0	0	13
TOT PAY	252,054	0	0	0	0	0	0	0	0	0	0	0	0	0	252,054
AVG PAY	19,389	0	0	0	0	0	0	0	0	0	0	0	0	0	19,389
20-24 NO.	299	91	29	8	3	0	0	0	0	0	0	0	0	430	
TOT PAY	8,042,229	2,630,281	883,482	217,464	110,726	0	0	0	0	0	0	0	0	11,884,182	
AVG PAY	26,897	28,904	30,465	27,183	36,909	0	0	0	0	0	0	0	0	27,638	
25-29 NO.	596	376	231	138	100	120	0	0	0	0	0	0	0	1,561	
TOT PAY	18,859,047	12,667,652	8,321,146	5,260,090	4,096,543	5,007,496	0	0	0	0	0	0	0	54,211,974	
AVG PAY	31,643	33,691	36,022	38,117	40,965	41,729	0	0	0	0	0	0	0	34,729	
30-34 NO.	392	281	280	196	205	628	169	0	0	0	0	0	0	2,151	
TOT PAY	13,226,163	10,584,904	11,082,209	8,496,667	9,014,186	29,370,301	7,689,297	0	0	0	0	0	0	89,463,726	
AVG PAY	33,740	37,669	39,579	43,350	43,972	46,768	45,499	0	0	0	0	0	0	41,592	
35-39 NO.	258	178	155	133	104	589	706	163	5	0	0	0	0	2,291	
TOT PAY	8,576,000	6,736,480	5,790,696	5,593,151	4,912,217	27,860,896	35,537,892	7,765,123	226,169	0	0	0	0	102,998,623	
AVG PAY	33,240	37,845	37,359	42,054	47,233	47,302	50,337	47,639	45,234	0	0	0	0	44,958	
40-44 NO.	278	198	201	117	101	560	790	458	133	2	0	0	0	2,838	
TOT PAY	8,236,985	7,188,583	8,048,169	4,527,084	4,461,512	24,324,956	39,758,124	24,491,763	6,790,908	89,648	0	0	0	127,917,734	
AVG PAY	29,629	36,306	40,041	38,693	44,173	43,437	50,327	53,475	51,059	44,824	0	0	0	45,073	
45-49 NO.	210	188	128	127	109	525	666	458	390	103	4	0	0	2,908	
TOT PAY	7,175,055	7,370,249	4,912,811	5,235,320	4,515,663	22,866,880	32,595,711	24,571,943	21,676,698	5,633,834	217,465	0	0	136,771,630	
AVG PAY	34,167	39,203	38,381	41,223	41,428	43,556	48,943	53,651	55,581	54,697	54,366	0	0	47,033	
50-54 NO.	165	131	132	107	65	449	626	377	398	313	72	3	0	2,838	
TOT PAY	5,471,700	5,112,294	4,937,056	5,021,075	2,845,191	18,465,933	30,321,563	19,153,369	21,663,425	19,093,426	4,310,264	149,573	0	136,544,869	
AVG PAY	33,162	39,025	37,402	46,926	43,772	41,127	48,437	50,805	54,431	61,001	59,865	49,858	0	48,113	
55-59 NO.	103	75	70	52	47	326	494	306	256	225	138	9	0	2,101	
TOT PAY	3,539,619	2,654,653	2,472,624	2,233,780	2,096,052	13,597,055	23,146,103	14,944,810	12,868,950	13,362,426	8,866,127	439,042	0	100,221,241	
AVG PAY	34,365	35,395	35,323	42,957	44,597	41,709	46,854	48,839	50,269	59,389	64,247	48,782	0	47,702	
60-64 NO.	42	36	26	26	19	159	244	124	100	55	38	9	0	878	
TOT PAY	1,345,927	1,154,149	1,020,084	1,148,826	780,672	6,394,692	11,012,373	5,887,739	4,781,172	2,866,217	2,498,430	629,845	0	39,520,126	
AVG PAY	32,046	32,060	39,234	44,186	41,088	40,218	45,133	47,482	47,812	52,113	65,748	69,983	0	45,012	
65-99 NO.	9	13	7	11	2	67	92	27	23	9	5	2	0	267	
TOT PAY	242,414	394,327	350,584	464,822	49,358	2,683,847	3,594,602	1,100,570	809,120	528,798	291,971	92,061	0	10,602,474	
AVG PAY	26,935	30,333	50,083	42,257	24,679	40,057	39,072	40,762	35,179	58,755	58,394	46,030	0	39,710	
TOT NO.	2,365	1,567	1,259	915	755	3,423	3,787	1,913	1,305	707	257	23	0	18,276	
TOT AMT	74,967,194	56,493,572	47,818,862	38,198,280	32,882,120	150,572,056	183,655,664	97,915,317	68,816,443	41,574,349	16,184,257	1,310,521	0	810,388,635	
AVG AMT	31,699	36,052	37,982	41,747	43,552	43,988	48,496	51,184	52,733	58,804	62,974	56,979	0	44,342	

San Diego County Employees' Retirement Association
Summary of Active Members Included
in the June 30, 2002 Actuarial Valuation

	<u>No.</u>	<u>Annual Salary</u>	<u>Averages</u>		
			<u>Annual Salary</u>	<u>Age</u>	<u>Service</u>
General Members*					
Tier I 6/30/01	1,311	67,545,080	51,522	54.2	26.6
Tier I 6/30/02	96	3,103,548	32,329	44.4	2.6
Percent Increase	(92.7)%	(95.4)%	(37.3)%		
Tier II 6/30/01	12,659	492,782,152	38,927	44.3	8.3
Tier A 6/30/02	14,818	627,807,091	42,368	44.7	9.5
Percent Increase	17.1%	27.4%	8.8%		
Total 6/30/01	13,970	560,327,232	40,109	45.2	10.0
Total 6/30/02	14,914	630,910,639	42,303	44.7	9.5
Percent Increase	6.8%	12.6%	5.5%		
Safety Members					
Total 6/30/01	2,407	128,902,444	53,553	40.2	11.5
Total 6/30/02	2,382	135,554,382	56,908	40.4	11.7
Percent Increase	(1.0)%	5.2%	6.3%		
Probation Members					
Total 6/30/01	969	41,900,345	43,241	40.4	10.1
Total 6/30/02	980	43,923,613	44,820	38.9	8.3
Percent Increase	1.1%	4.8%	3.7%		

*Tier structure changes as of March 2002 complicate year to year comparisons by tier. All active members moved to Tier A unless they specifically requested Tier I. Safety tier distinctions have been eliminated.

San Diego County Employees' Retirement Association
Summary of Active Members Included
in the June 30, 2002 Actuarial Valuation

(Continued)

			<u>Averages</u>		
	<u>No.</u>	<u>Annual</u> <u>Salary</u>	<u>Annual</u> <u>Salary</u>	<u>Age</u>	<u>Service</u>
Grand Total 6/30/01	17,346	731,130,021	42,150	44.3	10.2
Grand Total 6/30/02	18,276	810,388,635	44,342	43.8	9.7
Percent Increase	5.4%	10.8%	5.2%		

San Diego County Employees' Retirement Association
Summary of Deferred Vested Members Included
in the June 30, 2002 Actuarial Valuation

	<u>No.</u>	<u>Member Contributions</u>	<u>Averages</u>		
			<u>Contribution Balance</u>	<u>Age</u>	<u>Service</u>
General Members*					
Tier I 6/30/01	331	12,716,031	38,417	53.3	13.7
Tier I 6/30/02	2,991	21,062,748	7,042	46.6	8.6
Percent Increase	803.6%	65.6%	(81.7)%		
Tier II 6/30/01	2,711	8,465,986	3,123	45.3	8.2
Tier A 6/30/02	60	283,777	4,730	43.3	10.9
Percent Increase	(97.8)%	(96.6)%	51.5%		
Total 6/30/01	3,042	21,182,017	6,963	46.2	8.8
Total 6/30/02	3,051	21,346,525	6,997	46.7	8.6
Percent Increase	0.3%	0.8%	0.5%		
Safety Members					
Total 6/30/01	248	2,982,210	12,025	39.8	7.6
Total 6/30/02	272	2,964,822	10,900	39.9	7.3
Percent Increase	9.7%	(0.6)%	(9.4)%		
Grand Total 6/30/01	3,290	24,164,228	7,345	45.8	8.7
Grand Total 6/30/02	3,323	24,311,347	7,316	46.0	8.5
Percent Increase	1.0%	0.6%	(0.4)%		

*Tier structure changes as of March 2002 complicate year to year comparisons by tier. All General deferred members moved to Tier I, terminees after the change get Tier A. Safety tier distinctions have been eliminated.

San Diego County Employees' Retirement Association
Summary of Retired Members and Beneficiaries Included
in the June 30, 2002 Actuarial Valuation

Tier distinctions for retirees were removed as of the March 2002 benefit changes.

	No.	Annual Allowance	Average			New Retirees Only		
			Annual Allowance	Attained Age	Age at Retirement	No.	Average Allowance	Average Age
General Members								
Tier I 6/30/01	6,111	96,344,821	15,766	73.4	58.1	115	29,773	58.3
Tier I 6/30/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tier II 6/30/01	1,960	19,433,474	9,915	63.5	59.0	180	9,595	60.6
Tier II 6/30/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total 6/30/01	8,071	115,778,295	14,345	71.0	58.3	295	17,461	59.7
Total 6/30/02	8,613	139,381,055	16,183	70.6	58.3	683	28,314	58.7
Percent Increase	6.7%	20.4%	12.8%			131.5%	62.2%	
Safety Members								
Tier I 6/30/01	570	18,060,204	31,685	64.8	50.5	27	44,155	56.4
Tier I 6/30/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tier II 6/30/01	280	5,839,244	20,854	49.7	43.4	29	21,690	47.5
Tier II 6/30/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total 6/30/01	850	23,899,448	28,117	59.8	48.2	56	32,522	51.8
Total 6/30/02	1,044	36,386,877	34,853	59.5	49.4	183	59,418	55.1
Percent Increase	22.8%	52.2%	24.0%			226.8%	82.7%	
Grand Total 6/30/01	8,921	139,677,744	15,657	69.9	57.3	351	19,864	58.5
Grand Total 6/30/02	9,657	175,767,933	18,201	69.4	57.3	866	34,887	57.9
Percent Increase	8.3%	25.8%	16.2%			146.7%	75.6%	

ACTUARIAL COST METHODS, ACTUARIAL ASSUMPTIONS

AND

DEFINITIONS OF TECHNICAL TERMS

San Diego County Employees' Retirement Association

Actuarial Cost Methods - June 30, 2002

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an individual entry age actuarial cost method having the following characteristics:

- (i) the annual normal costs for each active member, payable from the date of entry into the system to the date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Financing of Unfunded Actuarial Accrued Liability. The balance of unfunded actuarial accrued liabilities due to 2002 plan and assumption changes is now funded (or credited, if negative) over ten years, as a level percent of pay. The remaining unfunded accrued liabilities due to gains or losses is funded over five equal installments as in prior years.

Active member payroll in aggregate was assumed to increase 4.0% a year for the purpose of determining the level percent contributions, although individual annual pay increase rates will increase at least 4.5% per year for the purpose of projecting individual pays.

Deferred Member Actuarial Accrued Liability. Data provided includes date of hire, date of birth, date of termination, last pay and an indicator if the deferred member is known to work with a reciprocal employer. Service credit, highest average salary, and deferred retirement age were estimated, based on the data provided. The estimates were used to compute the retirement benefit, upon which the liabilities are based.

San Diego County Employees' Retirement Association
Actuarial Assumptions Used for the June 30, 2002 Valuation

The contribution requirements and benefit values of the Fund are calculated by applying actuarial assumptions to the benefit provisions and member information furnished, using the actuarial cost methods described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- (i) long-term rates of investment return to be generated by the assets of the Fund.
- (ii) patterns of pay increases to members.
- (iii) rates of mortality among members, retirants, and beneficiaries.
- (iv) rates of withdrawal of active members (without entitlement to a retirement benefit).
- (v) rates of disability among members.
- (vi) the age patterns of actual retirements.

In making a valuation, the monetary effect of each assumption is calculated for as long as a present covered person survives -- a period of time which can be as long as a century.

Actual experience of the system will not coincide exactly with assumed experience, regardless of the choice of the assumptions, the skill of the actuary and the precision of the many calculations made. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate. From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations).

(Continued on Next Page)

San Diego County Employees' Retirement Association
Actuarial Assumptions Used for the June 30, 2002 Valuation

(Continued)

The investment return rate used for the actuarial valuation calculations was 8.25% a year, net of administrative expenses, compounded annually. This assumption, used to equate the value of payments due at different points in time, is adopted by the Retirement Board. The rate is comprised of two elements:

Inflation	4.00%
Real Rate of Return	<u>4.25</u>
Total	8.25%

The inflation rate used for the actuarial valuation calculations was 4.0% per year, compounded annually. It represents the difference between the investment return rate and the assumed real rate of return.

Inflation actually experienced, as measured by the Consumer Price Index for urban wage earners, has been as follows:

Consumer Price Index	
Urban Wage Earners and Clerical Workers Before 1978	
All Urban Consumers After 1977	
<u>10 Year Moving Averages</u>	
June 30, 1962	1.3%
June 30, 1972	3.3
June 30, 1982	8.8
June 30, 1992	3.8
June 30, 2002	2.5
50-Year Average	3.9%

Interest credited to member contributions is 8.25%, compounded semi-annually.

(Continued on Next Page)

**San Diego County Employees' Retirement Association
Actuarial Assumptions Used for the June 30, 2002 Valuation**

(Continued)

Salary increase rates used to project current pays to those upon which a benefit will be based are represented by the following table. Rates do not vary by age.

Base Annual Rate of Salary Increase

Inflation	4.00%
Merit & Longevity	<u>0.50</u> ¹
Total	4.50%

¹ We also use an additional merit and longevity increases for employees with less than five years of service:

<u>Years of Service At Valuation Date</u>	<u>Safety</u>	<u>General</u>
0	6.00%	3.0%
1	5.00%	2.5%
2	4.00%	2.0%
3	2.50%	1.5%
4	1.25%	1.0%

(Continued on Next Page)

**San Diego County Employees' Retirement Association
Actuarial Assumptions Used for the June 30, 2002 Valuation**

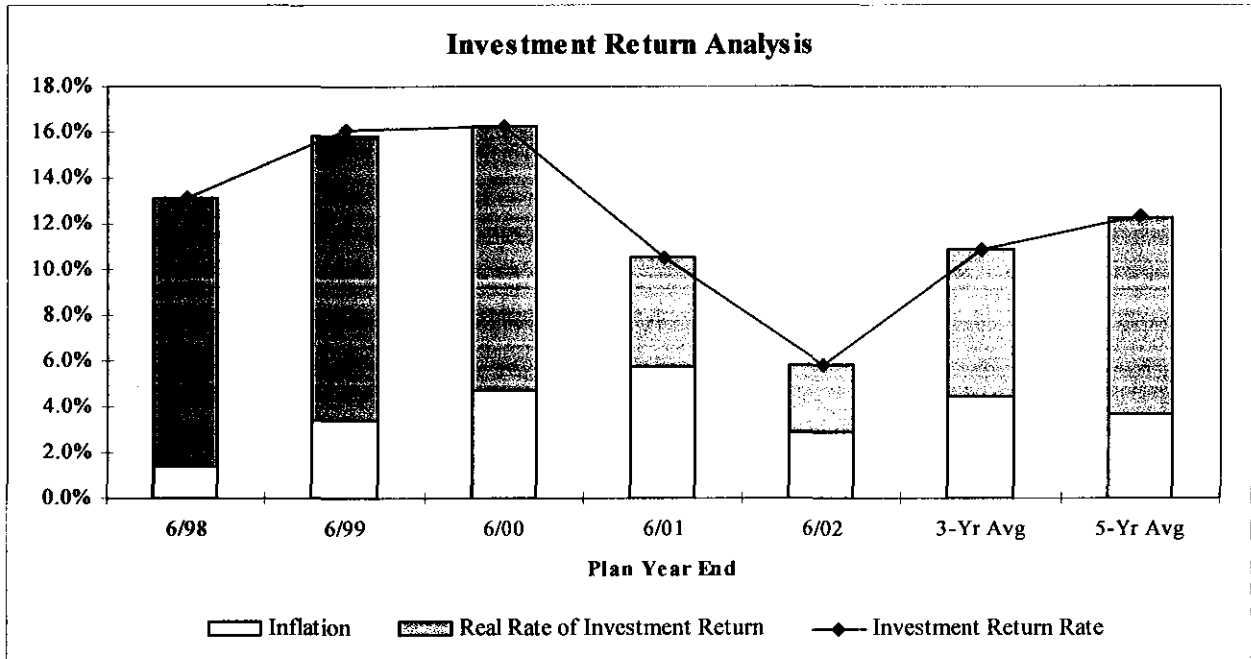
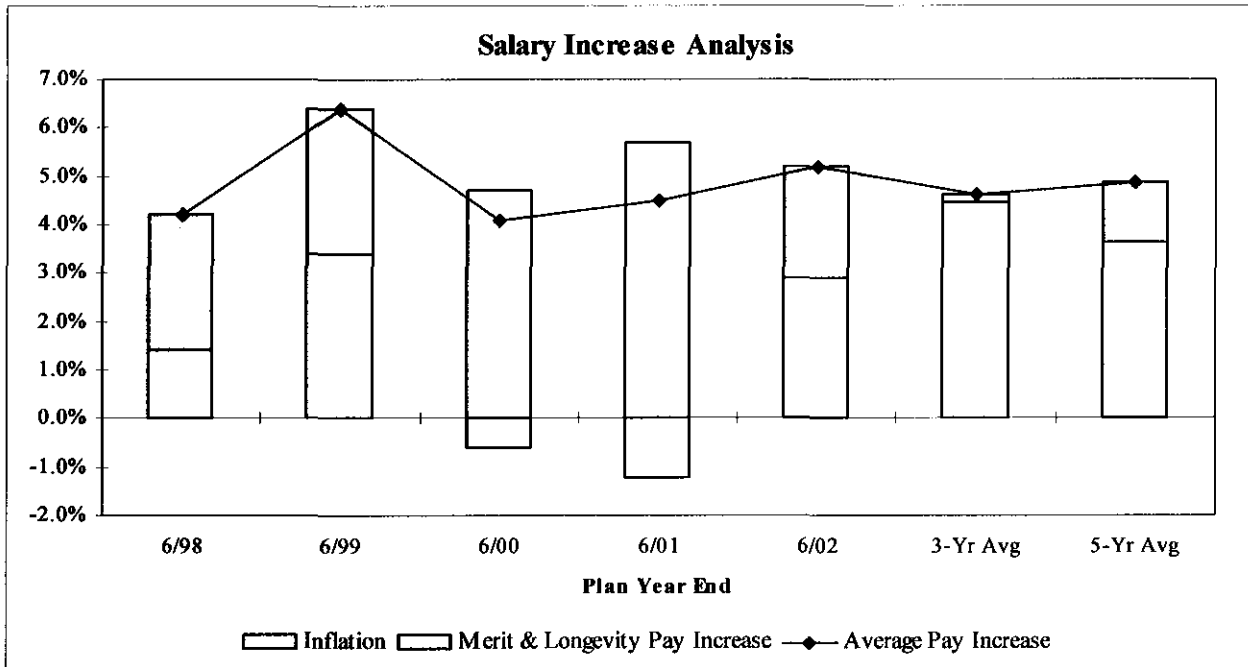
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Historic Summary of Payroll

<u>Valuation Date</u>	<u>No.</u>	<u>Total Payroll</u>	<u>% Change</u>	<u>Average Salary</u>	<u>% Change</u>
12/31/85	11,570	\$280,560,958	--%	\$24,249	--%
12/31/86	12,199	297,151,940	5.9	24,359	0.5
12/31/87	12,819	340,499,064	14.6	26,562	9.0
12/31/88	13,612	365,650,795	7.4	26,862	1.1
06/30/89	13,962	391,328,886	7.0	28,028	4.3
06/30/90	15,309	444,840,888	13.7	29,057	3.7
06/30/91	15,986	494,284,829	11.1	30,920	6.4
06/30/92	16,021	525,411,229	6.3	32,795	6.1
06/30/93	16,154	533,124,485	1.5	33,003	0.6
06/30/94	16,180	535,980,753	0.5	33,126	0.4
06/30/95	16,500	550,737,347	2.8	33,378	0.8
06/30/96	16,524	561,691,535	2.0	33,992	1.8
06/30/97	16,635	581,453,449	3.5	34,954	2.8
06/30/98	16,441	598,971,557	3.0	36,432	4.2
06/30/99	16,579	642,780,304	7.3	38,771	6.4
06/30/00	16,669	672,476,730	4.6	40,343	4.1
06/30/01	17,346	731,130,021	8.7	42,150	4.5
06/30/02	18,276	810,388,635	10.8	44,342	5.2

**San Diego County Employees' Retirement Association
Actuarial Assumptions Used for the June 30, 2002 Valuation**

(Continued)



San Diego County Employees' Retirement Association
Analysis of Selected Actuarial Assumptions Used for the June 30, 2002 Valuation

Assumed and actual changes experienced in areas related to the following assumptions are shown:

	Year Ended					3-year Average	5-year Average
	6/30/02	6/30/01	6/30/00	6/30/99	6/30/98		
Inflation¹	2.9%	5.7%	4.7%	3.4%	1.4%	4.4%	3.6%
Assumed						4.0% ³	4.0% ³
Average Pay Increase	5.2%	4.5%	4.1%	6.4% ⁷	4.2%	4.6%	4.9%
Assumed						4.0% ³	4.0% ³
Merit & Longevity							
Pay Increase	2.3%	(1.2)%	(0.6)%	3.0%	2.8% ⁶	0.2%	1.2%
Assumed						0.5%	0.5%
Total Payroll	10.8%	8.7%	4.6%	7.3% ⁷	3.0%	8.0%	6.8%
Assumed						4.0% ³	4.0% ³
Investment Return Rate²	5.8%	10.5%	16.3%	15.8%	13.1%	10.8%	12.2%
Assumed						8.25% ⁴	8.25% ⁴
Real Rate of Investment Return	2.9%	4.8%	11.6%	12.4%	11.7%	6.4%	8.6%
Assumed						4.25% ⁵	4.25% ⁵
Administrative Expenses							
(Percentage of assets)	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
Assumed						0.0%	0.0%

¹ Based on Consumer Price Index for San Diego, All Items, 1982-84=100.

