

**San Diego County Employees
Retirement Association**

*Actuarial Valuation and Review
as of June 30, 2010*

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October 28, 2010

*Board of Retirement
San Diego County Employees Retirement Association
2275 Rio Bonito Way, Suite 200
San Diego, CA 92108-1685*

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2010. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2011-2012 and analyzes the preceding year's experience.


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

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Retirement are reasonably related to the experience of and the expectations for the Plan. The undersigned are Members of the American Academy of Actuaries and meet the qualification standards to render the actuarial opinion herein.

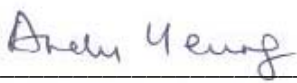
We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: 

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

By: 

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

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SECTION 1: Valuation Summary for the San Diego County Employees Retirement Association

Purpose

This report has been prepared by The Segal Company to present a valuation of the San Diego County Employees Retirement Association as of June 30, 2010. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement Association, as administered by the Board of Retirement;
- The characteristics of covered active members, deferred terminated members, retired members and beneficiaries as of June 30, 2010, provided by the Retirement Association;
- The assets of the Plan as of June 30, 2010, provided by the Retirement Association;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

One of the general goals of an actuarial valuation is to establish contributions that fully fund the Association's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

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

The contribution requirements are determined as a percentage of payroll. The Association's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. Effective with the June 30, 2004 valuation, we have modified our calculations to reflect the Board's new funding policy to amortize the Association's unfunded actuarial accrued liability as 20-year fixed (i.e., decreasing) layered amortization periods.

In this year's valuation, we have applied the 8.00% net investment earnings, 3.50% inflation, 0.75% across-the-board and the other non-economic assumptions adopted by the Board as a result of the recent triennial experience study as of June 30, 2009. The 8.00% net investment earnings assumption has been developed without taking into consideration the impact of any future allocations of "excess earnings" as described in the Board's interest crediting and excess earnings policy.

SECTION 1: Valuation Summary for the San Diego County Employees Retirement Association

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2011 through June 30, 2012.

Significant Issues in This Valuation

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

- The results of this valuation reflect changes in the actuarial assumptions adopted by the Board for the June 30, 2010 Actuarial Valuation. These changes were documented in our Actuarial Experience Study during the period July 1, 2006 through June 30, 2009 and the Review of Economic Actuarial Assumptions. They are outlined in Section 4, Exhibit IV of this report.
- Reference: Pg. 33* ➤ The ratio of the valuation value of assets to actuarial accrued liabilities decreased from 91.5% to 84.3%. The Association's unfunded actuarial accrued liability increased from \$785.6 million as of June 30, 2009 to \$1,565.9 million as of June 30, 2010. This increase in the UAAL is primarily due to lower than expected returns on the valuation value of assets after "smoothing". Also contributing to this increase in the UAAL was the effect of the new actuarial assumptions adopted by the Board for this valuation. The increase in the UAAL was offset to some degree by lower than expected salary increases and lower than expected cost-of-living increases in benefits during 2009-2010. A complete reconciliation of the Association's unfunded actuarial accrued liability is provided in Section 3, Exhibit H.
- Reference: Pg. 18* ➤ The total employer contribution rate calculated in this valuation has increased from 20.46% of payroll to 26.98% of payroll primarily due to lower than expected returns on the valuation value of assets after "smoothing" and the effect of the new actuarial assumptions adopted by the Board for this valuation. The increase in the employer contribution rate was offset to some degree by lower than expected actual salary increases and lower than expected cost-of-living increases in benefits during 2009-2010. A complete reconciliation of the Association's aggregate employer rate is provided in Section 2, Subsection D (see Chart 15).
- Reference: Pg. 19* ➤ The individual entry age based member rates changed as a result of the new actuarial assumptions adopted by the Board for this valuation. The average member rate calculated in this valuation increased from 10.28% of payroll to 10.94% of payroll. A complete reconciliation of the Association's average member rate is provided in Section 2, Subsection D (see Chart 16).
- Reference: Pg. 6* ➤ As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment loss as of June 30, 2010 was \$1,690.0 million (versus an unrecognized loss of \$2,381.1 million in the June 30, 2009 valuation). This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes over the next few years, to the extent it is not offset by recognition of investment gains derived from future experience. This implies that earning the assumed rate of investment return of 8.00% per year (net of expenses) on a **market value** basis will result in

SECTION 1: Valuation Summary for the San Diego County Employees Retirement Association

investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed 8.00% rate and all other actuarial assumptions are met, the contribution requirements would increase in each of the next few years as those losses are recognized.

The unrecognized investment losses represent 24.6% of the market value of assets as of June 30, 2010 (versus 38.5% as of June 30, 2009). Unless offset by future investment gains or other favorable experience, the recognition of the \$1,690.0 million market losses is expected to have a significant impact on the Association's future funded ratio and the aggregate employer contributions. This potential impact may be illustrated as follows:

- If the deferred losses were recognized immediately in the valuation value of assets, the funded percentage would decrease from 84.3% to 67.4%. The 67.4% funded percentage is developed after reflecting the new actuarial assumptions adopted by the Board for the June 30, 2010 valuation. The funded percentage would have been 70.4% before reflecting the new actuarial assumptions.

For comparison purposes, the funded percentage developed in the June 30, 2009 valuation if all the deferred losses were to be recognized immediately in that valuation was 65.6%.

- If the deferred losses were recognized immediately in the valuation value of assets, the aggregate employer contribution rate would increase from 26.98% of payroll to 38.00% of payroll. Again, the 38.00% of payroll rate is developed after reflecting the new actuarial assumptions adopted by the Board for the June 30, 2010 valuation. The employer contribution rate would have been 34.29% before reflecting the new actuarial assumptions.

For comparison purposes, the aggregate employer contribution rate developed in the June 30, 2009 valuation if all the deferred losses were to be recognized immediately in that valuation was 35.83%.

- The actuarial valuation report as of June 30, 2010 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.
- Effective August 28, 2009, the employer has implemented new "Tier B" plans for General (2.62% @ 62 under Section 31676.12 with three-year average compensation) and Safety (3% @ 55 under Section 31664.2 with three-year average compensation). Both of these tiers have a maximum 2% COLA. The costs associated with the new Tier B plans are reflected in the results of this valuation. Following the practice used by the Board in establishing the contribution rates for the current General Tier 1 and Tier A plans, a composite General contribution rate and a composite Safety contribution

SECTION 1: Valuation Summary for the San Diego County Employees Retirement Association

rate has been developed in the valuation based on the actual cost rates for each tier weighted by the payroll for covered members reported in each tier.

Impact of Future Experience on Contribution Rates

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

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

SECTION 1: Valuation Summary for the San Diego County Employees Retirement Association

Summary of Key Valuation Results (Dollar amounts in thousands)

	June 30, 2010		June 30, 2009	
Employer Contribution Rates:⁽¹⁾		Estimated		Estimated
	Total Rate	Annual Amount ⁽²⁾	Total Rate	Annual Amount ⁽²⁾
General Combined	24.11%	\$206,144	18.55%	\$158,605
Safety Combined	37.17%	89,420	27.22%	65,483
All Categories combined	26.98%	295,564	20.46%	224,088
Average Member Contribution Rates:⁽¹⁾		Estimated		Estimated
	Total Rate	Annual Amount ⁽²⁾	Total Rate	Annual Amount ⁽²⁾
General Tier 1	9.07%	\$206	8.67%	\$197
General Tier A	10.33%	87,197	9.85%	83,145
General Tier B	8.08%	698	7.65%	660
Safety Tier A	13.20%	31,597	11.89%	28,461
Safety Tier B	11.40%	137	10.24%	123
All Categories combined	10.94%	119,835	10.28%	112,586
Funded Status:				
Actuarial accrued liability	\$9,999,161		\$9,198,636	
Valuation value of assets	8,433,310		8,413,065	
Funded percentage	84.3%		91.5%	
Unfunded Actuarial Accrued Liability	\$1,565,851		\$785,571	
Key Assumptions:				
Interest rate	8.00%		8.25%	
Inflation rate	3.50%		3.75%	
Across the board inflation	0.75%		0.50%	

⁽¹⁾ Before reflection of any member rate that may be "picked-up" by the employer.

⁽²⁾ Based on June 30, 2010 projected annual compensation.

SECTION 1: Valuation Summary for the San Diego County Employees Retirement Association

Summary of Key Valuation Demographic and Financial Data

	June 30, 2010	June 30, 2009	Percentage Change
Active Members:			
Number of members	16,981	17,699	-4.1%
Average age	45.5	44.9	N/A
Average service	11.3	10.7	N/A
Projected total compensation	\$1,095,581,953	\$1,129,170,721	-3.0%
Average projected compensation	\$64,518	\$63,799	1.1%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	10,919	10,516	3.8%
Disability retired	1,610	1,572	2.4%
Beneficiaries	1,393	1,365	2.1%
Total	13,922	13,453	3.5%
Average age	68.8	68.7	N/A
Average monthly benefit	\$2,540	\$2,464	3.1%
Deferred Terminated Members:			
Number of deferred terminated members ⁽¹⁾	5,254	5,238	0.3%
Average age	45.6	45.2	N/A
Summary of Financial Data (dollar amounts in thousands):			
Market value of assets	\$6,878,165	\$6,191,953	11.1%
Return on market value of assets	13.39%	-25.71%	N/A
Actuarial value of assets	\$8,568,142	\$8,573,030	-0.1%
Return on actuarial value of assets	1.52%	1.51%	N/A
Valuation value of assets	\$8,433,310	\$8,413,065	0.2%
Return on valuation value of assets	1.53%	2.65%	N/A

⁽¹⁾ Includes members who choose to leave their contributions on deposit even though they have less than five years of service.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

A. MEMBER DATA

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

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

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

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

CHART 1
Member Population: 2001– 2010

Year Ended June 30	Active Members	Deferred Terminated Members	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2001	17,346	3,290	8,921	0.70
2002	18,276	3,323	9,657	0.71
2003	18,466	3,910	10,253	0.77
2004	17,717	4,280	10,770	0.85
2005	16,980	4,673	11,436	0.95
2006	17,451	4,687	12,049	0.96
2007	17,733	4,908	12,504	0.98
2008	18,041	5,147	12,991	1.01
2009	17,699	5,238	13,453	1.06
2010	16,981	5,254	13,922	1.13

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 16,981 active members with an average age of 45.5, average years of service of 11.3 years and average projected compensation of \$64,518. The 17,699 active members in the prior valuation had an average age of 44.9, average service of 10.7 years and average projected compensation of \$63,799.

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

Deferred Terminated Members

In this year's valuation, there were 5,254 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 5,238 in the prior valuation.

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

CHART 2
Distribution of Active Members by Age as of June 30, 2010

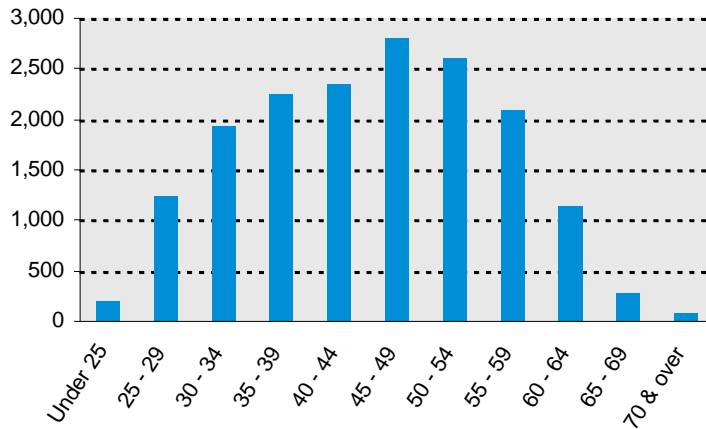
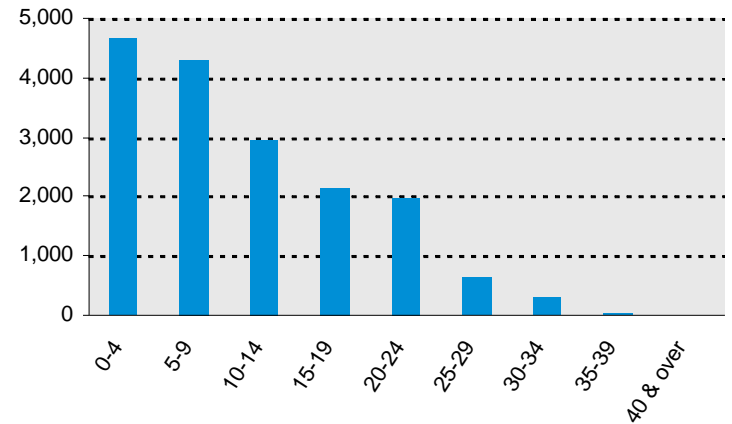


CHART 3
Distribution of Active Members by Years of Service as of June 30, 2010



SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

Retired Members and Beneficiaries

As of June 30, 2010, 12,529 retired members and 1,393 beneficiaries were receiving total monthly benefits of \$35,361,061. For comparison, in the previous valuation, there were 12,088 retired members and 1,365 beneficiaries receiving monthly benefits of \$33,147,234.

