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**August 2016**

**SAFETY PLAN OF THE CITY OF OAKLAND (CalPERS ID: 4015143822)**
**Annual Valuation Report as of June 30, 2015**

Dear Employer,

As an attachment to this letter, you will find a copy of the June 30, 2015 actuarial valuation report of your pension plan. Your 2015 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your CalPERS staff actuary, whose signature appears in the "Actuarial Certification" section on page 1, is available to discuss the report with you after August 31, 2016.

**Future Contributions**

The exhibit below displays the minimum employer contributions for Fiscal Year 2017-18 and projected contributions for Fiscal Year 2018-19, before any cost sharing. The projected contributions for Fiscal Year 2018-19 are based on the most recent information available, including an estimate of the investment return for Fiscal Year 2015-16, namely 0.0 percent. For a projection of employer contributions beyond Fiscal Year 2018-19, please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This 5-year projection of future employer contributions supersedes any previous projections we have provided. The "Risk Analysis" section of the valuation report also contains estimated employer contributions in future years under a variety of investment return scenarios.

| Fiscal Year | Employer Normal Cost Rate | Employer Payment of Unfunded Liability | Employee PEPRA Rate |
|---|---|---|---|
| 2017-18 | 18.288% | $32,173,315 | 11.50% |
| 2018-19 (projected) | 18.3% | $38,667,195 | N/A |

Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the above. **The employer contributions in this report do not reflect any cost sharing arrangement you may have with your employees.**

The estimates for Fiscal Year 2018-19 also assume that there are no future contract amendments and no liability gains or losses (such as larger than expected pay increases, more retirements than expected, etc.). This is a very important assumption because these gains and losses do occur and can have a significant impact on required contributions. These gains and losses cannot be predicted in advance so the projected employer contributions are just estimates. The actual required employer contributions for Fiscal Year 2018-19 will be provided in next year's report.

## Changes since the Prior Year's Valuation

Beginning with Fiscal Year 2017-18 CalPERS will collect employer contributions toward the plan's unfunded liability as dollar amounts instead of the prior method of a contribution rate. This change will address potential funding issues that could arise from a declining payroll or reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to the underfunding of the plans. Although employers will be invoiced at the beginning of the fiscal year for their unfunded liability payment the plan's normal cost contribution will continue to be collected as a percentage of payroll.

The CalPERS Board of Administration adopted a Risk Mitigation Policy which is designed to reduce funding risk over time. The policy establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return and strategic asset allocation targets. A minimum excess investment return of 4% above the existing discount rate is necessary to cause a funding risk mitigation event. The policy has no impact on the current year valuation results but is expected to have an impact in future years. More details on the Risk Mitigation Policy can be found on our website.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A, "Actuarial Methods and Assumptions." The effects of the changes on the required contributions are included in the "Reconciliation of Required Employer Contributions" section.

We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their results, we ask that you wait until after August 31 to contact us with actuarial questions. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (**888-225-7377**).

Sincerely,

ALAN MILLIGAN
Chief Actuary

# ACTUARIAL VALUATION

**as of June 30, 2015**

# for the
# SAFETY PLAN
# of the
# CITY OF OAKLAND

**(CalPERS ID: 4015143822)**
**(Rate Plan ID: 900)**

## REQUIRED CONTRIBUTIONS
## FOR FISCAL YEAR
## July 1, 2017 – June 30, 2018

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# ACTUARIAL CERTIFICATION

To the best of our knowledge, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the SAFETY PLAN OF THE CITY OF OAKLAND. This valuation is based on the member and financial data as of June 30, 2015 provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles, in accordance with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

The undersigned is an actuary for CalPERS, who is a member of the American Academy of Actuaries and the Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Fritzie Archuleta

FRITZIE ARCHULETA, ASA, MAAA
Senior Pension Actuary, CalPERS

# HIGHLIGHTS AND EXECUTIVE SUMMARY

- **INTRODUCTION**
- **PURPOSE OF THE REPORT**
- **REQUIRED CONTRIBUTIONS**
- **PLAN'S FUNDED STATUS**
- **PROJECTED EMPLOYER CONTRIBUTIONS**
- **COST**
- **CHANGES SINCE THE PRIOR YEAR'S VALUATION**
- **SUBSEQUENT EVENTS**

# Introduction

This report presents the results of the June 30, 2015 actuarial valuation of the SAFETY PLAN OF THE CITY OF OAKLAND of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for Fiscal Year 2017-18.

The CalPERS Board of Administration adopted a Risk Mitigation Policy which is designed to reduce funding risk over time. The policy establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return and strategic asset allocation targets. A minimum excess investment return of 4% above the existing discount rate is necessary to cause a funding risk mitigation event. The Risk Mitigation Policy does not have an impact on the current year actuarial valuation. More details on the Risk Mitigation Policy can be found on our website.

# Purpose of the Report

The actuarial valuation was prepared by the CalPERS Actuarial Office using data as of June 30, 2015. The purpose of the report is to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2015;
- Determine the required employer contributions for the fiscal year July 1, 2017 through June 30, 2018;
- Provide actuarial information as of June 30, 2015 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for an Agent Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on our website.

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

**California Actuarial Advisory Panel Recommendations**

This report includes all the basic disclosure elements as described in the *Model Disclosure Elements for Actuarial Valuation Reports* recommended in 2011 by the California Actuarial Advisory Panel (CAAP), with the exception of including the original base amounts of the various components of the unfunded liability in the Schedule of Amortization Bases shown on page 15.

Additionally, this report includes the following "Enhanced Risk Disclosures" also recommended by the CAAP in the Model Disclosure Elements document:

- A "Deterministic Stress Test," projecting future results under different investment income scenarios
- A "Sensitivity Analysis," showing the impact on current valuation results using a 1 percent plus or minus change in the discount rate.

# Required Contributions

| | | Fiscal Year |
|---|---|---|
| **Required Employer Contribution** | | **2017-18** |
| **Employer Normal Cost Rate** | | **18.288%** |
| ***Plus Either*** | | |
| **1) Monthly Employer Dollar UAL Payment** | **$** | **2,681,110** |
| ***Or*** | | |
| **2) Annual UAL Prepayment Option** | **$** | **31,030,700** |
| **Required PEPRA Member Contribution Rate** | | **11.50%** |

*The total minimum required employer contribution is the **sum** of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) **plus** the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars). Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31). Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change. §20572 of the Public Employees' Retirement Law assesses interest at an annual rate of 10 percent if a contracting agency fails to remit the required contributions when due. For additional detail regarding the determination of the required contribution for PEPRA members, see Appendix D. Required member contributions for Classic members can be found in Appendix B.*

| | | Fiscal Year 2016-17 | | Fiscal Year 2017-18 |
|---|---|---|---|---|
| **Normal Cost Contribution as a Percentage of Payroll** | | | | |
| Total Normal Cost | | 28.396% | | 27.727% |
| Employee Contribution[1] | | 9.229% | | 9.439% |
| Employer Normal Cost | | 19.167% | | 18.288% |
| Projected Annual Payroll for Contribution Year | $ | 127,286,379 | $ | 144,359,954 |
| **Estimated Employer Contributions Based On Projected Payroll** | | | | |
| Total Normal Cost | $ | 36,144,240 | $ | 40,026,686 |
| Employee Contribution[1] | | 11,747,260 | | 13,626,136 |
| Employer Normal Cost | | 24,396,980 | | 26,400,550 |
| Unfunded Liability Contribution | | 27,369,357 | | 32,173,315 |
| Estimated Total Employer Contribution[2] | $ | 51,766,337 | $ | 58,573,865 |

[1] For classic members, this is the percentage specified in the Public Employees Retirement Law, net of any reduction from the use of a modified formula or other factors. For PEPRA members, the member contribution rate is based on 50 percent of the normal cost. A development of PEPRA member contribution rates can be found in Appendix D. Employee cost sharing is not shown in this report.

[2] As a percentage of projected payroll the UAL contribution for Fiscal Year 2017-18 is 22.287 percent for an estimated total employer contribution rate of 40.575 percent. As determined in the June 30, 2014 valuation, the Fiscal Year 2016-17 UAL contribution is 21.502 percent for a total employer contribution rate of 40.669 percent.

# Plan's Funded Status

| | June 30, 2014 | June 30, 2015 |
|---|---|---|
| 1. Present Value of Projected Benefits | $ 1,936,346,590 | $ 2,093,916,016 |
| 2. Entry Age Normal Accrued Liability | 1,639,891,284 | 1,754,078,714 |
| 3. Market Value of Assets (MVA) | $ 1,169,019,374 | $ 1,179,020,200 |
| 4. Unfunded Accrued Liability (UAL) [(2) – (3)] | $ 470,871,910 | $ 575,058,514 |
| 5. Funded Ratio [(3) / (2)] | 71.3% | 67.2% |

# Projected Employer Contributions

The estimated employer contribution for Fiscal Year 2018-19 is based on a projection of the most recent information we have available, including an estimated 0.0 percent investment return for Fiscal Year 2015-16.

The table below shows projected employer contributions (before cost sharing) for the next five fiscal years, assuming CalPERS earns 0.0 percent for Fiscal Year 2015-16 and 7.50 percent every fiscal year thereafter, and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages do not reflect that the normal cost will decline over time as new employees are hired into PEPRA or other lower cost benefit tiers.

| | **Required Contribution** | **Projected Future Employer Contributions** | | | | |
|---|---|---|---|---|---|---|
| **Fiscal Year** | **2017-18** | **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** |
| **Normal Cost %** | 18.288% | 18.3% | 18.3% | 18.3% | 18.3% | 18.3% |
| **UAL $** | 32,173,315 | 38,667,195 | 45,521,750 | 49,873,536 | 54,422,368 | 57,660,374 |

For projected contributions under alternate investment return scenarios, please see the "Analysis of Future Investment Return Scenarios" in the "Risk Analysis" section.

# Cost

**Actuarial Cost Estimates in General**

What will this pension plan cost? Unfortunately, there is no simple answer. There are two major reasons for the complexity of the answer. First, actuarial calculations, including the ones in this report, are based on a number of assumptions about the future. These assumptions can be divided into two categories.

- Demographic assumptions include the percentage of employees that will terminate, die, become disabled, and retire in each future year.
- Economic assumptions include future salary increases for each active employee, and the assumption with the greatest impact: future asset returns at CalPERS for each year into the future until the last dollar is paid to current members of the plan.

While CalPERS has set these assumptions to reflect our best estimate of the real future of the plan, it must be understood that these assumptions are very long-term predictors and will surely not be realized in any one year. For example, while the asset earnings at CalPERS have averaged more than the assumed return of 7.5 percent for the past twenty year period ending June 30, 2015, returns for each fiscal year ranged from negative -24 percent to +21.7 percent.

Second, the very nature of actuarial funding produces the answer to the question of plan cost as the sum of two separate pieces.

- The Normal Cost (i.e., the annual cost associated with one year of service accrual) expressed as a percentage of total active payroll.
- The Past Service Cost or Accrued Liability (i.e., the current value of the benefit for all credited past service of current members) which is expressed as a lump sum dollar amount.

The cost is the sum of a percent of future pay and a lump sum dollar amount. In prior years CalPERS converted Past Service Cost to a percent of payroll and expressed the total required employer contribution as a single rate. Going forward the Past Service Cost will no longer be converted to a percent of payroll and this cost will be invoiced to the employer as a monthly dollar contribution amount with the option to prepay the annual amount at the beginning of the fiscal year. The normal cost will continue to be expressed as a percentage of active payroll with employer and employee contributions payable as part of the payroll reporting process.

# Changes since the Prior Year's Valuation

**Benefits**

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B for a summary of the plan provisions used in this valuation. The effect of any mandated benefit changes or plan amendments on the unfunded liability is shown in the "(Gain)/Loss Analysis" and the effect on the employer contribution is shown in the "Reconciliation of Required Employer Contributions." It should be noted that no change in liability or contribution is shown for any plan changes which were already included in the prior year's valuation.

**Actuarial Methods and Assumptions**

Beginning with Fiscal Year 2017-18 CalPERS will collect employer contributions toward the plan's unfunded liability as dollar amounts instead of the prior method of a contribution rate. This change will address potential funding issues that could arise from a declining payroll or reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to the underfunding of the plans. Although employers will be invoiced at the beginning of the fiscal year for their unfunded liability payment the plan's normal cost contribution will continue to be collected as a percentage of payroll.

# Subsequent Events

**Risk Mitigation**

The CalPERS Board of Administration adopted a Risk Mitigation Policy which is designed to reduce funding risk over time. The policy establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return and strategic asset allocation targets. A minimum excess investment return of 4% above the existing discount rate is necessary to cause a funding risk mitigation event. More details on the Risk Mitigation Policy can be found on our website.

# ASSETS

- **RECONCILIATION OF THE MARKET VALUE OF ASSETS**
- **ASSET ALLOCATION**
- **CALPERS HISTORY OF INVESTMENT RETURNS**

# Reconciliation of the Market Value of Assets

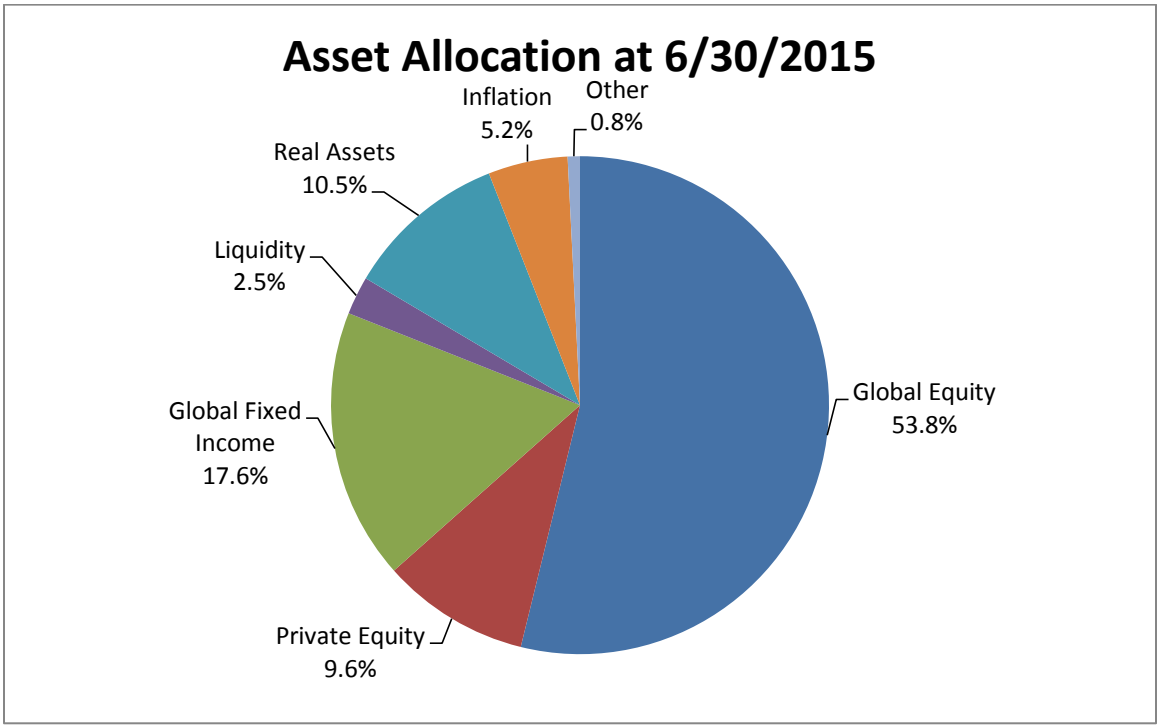
| | | | |
|---|---|---|---|
| 1. | Market Value of Assets as of 6/30/14 including Receivables | $ | 1,169,019,374 |
| 2. | Change in Receivables for Service Buybacks as of 6/30/14 | | (303,964) |
| 3. | Employer Contributions | | 44,366,416 |
| 4. | Employee Contributions | | 14,179,669 |
| 5. | Benefit Payments to Retirees and Beneficiaries | | (73,986,735) |
| 6. | Refunds | | (211,591) |
| 7. | Lump Sum Payments | | 0 |
| 8. | Transfers and Miscellaneous Adjustments | | 1,127,224 |
| 9. | Investment Return | | 24,829,807 |
| 10. | Market Value of Assets as of 6/30/15 including Receivables | $ | 1,179,020,200 |

# Asset Allocation

CalPERS adheres to an Asset Allocation Strategy which establishes asset class allocation policy targets and ranges, and manages those asset class allocations within their policy ranges. CalPERS Investment Belief No. 6 recognizes that strategic asset allocation is the dominant determinant of portfolio risk and return. On February 19, 2014, the CalPERS Board of Administration adopted changes to the current asset allocation as shown in the Policy Target Allocation below expressed as a percentage of total assets. The asset allocation has an expected long term blended rate of return of 7.5 percent.

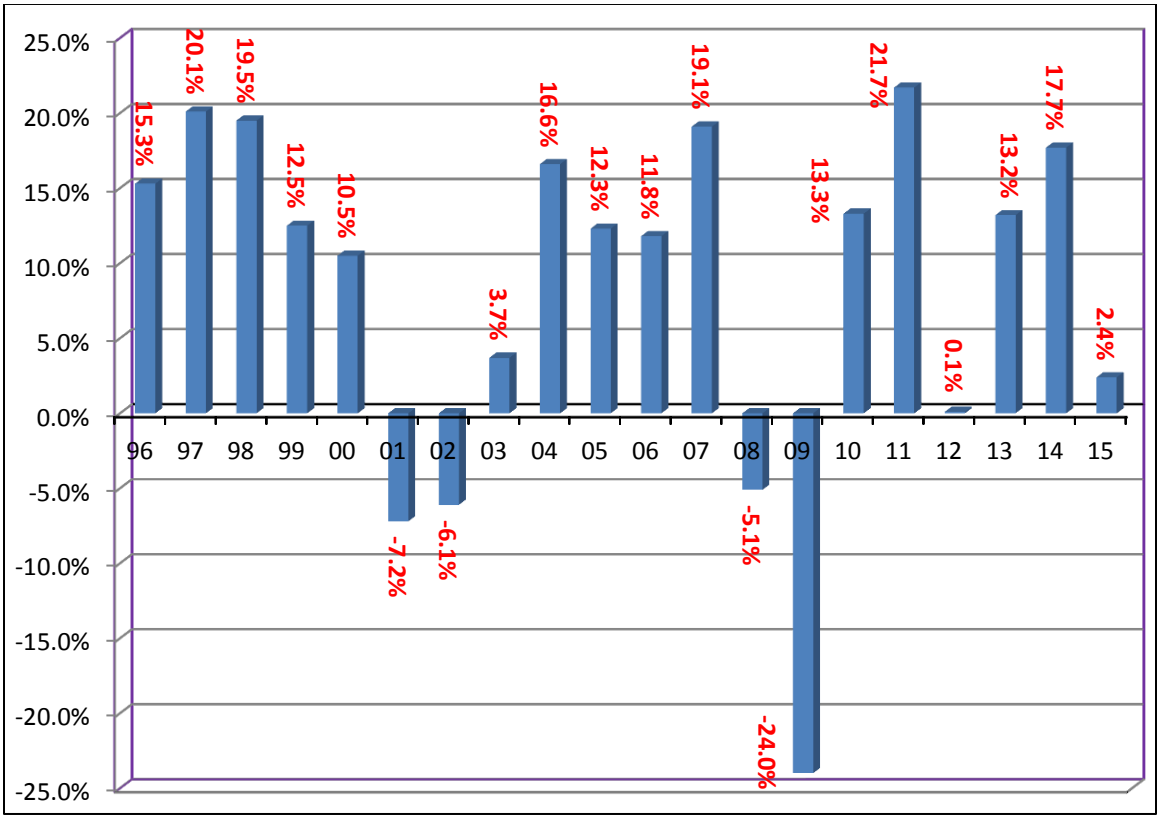
The asset allocation and market value of assets shown below reflect the values of the Public Employees' Retirement Fund (PERF) in its entirety as of June 30, 2015. The assets for CITY OF OAKLAND SAFETY PLAN are part of the PERF and are invested accordingly.

| (A)<br>Asset Class | (B)<br>Market Value<br>($ Billion) | (C)<br>Policy Target<br>Allocation |
|---|---|---|
| Global Equity | 162.5 | 51.0% |
| Private Equity | 29.0 | 10.0% |
| Global Fixed Income | 53.1 | 20.0% |
| Liquidity | 7.5 | 1.0% |
| Real Assets | 31.8 | 12.0% |
| Inflation Sensitive Assets | 15.6 | 6.0% |
| Other | 2.4 | 0.0% |
| **Total Fund** | **$301.9** | **100.0%** |



# CalPERS History of Investment Returns

The following is a chart with the 20-year historical annual returns of the Public Employees Retirement Fund for each fiscal year ending on June 30. Beginning in 2002, the figures are reported as gross of fees.




