

**San Bernardino County Employees' Retirement
Association**

*Actuarial Valuation and Review
as of June 30, 2009
Including Related Studies*

Copyright © 2009

**THE SEGAL GROUP, INC.,
THE PARENT OF THE SEGAL COMPANY
ALL RIGHTS RESERVED**



THE SEGAL COMPANY
100 Montgomery Street, Suite 500 San Francisco, CA 94104-4308
T 415.263.8200 F 415.263.8290 www.segalco.com

November 6, 2009

*Board of Retirement
San Bernardino County Employees' Retirement Association
348 West Hospitality Lane, Third Floor
San Bernardino, CA 92415-0014*

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2009. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2010-2011 and analyzes the preceding year's experience.

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


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

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

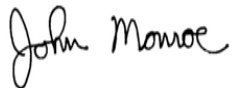
We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: 

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



*John Monroe, ASA, EA, MAAA
Vice President and Associate Actuary*

HEM/kek

SECTION 1

VALUATION SUMMARY

| | |
|--|----|
| Purpose and Scope..... | i |
| Significant Issues in this Valuation..... | ii |
| Summary of Key Valuation Results..... | iv |
| Summary of Key Valuation Demographic and Financial Data..... | v |

SECTION 2

VALUATION RESULTS

| | |
|--|----|
| A. Member Data (All employers combined) | 1 |
| B. Financial Information..... | 4 |
| C. Actuarial Experience..... | 8 |
| D. Employer and Member Contributions | 13 |
| E. Information Required by the GASB..... | 19 |

SECTION 3

SUPPLEMENTAL INFORMATION

| | |
|---|----|
| EXHIBIT A Table of Plan Coverage | 20 |
| EXHIBIT B Members in Active Service and Projected Average Compensation as of June 30, 2009 | 26 |
| EXHIBIT C Reconciliation of Member Data – June 30, 2008 to June 30, 2009 | 32 |
| EXHIBIT D Summary Statement of Income and Expenses on Actuarial Value of Assets | 33 |
| EXHIBIT E Summary Statement of Net Assets .. | 34 |
| EXHIBIT F Development of the Fund Through June 30, 2009 | 35 |
| EXHIBIT G Actuarial Balance Sheet..... | 36 |
| EXHIBIT H Summary of Allocated Reserves..... | 37 |
| EXHIBIT I Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2009 | 38 |
| EXHIBIT J Table of Amortization Bases | 39 |
| EXHIBIT K Section 415 Limitations..... | 42 |
| EXHIBIT L Definitions of Pension Terms | 43 |

SECTION 4

REPORTING INFORMATION

| | |
|--|----|
| EXHIBIT I Supplementary Information Required by the GASB – Schedule of Employer Contributions | 45 |
| EXHIBIT II Supplementary Information Required by the GASB – Schedule of Funding Progress | 46 |
| EXHIBIT III Supplementary Information Required by the GASB | 47 |
| EXHIBIT IV Actuarial Assumptions and Actuarial Cost Method | 48 |
| EXHIBIT V Summary of Plan Provisions..... | 55 |
| Appendix A Member Contribution Rates..... | 60 |

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

PURPOSE AND SCOPE

This report has been prepared by The Segal Company to present an actuarial valuation of the San Bernardino County Employees' Retirement Association as of June 30, 2009. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement Association, as administered by the Board of Retirement;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2009, provided by the Retirement Association;
- The assets of the Plan as of June 30, 2009, provided by the Retirement Association;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

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

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

The contribution requirements are determined as a percentage of payroll. The Association's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. At its October, 2002 meeting, the Board of Retirement elected to amortize the Association's unfunded actuarial accrued liability as of June 30, 2002 over a declining 20-year period. Any change in unfunded actuarial accrued liability that arises at each valuation after June 30, 2002 is amortized over its own declining 20-year period.

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2010 through June 30, 2011.

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

SIGNIFICANT ISSUES IN THIS VALUATION

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

- Ref: Pg. 10*

➤ The market value of assets earned a return of -26.0% for the July 1, 2008 to June 30, 2009 plan year. The actuarial value of assets earned a return of 0.1% for the July 1, 2008 to June 30, 2009 plan year due to the deferral of most of the current year investment losses and the recognition of prior investment gains. This resulted in an actuarial loss when measured against the assumed rate of return of 8.00%. This actuarial investment loss increased the Plan's required contribution by 1.88% of compensation.
- Ref: Pg. 17*

➤ The ratio of the actuarial value of assets to actuarial accrued liabilities decreased from 93.6% to 91.0%. The Association's Unfunded Actuarial Accrued Liability (UAAL) increased from \$432.1 million as of June 30, 2008 to \$630.1 million as of June 30, 2009. The increase in the UAAL is mainly due to lower than expected actuarial investment return and other experience losses, offset to some degree by lower than expected salary increases and a transfer from undesignated excess earnings. A reconciliation of the Association's unfunded actuarial accrued liability is provided in Section 3, Exhibit I.
- Ref: Pg. 38*

➤ The aggregate employer rate increased from 14.15% of payroll to 15.40% of payroll. The contribution rate for the employer increased mainly due to the lower than expected investment return. A reconciliation of the Association's aggregate employer rate is provided in Section 2, Subsection D (see Chart 15).
- Ref: Pg. 17*

➤ The average member rate decreased from 9.37% to 9.31% of payroll. This decrease is primarily due to changes in the member population for the June 30, 2009 valuation. A reconciliation of the Association's average member rate is provided in Section 2, Subsection D (see Chart 16).
- Ref: Pg. 18*

➤ During 2008-2009 \$68.5 million was transferred from undesignated excess earnings to reduce the contra account, thereby increasing the valuation value of assets.
- Ref: Pg. 37*

➤ For the year ending June 30, 2009, there was not enough investment earnings (after "smoothing") to credit all valuation reserves with the assumed return, so that the 2% additional contingency reserve was used for interest crediting. The remaining shortfall in interest to be credited was \$332 million and was allocated to the contra account.
- Ref: Pg. 5*

➤ As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment loss as of June 30, 2009 is \$1.8 billion. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes over the next few years. This means that earning the assumed rate of investment return of 8.00% per year (net of expenses) on a **market value** basis will result in investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed 8.00% rate and all other actuarial assumptions are met, the contribution requirements would increase over the next few years as those losses are recognized.

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

- The unrecognized investment losses represent about 41% of the market value of assets. Unless offset by future investment gains or other favorable experience, the recognition of the \$1.8 billion market losses is expected to have a significant impact on the Association's future funded ratio and the aggregate employer contribution rate. This potential impact may be illustrated as follows:
 - If the deferred losses were recognized immediately in the actuarial value of assets, the funded percentage would decrease from 91.0% to 64.8%.
 - If the deferred losses were recognized immediately in the actuarial value of assets, the aggregate employer contribution rate would increase from 15.40% to 26.11%.
- The actuarial report as of June 30, 2009 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.

Impact of Future Experience on Contribution Rates

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

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

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

Summary of Key Valuation Results (all dollar amounts in thousands)

| | June 30, 2009 | | June 30, 2008 | |
|--|---------------|--|---------------|--|
| Employer Contribution Rates: | | | | |
| | Total Rate | Estimated Annual Amount ⁽¹⁾ | Total Rate | Estimated Annual Amount ⁽¹⁾ |
| County General members | 12.32% | \$ 104,266 | 11.25% | \$ 95,210 |
| County Safety members | 26.82 | 50,577 | 24.46 | 46,126 |
| County combined | 14.96 | 154,843 | 13.66 | 141,336 |
| Superior Court members | 15.54 | 9,709 | 14.84 | 9,272 |
| South Coast Air Quality Management District (SCAQMD) members | 16.08 | 12,812 | 15.18 | 12,095 |
| Other General members | 20.39 | 8,904 | 19.42 | 8,480 |
| Other Safety members – 3% at 50 for all service | 44.70 | 2,555 | 40.98 | 2,342 |
| All employers combined | 15.40 | 188,823 | 14.15 | 173,525 |
| Average Member Contribution Rates⁽²⁾: | | | | |
| | Total Rate | Estimated Annual Amount ⁽¹⁾ | Total Rate | Estimated Annual Amount ⁽¹⁾ |
| County General members | 9.14% | \$ 77,353 | 9.20% | \$ 77,860 |
| County Safety members | 10.59 | 19,971 | 10.64 | 20,065 |
| County combined | 9.40 | 97,324 | 9.46 | 97,925 |
| Superior Court members | 9.04 | 5,648 | 9.11 | 5,692 |
| South Coast Air Quality Management District (SCAQMD) members | 8.13 | 6,478 | 8.11 | 6,462 |
| Other General members | 9.45 | 4,127 | 9.52 | 4,157 |
| Other Safety members – 3% at 50 for all service | 11.51 | 658 | 11.34 | 648 |
| All employers combined | 9.31 | 114,235 | 9.37 | 114,884 |
| Funded Status: | | | | |
| Actuarial accrued liability ⁽³⁾ | \$7,013,534 | | \$6,773,629 | |
| Actuarial value of assets ⁽³⁾ | \$6,383,388 | | \$6,341,531 | |
| Funded percentage | 91.02% | | 93.62% | |
| Unfunded actuarial accrued liability (UAAL) | \$630,146 | | \$432,098 | |
| Key Assumptions: | | | | |
| Interest rate | 8.00% | | 8.00% | |
| Inflation rate | 3.75 | | 3.75 | |
| Salary increases (excluding merit) | 4.25 | | 4.25 | |

⁽¹⁾ Based on June 30, 2009 projected annual compensation.

⁽²⁾ The refundability factors as of June 30, 2009 of 1.11 for General and 1.04 for Safety remain unchanged from the factors as of June 30, 2008.

⁽³⁾ Includes liabilities and assets held for Survivor Benefits, Burial Allowance, General Retiree Subsidy, and Excess Earnings reserves.

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

Summary of Key Valuation Demographic and Financial Data

| | June 30, 2009 | June 30, 2008 | Percentage Change |
|---|-----------------|-----------------|-------------------|
| Active Members: | | | |
| Number of members | 18,955 | 19,414 | -2.4% |
| Average age | 43.8 | 43.5 | N/A |
| Average service | 10.2 | 9.8 | N/A |
| Projected total compensation | \$1,226,431,276 | \$1,219,561,653 | 0.6% |
| Average projected compensation | \$64,702 | \$62,819 | 3.0% |
| Retired Member and Beneficiaries: | | | |
| Number of members: | | | |
| Service retired | 5,971 | 5,484 | 8.9% |
| Disability retired | 1,312 | 1,297 | 1.2% |
| Beneficiaries ⁽¹⁾ | 1,236 | 1,190 | 3.9% |
| Total | 8,519 | 7,971 | 6.9% |
| Average age | 67.9 | 67.9 | N/A |
| Average monthly benefit ⁽²⁾ | \$2,508 | \$2,380 | 5.4% |
| Vested Terminated Members: | | | |
| Number of terminated vested members ⁽³⁾ | 3,635 | 3,430 | 6.0% |
| Average age | 44.5 | 44.4 | N/A |
| Summary of Financial Data (dollar amounts in thousands): | | | |
| Market value of assets | \$4,544,420 | \$6,105,480 | -25.6% |
| Return on market value of assets | -26.04% | -3.74% | N/A |
| Actuarial value of assets | \$6,383,388 | \$6,341,531 | 0.7% |
| Return on actuarial value of assets | 0.14% | 8.54% | N/A |
| Valuation value of assets | \$6,255,650 | \$5,979,866 | 4.6% |
| Return on valuation value of assets | 2.64% | 8.13% | N/A |

⁽¹⁾ Excludes beneficiaries that are only receiving Survivor Benefit amounts.

⁽²⁾ Excludes monthly benefits for Supplemental Disability, Survivor Benefits and General Retiree Subsidy.