² Based on actuarial value of assets NOT market value or book value.

³ Effective with June 30, 1997 valuation, this assumption has been reduced from 4.5% to 4%.

⁴ Effective with June 30, 1997 valuation, this assumption has been increased from 8.0% to 8.25%.

⁵ Effective with June 30, 1997 valuation, this assumption has been increased from 3.5% to 4.25%.

⁶ Includes certain items as pension compensation that were previously excluded per the "Ventura" decision.

⁷ Includes 0.3% increase due to inclusion of bonus pay.

Actuarial Assumptions Used for the June 30, 2002 Valuation

(Continued)

Rates of separation from active membership are shown below (rates do not include separation on account of retirement or death). This assumption measures the probabilities of members remaining in employment. All employees, eligible to retire, are assumed to not withdraw accumulated member contributions upon separation from service.

<u>Sample</u> <u>Ages</u>	<u>Years of</u> <u>Service</u>	<u>% of Active Members</u> <u>Separating Within Next Year</u>				
		<u>Disability</u>		<u>Other</u>		
		<u>General & Probation</u>		<u>Safety</u>	<u>General</u>	<u>Safety &</u> <u>Probation</u>
		<u>Men</u>	<u>Women</u>			
All	0				22.75%	11.00%
	1				12.00%	6.00%
	2				9.75%	4.00%
	3				7.75%	4.00%
	4				6.50%	4.00%
20	5 & Over	.02%	-%	.02%	15.00%	9.00%
25		.02%	-%	.02%	12.50%	9.00%
30		.03%	.02%	.30%	8.50%	6.00%
35		.07%	.04%	.68%	5.75%	2.50%
40		.17%	.08%	1.18%	4.25%	1.75%
45		.31%	.15%	1.78%	3.50%	1.25%
50		.48%	.24%	2.60%	2.50%	1.00%
55		.70%	.34%	-%	1.75%	1.00%
60		.46%	.42%	-%	1.75%	1.00%

We are assuming that 100% of the Safety disabilities and 60% of the General and Probation disabilities are duty-related.

We assume that 40% of separating active members will continue employment with a reciprocal employer and receive assumed inflation increases during their subsequent employment with a reciprocal employer.

(Continued on Next Page)

San Diego County Employees' Retirement Association
Actuarial Assumptions Used for the June 30, 2002 Valuation

(Continued)

The post-retirement mortality table used was the 1994 Uninsured Pensioner Mortality Table. The mortality table is adopted by the Retirement Board. This assumption is used to measure the probabilities of members dying after retirement and the probabilities of each benefit payment being made after retirement. For disabilitants, there is a 3-year age set forward for disabilitants. Related values are shown below.

<u>Future Life Expectancy (Years)</u>			<u>% Dying Within Next Year</u>		
<u>Sample</u>	<u>Retirants</u>		<u>Retirants</u>		
<u>Ages</u>	<u>Men</u>	<u>Women</u>	<u>Men</u>	<u>Women</u>	<u>Ages</u>
45	34.68	39.01	.17%	.10%	45
50	30.01	34.24	.28	.15	50
55	25.49	29.53	.48	.25	55
60	21.20	24.97	.86	.48	60
65	17.26	20.69	1.56	.93	65
70	13.77	16.77	2.55	1.48	70
75	10.66	13.11	4.00	2.44	75
80	7.97	9.88	6.67	4.24	80

The active member mortality table used was the 1994 Uninsured Pensioner Mortality Table. This assumption measures the probability of mortality before retirement. The rates include probability of ordinary death, line-of-duty death, and death while eligible for retirement or disability.

<u>Sample</u>	<u>% of Active Members</u>	
	<u>Dying Within Next Year</u>	
<u>Ages</u>	<u>Men</u>	<u>Women</u>
30	.09%	.04%
35	.09%	.05%
40	.12%	.08%
45	.17%	.10%
50	.28%	.15%
55	.48%	.25%
60	.86%	.48%
65	1.56%	.93%

(Continued on Next Page)

**San Diego County Employees Retirement Association
Actuarial Assumptions Used for the June 30, 2002 Valuation**

(Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year. (these rates are new for the 2002 valuation reflecting accelerated retirement assumptions based on the March 2002 benefit enhancements)

<u>Retirement Ages</u>	<u>Safety Members</u>	<u>Probation Members</u>	<u>General Members</u>
48	5.0%	--%	--%
49	5.0%	--%	--%
50	20.6%	12.0%	6.0%
51	20.6%	14.0%	3.0%
52	20.6%	16.0%	5.0%
53	20.6%	18.0%	5.0%
54	20.6%	20.0%	6.0%
55	30.3%	20.0%	12.0%
56	30.3%	25.0%	13.0%
57	30.3%	30.0%	15.0%
58	35.3%	35.0%	15.0%
59	35.3%	35.0%	15.0%
60	50.3%	30.0%	15.0%
61	50.3%	30.0%	15.0%
62	50.3%	50.3%	23.0%
63	50.3%	50.3%	15.0%
64	50.3%	50.3%	20.0%
65	100.0%	100.0%	28.0%
66	100.0%	100.0%	28.0%
67	100.0%	100.0%	30.0%
68	100.0%	100.0%	30.0%
69	100.0%	100.0%	40.0%
70	100.0%	100.0%	100.0%

For current deferred vested members, we are making the following retirement assumption:

Non-reciprocals: When initially eligible to retire

Reciprocals: Later of age 55 or eligibility to retire

In determining eligibility to retire for this purpose, we have assumed service "tacking" from date of separation of service.

(Concluded on Next Page)

San Diego County Employees Retirement Association
Actuarial Assumptions Used for the June 30, 2002 Valuation

(Concluded)

The rates of employer pick up vary by employee. Our thanks go to the Retirement Office for providing us with pick up rates for each individual active member.

Member refunds. All or part of the employee contribution rate is subject to potential "pick up" by the employer. The member rates provided in the census are prior to any applicable pick up. Such pick ups and related accumulated interest are not to be refunded to employees at termination. The County's liability for potential refunds is reduced to reflect this. The County currently uses a crediting rate on member accounts to 4.125%, credited semi-annually.

Integrated member contributions. Rates provided in the census apply to salary amounts over \$350 per month in the case of employees with integrated benefits. Rates applicable to the first \$350 per month of salary are not provided. Due to the small portion of salary to which a different rate is applied and the substantial portion of total member contributions subject to employer pick up, rates provided were assumed, for simplicity, to apply to total salary.

Survivor Benefits. Marital status and spouses' census data were imputed with respect to active and deferred members.

Marital Status - 80% of men and 50% of women were assumed married at retirement.

Spouse Census - Women were assumed to be 4 years younger than men.

Definitions of Technical Terms

Actuarial Accrued Liability. The difference between the actuarial present value of system benefits and the actuarial value of future normal costs. Also referred to as "accrued liability" or "actuarial liability".

Actuarial Assumptions. Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Actuarial assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Accrued Service. Service credited under the system which was rendered before the date of the actuarial valuation.

Actuarial Equivalent. A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement system benefits between future normal cost and actuarial accrued liability. Sometimes referred to as the "actuarial funding method".

Actuarial Gain (Loss). The difference between actual experience and actuarial assumption anticipated experience during the period between two actuarial valuation dates.

Actuarial Present Value. The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment.

Amortization. Paying off an interest-discounted amount with periodic payments of interest and principal -- as opposed to paying off with lump sum payment.

Normal Cost. The actuarial present value of retirement system benefits allocated to the current year by the actuarial cost method.

Pension Benefit Obligation. A standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date.

(Concluded on Next Page)

Definitions of Technical Terms

(Concluded)

Unfunded Actuarial Accrued Liability. The difference between actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded actuarial liability" or "unfunded accrued liability".

Most retirement systems have unfunded actuarial accrued liability. They arise each time new benefits are added and each time an actuarial loss is realized.

The existence of unfunded actuarial accrued liability is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial accrued liability does not represent a debt that is payable today. What is important is the ability to amortize the unfunded actuarial accrued liability and the trend in its amount (after due allowance for devaluation of the dollar). Unfunded actuarial accrued liability must be controlled.



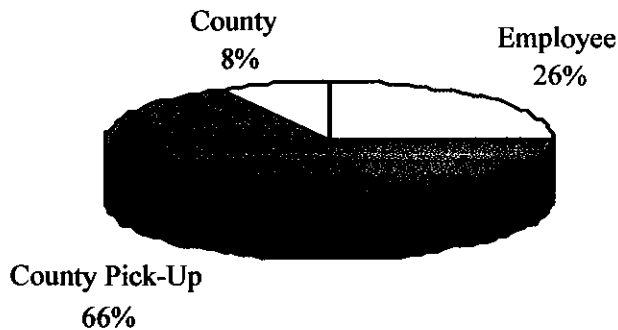
**DISCLOSURES REQUIRED BY
STATEMENTS NO. 25 AND 27 OF
THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

San Diego County Employees' Retirement Association

Contributions Made

The County's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry-age actuarial funding method. Unfunded actuarial accrued liabilities due to 2002 benefit enhancements and a related retirement assumption change are amortized over 10 years, expressed as a percent of payroll, and added to the normal cost. The residual excess of valuation liability over valuation assets is amortized over 5 years, expressed as a percent of payroll, and applied as a credit towards normal costs.

During the period July 1, 2001 to June 30, 2002, contributions totaled \$67,927,480 -- consisting of \$17,346,370 in employee contributions and \$5,338,454 for County contributions and \$45,242,656 for County pick up of employee contributions.



San Diego County Employees' Retirement Association

Accounting Disclosure

(\$ in Thousands)

San Diego County is subject to the accounting provisions of GASB Statements #25 and #27.

Year Ended <u>June 30</u>	Actuarially Required Contributions <u>(ARC)</u>	Contributions Made ¹	Investment Return ²	Amortization Factor	Net Pension Obligation <u>(NPO)</u>
1994	48,591	48,591	4.37	5.00	0
1995	33,305	33,305	12.05 ³	5.00	0
1996	37,577	37,577	9.61	5.00	0
1997	23,269	23,269	14.38	5.00	0
1998	24,320	24,320	13.14	5.00	0
1999	0	0	15.84	5.00	0
2000	14,341	0	16.30	5.00	14,341
2001	4,927	2,035	10.50	5.00	15,548
2002	0 ⁴	5,338	5.78	8.24	7,686 ⁴

¹ Excludes payments related to the Pension Obligation Bond of February 1994 and County pick ups of employee contributions.

² Based on actuarial value of assets and NOT market value or book value.

³ Reflects the \$86.1 million increase in valuation assets due to change in asset smoothing methodology. Return is 7.69% if such increase is not reflected.

⁴ The Actuarially Required Contribution cannot be less than zero. The Net Pension Obligation for the year ended June 30, 2002 consists of the prior year NPO increased with interest less the contribution made.

APPENDIX A:
MEMBER CONTRIBUTION RATES

San Diego County Employees' Retirement Association
 June 30, 2002 Actuarial Valuation
 Member Contribution Rates
 General Members - Tier I

NORMAL RATES ONLY

Entry Age	Integrated			Entry Age	Integrated		
	First \$350/Mo.	Over \$350/Mo.	Non- Integrated		First \$350/Mo.	Over \$350/Mo.	Non- Integrated
16	2.74%	4.11%	4.11%	38	4.35%	6.52%	6.52%
17	2.80%	4.21%	4.21%	39	4.44%	6.66%	6.66%
18	2.87%	4.30%	4.30%	40	4.53%	6.79%	6.79%
19	2.93%	4.39%	4.39%	41	4.62%	6.92%	6.92%
20	2.99%	4.49%	4.49%	42	4.71%	7.06%	7.06%
21	3.06%	4.59%	4.59%	43	4.80%	7.20%	7.20%
22	3.12%	4.69%	4.69%	44	4.89%	7.34%	7.34%
23	3.19%	4.79%	4.79%	45	4.99%	7.48%	7.48%
24	3.26%	4.89%	4.89%	46	5.08%	7.62%	7.62%
25	3.33%	5.00%	5.00%	47	5.18%	7.77%	7.77%
26	3.40%	5.10%	5.10%	48	5.28%	7.92%	7.92%
27	3.47%	5.21%	5.21%	49	5.38%	8.07%	8.07%
28	3.55%	5.32%	5.32%	50	5.48%	8.22%	8.22%
29	3.62%	5.43%	5.43%	51	5.58%	8.38%	8.38%
30	3.70%	5.55%	5.55%	52	5.69%	8.53%	8.53%
31	3.78%	5.66%	5.66%	53	5.79%	8.69%	8.69%
32	3.85%	5.78%	5.78%	54	5.90%	8.85%	8.85%
33	3.93%	5.90%	5.90%	55	6.01%	9.02%	9.02%
34	4.01%	6.02%	6.02%	56	6.12%	9.18%	9.18%
35	4.10%	6.14%	6.14%	57	6.23%	9.35%	9.35%
36	4.18%	6.27%	6.27%	58	6.34%	9.52%	9.52%
37	4.26%	6.40%	6.40%	59	6.46%	9.69%	9.69%

Interest: 8.25%

Salary: 4.50%

Mortality: 1994 Uninsured Pensioner

San Diego County Employees' Retirement Association

June 30, 2002 Actuarial Valuation

Member Contribution Rates

General Members - Tier I

NORMAL PLUS COST-OF-LIVING RATES

Entry Age	Integrated			Entry Age	Integrated		
	First \$350/Mo.	Over \$350/Mo.	Non-Integrated		First \$350/Mo.	Over \$350/Mo.	Non-Integrated
16	3.53%	5.30%	5.30%	38	5.60%	8.41%	8.41%
17	3.61%	5.42%	5.42%	39	5.72%	8.57%	8.57%
18	3.69%	5.54%	5.54%	40	5.83%	8.75%	8.75%
19	3.77%	5.66%	5.66%	41	5.95%	8.92%	8.92%
20	3.86%	5.78%	5.78%	42	6.06%	9.09%	9.09%
21	3.94%	5.91%	5.91%	43	6.18%	9.27%	9.27%
22	4.03%	6.04%	6.04%	44	6.30%	9.45%	9.45%
23	4.11%	6.17%	6.17%	45	6.43%	9.64%	9.64%
24	4.20%	6.30%	6.30%	46	6.55%	9.82%	9.82%
25	4.29%	6.44%	6.44%	47	6.67%	10.01%	10.01%
26	4.38%	6.57%	6.57%	48	6.80%	10.20%	10.20%
27	4.48%	6.71%	6.71%	49	6.93%	10.40%	10.40%
28	4.57%	6.86%	6.86%	50	7.06%	10.59%	10.59%
29	4.67%	7.00%	7.00%	51	7.20%	10.79%	10.79%
30	4.76%	7.15%	7.15%	52	7.33%	10.99%	10.99%
31	4.86%	7.30%	7.30%	53	7.47%	11.20%	11.20%
32	4.96%	7.45%	7.45%	54	7.60%	11.41%	11.41%
33	5.07%	7.60%	7.60%	55	7.74%	11.61%	11.61%
34	5.17%	7.76%	7.76%	56	7.88%	11.83%	11.83%
35	5.28%	7.92%	7.92%	57	8.03%	12.04%	12.04%
36	5.38%	8.08%	8.08%	58	8.17%	12.26%	12.26%
37	5.49%	8.24%	8.24%	59	8.32%	12.48%	12.48%

Interest: 8.25%

Salary: 4.50%

Mortality: 1994 Uninsured Pensioner

June 30, 2002 Actuarial Valuation

Member Contribution Rates

General Members - Tier A

NORMAL RATES ONLY

Entry Age	Integrated			Entry Age	Integrated		
	First \$350/Mo.	Over \$350/Mo.	Non- Integrated		First \$350/Mo.	Over \$350/Mo.	Non- Integrated
16	3.28%	4.92%	4.92%	36	4.95%	7.42%	7.42%
17	3.35%	5.03%	5.03%	37	5.05%	7.57%	7.57%
18	3.42%	5.13%	5.13%	38	5.14%	7.72%	7.72%
19	3.50%	5.24%	5.24%	39	5.24%	7.87%	7.87%
20	3.57%	5.36%	5.36%	40	5.35%	8.02%	8.02%
21	3.65%	5.47%	5.47%	41	5.45%	8.18%	8.18%
22	3.72%	5.59%	5.59%	42	5.55%	8.33%	8.33%
23	3.80%	5.71%	5.71%	43	5.66%	8.49%	8.49%
24	3.88%	5.83%	5.83%	44	5.77%	8.65%	8.65%
25	3.97%	5.95%	5.95%	45	5.88%	8.82%	8.82%
26	4.05%	6.07%	6.07%	46	5.99%	8.98%	8.98%
27	4.13%	6.20%	6.20%	47	6.10%	9.15%	9.15%
28	4.22%	6.33%	6.33%	48	6.21%	9.32%	9.32%
29	4.30%	6.46%	6.46%	49	6.33%	9.49%	9.49%
30	4.39%	6.59%	6.59%	50	6.44%	9.67%	9.67%
31	4.48%	6.72%	6.72%	51	6.56%	9.84%	9.84%
32	4.57%	6.86%	6.86%	52	6.68%	10.02%	10.02%
33	4.66%	7.00%	7.00%	53	6.80%	10.20%	10.20%
34	4.76%	7.14%	7.14%	54	6.92%	10.38%	10.38%
35	4.85%	7.28%	7.28%				

Interest: 8.25%

Salary: 4.50%

Mortality: 1994 Uninsured Pensioner

June 30, 2002 Actuarial Valuation

Member Contribution Rates

General Members - Tier A

NORMAL PLUS COST-OF-LIVING RATES

Entry Age	Integrated			Entry Age	Integrated		
	First \$350/Mo.	Over \$350/Mo.	Non- Integrated		First \$350/Mo.	Over \$350/Mo.	Non- Integrated
16	4.41%	6.61%	6.61%	36	6.65%	9.98%	9.98%
17	4.50%	6.76%	6.76%	37	6.78%	10.17%	10.17%
18	4.60%	6.90%	6.90%	38	6.92%	10.37%	10.37%
19	4.70%	7.05%	7.05%	39	7.05%	10.58%	10.58%
20	4.80%	7.20%	7.20%	40	7.19%	10.78%	10.78%
21	4.90%	7.35%	7.35%	41	7.33%	10.99%	10.99%
22	5.01%	7.51%	7.51%	42	7.47%	11.20%	11.20%
23	5.11%	7.67%	7.67%	43	7.61%	11.41%	11.41%
24	5.22%	7.83%	7.83%	44	7.75%	11.63%	11.63%
25	5.33%	8.00%	8.00%	45	7.90%	11.85%	11.85%
26	5.44%	8.16%	8.16%	46	8.05%	12.07%	12.07%
27	5.55%	8.33%	8.33%	47	8.20%	12.30%	12.30%
28	5.67%	8.50%	8.50%	48	8.35%	12.53%	12.53%
29	5.79%	8.68%	8.68%	49	8.51%	12.76%	12.76%
30	5.90%	8.86%	8.86%	50	8.66%	12.99%	12.99%
31	6.02%	9.04%	9.04%	51	8.82%	13.23%	13.23%
32	6.15%	9.22%	9.22%	52	8.98%	13.47%	13.47%
33	6.27%	9.40%	9.40%	53	9.14%	13.71%	13.71%
34	6.39%	9.59%	9.59%	54	9.31%	13.96%	13.96%
35	6.52%	9.78%	9.78%				

Interest: 8.25%

Salary: 4.50%

Mortality: 1994 Uninsured Pensioner

San Diego County Employees Retirement Association
 June 30, 2002 Actuarial Valuation
 Member Contribution Rates
 Safety Members

NON-INTEGRATED

<u>Entry Age</u>	<u>Normal Rates Only</u>	<u>Normal Plus Cost-of-living</u>	<u>Entry Age</u>	<u>Normal Rates Only</u>	<u>Normal Plus Cost-of-living</u>
16	5.64%	7.59%	33	7.96%	10.70%
17	5.76%	7.75%	34	8.11%	10.91%
18	5.88%	7.91%	35	8.27%	11.12%
19	6.01%	8.08%	36	8.43%	11.34%
20	6.13%	8.25%	37	8.59%	11.55%
21	6.26%	8.42%	38	8.76%	11.78%
22	6.39%	8.59%	39	8.92%	12.00%
23	6.52%	8.77%	40	9.09%	12.23%
24	6.66%	8.95%	41	9.26%	12.46%
25	6.79%	9.14%	42	9.44%	12.69%
26	6.93%	9.32%	43	9.61%	12.92%
27	7.07%	9.51%	44	9.79%	13.16%
28	7.21%	9.70%	45	9.97%	13.40%
29	7.36%	9.90%	46	10.15%	13.65%
30	7.51%	10.09%	47	10.33%	13.90%
31	7.65%	10.29%	48	10.52%	14.15%
32	7.80%	10.50%	49	10.71%	14.40%

Interest: 8.25%

Salary: 4.50%

Mortality: 1994 Uninsured Pensioner

APPENDIX B:
RETIREMENT AGE FACTORS

San Diego County Employees' Retirement Association
 June 30, 2002 Actuarial Valuation
**Selected Retirement Age Factors as Contained in
 County Employees Retirement Law of 1937**

Retirement Age	General Tier I (\$31676.12)	Retirement Age	General Tier A (\$31676.17)	Retirement Age	Safety 3% at 50 (\$31664.1)
50	.6681	50	1.0000	41	.6258
51	.7056	51	1.0500	42	.6625
52	.7454	52	1.1000	43	.7004
53	.7882	53	1.1500	44	.7397
54	.8346	54	1.2000	45	.7805
55	.8850	55	1.2500	46	.8226
56	.9399	56	1.3000	47	.8678
57	1.0000	57	1.3500	48	.9085
58	1.0447	58	1.4000	49	.9522
59	1.1048	59	1.4500	50+	1.0000
60	1.1686	60+	1.5000		
61	1.2365				
62+	1.3093				

County Employees' Retirement Law of 1937 provides for application of a factor to a members' benefit, according to age upon retirement. Rates begin at age 50 for General members, and at age 41 for Safety members.