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

CHART 4
Distribution of Retired Members by Type and by Monthly Amount as of June 30, 2010

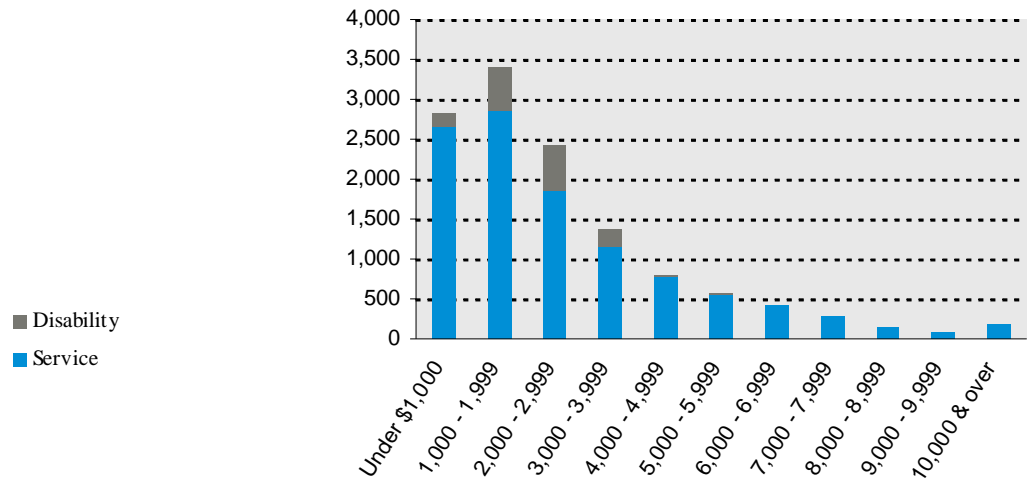
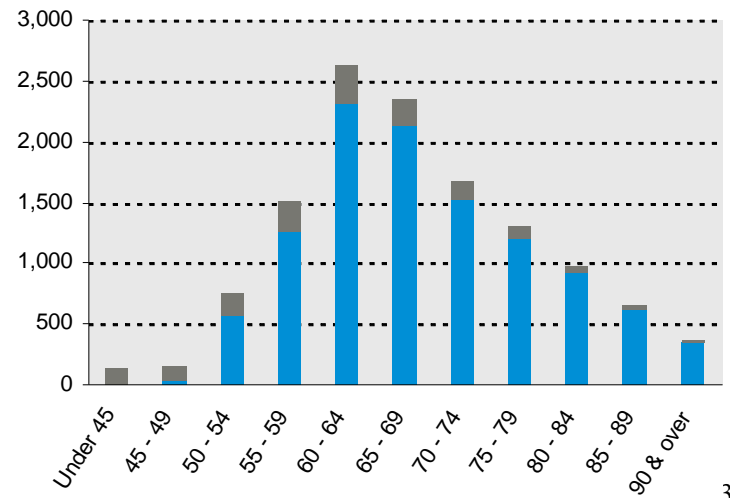


CHART 5
Distribution of Retired Members by Type and by Age as of June 30, 2010



SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

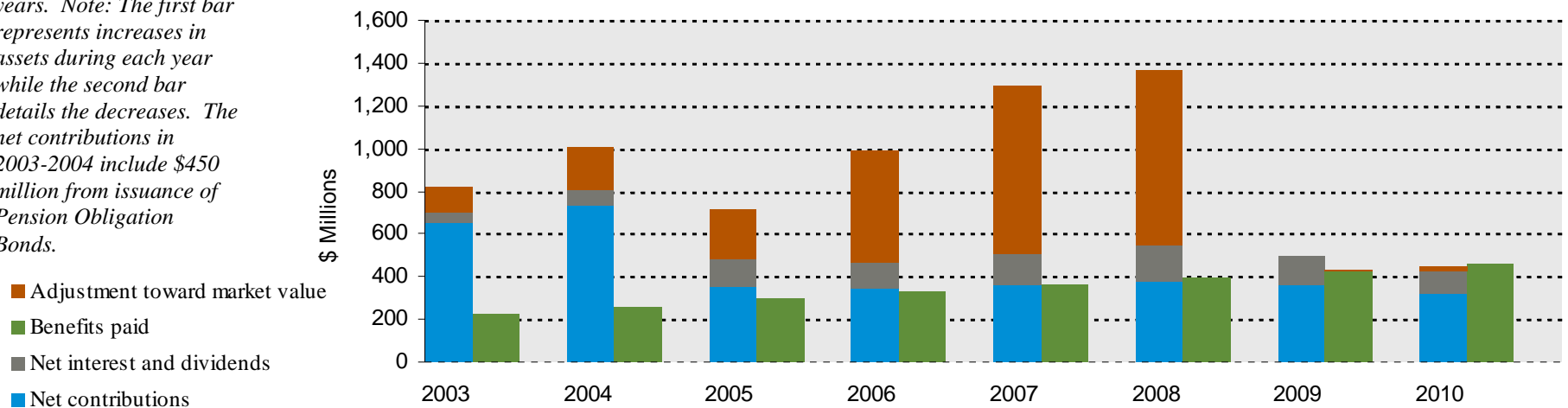
B. FINANCIAL INFORMATION

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

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

The chart depicts the components of changes in the actuarial value of assets over the last eight years. Note: The first bar represents increases in assets during each year while the second bar details the decreases. The net contributions in 2003-2004 include \$450 million from issuance of Pension Obligation Bonds.

CHART 6
Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2003 – 2010



SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

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

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The determination of the actuarial and valuation value of assets is provided on the following page.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

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

CHART 7

Determination of Actuarial and Valuation Value of Assets for Year Ended June 30, 2010

Six Month Period		Total Actual Market	Expected Market	Investment Gain	Deferred	Deferred Return
From	To	Return (net)	Return (net)	(Loss)	Factor	
7/2005	12/2005	565,517,934	262,672,774	302,845,160	0.0	\$0
1/2006	6/2006	388,653,398	286,420,193	102,233,205	0.1	10,223,320
7/2006	12/2006	556,128,897	302,680,212	253,448,686	0.2	50,689,737
1/2007	6/2007	552,867,341	325,757,782	227,109,559	0.3	68,132,868
7/2007	12/2007	311,315,142	348,358,000	(37,042,857)	0.4	(14,817,143)
1/2008	6/2008	(326,670,408)	360,831,645	(687,502,053)	0.5	(343,751,026)
7/2008	12/2008	(2,499,382,909)	346,476,271	(2,845,859,180)	0.6	(1,707,515,508)
1/2009	6/2009	345,409,043	242,171,217	103,237,826	0.7	72,266,478
7/2009	12/2009	977,086,049	254,188,608	722,897,441	0.8	578,317,953
1/2010	6/2010	(156,710,097)	291,649,269	(448,359,366)	0.9	(403,523,429)
1.	Total Deferred Return					\$(1,689,976,750)
2.	Net Market Value of Assets					6,878,165,109
3.	a. Actuarial Value of Assets (Item 2 – Item 1)					8,568,141,859
	b. Ratio of Actuarial Value of Assets to Net Market Value of Assets (Item 3a / Item 2)					124.6%
4.	Non-valuation reserves					
	a. Supplemental Benefit Reserve					\$111,244,326
	b. 401(h) Reserve					9,220,842
	c. Disability Supplemental Benefit Reserve					14,366,270
	d. Contingency Reserve					0
	e. Undistributed Reserve					0
	f. Subtotal					\$134,831,438
5.	Valuation Value of Assets (Item 3a – Item 4f)					8,433,310,421
6.	Amount of Deferred Returns to be recognized in the following valuations:					
	a. June 30, 2011					\$(532,190,668)
	b. June 30, 2012					(615,814,682)
	c. June 30, 2013					(562,366,861)
	d. June 30, 2014					65,231,398
	e. June 30, 2015					(44,835,937)

Note: Results may not add due to rounding.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

CHART 8

Allocation of Valuation Value of Assets as of June 30, 2010

The allocation of the valuation reserves between General and Safety is provided below:

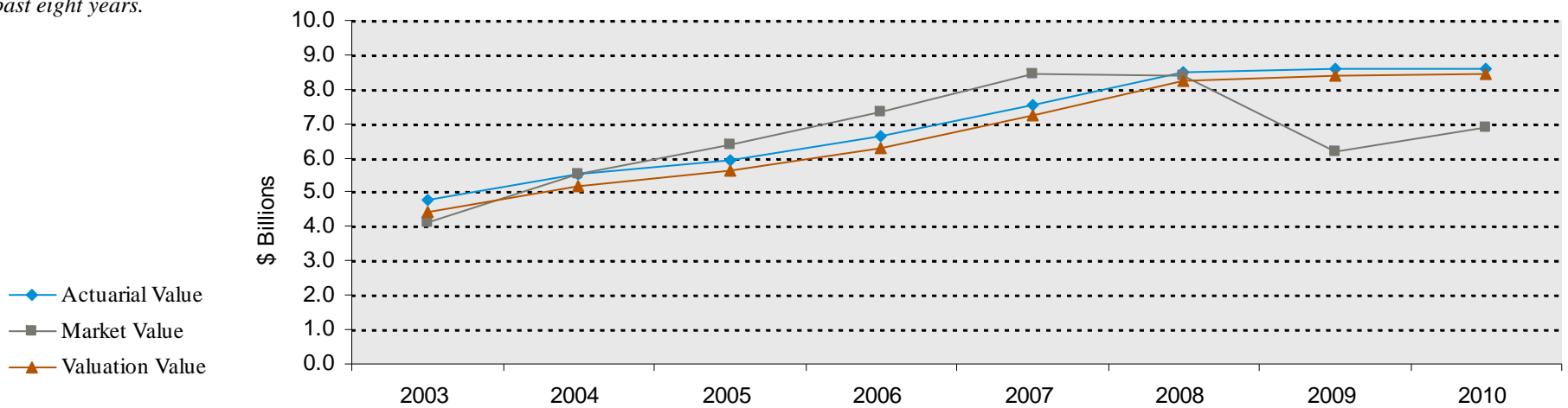
	General	Safety	Total
1 Beginning of Year Asset Allocation	\$6,118,539,780	\$2,294,525,392	\$8,413,065,173
2 Percentage of Total Employee Contributions Excluding Pickups	79.50%	20.50%	100.00%
3 Employee Contributions, Allocated in Proportion to (2)	\$36,902,739	\$9,513,337	\$46,416,076
4.1 Percentage of Total Employer Contributions Including Pickups	70.32%	29.68%	100.00%
4.2 Employer Contributions Including Pickups, Allocated in Proportion to (4.1)	\$181,343,084	\$76,553,396	\$257,896,480
5 Annual Allowances for Retired Members (From Last Year's Valuation Report)	\$300,457,056	\$97,296,096	\$397,753,152
6.1 Benefit Payments Allocated in Proportion to (5)	\$309,074,471	\$100,086,647	\$409,161,118
6.2 Refunds, Allocated in Proportion to (2)	\$2,061,275	\$531,386	\$2,592,661
7 Subtotal = (1) + (3) + (4.2) – (6.1) – (6.2)	\$6,025,649,857	\$2,279,974,092	\$8,305,623,950
8 Total Valuation Value of Assets			\$8,433,310,421
9 Residual to Allocate = (8) – (7)			\$127,686,471
10 Allocate Residual in Proportion to (7)	\$92,635,300	\$35,051,171	\$127,686,471
11 End of Year Asset Allocation = (7) + (10)	\$6,118,285,157	\$2,315,025,263	\$8,433,310,421

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

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

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

CHART 9
Market Value, Actuarial Value and Valuation Value of Assets as of June 30, 2003 –2010



SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

C. ACTUARIAL EXPERIENCE

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

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

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

The total experience loss was \$338.2 million, a loss of \$562.0 million from investments and a gain of \$223.7 million from all other sources. The gain from all other sources was 2.2% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

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

CHART 10
Actuarial Experience for Year Ended June 30, 2010

1. Net gain/(loss) from investments on valuation value of assets ⁽¹⁾	(\$561,959,000)
2. Net gain/(loss) from other experience ⁽²⁾	<u>223,723,000</u>
3. Net experience gain/(loss): (1) + (2)	(\$338,236,000)

⁽¹⁾ Details in Chart 11

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

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on SDCERA’s investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets used in the June 30, 2009 valuation was 8.25%. The actual rate of return on a valuation basis for the 2009/2010 plan year was 1.53%.