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

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

A. MEMBER DATA (ALL EMPLOYERS COMBINED)

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

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

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

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

CHART 1
Member Population: 2000 – 2009

| Year Ended June 30 | Active Members | Vested Terminated Members⁽¹⁾ | Retired Members and Beneficiaries | Ratio of Non-Actives to Actives |
|---------------------------|-----------------------|--|--|--|
| 2000 | 15,858 | 1,114 | 5,538 | 0.42 |
| 2001 | 16,787 | 1,241 | 5,773 | 0.42 |
| 2002 | 17,952 | 1,547 | 5,984 | 0.42 |
| 2003 | 17,936 | 1,584 | 6,159 | 0.43 |
| 2004 | 17,391 | 1,851 | 6,426 | 0.48 |
| 2005 | 17,607 | 2,436 | 6,904 | 0.53 |
| 2006 | 18,347 | 2,774 | 7,261 | 0.55 |
| 2007 | 18,945 | 3,084 | 7,617 | 0.56 |
| 2008 | 19,414 | 3,430 | 7,971 | 0.59 |
| 2009 | 18,955 | 3,635 | 8,519 | 0.64 |

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

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

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 18,955 active members with an average age of 43.8, average years of service of 10.2 years and average projected compensation of \$64,702. The 19,414 active members in the prior valuation had an average age of 43.5, average service of 9.8 years and average compensation of \$62,819.

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

Inactive Members

In this year's valuation, there were 3,635 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 3,430 in the prior valuation.

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

CHART 2
Distribution of Active Members by Age as of June 30, 2009

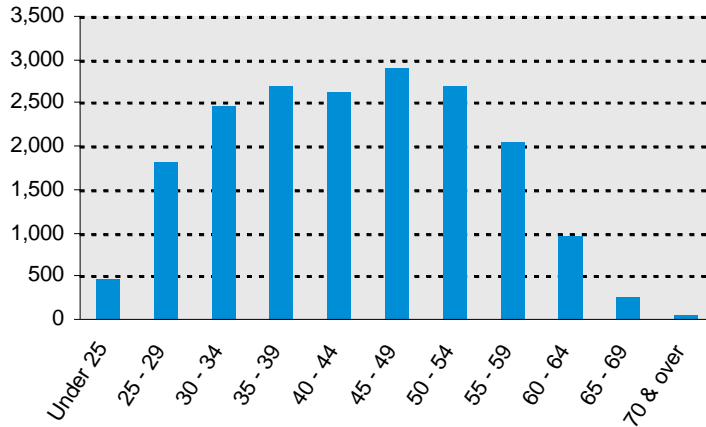
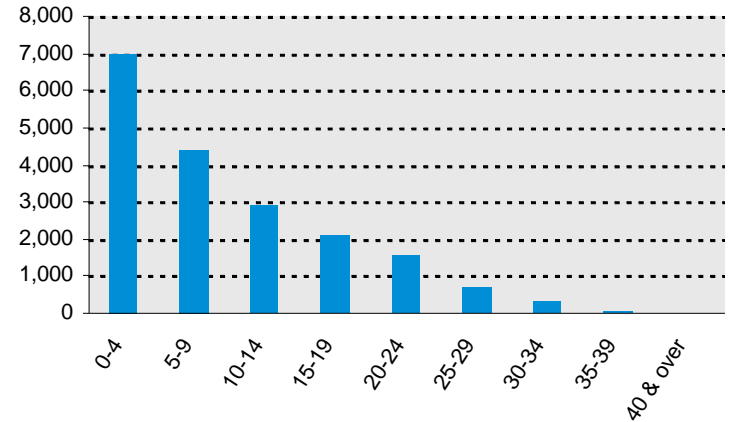


CHART 3
Distribution of Active Members by Years of Service as of June 30, 2009



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

Retired Members and Beneficiaries

As of June 30, 2009, 7,283 retired members and 1,236 beneficiaries were receiving total monthly benefits of \$21,365,076. For comparison, in the previous valuation, there were 6,781 retired members and 1,190 beneficiaries receiving monthly benefits of \$18,969,316. These monthly benefits exclude benefits for Supplemental Disability, Survivor Benefits and General Retiree Subsidy.

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

CHART 4

Distribution of Retired Members by Type and by Monthly Amount as of June 30, 2009

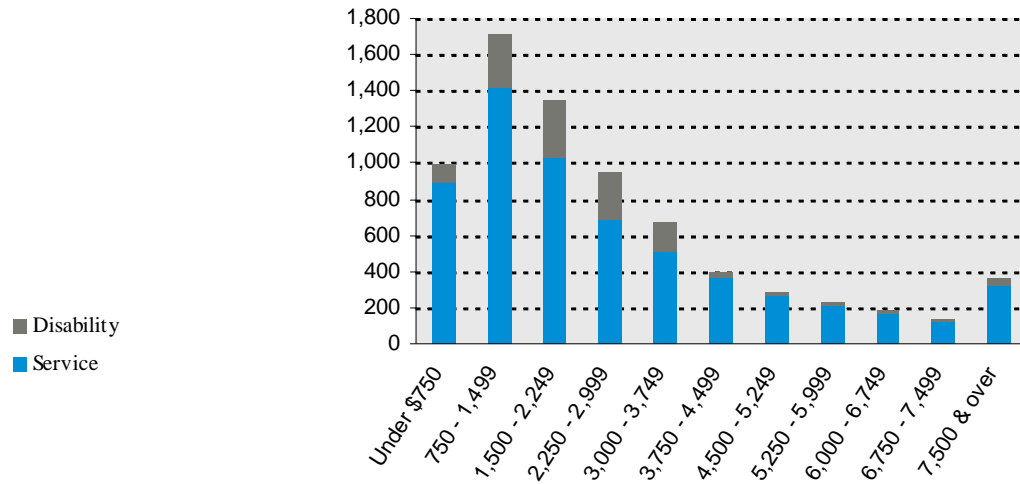
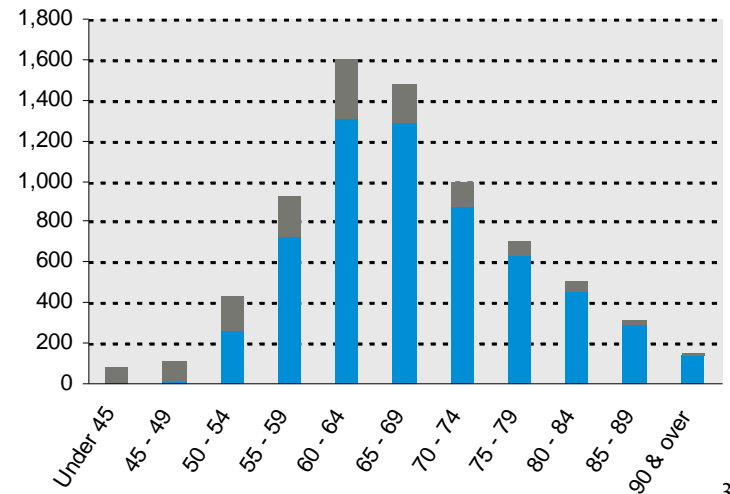


CHART 5

Distribution of Retired Members by Type and by Age as of June 30, 2009



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

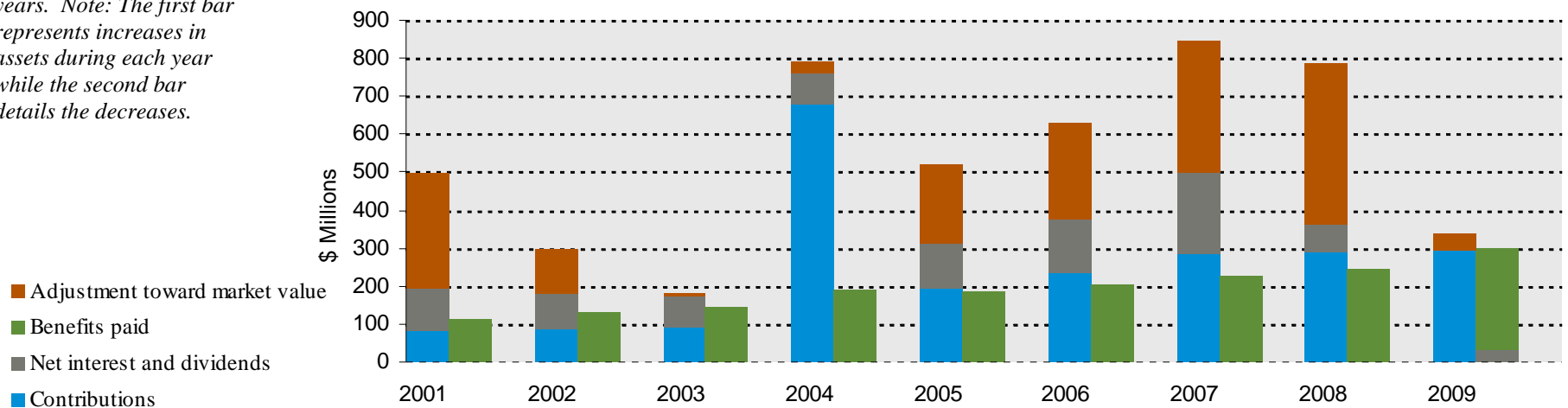
B. FINANCIAL INFORMATION

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

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

The chart depicts the components of changes in the actuarial value of assets over the last nine years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6
Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2001 – 2009



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

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

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

CHART 7 Actuarial Value of Assets

| | | | |
|--|--|------------------------|------------------------------|
| 1. Market value of assets | | | \$4,544,419,977 |
| 2. Calculation of unrecognized return* | | <u>Original Amount</u> | <u>Unrecognized Return**</u> |
| (a) Year ended June 30, 2009 | | (\$2,083,821,588) | (\$1,667,057,270) |
| (b) Year ended June 30, 2008 | | (741,817,845) | (445,090,707) |
| (c) Year ended June 30, 2007 | | 593,925,773 | 237,570,309 |
| (d) Year ended June 30, 2006 | | 178,047,660 | 35,609,532 |
| (e) Year ended June 30, 2005 | | 63,886,730 | <u>0</u> |
| (f) Total unrecognized return*** | | | (\$1,838,968,136) |
| 3. Actuarial value of assets: (1) – (2f) | | | \$6,383,388,113 |
| 4. Actuarial value as a percentage of market value | | | 140.5% |
| 5. Non-valuation reserves and designations: | | | |
| (a) Undesignated excess earnings | | | \$ 0 |
| (b) Reserve for deficiencies | | | 49,342,134 |
| (c) 2% additional contingency reserve | | | 0 |
| (d) Burial allowance reserve | | | 1,251,407 |
| (e) General retiree subsidy reserve | | | 77,144,955 |
| (f) Total | | | <u>\$127,738,496</u> |
| 6. Valuation value of assets (3) – (5f) | | | <u>\$6,255,649,617</u> |

* Total return minus expected return on a market value basis.