These factors are applied to the benefit formulas reflected on the Summary of Benefit Provisions.

**SAN DIEGO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
ANNUAL ACTUARIAL VALUATION
October 3, 2002**



Submitted to
THE RETIREMENT BOARD
San Diego County Employees' Retirement Association
San Diego County, California

San Diego County Employees' Retirement Association

October 3, 2002 Actuarial Valuation

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GABRIEL, ROEDER, SMITH & COMPANY

Consultants & Actuaries

9171 Towne Centre Drive • Suite 440 • San Diego, California 92122 • 858-535-1300 • FAX 858-535-1415

April 3, 2003

San Diego County Employees'
Retirement Association
401 West A Street, Suite 1300
San Diego, CA 92101-7906

Members of the Board:

Results of the interim Actuarial Valuation as of October 3, 2002 of the San Diego County Employees' Retirement Association are summarized. The valuation is intended to provide a measure of the funding status of the retirement system. This valuation forms an updated basis for the employer contribution rates for the year beginning July 1, 2003.

Contributions for	General	Safety	Combined
Normal Costs	10.77%	19.61%	12.71%
Unfunded Accrued Liability	8.95%	12.80%	9.80%
TOTAL	19.72%	32.41%	22.51%

The member statistical data on which the valuation was based was furnished by the Retirement Office, together with pertinent data on financial operations. Data was reviewed for reasonableness, but was not audited by the actuary.

An interim valuation was requested so that the impact of two events could be reflected subsequent to the issuance of the June 30, 2002 valuation report: the inclusion of \$550 million in valuation assets from the County's Pension Obligation Bond offering and an introduction of an open, 15-year amortization period. Also, we have been instructed to exclude both the Undistributed Reserve and the Contingency Reserve from valuation assets.

The cooperation of the Retirement Office in furnishing materials requested for this valuation is deeply acknowledged with appreciation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

Rick A. Roeder, E.A., F.S.A., M.A.A.A.

**FINANCIAL PRINCIPLES
AND
OPERATIONAL TECHNIQUES**

San Diego County Employees' Retirement Association
Financial Principles and Operational Techniques

Promises Made, and To Be Paid For. As each year is completed, the Retirement System in effect hands an "IOU" to each member then acquiring a year of service credit -- the "IOU" says: "The San Diego County Employees' Retirement Association owes you one year's worth of retirement benefits, payments in cash commencing when you qualify for retirement."

The related key financial questions are:

Which generation of taxpayers contributes the money to cover the IOU?

The present taxpayers, who receive the benefit of the member's present year of service?

Or the future taxpayers, who happen to be in San Diego at the time the IOU becomes a cash demand, years and decades later?

The principle of level percent of payroll financing intends that this year's taxpayers contribute the money to cover the IOUs being handed out this year. By following this principle, the employer contribution rate will remain approximately level from generation to generation (after funding of the system's initial unfunded liability is addressed) -- our children and our grandchildren will contribute the same percents of active payroll we contribute now.

(There are systems which have a design for deferring contributions to future taxpayers, lured by a lower contribution rate now and putting aside the consequence that the contribution rate must then relentlessly grow much greater over decades of time.)

An inevitable by-product of the level-cost design is the accumulation of reserve assets, for decades, and income produced when the assets are invested. Invested assets are a by-product and not the objective. Investment income becomes, in effect, the 3rd contributor for benefits to employees, and is interlocked with the contribution amounts required from employees and employer.

(Concluded on next page)

Financial Principles and Operational Techniques

(Concluded)

Translated to actuarial terminology, this level-cost objective means that the contribution rates must total at least the following:

Current Cost (the cost of members' service being rendered this year) . . .

plus. . .

Interest on Unfunded Accrued Liabilities (unfunded accrued liabilities are the difference between (i) liabilities for service already rendered and (ii) the accrued assets of the plan).

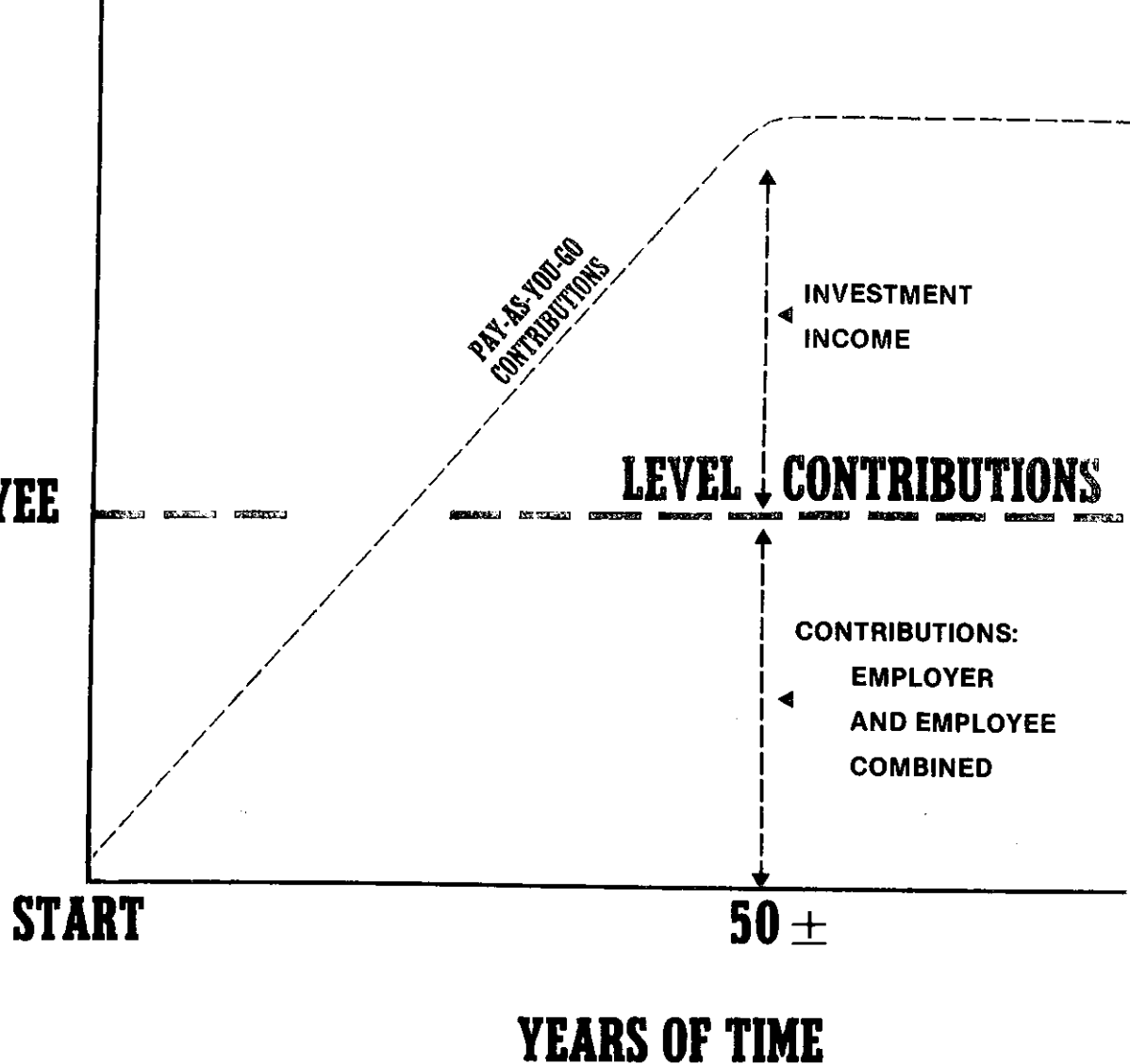
Computing Contributions To Support System Benefits. From a given schedule of benefits and from the employee data and asset data furnished, the actuary determines the contribution rates to support the benefits, by means of an actuarial valuation and a funding method.

An actuarial valuation has a number of ingredients such as: the rate of investment return which plan assets will earn; rates of withdrawal of active members who leave covered employment; rates of mortality; rates of disability; rates of pay increases; and the assumed age or ages at actual retirement. In an actuarial valuation assumptions must be made as to what the above rates will be, for the next year and for decades in the future. Only the subsequent actual experience of the plan can indicate the degree of accuracy of the assumptions.

Reconciling Differences Between Assumed Experience and Actual Experience. Once actual experience has occurred and been observed, it will not coincide exactly with assumed experience, regardless of the wisdom behind the various financial assumptions or the skill of the actuary and the millions of calculations made. The future can be predicted with considerable but not complete precision, except for inflation which defies reliable prediction.

The System copes with these continually changing differences by having annual actuarial valuations. Each actuarial valuation is a complete recalculation of assumed future experience, taking into account all past differences between assumed and actual experience. The result is continual adjustments in the computed employer contribution rates.

**% OF
ACTIVE
EMPLOYEE
PAYS**



This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

LEVEL CONTRIBUTION LINE. Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

Economic Risk Areas

Rates of investment return

Rates of pay increase

Changes in active member group size

Non-Economic Risk Areas

Ages at actual retirement

Rates of mortality

Rates of withdrawal of active members (turnover)

Rates of disability

**VALUATION RESULTS
&
COMMENTS**

October 3, 2002

FUNDING OBJECTIVE

The funding objective of the Retirement Association is to establish and receive contributions, expressed as percents of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of citizens.

CONTRIBUTION RATES

The Retirement Association is supported by member contributions, County contributions, and investment income from Retirement Association assets.

Contributions which satisfy the funding objective are determined by the annual actuarial valuation and are intended to:

- (1) cover the actuarial present value of benefits allocated to the current year by the actuarial cost method (the normal cost); and
- (2) finance over a period of future years the actuarial present value of benefits not covered by valuation assets and anticipated future normal costs (unfunded actuarial accrued liability).

Computed contributions for the fiscal year beginning July 1, 2003 are shown on the following pages.

San Diego County Employees' Retirement Association

Computed County Contribution Rates

(Expressed as Percents of Active Payroll)

County Contributions Based on Valuation of	General		Safety		Combined	
	10/2002	6/2002	10/2002	6/2002	10/2002	6/2002
NORMAL COSTS						
Basic Allowances	8.18%	8.18%	13.83%	13.83%	9.42%	9.42%
Cost-of-living allowances	<u>2.59</u>	<u>2.59</u>	<u>5.78</u>	<u>5.78</u>	<u>3.29</u>	<u>3.29</u>
Total Normal Costs	10.77	10.77	19.61	19.61	12.71	12.71
UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)						
Basic Allowances	6.79	13.83	9.02	16.47	7.26	14.34
Cost-of-living allowances	<u>2.16</u>	<u>4.38</u>	<u>3.78</u>	<u>6.89</u>	<u>2.54</u>	<u>5.01</u>
Total UAAL	8.95	18.21	12.80	23.36	9.80	19.35
TOTAL COUNTY CONTRIBUTION						
	19.72%	28.98%	32.41%	42.97%	22.51%	32.06%

Ongoing unfunded actuarial accrued liabilities (UAAL) are a byproduct of actuarial gains and losses, as well as benefit, assumption and methodology changes. An excess/deficit of valuation assets over the accrued liabilities is amortized over ten years, expressed as a percent-of-payroll and applied as a credit/debit to the computed normal costs. Starting with the October 3, 2002 valuation, the UAAL funding credit/debit is amortized over fifteen years, expressed as a percent-of-payroll, and added to the computed normal costs. In the June 30, 2002 valuation, an amortization factor of five is used for the UAAL funding credit/debit due to experience gains/losses and ten-year amortization was used for the March 2002 benefit increases. Comparative contribution amounts for prior fiscal years are shown on the second following page.

San Diego County Employees' Retirement Association

Computed County Contribution Rates

October 3, 2002

(Expressed as Percents of Active Payroll)

Elements of Normal Cost

	<u>General</u>	<u>Safety</u>	<u>Overall</u>
Service Retirement ¹	14.21%	17.97%	15.03%
Vested Deferred Retirement	3.32	3.49	3.36
Death-In-Service	0.38	0.82	0.48
Ordinary Disability ¹	0.32	0.09	0.27
Duty Disability ¹	0.90	6.38	2.10
Contribution Refunds	<u>0.49</u>	<u>0.13</u>	<u>0.41</u>
Total Normal Cost	19.62	28.88	21.65
Employee Contributions	<u>8.85</u>	<u>9.27</u>	<u>8.94</u>
County Normal Cost	10.77%	19.61%	12.71%

¹ Disability figures could be viewed as overstated, and service retirement correspondingly understated, since, in many cases, a disabilitant will have significant service credit accrued and may be eligible or nearly so for service retirement at time of disability grant.

San Diego County Employees' Retirement Association
 Computed County Contributions - Historic Comparison

Fiscal Year	Valuation Date	General Members	Probation Members	Expressed as Percents of Payroll		
				Safety Members	All Members	Valuation Payroll
86-87	12/31/85	15.18%	--	24.98%	16.40%	\$280,560,958
87-88	12/31/86	14.90%	--	24.79%	16.13%	\$297,151,940
88-89	12/31/87 ¹	11.63%	--	19.55%	12.71%	\$340,499,064
89-90	12/31/88	11.44%	--	19.93%	12.58%	\$365,650,795
90-91	6/30/89	11.08%	--	22.36%	12.63%	\$391,328,886
91-92	6/30/90	10.98%	--	21.92%	12.41%	\$444,840,888
92-93	6/30/91	11.07%	--	22.28%	12.52%	\$494,284,829
92-93	6/30/91 ^{2,3,4}	11.35%	--	21.88%	12.71%	\$494,284,829
93-94	6/30/92	11.17%	--	22.66%	12.71%	\$525,411,229
94-95	6/30/93	10.58%	--	20.74%	12.00%	\$533,124,485
94-95	6/30/93 ²	11.73%	--	21.40%	13.10%	\$533,124,485
94-95	6/30/93 ⁵	4.97%	--	11.77%	5.93%	\$533,124,485
95-96	6/30/94	6.22%	--	12.33%	7.12%	\$535,980,753
96-97	6/30/95	5.89%	--	15.18%	7.33%	\$550,737,347
96-97	6/30/95 ⁴	2.91%	--	11.24%	4.19%	\$550,737,347
97-98	6/30/96	0.74%	--	6.89%	1.68%	\$561,691,535
97-98	6/30/96 ²	3.48%	--	7.84%	4.15%	\$561,691,535
98-99	6/30/97	(1.58)%	--	1.85%	(1.04)%	\$581,453,449
98-99	6/30/97 ²	(0.60)%	--	2.28%	(0.15)%	\$581,453,449
99-00	6/30/98	1.59%	5.88% ⁶	3.95%	2.22%	\$598,971,557
00-01	6/30/99	(1.36)%	--	5.68% ⁷	0.30%	\$642,780,304
01-02	6/30/00 ²	(3.82)%	--	2.96%	(2.20)%	\$672,476,730
02-03	6/30/01	(1.03)%	--	6.87%	0.81%	\$731,130,021
03-04	6/30/02	5.06%	--	17.32%	7.75%	\$810,388,635
03-04	6/30/02 ⁸	28.98%	--	42.97%	32.06%	\$810,388,635
03-04	10/03/02 ⁹	19.72%	--	32.41%	22.51%	\$818,703,556

¹ After change in economic assumptions.

² After change in actuarial assumptions.

³ After including the Reserve for Future Deficiencies in the assets allocated to funding.

⁴ After change in asset valuation method.

⁵ After Pension Obligation Bond, and method change in amortization of Unfunded Accrued Liability.

⁶ Previously included as part of General group; subsequently, Actives included in Safety.

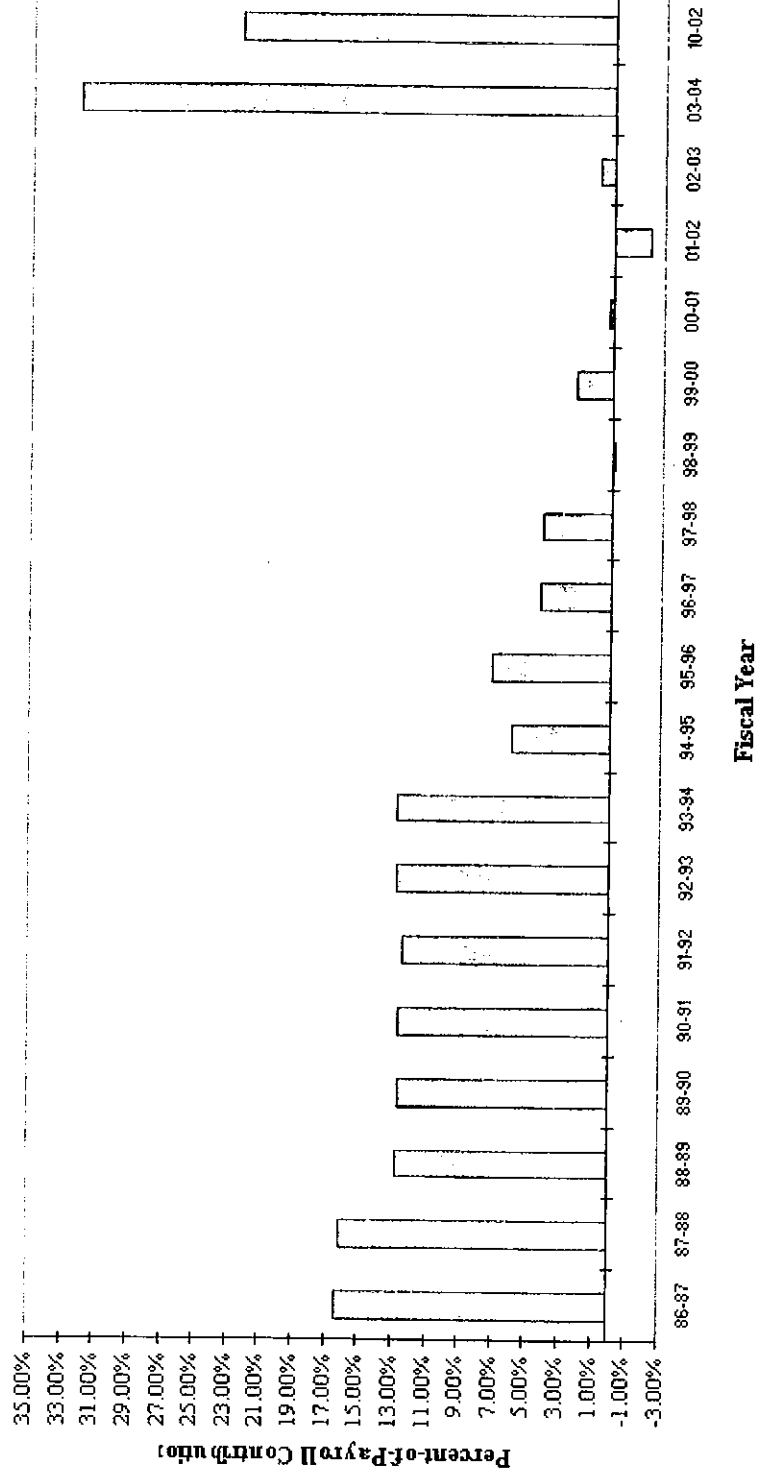
⁷ Probation included as part of Safety group.

⁸ After benefit increase, retirement assumption change and new amortization period of ten years

⁹ Reflects \$550 Million Obligation Bond, 15-year amortization and two Reserves newly excluded from assets

**San Diego County Employees' Retirement Association
Computed County Contributions - Historic Comparison**

Weighted Average Rate for All Groups



San Diego County Employees' Retirement Association
Member Contributions as of October 3, 2002

In addition to County contributions, the system is also funded by employee contributions. The rate at which members contribute is expressed as a percent of pay and varies according to age of entry into the system. Please refer to the Appendix for a detailed list of these rates by Tier and Class.