Since the actual return for the year was less than the assumed return, SDCERA experienced an actuarial loss during the year ended June 30, 2010 with regard to its investments.

CHART 11

Investment Experience for Year Ended June 30, 2010 – Valuation Value and Actuarial Value of Assets

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

	Valuation Value	Actuarial Value
1. Actual return	\$127,686,000	\$129,275,000
2. Average value of assets	8,359,345,000	8,505,948,000
3. Actual rate of return: (1) ÷ (2)	1.53%	1.52%
4. Assumed rate of return	8.25%	8.25%
5. Expected return: (2) x (4)	689,646,000	701,741,000
6. Actuarial gain/(loss): (1) – (5)	<u>(\$561,959,000)</u>	<u>(\$572,466,000)</u>

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

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

Based upon the recommendations from the June 30, 2010 Review of Economic Actuarial Assumptions, future expectations and discussions with the Board, we have changed the assumed rate of return from 8.25% to 8.00%.

CHART 12

Investment Return – Actuarial Value, Valuation Value and Market Value: 2003 – 2010 (Dollar amount in thousands)

Year Ended June 30	Valuation Value Investment Return		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2003	\$128,191	3.05%	\$167,213	3.69%	\$142,954	3.68%
2004	235,037	5.28%	272,339	5.69%	929,064	22.57%
2005	339,407	6.50%	359,888	6.48%	787,268	14.21%
2006	588,807	10.43%	642,588	10.79%	954,171	14.98%
2007	866,669	13.78%	926,575	14.02%	1,108,996	15.12%
2008	989,464	13.65%	988,906	13.14%	-15,355	-0.18%
2009	217,866	2.65%	128,063	1.51%	-2,153,974	-25.71%
2010	127,686	1.53%	129,275	1.52%	820,376	13.39%
Total	\$3,493,127		\$3,614,847		\$2,573,500	
Average Last 8 Years		7.01%		7.00%		6.18%

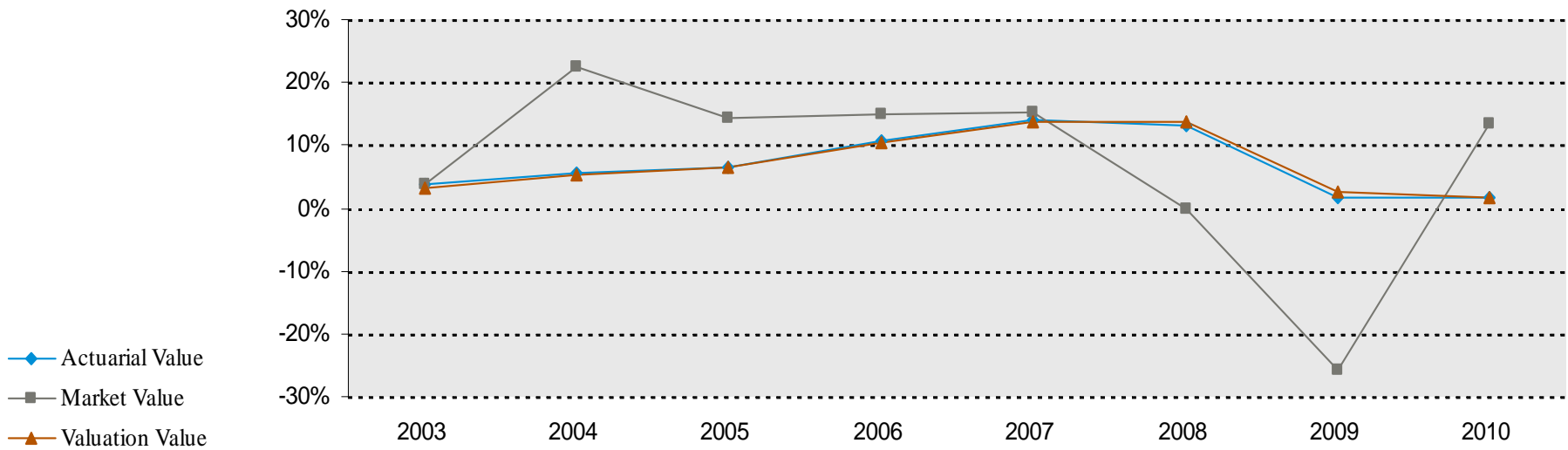
SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

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

This chart illustrates how this leveling effect has actually worked over the years 2003 - 2010.

CHART 13

Market, Actuarial and Valuation Rates of Return for Years Ended June 30, 2003 - 2010



SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

Other Experience

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

These include:

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

- the number of disability retirements,
- salary increases different than assumed, and
- data adjustments for retiree benefits and active pay for performance.

The net gain from this other experience for the year ended June 30, 2010 amounted to \$223.7 million, which was 2.2% of the actuarial accrued liability. See Exhibit H for a detailed development of the Unfunded Actuarial Accrued Liability.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost

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

Contribution to the Unfunded

Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative unfunded actuarial accrued liability) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the Association) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the combined annual inflation and across-the-board salary increase rate of 4.25%. Effective with the June 30, 2004 actuarial valuation, the Association's UAAL will be amortized over 20-year fixed (i.e. decreasing) layered amortization periods.

The recommended employer contributions are provided on Charts 14a and 14b.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

Member Contributions

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and Safety members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to 1/100 of Final Average Compensation for General and Safety members. A One-Year Final Average Compensation is used for General Tier 1, General Tier A and Safety Tier A. A Three-Year Final Average Compensation is used for General Tier B and Safety Tier B. That age is 60 for General Tier 1 and Tier B members, 55 for General Tier A members and 50 for Safety Tier A and Tier B members. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions, members pay one-half of the total normal cost necessary to fund their cost-of-living benefits. Accumulation includes semi-annual crediting of interest at half of the assumed investment earning rate. The member contribution rates are provided in Appendix A. Please note that the member rates provided in the report are the full rate before reflecting any employer pickup.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

CHART 14a

Recommended Employer Contribution Rates (Dollar Amounts in Thousands)

	June 30, 2010 Actuarial Valuation		June 30, 2009 Actuarial Valuation	
	Rate	Estimated Annual Amount*	Rate	Estimated Annual Amount*
General Members				
Normal Cost – Basic Only	10.06%	\$86,014	9.65%	\$82,509
Normal Cost – COLA Only	3.00%	\$25,651	2.80%	\$23,940
Normal Cost – Total **	13.06%	\$111,665	12.45%	\$106,449
UAAL (Basic and COLA)**	11.05%	\$94,479	6.10%	\$52,156
Total Contribution	24.11%	\$206,144	18.55%	\$158,605
Safety Members				
Normal Cost – Basic Only	15.96%	\$38,395	14.40%	\$34,642
Normal Cost – COLA Only	4.96%	\$11,932	4.32%	\$10,393
Normal Cost – Total **	20.92%	\$50,327	18.72%	\$45,035
UAAL (Basic and COLA)**	16.25%	\$39,093	8.50%	\$20,448
Total Contribution	37.17%	\$89,420	27.22%	\$65,483
All Categories Combined				
Normal Cost – Basic Only	11.36%	\$124,409	10.69%	\$117,151
Normal Cost – COLA Only	3.43%	\$37,583	3.14%	\$34,333
Normal Cost – Total **	14.79%	\$161,992	13.83%	\$151,484
UAAL (Basic and COLA)**	12.19%	\$133,572	6.63%	\$72,604
Total Contribution	26.98%	\$295,564	20.46%	\$224,088

* Amounts are in thousands and are based on June 30, 2010 projected annual payroll (Also in thousands):

General Tier 1	\$2,268
General Tier A	\$844,112
General Tier B	\$8,633
General Subtotal	\$855,013
Safety Tier A	\$239,371
Safety Tier B	\$1,198
Safety Subtotal	\$240,569
Total	\$1,095,582

** A breakdown of the employer's total Normal Cost and UAAL to fund for each type of benefit is provided in Chart 14b.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

CHART 14b

Breakdown of the Employer’s Normal Cost and UAAL Contributions to Fund for Each Type of Benefit (% of Payroll)

Normal Cost	Elements of Normal Cost		
	General	Safety	Overall
Service Retirement*	7.73%	9.68%	8.16%
Vested Termination and Ordinary Withdrawal	3.24%	3.14%	3.22%
Non Service and Service Connected Disability	1.73%	7.34%	2.96%
Non Service and Service Connected Death	0.36%	0.76%	0.45%
Total Employer Normal Cost	13.06%	20.92%	14.79%
Total Employee Normal Cost*	10.30%	13.19%	10.94%
Employer Plus Employee Normal Cost	23.36%	34.11%	25.73%

* Assuming that employee normal cost is only used to fund service retirement benefit.

Unfunded Actuarial Accrued Liability**	Elements of UAAL**		
	General	Safety	Overall
Service Retirement	10.54%	14.30%	11.37%
Vested Termination and Ordinary Withdrawal	0.07%	0.07%	0.07%
Non Service and Service Connected Disability	0.32%	1.69%	0.62%
Non Service and Service Connected Death	0.12%	0.19%	0.13%
Total Employer Unfunded Actuarial Accrued Liability	11.05%	16.25%	12.19%

** Assuming that the liability for all inactive members is fully funded.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

The contribution rates as of June 30, 2010 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

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

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

CHART 15

Reconciliation of Recommended Employer Contribution from June 30, 2009 to June 30, 2010 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Annual Dollar Cost ⁽¹⁾
Recommended Average Employer Contribution Rate as of June 30, 2009, Before Reflecting Any Employer Pickups	20.46%	\$224,088
Effect of investment loss ⁽²⁾	3.74%	\$40,975
Effect of difference in actual versus expected total and individual salary increases	-0.59%	-\$6,424
Effect of difference in actual versus expected cost-of-living benefit increases for retirees and beneficiaries	-0.41%	-\$4,492
Effect of one-year delay in implementation of contribution rates calculated in June 30, 2009 valuation	0.16%	\$1,753
Effect of changes in actuarial assumptions	3.71%	\$40,646
Effect of other actuarial gains or losses	-0.09%	-\$982
Subtotal	6.52%	\$71,476
Recommended Average Employer Contribution Rate as of June 30, 2010, Before Reflecting Any Employer Pickups	26.98%	\$295,564

⁽¹⁾ Based on June 30, 2010 projected annual payroll of \$1,095,581,953.

⁽²⁾ Return on valuation value of assets was 1.53% and less than the 8.25% assumed in the June 30, 2009 valuation.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

The individual entry age based member contribution rates as of June 30, 2010 have been recalculated based on the new actuarial assumptions adopted by the Board from the Actuarial Experience Study during the period July 1, 2006 through June 30, 2009 and the Review of Economic Actuarial Assumptions for the June 30, 2010 valuation.

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

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

CHART 16
Reconciliation of Recommended Member Contribution from June 30, 2009 to June 30, 2010 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Annual Dollar Cost ⁽¹⁾
Recommended Average Member Contribution Rate as of June 30, 2009, Before Reflecting Any Employer Pickups	10.28%	\$112,586
Effect of changes in actuarial assumptions	0.66%	\$7,249
Recommended Average Member Contribution Rate as of June 30, 2010, Before Reflecting Any Employer Pickups	10.94%	\$119,835

⁽¹⁾ Based on June 30, 2010 projected annual payroll of \$1,095,581,953.

SECTION 2: Valuation Results for the San Diego County Employees Retirement Association

E. INFORMATION REQUIRED BY GASB

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

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

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

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

These graphs show key GASB factors.