** Recognition at 20% per year over 5 years.

*** Deferred return amount as of June 30, 2009 recognized in each of the next four years

| | | |
|-----|------------------------------------|----------------------|
| (a) | Amount Recognized during 2009/2010 | (\$410,733,200) |
| (b) | Amount Recognized during 2010/2011 | (446,342,732) |
| (c) | Amount Recognized during 2011/2012 | (565,127,886) |
| (d) | Amount Recognized during 2012/2013 | <u>(416,764,318)</u> |
| | | (\$1,838,968,136) |

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

CHART 8

Allocation of Valuation Value of Assets as of June 30, 2009

The calculation of the valuation value of assets from June 30, 2008 to June 30, 2009 by employer categories is provided below:

| | General | | | | Safety | | Survivor Benefit Reserve | Total |
|---|-----------------|----------------|---------------|---------------|-----------------|---------------------|--------------------------|-----------------|
| | County | Superior Court | SCAQMD | Others | County | Others- All Service | | |
| 1 Allocated Valuation Value of Assets as of Beginning of Plan Year | \$3,888,458,650 | \$154,679,894 | \$411,733,788 | \$113,313,295 | \$1,350,026,220 | \$26,061,507 | \$35,592,921 | \$5,979,866,275 |
| 2 Member Contributions | 29,871,085 | 1,890,705 | 4,427,568 | 719,636 | 10,878,720 | 716,168 | 1,046,607 | 49,550,489 |
| 3 Employer Contributions | 149,983,611 | 13,264,834 | 13,517,943 | 11,465,551 | 54,231,187 | 2,721,587 | 1,047,437 | 246,232,150 |
| 4 Benefit Payments Excluding Burial Allowance and General Subsidy Reserve | 167,175,749 | 3,165,412 | 12,426,044 | 4,403,464 | 57,738,766 | 1,800,140 | 1,502,933 | 248,212,508 |
| 5 Subtotal (Item 1+2+3-4) | \$3,901,137,597 | \$166,670,021 | \$417,253,255 | \$121,095,018 | \$1,357,397,361 | \$27,699,122 | \$36,184,032 | \$6,027,436,406 |
| 6 Total Transfers from Undesignated Excess Earnings | | | | | | | | \$68,540,595 |
| 7 Subtotal (with Transfers Allocated in Proportion to Above) | 3,945,767,045 | 168,576,745 | 422,026,679 | 122,480,359 | 1,372,926,138 | 28,016,003 | 36,184,032 | 6,095,977,001 |
| 8 Weighted Average Fund Balance | 3,917,112,846 | 161,628,320 | 416,880,234 | 117,896,827 | 1,361,476,179 | 27,038,755 | 35,888,477 | 6,037,921,638 |
| 9 Earnings Allocated in Proportion to Item 6* | 102,304,960 | 4,221,318 | 10,887,845 | 3,079,163 | 35,558,272 | 706,183 | 2,914,875 | 159,672,616 |
| 10 Allocated Valuation Value of Assets as of End of Plan Year | \$4,048,072,005 | \$172,798,063 | \$432,914,524 | \$125,559,522 | \$1,408,484,410 | \$28,722,186 | \$39,098,907 | \$6,255,649,617 |

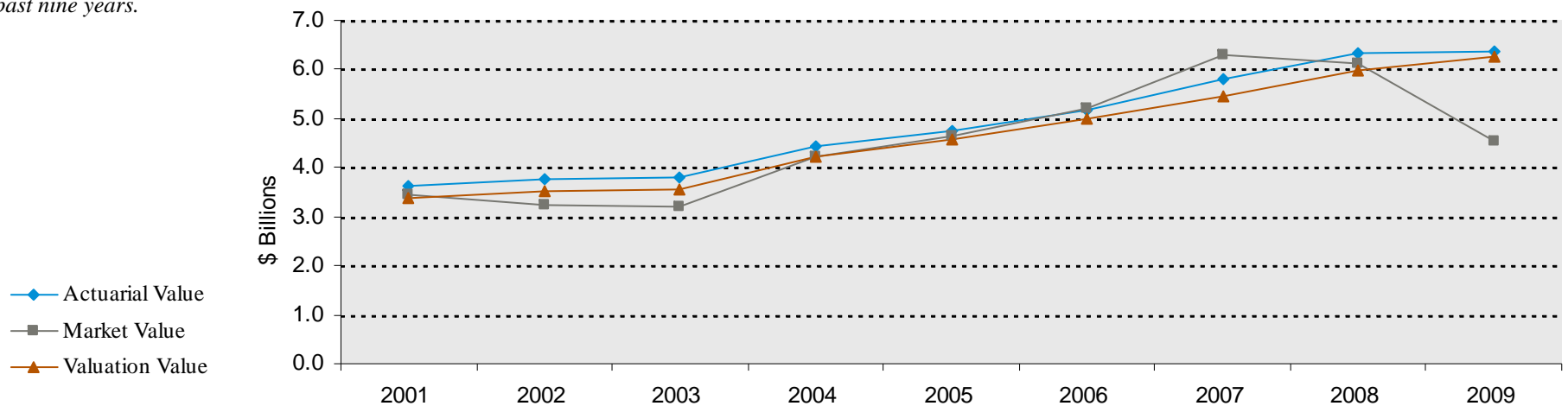
* Actual Earnings for Survivor Benefit Reserve.

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

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

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

CHART 9
Market Value, Actuarial Value and Valuation Value of Assets for Years Ended June 30, 2001 – 2009



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

C. ACTUARIAL EXPERIENCE

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

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term

development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

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

The total loss is \$214.7 million, a \$323.4 million loss from investments and a \$108.7 million gain from all other sources. A discussion of the major components of the actuarial experience is on the following pages.

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

CHART 10
Actuarial Experience for Year Ended June 30, 2009

| | |
|--|------------------------|
| 1. Net gain/(loss) from investments* | (\$223,361,000) |
| 2. Net gain/(loss) from other experience** | <u>108,658,000</u> |
| 3. Net experience gain/(loss): (1) + (2) | <u>(\$214,703,000)</u> |

* Details in Chart 11

** See Section 3, Exhibit I. Does not include the effect of plan or assumption changes, if any.

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

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the SBCERA's investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 8.00%. The actual rate of return on the valuation value of assets for the 2008/2009 plan year was 2.64%.

Since the actual return for the year was less than the assumed return, the SBCERA experienced an actuarial loss on the valuation value of assets during the year ended June 30, 2009 with regard to its investments.

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

CHART 11

Investment Experience for Year Ended June 30, 2009 – Actuarial Value and Valuation Value of Assets

| | Actuarial Value | Valuation Value |
|-------------------------------------|------------------------|------------------------|
| 1. Value of investment return | \$8,853,979 | \$159,672,616 |
| 2. Average value of assets | 6,358,032,500 | 6,037,921,638 |
| 3. Rate of return: (1) ÷ (2) | 0.14% | 2.64% |
| 4. Assumed rate of return | 8.00% | 8.00% |
| 5. Expected return: (2) x (4) | \$508,642,600 | \$483,033,731 |
| 6. Actuarial gain/(loss): (1) – (5) | <u>(\$499,788,621)</u> | <u>(\$323,361,115)</u> |

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

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

Based on the Review of Economic Assumptions as of June 30, 2008, we have maintained the investment return assumption at 8.00%.

CHART 12

Investment Return – Market Value, Actuarial Value and Valuation Value: 2001 - 2009

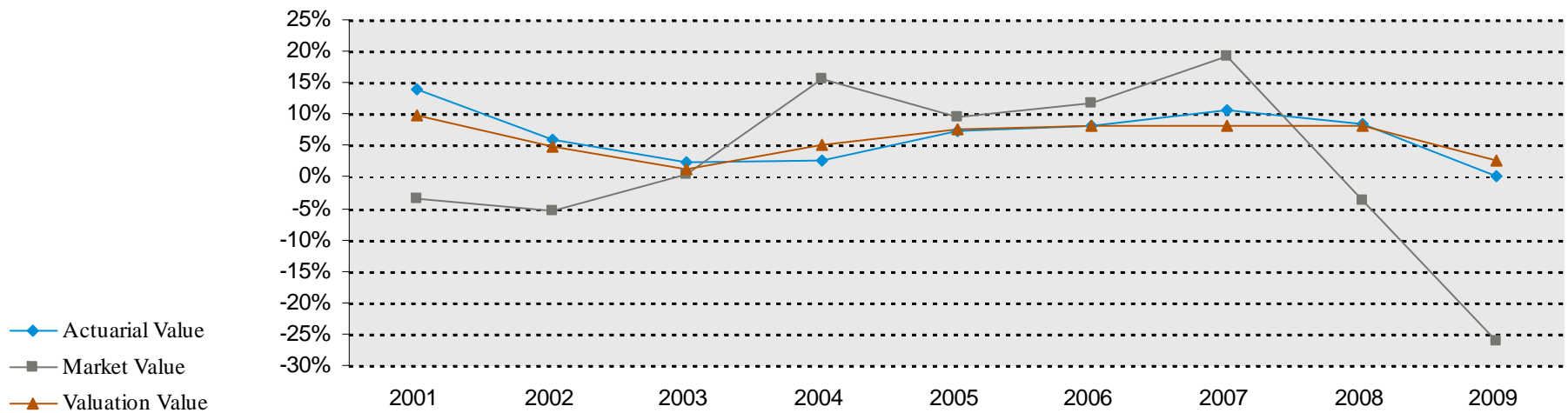
| Year Ended June 30 | Market Value Investment Return | | Actuarial Value Investment Return | | Valuation Value Investment Return | |
|--------------------------|-----------------------------------|---------|--------------------------------------|---------|--------------------------------------|---------|
| | Amount | Percent | Amount | Percent | Amount | Percent |
| 2001 | -\$123,391,000 | -3.51% | \$415,605,000 | 13.94% | \$326,840,000 | 9.88% |
| 2002 | -177,162,000 | -5.30% | 211,766,000 | 5.90% | 166,690,000 | 4.96% |
| 2003 | 15,026,000 | 0.47% | 88,790,000 | 2.37% | 38,304,000 | 1.10% |
| 2004 | 540,129,000 | 16.94% | 109,708,980 | 2.88% | 177,298,283 | 5.01% |
| 2005 | 402,389,480 | 9.51% | 324,332,271 | 7.33% | 324,332,271 | 7.66% |
| 2006 | 550,324,264 | 11.83% | 393,715,657 | 8.26% | 369,893,881 | 8.05% |
| 2007 | 1,013,956,342 | 19.31% | 560,254,777 | 10.76% | 408,269,118 | 8.13% |
| 2008 | -236,343,803 | -3.74% | 497,334,680 | 8.54% | 447,385,275 | 8.13% |
| 2009 | -1,594,063,075 | -26.04% | 8,853,979 | 0.14% | 159,672,616 | 2.64% |
| Total | \$390,865,208 | | \$2,610,361,344 | | \$2,418,685,444 | |
| Five-Year Average Return | | 0.51% | | 6.72% | | 6.73% |

Note: Each year's yield is weighted by the average asset value in that year.

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

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

CHART 13
Market, Actuarial, and Valuation Rates of Return for Years Ended June 30, 2001 - 2009



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

Other Experience

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

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2009 amounted to \$108,658,000. See Section 3, Exhibit I for a detailed development of the Unfunded Actuarial Accrued Liability.

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

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is expressed as a level percentage of the member's compensation. Please note that the normal cost rate for County General and Superior Court members is a combined rate based on the members at both employers.

Contribution to the Unfunded

Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative unfunded actuarial accrued liability) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the Association) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the combined annual inflation rate and "across the board" increases of 4.25%. The June 30, 2002 UAAL is being recognized over a 20-year declining period effective June 30, 2002. The additional unfunded liability that arises at each valuation is amortized over its own declining separate period. Please note that all pre-January 1, 1996 retirees and beneficiaries are included as County members for purposes of this calculation.

The recommended employer contributions are provided on Chart 14.

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

Member Contributions

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and Safety members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to 1/100 of Final Average Salary. That age is 55 for General members and 50 for Safety members. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions, members pay one-half of the total normal cost necessary to fund their cost-of-living benefits. Accumulation includes semi-annual crediting of interest at the lesser of the assumed investment earning rate or the six-month T-bill rate. Any difference between the assumed investment earning rate and the actual interest crediting rate will be credited to the annuity reserve. The member contribution rates are provided in Appendix A. Please note that the member rates provided in the report are the full rate before reflecting any employer pickup.