Average member contribution rates for each Tier and class are shown below, as well as the accumulated balances at the valuation date. These rates are weighted by anticipated future service. Member balances were taken from the census data provided by the Retirement Office.

AVERAGE CONTRIBUTION RATES

	General	Safety*
Tier I	8.39%	9.27%
Tier A	8.85%	N/A
Combined	8.85%	9.27%

Accumulated Active
Member Contributions

General - Tier I	\$ 172,267
- Tier A	<u>115,784,083</u>
- Total	115,956,350

Safety* \$ 60,246,204

Grand Total \$176,202,554

* Includes Probation

All or part of the employee rate is subject to potential "pick up" by the employer. The rates above are shown prior to any applicable pick up. The pick up rate for each active member was supplied to us in the census data by the Retirement Office. Employees with fewer than five years of service have a lesser % of their employee contributions "picked up" than employees with five or more years of service.

Such pick up and related accumulated interest are not to be refunded to employees at termination. In the valuation, the County's liability for potential refunds is reduced to reflect this. Therefore, the County's contribution is 1% for each 1% of pay pick up. The rate does not get netted for future refund savings, as this is already reflected in system liabilities.

San Diego County Employees' Retirement Association

Unfunded Actuarial Accrued Liability

October 3, 2002

Derivation of Experience Gain (Loss)

The actuarial gains or losses realized in the operation of the Retirement Association provide an experience test. Gains and losses are expected to cancel each other over a period of years and sizable year-to-year fluctuations are common. Detail on the derivation of the actuarial gain (loss) is shown below.

(1)	UAAL* at beginning of year	\$1,246,732,268
(2)	Payment toward UAAL as of 10/3/02	(21,232,986)
(3)	Interest accrual (1) * .020847	25,990,628
(4)	Expected UAAL at October 3, 2002 (1) - (2) + (3)	1,293,955,882
(5)	Change due to funding revisions	(450,440,000)
	(a) Increase due to new Excludables	107,969,000
	(b) Decrease due to POB issuance	(550,000,000)
	(c) Net decrease in other Excludables	(8,409,000)
(6)	Expected UAAL at end of year, after changes in (5): (4) + (5)	843,515,882
(7)	Actual UAAL at end of year	905,099,955
(8)	Gain(loss): (6) - (7)	(61,584,073)
(9)	Gain(loss) as percentage of actuarial accrued liabilities at beginning of year \$5,078,066,575	(1.21)%

* Unfunded actuarial accrued liability

Funding Progress Indicators

October 3, 2002

There is no single all-encompassing indicator which measures a retirement system's funding progress and current funded status. A traditional measure has been the relationship of valuation assets to unfunded actuarial accrued liability -- a measure that is influenced by the choice of actuarial cost method.

We believe a better understanding of funding progress and status can be achieved using the following indicators which are independent of the actuarial cost method.

1. The ratio of valuation assets to the actuarial present value of credited projected benefits allocated in the proportion accrued service is to projected total service -- a plan continuation indicator.
2. The ratio of the unfunded actuarial present value of credited projected benefits to member payroll -- a plan continuation indicator. In a soundly financed retirement system, the amount of the unfunded actuarial present value of credited projected benefits will be controlled and prevented from increasing in the absence of benefit improvements or strengthening of actuarial assumptions. However, in an inflationary environment it is seldom practical to impose this control on dollar amounts which are depreciating in value. The ratio is a relative index of condition where inflation is present in both items. The ratio is expected to decrease in the absence of benefit improvements or strengthening of actuarial assumptions.

San Diego County Employees' Retirement Association
Funding Progress Indicators - Historic Comparison

(\$ in Thousands)

Continuation Indicators

<u>Valuation Date</u>	<u>Valuation Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Member Payroll</u>	<u>Ratio to Payroll</u>
12/31/86	\$ 619,951	\$1,073,488	57.8%	\$453,537	\$297,152	152.6%
12/31/87 ¹	734,851	1,088,159	67.5	353,308	340,499	103.8
12/31/88	812,527	1,175,599	69.1	363,072	365,651	99.3
6/30/89	853,852	1,327,127	64.3	473,276	391,329	120.9
6/30/90	941,482	1,447,574	65.0	506,092	444,841	113.8
6/30/91 ^{2,3,4}	1,124,418	1,588,594	70.8	464,176	494,285	93.9
6/30/92	1,274,729	1,748,589	72.9	473,860	525,411	90.2
6/30/93 ²	1,438,093	1,891,844	76.0	453,751	533,124	85.1
6/30/94 ⁵	1,947,310	2,006,689	97.0	59,379	535,981	11.1
6/30/95	2,086,777	2,148,606	97.1	61,829	550,737	11.2
6/30/95 ⁴	2,172,890	2,148,606	101.1	(24,284)	550,737	(4.4)
6/30/96	2,370,519	2,275,887	104.2	(94,531)	561,692	(16.8)
6/30/96 ^{1,2}	2,370,519	2,340,663	101.3	(29,856)	561,692	(5.3)
6/30/97	2,688,098	2,505,271	107.3	(182,827)	581,453	(31.4)
6/30/97 ^{1,2}	2,688,098	2,487,917	108.0	(200,181)	581,453	(34.4)
6/30/98	2,990,733	2,644,916	113.1	(345,817)	599,847	(57.7)
6/30/98 ⁶	2,834,571	2,677,593	105.9	(156,978)	599,847	(26.2)
6/30/99	3,211,872	2,990,111	107.4	(221,761)	642,780	(34.5)
6/30/00 ²	3,568,671	3,248,822	109.8	(319,849)	672,477	(47.6)
6/30/01	3,745,600	3,506,828	106.8	(238,772)	731,130	(32.7)
6/30/02	3,831,334	3,863,108	99.2	31,774	810,389	3.9
6/30/02 ⁷	3,831,334	5,078,067	75.4	1,246,732	810,389	153.9
10/03/02 ⁸	4,278,240	5,183,340	82.5	905,100	818,704	110.6

¹ After change in economic assumptions.

² After change in actuarial assumptions.

³ After including the Reserve for Future Deficiencies in the assets allocated for funding.

⁴ After change in asset valuation method.

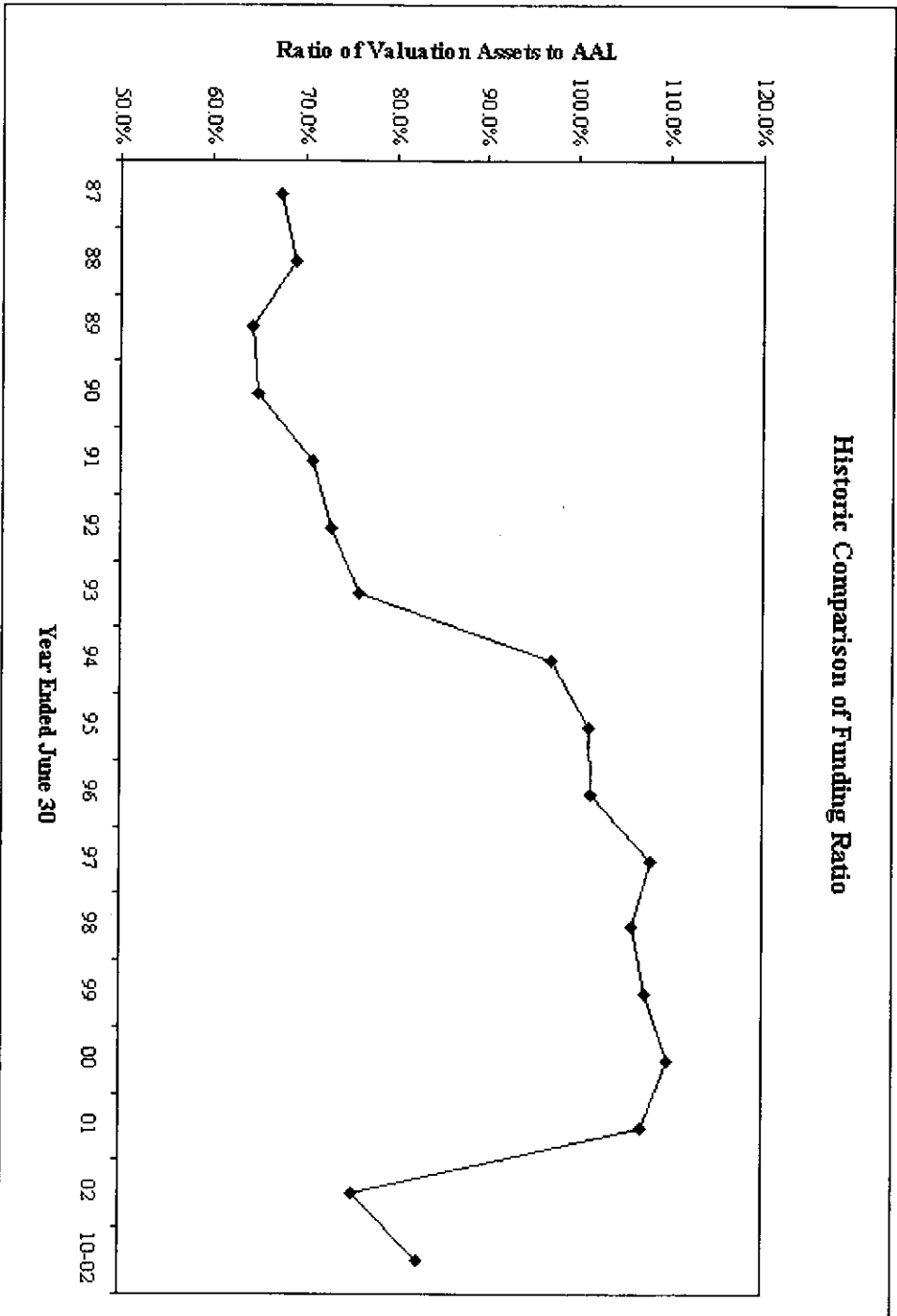
⁵ After Pension Obligation Bond

⁶ Reflects supplemental benefit reserve transfer of 156.2 million and assumption increases totalling 32.7 million.

⁷ Reflects benefit increases, assumed earlier retirement, \$117.2 million supplemental benefit reserve transfer and change in amortization period to 10 years

⁸ Reflects \$550 Million Pension Obligation Bond, 15-year amortization and two Reserves newly excluded from assets

San Diego County Employees' Retirement Association
Funding Process Indicators - Historic Comparison



San Diego County Employees' Retirement Association

Comments & Recommendations

October 3, 2002

COMMENT A: The County's overall contribution rate decreased from 32.06% to 22.51% of payroll. This valuation was based on the same demographic data as the June 30, 2002 valuation. The Retirement Board was asked by the County to perform an interim valuation to reflect \$550 million from the proceeds of the County's second Pension Obligation Bond on October 3.

COMMENT B: The Retirement Board also elected to adopt an open and uniform 15-year amortization policy for unfunded liabilities.

COMMENT C: Due to settlement of a law suit, we have been instructed by staff to start excluding both Contingency Reserves and Undistributed Reserves from valuation assets. The sum of such Reserves was \$108 million.

COMMENT D: The investment experience loss totaled \$61.5 million dollars using smoothed actuarial assets. In calculating such loss, we compare to SDCERA's 8.25% assumption NOT zero. The investment loss for this short period was significantly greater on a market-to-market basis.

COMMENT E: The funded ratio increased from 75.4% to 82.5%.

COMMENT F: In February 1994, the Retirement System's unfunded actuarial accrued liability of \$428.5 million was retired at such point in time due to the issuance with of their first Pension Obligation Bond. Such liability retirement occurred because it was felt that there was an arbitrage advantage in funding such obligation outside the Retirement System through a bond issuance. In other words, the reduced contribution to the System in recent years through 2001 was largely attributable to the Pension Obligation Bond.

The financing cost of the Bond was \$53.8 million in the 2001-02 fiscal year, compared to \$51.2 million for the 2000-01 fiscal year. When the cost of total POB financing is added to these computed rates, a MUCH truer picture of County pension costs results.

COMMENT G: As of October 3, 2002, the market value of assets is \$730 million less than the actuarial value of assets. Thus, even with the POB infusion, the funded ratio is under 70% using market value instead of actuarial value.

COMMENT H: The County Retirement System is in sound financial condition in accordance with the actuarial principles of level-cost financing. However, there is a risk of near-term deterioration in the funded ratio due to significant deferred losses.

SUMMARY OF BENEFIT PROVISIONS

&

VALUATION DATA SUBMITTED BY RETIREMENT SYSTEM

San Diego County Employees' Retirement Association
Brief Summary of Benefit Provisions Evaluated

October 3, 2002

1. Membership Requirements - First biweekly payroll period in the month following employment/appointment to a permanent position working at least 20 hours weekly (§31552 – By Laws).
2. Final Compensation (Compensation Base for Benefits) - Highest one-year average (§31462.1).
3. Service Requirement
 - A. Eligibility

<u>General, Tier I</u>	Age 50 (was age 55 in 2001 for Tier II members) with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age (§31672).
<u>General, Tier A</u>	Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age (§31672).
<u>Safety</u>	Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years, regardless of age (§31663.25).
 - B. Benefit Formula Per Year of Service

<u>General, Tier I (2% at Age 57)</u>	Integrated - 1/75 first \$350 plus 1/50 excess (§31676.12).
<u>General, Tier A (3% at Age 60) (Increased from benefits valued in 2001)</u>	Integrated - 1/75 first \$350 plus 1/50 excess (§31676.17).
<u>Safety</u>	Non-integrated – 3% at 50 (§31664.1) (In 2001, 2% at 50 was valued).
 - C. Retirement Age Factors

<u>General, Tier I:</u>	Benefits are reduced for retirement before age 57 and increased for retirement after 57 in accordance with law section §31676.12.
<u>General, Tier A:</u>	Benefits increase from 2% for retirement at age 50 to 3% for retirement at age 60 in accordance with law section §31676.17.
<u>Safety:</u>	Benefits are reduced for retirement before age 50 in accordance with law section §31664.1.

Brief Summary of Benefit Provisions Evaluated

October 3, 2002

(Continued)

D. Maximum Benefit - 100% of Highest Average Salary (§31664.1, §31676.12, §31676.17).

4. Ordinary Disability

A. Eligibility - Five years of service (§31720).

B. Benefit Formula Per Year of Service

1.8% for Tier I, Tier A, and Safety per year of service (in most cases a minimum of one-third salary) (§31727.1 & §31727.2).

5. Line-of-Duty Disability

A. Eligibility - No age or service requirement (§31720).

B. Benefit - 50% of final compensation (§31727.4).

6. Death Benefits Before Retirement - Less than 5 years of Service

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

7. Death Benefits Before Retirement - Five or more Years of Service

60% of the greater of Service or Ordinary Disability retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1) or a combined benefit of one month's salary for each year of service to a maximum of six months' salary (§31781) plus a 60% benefit as described above (§31781.3)

8. Death Benefits Before Retirement - Line-of-Duty Death

50% of Final Compensation payable to spouse (§31787) or a combined benefit of one months salary for each year of service to a maximum of six months' salary (§31781) plus a 60% benefit as described above (§31781.3).

San Diego County Employees' Retirement Association

Brief Summary of Benefit Provisions Evaluated

October 3, 2002

(Continued)

9. Death After Retirement

A. Service or Ordinary Disability Retirement

- 60% of member's unmodified allowance continued to eligible spouse (§31760.1).
- \$3,500 lump sum benefit payable to member's beneficiary (previously \$1,000).

B. Line-of-Duty Disability

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

10. Withdrawal Benefits

A. Less than Five Years of Service

Refund of accumulated employee contributions with interest (§31628).

B. Five or More Years of Service

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

11. Post-retirement Cost-of-Living Benefits

Based on changes in Consumer Price Index to a maximum percent (below) per year, excess "banked."

General Tier I, General Tier A, and Safety: 3% (§31870.1)

12. County Contributions

Determined by the Entry-Age Normal Cost method with funding of Unfunded Actuarial Accrued Liability amortized over fifteen years as a percent of compensation (previously as level-dollar amount over five years for gains and losses and ten years for the March 2002 benefit increases).

San Diego County Employees' Retirement Association
Brief Summary of Benefit Provisions Evaluated
October 3, 2002

(Concluded)

13. Member Contributions - Please refer to pages 62-66, ceasing after 30 years of service (§31625.3).

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

San Diego County Employees' Retirement System
Summary of Reported Asset Information
Submitted for the October 3, 2002 Valuation

<u>Market Value of Reported Assets</u>		<u>Reserves</u> (‘000’s)	
Cash/Short-term	\$583,423,637	Member Deposit Reserve	\$208,772
Receivables	59,023,454	County Reserve	1,177,213
Stocks	1,910,500,239	Retired Members Reserve	2,046,967
Bonds	813,186,740	Health Benefits Reserve	270,613
Real Estate	240,789,529	401(h) Reserve	14,734
Miscellaneous	<u>144,201,249</u>	Star COLA Reserve	57,118
		Contingency Reserve	35,336
Gross Market Value	\$3,751,124,848	Undistributed Reserve	<u>72,633</u>
Liabilities	103,334,892		
Net Market Value	\$3,647,789,956	Total Reserves	\$3,883,386
		Unrealized Appreciation	(235,596)
		Total Market Value	\$3,647,790

Revenues and Disbursements Among Applicable Reserves

Balance - Beginning of year	\$3,506,634,195 ¹
Revenues	
Pension Obligation Bond	550,000,000
Employees' Contributions	8,043,970
Employer Contributions	16,666,653 ²
Distributed and undistributed investment income	(144,201,553)
Total Revenues	430,509,070
Disbursements	
Retirement and Disability Benefit Payments	\$44,661,475
Death Benefits	24,067
Health Benefit Payments	4,274,024
STAR Cost of Living Allowance	2,882,212
Refunds	243,179
Administrative Expenses	<u>1,672,308</u>
Total Disbursements	\$53,757,265
Balance - End of year	\$3,883,386,000
Net Unrealized Appreciation	<u>(235,596,044)</u>
Total Market Value	\$3,647,789,956 ¹

¹ Net of "wash" items related to securities lending

² Includes employer pickup of employee contributions

Development of Funding Value of Assets
Period Ending October 3, 2002

	<u>June 1997</u>	<u>June 1999</u>	<u>June 2000</u>	<u>June 2001</u>	<u>June 2002</u>	<u>10/3/2002³</u>
	Plan Year Ended	Plan Year Ended	Plan Year Ended	Plan Year Ended	Plan Year Ended	Period Ended
A. Prelim Funding Value BOY	\$2,370,519,097	\$2,834,571,391	\$3,211,872,429	\$3,568,670,609	\$3,745,599,920	\$3,831,334,307
B. Gross Market Value EOP less Payables	3,116,456,802	3,834,322,248	4,362,148,191	3,963,184,034	3,569,747,952	3,647,789,956
C. Gross Market Value BOP less Payables	2,709,480,962	3,539,640,771	3,834,322,248	4,362,148,191	3,963,184,034	3,506,634,195
D. Non-investment Cash Flow	(34,718,735)	(76,466,415)	(85,172,434)	(91,989,663)	(95,504,588)	528,109,594
D1. Employer Contributions (other than POB)		38,166,867	41,123,265		50,581,110	16,666,653
E. Investment Income						
E1. Market Total=B-C-D	441,694,575	371,147,892	612,998,377	(306,974,494)	(297,931,494)	(386,953,833)
E2. 8.25% Annual Recognition	188,252,778	230,697,900	263,040,496	292,317,086	307,158,900 ²	79,819,725
E3. Phased-in Recognition=E1-E2	253,441,797	140,449,992	349,957,881	(599,291,580)	(605,090,394)	(466,773,558)
F. Phased-in Recognition						
F1. Current Year=E3 x 20%	50,688,359	28,089,998	69,991,576	(119,858,316)	(121,018,079)	(24,297,802)
F2. First Prior Year	57,149,883	50,827,893	28,089,998	69,991,576	(119,858,316)	(31,497,856)
F3. Second Prior Year	23,851,103	50,688,359	50,827,893	28,089,998	69,991,576	(31,196,000)
F4. Third Prior Year	(35,396,117)	57,149,883	50,688,359	50,827,893	28,089,998	18,216,986
F5. Fourth Prior Year	16,139,159	23,851,103	57,149,883	50,688,359	50,827,893	7,311,095
F6. Total Recognized Gain	112,432,387	210,607,237	256,747,710	79,739,511	(91,966,928)	(61,463,577)
G. Prelim Funding Value EOY =A+D+E2+F6	2,636,485,527	3,199,410,113	3,646,488,201	3,848,737,543	3,865,287,304	4,377,800,049
H. Excludables						
H1. End of Year	47,090,690	199,079,545	276,897,137	380,034,760	413,987,757	450,434,000
H2. Beg of Year	98,702,838	216,782,598	199,079,545	276,897,137	380,034,760	350,874,000
H3. Change=H1-H2	(51,612,148)	(17,703,053)	77,817,592	103,137,623	33,952,997	99,560,000
I. Final Funding Value = G-H3	2,688,097,675	3,211,872,429 ¹	3,568,670,609	3,745,599,920	3,831,334,307	4,278,240,049