CHART 17
Required Versus Actual Contributions

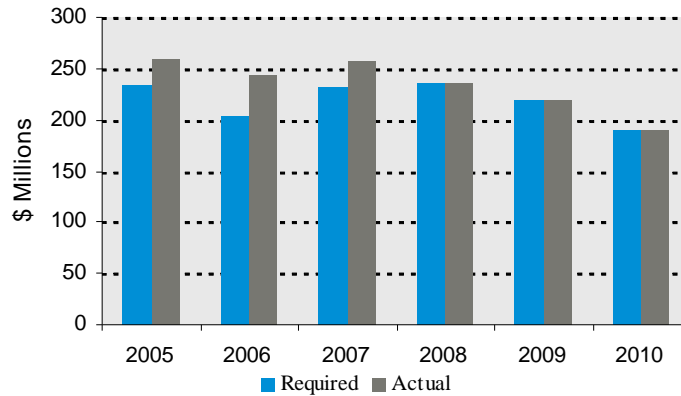
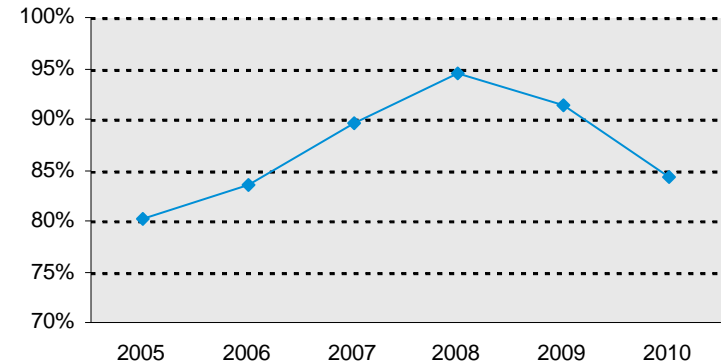


CHART 18
Funded Ratio



SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT A

Table of Plan Coverage

i. General

Category	Year Ended June 30		Change From Prior Year
	2010	2009	
Active members in valuation			
Number	13,673	14,257	-4.1%
Average age	46.6	46.0	N/A
Average service	11.2	10.5	N/A
Projected total compensation	\$855,012,657	\$881,141,156	-3.0%
Projected average compensation	\$62,533	\$61,804	1.2%
Account balances	\$300,211,592	\$281,892,971	6.5%
Total active vested members	9,890	9,957	-0.7%
Deferred terminated members	4,632	4,625	0.2%
Retired members			
Number in pay status	9,670	9,341	3.5%
Average age	69.8	69.7	N/A
Average monthly benefit	\$2,403	\$2,336	2.9%
Disabled members			
Number in pay status	968	955	1.4%
Average age	63.5	62.9	N/A
Average monthly benefit	\$1,803	\$1,750	3.0%
Beneficiaries			
Number in pay status	1,260	1,249	0.9%
Average age	76.6	76.4	N/A
Average monthly benefit	\$1,290	\$1,238	4.2%

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT A

Table of Plan Coverage

ii. Safety

Category	Year Ended June 30		Change From Prior Year
	2010	2009	
Active members in valuation			
Number	3,308	3,442	-3.9%
Average age	41.2	40.6	N/A
Average service	12.0	11.4	N/A
Projected total compensation	\$240,569,296	\$248,029,565	-3.0%
Projected average compensation	\$72,723	\$72,060	0.9%
Account balances	\$91,374,658	\$87,857,787	4.0%
Total active vested members	2,446	2,466	-0.8%
Deferred terminated members			
	622	613	1.5%
Retired members			
Number in pay status	1,249	1,175	6.3%
Average age	63.2	62.9	N/A
Average monthly benefit	\$4,998	\$4,926	1.5%
Disabled members			
Number in pay status	642	617	4.1%
Average age	57.9	57.4	N/A
Average monthly benefit	\$3,348	\$3,250	3.0%
Beneficiaries			
Number in pay status	133	116	14.7%
Average age	67.7	67.5	N/A
Average monthly benefit	\$2,734	\$2,713	0.8%

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2010
By Age and Years of Service**

i. General Tier 1

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
25 - 29	1	--	1	--	--	--	--	--	--	--
	\$45,907	--	\$45,907	--	--	--	--	--	--	--
30 - 34	1	--	1	--	--	--	--	--	--	--
	82,535	--	82,535	--	--	--	--	--	--	--
35 - 39	9	--	6	3	--	--	--	--	--	--
	75,185	--	68,153	\$89,250	--	--	--	--	--	--
40 - 44	2	--	1	1	--	--	--	--	--	--
	85,716	--	127,756	43,675	--	--	--	--	--	--
45 - 49	4	--	3	--	1	--	--	--	--	--
	48,607	--	48,742	--	\$48,204	--	--	--	--	--
50 - 54	2	--	1	--	--	1	--	--	--	--
	48,204	--	48,204	--	--	\$48,204	--	--	--	--
55 - 59	13	--	9	4	--	--	--	--	--	--
	47,930	--	49,711	43,924	--	--	--	--	--	--
60 - 64	5	1	3	--	1	--	--	--	--	--
	34,275	16,182	40,074	--	34,971	--	--	--	--	--
65 - 69	3	--	3	--	--	--	--	--	--	--
	37,740	--	37,740	--	--	--	--	--	--	--
70 & over	2	--	1	1	--	--	--	--	--	--
	46,216	--	36,628	55,804	--	--	--	--	--	--
Total	42	1	29	9	2	1	--	--	--	--
	\$53,988	\$16,182	\$54,380	\$60,325	\$41,588	\$48,204	--	--	--	--

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2010
By Age and Years of Service**

ii. General Tier A

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	102	99	3	--	--	--	--	--	--	--
	\$38,935	\$38,651	\$48,300	--	--	--	--	--	--	--
25 - 29	841	685	156	--	--	--	--	--	--	--
	48,221	47,729	50,378	--	--	--	--	--	--	--
30 - 34	1,456	746	623	85	2	--	--	--	--	--
	58,091	56,513	59,383	\$62,286	\$65,513	--	--	--	--	--
35 - 39	1,603	540	656	352	54	1	--	--	--	--
	62,565	58,040	64,143	66,436	63,365	\$65,391	--	--	--	--
40 - 44	1,694	415	486	375	288	125	5	--	--	--
	64,545	57,208	64,105	71,455	67,700	62,340	\$71,391	--	--	--
45 - 49	2,178	379	495	387	422	406	79	10	--	--
	64,418	56,642	58,229	64,333	69,517	73,619	66,091	\$66,766	--	--
50 - 54	2,262	344	481	390	353	451	169	73	1	--
	65,495	52,875	58,068	63,980	68,440	77,288	76,454	69,487	\$67,711	--
55 - 59	1,895	243	392	343	289	325	152	129	22	--
	66,585	55,822	60,337	65,272	64,376	75,716	78,940	75,215	75,468	--
60 - 64	1,083	144	248	222	175	197	64	27	6	--
	63,076	56,831	56,916	61,766	65,323	71,908	69,964	68,849	61,028	--
65 - 69	272	26	92	47	49	37	9	11	1	--
	64,550	64,033	59,508	65,227	63,278	72,547	80,031	70,527	71,422	--
70 & over	82	8	24	15	16	11	4	2	--	2
	59,476	39,702	57,762	47,381	66,812	83,671	61,161	52,391	--	\$61,802
Total	13,468	3,629	3,656	2,216	1,648	1,553	482	252	30	2
	\$62,675	\$54,326	\$60,070	\$65,524	\$67,204	\$74,039	\$74,565	\$72,153	\$72,187	\$61,802

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2010
By Age and Years of Service**

iii. General Tier B

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	13	13	--	--	--	--	--	--	--	--
	\$44,962	\$44,962	--	--	--	--	--	--	--	--
25 - 29	42	42	--	--	--	--	--	--	--	--
	48,826	48,826	--	--	--	--	--	--	--	--
30 - 34	31	31	--	--	--	--	--	--	--	--
	49,235	49,235	--	--	--	--	--	--	--	--
35 - 39	26	26	--	--	--	--	--	--	--	--
	55,683	55,683	--	--	--	--	--	--	--	--
40 - 44	16	16	--	--	--	--	--	--	--	--
	60,691	60,691	--	--	--	--	--	--	--	--
45 - 49	7	6	1	--	--	--	--	--	--	--
	60,616	35,269	\$212,699	--	--	--	--	--	--	--
50 - 54	16	16	--	--	--	--	--	--	--	--
	54,388	54,388	--	--	--	--	--	--	--	--
55 - 59	10	10	--	--	--	--	--	--	--	--
	66,922	66,922	--	--	--	--	--	--	--	--
60 - 64	2	2	--	--	--	--	--	--	--	--
	44,305	44,305	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	163	162	1	--	--	--	--	--	--	--
	\$52,961	\$51,975	\$212,699	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2010
By Age and Years of Service**

iv. Safety Tier A

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over	
Under 25	81	81	--	--	--	--	--	--	--	--
	\$52,208	\$52,208	--	--	--	--	--	--	--	--
25 – 29	349	285	63	1	--	--	--	--	--	--
	57,212	55,749	\$63,360	\$86,687	--	--	--	--	--	--
30 – 34	443	197	172	74	--	--	--	--	--	--
	63,374	58,392	65,640	71,374	--	--	--	--	--	--
35 – 39	614	109	147	273	84	1	--	--	--	--
	70,130	58,503	65,555	74,226	\$79,948	\$66,765	--	--	--	--
40 – 44	629	77	78	173	204	97	--	--	--	--
	77,248	65,238	68,987	74,007	82,574	88,002	--	--	--	--
45 – 49	607	50	70	89	152	184	60	2	--	--
	80,816	70,534	68,881	75,729	80,126	87,207	\$92,940	\$82,828	--	--
50 – 54	322	17	48	59	35	91	60	12	--	--
	81,983	71,674	64,723	74,869	77,864	86,753	96,646	103,132	--	--
55 – 59	168	16	18	30	23	32	32	17	--	--
	85,116	76,310	64,666	74,790	81,532	84,728	100,808	109,325	--	--
60 – 64	57	3	10	16	8	9	7	3	1	--
	84,003	61,135	101,579	73,720	88,576	79,399	85,584	89,833	\$117,675	--
65 – 69	9	--	2	--	2	4	--	--	1	--
	84,600	--	56,754	--	77,877	93,616	--	--	117,675	--
70 & over	2	--	--	--	1	--	--	1	--	--
	74,797	--	--	--	66,765	--	--	82,828	--	--
Total	3,281	835	608	715	509	418	159	35	2	--
	\$72,957	\$58,886	\$66,646	\$74,148	\$81,083	\$86,947	\$95,598	\$103,260	\$117,675	--

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2010
By Age and Years of Service**

v. Safety Tier B

Age	Years of Service								
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & over
Under 25	7	7	--	--	--	--	--	--	--
	\$43,123	\$43,123	--	--	--	--	--	--	--
25 - 29	8	8	--	--	--	--	--	--	--
	44,465	44,465	--	--	--	--	--	--	--
30 - 34	3	3	--	--	--	--	--	--	--
	43,838	43,838	--	--	--	--	--	--	--
35 - 39	3	3	--	--	--	--	--	--	--
	43,123	43,123	--	--	--	--	--	--	--
40 - 44	3	3	--	--	--	--	--	--	--
	43,123	43,123	--	--	--	--	--	--	--
45 - 49	1	1	--	--	--	--	--	--	--
	43,123	43,123	--	--	--	--	--	--	--
50 - 54	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
55 - 59	2	2	--	--	--	--	--	--	--
	53,351	53,351	--	--	--	--	--	--	--
60 - 64	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
65 - 69	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--
Total	27	27	--	--	--	--	--	--	--
	\$44,358	\$44,358	--	--	--	--	--	--	--

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT C

Reconciliation of Member Data – June 30, 2009 to June 30, 2010

	Active Members	Deferred Terminated Members	Disabled Pensioners	Retired Members	Beneficiaries	Total
Number as of June 30, 2009	17,699	5,238	1,572	10,516	1,365	36,390
New members	268	35	N/A	N/A	N/A	303
Terminations – with vested rights	-390	390	0	0	0	0
Contribution refunds	-107	-166	N/A	N/A	N/A	-273
Retirements	-435	-212	N/A	647	N/A	0
New disabilities	-47	-6	56	-3	N/A	0
Return to work	16	-14	0	-2	N/A	0
Died with or without beneficiary	-21	-10	-19	-251	28	-273
Data adjustments	<u>-2</u>	<u>-1</u>	<u>1</u>	<u>12</u>	<u>0</u>	<u>10</u>
Number as of June 30, 2010	16,981	5,254	1,610	10,919	1,393	36,157

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2010	Year Ended June 30, 2009
Contribution income:		
Employer contributions	\$276,685,579	\$314,484,703
Employee contributions	<u>46,416,076</u>	<u>49,474,591</u>
Net contribution income	\$323,101,655	\$363,959,294
Investment income:		
Interest, dividends and other income	\$173,860,927	\$207,836,570
Recognition of capital appreciation	25,057,504	-8,035,410
Less investment fees and administrative expenses	<u>-69,642,935</u>	<u>-71,738,512</u>
Net investment income	<u>129,275,496</u>	<u>128,062,648</u>
Total income available for benefits	\$452,377,151	\$492,021,942
Less benefit payments:		
Service retirement and disability benefits	-\$407,765,636	-\$378,327,810
Death benefits	-1,395,482	-1,785,832
Health benefits	-23,605,403	-23,939,902
Supplemental retirement benefits	-21,906,589	-19,659,730
Member refunds	<u>-2,592,661</u>	<u>-2,335,133</u>
Net benefit payments	-\$457,265,771	-\$426,048,407
Change in assets held for future benefits	-\$4,888,620	\$65,973,535

Note: Results may not add due to rounding.