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

CHART 14

Recommended Employer Contribution Rates

| | June 30, 2009 Actuarial Valuation | | | | | |
|---|--|--------------------------|--------|--------------------------|--------|--------------------------|
| | Basic | | COLA | | Total | |
| | Rate | Estimated Annual Amount* | Rate | Estimated Annual Amount* | Rate | Estimated Annual Amount* |
| County General Members | | | | | | |
| Normal Cost | 7.82% | \$66,181 | 1.43% | \$12,103 | 9.25% | \$ 78,284 |
| UAAL | -0.09% | -762 | 3.16% | 26,744 | 3.07% | 25,982 |
| Total Contribution | 7.73% | \$65,419 | 4.59% | \$38,847 | 12.32% | \$104,266 |
| County Safety Members | | | | | | |
| Normal Cost | 16.37% | \$30,871 | 2.84% | \$ 5,355 | 19.21% | \$36,226 |
| UAAL | -0.18% | -339 | 7.79% | 14,690 | 7.61% | 14,351 |
| Total Contribution | 16.19% | \$30,532 | 10.63% | \$20,045 | 26.82% | \$50,577 |
| All County Members | | | | | | |
| Normal Cost | 9.38% | \$97,052 | 1.68% | \$17,458 | 11.06% | \$114,510 |
| UAAL | -0.11% | -1,101 | 4.01% | 41,434 | 3.90% | 40,333 |
| Total Contribution | 9.27% | \$95,951 | 5.69% | \$58,892 | 14.96% | \$154,843 |
| Superior Court Members | | | | | | |
| Normal Cost | 7.82% | \$4,886 | 1.43% | \$ 893 | 9.25% | \$5,779 |
| UAAL | 4.52% | 2,824 | 1.77% | 1,106 | 6.29% | 3,930 |
| Total Contribution | 12.34% | \$7,710 | 3.20% | \$1,999 | 15.54% | \$9,709 |
| SCAQMD Members | | | | | | |
| Normal Cost | 8.19% | \$6,525 | 1.53% | \$1,220 | 9.72% | \$ 7,745 |
| UAAL | 3.66% | 2,916 | 2.70% | 2,151 | 6.36% | 5,067 |
| Total Contribution | 11.85% | \$9,441 | 4.23% | \$3,371 | 16.08% | \$12,812 |
| Other General Members | | | | | | |
| Normal Cost | 8.94% | \$3,904 | 1.64% | \$ 716 | 10.58% | \$4,620 |
| UAAL | 7.17% | 3,131 | 2.64% | 1,153 | 9.81% | 4,284 |
| Total Contribution | 16.11% | \$7,035 | 4.28% | \$1,869 | 20.39% | \$8,904 |
| Other Safety Members – All Service | | | | | | |
| Normal Cost | 17.29% | \$ 988 | 2.93% | \$168 | 20.22% | \$1,156 |
| UAAL | 16.11% | 921 | 8.37% | 478 | 24.48% | 1,399 |
| Total Contribution | 33.40% | \$1,909 | 11.30% | \$646 | 44.70% | \$2,555 |
| All Employers Combined | | | | | | |
| Normal Cost | 9.24% | \$113,355 | 1.67% | \$20,455 | 10.91% | \$133,810 |
| UAAL | 0.71% | 8,691 | 3.78% | 46,322 | 4.49% | 55,013 |
| Total Contribution | 9.95% | \$122,046 | 5.45% | \$66,777 | 15.40% | \$188,823 |

*Amounts are in thousands and are based on June 30, 2009 annual payroll (also in thousands):

| | |
|----------------------------|-------------|
| County General | \$ 846,309 |
| County Safety | 188,580 |
| Superior Court | 62,481 |
| SCAQMD | 79,676 |
| Other General | 43,669 |
| Other Safety – All Service | 5,716 |
| Total | \$1,226,431 |

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

CHART 14 (continued)

Recommended Employer Contribution Rates

| | June 30, 2008 Actuarial Valuation | | | | | |
|---|-----------------------------------|--------------------------|--------|--------------------------|--------|--------------------------|
| | Basic | | COLA | | Total | |
| | Rate | Estimated Annual Amount* | Rate | Estimated Annual Amount* | Rate | Estimated Annual Amount* |
| County General Members | | | | | | |
| Normal Cost | 7.86% | \$66,520 | 1.43% | \$12,102 | 9.29% | \$78,622 |
| UAAL | -0.99% | -8,378 | 2.95% | 24,966 | 1.96% | 16,588 |
| Total Contribution | 6.87% | \$58,142 | 4.38% | \$37,068 | 11.25% | \$95,210 |
| County Safety Members | | | | | | |
| Normal Cost | 16.23% | \$30,607 | 2.83% | \$ 5,336 | 19.06% | \$35,943 |
| UAAL | -2.40% | -4,526 | 7.80% | 14,709 | 5.40% | 10,183 |
| Total Contribution | 13.83% | \$26,081 | 10.63% | \$20,045 | 24.46% | \$46,126 |
| All County Members | | | | | | |
| Normal Cost | 9.39% | \$97,127 | 1.68% | \$17,438 | 11.07% | \$114,565 |
| UAAL | -1.25% | -12,904 | 3.84% | 39,675 | 2.59% | 26,771 |
| Total Contribution | 8.14% | \$84,223 | 5.52% | \$57,113 | 13.66% | \$141,336 |
| Superior Court Members | | | | | | |
| Normal Cost | 7.86% | \$4,911 | 1.43% | \$ 893 | 9.29% | \$5,804 |
| UAAL | 3.87% | 2,418 | 1.68% | 1,050 | 5.55% | 3,468 |
| Total Contribution | 11.73% | \$7,329 | 3.11% | \$1,943 | 14.84% | \$9,272 |
| SCAQMD Members | | | | | | |
| Normal Cost | 8.13% | \$6,478 | 1.53% | \$1,219 | 9.66% | \$ 7,697 |
| UAAL | 2.77% | 2,207 | 2.75% | 2,191 | 5.52% | 4,398 |
| Total Contribution | 10.90% | \$8,685 | 4.28% | \$3,410 | 15.18% | \$12,095 |
| Other General Members | | | | | | |
| Normal Cost | 8.96% | \$3,913 | 1.65% | \$ 720 | 10.61% | \$4,633 |
| UAAL | 6.28% | 2,742 | 2.53% | 1,105 | 8.81% | 3,847 |
| Total Contribution | 15.24% | \$6,655 | 4.18% | \$1,825 | 19.42% | \$8,480 |
| Other Safety Members – All Service | | | | | | |
| Normal Cost | 17.04% | \$ 974 | 2.93% | \$167 | 19.97% | \$1,141 |
| UAAL | 13.15% | 752 | 7.86% | 449 | 21.01% | 1,201 |
| Total Contribution | 30.19% | \$1,726 | 10.79% | \$616 | 40.98% | \$2,342 |
| All Employers Combined | | | | | | |
| Normal Cost | 9.25% | \$113,403 | 1.66% | \$20,437 | 10.91% | \$133,840 |
| UAAL | -0.39% | -4,785 | 3.63% | 44,470 | 3.24% | 39,685 |
| Total Contribution | 8.86% | \$108,618 | 5.29% | \$64,907 | 14.15% | \$173,525 |

*Amounts are in thousands and are based on June 30, 2009 annual payroll (also in thousands):

| | |
|----------------------------|-------------|
| County General | \$ 846,309 |
| County Safety | 188,580 |
| Superior Court | 62,481 |
| SCAQMD | 79,676 |
| Other General | 43,669 |
| Other Safety – All Service | 5,716 |
| Total | \$1,226,431 |

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

The employer contribution rates as of June 30, 2009 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Average Employer Contribution

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

CHART 15

Reconciliation of Recommended Average Employer Contribution from June 30, 2008 to June 30, 2009 (Dollar Amounts in Thousands)

| | Contribution Rate | Estimated Annual Dollar Cost ⁽¹⁾ |
|---|-------------------|---|
| Recommended Average Employer Contribution Rate in June 30, 2008 Valuation | 14.15% | \$173,525 |
| Effect of investment loss ⁽²⁾ | 1.88% | 23,057 |
| Effect of difference in actual versus expected total and individual salary increases ⁽³⁾ | -0.24% | -2,943 |
| Effect of difference between actual and expected contributions | -0.04% | -491 |
| Effect of transfer from undesignated excess earnings ⁽⁴⁾ | -0.40% | -4,906 |
| Effect of other experience (gains)/losses ⁽⁵⁾ | <u>0.05%</u> | <u>581</u> |
| Total change | <u>1.25%</u> | <u>\$15,298</u> |
| Recommended Average Employer Contribution Rate in June 30, 2009 Valuation | 15.40% | \$188,823 |

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

(1) Based on projected compensation as of June 30, 2009.

(2) Return on the valuation value of assets of 2.64% was less than the 8.00% assumed rate of return.

(3) This item represents the impact of lower than expected individual salary increases and the effect of amortizing the UAAL over lower than expected total payroll.

(4) Represents the impact of a transfer of \$68.5 million from undesignated excess earnings into valuation assets (by reducing the contra account).

(5) Other differences in actual versus expected experience. There was no change in normal cost due to this item.

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

The member contribution rates as of June 30, 2009 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Average Member Contribution Rate

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

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

**CHART 16
Reconciliation of Recommended Average Member Contribution from June 30, 2008 to June 30, 2009 (Dollar Amounts in Thousands)**

| | Contribution Rate | Estimated Annual Dollar Cost ⁽¹⁾ |
|--|-------------------|---|
| Recommended Average Member Contribution Rate in June 30, 2008 Valuation | 9.37% | \$114,884 |
| Effect of other changes including demographic profile of employee group | <u>-0.06%</u> | <u>-649</u> |
| Total change | <u>-0.06%</u> | <u>-\$649</u> |
| Recommended Average Member Contribution Rate in June 30, 2009 Valuation | 9.31% | \$114,235 |

⁽¹⁾ Based on projected compensation as of June 30, 2009.

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

E. INFORMATION REQUIRED BY THE GASB

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

Critical information to the GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of GASB reporting requirements. Chart 17 below presents a graphical representation of this information for the Plan.

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

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

These graphs show key GASB factors.

CHART 17
Required Versus Actual Contributions

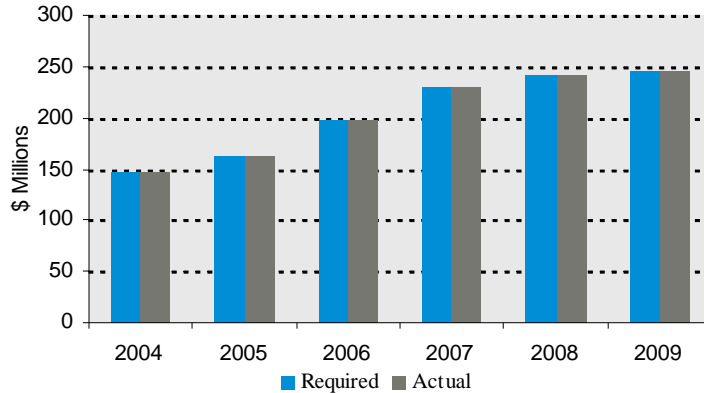
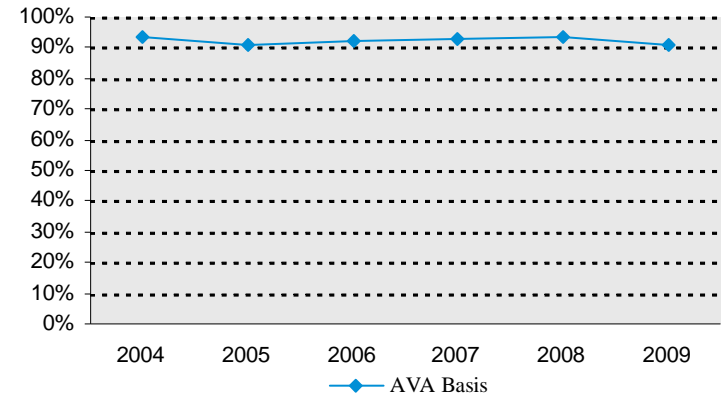


CHART 18
Funded Ratio (Actuarial Value of Assets Compared to Actuarial Accrued Liability)



SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT A

Table of Plan Coverage

i. County General

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|---------------|-------------------------------|
| | 2009 | 2008 | |
| Active members in valuation: | | | |
| Number | 14,357 | 14,900 | -3.6% |
| Average age | 44.1 | 43.8 | N/A |
| Average service | 9.6 | 9.3 | N/A |
| Projected total compensation | \$846,309,122 | \$863,566,650 | -2.0% |
| Projected average compensation | \$58,947 | \$57,957 | 1.7% |
| Account balances | \$602,152,596 | \$586,685,341 | 2.6% |
| Total active vested members | 9,138 | 9,429 | -3.1% |
| Vested terminated members:⁽¹⁾ | 3,096 | 2,897 | 6.9% |
| Retired members: | | | |
| Number in pay status | 4,953 | 4,539 | 9.1% |
| Average age | 69.3 | 69.5 | N/A |
| Average monthly benefit | \$2,473 | \$2,325 | 6.4% |
| Disabled members: | | | |
| Number in pay status | 701 | 691 | 1.4% |
| Average age | 63.2 | 62.9 | N/A |
| Average monthly benefit ⁽²⁾ | \$1,752 | \$1,694 | 3.4% |
| Beneficiaries in pay status: | | | |
| Number in pay status | 970 | 943 | 2.9% |
| Average age | 73.5 | 73.2 | N/A |
| Average monthly benefit ⁽³⁾ | \$1,088 | \$1,043 | 4.3% |

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

⁽²⁾ Excludes Supplemental Disability Benefit amounts.