The table below shows historical geometric mean annual returns of the Public Employees Retirement Fund for various time periods ending on June 30, 2015, (figures are reported as gross of fees). The geometric mean rate of return is the average rate per period compounded over multiple periods. It should be recognized that in any given year the rate of return is volatile. Although the expected rate of return on the recently adopted new asset allocation is 7.5 percent, the portfolio has an expected volatility of 11.76 percent per year. The volatility is a measure of the risk of the portfolio expressed in the standard deviation of the fund's total return distribution, expressed as a percentage. Consequently, when looking at investment returns, it is more instructive to look at returns over longer time horizons.

| History of CalPERS Geometric Mean Rates of Return and Volatilities | | | | | |
|---|---|---|---|---|---|
| | **1 year** | **5 year** | **10 year** | **20 year** | **30 year** |
| Geometric Return | 2.4% | 10.7% | 6.1% | 7.7% | 9.1% |
| Volatility | – | 9.4% | 14.0% | 11.8% | 10.5% |

# LIABILITIES AND CONTRIBUTIONS

- **DEVELOPMENT OF ACCRUED AND UNFUNDED LIABILITIES**
- **(GAIN) / LOSS ANALYSIS 06/30/14 - 06/30/15**
- **SCHEDULE OF AMORTIZATION BASES**
- **30-YEAR AMORTIZATION SCHEDULES AND ALTERNATIVES**
- **RECONCILIATION OF REQUIRED EMPLOYER CONTRIBUTIONS**
- **EMPLOYER CONTRIBUTION HISTORY**
- **FUNDING HISTORY**

# Development of Accrued and Unfunded Liabilities

| | | June 30, 2014 | June 30, 2015 |
|---|---|---|---|
| 1. Present Value of Projected Benefits | | | |
| a) Active Members | $ | 856,877,497 | 939,492,069 |
| b) Transferred Members | | 35,451,007 | 33,184,520 |
| c) Terminated Members | | 16,121,918 | 14,155,149 |
| d) Members and Beneficiaries Receiving Payments | | 1,027,896,168 | 1,107,084,278 |
| e) Total | $ | 1,936,346,590 | 2,093,916,016 |
| 2. Present Value of Future Employer Normal Costs | $ | 196,875,009 | 217,522,063 |
| 3. Present Value of Future Employee Contributions | $ | 99,580,297 | 122,315,239 |
| 4. Entry Age Normal Accrued Liability | | | |
| a) Active Members [(1a) - (2) - (3)] | $ | 560,422,191 | 599,654,767 |
| b) Transferred Members (1b) | | 35,451,007 | 33,184,520 |
| c) Terminated Members (1c) | | 16,121,918 | 14,155,149 |
| d) Members and Beneficiaries Receiving Payments (1d) | | 1,027,896,168 | 1,107,084,278 |
| e) Total | $ | 1,639,891,284 | 1,754,078,714 |
| 5. Market Value of Assets (MVA) | $ | 1,169,019,374 | 1,179,020,200 |
| 6. Unfunded Accrued Liability (UAL) [(4e) - (5)] | $ | 470,871,910 | 575,058,514 |
| 7. Funded Ratio [(5) / (4e)] | | 71.3% | 67.2% |

# (Gain)/Loss Analysis 6/30/14 – 6/30/15

To calculate the cost requirements of the plan, 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 compared to the expected experience based on the actuarial assumptions. This results in actuarial gains or losses, as shown below.

| | | |
|---|---|---|
| **1. Total (Gain)/Loss for the Year** | | |
| a) Unfunded Accrued Liability (UAL) as of 6/30/14 | $ | 470,871,910 |
| b) Expected Payment on the UAL during 2014/2015 | | 19,068,361 |
| c) Interest through 6/30/15 [.075 x (1a) - ((1.075)$^{½}$ - 1) x (1b)] | | 34,613,257 |
| d) Expected UAL before all other changes [(1a) - (1b) + (1c)] | | 486,416,806 |
| e) Change due to plan changes | | 0 |
| f) Change due to assumption change | | 0 |
| g) Expected UAL after all other changes [(1d) + (1e) + (1f)] | | 486,416,806 |
| h) Actual UAL as of 6/30/15 | | 575,058,514 |
| i) Total (Gain)/Loss for 2014/2015 [(1h) - (1g)] | $ | 88,641,708 |
| **2. Contribution (Gain)/Loss for the Year** | | |
| a) Expected Contribution (Employer and Employee) | $ | 53,412,527 |
| b) Interest on Expected Contributions | | 1,966,760 |
| c) Actual Contributions | | 58,546,085 |
| d) Interest on Actual Contributions | | 2,155,788 |
| e) Expected Contributions with Interest [(2a) + (2b)] | | 55,379,287 |
| f) Actual Contributions with Interest [(2c) + (2d)] | | 60,701,873 |
| g) Contribution (Gain)/Loss [(2e) - (2f)] | $ | (5,322,586) |
| **3. Asset (Gain)/Loss for the Year** | | |
| a) Market Value of Assets as of 6/30/14 | $ | 1,169,019,374 |
| b) Prior Fiscal Year Receivables | | (3,631,669) |
| c) Current Fiscal Year Receivables | | 3,327,705 |
| d) Contributions Received | | 58,546,085 |
| e) Benefits and Refunds Paid | | (74,198,326) |
| f) Transfers and Miscellaneous Adjustments | | 1,127,224 |
| g) Expected Int. [.075 x (3a + 3b) + ((1.075)$^{½}$ - 1) x ((3d) + (3e) + (3f))] | | 86,869,237 |
| h) Expected Assets as of 6/30/15 [(3a) + (3b) + (3c) + (3d) + (3e) + (3f) + (3g)] | | 1,241,059,630 |
| i) Market Value of Assets as of 6/30/15 | | 1,179,020,200 |
| j) Asset (Gain)/Loss [(3h) **-** (3i)] | $ | 62,039,430 |
| **4. Liability (Gain)/Loss for the Year** | | |
| a) Total (Gain)/Loss (1i) | $ | 88,641,708 |
| b) Contribution (Gain)/Loss (2g) | | (5,322,586) |
| c) Asset (Gain)/Loss (3j) | | 62,039,430 |
| d) Liability (Gain)/Loss [(4a) - (4b) - (4c)] | $ | 31,924,864 |

# Schedule of Amortization Bases

There is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2015.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: Fiscal Year 2017-18.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year minus the Expected Normal Cost for the year. The Employer Contribution for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. The Normal Cost Rate for each of the two fiscal years is assumed to be the same as the rate determined by the current valuation. All expected dollar amounts are determined by multiplying the rate by the expected payroll for the applicable fiscal year, based on payroll as of the valuation date.

| Reason for Base | Date Established | Amorti-zation Period | Balance 6/30/15 | Expected Payment 2015-16 | Balance 6/30/16 | Expected Payment 2016-17 | Balance 6/30/17 | Scheduled Payment for 2017-18 |
|---|---|---|---|---|---|---|---|---|
| FS 30-YEAR AMORTIZATION | 06/30/08 | 23 | $(49,787,118) | $(3,290,652) | $(50,109,332) | $(3,389,371) | $(50,353,357) | $(3,491,052) |
| ASSUMPTION CHANGE | 06/30/09 | 14 | $22,672,969 | $1,985,967 | $22,314,347 | $2,045,546 | $21,867,056 | $2,106,912 |
| SPECIAL (GAIN)/LOSS | 06/30/09 | 24 | $35,725,775 | $2,310,701 | $36,009,421 | $2,380,022 | $36,242,468 | $2,451,423 |
| SPECIAL (GAIN)/LOSS | 06/30/10 | 25 | $(3,977,755) | $(252,103) | $(4,014,701) | $(259,666) | $(4,046,576) | $(267,456) |
| ASSUMPTION CHANGE | 06/30/11 | 16 | $31,760,749 | $2,567,690 | $31,480,568 | $2,644,721 | $31,099,505 | $2,724,063 |
| SPECIAL (GAIN)/LOSS | 06/30/11 | 26 | $(13,589,318) | $(844,987) | $(13,732,417) | $(870,336) | $(13,859,964) | $(896,446) |
| PAYMENT (GAIN)/LOSS | 06/30/12 | 27 | $6,702,157 | $409,328 | $6,780,418 | $421,608 | $6,851,817 | $434,256 |
| (GAIN)/LOSS | 06/30/12 | 27 | $306,178,799 | $18,699,584 | $309,754,068 | $19,260,571 | $313,015,838 | $19,838,388 |
| (GAIN)/LOSS | 06/30/13 | 28 | $176,584,108 | $2,483,662 | $187,252,801 | $5,116,343 | $195,992,024 | $7,904,750 |
| ASSUMPTION CHANGE | 06/30/14 | 19 | $72,004,606 | $(981,217) | $78,422,299 | $1,493,763 | $82,755,205 | $3,077,153 |
| (GAIN)/LOSS | 06/30/14 | 29 | $(97,858,165) | $(395,160) | $(104,787,817) | $(1,473,844) | $(111,118,789) | $(3,036,119) |
| (GAIN)/LOSS | 06/30/15 | 30 | $88,641,707 | $3,791,095 | $91,359,144 | $3,696,064 | $94,378,919 | $1,327,443 |
| **TOTAL** | | | **$575,058,514** | **$26,483,908** | **$590,728,799** | **$31,065,421** | **$602,824,146** | **$32,173,315** |

# 30-Year Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to CalPERS amortization policy. There has been considerable interest from many agencies in paying off these unfunded accrued liabilities sooner and the possible savings in doing so. As a result, we have provided alternate amortization schedules to help analyze the current amortization schedule and illustrate the advantages of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternate "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. Note that the payments under each alternate scenario increase by 3 percent for each year into the future. The schedules do not attempt to reflect any experience after June 30, 2015 that may deviate from the actuarial assumptions. Therefore, future amortization payments displayed in the Current Amortization Schedule may not match projected amortization payments shown in connection with Projected Employer Contributions provided elsewhere in this report.

The Current Amortization Schedule typically contains individual bases that are both positive and negative. Positive bases result from plan changes, assumption changes or plan experience that result in increases to unfunded liability. Negative bases result from plan changes, assumption changes or plan experience that result in decreases to unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years such as:

- A positive total unfunded liability with a negative total payment,
- A negative total unfunded liability with a positive total payment, or
- Total payments that completely amortize the unfunded liability over a very short period of time

In any year where one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy. For purposes of this display, total payments include any negative payments. Therefore, the amount of estimated savings may be understated to the extent that negative payments appear in the current schedule.

# 30-Year Amortization Schedule and Alternatives

| | Current Amortization Schedule | | Alternate Schedules | | | |
|---|---|---|---|---|---|---|
| | | | 25 Year Amortization | | 20 Year Amortization | |
| **Date** | **Balance** | **Payment** | **Balance** | **Payment** | **Balance** | **Payment** |
| **6/30/2017** | 602,824,146 | 32,173,315 | 602,824,146 | 39,843,322 | 602,824,146 | 45,516,495 |
| **6/30/2018** | 614,677,954 | 37,240,876 | 606,725,522 | 41,038,622 | 600,843,450 | 46,881,990 |
| **6/30/2019** | 622,166,640 | 42,583,534 | 609,680,187 | 42,269,780 | 597,298,427 | 48,288,450 |
| **6/30/2020** | 624,677,590 | 45,333,992 | 611,579,960 | 43,537,874 | 592,029,279 | 49,737,103 |
| **6/30/2021** | 624,525,123 | 48,188,061 | 612,307,429 | 44,844,010 | 584,862,949 | 51,229,216 |
| **6/30/2022** | 621,402,063 | 49,633,703 | 611,735,228 | 46,189,330 | 575,612,089 | 52,766,093 |
| **6/30/2023** | 616,545,899 | 51,122,712 | 609,725,253 | 47,575,010 | 564,073,946 | 54,349,075 |
| **6/30/2024** | 609,781,685 | 52,656,395 | 606,127,827 | 49,002,260 | 550,029,171 | 55,979,548 |
| **6/30/2025** | 600,919,996 | 54,236,088 | 600,780,789 | 50,472,328 | 533,240,528 | 57,658,934 |
| **6/30/2026** | 589,755,825 | 55,863,171 | 593,508,524 | 51,986,498 | 513,451,513 | 59,388,702 |
| **6/30/2027** | 576,067,343 | 57,539,066 | 584,120,915 | 53,546,093 | 490,384,859 | 61,170,363 |
| **6/30/2028** | 559,614,621 | 59,265,236 | 572,412,213 | 55,152,476 | 463,740,941 | 63,005,474 |
| **6/30/2029** | 540,138,213 | 61,043,193 | 558,159,826 | 56,807,050 | 433,196,046 | 64,895,638 |
| **6/30/2030** | 517,357,650 | 62,874,490 | 541,123,009 | 58,511,261 | 398,400,519 | 66,842,508 |
| **6/30/2031** | 490,969,812 | 61,573,831 | 521,041,468 | 60,266,599 | 358,976,771 | 68,847,783 |
| **6/30/2032** | 463,951,442 | 61,023,994 | 497,633,838 | 62,074,597 | 314,517,129 | 70,913,216 |
| **6/30/2033** | 435,476,776 | 56,014,430 | 470,596,064 | 63,936,835 | 264,581,526 | 73,040,613 |
| **6/30/2034** | 410,060,537 | 55,151,831 | 439,599,647 | 65,854,940 | 208,695,021 | 75,231,831 |
| **6/30/2035** | 383,632,443 | 54,187,061 | 404,289,765 | 67,830,588 | 146,345,125 | 77,488,786 |
| **6/30/2036** | 356,222,535 | 53,114,771 | 364,283,246 | 69,865,506 | 76,978,926 | 79,813,450 |
| **6/30/2037** | 327,868,657 | 54,708,214 | 319,166,391 | 71,961,471 | | |
| **6/30/2038** | 295,736,122 | 56,349,462 | 268,492,629 | 74,120,315 | | |
| **6/30/2039** | 259,491,967 | 58,039,944 | 211,779,998 | 76,343,925 | | |
| **6/30/2040** | 218,776,770 | 66,671,038 | 148,508,432 | 78,634,243 | | |
| **6/30/2041** | 166,059,024 | 58,331,686 | 78,116,846 | 80,993,270 | | |
| **6/30/2042** | 118,033,872 | 58,303,181 | | | | |

| | | | | |
|---|---|---|---|---|
| **6/30/2043** | 66,436,389 | 56,714,188 | | |
| **6/30/2044** | 12,616,596 | 7,954,715 | | |
| **6/30/2045** | 5,315,217 | 2,600,975 | | |
| **6/30/2046** | 3,017,110 | 3,128,206 | | |
| **Totals** | | **1,473,621,359** | **1,452,658,203** | **1,223,045,268** |
| **Estimated Savings** | | | **20,963,156** | **250,576,091** |

# Reconciliation of Required Employer Contributions

**Normal Cost (% of Payroll)**

| | |
|---|---|
| 1. For Period 7/1/16 – 6/30/17 | |
| a) Employer Normal Cost | 19.167% |
| b) Employee Contribution | 9.229% |
| c) Total Normal Cost | 28.396% |
| 2. Effect of changes since the prior year annual valuation | |
| a) Effect of changes in demographics results | (0.669%) |
| b) Effect of plan changes | 0.000% |
| c) Effect of changes in assumptions | 0.000% |
| d) Net effect of the changes above [sum of (a) through (c)] | (0.669%) |
| 3. For Period 7/1/17 – 6/30/18 | |
| a) Employer Normal Cost | 18.288% |
| b) Employee Contribution | 9.439% |
| c) Total Normal Cost | 27.727% |
| Employer Normal Cost Change [(3a) – (1a)] | (0.879%) |
| Employee Contribution Change [(3b) – (1b)] | 0.210% |

**Unfunded Liability Contribution ($)**

| | |
|---|---|
| 1. For Period 7/1/16 – 6/30/17 | 27,369,357 |
| 2. Effect of changes since the prior year annual valuation | |
| a) Effect of changes in demographics and financial results | 1,327,443 |
| b) Effect of plan changes | 0 |
| c) Effect of changes in assumptions | 0 |
| d) Effect of progression of amortization payments | 3,476,515 |
| e) Effect of changes due to Fresh Start | 0 |
| f) Effect of elimination of amortization base | 0 |
| g) Net effect of the changes above [sum of (a) through (f)] | 4,803,958 |
| 3. For Period 7/1/17 – 6/30/18 [(1)+(2g)] | 32,173,315 |

The amounts shown for the period 7/1/16 – 6/30/17 may be different if a prepayment of unfunded actuarial liability is made or a plan change became effective after the prior year's actuarial valuation was performed.

# Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan, as determined by the annual actuarial valuation. It does not account for prepayments or benefit changes made during a fiscal year.

| | | Required By Valuation | |
|---|---|---|---|
| **Fiscal Year** | **Employer Normal Cost** | **Unfunded Rate** | **Unfunded Liability Payment ($)** |
| 2012 - 13 | 18.462% | 12.437% | N/A |
| 2013 - 14 | 19.006% | 14.340% | N/A |
| 2014 - 15 | 19.018% | 16.127% | N/A |
| 2015 - 16 | 18.842% | 18.844% | N/A |
| 2016 - 17 | 19.167% | 21.502% | N/A |
| 2017 - 18 | 18.288% | N/A | 32,173,315 |

# Funding History

The table below shows the recent history of the actuarial accrued liability, the market value of assets, the funded ratio and the annual covered payroll.

| Valuation Date | Accrued Liability | Market Value of Assets (MVA) | Unfunded Liability | Funded Ratio | Annual Covered Payroll |
|---|---|---|---|---|---|
| 06/30/10 | $ 1,262,845,446 | $ 746,593,941 | $ 516,251,505 | 59.1% | $ 145,619,032 |
| 06/30/11 | 1,357,816,142 | 915,113,586 | 442,702,556 | 67.4% | 130,530,316 |
| 06/30/12 | 1,398,098,675 | 905,555,632 | 492,543,043 | 64.8% | 118,924,175 |
| 06/30/13 | 1,487,554,559 | 1,009,460,115 | 478,094,444 | 67.9% | 116,889,443 |
| 06/30/14 | 1,639,891,284 | 1,169,019,374 | 470,871,910 | 71.3% | 116,485,068 |
| 06/30/15 | 1,754,078,714 | 1,179,020,200 | 575,058,514 | 67.2% | 132,109,808 |

# RISK ANALYSIS

- **ANALYSIS OF FUTURE INVESTMENT RETURN SCENARIOS**
- **ANALYSIS OF DISCOUNT RATE SENSITIVITY**
- **VOLATILITY RATIOS**
- **HYPOTHETICAL TERMINATION LIABILITY**

# Analysis of Future Investment Return Scenarios

The investment return for Fiscal Year 2015-16 was not known at the time this report was produced. The investment return in Fiscal Year 2015-16 as of April 30, 2016 is 0.0 percent before administrative expenses. For purposes of projecting future employer contributions, we are assuming a 0.0 percent investment return for Fiscal Year 2015-16.

The investment return realized during a fiscal year first affects the required contribution for the fiscal year two years later. For example, the investment return for Fiscal Year 2015-16 will first be reflected in the June 30, 2016 actuarial valuation that will be used to set the employer contribution for Fiscal Year 2018-19. The Fiscal Year 2016-17 investment return will first be reflected in the June 30, 2017 actuarial valuation that will be used to set the employer contribution for Fiscal Year 2019-20 and so forth.

As part of this report, a sensitivity analysis was performed to determine the effects of various investment returns during fiscal years 2016-17, 2017-18 and 2018-19 on the 2019-20, 2020-21 and 2021-22 employer contributions. Once again, the projections assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

Five different investment return scenarios were selected.

- The first scenario is a -3.8 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 5th percentile return from July 1, 2016 through June 30, 2019.
- The second scenario is a 2.8 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 25th percentile return from July 1, 2016 through June 30, 2019.
- The third scenario is a 7.5 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 49th percentile return from July 1, 2016 through June 30, 2019.
- The fourth scenario is a 12.0 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 75th percentile return from July 1, 2016 through June 30, 2019.
- Finally, the last scenario is an 18.9 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 95th percentile return from July 1, 2016 through June 30, 2019.

The table below shows the estimated projected contributions and the estimated increases for the plan under the five different scenarios.

| 2016-19 Investment Return Scenario | Fiscal Year | | | Estimated Change Between 2018-19 and 2021-22 |
|---|---|---|---|---|
| | 2019-20 | 2020-21 | 2021-22 | |
| **(3.8%)** | | | | |
| Normal Cost | 18.3% | 18.3% | 18.3% | 0.0% |
| UAL Contribution | $47,652,569 | $56,297,814 | $67,343,031 | $28,675,836 |
| **2.8%** | | | | |
| Normal Cost | 18.3% | 18.3% | 18.3% | 0.0% |
| UAL Contribution | $46,408,069 | $52,604,225 | $60,033,206 | $21,366,011 |
| **7.5%** | | | | |
| Normal Cost | 18.3% | 18.3% | 18.3% | 0.0% |
| UAL Contribution | $45,521,750 | $49,873,536 | $54,422,368 | $15,755,173 |
| **12.0%** | | | | |
| Normal Cost | 18.7% | 19.0% | 19.4% | 1.1% |
| UAL Contribution | $44,654,614 | $47,355,769 | $49,317,528 | $10,650,333 |
| **18.9%** | | | | |
| Normal Cost | 19.4% | 20.5% | 21.7% | 3.4% |
| UAL Contribution | $43,336,012 | $43,552,476 | $41,521,898 | $2,854,703 |

For the last two scenarios in the table above the results incorporate the impact of CalPERS Risk Mitigation Policy. A 12.0% return would result in a reduction of the discount rate by 0.05% and a return of 18.9% would reduce the discount rate by 0.15%. Reducing the discount rate increases both the plan's accrued liability and normal cost. While the projections reflect estimated changes to the normal cost due to lower discount rates, they do not reflect the possible increase in the PEPRA member contribution rate in such scenarios. More details about the Risk Mitigation policy can be found on our website.

The projected normal cost percentages do not reflect that the normal cost will decline over time as new employees are hired into PEPRA or other lower cost benefit tiers.

# Analysis of Discount Rate Sensitivity

The following analysis looks at the Fiscal Year 2017-18 total normal cost rates and liabilities under two different discount rate scenarios. Shown below are the total normal cost rates assuming discount rates that are 1 percent lower and 1 percent higher than the current valuation discount rate. This analysis shows the potential plan impacts if the PERF were to realize investment returns of 6.50 percent or 8.50 percent over the long-term.

This type of analysis gives the reader a sense of the long-term risk to required contributions.

| **Sensitivity Analysis** | | | |
|---|---|---|---|
| **As of June 30, 2015** | **6.50% Discount Rate (-1%)** | **7.50% Discount Rate (assumed rate)** | **8.50% Discount Rate (+1%)** |
| Plan's Total Normal Cost | 35.223% | 27.727% | 22.070% |
| Accrued Liability | $2,007,315,123 | $1,754,078,714 | $1,548,047,733 |
| Unfunded Accrued Liability | $828,294,923 | $575,058,514 | $369,027,533 |

# Volatility Ratios

The actuarial calculations supplied in this communication are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

**Asset Volatility Ratio (AVR)**

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio, a measure of the plan's current volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

**Liability Volatility Ratio (LVR)**

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with a liability-to-payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability-to-payroll ratio of 4. The liability volatility ratio is also included in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The asset volatility ratio, described above, will tend to move closer to the liability volatility ratio as the plan matures.

| Contribution Volatility | | As of June 30, 2015 |
|---|---|---|
| 1. Market Value of Assets without Receivables | $ | 1,175,692,495 |
| 2. Payroll | | 132,109,808 |
| 3. Asset Volatility Ratio (AVR) [(1) / ( 2)] | | 8.9 |
| 4. Accrued Liability | $ | 1,754,078,714 |
| 5. Liability Volatility Ratio (LVR) [(4) / (2)] | | 13.3 |

# Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2015. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For this hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 2-year period centered around the valuation date.

| Market Value of Assets (MVA) | Hypothetical Termination Liability[1,2] @ 2.00% | Funded Status | Unfunded Termination Liability @ 2.00% | Hypothetical Termination Liability[1,2] @ 3.25% | Funded Status | Unfunded Termination Liability @ 3.25% |
|---|---|---|---|---|---|---|
| $1,179,020,200 | $3,839,933,282 | 30.7% | $2,660,913,082 | $3,124,856,809 | 37.7% | $1,945,836,609 |

[1] The hypothetical liabilities calculated above include a 7 percent mortality contingency load in accordance with Board policy. Other actuarial assumptions, such as wage and inflation assumptions, can be found in Appendix A.

[2] The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.75 percent on June 30, 2015.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

# PLAN'S MAJOR BENEFIT PROVISIONS

# Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in the following section of this Appendix.

| | **Contract Package** | | | | | | |
|---|---|---|---|---|---|---|---|
| **Benefit Provision** | Active Police | Active Fire | Active Police | Active Fire | Active Fire | Active Police | Inactive Police |
| Benefit Formula | 3.0% @ 50 | 3.0% @ 50 | 3.0% @ 55 | 3.0% @ 55 | 2.7% @ 57 | 2.7% @ 57 | 2.0% @ 50 |
| Social Security Coverage | No | No | No | No | No | No | No |
| Full/Modified | Full | Full | Full | Full | Full | Full | Full |
| Employee Contribution Rate | 9.00% | 9.00% | 9.00% | 9.00% | 11.50% | 11.50% | |
| Final Average Compensation Period | One Year | One Year | Three Year | Three Year | Three Year | Three Year | One Year |
| Sick Leave Credit | No | Yes | No | Yes | Yes | No | No |
| Non-Industrial Disability | Standard | Standard | Standard | Standard | Standard | Standard | Standard |
| Industrial Disability | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Pre-Retirement Death Benefits | | | | | | | |
| Optional Settlement 2W | No | No | No | No | No | No | No |
| 1959 Survivor Benefit Level | No | Level 3 | No | Level 3 | Level 3 | No | No |
| Special | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Alternate (firefighters) | No | No | No | No | No | No | No |
| Post-Retirement Death Benefits | | | | | | | |
| Lump Sum | $500 | $500 | $500 | $500 | $500 | $500 | $500 |
| Survivor Allowance (PRSA) | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| COLA | 2% | 2% | 2% | 2% | 2% | 2% | 2% |

# Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in the following section of this Appendix.

| | **Contract Package** | | | |
|---|---|---|---|---|
| **Benefit Provision** | Inactive Fire | Receiving Fire | Receiving Police | |
| Benefit Formula | 2.0% @ 50 | | | |
| Social Security Coverage | No | | | |
| Full/Modified | Full | | | |
| Employee Contribution Rate | | | | |
| Final Average Compensation Period | One Year | | | |
| Sick Leave Credit | Yes | | | |
| Non-Industrial Disability | Standard | | | |
| Industrial Disability | Yes | | | |
| Pre-Retirement Death Benefits | | | | |
| Optional Settlement 2W | No | | | |
| 1959 Survivor Benefit Level | Level 3 | | | |
| Special | Yes | | | |
| Alternate (firefighters) | No | | | |
| Post-Retirement Death Benefits | | | | |
| Lump Sum | $500 | $500 | $500 | |
| Survivor Allowance (PRSA) | Yes | Yes | Yes | |
| COLA | 2% | 2% | 2% | |

# APPENDICES

- **APPENDIX A – ACTUARIAL METHODS AND ASSUMPTIONS**
- **APPENDIX B – PRINCIPAL PLAN PROVISIONS**
- **APPENDIX C – PARTICIPANT DATA**
- **APPENDIX D – DEVELOPMENT OF PEPRA MEMBER CONTRIBUTION RATES**
- **APPENDIX E – GLOSSARY OF ACTUARIAL TERMS**

# APPENDIX A

# ACTUARIAL METHODS AND ASSUMPTIONS

- **ACTUARIAL DATA**
- **ACTUARIAL METHODS**
- **ACTUARIAL ASSUMPTIONS**
- **MISCELLANEOUS**

# Actuarial Data

As stated in the Actuarial Certification, the data which serves as the basis of this valuation has been obtained from the various CalPERS databases. We have reviewed the valuation data and believe that it is reasonable and appropriate in aggregate. We are unaware of any potential data issues that would have a material effect on the results of this valuation, except that data does not always contain the latest salary information for former members now in reciprocal systems and does not recognize the potential for unusually large salary deviation in certain cases such as elected officials. Therefore, salary information in these cases may not be accurate. These situations are relatively infrequent, however, and when they do occur, they generally do not have a material impact on the required employer contributions.

# Actuarial Methods

**Actuarial Cost Method**

The actuarial cost method used is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percentage of pay in each year from the member's age of hire (entry age) to their assumed retirement age on the valuation date. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for members currently receiving benefits and for members entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

**Amortization of Unfunded Actuarial Accrued Liability**

The excess of the total actuarial accrued liability over the market value of plan assets is called the unfunded actuarial accrued liability (UAL). Funding requirements are determined by adding the normal cost and an amortization payment toward the unfunded liability. Commencing with the June 30, 2013 valuation, all new gains or losses are tracked and amortized over a fixed 30-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. All changes in liability due to plan amendments (other than golden handshakes) are amortized over a 20-year period with no ramp. Changes in actuarial assumptions, or changes in actuarial methodology are amortized over a 20-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. Changes in unfunded accrued liability due to a Golden Handshake will be amortized over a period of 5 years.

<u>Exceptions for Inconsistencies:</u>

An exception to the amortization rules above is used whenever their application results in inconsistencies. In these cases, a "fresh start" approach is used. This means that the current unfunded actuarial liability is projected and amortized over a set number of years. For example, a fresh start is needed in the following situations:

1) When a positive payment would be required on a negative unfunded actuarial liability (or conversely a negative payment on a positive unfunded actuarial liability); or
2) When there are excess assets, rather than an unfunded liability. In this situation, a 30-year fresh start is used.

It should be noted that the actuary may determine that a fresh start is necessary under other circumstances. In all cases of a fresh start, the period is set by the actuary at what is deemed appropriate; however, the period will not be greater than 30 years.

Exceptions for Inactive Plans:

The following exceptions apply to plans classified as Inactive. These plans have no active members and no expectation to have active members in the future.

- Amortization of unfunded liability is on a "level dollar" basis rather than a "level percent of pay" basis
- Actuarial judgment will be used to shorten amortization periods for Inactive plans with existing periods that are deemed too long given the duration of the liability. In many cases, a Fresh Start approach with a 20 year closed period will be used. However, the specific demographics of the plan will be used to determine if periods shorter or longer than 20 years may be more appropriate.

**Asset Valuation Method**

It is the policy of the CalPERS Board of Administration to use professionally accepted amortization methods to eliminate a surplus or an unfunded accrued liability in a manner that maintains benefit security for the members of the System while minimizing substantial variations in required employer contributions. On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the employer contribution for Fiscal Year 2015-16, CalPERS employs a policy that amortizes all gains and losses over a fixed 30-year period. The increase or decrease in the rate is then spread directly over a 5-year period. This method is referred to as "direct rate smoothing." CalPERS no longer uses an actuarial value of assets and only uses the market value of assets. The direct rate smoothing method is equivalent to a method using a 5 year asset smoothing period with no actuarial value of asset corridor and a 25-year amortization period for gains and losses.

**PEPRA Normal Cost Rate Methodology**

Per Government Code Section 7522.30(b) the "normal cost rate" shall mean the annual actuarially determined normal cost for the plan of retirement benefits provided to the new member and shall be established based on actuarial assumptions used to determine the liabilities and costs as part of the annual actuarial valuation. The plan of retirement benefits shall include any elements that would impact the actuarial determination of the normal cost, including, but not limited to, the retirement formula, eligibility and vesting criteria, ancillary benefit provisions, and any automatic cost-of-living adjustments as determined by the public retirement system.

Each non-pooled plan is considered to be stable with a sufficiently large demographic of actives. It is preferable to determine normal cost using a large active population ongoing so that this rate remains relatively stable. The total PEPRA normal cost will be calculated using all active members within a non-pooled plan. Accordingly, plans will be funded equally between employer and employee based on the demographics of the employees of that employer. As each non-pooled plan builds up to either 100+ active PEPRA members or half of their active population is under the PEPRA formula, the total PEPRA normal cost will be based on the active PEPRA population in the plan.

# Actuarial Assumptions

In 2014, CalPERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014, the CalPERS Board of Administration adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long-term blended return that continues to support a discount rate assumption of 7.5 percent. The Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these is mortality improvement to acknowledge the greater life expectancies we are seeing in our membership and expected continued improvements. The new actuarial assumptions were first used in the June 30, 2014 valuation to set the Fiscal Year 2016-17 contribution for public agency employers. The increase in liability due to new actuarial assumptions is amortized over a 20-year period with a 5-year ramp-up/ramp-down in accordance with Board policy. These new actuarial assumptions are set forth in this section.

For more details and additional rationale for the selection of the actuarial assumptions, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from January 2014 that can be found on the CalPERS website under: "Forms and Publications". Click on "View All" and search for Experience Study.

All actuarial assumptions (except the discount rates used for the hypothetical termination liability) represent an estimate of future experience rather than observations of the estimates inherent in market data.

***Economic Assumptions***

**Discount Rate**

7.5 percent compounded annually (net of expenses). This assumption is used for all plans.

**Termination Liability Discount Rate**

The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date.

The hypothetical termination liabilities in this report are calculated using an observed range of market interest rates. This range is based on the lowest and highest 20-year Treasury bond observed during an approximate 2-year period centered around the valuation date. The 20-year Treasury bond has a similar duration to most plan liabilities and serves as a good proxy for the termination discount rate. The 20-year Treasury yield was 2.75 percent on June 30, 2015.

**Salary Growth**

Annual increases vary by category, entry age, and duration of service. A sample of assumed increases are shown below.

**Public Agency Miscellaneous**

| Duration of Service | (Entry Age 20) | (Entry Age 30) | (Entry Age 40) |
|---|---|---|---|
| 0 | 0.1220 | 0.1160 | 0.1020 |
| 1 | 0.0990 | 0.0940 | 0.0830 |
| 2 | 0.0860 | 0.0810 | 0.0710 |
| 3 | 0.0770 | 0.0720 | 0.0630 |
| 4 | 0.0700 | 0.0650 | 0.0570 |
| 5 | 0.0640 | 0.0600 | 0.0520 |
| 10 | 0.0460 | 0.0430 | 0.0390 |
| 15 | 0.0420 | 0.0400 | 0.0360 |
| 20 | 0.0390 | 0.0380 | 0.0340 |
| 25 | 0.0370 | 0.0360 | 0.0330 |
| 30 | 0.0350 | 0.0340 | 0.0320 |

**Public Agency Fire**

| Duration of Service | (Entry Age 20) | (Entry Age 30) | (Entry Age 40) |
|---|---|---|---|
| 0 | 0.2000 | 0.1980 | 0.1680 |
| 1 | 0.1490 | 0.1460 | 0.1250 |
| 2 | 0.1200 | 0.1160 | 0.0990 |
| 3 | 0.0980 | 0.0940 | 0.0810 |
| 4 | 0.0820 | 0.0780 | 0.0670 |
| 5 | 0.0690 | 0.0640 | 0.0550 |
| 10 | 0.0470 | 0.0460 | 0.0420 |
| 15 | 0.0440 | 0.0420 | 0.0390 |
| 20 | 0.0420 | 0.0390 | 0.0360 |
| 25 | 0.0400 | 0.0370 | 0.0340 |
| 30 | 0.0380 | 0.0360 | 0.0340 |

**Public Agency Police**

| Duration of Service | (Entry Age 20) | (Entry Age 30) | (Entry Age 40) |
|---|---|---|---|
| 0 | 0.1500 | 0.1470 | 0.1310 |
| 1 | 0.1160 | 0.1120 | 0.1010 |
| 2 | 0.0950 | 0.0920 | 0.0830 |
| 3 | 0.0810 | 0.0780 | 0.0700 |
| 4 | 0.0700 | 0.0670 | 0.0600 |
| 5 | 0.0610 | 0.0580 | 0.0520 |
| 10 | 0.0450 | 0.0430 | 0.0370 |
| 15 | 0.0450 | 0.0430 | 0.0370 |
| 20 | 0.0450 | 0.0430 | 0.0370 |
| 25 | 0.0450 | 0.0430 | 0.0370 |
| 30 | 0.0450 | 0.0430 | 0.0370 |

**Salary Growth** (continued)

**Public Agency County Peace Officers**

| Duration of Service | (Entry Age 20) | (Entry Age 30) | (Entry Age 40) |
|---|---|---|---|
| 0 | 0.1770 | 0.1670 | 0.1500 |
| 1 | 0.1340 | 0.1260 | 0.1140 |
| 2 | 0.1080 | 0.1030 | 0.0940 |
| 3 | 0.0900 | 0.0860 | 0.0790 |
| 4 | 0.0760 | 0.0730 | 0.0670 |
| 5 | 0.0650 | 0.0620 | 0.0580 |
| 10 | 0.0470 | 0.0450 | 0.0410 |
| 15 | 0.0460 | 0.0450 | 0.0390 |
| 20 | 0.0460 | 0.0450 | 0.0380 |
| 25 | 0.0460 | 0.0450 | 0.0380 |
| 30 | 0.0460 | 0.0440 | 0.0380 |

**Schools**

| Duration of Service | (Entry Age 20) | (Entry Age 30) | (Entry Age 40) |
|---|---|---|---|
| 0 | 0.0900 | 0.0880 | 0.0820 |
| 1 | 0.0780 | 0.0750 | 0.0700 |
| 2 | 0.0700 | 0.0680 | 0.0630 |
| 3 | 0.0650 | 0.0630 | 0.0580 |
| 4 | 0.0610 | 0.0590 | 0.0540 |
| 5 | 0.0580 | 0.0560 | 0.0510 |
| 10 | 0.0460 | 0.0450 | 0.0410 |
| 15 | 0.0420 | 0.0410 | 0.0380 |
| 20 | 0.0390 | 0.0380 | 0.0350 |
| 25 | 0.0370 | 0.0350 | 0.0330 |
| 30 | 0.0350 | 0.0330 | 0.0310 |

- The Miscellaneous salary scale is used for Local Prosecutors.
- The Police salary scale is used for Other Safety, Local Sheriff, and School Police.