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT E

Summary Statement of Plan Assets

	Year Ended June 30, 2010	Year Ended June 30, 2009
Cash equivalents	\$1,502,074,118	\$244,149,246
Accounts receivable:		
Contributions	\$12,960,965	\$9,614,158
Accrued interest and dividends	7,933,660	23,630,952
Settlement of securities sold	<u>726,182,034</u>	<u>282,361,922</u>
Total accounts receivable	747,076,659	315,607,032
Investments:		
Domestic equity securities and cash	\$315,303,610	\$1,005,312,648
International equity securities and cash	362,266,192	1,132,511,918
Bonds and cash	1,321,922,825	2,006,790,902
Securities lending collateral	210,106,421	446,471,169
Other investments	<u>2,897,501,132</u>	<u>1,857,485,974</u>
Total investments at market value	<u>5,107,100,180</u>	<u>6,448,572,611</u>
Total assets	\$7,356,250,957	\$7,008,328,889
Less accounts payable:		
Securities lending & settlement of securities purchased	-\$460,779,130	-\$803,902,572
Professional service	-5,262,088	-8,314,646
Cash in transit	-474,497	-412,399
Others	<u>-11,570,131</u>	<u>-3,745,997</u>
Total accounts payable	-\$478,085,846	-\$816,375,614
Net assets at market value	<u>\$6,878,165,111</u>	<u>\$6,191,953,275</u>
Net assets at actuarial value	<u>\$8,568,141,859</u>	<u>\$8,573,030,479</u>
Net assets at valuation value	<u>\$8,433,310,421</u>	<u>\$8,413,065,173</u>

Note: Results may not add due to rounding.

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT F

Actuarial Balance Sheet

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

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

Actuarial Balance Sheet (Dollar Amounts in Thousands)

	General	Safety	Total
Assets			
1 Total valuation assets	\$6,118,285	\$2,315,025	\$8,433,310
2 Present value of future contributions by members	\$677,810	\$270,791	\$948,601
3 Present value of future employer contributions for:			
a Entry age normal cost	\$801,107	\$402,984	\$1,204,091
b Unfunded actuarial accrued liability	<u>\$1,099,097</u>	<u>\$466,754</u>	<u>\$1,565,851</u>
4 Total current and future assets	\$8,696,299	\$3,455,554	\$12,151,853
Liabilities			
5 Present value of benefits for retirees and beneficiaries	\$3,660,917	\$1,472,868	\$5,133,785
6 Present value of benefits for deferred terminated members	\$303,399	\$64,506	\$367,905
7 Present value of benefits for active members	<u>\$4,731,983</u>	<u>\$1,918,180</u>	<u>\$6,650,163</u>
8 Total liabilities	\$8,696,299	\$3,455,554	\$12,151,853

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT G

Summary of Reported Reserve Information as of June 30, 2010

Reserves	
(Dollar Amounts in Thousands)	
Member contributions ⁽¹⁾	\$434,512
County contributions ⁽¹⁾	3,001,126
Retired member reserve ⁽¹⁾	4,434,340
Transition reserves ⁽¹⁾	563,332
Total valuation reserve ⁽¹⁾	<u>\$8,433,310</u>
Supplemental benefit, disability supplemental benefit and 401(h) health reserves ⁽²⁾	134,832
Undistributed reserve ⁽²⁾	0
Contingency reserve ⁽²⁾	0
Total reserves	<u>\$8,568,142</u>
Net deferred gains (losses) ⁽²⁾	<u>(1,689,977)</u>
Net market value	<u>\$6,878,165</u>

⁽¹⁾ Included in development of valuation value of assets.

⁽²⁾ Not included in development of valuation value of assets.

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2010

		(Amounts in Thousands)
1	Unfunded Actuarial Accrued Liability as of June 30, 2009	\$785,571
2	Normal Cost	268,980
3	Total employer and member contributions	-304,313
4	Interest	63,352
5	Expected Unfunded Actuarial Accrued Liability	\$813,590
6	Changes due to:	
	(a) Investment return less than expected	\$561,959
	(b) Lower than expected salary increase	-161,956
	(c) Lower than expected cost-of-living benefit increase for retirees and beneficiaries	-62,228
	(d) Changes in actuarial assumptions	414,025
	(e) Other experience gains/losses	<u>461</u>
	(f) Total changes	<u>\$752,261</u>
7	Unfunded Actuarial Accrued Liability as of June 30, 2010	\$1,565,851

Note: Net gain from other non-investment experience of \$223.7 million (as shown on page 9) is equal to: 6(b) + 6(c) + 6(e).

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT I

Section 415 Limitations

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

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

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar amount indexed for inflation. The amount of that limit is \$195,000 for 2010. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances for such things as age at retirement, form of benefits chosen and after-tax contributions.

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

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

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

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

EXHIBIT J

Definitions of Pension Terms

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

Assumptions or Actuarial

Assumptions:

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

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

Normal Cost:

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

Actuarial Accrued Liability

For Actives:

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

Actuarial Accrued Liability

For Pensioners:

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

Unfunded Actuarial Accrued

Liability:

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

SECTION 3: Supplemental Information for the San Diego County Employees Retirement Association

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

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

Investment Return:

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

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

EXHIBIT I

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

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions⁽¹⁾	Percentage Contributed
2005	\$235,122	\$259,988	110.6%
2006	203,700	243,700	119.6%
2007	231,300	258,200	111.6%
2008	236,763	236,763	100.0%
2009	219,635	219,635	100.0%
2010	188,414	189,470	100.6%

⁽¹⁾ Excludes employer pickup of member contributions and proceeds from Pension Obligation Bonds.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

EXHIBIT II

Supplementary Information Required by GASB – Schedule of Funding Progress

Actuarial Valuation Date	Valuation Value of Assets⁽¹⁾ (a)	Actuarial Accrued Liability (AAL)⁽²⁾ (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
06/30/2005	\$5,612,320,000	\$6,990,726,000	\$1,378,406,000	80.28%	\$921,796,000	149.53%
06/30/2006	6,263,019,000	7,495,294,000	1,232,275,000	83.56%	979,368,000	125.82%
06/30/2007	7,250,404,000	8,082,517,000	832,113,000	89.70%	1,062,396,000	78.32%
06/30/2008	8,236,926,000	8,722,294,000	485,368,000	94.44%	1,135,432,000	42.75%
06/30/2009	8,413,065,000	9,198,636,000	785,571,000	91.46%	1,129,171,000	69.57%
06/30/2010	8,433,310,000	9,999,161,000	1,565,851,000	84.34%	1,095,582,000	142.92%

⁽¹⁾ Excludes assets for Supplemental Benefit and Health Benefit Reserves. Excludes assets for STAR COLA on and before June 30, 2006.

⁽²⁾ Excludes liabilities held for Supplemental Benefit and Health Benefit Reserves. Excludes liabilities for STAR COLA on and before June 30, 2006.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

EXHIBIT III

Supplementary Information Required by GASB

Valuation date	June 30, 2010
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level percent of payroll for total unfunded liability (assuming a 4.25% payroll increase)
Remaining amortization period	20-year fixed (decreasing or closed) layered amortization periods for all UAAL
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on market value (valuation value before July 1, 2004) and are recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves and designations.

Actuarial assumptions:

Investment rate of return	8.00%
Inflation rate	3.50%
Across the board salary increase	0.75%
Projected salary increases (5+ years of service)	General: 5.00%; Safety: 5.50%*
Cost of living adjustments	3.00% of retirement income for General Tier 1, General Tier A and Safety Tier A 2.00% of retirement income for General Tier B and Safety Tier B

Plan membership:

Retired members and beneficiaries receiving benefits	13,922
Deferred terminated members entitled to, but not yet receiving benefits	5,254
Active members	<u>16,981</u>
Total	36,157

* Includes inflation at 3.50%, across the board increase of 0.75%, plus merit and longevity increases. See Exhibit IV for increases during the first 5 years of employment.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**EXHIBIT IV
Actuarial Assumptions and Actuarial Cost Method**

Post-Retirement Mortality Rates:

Healthy Retirement: For General: RP-2000 Combined Healthy Mortality Table set back two years.
For Safety: RP-2000 Combined Healthy Mortality Table set back three years.

Disabled Retirement: For General: RP-2000 Combined Healthy Mortality Table set forward six years.
For Safety: RP-2000 Combined Healthy Mortality Table set back two years.

The following are sample rates (%).

Age	Healthy Life Mortality				Disabled Life Mortality			
	General		Safety		General		Safety	
	Male	Female	Male	Female	Male	Female	Male	Female
30	0.04	0.02	0.04	0.02	0.08	0.05	0.04	0.02
35	0.06	0.04	0.06	0.04	0.11	0.08	0.06	0.04
40	0.10	0.06	0.09	0.06	0.16	0.12	0.10	0.06
45	0.13	0.09	0.12	0.09	0.24	0.19	0.13	0.09
50	0.19	0.14	0.17	0.13	0.42	0.31	0.19	0.14
55	0.29	0.22	0.27	0.20	0.77	0.58	0.29	0.22
60	0.53	0.39	0.47	0.35	1.44	1.10	0.53	0.39
65	1.00	0.76	0.88	0.67	2.46	1.86	1.00	0.76
70	1.79	1.34	1.61	1.22	4.22	3.10	1.79	1.34

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Employee Contribution Rates: For General – RP-2000 Combined Healthy Mortality Table for Males set back two years weighted 30% and RP-2000 Combined Healthy Mortality Table for Females set back two years weighted 70%.

For Safety – RP-2000 Combined Health Mortality Table for Males set back three years weighted 75% and RP-2000 Combined Healthy Mortality Table for Females set back three years weighted 25%.

Termination Rates Before Retirement:

Mortality Rates: For General – Same as Post-Retirement Healthy Mortality Rates for retired General members (i.e., RP-2000 Combined Healthy Mortality Table set back two years).

For Safety – Same as Post-Retirement Healthy Mortality Rates for retired Safety members (i.e., RP-2000 Combined Healthy Mortality Table set back three years).

For General members, out of the total probability of mortality before retirement, 100% are assumed to be non-service connected deaths.