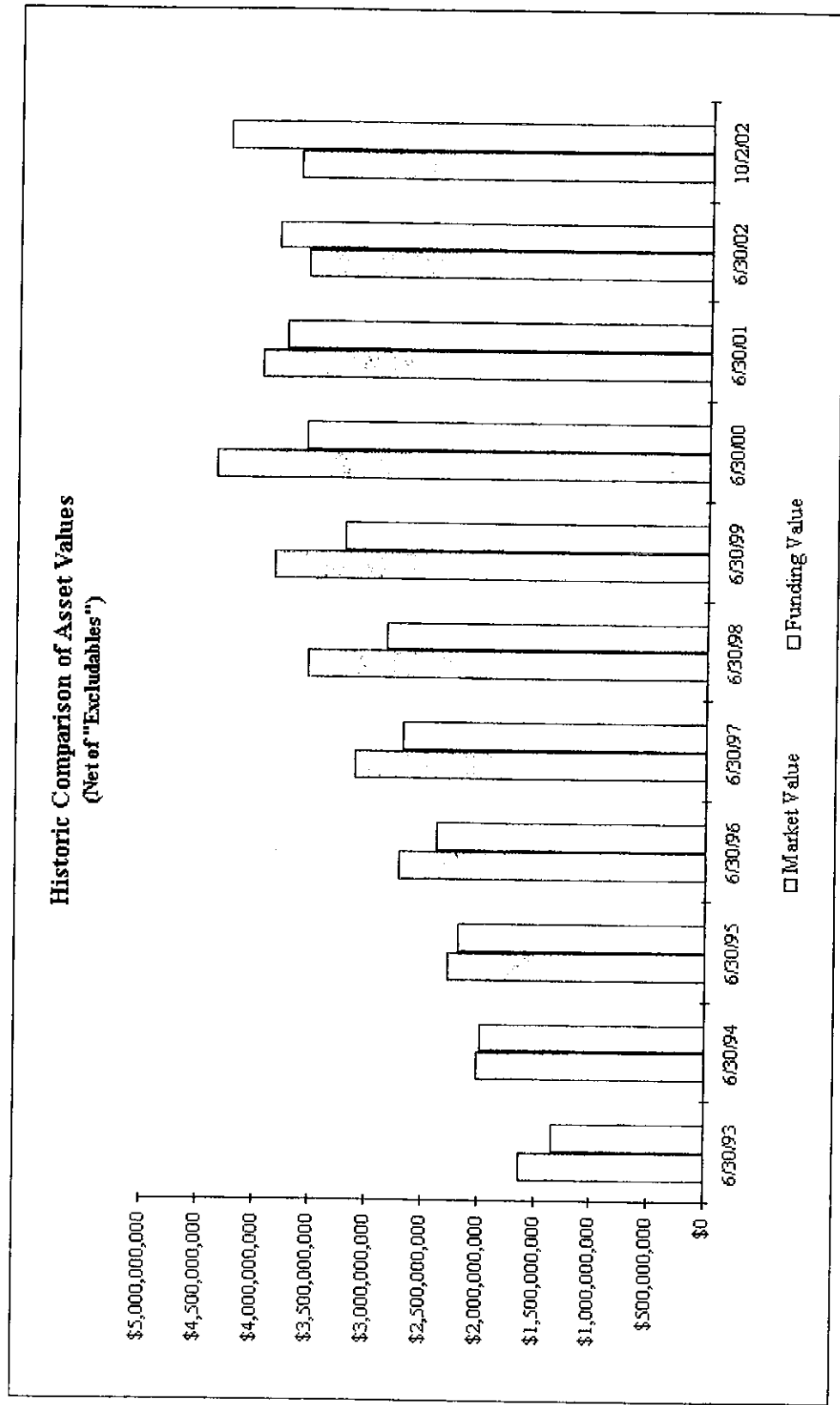
¹ Reflects historical reconciliation adjustment of \$5,240,737

² (A+D1)*.0825 + (D-D1)*.04125

³ Changes in Payables commence to smoothed over a five-year period

⁴ Policy change to include undistributed and contingency reserves

**San Diego County Employees' Retirement Association
Development of Funding Value of Assets
October 3, 2002**



San Diego County Employees' Retirement Association
Allocation of Funding Value of Assets Among Valuation Groups
 10/03/02 Valuation

A more refined breakdown of asset values is needed to develop contribution rates for General and Safety employees. One approach follows:

	<u>General Members</u>	<u>Safety Members</u>	<u>Totals</u>
1) Beginning of Year (BOY) Asset Allocation	\$2,863,516,704	\$967,817,603	\$3,831,334,307
2) Estimated Percentage of Total Employee Contributions including Pickup	69.46%	30.54%	100%
3) Employee Contributions less Refunds, in proportion to (2)	5,418,429	2,382,362	7,800,791
4) Employer Contributions (primarily Pick ups), in proportion to (2)	11,576,657	5,089,996	16,666,653
5) Annual Allowances for Retired Members	115,778,295	23,899,448	139,677,743
6) Benefit Payments in proportion to (5)	37,039,658	7,645,884	44,685,542
7) Unfunded Liability (BOY)	876,745,670 (70.32)%	369,986,598 (29.68%)	1,246,732,268
8) POB Monies, in proportion to (7)	386,779,207	163,220,793	550,000,000
9) Subtotal=(1)+(3)+(4)-(6)+(8)	3,230,251,339	1,130,864,870	4,361,116,209
10) Total Funding Value			4,278,240,049
11) Residual to Allocate			(82,876,160)
12) Allocate Residual in proportion to (9)	(61,385,850)	(21,490,310)	(82,876,160)
13) 10/03/02 Asset Allocation=(9)+(12)	3,168,865,489	1,109,374,560	4,278,240,049

San Diego County Employees' Retirement Association
Retirants and Beneficiaries June 30, 2002
General Members
Tabulated by Type of Allowances Being Paid

Type of Allowance	<u>No.</u>	<u>Annual Allowances</u>
Service Retirement		
Straight Life	1,269	\$16,635,982
Cash Refund Annuity	38	\$549,142
Joint & 50% Survivor	7	\$104,860
Joint & 100% Survivor	83	\$1,034,941
Automatic Joint & 60% Survivor	4,540	\$78,171,423
Social Security Equated	801	\$20,637,651
Beneficiary	751	\$6,914,748
Total Service Retirement	7,489	\$124,048,747
Non-Duty Disability Retirement		
Straight Life	113	1,100,258
Cash Refund Annuity	2	13,456
Joint & 50% Survivor	2	23,631
Joint & 100% Survivor	1	8,594
Automatic Joint & 60% Survivor	229	2,657,153
Beneficiary of Deceased Disabilitant	112	1,369,704
Duty Disability Retirement		
Straight Life	108	1,779,990
Cash Refund Annuity	2	25,668
Joint & 50% Survivor	1	9,128
Automatic Joint & 100% Survivor	351	6,284,975
Other	10	99,816
Beneficiary of Deceased Disabilitant	29	454,805
Total Disability Retirement	960	13,827,178
Death Before Retirement	164	1,505,130
Total Allowances Being Paid	8,613	\$139,381,055

San Diego County Employees' Retirement Association
Retirants and Beneficiaries June 30, 2002
Safety Members
Tabulated by Type of Allowances Being Paid

Type of Allowance	<u>No.</u>	<u>Annual Allowances</u>
Service Retirement		
Straight Life	32	\$928,525
Joint & 50% Survivor	1	\$38,169
Joint & 100% Survivor	10	\$372,283
Automatic Joint & 60% Survivor	423	\$18,350,750
Social Security Equated	83	\$4,563,825
Beneficiary	31	\$651,076
Total Service Retirement	580	\$24,904,628
Non-Duty Disability Retirement		
Straight Life	2	30,305
Automatic Joint & 60% Survivor	22	407,481
Beneficiary of Deceased Disabilitant	2	17,434
Duty Disability Retirement		
Straight Life	61	1,408,288
Automatic Joint & 100% Survivor	318	8,495,520
Other	14	205,156
Beneficiary of Deceased Disabilitant	24	558,909
Total Disability Retirement	443	11,123,093
Death Before Retirement	21	359,156
Total Allowances Being Paid	1,044	\$36,386,877

San Diego County Employees' Retirement Association
Retirants and Beneficiaries June 30, 2002
Total Members
Tabulated by Type of Allowances Being Paid

Type of Allowance	<u>No.</u>	<u>Annual Allowances</u>
Service Retirement		
Straight Life	1,301	\$17,564,507
Cash Refund Annuity	38	549,142
Joint & 50% Survivor	8	143,030
Joint & 100% Survivor	93	1,407,224
Automatic Joint & 60% Survivor	4,963	96,522,173
Social Security Equated	884	25,201,476
Beneficiary	<u>782</u>	<u>7,565,825</u>
Total Service Retirement	8,069	\$148,953,377
Non-Duty Disability Retirement		
Straight Life	115	1,130,564
Cash Refund Annuity	2	13,456
Joint & 50% Survivor	2	23,631
Joint & 100% Survivor	1	8,594
Automatic Joint & 60% Survivor	251	3,064,633
Beneficiary of Deceased Disabilitant	114	1,387,138
Duty Disability Retirement		
Straight Life	169	3,188,278
Cash Refund Annuity	2	25,668
Joint & 50% Survivor	1	9,128
Automatic Joint & 100% Survivor	669	14,780,495
Other	24	304,972
Beneficiary of Deceased Disabilitant	<u>53</u>	<u>1,013,715</u>
Total Disability Retirement	1403	24,950,272
Death Before Retirement	<u>185</u>	<u>1,864,284</u>
Total Allowances Being Paid	9,657	\$175,767,933

San Diego County Employees' Retirement Association
Retirants and Beneficiaries – Comparative Statement

Valuation Date	Rolls End of Year		Average Allowance	Percent Increase	Present Value Of Allowances	Percent Increase
	No.	Annual Allowances				
12/31/85	5,379	\$37,413,879	\$6,956	--%	\$481,069,682	--%
12/31/86	5,594	41,041,329	7,337	5.5	522,748,160	8.7
12/31/87 ¹	5,773	44,403,125	7,692	4.8	511,264,996	(2.2)
12/31/88	6,001	49,201,600	8,199	6.6	563,375,624	10.2
6/30/89	6,162	53,161,400	8,627	5.2	597,856,810	6.1
6/30/90	6,416	58,472,570	9,114	5.6	652,992,996	9.2
6/30/91	6,574	63,307,638	9,630	5.7	700,688,515	7.3
6/30/91 ²	6,574	63,307,638	9,630	5.7	711,194,133	8.9
6/30/92	6,759	68,741,191	10,170	5.6	764,731,591	7.5
6/30/93	6,931	74,286,817	10,718	5.4	817,815,733	6.9
6/30/94	7,106	80,270,720	11,296	5.4	876,130,581	7.1
6/30/95	7,294	86,660,001	11,881	5.2	931,221,285	6.3
6/30/96	7,499	93,627,577	12,485	5.1	988,345,777	6.1
6/30/96 ²	7,499	93,627,577	12,485	5.1	1,023,046,508	9.9
6/30/97	7,692	99,998,279	13,000	4.1	1,088,434,068	6.4
6/30/97 ²	7,692	99,998,279	13,000	4.1	1,093,599,640	6.9
6/30/98	7,955	107,752,376	13,545	4.2	1,193,666,958	9.2
6/30/99	8,292	118,154,737	14,249	5.2	1,313,729,971	10.1
6/30/00	8,703	131,163,025	15,071	5.8	1,463,826,543 ¹	11.4
6/30/01	8,921	139,677,744	15,657	3.9	1,549,360,885	5.8
6/30/02 ³	9,657	175,767,933	18,201	16.2	2,046,484,572	32.1

¹ After change in economic assumptions.

² After change in actuarial assumptions.

³ After benefit increases

San Diego County Employees' Retirement Association
 Retirants and Beneficiaries June 30, 2002
 Tabulated by Attained Ages and Year of Retirement

General Members

Year Retired	Age Groups								TOTALS
	0-49	50-59	60-64	65-69	70-74	75-79	80-89	90+	
Before 1983	11	15	29	35	151	441	1,250	304	2,236
1983	2	7	5	9	58	63	100	3	247
1984	0	4	6	16	57	51	77	1	212
1985	1	3	6	23	44	72	75	0	224
1986	2	7	2	35	52	80	64	1	243
1987	2	6	5	37	58	87	53	0	248
1988	4	6	7	45	70	82	44	0	258
1989	2	14	21	45	93	75	31	0	281
1990	5	14	22	50	67	93	22	0	273
1991	9	19	33	52	86	51	14	0	264
1992	11	18	26	45	102	45	13	0	260
1993	9	10	26	57	80	41	10	0	233
1994	10	31	42	69	83	31	5	0	271
1995	10	49	41	72	93	24	4	0	293
1996	15	55	66	93	78	16	4	1	328
1997	19	65	79	106	63	11	7	0	350
1998	14	74	132	152	66	21	5	0	464
1999	17	110	136	121	59	11	3	0	457
2000	22	138	132	146	39	6	0	0	483
2001	16	97	99	70	15	4	0	0	301
2002	7	357	222	72	24	4	1	0	687
TOTALS	188	1,099	1,137	1,350	1,438	1,309	1,782	310	8,613

While not used in the financial computations, the following group averages are computed and shown for their general interest

Age at Retirement: 58.3
 Attained Age: 70.6
 Annual Pension: \$16,183

San Diego County Employees' Retirement Association
Retirants and Beneficiaries June 30, 2002
Tabulated by Attained Ages and Year of Retirement

Safety Members

<u>Year Retired</u>	<u>Age Groups</u>								<u>TOTALS</u>
	<u>0-49</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Before									
1983	2	29	17	24	49	54	26	6	207
1983	0	4	8	5	5	7	0	0	29
1984	0	2	3	5	6	3	0	0	19
1985	1	7	2	7	6	3	0	0	26
1986	2	3	2	7	3	0	0	0	17
1987	4	1	4	1	4	1	0	0	15
1988	7	9	6	3	7	2	0	0	34
1989	9	3	5	4	3	0	0	0	24
1990	9	9	5	10	2	0	0	0	35
1991	10	8	5	9	1	0	0	0	33
1992	8	8	3	10	3	1	0	0	33
1993	10	7	4	9	3	0	0	0	33
1994	7	4	9	5	0	0	0	0	25
1995	10	10	10	3	0	0	0	0	33
1996	9	12	9	6	3	1	0	0	40
1997	5	15	6	2	0	0	0	0	28
1998	9	13	19	0	1	0	0	0	42
1999	14	17	13	2	1	0	0	0	47
2000	8	34	26	5	3	0	0	0	76
2001	20	30	13	2	0	0	0	0	65
2002	13	126	38	5	1	0	0	0	183
TOTALS	157	351	207	124	101	72	26	6	1,044

While not used in the financial computations, the following group averages are computed and shown for their general interest

Age at Retirement: 49.4
Attained Age: 59.5
Annual Pension: \$34,853

San Diego County Employees' Retirement Association
 Beneficiaries (with Average Benefits)
 Tabulated by Attained Ages and Year of Retirement
 As of June 30, 2002

Year Retired	Age Groups								TOTALS
	0-49	50-59	60-64	65-69	70-74	75-79	80-89	90+	
Before									
1983 NO.	6	12	17	27	51	117	318	66	614
AVG	3,084	13,603	9,251	9,362	9,968	9,758	7,791	7,475	8,490
1983 NO.	1	4	4	5	11	12	15	1	53
AVG	6,124	6,262	10,056	8,687	10,564	9,206	8,056	7,983	8,874
1984 NO.	0	2	6	4	10	9	10	0	41
AVG	0	21,066	8,124	10,700	8,337	8,267	13,496	0	10,400
1985 NO.	1	1	3	5	4	6	10	0	30
AVG	7,536	4,874	11,009	10,039	10,007	12,125	10,094	0	10,312
1986 NO.	0	3	2	4	12	5	6	1	33
AVG	0	9,976	10,275	9,508	12,995	5,420	9,733	8,394	10,253
1987 NO.	2	1	2	6	12	7	7	0	37
AVG	20,558	14,989	2,775	13,039	12,109	10,949	7,995	0	11,292
1988 NO.	3	3	4	2	11	5	4	0	32
AVG	16,920	7,205	21,974	6,622	12,079	10,600	11,012	0	12,607
1989 NO.	2	3	4	5	6	4	3	0	27
AVG	11,272	7,651	16,208	13,977	9,120	21,785	12,739	0	13,344
1990 NO.	2	3	3	4	6	3	1	0	22
AVG	6,557	14,672	17,093	9,236	10,831	19,551	18,979	0	13,090
1991 NO.	5	7	2	6	3	5	2	0	30
AVG	116,758	10,687	42,747	13,131	5,860	11,988	16,916	0	31,141
1992 NO.	3	4	2	3	6	5	1	0	24
AVG	4,825	7,840	26,160	17,297	20,395	12,629	8,181	0	14,322
1993 NO.	1	3	2	3	3	2	1	0	15
AVG	22,613	16,341	12,263	20,564	23,498	8,123	21,961	0	17,770
1994 NO.	4	4	4	4	5	5	1	0	27
AVG	13,881	10,988	13,066	18,676	14,361	17,244	8,235	0	14,545
1995 NO.	4	8	2	2	5	1	2	0	24
AVG	15,715	8,843	15,507	10,019	22,329	7,962	13,832	0	13,830
1996 NO.	8	7	5	4	0	0	1	0	25
AVG	5,064	16,814	21,720	8,139	0	0	8,539	0	12,316
1997 NO.	6	6	7	2	4	2	0	0	27
AVG	11,369	12,853	8,110	13,238	8,476	4,767	0	0	10,075
1998 NO.	2	7	3	6	0	1	0	0	19
AVG	1,346	8,156	11,649	10,081	0	2,742	0	0	8,313
1999 NO.	7	4	3	0	1	2	0	0	17
AVG	12,938	14,151	9,673	0	6,686	16,624	0	0	12,713
2000 NO.	1	5	5	2	1	0	0	0	14
AVG	6,187	12,453	15,964	6,248	5,514	0	0	0	11,877
2001 NO.	5	3	1	2	0	0	0	0	11
AVG	8,682	6,731	2,365	7,119	0	0	0	0	7,291
2002 NO.	4	4	3	0	0	1	0	0	12
AVG	5,914	16,003	11,438	0	0	12,637	0	0	11,218
TOTALS NO.	67	94	84	96	151	192	382	68	1,134
AVG	17,525	11,635	13,105	11,030	11,535	10,383	8,268	7,496	10,433

San Diego County Employees' Retirement Association
Retirants (with Average Benefits)
Tabulated by Attained Ages and Year of Retirement
As of June 30, 2002

Year Retired	Age Groups								TOTALS
	0-49	50-59	60-64	65-69	70-74	75-79	80-89	90+	
Before									
1983 NO.	7	32	29	32	149	378	958	244	1,829
AVG	7,577	17,748	16,780	16,962	11,856	12,192	11,984	8,767	11,835
1983 NO.	1	7	9	9	52	58	85	2	223
AVG	7,816	16,959	23,024	16,472	11,701	16,172	17,596	995	15,812
1984 NO.	0	4	3	17	53	45	67	1	190
AVG	0	19,778	27,477	12,252	12,241	18,269	14,290	6,678	14,762
1985 NO.	1	9	5	25	46	69	65	0	220
AVG	16,095	22,844	19,776	14,166	16,586	17,177	17,338	0	17,045
1986 NO.	4	7	2	38	43	75	58	0	227
AVG	17,186	22,779	19,358	11,326	17,890	18,927	15,903	0	16,777
1987 NO.	4	6	7	32	50	81	46	0	226
AVG	17,873	14,264	24,703	11,828	18,793	20,222	14,248	0	17,440
1988 NO.	8	12	9	46	66	79	40	0	260
AVG	18,567	22,750	23,936	13,817	21,734	21,239	14,856	0	19,150
1989 NO.	9	14	22	44	90	71	28	0	278
AVG	18,594	18,953	14,064	16,298	21,802	17,696	19,113	0	18,752
1990 NO.	12	20	24	56	63	90	21	0	286
AVG	18,935	20,024	16,516	19,018	21,823	18,269	21,003	0	19,403
1991 NO.	14	20	36	55	84	46	12	0	267
AVG	19,374	19,567	14,863	16,945	23,183	19,658	16,148	0	19,382
1992 NO.	16	22	27	52	99	41	12	0	269
AVG	18,117	19,064	17,340	21,368	24,247	17,340	13,398	0	20,672
1993 NO.	18	14	28	63	80	39	9	0	251
AVG	19,730	22,770	16,027	20,733	26,338	16,657	14,948	0	21,195
1994 NO.	13	31	47	70	78	26	4	0	269
AVG	18,836	15,039	20,752	21,646	22,571	13,589	15,835	0	19,996
1995 NO.	16	51	49	73	88	23	2	0	302
AVG	20,683	19,003	19,156	21,288	24,222	19,600	16,516	0	21,219
1996 NO.	16	60	70	95	81	17	3	1	343
AVG	18,415	16,179	18,598	23,816	18,851	20,200	34,929	14,951	19,883
1997 NO.	18	74	78	106	59	9	7	0	351
AVG	18,886	17,213	18,482	19,807	13,071	14,043	11,379	0	17,470
1998 NO.	21	80	148	146	67	20	5	0	487
AVG	18,185	17,280	22,595	22,605	12,229	10,392	12,002	0	19,499
1999 NO.	24	123	146	123	59	9	3	0	487
AVG	17,327	19,617	23,318	19,335	15,620	19,627	10,966	0	20,005
2000 NO.	29	167	153	149	41	6	0	0	545
AVG	15,021	21,110	25,333	20,433	11,840	10,586	0	0	20,973
2001 NO.	31	124	111	70	15	4	0	0	355
AVG	20,167	18,515	27,575	14,056	12,320	11,502	0	0	20,272
2002 NO.	16	479	257	77	25	3	1	0	858
AVG	29,773	35,074	40,055	24,493	21,739	18,923	2,291	0	35,034
TOTALS NO.	278	1,356	1,260	1,378	1,388	1,189	1,426	248	8,523
AVG	18,784	24,618	25,474	19,487	18,636	16,215	13,376	8,721	19,235