**Overall Payroll Growth**

3.00 percent compounded annually (used in projecting the payroll over which the unfunded liability is amortized). This assumption is used for all plans.

**Inflation**

2.75 percent compounded annually. This assumption is used for all plans.

**Non-valued Potential Additional Liabilities**

The potential liability loss for a cost-of-living increase exceeding the 2.75 percent inflation assumption, and any potential liability loss from future member service purchases are not reflected in the valuation.

***Miscellaneous Loading Factors***

**Credit for Unused Sick Leave**

Total years of service is increased by 1 percent for those plans that have accepted the provision providing Credit for Unused Sick Leave.

**Conversion of Employer Paid Member Contributions (EPMC)**

Total years of service is increased by the Employee Contribution Rate for those plans with the provision providing for the Conversion of Employer Paid Member Contributions (EPMC) during the final compensation period.

**Norris Decision (Best Factors)**

Employees hired prior to July 1, 1982 have projected benefit amounts increased in order to reflect the use of "Best Factors" in the calculation of optional benefit forms. This is due to a 1983 Supreme Court decision, known as the Norris decision, which required males and females to be treated equally in the determination of benefit amounts. Consequently, anyone already employed at that time is given the best possible conversion factor when optional benefits are determined. No loading is necessary for employees hired after July 1, 1982.

**Termination Liability**

The termination liabilities include a 7 percent contingency load. This load is for unforeseen improvements in mortality.

***Demographic Assumptions***

**Pre-Retirement Mortality**

Non-industrial death rates vary by age and gender. Industrial death rates vary by age. See sample rates in table below. The non-industrial death rates are used for all plans. The industrial death rates are used for safety plans (except for Local Prosecutor safety members where the corresponding miscellaneous plan does not have the Industrial Death Benefit).

| | **Non-Industrial Death (Not Job-Related)** | | **Industrial Death (Job-Related)** |
|---|---|---|---|
| Age | Male | Female | Male and Female |
| 20 | 0.00031 | 0.00020 | 0.00003 |
| 25 | 0.00040 | 0.00023 | 0.00007 |
| 30 | 0.00049 | 0.00025 | 0.00010 |
| 35 | 0.00057 | 0.00035 | 0.00012 |
| 40 | 0.00075 | 0.00050 | 0.00013 |
| 45 | 0.00106 | 0.00071 | 0.00014 |
| 50 | 0.00155 | 0.00100 | 0.00015 |
| 55 | 0.00228 | 0.00138 | 0.00016 |
| 60 | 0.00308 | 0.00182 | 0.00017 |
| 65 | 0.00400 | 0.00257 | 0.00018 |
| 70 | 0.00524 | 0.00367 | 0.00019 |
| 75 | 0.00713 | 0.00526 | 0.00020 |
| 80 | 0.00990 | 0.00814 | 0.00021 |

Miscellaneous plans usually have industrial death rates set to zero unless the agency has specifically contracted for industrial death benefits. If so, each non-industrial death rate shown above will be split into two components; 99 percent will become the non-industrial death rate and 1 percent will become the industrial death rate.

**Post-Retirement Mortality**

Rates vary by age, type of retirement, and gender. See sample rates in table below. These rates are used for all plans.

| | Healthy Recipients | | Non-Industrially Disabled (Not Job-Related) | | Industrially Disabled (Job-Related) | |
|---|---|---|---|---|---|---|
| Age | Male | Female | Male | Female | Male | Female |
| 50 | 0.00501 | 0.00466 | 0.01680 | 0.01158 | 0.00501 | 0.00466 |
| 55 | 0.00599 | 0.00416 | 0.01973 | 0.01149 | 0.00599 | 0.00416 |
| 60 | 0.00710 | 0.00436 | 0.02289 | 0.01235 | 0.00754 | 0.00518 |
| 65 | 0.00829 | 0.00588 | 0.02451 | 0.01607 | 0.01122 | 0.00838 |
| 70 | 0.01305 | 0.00993 | 0.02875 | 0.02211 | 0.01635 | 0.01395 |
| 75 | 0.02205 | 0.01722 | 0.03990 | 0.03037 | 0.02834 | 0.02319 |
| 80 | 0.03899 | 0.02902 | 0.06083 | 0.04725 | 0.04899 | 0.03910 |
| 85 | 0.06969 | 0.05243 | 0.09731 | 0.07762 | 0.07679 | 0.06251 |
| 90 | 0.12974 | 0.09887 | 0.14804 | 0.12890 | 0.12974 | 0.09887 |
| 95 | 0.22444 | 0.18489 | 0.22444 | 0.21746 | 0.22444 | 0.18489 |
| 100 | 0.32536 | 0.30017 | 0.32536 | 0.30017 | 0.32536 | 0.30017 |
| 105 | 0.58527 | 0.56093 | 0.58527 | 0.56093 | 0.58527 | 0.56093 |
| 110 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |

The post-retirement mortality rates above include 20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries.

**Marital Status**

For active members, a percentage who are married upon retirement is assumed according to member category as shown in the following table.

| Member Category | Percent Married |
|---|---|
| Miscellaneous Member | 85% |
| Local Police | 90% |
| Local Fire | 90% |
| Other Local Safety | 90% |
| School Police | 90% |

**Age of Spouse**

It is assumed that female spouses are 3 years younger than male spouses. This assumption is used for all plans.

**Terminated Members**

It is assumed that terminated members refund immediately if non-vested. Terminated members who are vested are assumed to follow the same service retirement pattern as active members but with a load to reflect the expected higher rates of retirement, especially at lower ages. The following table shows the load factors that are applied to the service retirement assumption for active members to obtain the service retirement pattern for separated vested members:

| Age | Load Factor Miscellaneous | Load Factor Safety |
|---|---|---|
| 50 | 190% | 310% |
| 51 | 110% | 190% |
| 52 | 110% | 105% |
| 53 through 54 | 100% | 105% |
| 55 | 100% | 140% |
| 56 and above | 100% (no change) | 100% (no change) |

**Termination with Refund**

Rates vary by entry age and service for miscellaneous plans. Rates vary by service for safety plans. See sample rates in tables below.

**Public Agency Miscellaneous**

| Duration of Service | Entry Age 20 | Entry Age 25 | Entry Age 30 | Entry Age 35 | Entry Age 40 | Entry Age 45 |
|---|---|---|---|---|---|---|
| 0 | 0.1742 | 0.1674 | 0.1606 | 0.1537 | 0.1468 | 0.1400 |
| 1 | 0.1545 | 0.1477 | 0.1409 | 0.1339 | 0.1271 | 0.1203 |
| 2 | 0.1348 | 0.1280 | 0.1212 | 0.1142 | 0.1074 | 0.1006 |
| 3 | 0.1151 | 0.1083 | 0.1015 | 0.0945 | 0.0877 | 0.0809 |
| 4 | 0.0954 | 0.0886 | 0.0818 | 0.0748 | 0.0680 | 0.0612 |
| 5 | 0.0212 | 0.0193 | 0.0174 | 0.0155 | 0.0136 | 0.0116 |
| 10 | 0.0138 | 0.0121 | 0.0104 | 0.0088 | 0.0071 | 0.0055 |
| 15 | 0.0060 | 0.0051 | 0.0042 | 0.0032 | 0.0023 | 0.0014 |
| 20 | 0.0037 | 0.0029 | 0.0021 | 0.0013 | 0.0005 | 0.0001 |
| 25 | 0.0017 | 0.0011 | 0.0005 | 0.0001 | 0.0001 | 0.0001 |
| 30 | 0.0005 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 |
| 35 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 |

**Public Agency Safety**

| Duration of Service | Fire | Police | County Peace Officer |
|---|---|---|---|
| 0 | 0.0710 | 0.1013 | 0.0997 |
| 1 | 0.0554 | 0.0636 | 0.0782 |
| 2 | 0.0398 | 0.0271 | 0.0566 |
| 3 | 0.0242 | 0.0258 | 0.0437 |
| 4 | 0.0218 | 0.0245 | 0.0414 |
| 5 | 0.0029 | 0.0086 | 0.0145 |
| 10 | 0.0009 | 0.0053 | 0.0089 |
| 15 | 0.0006 | 0.0027 | 0.0045 |
| 20 | 0.0005 | 0.0017 | 0.0020 |
| 25 | 0.0003 | 0.0012 | 0.0009 |
| 30 | 0.0003 | 0.0009 | 0.0006 |
| 35 | 0.0003 | 0.0009 | 0.0006 |

The police termination and refund rates are also used for Public Agency Local Prosecutors, Other Safety, Local Sheriff, and School Police.

**Schools**

| Duration of Service | Entry Age 20 | Entry Age 25 | Entry Age 30 | Entry Age 35 | Entry Age 40 | Entry Age 45 |
|---|---|---|---|---|---|---|
| 0 | 0.1730 | 0.1627 | 0.1525 | 0.1422 | 0.1319 | 0.1217 |
| 1 | 0.1585 | 0.1482 | 0.1379 | 0.1277 | 0.1174 | 0.1071 |
| 2 | 0.1440 | 0.1336 | 0.1234 | 0.1131 | 0.1028 | 0.0926 |
| 3 | 0.1295 | 0.1192 | 0.1089 | 0.0987 | 0.0884 | 0.0781 |
| 4 | 0.1149 | 0.1046 | 0.0944 | 0.0841 | 0.0738 | 0.0636 |
| 5 | 0.0278 | 0.0249 | 0.0221 | 0.0192 | 0.0164 | 0.0135 |
| 10 | 0.0172 | 0.0147 | 0.0122 | 0.0098 | 0.0074 | 0.0049 |
| 15 | 0.0115 | 0.0094 | 0.0074 | 0.0053 | 0.0032 | 0.0011 |
| 20 | 0.0073 | 0.0055 | 0.0038 | 0.0020 | 0.0002 | 0.0002 |
| 25 | 0.0037 | 0.0023 | 0.0010 | 0.0002 | 0.0002 | 0.0002 |
| 30 | 0.0015 | 0.0003 | 0.0002 | 0.0002 | 0.0002 | 0.0002 |
| 35 | 0.0002 | 0.0002 | 0.0002 | 0.0002 | 0.0002 | 0.0002 |

**Termination with Vested Benefits**

Rates vary by entry age and service for miscellaneous plans. Rates vary by service for safety plans. See sample rates in tables below.

**Public Agency Miscellaneous**

| Duration of Service | Entry Age 20 | Entry Age 25 | Entry Age 30 | Entry Age 35 | Entry Age 40 |
|---|---|---|---|---|---|
| 5 | 0.0656 | 0.0597 | 0.0537 | 0.0477 | 0.0418 |
| 10 | 0.0530 | 0.0466 | 0.0403 | 0.0339 | 0.0000 |
| 15 | 0.0443 | 0.0373 | 0.0305 | 0.0000 | 0.0000 |
| 20 | 0.0333 | 0.0261 | 0.0000 | 0.0000 | 0.0000 |
| 25 | 0.0212 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 30 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 35 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |

**Public Agency Safety**

| Duration of Service | Fire | Police | County Peace Officer |
|---|---|---|---|
| 5 | 0.0162 | 0.0163 | 0.0265 |
| 10 | 0.0061 | 0.0126 | 0.0204 |
| 15 | 0.0058 | 0.0082 | 0.0130 |
| 20 | 0.0053 | 0.0065 | 0.0074 |
| 25 | 0.0047 | 0.0058 | 0.0043 |
| 30 | 0.0045 | 0.0056 | 0.0030 |
| 35 | 0.0000 | 0.0000 | 0.0000 |

- When a member is eligible to retire, the termination with vested benefits probability is set to zero.
- After termination with vested benefits, a miscellaneous member is assumed to retire at age 59 and a safety member at age 54.
- The Police termination with vested benefits rates are also used for Public Agency Local Prosecutors, Other Safety, Local Sheriff, and School Police.

**Schools**

| Duration of Service | Entry Age 20 | Entry Age 25 | Entry Age 30 | Entry Age 35 | Entry Age 40 |
|---|---|---|---|---|---|
| 5 | 0.0816 | 0.0733 | 0.0649 | 0.0566 | 0.0482 |
| 10 | 0.0629 | 0.0540 | 0.0450 | 0.0359 | 0.0000 |
| 15 | 0.0537 | 0.0440 | 0.0344 | 0.0000 | 0.0000 |
| 20 | 0.0420 | 0.0317 | 0.0000 | 0.0000 | 0.0000 |
| 25 | 0.0291 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 30 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 35 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |

**Non-Industrial (Not Job-Related) Disability**

Rates vary by age and gender for miscellaneous plans. Rates vary by age and category for safety plans.

| | Miscellaneous | | Fire | Police | County Peace Officer | Schools | |
|---|---|---|---|---|---|---|---|
| Age | Male | Female | Male and Female | Male and Female | Male and Female | Male | Female |
| 20 | 0.0002 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0003 | 0.0003 |
| 25 | 0.0002 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 |
| 30 | 0.0002 | 0.0002 | 0.0001 | 0.0002 | 0.0001 | 0.0001 | 0.0002 |
| 35 | 0.0005 | 0.0008 | 0.0001 | 0.0003 | 0.0004 | 0.0005 | 0.0004 |
| 40 | 0.0012 | 0.0016 | 0.0001 | 0.0004 | 0.0007 | 0.0015 | 0.0010 |
| 45 | 0.0019 | 0.0022 | 0.0002 | 0.0005 | 0.0013 | 0.0030 | 0.0019 |
| 50 | 0.0021 | 0.0023 | 0.0005 | 0.0008 | 0.0018 | 0.0039 | 0.0024 |
| 55 | 0.0022 | 0.0018 | 0.0010 | 0.0013 | 0.0010 | 0.0036 | 0.0021 |
| 60 | 0.0022 | 0.0014 | 0.0015 | 0.0020 | 0.0006 | 0.0031 | 0.0014 |

- The miscellaneous non-industrial disability rates are used for Local Prosecutors.
- The police non-industrial disability rates are also used for Other Safety, Local Sheriff, and School Police.

**Industrial (Job-Related) Disability**

Rates vary by age and category.

| Age | Fire | Police | County Peace Officer |
|---|---|---|---|
| 20 | 0.0001 | 0.0000 | 0.0004 |
| 25 | 0.0003 | 0.0017 | 0.0013 |
| 30 | 0.0007 | 0.0048 | 0.0025 |
| 35 | 0.0016 | 0.0079 | 0.0037 |
| 40 | 0.0030 | 0.0110 | 0.0051 |
| 45 | 0.0053 | 0.0141 | 0.0067 |
| 50 | 0.0277 | 0.0185 | 0.0092 |
| 55 | 0.0409 | 0.0479 | 0.0151 |
| 60 | 0.0583 | 0.0602 | 0.0174 |

- The police industrial disability rates are also used for Local Sheriff and Other Safety.
- Fifty percent of the police industrial disability rates are used for School Police.
- One percent of the police industrial disability rates are used for Local Prosecutors.
- Normally, rates are zero for miscellaneous plans unless the agency has specifically contracted for industrial disability benefits. If so, each miscellaneous non-industrial disability rate will be split into two components: 50 percent will become the non-industrial disability rate and 50 percent will become the industrial disability rate.

**Service Retirement**

Retirement rates vary by age, service, and formula, except for the safety ½ @ 55 and 2% @ 55 formulas, where retirement rates vary by age only.