⁽³⁾ Excludes Survivor Benefit amounts.

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT A

**Table of Plan Coverage
ii. County Safety**

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|---------------|-----------------------------------|
| | 2009 | 2008 | |
| Active members in valuation: | | | |
| Number | 2,220 | 2,150 | 3.3% |
| Average age | 39.8 | 39.4 | N/A |
| Average service | 12.3 | 11.8 | N/A |
| Projected total compensation | \$188,579,731 | \$171,392,181 | 10.0% |
| Projected average compensation | \$84,946 | \$79,717 | 6.6% |
| Account balances | \$173,872,173 | \$162,638,377 | 6.9% |
| Total active vested members | 1,591 | 1,560 | 2.0% |
| Vested terminated members:⁽¹⁾ | | | |
| | 145 | 141 | 2.8% |
| Retired members: | | | |
| Number in pay status | 503 | 480 | 4.8% |
| Average age | 64.1 | 63.8 | N/A |
| Average monthly benefit | \$5,121 | \$4,984 | 2.7% |
| Disabled members: | | | |
| Number in pay status | 543 | 540 | 0.6% |
| Average age | 59.1 | 58.6 | N/A |
| Average monthly benefit | \$3,698 | \$3,581 | 3.3% |
| Beneficiaries: | | | |
| Number in pay status | 191 | 181 | 5.5% |
| Average age | 66.0 | 65.9 | N/A |
| Average monthly benefit | \$1,837 | \$1,774 | 3.6% |

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

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT A

**Table of Plan Coverage
iii. Superior Court**

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|--------------|-----------------------------------|
| | 2009 | 2008 | |
| Active members in valuation: | | | |
| Number | 972 | 980 | -0.8% |
| Average age | 44.0 | 43.3 | N/A |
| Average service | 10.4 | 9.7 | N/A |
| Projected total compensation | \$62,481,473 | \$60,108,295 | 3.9% |
| Projected average compensation | \$64,281 | \$61,335 | 4.8% |
| Account balances | \$45,658,294 | \$42,386,123 | 7.7% |
| Total active vested members | 603 | 605 | -0.3% |
| Vested terminated members:⁽¹⁾ | | | |
| | 81 | 70 | 15.7% |
| Retired members: | | | |
| Number in pay status | 79 | 66 | 19.7% |
| Average age | 61.6 | 60.8 | N/A |
| Average monthly benefit | \$3,120 | \$3,151 | -1.0% |
| Disabled members: | | | |
| Number in pay status | 11 | 11 | 0.0% |
| Average age | 49.2 | 51.0 | N/A |
| Average monthly benefit ⁽²⁾ | \$2,067 | \$2,264 | -8.7% |
| Beneficiaries: | | | |
| Number in pay status | 3 | 2 | 50.0% |
| Average age | 53.6 | 59.2 | N/A |
| Average monthly benefit ⁽³⁾ | \$1,048 | \$937 | 11.8% |

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

⁽²⁾ Excludes Supplemental Disability Benefit amounts.

⁽³⁾ Excludes Survivor Benefit amounts.

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT A

**Table of Plan Coverage
iv. SCAQMD**

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|--------------|-----------------------------------|
| | 2009 | 2008 | |
| Active members in valuation: | | | |
| Number | 796 | 766 | 3.9% |
| Average age | 48.6 | 48.8 | N/A |
| Average service | 15.5 | 15.8 | N/A |
| Projected total compensation | \$79,676,342 | \$76,862,465 | 3.7% |
| Projected average compensation | \$100,096 | \$100,343 | -0.2% |
| Account balances | \$35,378,070 | \$31,930,292 | 10.8% |
| Total active vested members | 606 | 632 | -4.1% |
| Vested terminated members:⁽¹⁾ | | | |
| | 122 | 115 | 6.1% |
| Retired members: | | | |
| Number in pay status | 282 | 266 | 6.0% |
| Average age | 67.8 | 67.4 | N/A |
| Average monthly benefit | \$3,229 | \$3,029 | 6.6% |
| Disabled members: | | | |
| Number in pay status | 32 | 31 | 3.2% |
| Average age | 64.7 | 64.2 | N/A |
| Average monthly benefit ⁽²⁾ | \$2,710 | \$2,563 | 5.7% |
| Beneficiaries: | | | |
| Number in pay status | 54 | 47 | 14.9% |
| Average age | 68.2 | 67.5 | N/A |
| Average monthly benefit ⁽³⁾ | \$1,436 | \$1,299 | 10.5% |

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

⁽²⁾ Excludes Supplemental Disability Benefit amounts.

⁽³⁾ Excludes Survivor Benefit amounts.

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT A

**Table of Plan Coverage
v. Other General**

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|--------------|-----------------------------------|
| | 2009 | 2008 | |
| Active members in valuation: | | | |
| Number | 544 | 551 | -1.3% |
| Average age | 45.2 | 44.9 | N/A |
| Average service | 8.9 | 8.5 | N/A |
| Projected total compensation | \$43,668,689 | \$42,202,440 | 3.5% |
| Projected average compensation | \$80,273 | \$76,592 | 4.8% |
| Account balances | \$23,420,652 | \$22,801,997 | 2.7% |
| Total active vested members | 315 | 317 | -0.6% |
| Vested terminated members:⁽¹⁾ | | | |
| | 169 | 186 | -9.1% |
| Retired members: | | | |
| Number in pay status | 136 | 118 | 15.3% |
| Average age | 64.5 | 63.8 | N/A |
| Average monthly benefit | \$2,525 | \$2,282 | 10.6% |
| Disabled members: | | | |
| Number in pay status | 11 | 11 | 0.0% |
| Average age | 55.7 | 54.7 | N/A |
| Average monthly benefit ⁽²⁾ | \$2,714 | \$2,660 | 2.0% |
| Beneficiaries: | | | |
| Number in pay status | 15 | 14 | 7.1% |
| Average age | 67.2 | 66.5 | N/A |
| Average monthly benefit ⁽³⁾ | \$1,217 | \$1,264 | -3.7% |

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

⁽²⁾ Excludes Supplemental Disability Benefit amounts.

⁽³⁾ Excludes Survivor Benefit amounts.

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT A

**Table of Plan Coverage
vi. Other Safety – All Service**

| Category | Year Ended June 30 | | Change From Prior Year |
|---|---------------------------|-------------|-----------------------------------|
| | 2009 | 2008 | |
| Active members in valuation: | | | |
| Number | 66 | 67 | -1.5% |
| Average age | 38.7 | 38.8 | N/A |
| Average service | 8.8 | 9.5 | N/A |
| Projected total compensation | \$5,715,919 | \$5,429,622 | 5.3% |
| Projected average compensation | \$86,605 | \$81,039 | 6.9% |
| Account balances | \$5,037,429 | \$5,489,851 | -8.2% |
| Total active vested members | 36 | 40 | -10.0% |
| Vested terminated members:⁽¹⁾ | | | |
| | 22 | 21 | 4.8% |
| Retired members: | | | |
| Number in pay status | 18 | 15 | 20.0% |
| Average age | 59.3 | 58.5 | N/A |
| Average monthly benefit | \$5,438 | \$4,216 | 29.0% |
| Disabled members: | | | |
| Number in pay status | 14 | 13 | 7.7% |
| Average age | 54.7 | 53.7 | N/A |
| Average monthly benefit | \$3,800 | \$3,407 | 11.5% |
| Beneficiaries: | | | |
| Number in pay status | 3 | 3 | 0.0% |
| Average age | 68.6 | 67.6 | N/A |
| Average monthly benefit | \$2,647 | \$2,596 | 2.0% |

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

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2009

By Age and Years of Service

i. County General

| Age | Total | Years of Service | | | | | | | | |
|-----------|----------|------------------|----------|----------|----------|----------|----------|----------|----------|-----------|
| | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25 | 322 | 317 | 5 | -- | -- | -- | -- | -- | -- | -- |
| | \$38,535 | \$38,467 | \$42,840 | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | 1,321 | 1,129 | 189 | 3 | -- | -- | -- | -- | -- | -- |
| | 46,031 | 45,585 | 48,626 | \$50,386 | -- | -- | -- | -- | -- | -- |
| 30 - 34 | 1,861 | 1,075 | 621 | 162 | 3 | -- | -- | -- | -- | -- |
| | 52,131 | 49,986 | 54,383 | 57,155 | \$83,619 | -- | -- | -- | -- | -- |
| 35 - 39 | 2,026 | 816 | 627 | 463 | 117 | 3 | -- | -- | -- | -- |
| | 57,587 | 52,545 | 60,051 | 61,942 | 62,391 | \$54,576 | -- | -- | -- | -- |
| 40 - 44 | 1,950 | 629 | 535 | 424 | 280 | 79 | 3 | -- | -- | -- |
| | 59,975 | 53,423 | 61,773 | 64,425 | 63,046 | 64,463 | \$79,081 | -- | -- | -- |
| 45 - 49 | 2,133 | 536 | 526 | 397 | 356 | 244 | 71 | 3 | -- | -- |
| | 62,210 | 55,302 | 59,751 | 62,390 | 68,014 | 72,575 | 66,914 | \$60,964 | -- | -- |
| 50 - 54 | 2,089 | 427 | 464 | 383 | 337 | 224 | 177 | 72 | 5 | -- |
| | 64,254 | 59,410 | 59,362 | 61,296 | 65,041 | 75,631 | 75,765 | 73,103 | \$60,904 | -- |
| 55 - 59 | 1,631 | 280 | 324 | 261 | 269 | 235 | 121 | 107 | 33 | 1 |
| | 66,838 | 57,996 | 59,993 | 59,706 | 66,738 | 73,419 | 84,060 | 91,754 | 75,378 | \$71,017 |
| 60 - 64 | 786 | 123 | 197 | 152 | 120 | 106 | 48 | 28 | 12 | -- |
| | 65,797 | 58,887 | 59,535 | 61,313 | 70,436 | 69,930 | 78,386 | 89,252 | 108,226 | -- |
| 65 - 69 | 207 | 32 | 65 | 52 | 31 | 23 | 3 | -- | -- | 1 |
| | 62,432 | 59,420 | 60,245 | 56,390 | 66,232 | 78,574 | 89,905 | -- | -- | 43,750 |
| 70 & over | 31 | 6 | 4 | 10 | 5 | 3 | -- | 2 | 1 | -- |
| | 60,654 | 78,019 | 47,087 | 63,367 | 47,515 | 61,973 | -- | 61,450 | 43,750 | -- |
| Total | 14,357 | 5,370 | 3,557 | 2,307 | 1,518 | 917 | 423 | 212 | 51 | 2 |
| | \$58,947 | \$51,161 | \$58,510 | \$61,604 | \$65,896 | \$72,590 | \$77,073 | \$84,368 | \$81,068 | \$57,384 |