San Diego County Employees' Retirement Association
 Total Retirants and Beneficiaries (with Average Benefits)
 Tabulated by Attained Ages and Year of Retirement
 As of June 30, 2002

Year Retired	Age Groups								TOTALS
	0-49	50-59	60-64	65-69	70-74	75-79	80-89	90+	
Before									
1983 NO.	13	44	46	59	200	495	1,276	310	2,443
AVG	5,503	16,618	13,998	13,484	11,375	11,617	10,939	8,492	10,994
1983 NO.	2	11	13	14	63	70	100	3	276
AVG	6,970	13,069	19,034	13,692	11,503	14,978	16,165	3,324	14,480
1984 NO.	0	6	9	21	63	54	77	1	231
AVG	0	20,207	14,575	11,956	11,621	16,602	14,187	6,678	13,988
1985 NO.	2	10	8	30	50	75	75	0	250
AVG	11,816	21,047	16,488	13,479	16,059	16,773	16,372	0	16,237
1986 NO.	4	10	4	42	55	80	64	1	260
AVG	17,186	18,938	14,816	11,153	16,822	18,082	15,325	8,394	15,949
1987 NO.	6	7	9	38	62	88	53	0	263
AVG	18,768	14,368	19,830	12,019	17,500	19,484	13,423	0	16,575
1988 NO.	11	15	13	48	77	84	44	0	292
AVG	18,118	19,641	23,332	13,517	20,354	20,606	14,507	0	18,433
1989 NO.	11	17	26	49	96	75	31	0	305
AVG	17,263	16,959	14,394	16,061	21,009	17,914	18,496	0	18,273
1990 NO.	14	23	27	60	69	93	22	0	308
AVG	17,167	19,326	16,580	18,366	20,868	18,310	20,911	0	18,952
1991 NO.	19	27	38	61	87	51	14	0	297
AVG	45,002	17,265	16,330	16,570	22,585	18,906	16,258	0	20,570
1992 NO.	19	26	29	55	105	46	13	0	293
AVG	16,019	17,337	17,948	21,146	24,027	16,828	12,997	0	20,152
1993 NO.	19	17	30	66	83	41	10	0	266
AVG	19,882	21,635	15,776	20,725	26,235	16,241	15,649	0	21,002
1994 NO.	17	35	51	74	83	31	5	0	296
AVG	17,670	14,576	20,149	21,486	22,077	14,179	14,315	0	19,499
1995 NO.	20	59	51	75	93	24	4	0	326
AVG	19,690	17,626	19,013	20,987	24,121	19,115	15,174	0	20,675
1996 NO.	24	67	75	99	81	17	4	1	368
AVG	13,964	16,245	18,806	23,183	18,851	20,200	28,332	14,951	19,369
1997 NO.	24	80	85	108	63	11	7	0	378
AVG	17,007	16,886	17,628	19,685	12,780	12,357	11,379	0	16,942
1998 NO.	23	87	151	152	67	21	5	0	506
AVG	16,720	16,546	22,377	22,111	12,229	10,028	12,002	0	19,079
1999 NO.	31	127	149	123	60	11	3	0	504
AVG	16,336	19,445	23,043	19,335	15,471	19,081	10,966	0	19,759
2000 NO.	30	172	158	151	42	6	0	0	559
AVG	14,726	20,858	25,036	20,245	11,690	10,586	0	0	20,745
2001 NO.	36	127	112	72	15	4	0	0	366
AVG	18,572	18,237	27,350	13,863	12,320	11,502	0	0	19,882
2002 NO.	20	483	260	77	25	4	1	0	870
AVG	25,001	34,916	39,725	24,493	21,739	17,352	2,291	0	34,706
TOTALS NO.	345	1,450	1,344	1,474	1,539	1,381	1,808	316	9,657
AVG	18,539	23,776	24,701	18,937	17,939	15,404	12,297	8,457	18,201

San Diego County Employees' Retirement Association
 Active Member June 30, 2002
 By Attained Ages and Years of Service
General Members Tier I

Age Group	YEARS OF ACCRUED SERVICE											35 & Up	TOTALS			
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34					
20-24 NO.	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	3
TOT PAY	82,326	22,506	0	0	0	0	0	0	0	0	0	0	0	0	0	104,832
AVG PAY	41,163	22,506	0	0	0	0	0	0	0	0	0	0	0	0	0	34,944
25-29 NO.	7	6	2	1	1	0	0	0	0	0	0	0	0	0	0	17
TOT PAY	248,040	209,435	75,816	78,894	29,827	0	0	0	0	0	0	0	0	0	0	642,013
AVG PAY	35,434	34,906	37,908	78,894	29,827	0	0	0	0	0	0	0	0	0	0	37,765
30-34 NO.	3	2	3	1	1	0	0	0	0	0	0	0	0	0	0	10
TOT PAY	88,234	70,637	148,886	37,045	30,347	0	0	0	0	0	0	0	0	0	0	375,149
AVG PAY	29,411	35,318	49,629	37,045	30,347	0	0	0	0	0	0	0	0	0	0	37,515
35-39 NO.	2	2	2	0	0	0	0	0	0	0	0	0	0	0	0	7
TOT PAY	53,851	114,005	70,720	0	0	0	0	0	0	0	0	0	0	0	0	270,546
AVG PAY	26,926	57,002	35,360	0	0	0	0	0	0	0	0	0	0	0	0	38,649
40-44 NO.	2	1	0	1	0	0	0	0	0	0	0	0	0	0	0	5
TOT PAY	60,590	25,522	0	33,696	0	40,851	0	0	0	0	0	0	0	0	0	160,659
AVG PAY	30,295	25,522	0	33,696	0	40,851	0	0	0	0	0	0	0	0	0	32,132
45-49 NO.	4	3	1	1	0	0	0	0	0	0	0	0	0	0	0	11
TOT PAY	96,575	79,248	24,378	26,104	0	31,970	0	0	0	0	0	0	0	0	0	290,243
AVG PAY	24,144	26,416	24,378	26,104	0	31,970	0	0	0	0	0	0	0	0	0	26,386
50-54 NO.	8	3	1	1	0	0	0	0	0	0	0	0	0	0	0	15
TOT PAY	235,040	94,297	27,248	30,451	0	56,805	0	0	0	0	0	0	0	0	0	443,841
AVG PAY	29,380	31,432	27,248	30,451	0	28,402	0	0	0	0	0	0	0	0	0	29,589
55-59 NO.	6	7	2	1	2	0	0	0	0	0	0	0	0	0	0	18
TOT PAY	126,870	173,410	68,224	31,304	64,917	0	0	0	0	0	0	0	0	0	0	464,725
AVG PAY	21,145	24,773	34,112	31,304	32,458	0	0	0	0	0	0	0	0	0	0	25,818
60-64 NO.	2	2	0	0	1	0	0	0	0	0	0	0	0	0	0	9
TOT PAY	65,562	47,445	0	0	45,053	0	0	0	0	0	0	0	0	0	0	307,486
AVG PAY	32,781	23,722	0	0	45,053	0	0	0	0	0	0	0	0	0	0	34,165
65-99 NO.	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
TOT PAY	0	0	44,054	0	0	0	0	0	0	0	0	0	0	0	0	44,054
AVG PAY	0	0	44,054	0	0	0	0	0	0	0	0	0	0	0	0	44,054
TOT NO.	36	27	12	6	5	5	3	2	0	0	0	0	0	0	0	96
TOT AMT	1,057,088	836,504	459,327	237,494	170,144	161,595	106,641	74,755	0	0	0	0	0	0	0	3,103,548
AVG AMT	29,364	30,982	38,277	39,582	34,029	32,319	35,547	37,378	0	0	0	0	0	0	0	32,329

San Diego County Employees' Retirement Association
Active Member June 30, 2002
By Attained Ages and Years of Service

General Members Tier A

Age Group	YEARS OF ACCRUED SERVICE													TOTALS	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up			
15-19 NO.	13	0	0	0	0	0	0	0	0	0	0	0	0	0	13
TOT PAY	252,054	0	0	0	0	0	0	0	0	0	0	0	0	0	252,054
AVG PAY	19,389	0	0	0	0	0	0	0	0	0	0	0	0	0	19,389
20-24 NO.	255	75	20	8	2	0	0	0	0	0	0	0	0	0	360
TOT PAY	6,591,771	2,086,251	540,114	217,464	72,051	0	0	0	0	0	0	0	0	0	9,507,651
AVG PAY	25,850	27,817	27,006	27,183	36,026	0	0	0	0	0	0	0	0	0	26,410
25-29 NO.	509	324	156	80	44	53	0	0	0	0	0	0	0	0	1,166
TOT PAY	15,907,301	10,752,639	5,432,019	2,869,468	1,731,850	1,858,201	0	0	0	0	0	0	0	0	38,551,478
AVG PAY	31,252	33,187	34,821	35,868	39,360	35,060	0	0	0	0	0	0	0	0	33,063
30-34 NO.	324	244	220	139	106	346	98	0	0	0	0	0	0	0	1,477
TOT PAY	10,853,335	9,202,169	8,690,137	6,095,617	4,631,027	14,998,547	3,704,569	0	0	0	0	0	0	0	58,175,400
AVG PAY	33,498	37,714	39,501	43,853	43,689	43,348	37,802	0	0	0	0	0	0	0	39,388
35-39 NO.	231	160	133	107	77	397	426	112	4	0	0	0	0	0	1,647
TOT PAY	7,577,730	5,877,867	4,924,125	4,493,604	3,665,948	18,047,710	19,497,561	4,606,731	176,841	0	0	0	0	0	68,868,118
AVG PAY	32,804	36,737	37,023	41,996	47,610	45,460	45,769	41,132	44,210	0	0	0	0	0	41,814
40-44 NO.	257	179	175	99	85	466	633	293	97	2	0	0	0	0	2,286
TOT PAY	7,501,839	6,366,872	6,861,099	3,755,495	3,702,026	19,461,990	30,888,652	14,201,634	4,412,948	89,648	0	0	0	0	97,242,202
AVG PAY	29,190	35,569	39,206	37,934	43,553	41,764	48,797	48,470	45,494	44,824	0	0	0	0	42,538
45-49 NO.	196	172	120	112	101	468	585	368	263	76	3	0	0	0	2,464
TOT PAY	6,719,317	6,681,647	4,561,284	4,578,935	4,144,577	19,919,275	27,851,689	18,962,207	12,909,390	3,592,788	156,270	0	0	0	110,077,379
AVG PAY	34,282	38,847	38,011	40,883	41,035	42,563	47,610	51,528	49,085	47,274	52,090	0	0	0	44,674
50-54 NO.	151	125	124	95	60	409	564	324	311	246	57	3	0	0	2,469
TOT PAY	4,988,350	4,833,896	4,620,601	4,461,875	2,603,662	16,385,103	26,802,360	15,762,481	15,631,938	13,949,580	3,125,636	149,573	0	0	113,315,055
AVG PAY	33,035	38,671	37,263	46,967	43,394	40,061	47,522	48,650	50,263	56,706	54,836	49,858	0	0	45,895
55-59 NO.	92	66	66	47	42	303	458	271	219	174	117	8	0	0	1,863
TOT PAY	3,189,940	2,347,083	2,323,752	2,014,158	1,901,120	12,282,328	21,175,849	12,785,967	10,416,570	9,693,454	7,314,265	339,040	0	0	85,783,527
AVG PAY	34,673	35,562	35,208	42,854	45,265	40,536	46,235	47,181	47,564	55,710	62,515	42,380	0	0	46,046
60-64 NO.	40	34	25	26	17	150	228	111	94	50	33	9	0	0	817
TOT PAY	1,280,365	1,106,704	976,342	1,148,826	692,988	5,970,679	10,169,181	5,072,123	4,438,324	2,538,703	2,142,650	629,845	0	0	36,166,730
AVG PAY	32,009	32,550	39,054	44,186	40,764	39,805	44,602	45,695	47,216	50,774	64,929	69,983	0	0	44,268
65-99 NO.	9	13	6	11	2	63	88	26	23	9	4	2	0	0	256
TOT PAY	242,414	394,327	306,530	464,822	49,358	2,327,611	3,393,349	1,028,331	809,120	528,798	230,776	92,061	0	0	9,867,498
AVG PAY	26,935	30,333	51,088	42,257	24,679	36,946	38,561	39,551	35,179	58,755	57,694	46,030	0	0	38,545
TOT NO.	2,077	1,392	1,045	724	536	2,655	3,080	1,505	1,011	557	214	22	0	0	14,818
TOT AMT	65,104,415	49,649,456	39,236,002	30,100,263	23,194,608	111,251,444	143,483,210	72,419,474	48,795,131	30,392,971	12,969,598	1,210,518	0	0	627,807,091
AVG AMT	31,345	35,668	37,546	41,575	43,274	41,903	46,585	48,119	48,264	54,565	60,606	55,024	0	0	42,368

San Diego County Employees' Retirement Association
Active Member June 30, 2002
By Attained Ages and Years of Service

Safety Members

Age Group	YEARS OF ACCRUED SERVICE													TOTALS
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up		
20-24 NO.	17	9	9	0	1	0	0	0	0	0	0	0	0	36
TOT PAY	554,838	327,412	343,368	0	38,675	0	0	0	0	0	0	0	0	1,264,293
AVG PAY	32,638	36,379	38,152	0	38,675	0	0	0	0	0	0	0	0	35,119
25-29 NO.	26	24	41	37	38	51	0	0	0	0	0	0	0	217
TOT PAY	883,007	887,139	1,588,815	1,553,055	1,638,385	2,454,538	0	0	0	0	0	0	0	9,004,938
AVG PAY	33,962	36,964	38,752	41,974	43,115	48,128	0	0	0	0	0	0	0	41,497
30-34 NO.	21	13	35	38	73	191	60	0	0	0	0	0	0	431
TOT PAY	740,642	482,686	1,374,732	1,615,974	3,224,238	10,154,267	3,420,174	0	0	0	0	0	0	21,012,713
AVG PAY	35,269	37,130	39,278	42,526	44,168	53,164	57,003	0	0	0	0	0	0	48,753
35-39 NO.	13	9	11	13	20	150	228	45	1	0	0	0	0	490
TOT PAY	527,650	461,126	437,536	561,605	966,509	7,919,160	13,453,245	2,853,734	49,327	0	0	0	0	27,229,891
AVG PAY	40,588	51,236	39,776	43,200	48,325	52,794	59,005	63,416	49,327	0	0	0	0	55,571
40-44 NO.	10	12	21	10	13	71	129	133	33	0	0	0	0	432
TOT PAY	363,322	558,467	984,833	438,608	645,065	3,805,592	7,524,912	8,607,207	2,235,459	0	0	0	0	25,163,464
AVG PAY	36,332	46,539	46,897	43,861	49,620	53,600	58,333	64,716	67,741	0	0	0	0	58,249
45-49 NO.	3	7	6	11	6	42	61	66	114	24	1	0	0	341
TOT PAY	130,725	382,295	292,309	503,434	296,664	2,240,488	3,746,873	4,320,126	8,066,005	1,853,181	61,195	0	0	21,893,296
AVG PAY	43,575	54,614	48,718	45,767	49,444	53,345	61,424	65,456	70,754	77,216	61,195	0	0	64,203
50-54 NO.	0	2	3	6	2	29	36	39	75	52	12	0	0	256
TOT PAY	0	140,358	116,025	283,912	118,884	1,593,721	2,143,281	2,625,635	5,398,525	4,208,136	1,019,954	0	0	17,648,432
AVG PAY	0	70,179	38,675	47,319	59,442	54,956	59,536	67,324	71,980	80,926	84,996	0	0	68,939
55-59 NO.	1	2	0	2	3	14	19	19	32	37	14	1	1	144
TOT PAY	65,354	134,160	0	112,836	130,014	909,502	1,098,470	1,289,929	2,224,606	2,792,576	1,073,878	100,002	0	9,931,328
AVG PAY	65,354	67,080	0	56,418	43,338	64,964	57,814	67,891	69,519	75,475	76,706	100,002	0	68,968
60-64 NO.	0	0	0	0	1	3	6	8	2	4	3	0	0	27
TOT PAY	0	0	0	0	42,631	168,550	359,258	586,962	120,975	279,300	248,161	0	0	1,805,837
AVG PAY	0	0	0	0	42,631	56,183	59,876	73,370	60,488	69,825	82,720	0	0	66,883
65-99 NO.	0	0	0	0	0	4	2	1	0	0	1	0	0	8
TOT PAY	0	0	0	0	0	356,235	110,522	72,238	0	0	61,195	0	0	600,191
AVG PAY	0	0	0	0	0	89,059	55,261	72,238	0	0	61,195	0	0	75,024
TOT NO.	91	78	126	117	157	555	541	311	257	117	31	1	1	2,382
TOT AMT	3,265,538	3,373,643	5,137,617	5,069,424	7,101,064	29,602,053	31,856,736	20,355,831	18,094,897	9,133,193	2,464,383	100,002	0	135,554,382
AVG AMT	35,885	43,252	40,775	43,328	45,230	53,337	58,885	65,453	70,408	78,061	79,496	100,002	0	56,908

San Diego County Employees' Retirement Association
 Active Member June 30, 2002
 By Attained Ages and Years of Service

Probation Members

YEARS OF ACCRUED SERVICE

Age Group	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up	TOTALS
20-24 NO.	25	6	0	0	0	0	0	0	0	0	0	0	31
TOT PAY	813,294	194,113	0	0	0	0	0	0	0	0	0	0	1,007,407
AVG PAY	32,532	32,352	0	0	0	0	0	0	0	0	0	0	32,497
25-29 NO.	54	22	32	20	17	16	0	0	0	0	0	0	161
TOT PAY	1,820,699	818,438	1,224,497	758,673	696,481	694,758	0	0	0	0	0	0	6,013,546
AVG PAY	33,717	37,202	38,266	37,934	40,969	43,422	0	0	0	0	0	0	37,351
30-34 NO.	44	22	22	18	25	91	11	0	0	0	0	0	233
TOT PAY	1,543,953	829,412	868,454	748,032	1,128,574	4,217,486	564,554	0	0	0	0	0	9,900,465
AVG PAY	35,090	37,701	39,475	41,557	45,143	46,346	51,323	0	0	0	0	0	42,491
35-39 NO.	12	7	9	13	7	41	52	6	0	0	0	0	147
TOT PAY	416,769	283,482	358,315	537,942	279,760	1,862,057	2,587,085	304,658	0	0	0	0	6,630,069
AVG PAY	34,731	40,497	39,813	41,380	39,966	45,416	49,752	50,776	0	0	0	0	45,103
40-44 NO.	9	6	5	7	3	22	28	32	3	0	0	0	115
TOT PAY	311,234	237,722	202,238	299,286	114,422	1,016,523	1,344,560	1,682,922	142,501	0	0	0	5,351,409
AVG PAY	34,582	39,620	40,448	42,755	38,141	46,206	48,020	52,591	47,500	0	0	0	46,534
45-49 NO.	7	6	1	3	2	14	19	24	13	3	0	0	92
TOT PAY	228,438	227,059	34,840	126,847	74,422	675,147	965,180	1,289,610	701,303	187,866	0	0	4,510,712
AVG PAY	32,634	37,843	34,840	42,282	37,211	48,225	50,799	53,734	53,946	62,622	0	0	49,029
50-54 NO.	6	1	4	5	3	9	26	14	12	15	3	0	98
TOT PAY	248,310	43,742	173,182	244,837	122,645	430,304	1,375,922	765,253	632,963	935,709	164,674	0	5,137,541
AVG PAY	41,385	43,742	43,295	48,967	40,882	47,812	52,920	54,661	52,747	62,381	54,891	0	52,424
55-59 NO.	4	0	2	2	0	9	17	16	5	14	7	0	76
TOT PAY	157,456	0	80,648	75,482	0	405,225	871,783	868,914	227,775	876,396	477,984	0	4,041,662
AVG PAY	39,364	0	40,324	37,741	0	45,025	51,281	54,307	45,555	62,600	68,283	0	53,180
60-64 NO.	0	0	1	0	0	6	8	3	4	1	2	0	25
TOT PAY	0	0	43,742	0	0	255,463	409,262	153,899	221,873	48,214	107,619	0	1,240,073
AVG PAY	0	0	43,742	0	0	42,577	51,158	51,300	55,468	48,214	53,810	0	49,603
65-99 NO.	0	0	0	0	0	0	2	0	0	0	0	0	2
TOT PAY	0	0	0	0	0	0	90,731	0	0	0	0	0	90,731
AVG PAY	0	0	0	0	0	0	45,365	0	0	0	0	0	45,365
TOT NO.	161	70	76	68	57	208	163	95	37	33	12	0	980
TOT AMT	5,540,154	2,633,969	2,985,916	2,791,098	2,416,304	9,556,963	8,209,076	5,065,256	1,926,414	2,048,185	750,277	0	43,923,613
AVG AMT	34,411	37,628	39,288	41,046	42,391	45,947	50,362	53,318	52,065	62,066	62,523	0	44,820