**Service Retirement**

**Public Agency Miscellaneous 1.5% @ 65**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.008 | 0.011 | 0.013 | 0.015 | 0.017 | 0.019 |
| 51 | 0.007 | 0.010 | 0.012 | 0.013 | 0.015 | 0.017 |
| 52 | 0.010 | 0.014 | 0.017 | 0.019 | 0.021 | 0.024 |
| 53 | 0.008 | 0.012 | 0.015 | 0.017 | 0.019 | 0.022 |
| 54 | 0.012 | 0.016 | 0.019 | 0.022 | 0.025 | 0.028 |
| 55 | 0.018 | 0.025 | 0.031 | 0.035 | 0.038 | 0.043 |
| 56 | 0.015 | 0.021 | 0.025 | 0.029 | 0.032 | 0.036 |
| 57 | 0.020 | 0.028 | 0.033 | 0.038 | 0.043 | 0.048 |
| 58 | 0.024 | 0.033 | 0.040 | 0.046 | 0.052 | 0.058 |
| 59 | 0.028 | 0.039 | 0.048 | 0.054 | 0.060 | 0.067 |
| 60 | 0.049 | 0.069 | 0.083 | 0.094 | 0.105 | 0.118 |
| 61 | 0.062 | 0.087 | 0.106 | 0.120 | 0.133 | 0.150 |
| 62 | 0.104 | 0.146 | 0.177 | 0.200 | 0.223 | 0.251 |
| 63 | 0.099 | 0.139 | 0.169 | 0.191 | 0.213 | 0.239 |
| 64 | 0.097 | 0.136 | 0.165 | 0.186 | 0.209 | 0.233 |
| 65 | 0.140 | 0.197 | 0.240 | 0.271 | 0.302 | 0.339 |
| 66 | 0.092 | 0.130 | 0.157 | 0.177 | 0.198 | 0.222 |
| 67 | 0.129 | 0.181 | 0.220 | 0.249 | 0.277 | 0.311 |
| 68 | 0.092 | 0.129 | 0.156 | 0.177 | 0.197 | 0.221 |
| 69 | 0.092 | 0.130 | 0.158 | 0.178 | 0.199 | 0.224 |
| 70 | 0.103 | 0.144 | 0.175 | 0.198 | 0.221 | 0.248 |

**Public Agency Miscellaneous 2% @ 60**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.010 | 0.013 | 0.015 | 0.018 | 0.019 | 0.021 |
| 51 | 0.009 | 0.011 | 0.014 | 0.016 | 0.017 | 0.019 |
| 52 | 0.011 | 0.014 | 0.017 | 0.020 | 0.022 | 0.024 |
| 53 | 0.010 | 0.012 | 0.015 | 0.017 | 0.020 | 0.021 |
| 54 | 0.015 | 0.019 | 0.023 | 0.025 | 0.029 | 0.031 |
| 55 | 0.022 | 0.029 | 0.035 | 0.040 | 0.045 | 0.049 |
| 56 | 0.018 | 0.024 | 0.028 | 0.033 | 0.036 | 0.040 |
| 57 | 0.024 | 0.032 | 0.038 | 0.043 | 0.049 | 0.053 |
| 58 | 0.027 | 0.036 | 0.043 | 0.049 | 0.055 | 0.061 |
| 59 | 0.033 | 0.044 | 0.054 | 0.061 | 0.068 | 0.076 |
| 60 | 0.056 | 0.077 | 0.092 | 0.105 | 0.117 | 0.130 |
| 61 | 0.071 | 0.097 | 0.118 | 0.134 | 0.149 | 0.166 |
| 62 | 0.117 | 0.164 | 0.198 | 0.224 | 0.250 | 0.280 |
| 63 | 0.122 | 0.171 | 0.207 | 0.234 | 0.261 | 0.292 |
| 64 | 0.114 | 0.159 | 0.193 | 0.218 | 0.244 | 0.271 |
| 65 | 0.150 | 0.209 | 0.255 | 0.287 | 0.321 | 0.358 |
| 66 | 0.114 | 0.158 | 0.192 | 0.217 | 0.243 | 0.270 |
| 67 | 0.141 | 0.196 | 0.238 | 0.270 | 0.301 | 0.337 |
| 68 | 0.103 | 0.143 | 0.174 | 0.196 | 0.219 | 0.245 |
| 69 | 0.109 | 0.153 | 0.185 | 0.209 | 0.234 | 0.261 |
| 70 | 0.117 | 0.162 | 0.197 | 0.222 | 0.248 | 0.277 |

**Service Retirement**

**Public Agency Miscellaneous 2% @ 55**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.014 | 0.018 | 0.021 | 0.025 | 0.027 | 0.031 |
| 51 | 0.012 | 0.014 | 0.017 | 0.020 | 0.021 | 0.025 |
| 52 | 0.013 | 0.017 | 0.019 | 0.023 | 0.025 | 0.028 |
| 53 | 0.015 | 0.020 | 0.023 | 0.027 | 0.030 | 0.034 |
| 54 | 0.026 | 0.033 | 0.038 | 0.045 | 0.051 | 0.059 |
| 55 | 0.048 | 0.061 | 0.074 | 0.088 | 0.100 | 0.117 |
| 56 | 0.042 | 0.053 | 0.063 | 0.075 | 0.085 | 0.100 |
| 57 | 0.044 | 0.056 | 0.067 | 0.081 | 0.091 | 0.107 |
| 58 | 0.049 | 0.062 | 0.074 | 0.089 | 0.100 | 0.118 |
| 59 | 0.057 | 0.072 | 0.086 | 0.103 | 0.118 | 0.138 |
| 60 | 0.067 | 0.086 | 0.103 | 0.123 | 0.139 | 0.164 |
| 61 | 0.081 | 0.103 | 0.124 | 0.148 | 0.168 | 0.199 |
| 62 | 0.116 | 0.147 | 0.178 | 0.214 | 0.243 | 0.288 |
| 63 | 0.114 | 0.144 | 0.174 | 0.208 | 0.237 | 0.281 |
| 64 | 0.108 | 0.138 | 0.166 | 0.199 | 0.227 | 0.268 |
| 65 | 0.155 | 0.197 | 0.238 | 0.285 | 0.325 | 0.386 |
| 66 | 0.132 | 0.168 | 0.203 | 0.243 | 0.276 | 0.328 |
| 67 | 0.122 | 0.155 | 0.189 | 0.225 | 0.256 | 0.304 |
| 68 | 0.111 | 0.141 | 0.170 | 0.204 | 0.232 | 0.274 |
| 69 | 0.114 | 0.144 | 0.174 | 0.209 | 0.238 | 0.282 |
| 70 | 0.130 | 0.165 | 0.200 | 0.240 | 0.272 | 0.323 |

**Public Agency Miscellaneous 2.5% @ 55**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.004 | 0.009 | 0.019 | 0.029 | 0.049 | 0.094 |
| 51 | 0.004 | 0.009 | 0.019 | 0.029 | 0.049 | 0.094 |
| 52 | 0.004 | 0.009 | 0.020 | 0.030 | 0.050 | 0.095 |
| 53 | 0.008 | 0.014 | 0.025 | 0.036 | 0.058 | 0.104 |
| 54 | 0.024 | 0.034 | 0.050 | 0.066 | 0.091 | 0.142 |
| 55 | 0.066 | 0.088 | 0.115 | 0.142 | 0.179 | 0.241 |
| 56 | 0.042 | 0.057 | 0.078 | 0.098 | 0.128 | 0.184 |
| 57 | 0.041 | 0.057 | 0.077 | 0.097 | 0.128 | 0.183 |
| 58 | 0.045 | 0.061 | 0.083 | 0.104 | 0.136 | 0.192 |
| 59 | 0.055 | 0.074 | 0.098 | 0.123 | 0.157 | 0.216 |
| 60 | 0.066 | 0.088 | 0.115 | 0.142 | 0.179 | 0.241 |
| 61 | 0.072 | 0.095 | 0.124 | 0.153 | 0.191 | 0.255 |
| 62 | 0.099 | 0.130 | 0.166 | 0.202 | 0.248 | 0.319 |
| 63 | 0.092 | 0.121 | 0.155 | 0.189 | 0.233 | 0.302 |
| 64 | 0.091 | 0.119 | 0.153 | 0.187 | 0.231 | 0.299 |
| 65 | 0.122 | 0.160 | 0.202 | 0.245 | 0.297 | 0.374 |
| 66 | 0.138 | 0.179 | 0.226 | 0.272 | 0.329 | 0.411 |
| 67 | 0.114 | 0.149 | 0.189 | 0.229 | 0.279 | 0.354 |
| 68 | 0.100 | 0.131 | 0.168 | 0.204 | 0.250 | 0.322 |
| 69 | 0.114 | 0.149 | 0.189 | 0.229 | 0.279 | 0.354 |
| 70 | 0.127 | 0.165 | 0.209 | 0.253 | 0.306 | 0.385 |

**Service Retirement**

**Public Agency Miscellaneous 2.7% @ 55**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.004 | 0.009 | 0.014 | 0.035 | 0.055 | 0.095 |
| 51 | 0.002 | 0.006 | 0.011 | 0.030 | 0.050 | 0.090 |
| 52 | 0.006 | 0.012 | 0.017 | 0.038 | 0.059 | 0.099 |
| 53 | 0.010 | 0.017 | 0.024 | 0.046 | 0.068 | 0.110 |
| 54 | 0.032 | 0.044 | 0.057 | 0.085 | 0.113 | 0.160 |
| 55 | 0.076 | 0.101 | 0.125 | 0.165 | 0.205 | 0.265 |
| 56 | 0.055 | 0.074 | 0.093 | 0.127 | 0.160 | 0.214 |
| 57 | 0.050 | 0.068 | 0.086 | 0.118 | 0.151 | 0.204 |
| 58 | 0.055 | 0.074 | 0.093 | 0.127 | 0.161 | 0.215 |
| 59 | 0.061 | 0.082 | 0.102 | 0.138 | 0.174 | 0.229 |
| 60 | 0.069 | 0.093 | 0.116 | 0.154 | 0.192 | 0.250 |
| 61 | 0.086 | 0.113 | 0.141 | 0.183 | 0.225 | 0.288 |
| 62 | 0.105 | 0.138 | 0.171 | 0.218 | 0.266 | 0.334 |
| 63 | 0.103 | 0.135 | 0.167 | 0.215 | 0.262 | 0.329 |
| 64 | 0.109 | 0.143 | 0.177 | 0.226 | 0.275 | 0.344 |
| 65 | 0.134 | 0.174 | 0.215 | 0.270 | 0.326 | 0.401 |
| 66 | 0.147 | 0.191 | 0.235 | 0.294 | 0.354 | 0.433 |
| 67 | 0.121 | 0.158 | 0.196 | 0.248 | 0.300 | 0.372 |
| 68 | 0.113 | 0.147 | 0.182 | 0.232 | 0.282 | 0.352 |
| 69 | 0.117 | 0.153 | 0.189 | 0.240 | 0.291 | 0.362 |
| 70 | 0.141 | 0.183 | 0.226 | 0.283 | 0.341 | 0.418 |

**Public Agency Miscellaneous 3% @ 60**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.012 | 0.018 | 0.024 | 0.039 | 0.040 | 0.091 |
| 51 | 0.009 | 0.014 | 0.019 | 0.034 | 0.034 | 0.084 |
| 52 | 0.014 | 0.020 | 0.026 | 0.043 | 0.044 | 0.096 |
| 53 | 0.016 | 0.023 | 0.031 | 0.048 | 0.050 | 0.102 |
| 54 | 0.026 | 0.036 | 0.045 | 0.065 | 0.070 | 0.125 |
| 55 | 0.043 | 0.057 | 0.072 | 0.096 | 0.105 | 0.165 |
| 56 | 0.042 | 0.056 | 0.070 | 0.094 | 0.103 | 0.162 |
| 57 | 0.049 | 0.065 | 0.082 | 0.108 | 0.119 | 0.180 |
| 58 | 0.057 | 0.076 | 0.094 | 0.122 | 0.136 | 0.199 |
| 59 | 0.076 | 0.100 | 0.123 | 0.157 | 0.175 | 0.244 |
| 60 | 0.114 | 0.148 | 0.182 | 0.226 | 0.255 | 0.334 |
| 61 | 0.095 | 0.123 | 0.152 | 0.190 | 0.214 | 0.288 |
| 62 | 0.133 | 0.172 | 0.211 | 0.260 | 0.294 | 0.378 |
| 63 | 0.129 | 0.166 | 0.204 | 0.252 | 0.285 | 0.368 |
| 64 | 0.143 | 0.185 | 0.226 | 0.278 | 0.315 | 0.401 |
| 65 | 0.202 | 0.260 | 0.318 | 0.386 | 0.439 | 0.542 |
| 66 | 0.177 | 0.228 | 0.279 | 0.340 | 0.386 | 0.482 |
| 67 | 0.151 | 0.194 | 0.238 | 0.292 | 0.331 | 0.420 |
| 68 | 0.139 | 0.179 | 0.220 | 0.270 | 0.306 | 0.391 |
| 69 | 0.190 | 0.245 | 0.299 | 0.364 | 0.414 | 0.513 |
| 70 | 0.140 | 0.182 | 0.223 | 0.274 | 0.310 | 0.396 |

**Service Retirement**

**Public Agency Miscellaneous 2% @ 62**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 51 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 52 | 0.010 | 0.013 | 0.016 | 0.019 | 0.022 | 0.024 |
| 53 | 0.013 | 0.017 | 0.020 | 0.024 | 0.027 | 0.031 |
| 54 | 0.021 | 0.027 | 0.033 | 0.039 | 0.045 | 0.050 |
| 55 | 0.044 | 0.056 | 0.068 | 0.080 | 0.092 | 0.104 |
| 56 | 0.030 | 0.039 | 0.047 | 0.055 | 0.063 | 0.072 |
| 57 | 0.036 | 0.046 | 0.056 | 0.066 | 0.076 | 0.086 |
| 58 | 0.046 | 0.059 | 0.072 | 0.085 | 0.097 | 0.110 |
| 59 | 0.058 | 0.074 | 0.089 | 0.105 | 0.121 | 0.137 |
| 60 | 0.062 | 0.078 | 0.095 | 0.112 | 0.129 | 0.146 |
| 61 | 0.062 | 0.079 | 0.096 | 0.113 | 0.129 | 0.146 |
| 62 | 0.097 | 0.123 | 0.150 | 0.176 | 0.202 | 0.229 |
| 63 | 0.089 | 0.113 | 0.137 | 0.162 | 0.186 | 0.210 |
| 64 | 0.094 | 0.120 | 0.145 | 0.171 | 0.197 | 0.222 |
| 65 | 0.129 | 0.164 | 0.199 | 0.234 | 0.269 | 0.304 |
| 66 | 0.105 | 0.133 | 0.162 | 0.190 | 0.219 | 0.247 |
| 67 | 0.105 | 0.133 | 0.162 | 0.190 | 0.219 | 0.247 |
| 68 | 0.105 | 0.133 | 0.162 | 0.190 | 0.219 | 0.247 |
| 69 | 0.105 | 0.133 | 0.162 | 0.190 | 0.219 | 0.247 |
| 70 | 0.125 | 0.160 | 0.194 | 0.228 | 0.262 | 0.296 |

**Service Retirement**

**Public Agency Fire ½ @ 55 and 2% @ 55**

| Age | Rate | Age | Rate |
|---|---|---|---|
| 50 | 0.0159 | 56 | 0.1108 |
| 51 | 0.0000 | 57 | 0.0000 |
| 52 | 0.0344 | 58 | 0.0950 |
| 53 | 0.0199 | 59 | 0.0441 |
| 54 | 0.0413 | 60 | 1.00000 |
| 55 | 0.0751 | | |

**Public Agency Police ½ @ 55 and 2% @ 55**

| Age | Rate | Age | Rate |
|---|---|---|---|
| 50 | 0.0255 | 56 | 0.0692 |
| 51 | 0.0000 | 57 | 0.0511 |
| 52 | 0.0164 | 58 | 0.0724 |
| 53 | 0.0272 | 59 | 0.0704 |
| 54 | 0.0095 | 60 | 1.0000 |
| 55 | 0.1667 | | |

**Service Retirement**

**Public Agency Police 2% @ 50**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.005 | 0.005 | 0.005 | 0.005 | 0.017 | 0.089 |
| 51 | 0.005 | 0.005 | 0.005 | 0.005 | 0.017 | 0.087 |
| 52 | 0.018 | 0.018 | 0.018 | 0.018 | 0.042 | 0.132 |
| 53 | 0.044 | 0.044 | 0.044 | 0.044 | 0.090 | 0.217 |
| 54 | 0.065 | 0.065 | 0.065 | 0.065 | 0.126 | 0.283 |
| 55 | 0.086 | 0.086 | 0.086 | 0.086 | 0.166 | 0.354 |
| 56 | 0.067 | 0.067 | 0.067 | 0.067 | 0.130 | 0.289 |
| 57 | 0.066 | 0.066 | 0.066 | 0.066 | 0.129 | 0.288 |
| 58 | 0.066 | 0.066 | 0.066 | 0.066 | 0.129 | 0.288 |
| 59 | 0.139 | 0.139 | 0.139 | 0.139 | 0.176 | 0.312 |
| 60 | 0.123 | 0.123 | 0.123 | 0.123 | 0.153 | 0.278 |
| 61 | 0.110 | 0.110 | 0.110 | 0.110 | 0.138 | 0.256 |
| 62 | 0.130 | 0.130 | 0.130 | 0.130 | 0.162 | 0.291 |
| 63 | 0.130 | 0.130 | 0.130 | 0.130 | 0.162 | 0.291 |
| 64 | 0.130 | 0.130 | 0.130 | 0.130 | 0.162 | 0.291 |
| 65 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

**Service Retirement**

**Public Agency Fire 2% @ 50**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.009 | 0.009 | 0.009 | 0.009 | 0.013 | 0.020 |
| 51 | 0.013 | 0.013 | 0.013 | 0.013 | 0.020 | 0.029 |
| 52 | 0.018 | 0.018 | 0.018 | 0.018 | 0.028 | 0.042 |
| 53 | 0.052 | 0.052 | 0.052 | 0.052 | 0.079 | 0.119 |
| 54 | 0.067 | 0.067 | 0.067 | 0.067 | 0.103 | 0.154 |
| 55 | 0.089 | 0.089 | 0.089 | 0.089 | 0.136 | 0.204 |
| 56 | 0.083 | 0.083 | 0.083 | 0.083 | 0.127 | 0.190 |
| 57 | 0.082 | 0.082 | 0.082 | 0.082 | 0.126 | 0.189 |
| 58 | 0.088 | 0.088 | 0.088 | 0.088 | 0.136 | 0.204 |
| 59 | 0.074 | 0.074 | 0.074 | 0.074 | 0.113 | 0.170 |
| 60 | 0.100 | 0.100 | 0.100 | 0.100 | 0.154 | 0.230 |
| 61 | 0.072 | 0.072 | 0.072 | 0.072 | 0.110 | 0.165 |
| 62 | 0.099 | 0.099 | 0.099 | 0.099 | 0.152 | 0.228 |
| 63 | 0.114 | 0.114 | 0.114 | 0.114 | 0.175 | 0.262 |
| 64 | 0.114 | 0.114 | 0.114 | 0.114 | 0.175 | 0.262 |
| 65 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

**Service Retirement**

**Public Agency Police 3% @ 55**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.004 | 0.004 | 0.004 | 0.004 | 0.015 | 0.086 |
| 51 | 0.014 | 0.014 | 0.014 | 0.014 | 0.034 | 0.114 |
| 52 | 0.026 | 0.026 | 0.026 | 0.026 | 0.060 | 0.154 |
| 53 | 0.038 | 0.038 | 0.038 | 0.038 | 0.083 | 0.188 |
| 54 | 0.071 | 0.071 | 0.071 | 0.071 | 0.151 | 0.292 |
| 55 | 0.061 | 0.061 | 0.061 | 0.061 | 0.131 | 0.261 |
| 56 | 0.072 | 0.072 | 0.072 | 0.072 | 0.153 | 0.295 |
| 57 | 0.065 | 0.065 | 0.065 | 0.065 | 0.140 | 0.273 |
| 58 | 0.066 | 0.066 | 0.066 | 0.066 | 0.142 | 0.277 |
| 59 | 0.118 | 0.118 | 0.118 | 0.118 | 0.247 | 0.437 |
| 60 | 0.065 | 0.065 | 0.065 | 0.065 | 0.138 | 0.272 |
| 61 | 0.084 | 0.084 | 0.084 | 0.084 | 0.178 | 0.332 |
| 62 | 0.108 | 0.108 | 0.108 | 0.108 | 0.226 | 0.405 |
| 63 | 0.084 | 0.084 | 0.084 | 0.084 | 0.178 | 0.332 |
| 64 | 0.084 | 0.084 | 0.084 | 0.084 | 0.178 | 0.332 |
| 65 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