For Safety and Probation members, 100% are assumed to be service connected deaths.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Disability Rates:	Rate (%)					
	Non Service Connected Disability			Service Connected Disability		
	General		Safety	General		Safety
	Age	Male		Female	Males	
20	0.00	0.00	0.00	0.01	0.00	0.05
25	0.00	0.00	0.00	0.01	0.02	0.10
30	0.01	0.01	0.02	0.02	0.05	0.24
35	0.02	0.02	0.05	0.04	0.10	0.61
40	0.04	0.07	0.08	0.10	0.13	0.81
45	0.07	0.12	0.10	0.17	0.21	0.81
50	0.12	0.15	0.10	0.21	0.25	1.18
55	0.19	0.18	0.10	0.31	0.30	2.07
60	0.22	0.26	0.10	0.38	0.33	2.56
65	0.22	0.30	0.04	0.16	0.13	1.04

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Withdrawal Rates:

		Rate (%)		
		Ordinary Withdrawals (< 5 Years of Service)		
		General		Safety
Years of Service		Male	Female	
0		12.25	13.00	11.00
1		7.50	8.25	7.50
2		5.75	6.00	3.75
3		4.50	5.25	3.25
4		4.25	5.00	3.25

		Ordinary Withdrawal (5+ Years of Service) *		
		General		Safety
Age		Male	Female	
20		1.00	1.25	0.86
25		1.00	1.25	0.72
30		1.00	1.16	0.66
35		0.83	0.83	0.58
40		0.60	0.55	0.41
45		0.51	0.34	0.33
50		0.50	0.25	0.31
55		0.50	0.25	0.30
60		0.38	0.25	0.12
65		0.30	0.25	0.00

* No withdrawal is assumed after a member is eligible for retirement.

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Withdrawal Rates (continued):

Years of Service	Rate (%)		
	Vested Termination (<5 Years of Service) *		
	General		Safety
	Male	Female	
0	3.00	3.00	2.50
1	2.00	2.00	1.25
2	1.50	1.50	1.25
3	1.00	1.50	1.00
4	1.00	1.50	1.00

Age	Vested Termination (5+ Years of Service) *		
	General		Safety
	Male	Female	
20	6.16	6.48	3.42
25	5.76	5.28	3.12
30	4.94	4.50	2.58
35	3.72	3.76	1.94
40	3.02	2.92	1.34
45	2.67	2.36	1.04
50	2.50	2.08	0.88
55	2.50	1.94	0.80
60	2.50	1.90	0.32

* No vested termination is assumed after a member is eligible for retirement.

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Retirement Rates:

Age	Rate (%)			
	General		Safety	
	Tier 1 and Tier A	Tier B	Tier A	Tier B
48	-	-	4.0	3.0
49	50.0	-	7.0	3.0
50	8.0	-	15.0	12.0
51	5.0	-	13.0	12.0
52	5.0	-	13.0	12.0
53	5.0	-	15.0	12.0
54	7.0	-	15.0	12.0
55	12.0	6.0	16.0	19.0
56	12.0	7.0	20.0	23.0
57	13.0	9.0	24.0	27.0
58	14.0	9.0	30.0	32.0
59	16.0	9.0	30.0	32.0
60	20.0	10.0	30.0	45.0
61	21.0	14.0	30.0	45.0
62	25.0	20.0	35.0	45.0
63	26.0	20.0	35.0	45.0
64	30.0	20.0	35.0	45.0
65	30.0	30.0	75.0	100.0
66	30.0	30.0	75.0	100.0
67	30.0	30.0	75.0	100.0
68	35.0	30.0	75.0	100.0
69	40.0	30.0	75.0	100.0
70	75.0	100.0	100.0	100.0
71	75.0	100.0	100.0	100.0
72	75.0	100.0	100.0	100.0
73	75.0	100.0	100.0	100.0
74	75.0	100.0	100.0	100.0
75 and later	100.0	100.0	100.0	100.0

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Retirement Age and Benefit for Deferred Vested Members:	<u>Reciprocal and Non-reciprocal Members</u> General: Age 57; Safety: Age 52. 30% of General and 35% of Safety future deferred vested members are assumed to be reciprocal. For reciprocals, we assume 5.00% compensation increases per annum for General members and 5.50% compensation increases per annum for Safety members.
Future Benefit Accruals:	1.0 year of service per year.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Definition of Active Members:	First day of pay period following employment.
Percent Married:	80% of male members and 55% of female members are assumed to be married at retirement or pre-retirement death.
Age of Spouse:	Females (or male) spouses are 3 years younger (older) than their spouses
Net Investment Return:	8.00%; net of administration and investment expenses.
Employee Contribution Crediting Rate:	½ of the net investment return credited semi-annually.

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Consumer Price Index: Increase of 3.50% per year; benefit increases due to CPI subject to 3.0% maximum for General Tier 1, General Tier A and Safety Tier A. Benefit increases due to CPI subject to 2.0% maximum for General Tier B and Safety Tier B.

Salary Scale:

Annual Rate of Compensation Increase

Inflation: 3.50% per year; plus “Across the Board” salary increases of 0.75% per year; plus Merit and Longevity as follows:

Years of Service	General	Safety
0	6.00%	8.00%
1	4.75	6.50
2	3.75	5.50
3	2.75	4.75
4	2.25	4.25
5+	0.75	1.25

Pay for Performance and Other Premium Pays: General members are assumed to be eligible for an average annual pay for performance and other premium pays of 4%.

Safety members are assumed to be eligible for an average annual pay for performance and other premium pays of 3%.

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Actuarial Value of Assets:	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on market value and are recognized over a five-year period.
Valuation Value of Assets	The actuarial value of assets reduced by the following reserves: (1) 401(h) Health Benefit Reserve; (2) Undistributed Reserve; (3) Contingency Reserve; (4) Supplemental Benefit Reserve; and (5) Disability Supplemental Benefit Reserve.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation. The Normal Cost is calculated on an aggregate basis by taking the Present Value of Future Normal Costs divided by the Present Value of Future Salaries to obtain a normal cost rate. This normal cost rate is then multiplied by the total of current salaries.

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Changes in Assumptions: Based on the June 30, 2010 Review of Economic Actuarial Assumptions and the Actuarial Experience Study During the Period July 1, 2006 through June 30, 2009, the following actuarial assumptions were changed:

Post-Retirement Mortality Rates:

Healthy Retirement: For General – 1994 Group Annuity Mortality Table.

For Safety – 1994 Group Annuity Mortality Table set back one year.

Disabled Retirement:

For General – 1994 Group Annuity Mortality Table set forward seven years.

For Safety – 1994 Group Annuity Mortality Table set back one year.

Employee Contribution Rates:

For General – 1994 Group Annuity Mortality Table for Males weighted 30% and 1994 Group Annuity Mortality Table for Females weighted 70%.

For Safety – 1994 Group Annuity Mortality Table for Males set back one year weighted 75% and 1994 Group Annuity Mortality Table for Females set back one year weighted 25%.

Termination Rates Before Retirement:

Mortality Rates:

For General – 1994 Group Annuity Mortality Table.

For Safety – 1994 Group Annuity Mortality Table set back one year.

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Changes in Assumptions (continued):

Disability Rates:

Age	Rate (%)					
	Non Service Connected Disability			Service Connected Disability		
	General		Safety	General		Safety
	Male	Female		Males	Female	
20	0.00	0.00	0.00	0.01	0.00	0.03
25	0.00	0.00	0.00	0.01	0.01	0.08
30	0.01	0.01	0.04	0.02	0.04	0.22
35	0.02	0.03	0.06	0.04	0.08	0.48
40	0.03	0.08	0.06	0.11	0.16	0.72
45	0.06	0.13	0.08	0.19	0.23	0.92
50	0.10	0.18	0.10	0.30	0.28	1.48
55	0.17	0.23	0.10	0.38	0.33	2.28
60	0.23	0.28	0.10	0.43	0.38	2.84

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Changes in Assumptions (continued):

Withdrawal Rates:

		Rate (%)		
		Ordinary Withdrawals (< 5 Years of Service)		
		General		Safety
Years of Service		Male	Female	
0		16.00	17.00	12.00
1		10.00	11.00	11.00
2		7.50	8.00	6.00
3		6.00	7.00	4.50
4		5.50	6.50	4.00

		Ordinary Withdrawal (5+ Years of Service) *		
		General		Safety
Age		Male	Female	
20		1.00	1.80	0.83
25		1.00	1.80	0.75
30		0.94	1.53	0.65
35		0.84	1.02	0.67
40		0.74	0.68	0.65
45		0.58	0.42	0.53
50		0.44	0.30	0.41
55		0.34	0.30	0.36
60		0.30	0.30	0.14

* No withdrawal is assumed after a member is eligible for retirement.

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Changes in Assumptions (continued):

Withdrawal Rates (continued):

Years of Service	Rate (%)		
	Vested Termination (< 5 Years of Service)		
	General		Safety
	Male	Female	
0 - 5	0.00	0.00	0.00

Age	Vested Termination (5+ Years of Service) *		
	General		Safety
	Male	Female	
20	8.40	8.40	3.56
25	7.40	7.40	2.99
30	6.40	5.80	2.41
35	5.10	4.40	1.91
40	3.60	3.40	1.46
45	2.70	2.40	0.99
50	2.20	2.00	0.68
55	1.40	1.40	0.48
60	1.00	1.00	0.16

* No vested termination is assumed after a member is eligible for retirement.

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Changes in Assumptions (continued):

Retirement Rates:

Age	Rate (%)	
	Retirement Probability	
	General	Safety
48	-	4.0
49	-	4.0
50	8.0	15.0
51	5.0	15.0
52	5.0	15.0
53	6.0	15.0
54	8.0	15.0
55	12.0	20.0
56	13.0	25.0
57	15.0	30.0
58	17.0	35.0
59	20.0	35.0
60	20.0	45.0
61	25.0	45.0
62	27.0	45.0
63	29.0	45.0
64	30.0	45.0
65	30.0	100.0
66	30.0	100.0
67	30.0	100.0
68	40.0	100.0
69	40.0	100.0
70	100.0	100.0

SECTION 4: Report Information for the San Diego County Employees Retirement Association

Changes in Assumptions (continued):

Retirement Age and Benefit for Deferred Vested Members: Reciprocal and Non-reciprocal Members
 Safety: Age 53.

35% of General and 40% of Safety (including Probation) deferred vested members are assumed to be reciprocal. For reciprocals, we assume 5.25% compensation increases per annum.

Net Investment Return: 8.25%; net of administration and investment expenses.

Consumer Price Index: Increase of 3.75% per year; benefit increases due to CPI subject to 3.0% maximum.

Salary Scale:

Annual Rate of Compensation Increase

Inflation: 3.75% per year; plus “Across the Board” salary increases of 0.50% per year; plus Merit and Longevity as follows:

Years of Service	General	Safety
0	4.50%	7.50%
1	4.00	6.00
2	3.25	5.00
3	2.50	4.00
4	2.00	3.00
5+	1.00	1.00

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

EXHIBIT V

Summary of Plan Provisions

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

Membership Eligibility:	All permanent employees of the County of San Diego or contracting district, scheduled to work 20 or more hours weekly, are eligible to become a member of the Retirement Association subject to classification below:
<i>General Tier 1</i>	All General members hired before March 8, 2002 who made a specific and irrevocable election to opt out of Tier A. This also included those General Members in deferred status on March 8, 2002.
<i>General Tier A</i>	All General members hired or continuing employment on or after March 8, 2002 and before August 28, 2009, except as noted above.
<i>General Tier B</i>	All General members hired on or after August 28, 2009.
<i>Safety Tier A</i>	All Safety members hired before August 28, 2009.
<i>Safety Tier B</i>	All Safety members hired on or after August 28, 2009.
<hr/>	
Final Average Compensation for Benefit Determination:	
<i>General Tier 1 and Tier A and Safety Tier A</i>	Highest consecutive 26 bi-weekly pay periods of compensation earnable (§31462.1) (FAC).
<i>General Tier B and Safety Tier B</i>	Three-year average of highest consecutive 78 bi-weekly pay periods of compensation earnable (§31462)(F3AC).
<hr/>	
Service:	Years of service. (Yrs)

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Service Retirement Eligibility:

<i>General Tier 1 and Tier A</i>	Age 50 with 10 years of service credit, or age 70 regardless of service credit, or after 30 years of service credit, regardless of age (§31672).
<i>General Tier B</i>	Age 55 with 10 years of service credit, or age 70 regardless of service credit, or after 30 years of service credit, regardless of age (§31672)
<i>Safety Tier A and Tier B</i>	Age 50 with 10 years of service credit, or age 70 regardless of service credit, or after 20 years of service credit, regardless of age (§31663.25).