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2009

By Age and Years of Service

ii. County Safety

| Age | Total | Years of Service | | | | | | | | |
|--------------|-----------------|------------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & over |
| Under 25 | 93 | 93 | -- | -- | -- | -- | -- | -- | -- | -- |
| | \$60,247 | \$60,247 | -- | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | 297 | 251 | 46 | -- | -- | -- | -- | -- | -- | -- |
| | 65,635 | 64,428 | \$72,216 | -- | -- | -- | -- | -- | -- | -- |
| 30 - 34 | 367 | 174 | 141 | 52 | -- | -- | -- | -- | -- | -- |
| | 73,510 | 67,471 | 77,097 | \$83,988 | -- | -- | -- | -- | -- | -- |
| 35 - 39 | 389 | 103 | 101 | 153 | 31 | 1 | -- | -- | -- | -- |
| | 80,528 | 72,843 | 79,098 | 85,070 | \$88,304 | \$80,692 | -- | -- | -- | -- |
| 40 - 44 | 371 | 43 | 56 | 87 | 121 | 63 | 1 | -- | -- | -- |
| | 88,727 | 74,485 | 83,317 | 85,035 | 90,809 | 104,015 | \$110,117 | -- | -- | -- |
| 45 - 49 | 360 | 30 | 35 | 53 | 71 | 133 | 35 | 3 | -- | -- |
| | 97,845 | 91,876 | 87,768 | 89,444 | 90,064 | 102,242 | 118,663 | \$169,865 | -- | -- |
| 50 - 54 | 226 | 17 | 17 | 16 | 41 | 54 | 59 | 22 | -- | -- |
| | 105,017 | 93,888 | 84,363 | 110,316 | 90,400 | 98,942 | 112,004 | 149,135 | -- | -- |
| 55 - 59 | 88 | 4 | 9 | 8 | 13 | 16 | 17 | 19 | 2 | -- |
| | 113,401 | 96,854 | 100,942 | 88,456 | 90,156 | 103,429 | 108,826 | 155,570 | \$171,497 | -- |
| 60 - 64 | 27 | 3 | 4 | 2 | 2 | 3 | 7 | 4 | 2 | -- |
| | 112,217 | 90,085 | 123,165 | 90,160 | 81,739 | 97,232 | 114,092 | 104,487 | 207,429 | -- |
| 65 - 69 | 2 | -- | -- | -- | -- | 1 | -- | -- | -- | 1 |
| | 147,503 | -- | -- | -- | -- | 100,061 | -- | -- | -- | \$194,944 |
| Total | 2,220 | 718 | 409 | 371 | 279 | 271 | 119 | 48 | 4 | 1 |
| | \$84,946 | \$68,566 | \$80,084 | \$86,724 | \$90,186 | \$101,924 | \$113,616 | \$149,257 | \$189,463 | \$194,944 |

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2009

By Age and Years of Service

iii. Superior Court

| Age | Total | Years of Service | | | | | | | |
|-----------|----------|------------------|----------|----------|----------|----------|----------|----------|----------|
| | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 |
| Under 25 | 32 | 32 | -- | -- | -- | -- | -- | -- | -- |
| | \$40,921 | \$40,921 | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | 94 | 79 | 15 | -- | -- | -- | -- | -- | -- |
| | 45,197 | 44,155 | \$50,680 | -- | -- | -- | -- | -- | -- |
| 30 - 34 | 107 | 56 | 41 | 10 | -- | -- | -- | -- | -- |
| | 53,557 | 50,709 | 55,507 | \$61,517 | -- | -- | -- | -- | -- |
| 35 - 39 | 128 | 66 | 37 | 16 | 6 | 3 | -- | -- | -- |
| | 61,296 | 60,936 | 61,984 | 62,615 | \$58,948 | \$58,383 | -- | -- | -- |
| 40 - 44 | 144 | 55 | 36 | 24 | 15 | 14 | -- | -- | -- |
| | 62,380 | 60,312 | 65,330 | 63,352 | 58,500 | 65,413 | -- | -- | -- |
| 45 - 49 | 155 | 40 | 29 | 23 | 31 | 24 | 7 | 1 | -- |
| | 66,950 | 58,812 | 76,369 | 74,367 | 62,073 | 69,376 | \$59,746 | \$92,171 | -- |
| 50 - 54 | 140 | 30 | 21 | 20 | 21 | 23 | 18 | 6 | 1 |
| | 74,095 | 65,705 | 75,289 | 82,521 | 64,906 | 89,021 | 71,931 | 66,374 | \$67,076 |
| 55 - 59 | 110 | 19 | 9 | 19 | 17 | 23 | 15 | 7 | 1 |
| | 81,315 | 80,216 | 96,781 | 86,668 | 82,944 | 69,332 | 78,640 | 80,387 | 155,840 |
| 60 - 64 | 46 | 5 | 7 | 13 | 10 | 7 | 3 | -- | 1 |
| | 74,275 | 70,438 | 79,312 | 82,104 | 66,238 | 76,673 | 58,580 | -- | 67,076 |
| 65 - 69 | 15 | 3 | 5 | 2 | 2 | 2 | -- | -- | 1 |
| | 77,821 | 73,541 | 70,742 | 114,920 | 77,483 | 70,549 | -- | -- | 67,076 |
| 70 & over | 1 | 1 | -- | -- | -- | -- | -- | -- | -- |
| | 85,120 | 85,120 | -- | -- | -- | -- | -- | -- | -- |
| Total | 972 | 386 | 200 | 127 | 102 | 96 | 43 | 14 | 4 |
| | \$64,281 | \$55,653 | \$66,285 | \$74,348 | \$66,136 | \$73,707 | \$71,356 | \$75,223 | \$89,267 |

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT B

Members in Active Service and Projected Average Compensation as of June 30, 2009

By Age and Years of Service

iv. SCAQMD

| Age | Years of Service | | | | | | | | |
|--------------|------------------|-----------------|------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| | Total | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 |
| Under 25 | 7 | 7 | -- | -- | -- | -- | -- | -- | -- |
| | \$54,511 | \$54,511 | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | 45 | 44 | 1 | -- | -- | -- | -- | -- | -- |
| | 68,192 | 67,559 | \$96,073 | -- | -- | -- | -- | -- | -- |
| 30 - 34 | 65 | 44 | 18 | 3 | -- | -- | -- | -- | -- |
| | 80,019 | 68,910 | 102,578 | \$107,588 | -- | -- | -- | -- | -- |
| 35 - 39 | 59 | 32 | 19 | 6 | 2 | -- | -- | -- | -- |
| | 90,531 | 86,655 | 95,592 | 100,003 | \$76,063 | -- | -- | -- | -- |
| 40 - 44 | 77 | 22 | 17 | 9 | 14 | 15 | -- | -- | -- |
| | 95,436 | 76,406 | 101,225 | 110,280 | 106,283 | \$97,754 | -- | -- | -- |
| 45 - 49 | 138 | 14 | 17 | 7 | 27 | 62 | 11 | -- | -- |
| | 102,503 | 77,787 | 98,086 | 96,884 | 105,305 | 107,116 | \$111,484 | -- | -- |
| 50 - 54 | 160 | 16 | 15 | 5 | 35 | 53 | 28 | 8 | -- |
| | 110,904 | 79,861 | 103,949 | 95,029 | 113,288 | 116,185 | 124,156 | \$104,158 | -- |
| 55 - 59 | 144 | 9 | 7 | 4 | 16 | 62 | 32 | 13 | 1 |
| | 111,209 | 71,646 | 83,376 | 90,449 | 121,452 | 111,923 | 120,848 | 116,030 | \$165,836 |
| 60 - 64 | 79 | 7 | 11 | 4 | 15 | 23 | 7 | 11 | 1 |
| | 105,965 | 80,824 | 107,811 | 78,722 | 105,550 | 109,269 | 123,442 | 113,784 | 92,509 |
| 65 - 69 | 15 | 2 | 2 | -- | 3 | 3 | 3 | 2 | -- |
| | 98,087 | 60,681 | 116,646 | -- | 69,796 | 123,435 | 100,134 | 118,280 | -- |
| 70 & over | 7 | -- | -- | -- | -- | 3 | 2 | 2 | -- |
| | 84,043 | -- | -- | -- | -- | 76,323 | 76,511 | 103,156 | -- |
| Total | 796 | 197 | 107 | 38 | 112 | 221 | 83 | 36 | 2 |
| | \$100,096 | \$73,801 | \$100,085 | \$98,561 | \$108,788 | \$110,032 | \$119,125 | \$112,115 | \$129,173 |

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2009
By Age and Years of Service
v. Other General**

| Age | Years of Service | | | | | | | | |
|-----------|------------------|----------|----------|----------|----------|-----------|----------|-----------|-----------|
| | Total | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 |
| Under 25 | 10 | 10 | -- | -- | -- | -- | -- | -- | -- |
| | \$50,032 | \$50,032 | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | 49 | 46 | 3 | -- | -- | -- | -- | -- | -- |
| | 57,169 | 56,882 | \$61,570 | -- | -- | -- | -- | -- | -- |
| 30 - 34 | 52 | 40 | 10 | 2 | -- | -- | -- | -- | -- |
| | 70,522 | 64,907 | 91,949 | \$75,683 | -- | -- | -- | -- | -- |
| 35 - 39 | 75 | 48 | 20 | 5 | 2 | -- | -- | -- | -- |
| | 73,042 | 70,223 | 81,462 | 69,951 | \$64,229 | -- | -- | -- | -- |
| 40 - 44 | 63 | 31 | 15 | 9 | 8 | -- | -- | -- | -- |
| | 80,455 | 69,983 | 72,137 | 98,394 | 116,451 | -- | -- | -- | -- |
| 45 - 49 | 96 | 31 | 29 | 13 | 15 | 5 | 3 | -- | -- |
| | 82,967 | 78,577 | 90,002 | 79,571 | 76,209 | \$99,660 | \$81,002 | -- | -- |
| 50 - 54 | 82 | 23 | 14 | 20 | 15 | 7 | 3 | -- | -- |
| | 88,459 | 59,837 | 108,356 | 89,723 | 100,136 | 111,812 | 93,743 | -- | -- |
| 55 - 59 | 74 | 23 | 16 | 12 | 9 | 9 | 2 | 2 | 1 |
| | 100,338 | 104,834 | 85,806 | 75,950 | 108,854 | 106,205 | 100,285 | \$162,203 | \$269,074 |
| 60 - 64 | 40 | 9 | 12 | -- | 12 | 6 | 1 | -- | -- |
| | 82,007 | 54,339 | 91,328 | -- | 80,406 | 110,227 | 69,056 | -- | -- |
| 65 - 69 | 3 | -- | 1 | 2 | -- | -- | -- | -- | -- |
| | 76,438 | -- | 48,276 | 90,520 | -- | -- | -- | -- | -- |
| 70 & over | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 544 | 261 | 120 | 63 | 61 | 27 | 9 | 2 | 1 |
| | \$80,273 | \$68,834 | \$87,164 | \$84,254 | \$92,620 | \$107,340 | \$88,207 | \$162,203 | \$269,074 |

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of June 30, 2009
By Age and Years of Service
vi. Other Safety – All Service**

| Age | Years of Service | | | | | | |
|--------------|------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | Total | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 |
| Under 25 | 2 | 2 | -- | -- | -- | -- | -- |
| | \$64,110 | \$64,110 | -- | -- | -- | -- | -- |
| 25 - 29 | 12 | 11 | 1 | -- | -- | -- | -- |
| | 69,125 | 67,173 | \$90,589 | -- | -- | -- | -- |
| 30 - 34 | 11 | 8 | 3 | -- | -- | -- | -- |
| | 77,664 | 73,963 | 87,533 | -- | -- | -- | -- |
| 35 - 39 | 9 | 2 | 5 | -- | 2 | -- | -- |
| | 78,344 | 59,458 | 84,339 | -- | \$82,245 | -- | -- |
| 40 - 44 | 13 | 4 | 3 | 1 | 3 | 2 | -- |
| | 93,209 | 100,179 | 90,509 | \$106,081 | 87,607 | \$85,286 | -- |
| 45 - 49 | 14 | 1 | 3 | 2 | 4 | 4 | -- |
| | 96,598 | 69,135 | 70,499 | 90,924 | 111,525 | 110,949 | -- |
| 50 - 54 | 4 | 1 | -- | 1 | -- | -- | 2 |
| | 111,690 | 159,094 | -- | 87,676 | -- | -- | \$99,995 |
| 55 - 59 | 1 | -- | 1 | -- | -- | -- | -- |
| | 187,963 | -- | 187,963 | -- | -- | -- | -- |
| 60 - 64 | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- |
| 65 - 69 | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- |
| Total | 66 | 29 | 16 | 4 | 9 | 6 | 2 |
| | \$86,605 | \$76,092 | \$90,367 | \$93,901 | \$97,045 | \$102,395 | \$99,995 |

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT C

Reconciliation of Member Data – June 30, 2008 to June 30, 2009

| | Active Members | Vested Terminated Members⁽¹⁾ | Pensioners | Disableds | Beneficiaries | Total |
|----------------------------------|---------------------------|--|-------------------|------------------|----------------------|--------------|
| Number as of June 30, 2008 | 19,414 | 3,430 | 5,484 | 1,297 | 1,190 | 30,815 |
| New members | 950 | 65 | 0 | 0 | 88 | 1,103 |
| Terminations | -463 | 463 | 0 | 0 | 0 | 0 |
| Contributions refunds | -392 | -186 | 0 | 0 | 0 | -578 |
| Retirements | -535 | -97 | 632 | 0 | 0 | 0 |
| New disabilities | -23 | -4 | -17 | 44 | 0 | 0 |
| Return to work | 36 | -33 | -2 | -1 | 0 | 0 |
| Died with or without beneficiary | -29 | -3 | -126 | -29 | -41 | -228 |
| Data adjustments | <u>-3</u> | <u>0</u> | <u>0</u> | <u>1</u> | <u>-1</u> | <u>-3</u> |
| Number as of June 30, 2009 | 18,955 | 3,635 | 5,971 | 1,312 | 1,236 | 31,109 |

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

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT D

Summary Statement of Income and Expenses on Actuarial Value of Assets

| | Year Ended June 30, 2009 | Year Ended June 30, 2008 |
|---|--------------------------|--------------------------|
| Contribution income: | | |
| Employer contributions | \$246,232,150 | \$241,721,392 |
| Employee contributions | <u>49,550,489</u> | <u>49,480,584</u> |
| Total contribution income | \$295,782,639 | \$291,201,976 |
| Investment income: | | |
| Interest, dividends and other income | \$25,729,023 | \$139,501,425 |
| Adjustment toward market value ⁽¹⁾ | 42,315,893 | 427,953,169 |
| Less investment and administrative fees | <u>-59,190,937</u> | <u>-70,119,914</u> |
| Net investment income | \$8,853,979 | \$497,334,680 |
| Total income available for benefits | \$304,636,618 | \$788,536,656 |
| Less benefit payments | -\$262,779,370 | -\$244,405,820 |
| Change in reserve for future benefits | \$41,857,248 | \$544,130,836 |

⁽¹⁾ Equals the "non-cash" earnings on investments implicitly included in the Actuarial Value of Assets.