**Service Retirement**

**Public Agency Fire 3% @ 55**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.001 | 0.001 | 0.001 | 0.006 | 0.016 | 0.069 |
| 51 | 0.002 | 0.002 | 0.002 | 0.006 | 0.018 | 0.071 |
| 52 | 0.012 | 0.012 | 0.012 | 0.021 | 0.040 | 0.098 |
| 53 | 0.032 | 0.032 | 0.032 | 0.049 | 0.085 | 0.149 |
| 54 | 0.057 | 0.057 | 0.057 | 0.087 | 0.144 | 0.217 |
| 55 | 0.073 | 0.073 | 0.073 | 0.109 | 0.179 | 0.259 |
| 56 | 0.064 | 0.064 | 0.064 | 0.097 | 0.161 | 0.238 |
| 57 | 0.063 | 0.063 | 0.063 | 0.095 | 0.157 | 0.233 |
| 58 | 0.065 | 0.065 | 0.065 | 0.099 | 0.163 | 0.241 |
| 59 | 0.088 | 0.088 | 0.088 | 0.131 | 0.213 | 0.299 |
| 60 | 0.105 | 0.105 | 0.105 | 0.155 | 0.251 | 0.344 |
| 61 | 0.118 | 0.118 | 0.118 | 0.175 | 0.282 | 0.380 |
| 62 | 0.087 | 0.087 | 0.087 | 0.128 | 0.210 | 0.295 |
| 63 | 0.067 | 0.067 | 0.067 | 0.100 | 0.165 | 0.243 |
| 64 | 0.067 | 0.067 | 0.067 | 0.100 | 0.165 | 0.243 |
| 65 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

**Service Retirement**

**Public Agency Police 3% @ 50**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.050 | 0.050 | 0.050 | 0.099 | 0.240 | 0.314 |
| 51 | 0.034 | 0.034 | 0.034 | 0.072 | 0.198 | 0.260 |
| 52 | 0.033 | 0.033 | 0.033 | 0.071 | 0.198 | 0.259 |
| 53 | 0.039 | 0.039 | 0.039 | 0.080 | 0.212 | 0.277 |
| 54 | 0.045 | 0.045 | 0.045 | 0.092 | 0.229 | 0.300 |
| 55 | 0.052 | 0.052 | 0.052 | 0.105 | 0.248 | 0.323 |
| 56 | 0.042 | 0.042 | 0.042 | 0.087 | 0.221 | 0.289 |
| 57 | 0.043 | 0.043 | 0.043 | 0.088 | 0.223 | 0.292 |
| 58 | 0.054 | 0.054 | 0.054 | 0.109 | 0.255 | 0.333 |
| 59 | 0.054 | 0.054 | 0.054 | 0.108 | 0.253 | 0.330 |
| 60 | 0.060 | 0.060 | 0.060 | 0.121 | 0.272 | 0.355 |
| 61 | 0.048 | 0.048 | 0.048 | 0.098 | 0.238 | 0.311 |
| 62 | 0.061 | 0.061 | 0.061 | 0.122 | 0.274 | 0.357 |
| 63 | 0.057 | 0.057 | 0.057 | 0.115 | 0.263 | 0.343 |
| 64 | 0.069 | 0.069 | 0.069 | 0.137 | 0.296 | 0.385 |
| 65 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

**Service Retirement**

**Public Agency Fire 3% @ 50**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.020 | 0.020 | 0.020 | 0.040 | 0.130 | 0.192 |
| 51 | 0.008 | 0.008 | 0.008 | 0.023 | 0.107 | 0.164 |
| 52 | 0.023 | 0.023 | 0.023 | 0.043 | 0.136 | 0.198 |
| 53 | 0.023 | 0.023 | 0.023 | 0.043 | 0.135 | 0.198 |
| 54 | 0.027 | 0.027 | 0.027 | 0.048 | 0.143 | 0.207 |
| 55 | 0.043 | 0.043 | 0.043 | 0.070 | 0.174 | 0.244 |
| 56 | 0.053 | 0.053 | 0.053 | 0.085 | 0.196 | 0.269 |
| 57 | 0.054 | 0.054 | 0.054 | 0.086 | 0.197 | 0.271 |
| 58 | 0.052 | 0.052 | 0.052 | 0.084 | 0.193 | 0.268 |
| 59 | 0.075 | 0.075 | 0.075 | 0.116 | 0.239 | 0.321 |
| 60 | 0.065 | 0.065 | 0.065 | 0.102 | 0.219 | 0.298 |
| 61 | 0.076 | 0.076 | 0.076 | 0.117 | 0.241 | 0.324 |
| 62 | 0.068 | 0.068 | 0.068 | 0.106 | 0.224 | 0.304 |
| 63 | 0.027 | 0.027 | 0.027 | 0.049 | 0.143 | 0.208 |
| 64 | 0.094 | 0.094 | 0.094 | 0.143 | 0.277 | 0.366 |
| 65 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

**Service Retirement**

**Public Agency Police 2% @ 57**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.011 | 0.011 | 0.011 | 0.011 | 0.020 | 0.036 |
| 51 | 0.009 | 0.009 | 0.009 | 0.009 | 0.016 | 0.028 |
| 52 | 0.018 | 0.018 | 0.018 | 0.018 | 0.034 | 0.060 |
| 53 | 0.037 | 0.037 | 0.037 | 0.037 | 0.067 | 0.119 |
| 54 | 0.049 | 0.049 | 0.049 | 0.049 | 0.089 | 0.159 |
| 55 | 0.063 | 0.063 | 0.063 | 0.063 | 0.115 | 0.205 |
| 56 | 0.045 | 0.045 | 0.045 | 0.045 | 0.082 | 0.146 |
| 57 | 0.064 | 0.064 | 0.064 | 0.064 | 0.117 | 0.209 |
| 58 | 0.047 | 0.047 | 0.047 | 0.047 | 0.086 | 0.154 |
| 59 | 0.105 | 0.105 | 0.105 | 0.105 | 0.130 | 0.191 |
| 60 | 0.105 | 0.105 | 0.105 | 0.105 | 0.129 | 0.188 |
| 61 | 0.105 | 0.105 | 0.105 | 0.105 | 0.129 | 0.188 |
| 62 | 0.105 | 0.105 | 0.105 | 0.105 | 0.129 | 0.188 |
| 63 | 0.105 | 0.105 | 0.105 | 0.105 | 0.129 | 0.188 |
| 64 | 0.105 | 0.105 | 0.105 | 0.105 | 0.129 | 0.188 |
| 65 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

**Service Retirement**

**Public Agency Fire 2% @ 57**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.005 | 0.005 | 0.005 | 0.005 | 0.008 | 0.012 |
| 51 | 0.006 | 0.006 | 0.006 | 0.006 | 0.009 | 0.013 |
| 52 | 0.012 | 0.012 | 0.012 | 0.012 | 0.019 | 0.028 |
| 53 | 0.033 | 0.033 | 0.033 | 0.033 | 0.050 | 0.075 |
| 54 | 0.045 | 0.045 | 0.045 | 0.045 | 0.069 | 0.103 |
| 55 | 0.061 | 0.061 | 0.061 | 0.061 | 0.094 | 0.140 |
| 56 | 0.055 | 0.055 | 0.055 | 0.055 | 0.084 | 0.126 |
| 57 | 0.081 | 0.081 | 0.081 | 0.081 | 0.125 | 0.187 |
| 58 | 0.059 | 0.059 | 0.059 | 0.059 | 0.091 | 0.137 |
| 59 | 0.055 | 0.055 | 0.055 | 0.055 | 0.084 | 0.126 |
| 60 | 0.085 | 0.085 | 0.085 | 0.085 | 0.131 | 0.196 |
| 61 | 0.085 | 0.085 | 0.085 | 0.085 | 0.131 | 0.196 |
| 62 | 0.085 | 0.085 | 0.085 | 0.085 | 0.131 | 0.196 |
| 63 | 0.085 | 0.085 | 0.085 | 0.085 | 0.131 | 0.196 |
| 64 | 0.085 | 0.085 | 0.085 | 0.085 | 0.131 | 0.196 |
| 65 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

**Service Retirement**

**Public Agency Police 2.5% @ 57**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.014 | 0.014 | 0.014 | 0.014 | 0.025 | 0.045 |
| 51 | 0.012 | 0.012 | 0.012 | 0.012 | 0.021 | 0.038 |
| 52 | 0.025 | 0.025 | 0.025 | 0.025 | 0.046 | 0.081 |
| 53 | 0.047 | 0.047 | 0.047 | 0.047 | 0.086 | 0.154 |
| 54 | 0.063 | 0.063 | 0.063 | 0.063 | 0.115 | 0.205 |
| 55 | 0.076 | 0.076 | 0.076 | 0.076 | 0.140 | 0.249 |
| 56 | 0.054 | 0.054 | 0.054 | 0.054 | 0.099 | 0.177 |
| 57 | 0.071 | 0.071 | 0.071 | 0.071 | 0.130 | 0.232 |
| 58 | 0.057 | 0.057 | 0.057 | 0.057 | 0.103 | 0.184 |
| 59 | 0.126 | 0.126 | 0.126 | 0.126 | 0.156 | 0.229 |
| 60 | 0.126 | 0.126 | 0.126 | 0.126 | 0.155 | 0.226 |
| 61 | 0.126 | 0.126 | 0.126 | 0.126 | 0.155 | 0.226 |
| 62 | 0.126 | 0.126 | 0.126 | 0.126 | 0.155 | 0.226 |
| 63 | 0.126 | 0.126 | 0.126 | 0.126 | 0.155 | 0.226 |
| 64 | 0.126 | 0.126 | 0.126 | 0.126 | 0.155 | 0.226 |
| 65 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

**Service Retirement**

**Public Agency Fire 2.5% @ 57**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.007 | 0.007 | 0.007 | 0.007 | 0.010 | 0.015 |
| 51 | 0.008 | 0.008 | 0.008 | 0.008 | 0.012 | 0.018 |
| 52 | 0.016 | 0.016 | 0.016 | 0.016 | 0.025 | 0.038 |
| 53 | 0.042 | 0.042 | 0.042 | 0.042 | 0.064 | 0.096 |
| 54 | 0.057 | 0.057 | 0.057 | 0.057 | 0.088 | 0.132 |
| 55 | 0.074 | 0.074 | 0.074 | 0.074 | 0.114 | 0.170 |
| 56 | 0.066 | 0.066 | 0.066 | 0.066 | 0.102 | 0.153 |
| 57 | 0.090 | 0.090 | 0.090 | 0.090 | 0.139 | 0.208 |
| 58 | 0.071 | 0.071 | 0.071 | 0.071 | 0.110 | 0.164 |
| 59 | 0.066 | 0.066 | 0.066 | 0.066 | 0.101 | 0.151 |
| 60 | 0.102 | 0.102 | 0.102 | 0.102 | 0.157 | 0.235 |
| 61 | 0.102 | 0.102 | 0.102 | 0.102 | 0.157 | 0.236 |
| 62 | 0.102 | 0.102 | 0.102 | 0.102 | 0.157 | 0.236 |
| 63 | 0.102 | 0.102 | 0.102 | 0.102 | 0.157 | 0.236 |
| 64 | 0.102 | 0.102 | 0.102 | 0.102 | 0.157 | 0.236 |
| 65 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

**Service Retirement**

**Public Agency Police 2.7% @ 57**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.0138 | 0.0138 | 0.0138 | 0.0138 | 0.0253 | 0.0451 |
| 51 | 0.0123 | 0.0123 | 0.0123 | 0.0123 | 0.0226 | 0.0402 |
| 52 | 0.0249 | 0.0249 | 0.0249 | 0.0249 | 0.0456 | 0.0812 |
| 53 | 0.0497 | 0.0497 | 0.0497 | 0.0497 | 0.0909 | 0.1621 |
| 54 | 0.0662 | 0.0662 | 0.0662 | 0.0662 | 0.1211 | 0.2160 |
| 55 | 0.0854 | 0.0854 | 0.0854 | 0.0854 | 0.1563 | 0.2785 |
| 56 | 0.0606 | 0.0606 | 0.0606 | 0.0606 | 0.1108 | 0.1975 |
| 57 | 0.0711 | 0.0711 | 0.0711 | 0.0711 | 0.1300 | 0.2318 |
| 58 | 0.0628 | 0.0628 | 0.0628 | 0.0628 | 0.1149 | 0.2049 |
| 59 | 0.1396 | 0.1396 | 0.1396 | 0.1396 | 0.1735 | 0.2544 |
| 60 | 0.1396 | 0.1396 | 0.1396 | 0.1396 | 0.1719 | 0.2506 |
| 61 | 0.1396 | 0.1396 | 0.1396 | 0.1396 | 0.1719 | 0.2506 |
| 62 | 0.1396 | 0.1396 | 0.1396 | 0.1396 | 0.1719 | 0.2506 |
| 63 | 0.1396 | 0.1396 | 0.1396 | 0.1396 | 0.1719 | 0.2506 |
| 64 | 0.1396 | 0.1396 | 0.1396 | 0.1396 | 0.1719 | 0.2506 |
| 65 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

- These rates also apply to Local Prosecutors, Local Sheriff, School Police, and Other Safety.

**Service Retirement**

**Public Agency Fire 2.7% @ 57**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.0065 | 0.0065 | 0.0065 | 0.0065 | 0.0101 | 0.0151 |
| 51 | 0.0081 | 0.0081 | 0.0081 | 0.0081 | 0.0125 | 0.0187 |
| 52 | 0.0164 | 0.0164 | 0.0164 | 0.0164 | 0.0254 | 0.0380 |
| 53 | 0.0442 | 0.0442 | 0.0442 | 0.0442 | 0.0680 | 0.1018 |
| 54 | 0.0606 | 0.0606 | 0.0606 | 0.0606 | 0.0934 | 0.1397 |
| 55 | 0.0825 | 0.0825 | 0.0825 | 0.0825 | 0.1269 | 0.1900 |
| 56 | 0.0740 | 0.0740 | 0.0740 | 0.0740 | 0.1140 | 0.1706 |
| 57 | 0.0901 | 0.0901 | 0.0901 | 0.0901 | 0.1387 | 0.2077 |
| 58 | 0.0790 | 0.0790 | 0.0790 | 0.0790 | 0.1217 | 0.1821 |
| 59 | 0.0729 | 0.0729 | 0.0729 | 0.0729 | 0.1123 | 0.1681 |
| 60 | 0.1135 | 0.1135 | 0.1135 | 0.1135 | 0.1747 | 0.2615 |
| 61 | 0.1136 | 0.1136 | 0.1136 | 0.1136 | 0.1749 | 0.2618 |
| 62 | 0.1136 | 0.1136 | 0.1136 | 0.1136 | 0.1749 | 0.2618 |
| 63 | 0.1136 | 0.1136 | 0.1136 | 0.1136 | 0.1749 | 0.2618 |
| 64 | 0.1136 | 0.1136 | 0.1136 | 0.1136 | 0.1749 | 0.2618 |
| 65 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

**Service Retirement**

**Schools 2% @ 55**

| | Duration of Service | | | | | |
|---|---|---|---|---|---|---|
| Age | 5 Years | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50 | 0.005 | 0.009 | 0.013 | 0.015 | 0.016 | 0.018 |
| 51 | 0.005 | 0.010 | 0.014 | 0.017 | 0.019 | 0.021 |
| 52 | 0.006 | 0.012 | 0.017 | 0.020 | 0.022 | 0.025 |
| 53 | 0.007 | 0.014 | 0.019 | 0.023 | 0.026 | 0.029 |
| 54 | 0.012 | 0.024 | 0.033 | 0.039 | 0.044 | 0.049 |
| 55 | 0.024 | 0.048 | 0.067 | 0.079 | 0.088 | 0.099 |
| 56 | 0.020 | 0.039 | 0.055 | 0.065 | 0.072 | 0.081 |
| 57 | 0.021 | 0.042 | 0.059 | 0.070 | 0.078 | 0.087 |
| 58 | 0.025 | 0.050 | 0.070 | 0.083 | 0.092 | 0.103 |
| 59 | 0.029 | 0.057 | 0.080 | 0.095 | 0.105 | 0.118 |
| 60 | 0.037 | 0.073 | 0.102 | 0.121 | 0.134 | 0.150 |
| 61 | 0.046 | 0.090 | 0.126 | 0.149 | 0.166 | 0.186 |
| 62 | 0.076 | 0.151 | 0.212 | 0.250 | 0.278 | 0.311 |
| 63 | 0.069 | 0.136 | 0.191 | 0.225 | 0.251 | 0.281 |
| 64 | 0.067 | 0.133 | 0.185 | 0.219 | 0.244 | 0.273 |
| 65 | 0.091 | 0.180 | 0.251 | 0.297 | 0.331 | 0.370 |
| 66 | 0.072 | 0.143 | 0.200 | 0.237 | 0.264 | 0.295 |
| 67 | 0.067 | 0.132 | 0.185 | 0.218 | 0.243 | 0.272 |
| 68 | 0.060 | 0.118 | 0.165 | 0.195 | 0.217 | 0.243 |
| 69 | 0.067 | 0.133 | 0.187 | 0.220 | 0.246 | 0.275 |
| 70 | 0.066 | 0.131 | 0.183 | 0.216 | 0.241 | 0.270 |

# Miscellaneous

**Internal Revenue Code Section 415**

The limitations on benefits imposed by Internal Revenue Code Section 415 are taken into account in this valuation. Each year the impact of any changes in this limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base. This results in lower contributions for those employers contributing to the Replacement Benefit Fund and protects CalPERS from prefunding expected benefits in excess of limits imposed by federal tax law.

**Internal Revenue Code Section 401(a)(17)**

The limitations on compensation imposed by Internal Revenue Code Section 401(a)(17) are taken into account in this valuation. Each year, the impact of any changes in the compensation limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base. The compensation limit for classic members for the 2015 calendar year is $265,000.

# APPENDIX B

# PRINCIPAL PLAN PROVISIONS

The following is a description of the principal plan provisions used in calculating costs and liabilities. We have indicated whether a plan provision is standard or optional. Standard benefits are applicable to all members while optional benefits vary among employers. Optional benefits that apply to a single period of time, such as Golden Handshakes, have not been included. Many of the statements in this summary are general in nature, and are intended to provide an easily understood summary of the Public Employees' Retirement Law. The law itself governs in all situations.

# Service Retirement

**Eligibility**

A classic CalPERS member or PEPRA Safety member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other retirement systems with which CalPERS has reciprocity agreements). For employees hired into a plan with the 1.5 percent at 65 formula, eligibility for service retirement is age 55 with at least 5 years of service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service.