Active Member June 30, 2002

By Attained Ages and Years of Service

Total Members

YEARS OF ACCRUED SERVICE

Age Group	YEARS OF ACCRUED SERVICE													TOTALS	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up			
15-19 NO.	13	0	0	0	0	0	0	0	0	0	0	0	0	0	13
TOT PAY	252,054	0	0	0	0	0	0	0	0	0	0	0	0	0	252,054
AVG PAY	19,389	0	0	0	0	0	0	0	0	0	0	0	0	0	19,389
20-24 NO.	299	91	29	8	3	0	0	0	0	0	0	0	0	0	430
TOT PAY	8,042,229	2,630,281	883,482	217,464	110,726	0	0	0	0	0	0	0	0	0	11,884,182
AVG PAY	26,897	28,904	30,465	27,183	36,909	0	0	0	0	0	0	0	0	0	27,638
25-29 NO.	596	376	231	138	100	120	0	0	0	0	0	0	0	0	1,561
TOT PAY	18,859,047	12,667,652	8,321,146	5,260,090	4,096,543	5,007,496	0	0	0	0	0	0	0	0	54,211,974
AVG PAY	31,643	33,691	36,022	38,117	40,965	41,729	0	0	0	0	0	0	0	0	34,729
30-34 NO.	392	281	280	196	205	628	169	0	0	0	0	0	0	0	2,151
TOT PAY	13,226,163	10,584,904	11,082,209	8,496,667	9,014,186	29,370,301	7,689,297	0	0	0	0	0	0	0	89,463,726
AVG PAY	33,740	37,669	39,579	43,350	43,972	46,768	45,499	0	0	0	0	0	0	0	41,592
35-39 NO.	258	178	155	133	104	589	706	163	5	0	0	0	0	0	2,291
TOT PAY	8,576,000	6,736,480	5,790,696	5,593,151	4,912,217	27,860,896	35,537,892	7,765,123	226,169	0	0	0	0	0	102,998,623
AVG PAY	33,240	37,845	37,359	42,054	47,233	47,302	50,337	47,639	45,234	0	0	0	0	0	44,958
40-44 NO.	278	198	201	117	101	560	790	458	133	2	0	0	0	0	2,838
TOT PAY	8,236,985	7,188,583	8,048,169	4,527,084	4,461,512	24,324,956	39,758,124	24,491,763	6,790,908	89,648	0	0	0	0	127,917,734
AVG PAY	29,629	36,306	40,041	38,693	44,173	43,437	50,327	53,475	51,059	44,824	0	0	0	0	45,073
45-49 NO.	210	188	128	127	109	525	666	458	390	103	4	0	0	0	2,908
TOT PAY	7,175,055	7,370,249	4,912,811	5,235,320	4,515,663	22,866,880	32,595,711	24,571,943	21,676,698	5,633,834	217,465	0	0	0	136,771,630
AVG PAY	34,167	39,203	38,381	41,223	41,428	43,556	48,943	53,651	55,581	54,697	54,366	0	0	0	47,033
50-54 NO.	165	131	132	107	65	449	626	377	398	313	72	3	0	0	2,838
TOT PAY	5,471,700	5,112,294	4,937,056	5,021,075	2,845,191	18,465,933	30,321,563	19,153,369	21,663,425	19,093,426	4,310,264	149,573	0	0	136,544,869
AVG PAY	33,162	39,025	37,402	46,926	43,772	41,127	48,437	50,805	54,431	61,001	59,865	49,858	0	0	48,113
55-59 NO.	103	75	70	52	47	326	494	306	256	225	138	9	0	0	2,101
TOT PAY	3,539,619	2,654,653	2,472,624	2,233,780	2,096,052	13,597,055	23,146,103	14,944,810	12,868,950	13,362,426	8,866,127	439,042	0	0	100,221,241
AVG PAY	34,365	35,395	35,323	42,957	44,597	41,709	46,854	48,839	50,269	59,389	64,247	48,782	0	0	47,702
60-64 NO.	42	36	26	26	19	159	244	124	100	55	38	9	0	0	878
TOT PAY	1,345,927	1,154,149	1,020,084	1,148,826	780,672	6,394,692	11,012,373	5,887,739	4,781,172	2,866,217	2,498,430	629,845	0	0	39,520,126
AVG PAY	32,046	32,060	39,234	44,186	41,088	40,218	45,133	47,482	47,812	52,113	65,748	69,983	0	0	45,012
65-99 NO.	9	13	7	11	2	67	92	27	23	9	5	2	0	0	267
TOT PAY	242,414	394,327	350,584	464,822	49,358	2,683,847	3,594,602	1,100,570	809,120	528,798	291,971	92,061	0	0	10,602,474
AVG PAY	26,935	30,333	50,083	42,257	24,679	40,057	39,072	40,762	35,179	58,755	58,394	46,030	0	0	39,710
TOT NO.	2,365	1,567	1,259	915	755	3,423	3,787	1,913	1,305	707	257	23	0	0	18,276
TOT AMT	74,967,194	56,493,572	47,818,862	38,198,280	32,882,120	150,572,056	183,655,664	97,915,317	68,816,443	41,574,349	16,184,257	1,310,521	0	0	810,388,635
AVG AMT	31,699	36,052	37,982	41,747	43,552	43,988	48,496	51,184	52,733	58,804	62,974	56,979	0	0	44,342

San Diego County Employees' Retirement Association
Summary of Active Members Included
in the June 30, 2002 Actuarial Valuation

	<u>No.</u>	<u>Annual Salary</u>	<u>Averages</u>		
			<u>Annual Salary</u>	<u>Age</u>	<u>Service</u>
General Members*					
Tier I 6/30/01	1,311	67,545,080	51,522	54.2	26.6
Tier I 6/30/02	96	3,103,548	32,329	44.4	2.6
Percent Increase	(92.7)%	(95.4)%	(37.3)%		
Tier II 6/30/01	12,659	492,782,152	38,927	44.3	8.3
Tier A 6/30/02	14,818	627,807,091	42,368	44.7	9.5
Percent Increase	17.1%	27.4%	8.8%		
Total 6/30/01	13,970	560,327,232	40,109	45.2	10.0
Total 6/30/02	14,914	630,910,639	42,303	44.7	9.5
Percent Increase	6.8%	12.6%	5.5%		
Safety Members					
Total 6/30/01	2,407	128,902,444	53,553	40.2	11.5
Total 6/30/02	2,382	135,554,382	56,908	40.4	11.7
Percent Increase	(1.0)%	5.2%	6.3%		
Probation Members					
Total 6/30/01	969	41,900,345	43,241	40.4	10.1
Total 6/30/02	980	43,923,613	44,820	38.9	8.3
Percent Increase	1.1%	4.8%	3.7%		

*Tier structure changes as of March 2002 complicate year to year comparisons by tier. All active members moved to Tier A unless they specifically requested Tier I. Safety tier distinctions have been eliminated.

San Diego County Employees' Retirement Association
Summary of Active Members Included
in the June 30, 2002 Actuarial Valuation

(Continued)

			Averages		
	<u>No.</u>	<u>Annual</u> <u>Salary</u>	<u>Annual</u> <u>Salary</u>	<u>Age</u>	<u>Service</u>
Grand Total 6/30/01	17,346	731,130,021	42,150	44.3	10.2
Grand Total 6/30/02	18,276	810,388,635	44,342	43.8	9.7
Percent Increase	5.4%	10.8%	5.2%		

San Diego County Employees' Retirement Association
Summary of Deferred Vested Members Included
in the June 30, 2002 Actuarial Valuation

	<u>No.</u>	<u>Member Contributions</u>	<u>Averages</u>		
			<u>Contribution Balance</u>	<u>Age</u>	<u>Service</u>
General Members*					
Tier I 6/30/01	331	12,716,031	38,417	53.3	13.7
Tier I 6/30/02	2,991	21,062,748	7,042	46.6	8.6
Percent Increase	803.6%	65.6%	(81.7)%		
Tier II 6/30/01	2,711	8,465,986	3,123	45.3	8.2
Tier A 6/30/02	60	283,777	4,730	43.3	10.9
Percent Increase	(97.8)%	(96.6)%	51.5%		
Total 6/30/01	3,042	21,182,017	6,963	46.2	8.8
Total 6/30/02	3,051	21,346,525	6,997	46.7	8.6
Percent Increase	0.3%	0.8%	0.5%		
Safety Members					
Total 6/30/01	248	2,982,210	12,025	39.8	7.6
Total 6/30/02	272	2,964,822	10,900	39.9	7.3
Percent Increase	9.7%	(0.6)%	(9.4)%		
Grand Total 6/30/01	3,290	24,164,228	7,345	45.8	8.7
Grand Total 6/30/02	3,323	24,311,347	7,316	46.0	8.5
Percent Increase	1.0%	0.6%	(0.4)%		

*Tier structure changes as of March 2002 complicate year to year comparisons by tier. All General deferred members moved to Tier I, terminees after the change get Tier A. Safety tier distinctions have been eliminated.



San Diego County Employees' Retirement Association
Summary of Retired Members and Beneficiaries Included
in the June 30, 2002 Actuarial Valuation

Tier distinctions for retirees were removed as of the March 2002 benefit changes.

	No.	Annual Allowance	Average			New Retirees Only		
			Annual Allowance	Attained Age	Age at Retirement	No.	Average Allowance	Average Age
General Members								
Tier I 6/30/01	6,111	96,344,821	15,766	73.4	58.1	115	29,773	58.3
Tier I 6/30/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tier II 6/30/01	1,960	19,433,474	9,915	63.5	59.0	180	9,595	60.6
Tier II 6/30/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total 6/30/01	8,071	115,778,295	14,345	71.0	58.3	295	17,461	59.7
Total 6/30/02	8,613	139,381,055	16,183	70.6	58.3	683	28,314	58.7
Percent Increase	6.7%	20.4%	12.8%			131.5%	62.2%	
Safety Members								
Tier I 6/30/01	570	18,060,204	31,685	64.8	50.5	27	44,155	56.4
Tier I 6/30/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tier II 6/30/01	280	5,839,244	20,854	49.7	43.4	29	21,690	47.5
Tier II 6/30/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total 6/30/01	850	23,899,448	28,117	59.8	48.2	56	32,522	51.8
Total 6/30/02	1,044	36,386,877	34,853	59.5	49.4	183	59,418	55.1
Percent Increase	22.8%	52.2%	24.0%			226.8%	82.7%	
Grand Total 6/30/01	8,921	139,677,744	15,657	69.9	57.3	351	19,864	58.5
Grand Total 6/30/02	9,657	175,767,933	18,201	69.4	57.3	866	34,887	57.9
Percent Increase	8.3%	25.8%	16.2%			146.7%	75.6%	

ACTUARIAL COST METHODS, ACTUARIAL ASSUMPTIONS

San Diego County Employees' Retirement Association

Actuarial Cost Methods – October 3, 2002

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an individual entry age actuarial cost method having the following characteristics:

- (i) the annual normal costs for each active member, payable from the date of entry into the system to the date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Financing of Unfunded Actuarial Accrued Liability. The balance of unfunded actuarial accrued liabilities due to 2002 plan and assumption changes is now funded (or credited, if negative) over fifteen years on an open basis, as a level percent of pay (in the June 30, 2002 valuation, unfunded accrued liabilities due to gains or losses, not related to the March 2002 benefit increases, were funded over five equal installments. The March 2002 benefit increases were funded over ten years, as a level percent of pay).

Active member payroll in aggregate was assumed to increase 4.0% a year for the purpose of determining the level percent contributions, although individual annual pay increase rates will increase at least 4.5% per year for the purpose of projecting individual pays.

Deferred Member Actuarial Accrued Liability. Data provided includes date of hire, date of birth, date of termination, last pay and an indicator if the deferred member is known to work with a reciprocal employer. Service credit, highest average salary, and deferred retirement age were estimated, based on the data provided. The estimates were used to compute the retirement benefit, upon which the liabilities are based.

San Diego County Employees' Retirement Association
Actuarial Assumptions Used for the October 3, 2002 Valuation

The contribution requirements and benefit values of the Fund are calculated by applying actuarial assumptions to the benefit provisions and member information furnished, using the actuarial cost methods described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- (i) long-term rates of investment return to be generated by the assets of the Fund.
- (ii) patterns of pay increases to members.
- (iii) rates of mortality among members, retirants, and beneficiaries.
- (iv) rates of withdrawal of active members (without entitlement to a retirement benefit).
- (v) rates of disability among members.
- (vi) the age patterns of actual retirements.

In making a valuation, the monetary effect of each assumption is calculated for as long as a present covered person survives -- a period of time which can be as long as a century.

Actual experience of the system will not coincide exactly with assumed experience, regardless of the choice of the assumptions, the skill of the actuary and the precision of the many calculations made. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate. From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations).

(Continued on Next Page)

San Diego County Employees' Retirement Association
Actuarial Assumptions Used for the October 3, 2002 Valuation

(Continued)

The investment return rate used for the actuarial valuation calculations was 8.25% a year, net of administrative expenses, compounded annually. This assumption, used to equate the value of payments due at different points in time, is adopted by the Retirement Board. The rate is comprised of two elements:

Inflation	4.00%
Real Rate of Return	<u>4.25</u>
Total	8.25%

The inflation rate used for the actuarial valuation calculations was 4.0% per year, compounded annually. It represents the difference between the investment return rate and the assumed real rate of return.

Inflation actually experienced, as measured by the Consumer Price Index for urban wage earners, has been as follows:

Consumer Price Index	
Urban Wage Earners and Clerical Workers Before 1978	
All Urban Consumers After 1977	
<u>10 Year Moving Averages</u>	
June 30, 1962	1.3%
June 30, 1972	3.3
June 30, 1982	8.8
June 30, 1992	3.8
June 30, 2002	2.5
 50-Year Average	 3.9%

Interest credited to member contributions is 8.25%, compounded semi-annually.

(Continued on Next Page)

San Diego County Employees' Retirement Association
Actuarial Assumptions Used for the October 3, 2002 Valuation

(Continued)

Salary increase rates used to project current pays to those upon which a benefit will be based are represented by the following table. Rates do not vary by age.

Base Annual Rate of Salary Increase

Inflation	4.00%
Merit & Longevity	<u>0.50</u> ¹
Total	4.50%

¹ We also use an additional merit and longevity increases for employees with less than five years of service:

<u>Years of Service At Valuation Date</u>	<u>Safety</u>	<u>General</u>
0	6.00%	3.0%
1	5.00%	2.5%
2	4.00%	2.0%
3	2.50%	1.5%
4	1.25%	1.0%

(Continued on Next Page)

San Diego County Employees' Retirement Association
Actuarial Assumptions Used for the October 3, 2002 Valuation

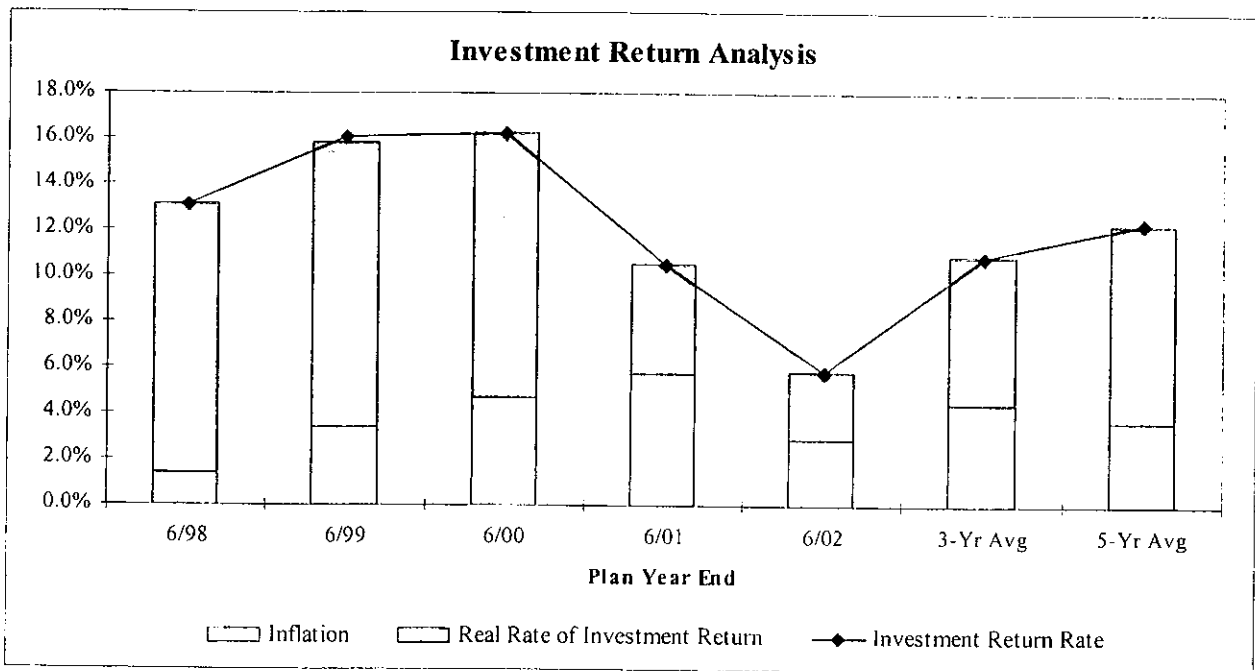
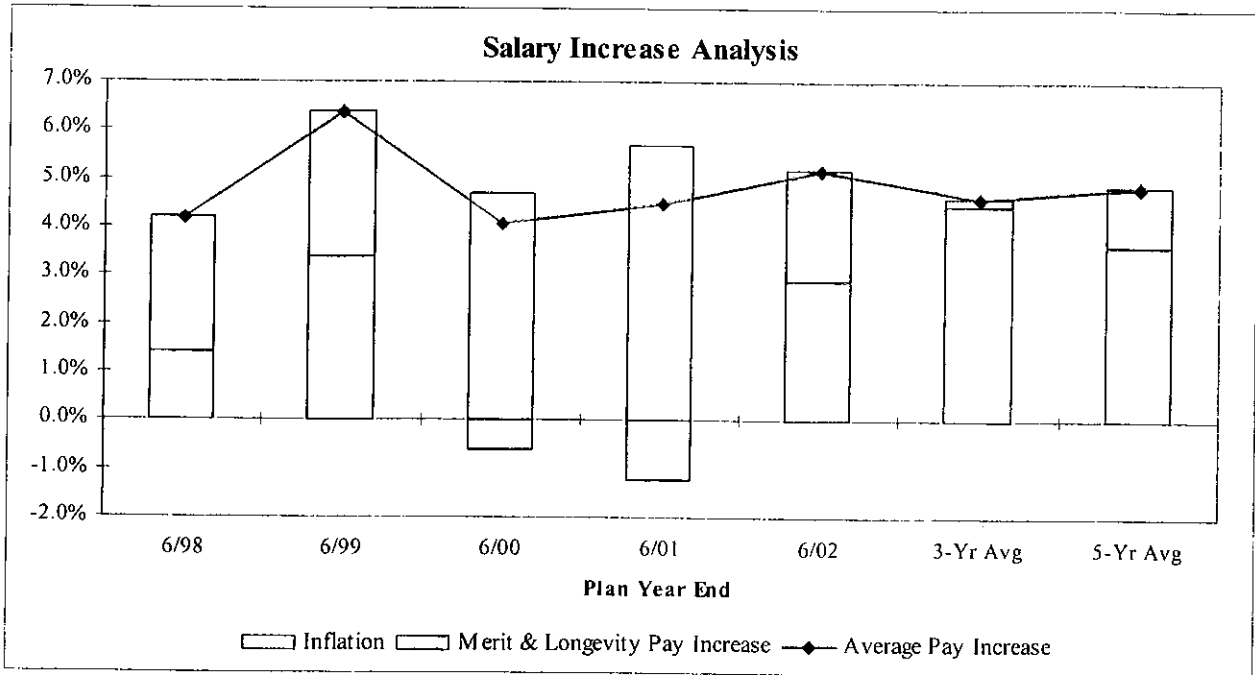
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Historic Summary of Payroll

<u>Valuation Date</u>	<u>No.</u>	<u>Total Payroll</u>	<u>% Change</u>	<u>Average Salary</u>	<u>% Change</u>
12/31/85	11,570	\$280,560,958	--%	\$24,249	--%
12/31/86	12,199	297,151,940	5.9	24,359	0.5
12/31/87	12,819	340,499,064	14.6	26,562	9.0
12/31/88	13,612	365,650,795	7.4	26,862	1.1
06/30/89	13,962	391,328,886	7.0	28,028	4.3
06/30/90	15,309	444,840,888	13.7	29,057	3.7
06/30/91	15,986	494,284,829	11.1	30,920	6.4
06/30/92	16,021	525,411,229	6.3	32,795	6.1
06/30/93	16,154	533,124,485	1.5	33,003	0.6
06/30/94	16,180	535,980,753	0.5	33,126	0.4
06/30/95	16,500	550,737,347	2.8	33,378	0.8
06/30/96	16,524	561,691,535	2.0	33,992	1.8
06/30/97	16,635	581,453,449	3.5	34,954	2.8
06/30/98	16,441	598,971,557	3.0	36,432	4.2
06/30/99	16,579	642,780,304	7.3	38,771	6.4
06/30/00	16,669	672,476,730	4.6	40,343	4.1
06/30/01	17,346	731,130,021	8.7	42,150	4.5
06/30/02	18,276	810,388,635	10.8	44,342	5.2

**San Diego County Employees' Retirement Association
Actuarial Assumptions Used for the October 3, 2002 Valuation**

(Continued)



San Diego County Employees' Retirement Association
Analysis of Selected Actuarial Assumptions Used for the June 30, 2002 Valuation

Assumed and actual changes experienced in areas related to the following assumptions are shown:

	<u>Year Ended</u>					3-year	5-year
	<u>6/30/02</u>	<u>6/30/01</u>	<u>6/30/00</u>	<u>6/30/99</u>	<u>6/30/98</u>	<u>Average</u>	<u>Average</u>
Inflation ¹	2.9%	5.7%	4.7%	3.4%	1.4%	4.4%	3.6%
Assumed						4.0% ³	4.0% ³
Average Pay Increase	5.2%	4.5%	4.1%	6.4% ⁷	4.2%	4.6%	4.9%
Assumed						4.0% ³	4.0% ³
Merit & Longevity							
Pay Increase	2.3%	(1.2)%	(0.6)%	3.0%	2.8% ⁶	0.2%	1.2%
Assumed						0.5%	0.5%
Total Payroll	10.8%	8.7%	4.6%	7.3% ⁷	3.0%	8.0%	6.8%
Assumed						4.0% ³	4.0% ³
Investment Return Rate ²	5.8%	10.5%	16.3%	15.8%	13.1%	10.8%	12.2%
Assumed						8.25% ⁴	8.25% ⁴
Real Rate of Investment Return	2.9%	4.8%	11.6%	12.4%	11.7%	6.4%	8.6%
Assumed						4.25% ⁵	4.25% ⁵
Administrative Expenses							
(Percentage of assets)	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
Assumed						0.0%	0.0%

¹ Based on Consumer Price Index for San Diego, All Items, 1982-84=100.