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT E

Summary Statement of Net Assets

| | Year Ended June 30, 2009 | Year Ended June 30, 2008 |
|--|--------------------------|--------------------------|
| Cash equivalents | \$624,555,696 | \$898,078,636 |
| Accounts receivable: | | |
| Securities sold | \$6,637,127 | \$31,973,899 |
| Accrued interest and dividends | 4,618,555 | 7,421,545 |
| Employee and employer contributions | 20,246,452 | 19,737,417 |
| Other | <u>9,398,693</u> | <u>19,159,764</u> |
| Total accounts receivable | \$40,900,827 | \$78,292,625 |
| Investments: | | |
| Equities | \$586,333,494 | \$1,642,118,167 |
| Fixed income | 436,110,137 | 472,291,827 |
| Real estate | 598,570,106 | 910,014,055 |
| Other | 2,448,855,480 | 2,340,913,379 |
| Investments received on securities lending | <u>198,887,690</u> | <u>330,317,016</u> |
| Total investments at market value | <u>\$4,268,756,907</u> | <u>\$5,695,654,444</u> |
| Total assets | \$4,934,213,430 | \$6,672,025,705 |
| Liabilities: | | |
| Securities lending | -\$198,887,690 | -\$330,317,016 |
| Payable for securities purchased | -22,981,582 | -33,192,040 |
| Mortgage notes payable | -46,846,999 | -46,889,893 |
| Accrued expenses | <u>-121,077,182</u> | <u>-156,146,973</u> |
| Total liabilities | -\$389,793,453 | -\$566,545,922 |
| Net assets at market value | <u>\$4,544,419,977</u> | <u>\$6,105,479,783</u> |
| Net assets at actuarial value | <u>\$6,383,388,113</u> | <u>\$6,341,530,865</u> |
| Net assets at valuation value | <u>\$6,255,649,617</u> | <u>\$5,979,866,275</u> |

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT F

Development of the Fund Through June 30, 2009

| Year Ended June 30 | Employer Contributions | Employee Contributions | Other Contributions | Net Investment Return* | Benefit Payments | Actuarial Value of Assets at End of Year |
|-------------------------------|-----------------------------------|-----------------------------------|--------------------------------|---------------------------------------|-----------------------------|---|
| 2001 | \$58,572,000 | \$22,754,000 | \$0 | \$415,605,000 | -\$113,145,000 | \$3,614,750,000 |
| 2002 | 69,245,000 | 17,627,000 | 0 | 211,766,000 | -133,351,000 | 3,780,037,000 |
| 2003 | 68,361,000 | 23,308,000 | 0 | 88,790,000 | -144,923,000 | 3,815,573,000 |
| 2004 | 146,235,000 | 28,236,000 | 506,090,000 | 109,708,980 | -187,691,000 | 4,418,151,980 |
| 2005 | 161,906,350 | 31,806,101 | 0 | 324,332,271 | -185,967,691 | 4,750,229,011 |
| 2006 | 197,342,596 | 38,367,614 | 0 | 393,715,657 | -203,887,582 | 5,175,767,296 |
| 2007 | 229,856,532 | 47,004,698 | 10,000,000 | 560,254,777 | -225,483,274 | 5,797,400,029 |
| 2008 | 241,721,392 | 49,480,584 | 0 | 497,334,680 | -244,405,820 | 6,341,530,865 |
| 2009 | 246,232,150 | 49,550,489 | 0 | 8,853,979 | -262,779,370 | 6,383,388,113 |

* *Net of investment fees and administrative expenses.*

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT G

Actuarial Balance Sheet

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

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

| | Total SBCERA (\$ in 000s)⁽¹⁾ | |
|--|--|----------------------|
| | June 30, 2009 | June 30, 2008 |
| <u>Assets</u> | | |
| 1 Total valuation value of assets | \$6,216,551 | \$5,944,274 |
| 2 Present value of future contributions by members | 941,751 | 947,195 |
| 3 Present value of future employer contributions for: | | |
| a. entry age normal cost | 1,107,836 | 1,098,407 |
| b. unfunded actuarial accrued liability | 638,092 | 436,884 |
| 4 Total current and future assets | <u>\$8,904,230</u> | <u>\$8,426,760</u> |
| <u>Liabilities</u> | | |
| 5 Present value of benefits for retirees and beneficiaries | \$2,927,760 | \$2,625,412 |
| 6 Present value of benefits for active members | 5,725,426 | 5,562,875 |
| 7 Present value of benefits for vested terminated members | 251,044 | 238,473 |
| 8 Total liabilities | <u>\$8,904,230</u> | <u>\$8,426,760</u> |

⁽¹⁾ Excludes assets and liabilities for Survivor Benefits, Burial Allowance, General Retiree Subsidy, and Excess Earnings reserves.

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT H

Summary of Allocated Reserves

| Reserves | June 30, 2009 | June 30, 2008 |
|--|-----------------|-----------------|
| Member deposit reserve ⁽¹⁾ | \$ 991,836,032 | \$953,625,066 |
| Current service reserve ⁽¹⁾ | 1,875,642,525 | 1,879,485,252 |
| Contra account ⁽¹⁾ | (380,901,946) | (117,987,049) |
| Pension reserve ⁽¹⁾ | 2,131,682,510 | 1,847,344,718 |
| Cost-of-living reserve ⁽¹⁾ | 939,330,873 | 848,720,866 |
| Annuity reserve ⁽¹⁾ | 650,519,915 | 524,566,967 |
| Supplemental disability reserve ⁽¹⁾ | 8,440,801 | 8,517,534 |
| Survivor benefit reserve ⁽¹⁾ | 39,098,907 | 35,592,921 |
| Valuation reserves | \$6,255,649,617 | \$5,979,866,275 |
| Burial allowance reserve ⁽²⁾ | 1,251,407 | 1,388,407 |
| General subsidy reserve ⁽²⁾ | 77,144,955 | 91,574,817 |
| Undesignated excess earnings ⁽²⁾ | 0 | 68,540,595 |
| Reserve for deficiencies ⁽²⁾ | 49,342,134 | 66,720,257 |
| 2% additional contingency reserve ⁽²⁾ | 0 | 133,440,514 |
| Total reserves | \$6,383,388,113 | \$6,341,530,865 |
| Net unrecognized gains/(losses) | (1,838,968,136) | (236,051,082) |
| Net market value | \$4,544,419,977 | \$6,105,479,783 |

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

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

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT I

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2009

| | | | |
|----|--|-------------------|----------------------|
| 1. | Unfunded actuarial accrued liability at beginning of year ⁽¹⁾ | | \$436,884,000 |
| 2. | Total normal cost at middle of year | | 247,108,000 |
| 3. | Actual employer and member contributions ⁽²⁾ | | -293,690,000 |
| 4. | Interest | | <u>33,087,000</u> |
| 5. | Expected unfunded actuarial accrued liability before plan changes | | <u>\$423,389,000</u> |
| 6. | Actuarial (gain)/loss due to all changes: | | |
| | (a) Investment return | \$323,361,000 | |
| | (b) Lower than expected individual salary increases | -50,853,000 | |
| | (c) Transfer from undesignated excess earnings | -68,541,000 | |
| | (d) Other experience | <u>10,736,000</u> | |
| | (e) Total changes | | <u>\$214,703,000</u> |
| 7. | Unfunded actuarial accrued liability at end of year ⁽¹⁾ | | <u>\$638,092,000</u> |

⁽¹⁾ Excludes Survivor Benefit Reserve.

⁽²⁾ Excludes contributions made to the Survivor Benefit Reserve during the year ended June 30, 2009.

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT J

Table of Amortization Bases

| | Date Established | Initial Amount | Outstanding Balance | Years Remaining | Annual Payment |
|-----------------------|-------------------------|-----------------------|----------------------------|------------------------|-----------------------|
| County General | June 30, 2002 | \$ 59,403,000 | \$ 57,847,000 | 13 | \$ 5,685,000 |
| | June 30, 2003 | 246,087,000 | 243,408,000 | 14 | 22,576,000 |
| | June 30, 2004 | (174,234,000) | (173,738,000) | 15 | (15,285,000) |
| | June 30, 2005 | 114,353,000 | 115,102,000 | 16 | 9,647,000 |
| | June 30, 2006 | (12,592,000) | (12,707,000) | 17 | (1,019,000) |
| | June 30, 2007 | (32,329,000) | (32,626,000) | 18 | (2,509,000) |
| | June 30, 2008 | (19,309,000) | (19,422,000) | 19 | (1,438,000) |
| | June 30, 2009 | 116,678,000 | <u>116,678,000</u> | 20 | <u>8,334,000</u> |
| Subtotal | | | \$294,542,000 | | \$25,991,000 |
| Superior Court | June 30, 2002 | \$ 3,493,000 | \$ 3,405,000 | 13 | \$ 335,000 |
| | June 30, 2003 | 14,458,000 | 14,308,000 | 14 | 1,327,000 |
| | June 30, 2004 | 6,840,000 | 6,825,000 | 15 | 600,000 |
| | June 30, 2005 | 6,720,000 | 6,754,000 | 16 | 566,000 |
| | June 30, 2006 | 4,889,000 | 4,929,000 | 17 | 395,000 |
| | June 30, 2007 | 4,076,000 | 4,107,000 | 18 | 316,000 |
| | June 30, 2008 | (791,000) | (803,000) | 19 | (59,000) |
| | June 30, 2009 | 6,270,000 | <u>6,270,000</u> | 20 | <u>448,000</u> |
| Subtotal | | | \$45,795,000 | | \$3,928,000 |
| Other General | June 30, 2002 | \$13,456,000 | \$13,091,000 | 13 | \$1,286,000 |
| | June 30, 2003 | 9,811,000 | 9,700,000 | 14 | 900,000 |
| | June 30, 2004 | 5,720,000 | 5,711,000 | 15 | 502,000 |
| | June 30, 2005 | 6,338,000 | 6,381,000 | 16 | 535,000 |
| | June 30, 2006 | 2,466,000 | 2,484,000 | 17 | 199,000 |
| | June 30, 2007 | 2,058,000 | 2,074,000 | 18 | 160,000 |
| | June 30, 2008 | 3,951,000 | 3,972,000 | 19 | 294,000 |
| | June 30, 2009 | 5,746,000 | <u>5,746,000</u> | 20 | <u>410,000</u> |
| Subtotal | | | \$49,159,000 | | \$4,286,000 |