**Benefit**

The service retirement benefit is a monthly allowance equal to the product of the *benefit factor*, *years of service*, and *final compensation.*

- The *benefit factor* depends on the benefit formula specified in your agency's contract. The table below shows the factors for each of the available formulas. Factors vary by the member's age at retirement. Listed are the factors for retirement at whole year ages:

**Miscellaneous Plan Formulas**

| Retirement Age | 1.5% at 65 | 2% at 60 | 2% at 55 | 2.5% at 55 | 2.7% at 55 | 3% at 60 | PEPRA 2% at 62 |
|---|---|---|---|---|---|---|---|
| 50 | 0.5000% | 1.092% | 1.426% | 2.000% | 2.000% | 2.000% | N/A |
| 51 | 0.5667% | 1.156% | 1.522% | 2.100% | 2.140% | 2.100% | N/A |
| 52 | 0.6334% | 1.224% | 1.628% | 2.200% | 2.280% | 2.200% | 1.000% |
| 53 | 0.7000% | 1.296% | 1.742% | 2.300% | 2.420% | 2.300% | 1.100% |
| 54 | 0.7667% | 1.376% | 1.866% | 2.400% | 2.560% | 2.400% | 1.200% |
| 55 | 0.8334% | 1.460% | 2.000% | 2.500% | 2.700% | 2.500% | 1.300% |
| 56 | 0.9000% | 1.552% | 2.052% | 2.500% | 2.700% | 2.600% | 1.400% |
| 57 | 0.9667% | 1.650% | 2.104% | 2.500% | 2.700% | 2.700% | 1.500% |
| 58 | 1.0334% | 1.758% | 2.156% | 2.500% | 2.700% | 2.800% | 1.600% |
| 59 | 1.1000% | 1.874% | 2.210% | 2.500% | 2.700% | 2.900% | 1.700% |
| 60 | 1.1667% | 2.000% | 2.262% | 2.500% | 2.700% | 3.000% | 1.800% |
| 61 | 1.2334% | 2.134% | 2.314% | 2.500% | 2.700% | 3.000% | 1.900% |
| 62 | 1.3000% | 2.272% | 2.366% | 2.500% | 2.700% | 3.000% | 2.000% |
| 63 | 1.3667% | 2.418% | 2.418% | 2.500% | 2.700% | 3.000% | 2.100% |
| 64 | 1.4334% | 2.418% | 2.418% | 2.500% | 2.700% | 3.000% | 2.200% |
| 65 | 1.5000% | 2.418% | 2.418% | 2.500% | 2.700% | 3.000% | 2.300% |
| 66 | 1.5000% | 2.418% | 2.418% | 2.500% | 2.700% | 3.000% | 2.400% |
| 67 & up | 1.5000% | 2.418% | 2.418% | 2.500% | 2.700% | 3.000% | 2.500% |

**Safety Plan Formulas**

| Retirement Age | ½ at 55 * | 2% at 55 | 2% at 50 | 3% at 55 | 3% at 50 |
|---|---|---|---|---|---|
| 50 | 1.783% | 1.426% | 2.000% | 2.400% | 3.000% |
| 51 | 1.903% | 1.522% | 2.140% | 2.520% | 3.000% |
| 52 | 2.035% | 1.628% | 2.280% | 2.640% | 3.000% |
| 53 | 2.178% | 1.742% | 2.420% | 2.760% | 3.000% |
| 54 | 2.333% | 1.866% | 2.560% | 2.880% | 3.000% |
| 55 & Up | 2.500% | 2.000% | 2.700% | 3.000% | 3.000% |

* For this formula, the benefit factor also varies by entry age. The factors shown are for members with an entry age of 35 or greater. If entry age is less than 35, then the age 55 benefit factor is 50 percent divided by the difference between age 55 and entry age. The benefit factor for ages prior to age 55 is the same proportion of the age 55 benefit factor as in the above table.

**PEPRA Safety Plan Formulas**

| Retirement Age | 2% at 57 | 2.5% at 57 | 2.7% at 57 |
|---|---|---|---|
| 50 | 1.426% | 2.000% | 2.000% |
| 51 | 1.508% | 2.071% | 2.100% |
| 52 | 1.590% | 2.143% | 2.200% |
| 53 | 1.672% | 2.214% | 2.300% |
| 54 | 1.754% | 2.286% | 2.400% |
| 55 | 1.836% | 2.357% | 2.500% |
| 56 | 1.918% | 2.429% | 2.600% |
| 57 & Up | 2.000% | 2.500% | 2.700% |

- The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer's contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance. An agency may contract for an optional benefit where any unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave.

- The *final compensation* is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). The standard benefit is 36 months. Employers had the option of providing a final compensation equal to the highest 12 consecutive months for classic plans only. Final compensation must be defined by the highest 36 consecutive months' pay under the 1.5% at 65 formula. PEPRA members have a cap on the annual salary that can be used to calculate final compensation for all new members based on the Social Security contribution and benefit base. For employees that participate in Social Security this cap is $117,020 for 2015 and for those employees that do not participate in Social Security the cap for 2015 is $140,424. Adjustments to the caps are permitted annually based on changes to the CPI for all urban consumers.

- Employees must be covered by Social Security with the 1.5% at 65 formula. Social Security is optional for all other benefit formulas. For employees covered by Social Security, the modified formula is the standard benefit. Under this type of formula, the final compensation is offset by $133.33 (or by one third if the final compensation is less than $400). Employers may contract for the full benefit with Social Security that will eliminate the offset applicable to the final compensation. For employees not covered by Social Security, the full benefit is paid with

no offsets. Auxiliary organizations of the CSUC system may elect reduced contribution rates, in which case the offset is $317 if members are not covered by Social Security or $513 if members are covered by Social Security.

- The miscellaneous and PEPRA safety service retirement benefit is not capped. The classic service retirement benefit is capped at 90 percent of final compensation.

# Vested Deferred Retirement

**Eligibility for Deferred Status**

A CalPERS member becomes eligible for a deferred vested retirement benefit when he or she leaves employment, keeps his or her contribution account balance on deposit with CalPERS, **and** has earned at least 5 years of credited service (total service across all CalPERS employers, and with certain other retirement systems with which CalPERS has reciprocity agreements).

**Eligibility to Start Receiving Benefits**

The CalPERS classic members and PEPRA safety members become eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for deferred status and upon attainment of age 50 (55 for employees hired into a 1.5% @ 65 plan). PEPRA miscellaneous members become eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for deferred status and upon attainment of age 52.

**Benefit**

The vested deferred retirement benefit is the same as the service retirement benefit, where the benefit factor is based on the member's age at allowance commencement. For members who have earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance.

# Non-Industrial (Non-Job Related) Disability Retirement

**Eligibility**

A CalPERS member is eligible for Non-Industrial Disability Retirement if he or she becomes *disabled* and has at least 5 years of credited service (total service across all CalPERS employers, and with certain other retirement systems with which CalPERS has reciprocity agreements). There is no special age requirement. *Disabled* means the member is unable to perform his or her job because of an illness or injury, which is expected to be permanent or to last indefinitely. The illness or injury does not have to be job related. A CalPERS member must be actively employed by any CalPERS employer at the time of disability in order to be eligible for this benefit.

**Standard Benefit**

The standard Non-Industrial Disability Retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by *service*, which is determined as follows:

- *Service* is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or

- *Service* is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service. The maximum benefit in this case is 33 1/3 percent of final compensation.

**Improved Benefit**

Employers have the option of providing the improved Non-Industrial Disability Retirement benefit. This benefit provides a monthly allowance equal to 30 percent of final compensation for the first 5 years of service, plus 1 percent for each additional year of service to a maximum of 50 percent of final compensation.

Members who are eligible for a larger service retirement benefit may choose to receive that benefit in lieu of a disability benefit. Members eligible to retire, and who have attained the normal retirement age determined by their service retirement benefit formula, will receive the same dollar amount for disability retirement as that payable for service retirement. For members who have earned service with multiple CalPERS employers, the benefit attributed to each employer is the total disability allowance multiplied by the ratio of service with a particular employer to the total CalPERS service.

# Industrial (Job Related) Disability Retirement

All safety members have this benefit. For miscellaneous members, employers have the option of providing this benefit. An employer may choose to provide the increased benefit option or the improved benefit option.

**Eligibility**

An employee is eligible for Industrial Disability Retirement if he or she becomes disabled while working, where disabled means the member is unable to perform the duties of the job because of a work-related illness or injury, which is expected to be permanent or to last indefinitely. A CalPERS member who has left active employment within this group is not eligible for this benefit, except to the extent described below.

**Standard Benefit**

The standard Industrial Disability Retirement benefit is a monthly allowance equal to 50 percent of final compensation.

**Increased Benefit (75 percent of Final Compensation)**

The increased Industrial Disability Retirement benefit is a monthly allowance equal to 75 percent final compensation for total disability.

**Improved Benefit (50 percent to 90 percent of Final Compensation)**

The improved Industrial Disability Retirement benefit is a monthly allowance equal to the Workman's Compensation Appeals Board permanent disability rate percentage (if 50 percent or greater, with a maximum of 90 percent) times the final compensation.

For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of accumulated member contributions with respect to employment in this group. With the standard or increased benefit, a member may also choose to receive the annuitization of the accumulated member contributions.

If a member is eligible for service retirement and if the service retirement benefit is more than the industrial disability retirement benefit, the member may choose to receive the larger benefit.

# Post-Retirement Death Benefit

**Standard Lump Sum Payment**

Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

**Improved Lump Sum Payment**

Employers have the option of providing an improved lump sum death benefit of $600, $2,000, $3,000, $4,000 or $5,000.

# Form of Payment for Retirement Allowance

**Standard Form of Payment**

Generally, the retirement allowance is paid to the retiree in the form of an annuity for as long as he or she is alive. The retiree may choose to provide for a portion of his or her allowance to be paid to any designated beneficiary after the retiree's death. CalPERS provides for a variety of such benefit options, which the retiree pays for by taking a reduction in his or her retirement allowance. Such reduction takes into account the amount to be provided to the beneficiary and the probable duration of payments (based on the ages of the member and beneficiary) made subsequent to the member's death.

**Improved Form of Payment (Post-Retirement Survivor Allowance)**

Employers have the option to contract for the post-retirement survivor allowance.

For retirement allowances with respect to service subject to the modified formula, 25 percent of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. For retirement allowances with respect to service subject to the full or supplemental formula, 50 percent of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. This additional benefit is referred to as post-retirement survivor allowance (PRSA) or simply as survivor continuance.

In other words, 25 percent or 50 percent of the allowance, the continuance portion, is paid to the retiree for as long as he or she is alive, and that same amount is continued to the retiree's spouse (or if no eligible spouse, to unmarried child(ren) until they attain age 18; or, if no eligible child(ren), to a qualifying dependent parent) for the rest of his or her lifetime. This benefit will not be discontinued in the event the spouse remarries.

The remaining 75 percent or 50 percent of the retirement allowance, which may be referred to as the option portion of the benefit, is paid to the retiree as an annuity for as long as he or she is alive. Or, the retiree may choose to provide for some of this option portion to be paid to any designated beneficiary after the retiree's death. Benefit options applicable to the option portion are the same as those offered with the standard form. The reduction is calculated in the same manner but is applied only to the option portion.

# Pre-Retirement Death Benefits

# Basic Death Benefit

This is a standard benefit.

**Eligibility**

An employee's beneficiary (or estate) may receive the basic death benefit if the member dies while actively employed. A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit.

**Benefit**

The basic death benefit is a lump sum in the amount of the member's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

# 1957 Survivor Benefit

This is a standard benefit.

**Eligibility**

An employee's *eligible survivor(s)* may receive the 1957 Survivor benefit if the member dies while actively employed, has attained at least age 50 for classic and safety PEPRA members and age 52 for miscellaneous PEPRA members, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other retirement systems with which CalPERS has reciprocity agreements). A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An eligible survivor means the surviving spouse to whom the member was married at least one year before death or, if there is no eligible spouse, to the member's unmarried child(ren) under age 18. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this 1957 Survivor benefit.

**Benefit**

The 1957 Survivor benefit is a monthly allowance equal to one-half of the unmodified service retirement benefit that the member would have been entitled to receive if the member had retired on the date of his or her death. If the benefit is payable to the spouse, the benefit is discontinued upon the death of the spouse. If the benefit is payable to dependent child(ren), the benefit will be discontinued upon death or attainment of age 18, unless the child(ren) is disabled. The total amount paid will be at least equal to the basic death benefit.

# Optional Settlement 2W Death Benefit

This is an optional benefit.

**Eligibility**

An employee's *eligible survivor* may receive the Optional Settlement 2W Death benefit if the member dies while actively employed, has attained at least age 50 for classic and safety PEPRA members and age 52 for miscellaneous PEPRA members, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other retirement systems with which CalPERS has reciprocity agreements). A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married at least one year before death. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this Optional Settlement 2W Death benefit.

**Benefit**

The Optional Settlement 2W Death benefit is a monthly allowance equal to the service retirement benefit that the member would have received had the member retired on the date of his or her death and elected Optional Settlement 2W. (A retiree who elects Optional Settlement 2W receives an allowance that has been reduced so that it will continue to be paid after his or her death to a surviving beneficiary.) The allowance is payable as long as the surviving spouse lives, at which time it is continued to any unmarried child(ren) under age 18, if applicable. The total amount paid will be at least equal to the basic death benefit.

# Special Death Benefit

This is a standard benefit for safety members. An employer may elect to provide this benefit for miscellaneous members.

**Eligibility**

An employee's *eligible survivor(s)* may receive the special death benefit if the member dies while actively employed and the death is job-related. A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried child(ren) under age 22. An eligible survivor who chooses to receive this benefit will not receive any other death benefit.

**Benefit**

The special death benefit is a monthly allowance equal to 50 percent of final compensation, and will be increased whenever the compensation paid to active employees is increased but ceasing to increase when the member would have attained age 50. The allowance is payable to the surviving spouse until death at which time the allowance is continued to any unmarried child(ren) under age 22. There is a guarantee that the total amount paid will at least equal the basic death benefit.

If the member's death is the result of an accident or injury caused by external violence or physical force incurred in the performance of the member's duty, and there are *eligible* surviving child(ren) (*eligible* means unmarried child(ren) under age 22) in addition to an eligible spouse, then an **additional monthly allowance** is paid equal to the following:

- if 1 eligible child: 12.5 percent of final compensation
- if 2 eligible children: 20.0 percent of final compensation
- if 3 or more eligible children: 25.0 percent of final compensation

# Alternate Death Benefit for Local Fire Members

This is an optional benefit available only to local fire members.

**Eligibility**

An employee's *eligible survivor(s)* may receive the alternate death benefit in lieu of the basic death benefit or the 1957 Survivor benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried child(ren) under age 18.

**Benefit**

The Alternate Death benefit is a monthly allowance equal to the service retirement benefit that the member would have received had the member retired on the date of his or her death and elected Optional Settlement 2W. (A retiree who elects Optional Settlement 2W receives an allowance that has been reduced so that it will continue to be paid after his or her death to a surviving beneficiary.) If the member has not yet attained age 50, the benefit is equal to that which would be payable if the member had retired at age 50, based on service credited at the time of death. The allowance is payable as long as the surviving spouse lives, at which time it is continued to any unmarried child(ren) under age 18, if applicable. The total amount paid will be at least equal to the basic death benefit.

# Cost-of-Living Adjustments (COLA)

**Standard Benefit**

Retirement and survivor allowances are adjusted each year in May for cost of living, beginning the second calendar year after the year of retirement. The standard cost-of-living adjustment (COLA) is 2 percent. Annual adjustments are calculated by first determining the lesser of 1) 2 percent compounded from the end of the year of retirement or 2) actual rate of inflation. The resulting increase is divided by the total increase provided in prior years. For any particular year, the COLA adjustment may be less than 2 percent (when the rate of inflation is low), may be greater than the rate of inflation (when the rate of inflation is low after several years of high inflation) or may even be greater than 2 percent (when inflation is high after several years of low inflation).

**Improved Benefit**

Employers have the option of providing a COLA of 3 percent, 4 percent, or 5 percent, determined in the same manner as described above for the standard 2 percent COLA. An improved COLA is not available with the 1.5% at 65 formula.

# Purchasing Power Protection Allowance (PPPA)

Retirement and survivor allowances are protected against inflation by PPPA. PPPA benefits are cost-of-living adjustments that are intended to maintain an individual's allowance at 80 percent of the initial allowance at retirement adjusted for inflation since retirement. The PPPA benefit will be coordinated with other cost-of-living adjustments provided under the plan.

# Employee Contributions

Each employee contributes toward his or her retirement based upon the retirement formula. The standard employee contribution is as described below.

- The percent contributed below the monthly compensation breakpoint is 0 percent.
- The monthly compensation breakpoint is $0 for full and supplemental formula members and $133.33 for employees covered by the modified formula.
- The percent contributed above the monthly compensation breakpoint depends upon the benefit formula, as shown in the table below.

| Benefit Formula | Percent Contributed above the Breakpoint |
|---|---|
| Miscellaneous, 1.5% at 65 | 2% |
| Miscellaneous, 2% at 60 | 7% |
| Miscellaneous, 2% at 55 | 7% |
| Miscellaneous, 2.5% at 55 | 8% |
| Miscellaneous, 2.7% at 55 | 8% |
| Miscellaneous, 3% at 60 | 8% |
| Miscellaneous, 2% at 62 | 50% of the Total Normal Cost |
| Miscellaneous, 1.5% at 65 | 50% of the Total Normal Cost |
| Safety, 1/2 at 55 | Varies by entry age |
| Safety, 2% at 55 | 7% |
| Safety, 2% at 50 | 9% |
| Safety, 3% at 55 | 9% |
| Safety, 3% at 50 | 9% |
| Safety, 2% at 57 | 50% of the Total Normal Cost |
| Safety, 2.5% at 57 | 50% of the Total Normal Cost |
| Safety, 2.7% at 57 | 50% of the Total Normal Cost |

The employer may choose to "pick-up" these contributions for classic members (Employer Paid Member Contributions or EPMC). EPMC is prohibited for new PEPRA members.

An employer may also include Employee Cost Sharing in the contract, where employees agree to share the cost of the employer contribution. These contributions are paid in addition to the member contribution.

Auxiliary organizations of the CSUC system may elect reduced contribution rates, in which case the offset is $317 and the contribution rate is 6 percent if members are not covered by Social Security. If members are covered by Social Security, the offset is $513 and the contribution rate is 5 percent.

# Refund of Employee Contributions

If the member's service with the employer ends, and if the member does not satisfy the eligibility conditions for any of the retirement benefits above, the member may elect to receive a refund of his or her employee contributions, which are credited with 6 percent interest compounded annually.

# 1959 Survivor Benefit

This is a pre-retirement death benefit available only to members not covered by Social Security. Any agency joining CalPERS subsequent to 1993 is required to provide this benefit if the members are not covered by Social Security. The benefit is optional for agencies joining CalPERS prior to 1994. Levels 1, 2 and 3 are now closed. Any new agency or any agency wishing to add this benefit or increase the current level may only choose the 4th or Indexed Level.

This benefit is not included in the results presented in this valuation. More information on this benefit is available on the CalPERS website at www.calpers.ca.gov.