Benefit Formula:

	Retirement Age	Benefit Formula
<i>General Tier 1 (§31676.12)</i>	50	$(1.34\% \times \text{FAC} - 1/3 \times 1.34\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.77\% \times \text{FAC} - 1/3 \times 1.77\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.34\% \times \text{FAC} - 1/3 \times 2.34\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.62\% \times \text{FAC} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Yrs}$
	65	$(2.62\% \times \text{FAC} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Yrs}$
<i>General Tier A (§31676.17)</i>	Retirement Age	Benefit Formula
	50	$(2.00\% \times \text{FAC} - 1/3 \times 2.00\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(2.50\% \times \text{FAC} - 1/3 \times 2.50\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(3.00\% \times \text{FAC} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(3.00\% \times \text{FAC} - 1/3 \times 3.00\% \times \$350 \times 12) \times \text{Yrs}$
<i>General Tier B (§31676.12)</i>	Retirement Age	Benefit Formula
	50	$(1.34\% \times \text{F3AC} - 1/3 \times 1.34\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.77\% \times \text{F3AC} - 1/3 \times 1.77\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.34\% \times \text{F3AC} - 1/3 \times 2.34\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.62\% \times \text{F3AC} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Yrs}$
	65	$(2.62\% \times \text{F3AC} - 1/3 \times 2.62\% \times \$350 \times 12) \times \text{Yrs}$

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	Retirement Age	Benefit Formula
<i>Safety Tier A (Non-Integrated) (§31664.1)</i>	50	(3.00% x FAC x Yrs)
	55	(3.00% x FAC x Yrs)
	60	(3.00% x FAC x Yrs)

	Retirement Age	Benefit Formula
<i>Safety Tier B (Non-Integrated) (§31664.2)</i>	50	(2.29% x F3AC x Yrs)
	55	(3.00% x F3AC x Yrs)
	60	(3.00% x F3AC x Yrs)

Maximum Benefit: 100% of Final Average Compensation (§31676.12, §31676.17, §31664.1, §31664.2)

Non Service Connected Disability:

General Members

Eligibility

Five years of service (§31720).

Benefit Formula

1.8% of FAC (F3AC for Tier B) per year of service. If the benefit does not exceed one-third of Final Average Compensation, the service is projected to 62, and the total benefit cannot be more than one-third of Final Average Compensation (§31727.1).

Safety Members

Eligibility

Five years of service (§31720).

Benefit Formula

1.8% of FAC (F3AC for Tier B) per year of service. If the benefit does not exceed one-third of Final Average Compensation, the service is projected to 55, and the total benefit cannot be more than one-third of Final Average Compensation (§31727.2).

Service Connected Disability:

All Members

Eligibility

No age or service requirements (§31720).

Benefit Formula

50% of FAC (F3AC for Tier B) or 100% of Service Retirement benefit, if larger (§31727.4).

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Pre-Retirement Death:

Non Service Connected (Not Vested) Before Eligible to Retire

Eligibility

None.

Benefit

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

OR

Non Service Connected (Vested)

Eligibility

Five years of service.

Benefit

60% of the greater of Service or Non Service Connected Disability Retirement benefit payable to surviving eligible spouse or eligible children (§31765.1, §31781.1), in lieu of above. Additionally, the spouse may choose a combined benefit of:

- A lump sum payment of up to 6 month's compensation (see above), and
- A monthly (60%) benefit reduced by actuarial equivalent of the lump sum payment (§31781.3).

Service Connected Death

50% of FAC (F3AC for Tier B) or 100% of Service Retirement benefit, if greater, payable to spouse or minor children (§31787). In addition, safety members are entitled to benefits under sections 31787.5 and 31787.6.

Death After Retirement:

All Members

Service or Non Service Connected Disability Retirement

Unless another option was selected at retirement, 60% of member's unmodified allowance continued to eligible spouse (§31760.1) and \$3,500 lump sum benefit payable to member's beneficiary (§31789.3). An eligible spouse is a surviving spouse who was married to the member at least one year prior to the day of retirement (§31760.1), or, at least two years prior to the date of death and has attained age 55 on or prior to the date of death (§31760.2).

Service Connected Disability Retirement

Unless another option was selected at retirement, 100% of member's unmodified allowance continued to eligible spouse (§31786).

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Withdrawal Benefits:

*Less than Five Years of SDCERA/
Reciprocal Service Credit*

Refund of accumulated employee contributions with interest or eligible for a retirement benefit at age 70 if actively working (§31628, §31629.5).

*Five or More Years of SDCERA/
Reciprocal Service Credit*

If accumulated employee contributions left on deposit, eligible for retirement benefits at any time after meeting eligibility criteria to retire (§31700).

Post-retirement

Cost-of-Living Benefits:

*General Tier 1 and Tier A
and Safety Tier A*

Future changes based on changes to the Consumer Price Index for the San Diego area to a maximum of 3% per year, excess “banked.” (§31870.1)

General Tier B and Safety Tier B

Future changes based on changes to the Consumer Price Index for the San Diego area to a maximum of 2% per year, excess “banked.” (§31870)

County Contributions:

Effective with the June 30, 2004 actuarial valuation, the amortization period for Unfunded Actuarial Accrued Liability has changed to a 20-year fixed (decreasing) layered amortization period.

**Supplemental Benefit Allowance
and Health Insurance Allowance:**

The Association provides a supplemental benefit allowance and a health insurance allowance for eligible retirees. These benefits have been excluded from this valuation.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Member Contributions:	Please refer to Appendix A for the specific rates.
<i>General Tier 1</i>	
<i>Basic</i>	Provide for an average annuity at age 60 equal to 1/100 of FAC. (§31621.2)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.
<i>General Tier A</i>	
<i>Basic</i>	Provide for an average annuity at age 55 equal to 1/100 of FAC. (§31621.8)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.
<i>General Tier B</i>	
<i>Basic</i>	Provide for an average annuity at age 60 equal to 1/100 of F3AC. (§31621.2)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.
<i>Safety Tier A</i>	
<i>Basic</i>	Provide for an average annuity at age 50 equal to 1/100 of FAC. (§31639.25)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.
<i>Safety Tier B</i>	
<i>Basic</i>	Provide for an average annuity at age 50 equal to 1/100 of F3AC. (§31639.25)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.
Other Information:	General and Safety members with 30 or more years of qualifying service credit are exempt from paying member contributions (§31625.2 and §31625.3).

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

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Appendix A

Member Contribution Rates

**i. General Tier 1 Members' Contribution Rates from the June 30, 2010 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
15	3.51%	5.27%	1.17%	1.75%	4.68%	7.02%
16	3.51%	5.27%	1.17%	1.75%	4.68%	7.02%
17	3.57%	5.36%	1.19%	1.78%	4.76%	7.14%
18	3.63%	5.45%	1.21%	1.81%	4.84%	7.26%
19	3.69%	5.54%	1.23%	1.84%	4.92%	7.38%
20	3.75%	5.63%	1.24%	1.86%	4.99%	7.49%
21	3.82%	5.73%	1.27%	1.90%	5.09%	7.63%
22	3.89%	5.83%	1.29%	1.93%	5.18%	7.76%
23	3.95%	5.93%	1.31%	1.96%	5.26%	7.89%
24	4.02%	6.03%	1.33%	2.00%	5.35%	8.03%
25	4.09%	6.13%	1.35%	2.03%	5.44%	8.16%
26	4.15%	6.23%	1.37%	2.06%	5.52%	8.29%
27	4.22%	6.33%	1.40%	2.10%	5.62%	8.43%
28	4.29%	6.44%	1.42%	2.13%	5.71%	8.57%
29	4.37%	6.55%	1.45%	2.17%	5.82%	8.72%
30	4.43%	6.65%	1.47%	2.20%	5.90%	8.85%
31	4.51%	6.76%	1.49%	2.24%	6.00%	9.00%
32	4.58%	6.87%	1.52%	2.28%	6.10%	9.15%
33	4.66%	6.99%	1.55%	2.32%	6.21%	9.31%
34	4.73%	7.10%	1.57%	2.35%	6.30%	9.45%
35	4.81%	7.22%	1.59%	2.39%	6.40%	9.61%
36	4.89%	7.34%	1.62%	2.43%	6.51%	9.77%
37	4.97%	7.46%	1.65%	2.47%	6.62%	9.93%
38	5.05%	7.58%	1.67%	2.51%	6.72%	10.09%

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**i. General Tier 1 Members' Contribution Rates from the June 30, 2010 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
39	5.13%	7.70%	1.70%	2.55%	6.83%	10.25%
40	5.22%	7.83%	1.73%	2.59%	6.95%	10.42%
41	5.31%	7.96%	1.76%	2.64%	7.07%	10.60%
42	5.39%	8.09%	1.79%	2.68%	7.18%	10.77%
43	5.48%	8.22%	1.81%	2.72%	7.29%	10.94%
44	5.57%	8.35%	1.85%	2.77%	7.42%	11.12%
45	5.66%	8.49%	1.87%	2.81%	7.53%	11.30%
46	5.75%	8.63%	1.91%	2.86%	7.66%	11.49%
47	5.85%	8.78%	1.94%	2.91%	7.79%	11.69%
48	5.95%	8.93%	1.97%	2.96%	7.92%	11.89%
49	6.06%	9.09%	2.01%	3.01%	8.07%	12.10%
50	6.17%	9.25%	2.04%	3.06%	8.21%	12.31%
51	6.28%	9.42%	2.08%	3.12%	8.36%	12.54%
52	6.41%	9.61%	2.12%	3.18%	8.53%	12.79%
53	6.54%	9.81%	2.17%	3.25%	8.71%	13.06%
54	6.69%	10.03%	2.21%	3.32%	8.90%	13.35%
55	6.77%	10.15%	2.24%	3.36%	9.01%	13.51%
56	6.83%	10.25%	2.27%	3.40%	9.10%	13.65%
57	6.85%	10.28%	2.27%	3.41%	9.12%	13.69%
58	6.83%	10.25%	2.27%	3.40%	9.10%	13.65%
59 & Over	6.77%	10.15%	2.24%	3.36%	9.01%	13.51%

Interest: 8.00%

Inflation: 3.50%

Across the board increase: 0.75%

COLA: 3.00%

COLA Loading Factor: 33.12%

Mortality: RP-2000 Combined Healthy Mortality Table set back two years weighted 30% male and 70% female

Salary Increase: 5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit IV)

Note: These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**ii. General Tier A Members' Contribution Rates from the June 30, 2010 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
15	4.06%	6.09%	1.55%	2.32%	5.61%	8.41%
16	4.06%	6.09%	1.55%	2.32%	5.61%	8.41%
17	4.13%	6.19%	1.57%	2.36%	5.70%	8.55%
18	4.20%	6.30%	1.60%	2.40%	5.80%	8.70%
19	4.27%	6.40%	1.63%	2.44%	5.90%	8.84%
20	4.34%	6.51%	1.65%	2.48%	5.99%	8.99%
21	4.41%	6.62%	1.68%	2.52%	6.09%	9.14%
22	4.49%	6.73%	1.71%	2.56%	6.20%	9.29%
23	4.56%	6.84%	1.73%	2.60%	6.29%	9.44%
24	4.64%	6.96%	1.77%	2.65%	6.41%	9.61%
25	4.71%	7.07%	1.79%	2.69%	6.50%	9.76%
26	4.79%	7.19%	1.83%	2.74%	6.62%	9.93%
27	4.87%	7.31%	1.85%	2.78%	6.72%	10.09%
28	4.95%	7.43%	1.89%	2.83%	6.84%	10.26%
29	5.03%	7.55%	1.91%	2.87%	6.94%	10.42%
30	5.11%	7.67%	1.95%	2.92%	7.06%	10.59%
31	5.20%	7.80%	1.98%	2.97%	7.18%	10.77%
32	5.28%	7.92%	2.01%	3.01%	7.29%	10.93%
33	5.37%	8.05%	2.04%	3.06%	7.41%	11.11%
34	5.46%	8.19%	2.08%	3.12%	7.54%	11.31%
35	5.55%	8.32%	2.11%	3.17%	7.66%	11.49%
36	5.64%	8.46%	2.15%	3.22%	7.79%	11.68%
37	5.73%	8.59%	2.18%	3.27%	7.91%	11.86%
38	5.82%	8.73%	2.21%	3.32%	8.03%	12.05%
39	5.92%	8.88%	2.25%	3.38%	8.17%	12.26%
40	6.02%	9.03%	2.29%	3.44%	8.31%	12.47%
41	6.12%	9.18%	2.33%	3.49%	8.45%	12.67%
42	6.22%	9.33%	2.37%	3.55%	8.59%	12.88%