² Based on actuarial value of assets NOT market value or book value.

³ Effective with June 30, 1997 valuation, this assumption has been reduced from 4.5% to 4%.

⁴ Effective with June 30, 1997 valuation, this assumption has been increased from 8.0% to 8.25%.

⁵ Effective with June 30, 1997 valuation, this assumption has been increased from 3.5% to 4.25%.

⁶ Includes certain items as pension compensation that were previously excluded per the "Ventura" decision.

⁷ Includes 0.3% increase due to inclusion of bonus pay.

San Diego County Employees' Retirement Association
Actuarial Assumptions Used for the October 3, 2002 Valuation

(Continued)

Rates of separation from active membership are shown below (rates do not include separation on account of retirement or death). This assumption measures the probabilities of members remaining in employment. All employees, eligible to retire, are assumed to not withdraw accumulated member contributions upon separation from service.

Sample <u>Ages</u>	Years of <u>Service</u>	% of Active Members Separating Within Next Year				
		<u>Disability</u>		<u>Other</u>		
		<u>General & Probation</u>		<u>Safety</u>	<u>General</u>	<u>Safety & Probation</u>
		<u>Men</u>	<u>Women</u>			
All	0			22.75%	11.00%	
	1			12.00%	6.00%	
	2			9.75%	4.00%	
	3			7.75%	4.00%	
	4			6.50%	4.00%	
20	5 & Over	.02%	-%	.02%	15.00%	
25		.02%	-%	.02%	12.50%	
30		.03%	.02%	.30%	8.50%	
35		.07%	.04%	.68%	5.75%	
40		.17%	.08%	1.18%	4.25%	
45		.31%	.15%	1.78%	3.50%	
50		.48%	.24%	2.60%	2.50%	
55		.70%	.34%	-%	1.75%	
60		.46%	.42%	-%	1.75%	

We are assuming that 100% of the Safety disabilities and 60% of the General and Probation disabilities are duty-related.

We assume that 40% of separating active members will continue employment with a reciprocal employer and receive assumed inflation increases during their subsequent employment with a reciprocal employer.

(Continued on Next Page)

Actuarial Assumptions Used for the October 3, 2002 Valuation

(Continued)

The post-retirement mortality table used was the 1994 Uninsured Pensioner Mortality Table. The mortality table is adopted by the Retirement Board. This assumption is used to measure the probabilities of members dying after retirement and the probabilities of each benefit payment being made after retirement. For disabilitants, there is a 3-year age set forward for disabilitants. Related values are shown below.

<u>Future Life Expectancy (Years)</u>			<u>% Dying Within Next Year</u>		
<u>Sample</u>	<u>Retirants</u>		<u>Retirants</u>		
<u>Ages</u>	<u>Men</u>	<u>Women</u>	<u>Men</u>	<u>Women</u>	<u>Ages</u>
45	34.68	39.01	.17%	.10%	45
50	30.01	34.24	.28	.15	50
55	25.49	29.53	.48	.25	55
60	21.20	24.97	.86	.48	60
65	17.26	20.69	1.56	.93	65
70	13.77	16.77	2.55	1.48	70
75	10.66	13.11	4.00	2.44	75
80	7.97	9.88	6.67	4.24	80

The active member mortality table used was the 1994 Uninsured Pensioner Mortality Table. This assumption measures the probability of mortality before retirement. The rates include probability of ordinary death, line-of-duty death, and death while eligible for retirement or disability.

<u>Sample</u>	<u>% of Active Members</u>	
	<u>Dying Within Next Year</u>	
<u>Ages</u>	<u>Men</u>	<u>Women</u>
30	.09%	.04%
35	.09%	.05%
40	.12%	.08%
45	.17%	.10%
50	.28%	.15%
55	.48%	.25%
60	.86%	.48%
65	1.56%	.93%

(Continued on Next Page)

San Diego County Employees' Retirement Association
Actuarial Assumptions Used for the October 3, 2002 Valuation

(Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year. (these rates are new for the 2002 valuation reflecting accelerated retirement assumptions based on the March 2002 benefit enhancements)

Retirement <u>Ages</u>	Safety <u>Members</u>	Probation <u>Members</u>	General <u>Members</u>
48	5.0%	--%	--%
49	5.0%	--%	--%
50	20.6%	12.0%	6.0%
51	20.6%	14.0%	3.0%
52	20.6%	16.0%	5.0%
53	20.6%	18.0%	5.0%
54	20.6%	20.0%	6.0%
55	30.3%	20.0%	12.0%
56	30.3%	25.0%	13.0%
57	30.3%	30.0%	15.0%
58	35.3%	35.0%	15.0%
59	35.3%	35.0%	15.0%
60	50.3%	30.0%	15.0%
61	50.3%	30.0%	15.0%
62	50.3%	50.3%	23.0%
63	50.3%	50.3%	15.0%
64	50.3%	50.3%	20.0%
65	100.0%	100.0%	28.0%
66	100.0%	100.0%	28.0%
67	100.0%	100.0%	30.0%
68	100.0%	100.0%	30.0%
69	100.0%	100.0%	40.0%
70	100.0%	100.0%	100.0%

For current deferred vested members, we are making the following retirement assumption:

Non-reciprocals: When initially eligible to retire

Reciprocals: Later of age 55 or eligibility to retire

In determining eligibility to retire for this purpose, we have assumed service "tacking" from date of separation of service.

(Concluded on Next Page)

San Diego County Employees' Retirement Association
Actuarial Assumptions Used for the October 3, 2002 Valuation

(Concluded)

The rates of employer pick up vary by employee. Our thanks go to the Retirement Office for providing us with pick up rates for each individual active member.

Member refunds. All or part of the employee contribution rate is subject to potential "pick up" by the employer. The member rates provided in the census are prior to any applicable pick up. Such pick ups and related accumulated interest are not to be refunded to employees at termination. The County's liability for potential refunds is reduced to reflect this. The County currently uses a crediting rate on member accounts to 4.125%, credited semi-annually.

Integrated member contributions. Rates provided in the census apply to salary amounts over \$350 per month in the case of employees with integrated benefits. Rates applicable to the first \$350 per month of salary are not provided. Due to the small portion of salary to which a different rate is applied and the substantial portion of total member contributions subject to employer pick up, rates provided were assumed, for simplicity, to apply to total salary.

Survivor Benefits. Marital status and spouses' census data were imputed with respect to active and deferred members.

Marital Status - 80% of men and 50% of women were assumed married at retirement.

Spouse Census - Women were assumed to be 4 years younger than men.

San Diego County Employees' Retirement Association
Accounting Disclosure

(\$ in Thousands)

San Diego County is subject to the accounting provisions of GASB Statements #25 and #27.

Year Ended <u>June 30</u>	Actuarially Required Contributions <u>(ARC)</u>	Contributions Made ¹	Investment Return ²	Amortization Factor	Net Pension Obligation <u>(NPO)</u>
1994	48,591	48,591	4.37	5.00	0
1995	33,305	33,305	12.05 ³	5.00	0
1996	37,577	37,577	9.61	5.00	0
1997	23,269	23,269	14.38	5.00	0
1998	24,320	24,320	13.14	5.00	0
1999	0	0	15.84	5.00	0
2000	14,341	0	16.30	5.00	14,341
2001	4,927	2,035	10.50	5.00	15,548
2002	0 ⁴	5,338	5.78	8.24	7,686 ⁴

¹ Excludes payments related to the Pension Obligation Bond of February 1994 and County pick ups of employee contributions.

² Based on actuarial value of assets and NOT market value or book value.

³ Reflects the \$86.1 million increase in valuation assets due to change in asset smoothing methodology. Return is 7.69% if such increase is not reflected.

⁴ The Actuarially Required Contribution cannot be less than zero. The Net Pension Obligation for the year ended June 30, 2002 consists of the prior year NPO increased with interest less the contribution made.

APPENDIX A:
MEMBER CONTRIBUTION RATES

San Diego County Employees' Retirement Association
 June 30, 2002 Actuarial Valuation
 Member Contribution Rates
General Members - Tier I

NORMAL RATES ONLY

<u>Entry Age</u>	<u>Integrated First \$350/Mo.</u>	<u>Integrated Over \$350/Mo.</u>	<u>Non-Integrated</u>	<u>Entry Age</u>	<u>Integrated First \$350/Mo.</u>	<u>Integrated Over \$350/Mo.</u>	<u>Non-Integrated</u>
16	2.74%	4.11%	4.11%	38	4.35%	6.52%	6.52%
17	2.80%	4.21%	4.21%	39	4.44%	6.66%	6.66%
18	2.87%	4.30%	4.30%	40	4.53%	6.79%	6.79%
19	2.93%	4.39%	4.39%	41	4.62%	6.92%	6.92%
20	2.99%	4.49%	4.49%	42	4.71%	7.06%	7.06%
21	3.06%	4.59%	4.59%	43	4.80%	7.20%	7.20%
22	3.12%	4.69%	4.69%	44	4.89%	7.34%	7.34%
23	3.19%	4.79%	4.79%	45	4.99%	7.48%	7.48%
24	3.26%	4.89%	4.89%	46	5.08%	7.62%	7.62%
25	3.33%	5.00%	5.00%	47	5.18%	7.77%	7.77%
26	3.40%	5.10%	5.10%	48	5.28%	7.92%	7.92%
27	3.47%	5.21%	5.21%	49	5.38%	8.07%	8.07%
28	3.55%	5.32%	5.32%	50	5.48%	8.22%	8.22%
29	3.62%	5.43%	5.43%	51	5.58%	8.38%	8.38%
30	3.70%	5.55%	5.55%	52	5.69%	8.53%	8.53%
31	3.78%	5.66%	5.66%	53	5.79%	8.69%	8.69%
32	3.85%	5.78%	5.78%	54	5.90%	8.85%	8.85%
33	3.93%	5.90%	5.90%	55	6.01%	9.02%	9.02%
34	4.01%	6.02%	6.02%	56	6.12%	9.18%	9.18%
35	4.10%	6.14%	6.14%	57	6.23%	9.35%	9.35%
36	4.18%	6.27%	6.27%	58	6.34%	9.52%	9.52%
37	4.26%	6.40%	6.40%	59	6.46%	9.69%	9.69%

Interest: 8.25%

Salary: 4.50%

Mortality: 1994 Uninsured Pensioner

San Diego County Employees' Retirement Association
 June 30, 2002 Actuarial Valuation
 Member Contribution Rates
 General Members - Tier I

NORMAL PLUS COST-OF-LIVING RATES

Entry Age	Integrated			Entry Age	Integrated		
	First \$350/Mo.	Over \$350/Mo.	Non-Integrated		First \$350/Mo.	Over \$350/Mo.	Non-Integrated
16	3.53%	5.30%	5.30%	38	5.60%	8.41%	8.41%
17	3.61%	5.42%	5.42%	39	5.72%	8.57%	8.57%
18	3.69%	5.54%	5.54%	40	5.83%	8.75%	8.75%
19	3.77%	5.66%	5.66%	41	5.95%	8.92%	8.92%
20	3.86%	5.78%	5.78%	42	6.06%	9.09%	9.09%
21	3.94%	5.91%	5.91%	43	6.18%	9.27%	9.27%
22	4.03%	6.04%	6.04%	44	6.30%	9.45%	9.45%
23	4.11%	6.17%	6.17%	45	6.43%	9.64%	9.64%
24	4.20%	6.30%	6.30%	46	6.55%	9.82%	9.82%
25	4.29%	6.44%	6.44%	47	6.67%	10.01%	10.01%
26	4.38%	6.57%	6.57%	48	6.80%	10.20%	10.20%
27	4.48%	6.71%	6.71%	49	6.93%	10.40%	10.40%
28	4.57%	6.86%	6.86%	50	7.06%	10.59%	10.59%
29	4.67%	7.00%	7.00%	51	7.20%	10.79%	10.79%
30	4.76%	7.15%	7.15%	52	7.33%	10.99%	10.99%
31	4.86%	7.30%	7.30%	53	7.47%	11.20%	11.20%
32	4.96%	7.45%	7.45%	54	7.60%	11.41%	11.41%
33	5.07%	7.60%	7.60%	55	7.74%	11.61%	11.61%
34	5.17%	7.76%	7.76%	56	7.88%	11.83%	11.83%
35	5.28%	7.92%	7.92%	57	8.03%	12.04%	12.04%
36	5.38%	8.08%	8.08%	58	8.17%	12.26%	12.26%
37	5.49%	8.24%	8.24%	59	8.32%	12.48%	12.48%

Interest: 8.25%

Salary: 4.50%

Mortality: 1994 Uninsured Pensioner

San Diego County Employees' Retirement Association

June 30, 2002 Actuarial Valuation

Member Contribution Rates

General Members - Tier A

NORMAL RATES ONLY

Entry Age	Integrated			Entry Age	Integrated		
	First \$350/Mo.	Over \$350/Mo.	Non- Integrated		First \$350/Mo.	Over \$350/Mo.	Non- Integrated
16	3.28%	4.92%	4.92%	36	4.95%	7.42%	7.42%
17	3.35%	5.03%	5.03%	37	5.05%	7.57%	7.57%
18	3.42%	5.13%	5.13%	38	5.14%	7.72%	7.72%
19	3.50%	5.24%	5.24%	39	5.24%	7.87%	7.87%
20	3.57%	5.36%	5.36%	40	5.35%	8.02%	8.02%
21	3.65%	5.47%	5.47%	41	5.45%	8.18%	8.18%
22	3.72%	5.59%	5.59%	42	5.55%	8.33%	8.33%
23	3.80%	5.71%	5.71%	43	5.66%	8.49%	8.49%
24	3.88%	5.83%	5.83%	44	5.77%	8.65%	8.65%
25	3.97%	5.95%	5.95%	45	5.88%	8.82%	8.82%
26	4.05%	6.07%	6.07%	46	5.99%	8.98%	8.98%
27	4.13%	6.20%	6.20%	47	6.10%	9.15%	9.15%
28	4.22%	6.33%	6.33%	48	6.21%	9.32%	9.32%
29	4.30%	6.46%	6.46%	49	6.33%	9.49%	9.49%
30	4.39%	6.59%	6.59%	50	6.44%	9.67%	9.67%
31	4.48%	6.72%	6.72%	51	6.56%	9.84%	9.84%
32	4.57%	6.86%	6.86%	52	6.68%	10.02%	10.02%
33	4.66%	7.00%	7.00%	53	6.80%	10.20%	10.20%
34	4.76%	7.14%	7.14%	54	6.92%	10.38%	10.38%
35	4.85%	7.28%	7.28%				

Interest: 8.25%

Salary: 4.50%

Mortality: 1994 Uninsured Pensioner

San Diego County Employees' Retirement Association

June 30, 2002 Actuarial Valuation

Member Contribution Rates

General Members - Tier A

NORMAL PLUS COST-OF-LIVING RATES

Entry Age	Integrated			Entry Age	Integrated		
	First \$350/Mo.	Over \$350/Mo.	Non- Integrated		First \$350/Mo.	Over \$350/Mo.	Non- Integrated
16	4.41%	6.61%	6.61%	36	6.65%	9.98%	9.98%
17	4.50%	6.76%	6.76%	37	6.78%	10.17%	10.17%
18	4.60%	6.90%	6.90%	38	6.92%	10.37%	10.37%
19	4.70%	7.05%	7.05%	39	7.05%	10.58%	10.58%
20	4.80%	7.20%	7.20%	40	7.19%	10.78%	10.78%
21	4.90%	7.35%	7.35%	41	7.33%	10.99%	10.99%
22	5.01%	7.51%	7.51%	42	7.47%	11.20%	11.20%
23	5.11%	7.67%	7.67%	43	7.61%	11.41%	11.41%
24	5.22%	7.83%	7.83%	44	7.75%	11.63%	11.63%
25	5.33%	8.00%	8.00%	45	7.90%	11.85%	11.85%
26	5.44%	8.16%	8.16%	46	8.05%	12.07%	12.07%
27	5.55%	8.33%	8.33%	47	8.20%	12.30%	12.30%
28	5.67%	8.50%	8.50%	48	8.35%	12.53%	12.53%
29	5.79%	8.68%	8.68%	49	8.51%	12.76%	12.76%
30	5.90%	8.86%	8.86%	50	8.66%	12.99%	12.99%
31	6.02%	9.04%	9.04%	51	8.82%	13.23%	13.23%
32	6.15%	9.22%	9.22%	52	8.98%	13.47%	13.47%
33	6.27%	9.40%	9.40%	53	9.14%	13.71%	13.71%
34	6.39%	9.59%	9.59%	54	9.31%	13.96%	13.96%
35	6.52%	9.78%	9.78%				

Interest: 8.25%

Salary: 4.50%

Mortality: 1994 Uninsured Pensioner

San Diego County Employees' Retirement Association

June 30, 2002 Actuarial Valuation

Member Contribution Rates

Safety Members

NON-INTEGRATED

<u>Entry Age</u>	<u>Normal Rates Only</u>	<u>Normal Plus Cost-of-living</u>	<u>Entry Age</u>	<u>Normal Rates Only</u>	<u>Normal Plus Cost-of-living</u>
16	5.64%	7.59%	33	7.96%	10.70%
17	5.76%	7.75%	34	8.11%	10.91%
18	5.88%	7.91%	35	8.27%	11.12%
19	6.01%	8.08%	36	8.43%	11.34%
20	6.13%	8.25%	37	8.59%	11.55%
21	6.26%	8.42%	38	8.76%	11.78%
22	6.39%	8.59%	39	8.92%	12.00%
23	6.52%	8.77%	40	9.09%	12.23%
24	6.66%	8.95%	41	9.26%	12.46%
25	6.79%	9.14%	42	9.44%	12.69%
26	6.93%	9.32%	43	9.61%	12.92%
27	7.07%	9.51%	44	9.79%	13.16%
28	7.21%	9.70%	45	9.97%	13.40%
29	7.36%	9.90%	46	10.15%	13.65%
30	7.51%	10.09%	47	10.33%	13.90%
31	7.65%	10.29%	48	10.52%	14.15%
32	7.80%	10.50%	49	10.71%	14.40%

Interest: 8.25%

Salary: 4.50%

Mortality: 1994 Uninsured Pensioner

APPENDIX B:
RETIREMENT AGE FACTORS

San Diego County Employees' Retirement Association
 June 30, 2002 Actuarial Valuation
**Selected Retirement Age Factors as Contained in
 County Employees Retirement Law of 1937**

Retirement Age	General Tier I (\$31676.12)	Retirement Age	General Tier A (\$31676.17)	Retirement Age	Safety 3% at 50 (\$31664.1)
50	.6681	50	1.0000	41	.6258
51	.7056	51	1.0500	42	.6625
52	.7454	52	1.1000	43	.7004
53	.7882	53	1.1500	44	.7397
54	.8346	54	1.2000	45	.7805
55	.8850	55	1.2500	46	.8226
56	.9399	56	1.3000	47	.8678
57	1.0000	57	1.3500	48	.9085
58	1.0447	58	1.4000	49	.9522
59	1.1048	59	1.4500	50+	1.0000
60	1.1686	60+	1.5000		
61	1.2365				
62+	1.3093				

County Employees' Retirement Law of 1937 provides for application of a factor to a members' benefit, according to age upon retirement. Rates begin at age 50 for General members, and at age 41 for Safety members.

These factors are applied to the benefit formulas reflected on the Summary of Benefit Provisions.