# APPENDIX C

# PARTICIPANT DATA

- **SUMMARY OF VALUATION DATA**
- **ACTIVE MEMBERS**
- **TRANSFERRED AND TERMINATED MEMBERS**
- **RETIRED MEMBERS AND BENEFICIARIES**

# Summary of Valuation Data

| | June 30, 2014 | June 30, 2015 |
|---|---|---|
| 1. **Active Members** | | |
| a) Counts | 1,039 | 1,145 |
| b) Average Attained Age | 41.24 | 40.13 |
| c) Average Entry Age to Rate Plan | 28.44 | 28.46 |
| d) Average Years of Service | 12.80 | 11.67 |
| e) Average Annual Covered Pay | $ 112,113 | $ 115,380 |
| f) Annual Covered Payroll | 116,485,068 | 132,109,808 |
| g) Projected Annual Payroll for Contribution Year | 127,286,379 | 144,359,954 |
| h) Present Value of Future Payroll | 1,062,536,359 | 1,264,504,416 |
| 2. **Transferred Members** | | |
| a) Counts | 209 | 216 |
| b) Average Attained Age | 41.75 | 41.25 |
| c) Average Years of Service | 5.09 | 4.66 |
| d) Average Annual Covered Pay | $ 101,661 | $ 103,991 |
| 3. **Terminated Members** | | |
| a) Counts | 158 | 159 |
| b) Average Attained Age | 43.56 | 43.82 |
| c) Average Years of Service | 4.42 | 4.01 |
| d) Average Annual Covered Pay | $ 79,967 | $ 79,921 |
| 4. **Retired Members and Beneficiaries** | | |
| a) Counts | 997 | 1,061 |
| b) Average Attained Age | 57.12 | 57.54 |
| c) Average Annual Benefits | $ 71,311 | $ 72,746 |
| 5. **Active to Retired Ratio** [(1a) / (4a)] | 1.04 | 1.08 |

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Average Annual Benefits represents benefit amounts payable by this plan only. Some members may have service with another agency and would therefore have a larger total benefit than would be included as part of the average shown here.

# Active Members

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

**Distribution of Active Members by Age and Service**

| | Years of Service at Valuation Date | | | | | | |
|---|---|---|---|---|---|---|---|
| **Attained Age** | **0-4** | **5-9** | **10-14** | **15-19** | **20-25** | **25+** | **Total** |
| 15-24 | 33 | 0 | 0 | 0 | 0 | 0 | 33 |
| 25-29 | 133 | 7 | 0 | 0 | 0 | 0 | 140 |
| 30-34 | 99 | 69 | 9 | 0 | 0 | 0 | 177 |
| 35-39 | 36 | 68 | 86 | 22 | 0 | 0 | 212 |
| 40-44 | 9 | 37 | 67 | 95 | 13 | 1 | 222 |
| 45-49 | 2 | 20 | 40 | 58 | 48 | 31 | 199 |
| 50-54 | 1 | 6 | 23 | 27 | 26 | 34 | 117 |
| 55-59 | 1 | 0 | 3 | 4 | 10 | 12 | 30 |
| 60-64 | 0 | 0 | 0 | 2 | 1 | 7 | 10 |
| 65 and over | 0 | 0 | 0 | 0 | 1 | 4 | 5 |
| **All Ages** | **314** | **207** | **228** | **208** | **99** | **89** | **1,145** |

**Distribution of Average Annual Salaries by Age and Service**

| | Years of Service at Valuation Date | | | | | | |
|---|---|---|---|---|---|---|---|
| **Attained Age** | **0-4** | **5-9** | **10-14** | **15-19** | **20-25** | **25+** | **Average** |
| 15-24 | $79,066 | $0 | $0 | $0 | $0 | $0 | $79,066 |
| 25-29 | 81,142 | 114,831 | 0 | 0 | 0 | 0 | 82,826 |
| 30-34 | 86,369 | 121,562 | 128,410 | 0 | 0 | 0 | 102,226 |
| 35-39 | 91,589 | 118,857 | 123,775 | 129,691 | 0 | 0 | 117,346 |
| 40-44 | 93,514 | 117,373 | 126,344 | 131,211 | 139,300 | 142,156 | 126,431 |
| 45-49 | 97,026 | 119,452 | 128,675 | 127,712 | 135,023 | 141,073 | 130,612 |
| 50-54 | 109,015 | 121,216 | 121,472 | 122,943 | 131,283 | 132,585 | 127,102 |
| 55-59 | 241,678 | 0 | 128,090 | 125,204 | 128,060 | 125,096 | 130,284 |
| 60-64 | 0 | 0 | 0 | 123,533 | 111,247 | 151,141 | 141,630 |
| 65 and over | 0 | 0 | 0 | 0 | 144,525 | 133,525 | 135,725 |
| **All Ages** | **$84,825** | **$119,483** | **$125,397** | **$128,812** | **$133,755** | **$136,141** | **$115,380** |

# Transferred and Terminated Members

**Distribution of Transfers to Other CalPERS Plans by Age and Service**

| | Years of Service at Valuation Date | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Attained Age** | **0-4** | **5-9** | **10-14** | **15-19** | **20-25** | **25+** | **Total** | **Average Salary** |
| 15-24 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | $0 |
| 25-29 | 17 | 1 | 0 | 0 | 0 | 0 | 18 | 96,037 |
| 30-34 | 37 | 6 | 0 | 0 | 0 | 0 | 43 | 106,501 |
| 35-39 | 28 | 11 | 4 | 0 | 0 | 0 | 43 | 105,104 |
| 40-44 | 30 | 5 | 8 | 0 | 0 | 0 | 43 | 111,795 |
| 45-49 | 21 | 4 | 3 | 3 | 0 | 0 | 31 | 103,472 |
| 50-54 | 12 | 7 | 2 | 2 | 2 | 0 | 25 | 96,778 |
| 55-59 | 2 | 0 | 2 | 0 | 1 | 1 | 6 | 88,888 |
| 60-64 | 2 | 0 | 2 | 0 | 2 | 0 | 6 | 98,769 |
| 65 and over | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 74,213 |
| **All Ages** | **149** | **35** | **21** | **5** | **5** | **1** | **216** | **103,991** |

**Distribution of Terminated Participants with Funds on Deposit by Age and Service**

| | Years of Service at Valuation Date | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Attained Age** | **0-4** | **5-9** | **10-14** | **15-19** | **20-25** | **25+** | **Total** | **Average Salary** |
| 15-24 | 2 | 0 | 0 | 0 | 0 | 0 | 2 | $71,965 |
| 25-29 | 9 | 1 | 0 | 0 | 0 | 0 | 10 | 79,397 |
| 30-34 | 19 | 0 | 0 | 0 | 0 | 0 | 19 | 79,125 |
| 35-39 | 21 | 6 | 2 | 1 | 0 | 0 | 30 | 85,937 |
| 40-44 | 18 | 4 | 2 | 1 | 1 | 0 | 26 | 79,432 |
| 45-49 | 17 | 5 | 7 | 3 | 2 | 0 | 34 | 92,259 |
| 50-54 | 10 | 4 | 3 | 0 | 0 | 0 | 17 | 73,951 |
| 55-59 | 9 | 2 | 0 | 0 | 0 | 1 | 12 | 74,156 |
| 60-64 | 4 | 1 | 0 | 0 | 0 | 0 | 5 | 47,900 |
| 65 and over | 4 | 0 | 0 | 0 | 0 | 0 | 4 | 24,881 |
| **All Ages** | **113** | **23** | **14** | **5** | **3** | **1** | **159** | **79,921** |

# Retired Members and Beneficiaries

**Distribution of Retirees and Beneficiaries by Age and Retirement Type***

| Attained Age | Service Retirement | Non-Industrial Disability | Industrial Disability | Non-Industrial Death | Industrial Death | Death After Retirement | Total |
|---|---|---|---|---|---|---|---|
| Under 30 | 0 | 0 | 1 | 0 | 2 | 8 | 11 |
| 30-34 | 0 | 0 | 7 | 0 | 1 | 1 | 9 |
| 35-39 | 0 | 0 | 27 | 0 | 0 | 0 | 27 |
| 40-44 | 0 | 0 | 65 | 0 | 2 | 0 | 67 |
| 45-49 | 0 | 1 | 83 | 1 | 3 | 2 | 90 |
| 50-54 | 96 | 1 | 89 | 1 | 2 | 4 | 193 |
| 55-59 | 106 | 0 | 95 | 0 | 2 | 5 | 208 |
| 60-64 | 119 | 1 | 82 | 1 | 2 | 8 | 213 |
| 65-69 | 67 | 1 | 79 | 0 | 0 | 6 | 153 |
| 70-74 | 41 | 1 | 23 | 0 | 0 | 7 | 72 |
| 75-79 | 4 | 0 | 4 | 0 | 0 | 1 | 9 |
| 80-84 | 3 | 0 | 0 | 0 | 0 | 1 | 4 |
| 85 and Over | 2 | 0 | 1 | 0 | 0 | 2 | 5 |
| **All Ages** | **438** | **5** | **556** | **3** | **14** | **45** | **1,061** |

**Distribution of Average Annual Amounts for Retirees and Beneficiaries by Age and Retirement Type***

| Attained Age | Service Retirement | Non-Industrial Disability | Industrial Disability | Non-Industrial Death | Industrial Death | Death After Retirement | Average |
|---|---|---|---|---|---|---|---|
| Under 30 | $0 | $0 | $1,987 | $0 | $12,954 | $16,964 | $14,873 |
| 30-34 | 0 | 0 | 49,373 | 0 | 2,624 | 6,832 | 39,452 |
| 35-39 | 0 | 0 | 58,579 | 0 | 0 | 0 | 58,579 |
| 40-44 | 0 | 0 | 55,097 | 0 | 88,676 | 0 | 56,100 |
| 45-49 | 0 | 12,851 | 56,964 | 56,770 | 93,608 | 66,819 | 57,912 |
| 50-54 | 84,740 | 21,339 | 62,070 | 69,194 | 72,215 | 42,901 | 72,880 |
| 55-59 | 82,499 | 0 | 72,717 | 0 | 68,832 | 41,234 | 76,908 |
| 60-64 | 85,154 | 12,792 | 79,711 | 32,529 | 61,947 | 65,029 | 81,498 |
| 65-69 | 86,521 | 15,630 | 82,811 | 0 | 0 | 64,772 | 83,289 |
| 70-74 | 71,047 | 55,784 | 78,813 | 0 | 0 | 38,283 | 70,131 |
| 75-79 | 63,247 | 0 | 84,285 | 0 | 0 | 14,811 | 67,215 |
| 80-84 | 39,365 | 0 | 0 | 0 | 0 | 11,817 | 32,478 |
| 85 and Over | 9,760 | 0 | 119,352 | 0 | 0 | 12,331 | 32,706 |
| **All Ages** | **$82,451** | **$23,679** | **$68,379** | **$52,831** | **$63,764** | **$41,824** | **$72,746** |

# Retired Members and Beneficiaries (continued)

**Distribution of Retirees and Beneficiaries by Years Retired and Retirement Type***

| Years Retired | Service Retirement | Non-Industrial Disability | Industrial Disability | Non-Industrial Death | Industrial Death | Death After Retirement | Total |
|---|---|---|---|---|---|---|---|
| Under 5 Yrs | 179 | 0 | 168 | 0 | 1 | 18 | 366 |
| 5-9 | 147 | 0 | 123 | 2 | 6 | 17 | 295 |
| 10-14 | 98 | 1 | 144 | 1 | 3 | 6 | 253 |
| 15-19 | 8 | 2 | 78 | 0 | 1 | 2 | 91 |
| 20-24 | 3 | 0 | 19 | 0 | 1 | 1 | 24 |
| 25-29 | 1 | 2 | 18 | 0 | 0 | 1 | 22 |
| 30 and Over | 2 | 0 | 6 | 0 | 2 | 0 | 10 |
| **All Years** | **438** | **5** | **556** | **3** | **14** | **45** | **1,061** |

**Distribution of Average Annual Amounts for Retirees and Beneficiaries by Years Retired and Retirement Type***

| Years Retired | Service Retirement | Non-Industrial Disability | Industrial Disability | Non-Industrial Death | Industrial Death | Death After Retirement | Average |
|---|---|---|---|---|---|---|---|
| Under 5 Yrs | $77,832 | $0 | $77,763 | $0 | $2,624 | $40,040 | $75,737 |
| 5-9 | 93,060 | 0 | 81,453 | 62,982 | 67,388 | 56,016 | 85,360 |
| 10-14 | 82,138 | 21,339 | 70,985 | 32,529 | 68,378 | 27,285 | 73,890 |
| 15-19 | 42,394 | 34,318 | 44,245 | 0 | 75,501 | 14,906 | 43,562 |
| 20-24 | 22,282 | 0 | 34,186 | 0 | 61,516 | 854 | 32,448 |
| 25-29 | 26,813 | 14,211 | 27,628 | 0 | 0 | 14,728 | 25,785 |
| 30 and Over | 9,760 | 0 | 19,288 | 0 | 71,797 | 0 | 27,884 |
| **All Years** | **$82,451** | **$23,679** | **$68,379** | **$52,831** | **$63,764** | **$41,824** | **$72,746** |

* Counts of members do not include alternate payees receiving benefits while the member is still working. Therefore, the total counts may not match information on page 25 of the report. Multiple records may exist for those who have service in more than one coverage group. This does not result in double counting of liabilities.

# APPENDIX D

# DEVELOPMENT OF PEPRA MEMBER CONTRIBUTION RATES

# Development of PEPRA Members Contribution Rates

The table below shows the determination of the Member contribution rates based on 50 percent of the Total Normal Cost for each respective plan on June 30, 2015.

Assembly Bill (AB) 340 created PEPRA that implemented new benefit formulas and a final compensation period as well as new contribution requirements for new employees. In accordance with Section Code 7522.30(b), "new members … shall have an initial contribution rate of at least 50 percent of the normal cost rate." The normal cost for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the plan particularly the entry age into the plan. The PEPRA total normal cost for the plan is calculated assuming the entire active population, including classic members, is subject to the adopted PEPRA formula and applicable compensation limits. Should the total normal cost of the plan change by one percent or more from the base total normal cost established for the plan, the new member rate shall be 50% of the new normal cost rounded up to the next highest quarter percent.

| | | **Basis for Current Rate** | | **Rates Effective July 1, 2017** | | | |
|---|---|---|---|---|---|---|---|
| **Rate Plan Identifier** | **Plan** | **Total Normal Cost** | **Member Rate** | **Total Normal Cost** | **Change** | **Change Needed** | **Member Rate** |
| 25845 | Safety Fire PEPRA | 22.856% | 11.500% | 22.525% | (0.331%) | No | 11.500% |
| 25846 | Safety Police PEPRA | 22.856% | 11.500% | 22.525% | (0.331%) | No | 11.500% |

# APPENDIX E

# GLOSSARY OF ACTUARIAL TERMS

# Glossary of Actuarial Terms

**Accrued Liability** *(also called Actuarial Accrued Liability or Entry Age Normal Accrued Liability)*
The total dollars needed as of the valuation date to fund all benefits earned in the past for *current* members.

**Actuarial Assumptions**
Assumptions made about certain events that will affect pension costs. Assumptions generally can be broken down into two categories: demographic and economic. Demographic assumptions include such things as mortality, disability and retirement rates. Economic assumptions include discount rate, salary growth and inflation.

**Actuarial Methods**
Procedures employed by actuaries to achieve certain funding goals of a pension plan. Actuarial methods include funding method, setting the length of time to fund the Accrued Liability and determining the Value of Assets.

**Actuarial Valuation**
The determination, as of a valuation date of the Normal Cost, Accrued liability, and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change to their plan provisions.

**Amortization Bases**
Separate payment schedules for different portions of the Unfunded Liability. The total Unfunded Liability of a Risk Pool or non-pooled plan can be segregated by "cause," creating "bases" and each such base will be separately amortized and paid for over a specific period of time. However, all bases are amortized using investment and payroll assumptions from the current valuation. This can be likened to a home having a first mortgage of 24 years remaining payments and a second mortgage that has 10 years remaining payments. Each base or each mortgage note has its own terms (payment period, principal, etc.)

Generally, in an actuarial valuation, the separate bases consist of changes in unfunded liability due to contract amendments, actuarial assumption changes, actuarial methodology changes, and/or gains and losses. Payment periods are determined by Board policy and vary based on the cause of the change.

**Amortization Period**
The number of years required to pay off an Amortization Base.

**Classic Member (under PEPRA)**
A classic member is a member who joined CalPERS prior to January, 1, 2013 and who is not defined as a new member under PEPRA. (See definition of new member below)

**Discount Rate Assumption**
The actuarial assumption that was called "investment return" in earlier CalPERS reports or "actuarial interest rate" in Section 20014 of the California Public Employees' Retirement Law (PERL).

**Entry Age**
The earliest age at which a plan member begins to accrue benefits under a defined benefit pension plan. In most cases, this is the age of the member on their date of hire.

**Entry Age Normal Cost Method**
An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to yield a rate expressed as a level percentage of payroll.
(The assumed retirement age less the entry age is the amount of time required to fund a member's total benefit. Generally, the older a member on the date of hire, the greater the entry age normal cost. This is mainly because there is less time to earn investment income to fund the future benefits.)

**Fresh Start**

A Fresh Start is when multiple amortization bases are collapsed to one base and amortized together over a new funding period.

**Funded Status**

A measure of how well funded, or how "on track" a plan or risk pool is with respect to assets versus accrued liabilities. A ratio greater than 100% means the plan or risk pool has more assets than liabilities and a ratio less than 100% means liabilities are greater than assets.

**GASB 68**

Statement No. 68 of the Governmental Accounting Standards Board. The accounting standard governing a state or local governmental employer's accounting and financial reporting for pensions. GASB 68 replaces GASB 27 effective the first fiscal year beginning after June 15, 2014.

**New Member (under PEPRA)**

A new member includes an individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was not a member of another public retirement system prior to that date, and who is not subject to reciprocity with another public retirement system.

**Normal Cost**

The annual cost of service accrual for the upcoming fiscal year for active employees. The normal cost should be viewed as the long term contribution rate.

**Pension Actuary**

A business professional that is authorized by the Society of Actuaries, and the American Academy of Actuaries to perform the calculations necessary to properly fund a pension plan.

**PEPRA**

The California Public Employees' Pension Reform Act of 2013

**Prepayment Contribution**

A payment made by the employer to reduce or eliminate the year's required employer contribution.

**Present Value of Benefits (PVB)**

The total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for *current* members.

**Superfunded**

A condition existing when a plan's Actuarial Value of Assets exceeds its Present Value of Benefits. Prior to the passage of PEPRA, when this condition existed on a given valuation date for a given plan, employee contributions for the rate year covered by that valuation could be waived.

**Unfunded Liability (UAL)**

When a plan or pool's Value of Assets is less than its Accrued Liability, the difference is the plan or pool's Unfunded Liability. If the Unfunded Liability is positive, the plan or pool will have to pay contributions exceeding the Normal Cost.