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**ii. General Tier A Members' Contribution Rates from the June 30, 2010 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
43	6.33%	9.49%	2.41%	3.61%	8.74%	13.10%
44	6.44%	9.66%	2.45%	3.68%	8.89%	13.34%
45	6.55%	9.83%	2.49%	3.74%	9.04%	13.57%
46	6.68%	10.02%	2.54%	3.81%	9.22%	13.83%
47	6.81%	10.21%	2.59%	3.89%	9.40%	14.10%
48	6.95%	10.42%	2.65%	3.97%	9.60%	14.39%
49	7.11%	10.66%	2.71%	4.06%	9.82%	14.72%
50	7.19%	10.79%	2.74%	4.11%	9.93%	14.90%
51	7.26%	10.89%	2.76%	4.14%	10.02%	15.03%
52	7.28%	10.92%	2.77%	4.16%	10.05%	15.08%
53	7.26%	10.89%	2.76%	4.14%	10.02%	15.03%
54 & Over	7.19%	10.78%	2.73%	4.10%	9.92%	14.88%

Interest: 8.00%
 Inflation: 3.50%
 Across the board increase: 0.75%
 COLA: 3.00%
 COLA Loading Factor: 38.05%
 Mortality: RP-2000 Combined Health Mortality Table set back two years weighted 30% male and 70% female
 Salary Increase: 5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit IV)
 Note: These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**iii. General Tier B Members' Contribution Rates from the June 30, 2010 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
15	3.35%	5.02%	0.63%	0.94%	3.98%	5.96%
16	3.35%	5.02%	0.63%	0.94%	3.98%	5.96%
17	3.40%	5.10%	0.63%	0.95%	4.03%	6.05%
18	3.46%	5.19%	0.65%	0.97%	4.11%	6.16%
19	3.52%	5.28%	0.66%	0.99%	4.18%	6.27%
20	3.58%	5.37%	0.67%	1.00%	4.25%	6.37%
21	3.64%	5.46%	0.68%	1.02%	4.32%	6.48%
22	3.70%	5.55%	0.69%	1.04%	4.39%	6.59%
23	3.77%	5.65%	0.71%	1.06%	4.48%	6.71%
24	3.83%	5.74%	0.71%	1.07%	4.54%	6.81%
25	3.89%	5.84%	0.73%	1.09%	4.62%	6.93%
26	3.96%	5.94%	0.74%	1.11%	4.70%	7.05%
27	4.03%	6.04%	0.75%	1.13%	4.78%	7.17%
28	4.09%	6.14%	0.77%	1.15%	4.86%	7.29%
29	4.16%	6.24%	0.78%	1.17%	4.94%	7.41%
30	4.23%	6.34%	0.79%	1.18%	5.02%	7.52%
31	4.30%	6.45%	0.80%	1.20%	5.10%	7.65%
32	4.37%	6.55%	0.81%	1.22%	5.18%	7.77%
33	4.44%	6.66%	0.83%	1.24%	5.27%	7.90%
34	4.51%	6.77%	0.84%	1.26%	5.35%	8.03%
35	4.59%	6.88%	0.85%	1.28%	5.44%	8.16%
36	4.66%	6.99%	0.87%	1.31%	5.53%	8.30%
37	4.74%	7.11%	0.89%	1.33%	5.63%	8.44%
38	4.81%	7.22%	0.90%	1.35%	5.71%	8.57%
39	4.89%	7.34%	0.91%	1.37%	5.80%	8.71%
40	4.97%	7.46%	0.93%	1.39%	5.90%	8.85%
41	5.05%	7.58%	0.95%	1.42%	6.00%	9.00%
42	5.14%	7.71%	0.96%	1.44%	6.10%	9.15%

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**iii. General Tier B Members' Contribution Rates from the June 30, 2010 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
43	5.22%	7.83%	0.97%	1.46%	6.19%	9.29%
44	5.31%	7.96%	0.99%	1.49%	6.30%	9.45%
45	5.39%	8.09%	1.01%	1.51%	6.40%	9.60%
46	5.49%	8.23%	1.03%	1.54%	6.52%	9.77%
47	5.58%	8.37%	1.04%	1.56%	6.62%	9.93%
48	5.67%	8.51%	1.06%	1.59%	6.73%	10.10%
49	5.77%	8.66%	1.08%	1.62%	6.85%	10.28%
50	5.88%	8.82%	1.10%	1.65%	6.98%	10.47%
51	5.99%	8.98%	1.12%	1.68%	7.11%	10.66%
52	6.11%	9.16%	1.14%	1.71%	7.25%	10.87%
53	6.21%	9.31%	1.16%	1.74%	7.37%	11.05%
54	6.28%	9.42%	1.17%	1.76%	7.45%	11.18%
55	6.31%	9.47%	1.18%	1.77%	7.49%	11.24%
56	6.32%	9.48%	1.18%	1.77%	7.50%	11.25%
57	6.28%	9.42%	1.17%	1.76%	7.45%	11.18%
58	6.51%	9.77%	1.21%	1.82%	7.72%	11.59%
59 & Over	6.77%	10.15%	1.27%	1.90%	8.04%	12.05%
Interest:	8.00%					
Inflation:	3.50%					
Across the board increase:	0.75%					
COLA:	2.00%					
COLA Loading Factor:	18.68%					
Mortality:	RP-2000 Combined Healthy Mortality Table set back two years weighted 30% male and 70% female					
Salary Increase:	5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit IV)					
Note:	These rates are determined before any pickups by the employer.					

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**iv. Safety Tier A Members' Contribution Rates from the June 30, 2010 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic	COLA	Total
15	8.14%	4.47%	12.61%
16	8.14%	4.47%	12.61%
17	8.14%	4.47%	12.61%
18	8.14%	4.47%	12.61%
19	8.14%	4.47%	12.61%
20	8.14%	4.47%	12.61%
21	8.14%	4.47%	12.61%
22	8.25%	4.53%	12.78%
23	8.36%	4.59%	12.95%
24	8.48%	4.66%	13.14%
25	8.59%	4.72%	13.31%
26	8.71%	4.79%	13.50%
27	8.83%	4.85%	13.68%
28	8.95%	4.92%	13.87%
29	9.08%	4.99%	14.07%
30	9.20%	5.05%	14.25%
31	9.33%	5.13%	14.46%
32	9.46%	5.20%	14.66%
33	9.60%	5.27%	14.87%
34	9.74%	5.35%	15.09%
35	9.88%	5.43%	15.31%
36	10.03%	5.51%	15.54%
37	10.18%	5.59%	15.77%
38	10.34%	5.68%	16.02%
39	10.51%	5.77%	16.28%
40	10.69%	5.87%	16.56%
41	10.88%	5.98%	16.86%
42	11.09%	6.09%	17.18%
43	11.33%	6.22%	17.55%
44	11.62%	6.38%	18.00%
45	11.64%	6.40%	18.04%

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**iv. Safety Tier A Members' Contribution Rates from the June 30, 2010 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic	COLA	Total
46	11.63%	6.39%	18.02%
47	11.58%	6.36%	17.94%
48	11.46%	6.30%	17.76%
49 & Over	11.25%	6.18%	17.43%

Interest:	8.00%
Inflation:	3.50%
Across the board increase:	0.75%
COLA:	3.00%
COLA Loading Factor:	54.94%
Mortality:	RP-2000 Combined Healthy Mortality Table set back three years weighted 75% male and 25% female
Salary Increase:	5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit IV)
Note:	These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**v. Safety Tier B Members' Contribution Rates from the June 30, 2010 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic	COLA	Total
15	7.72%	2.30%	10.02%
16	7.72%	2.30%	10.02%
17	7.72%	2.30%	10.02%
18	7.72%	2.30%	10.02%
19	7.72%	2.30%	10.02%
20	7.72%	2.30%	10.02%
21	7.72%	2.30%	10.02%
22	7.83%	2.33%	10.16%
23	7.93%	2.36%	10.29%
24	8.04%	2.40%	10.44%
25	8.15%	2.43%	10.58%
26	8.27%	2.46%	10.73%
27	8.38%	2.50%	10.88%
28	8.50%	2.53%	11.03%
29	8.61%	2.57%	11.18%
30	8.73%	2.60%	11.33%
31	8.86%	2.64%	11.50%
32	8.98%	2.68%	11.66%
33	9.11%	2.71%	11.82%
34	9.24%	2.75%	11.99%
35	9.37%	2.79%	12.16%
36	9.51%	2.83%	12.34%
37	9.66%	2.88%	12.54%
38	9.81%	2.92%	12.73%
39	9.97%	2.97%	12.94%
40	10.14%	3.02%	13.16%
41	10.32%	3.07%	13.39%
42	10.52%	3.13%	13.65%
43	10.66%	3.18%	13.84%
44	10.71%	3.19%	13.90%
45	10.68%	3.18%	13.86%

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

**v. Safety Tier B Members' Contribution Rates from the June 30, 2010 Actuarial Valuation
(Expressed as a Percentage of Monthly Payroll)**

Calculated Under Adopted Assumptions

Entry Age	Basic	COLA	Total
46	10.60%	3.16%	13.76%
47	10.45%	3.11%	13.56%
48	10.84%	3.23%	14.07%
49 & Over	11.25%	3.35%	14.60%

Interest:	8.00%
Inflation:	3.50%
Across the board increase:	0.75%
COLA:	2.00%
COLA Loading Factor:	29.79%
Mortality:	RP-2000 Combined Healthy Mortality Table set back three years weighted 75% male and 25% female
Salary Increase:	5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit IV)
Note:	These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for the San Diego County Employees Retirement Association

Appendix B

Unfunded Actuarial Accrued Liability (UAAL) Amortization Schedule as of June 30, 2010

	Date Established	Description	Initial Amount	Outstanding Balance	Years Remaining	Payment
General	June 30, 2004	Reamortize UAAL	\$898,323,000	\$891,653,000	14	\$82,701,000
	June 30, 2005	Actuarial loss	128,924,000	129,479,000	15	11,391,000
	June 30, 2006	Actuarial gain	(122,837,000)	(124,097,000)	16	(10,401,000)
	June 30, 2007	Actuarial gain	(319,377,000)	(323,336,000)	17	(25,917,000)
	June 30, 2008	Actuarial gain	(252,322,000)	(255,134,000)	18	(19,623,000)
	June 30, 2009	Actuarial loss	229,764,000	231,348,000	19	17,125,000
	June 30, 2010	Actuarial loss	275,738,000	275,738,000	20	19,696,000
	June 30, 2010	Assumption change	273,446,000	<u>273,446,000</u>	20	<u>19,532,000</u>
Subtotal				\$1,099,097,000		\$94,504,000
Safety	June 30, 2004	Reamortize UAAL	\$304,408,000	\$302,146,000	14	\$28,024,000
	June 30, 2005	Actuarial loss	40,271,000	40,444,000	15	3,558,000
	June 30, 2006	Actuarial gain	(29,564,000)	(29,868,000)	16	(2,503,000)
	June 30, 2007	Actuarial gain	(81,955,000)	(82,971,000)	17	(6,650,000)
	June 30, 2008	Actuarial gain	(88,653,000)	(89,641,000)	18	(6,894,000)
	June 30, 2009	Actuarial loss	82,198,000	82,766,000	19	6,126,000
	June 30, 2010	Actuarial loss	103,299,000	103,299,000	20	7,379,000
	June 30, 2010	Assumption change	140,579,000	<u>140,579,000</u>	20	<u>10,041,000</u>
Subtotal				\$466,754,000		\$39,081,000
General and Safety	June 30, 2004	Reamortize UAAL	\$1,202,731,000	\$1,193,799,000	14	\$110,725,000
	June 30, 2005	Actuarial loss	169,195,000	169,923,000	15	14,949,000
	June 30, 2006	Actuarial gain	(152,401,000)	(153,965,000)	16	(12,904,000)
	June 30, 2007	Actuarial gain	(401,332,000)	(406,307,000)	17	(32,567,000)
	June 30, 2008	Actuarial gain	(340,974,000)	(344,775,000)	18	(26,517,000)
	June 30, 2009	Actuarial loss	311,963,000	314,114,000	19	23,251,000
	June 30, 2010	Actuarial loss	379,037,000	379,037,000	20	27,075,000
	June 30, 2010	Assumption change	414,025,000	<u>414,025,000</u>	20	<u>29,573,000</u>
Grand Total				\$1,565,851,000		\$133,585,000

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