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT J

Table of Amortization Bases (continued)

| | Date Established | Initial Amount | Outstanding Balance | Years Remaining | Annual Payment |
|----------------------|-------------------------|-----------------------|----------------------------|------------------------|-----------------------|
| SCAQMD | June 30, 2002 | \$18,462,000 | \$17,981,000 | 13 | \$1,767,000 |
| | June 30, 2003 | 27,792,000 | 27,492,000 | 14 | 2,550,000 |
| | June 30, 2004 | (21,554,000) | (21,542,000) | 15 | (1,895,000) |
| | June 30, 2005 | 7,819,000 | 7,886,000 | 16 | 661,000 |
| | June 30, 2006 | (1,328,000) | (1,340,000) | 17 | (107,000) |
| | December 31, 2006 | (10,000,000) | (10,095,000) | 17.5 | (792,000) |
| | June 30, 2007 | 12,093,000 | 12,213,000 | 18 | 939,000 |
| | June 30, 2008 | 17,520,000 | 17,619,000 | 19 | 1,304,000 |
| | June 30, 2009 | 8,947,000 | <u>8,947,000</u> | 20 | <u>639,000</u> |
| Subtotal | | | \$59,161,000 | | \$5,066,000 |
| County Safety | June 30, 2002 | \$(62,982,000) | \$ (61,337,000) | 13 | \$ (6,028,000) |
| | June 30, 2003 | 216,453,000 | 214,095,000 | 14 | 19,858,000 |
| | June 30, 2004 | (74,700,000) | (74,628,000) | 15 | (6,566,000) |
| | June 30, 2005 | 27,328,000 | 27,501,000 | 16 | 2,305,000 |
| | June 30, 2006 | (10,615,000) | (10,717,000) | 17 | (859,000) |
| | June 30, 2007 | 5,858,000 | 5,910,000 | 18 | 455,000 |
| | June 30, 2008 | 6,550,000 | 6,591,000 | 19 | 488,000 |
| | June 30, 2009 | 65,726,000 | <u>65,726,000</u> | 20 | <u>4,695,000</u> |
| | Subtotal | | | \$173,141,000 | |

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT J

Table of Amortization Bases (continued)

| | Date Established | Initial Amount | Outstanding Balance | Years Remaining | Annual Payment |
|-----------------------|-------------------------|-----------------------|----------------------------|------------------------|-----------------------|
| Other Safety - | June 30, 2002 | \$4,733,000 | \$ 4,604,000 | 13 | \$ 452,000 |
| All Service | June 30, 2003 | 1,640,000 | 1,596,000 | 14 | 148,000 |
| | June 30, 2004 | 3,720,000 | 3,721,000 | 15 | 327,000 |
| | June 30, 2005 | (78,000) | (100,000) | 16 | (8,000) |
| | June 30, 2006 | 323,000 | 325,000 | 17 | 26,000 |
| | June 30, 2007 | 2,224,000 | 2,250,000 | 18 | 173,000 |
| | June 30, 2008 | 955,000 | 958,000 | 19 | 71,000 |
| | June 30, 2009 | 2,940,000 | <u>2,940,000</u> | 20 | <u>210,000</u> |
| Subtotal | | | \$16,294,000 | | \$1,399,000 |
| Grand Total | | | \$638,092,000 | | \$55,018,000 |

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT K

Section 415 Limitations

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

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

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of \$160,000 indexed for inflation. That limit is \$195,000 for 2009 and 2010. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions. Limits are also affected by the "grandfather" election under Section 415(b)(10).

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

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

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

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

EXHIBIT L

Definitions of Pension Terms

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

Assumptions or Actuarial

Assumptions:

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

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

Normal Cost:

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

Actuarial Accrued Liability

For Actives:

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

Actuarial Accrued Liability

For Pensioners:

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

Unfunded Actuarial Accrued

Liability:

The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan.

SECTION 3: Supplemental Information for San Bernardino County Employees' Retirement Association

Amortization of the Unfunded

Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return:

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

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

EXHIBIT I

Supplementary Information Required by the GASB – Schedule of Employer Contributions

| Plan Year Ended June 30 | Annual Required Contributions | Actual Contributions* | Percentage Contributed |
|------------------------------------|--|----------------------------------|-----------------------------------|
| 2004 | \$146,235,000 | \$146,235,000 | 100.0% |
| 2005 | 161,906,000 | 161,906,000 | 100.0% |
| 2006 | 197,343,000 | 197,343,000 | 100.0% |
| 2007 | 229,857,000 | 229,857,000 | 100.0% |
| 2008 | 241,721,000 | 241,721,000 | 100.0% |
| 2009 | 246,232,000 | 246,232,000 | 100.0% |

* Excludes the County and SCAQMD Pension Obligation Bond proceeds deposited during the Plan Year ended June 30, 2004. Also excludes the SCAQMD UAAL prepayment deposited during the Plan Year ended June 30, 2007.

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets* (a) | Actuarial Accrued Liability (AAL)** (b) | Unfunded/ (Overfunded) AAL (UAAL) (b) - (a) | Funded Ratio (a) / (b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c) |
|---------------------------------|---------------------------------------|--|--|-------------------------------|----------------------------|--|
| 06/30/2004 | \$4,418,151,980 | \$4,719,865,000 | \$301,713,020 | 93.61% | \$ 943,544,971 | 31.98% |
| 06/30/2005 | 4,750,229,011 | 5,215,719,073 | 465,490,062 | 91.08% | 968,674,295 | 48.05% |
| 06/30/2006 | 5,175,767,296 | 5,624,645,832 | 448,878,536 | 92.02% | 1,028,730,826 | 43.63% |
| 06/30/2007 | 5,797,400,029 | 6,227,013,069 | 429,613,040 | 93.10% | 1,102,150,627 | 38.98% |
| 06/30/2008 | 6,341,530,865 | 6,773,628,506 | 432,097,641 | 93.62% | 1,219,561,653 | 35.43% |
| 06/30/2009 | 6,383,388,113 | 7,013,534,026 | 630,145,913 | 91.02% | 1,226,431,276 | 51.38% |

* Includes assets for Survivor Benefits, Burial Allowance, General Retiree Subsidy, and Excess Earnings reserves.

** Includes liabilities held for Survivor Benefits, Burial Allowance, General Retiree Subsidy, and Excess Earnings reserves.

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

EXHIBIT III

Supplementary Information Required by the GASB

| | |
|--------------------------------------|---|
| Valuation Date | June 30, 2009 |
| Actuarial Cost Method | Entry Age Normal Actuarial Cost Method |
| Amortization Method | Level percent of payroll (4.25% payroll growth assumed) |
| Remaining Amortization Period | 20 years for all UAAL prior to June 30, 2002. Any changes in UAAL after June 30, 2002 will be amortized over a 20-year period effective with each valuation. |
| Asset Valuation Method | Market value of assets less unrecognized returns from each of the last five years. Unrecognized returns are equal to the difference between the actual market return and the expected return on a market value basis and are recognized over a five-year period. The Actuarial Value of Assets is reduced by the value of the non-valuation reserves. |

Actuarial Assumptions:

| | |
|------------------------------|---|
| Investment Rate of Return* | 8.00% |
| Projected Salary Increases** | General: 5.00% to 13.25%; Safety: 5.00% to 13.25%. |
| Cost of Living Adjustments | 2.00% (actual increases contingent upon CPI increases with a 2% maximum). |

Plan Membership:

| | |
|---|---------------|
| Retirees and Beneficiaries receiving benefits*** | 8,519 |
| Terminated plan members entitled to, but not yet receiving benefits | 3,635 |
| Active plan members | <u>18,955</u> |
| Total | 31,109 |

* Includes inflation at 3.75%.

** Includes inflation at 3.75%, "across the board" increases of 0.50%, plus merit and promotional increases. See Exhibit IV for these increases.

*** Excludes beneficiaries that are only receiving Survivor Benefit payments.

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

EXHIBIT IV

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy: For General Members: RP-2000 Combined Healthy Mortality Table set back one year.
 For Safety Members: RP-2000 Combined Healthy Mortality Table set back one year.

Disabled: For General Members: RP-2000 Combined Healthy Mortality Table set forward five years for males and set forward six years for females.
 For Safety Members: RP-2000 Combined Healthy Mortality Table.

Member Contribution Rates: For General Members: RP-2000 Combined Healthy Mortality Table set back one year weighted 30% male and 70% female.
 For Safety Members: RP-2000 Combined Healthy Mortality Table set back one year weighted 85% male and 15% female.

Beneficiaries: Beneficiaries are assumed to have the same mortality as a General Member of the opposite sex who has taken a service (non-disability) retirement.

Termination Rates Before Retirement:

| Age | Rate (%) Mortality | | | |
|-----|--------------------|--------|--------|--------|
| | General | | Safety | |
| | Male | Female | Male | Female |
| 25 | 0.04 | 0.02 | 0.04 | 0.02 |
| 30 | 0.04 | 0.02 | 0.04 | 0.02 |
| 35 | 0.07 | 0.04 | 0.07 | 0.04 |
| 40 | 0.10 | 0.06 | 0.10 | 0.06 |
| 45 | 0.14 | 0.10 | 0.14 | 0.10 |
| 50 | 0.20 | 0.16 | 0.20 | 0.16 |
| 55 | 0.32 | 0.24 | 0.32 | 0.24 |
| 60 | 0.59 | 0.44 | 0.59 | 0.44 |
| 65 | 1.13 | 0.86 | 1.13 | 0.86 |

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

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

Termination Rates Before Retirement (continued):

| Age | Rate (%) Disability | |
|------------|--------------------------------|-----------------------------|
| | General⁽¹⁾ | Safety⁽²⁾ |
| 25 | 0.03 | 0.26 |
| 30 | 0.04 | 0.36 |
| 35 | 0.08 | 0.76 |
| 40 | 0.13 | 1.12 |
| 45 | 0.24 | 1.38 |
| 50 | 0.33 | 2.40 |
| 55 | 0.44 | 4.20 |
| 60 | 0.74 | 5.00 |
| 65 | 1.14 | 0.00 |
| 70 | 1.30 | 0.00 |

⁽¹⁾ 50% of General disabilities are assumed to be service connected (duty) disabilities and the other 50% are assumed to be non-service connected (ordinary) disabilities.

⁽²⁾ 100% of Safety disabilities are assumed to be service connected (duty) disabilities.

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

Termination Rates Before Retirement (continued):

| Rate (%) | | |
|-----------------------------------|---------|--------|
| Withdrawal (< 5 Years of Service) | | |
| Years of Service | General | Safety |
| 0 | 15.00 | 5.00 |
| 1 | 10.00 | 3.50 |
| 2 | 9.00 | 3.00 |
| 3 | 7.50 | 3.00 |
| 4 | 6.00 | 2.50 |

| Withdrawal (5+ Years of Service) * | | |
|------------------------------------|---------|--------|
| Age | General | Safety |
| 20 | 6.00 | 2.50 |
| 25 | 6.00 | 2.41 |
| 30 | 6.00 | 2.29 |
| 35 | 5.70 | 1.80 |
| 40 | 4.75 | 1.32 |
| 45 | 3.80 | 0.93 |
| 50 | 2.60 | 0.30 |
| 55 | 1.64 | 0.00 |
| 60 | 1.16 | 0.00 |
| 65 | 1.00 | 0.00 |
| 70 | 1.00 | 0.00 |

* For General members, 40% of terminating members will choose a refund of contributions and 60% will choose a deferred vested benefit.

For Safety members, 25% of terminating members will choose a refund of contributions and 75% will choose a deferred vested benefit.

No withdrawal is assumed after a member is first assumed to retire.

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

Retirement Rates:

| Age | Rate (%) | |
|------------|-----------------|---------------|
| | General | Safety |
| 45 | 0.00 | 1.00 |
| 46 | 0.00 | 1.00 |
| 47 | 0.00 | 1.00 |
| 48 | 0.00 | 3.00 |
| 49 | 0.00 | 6.00 |
| 50 | 3.00 | 10.00 |
| 51 | 3.00 | 10.00 |
| 52 | 4.00 | 10.00 |
| 53 | 4.00 | 15.00 |
| 54 | 5.00 | 15.00 |
| 55 | 7.00 | 20.00 |
| 56 | 7.00 | 20.00 |
| 57 | 8.00 | 20.00 |
| 58 | 10.00 | 20.00 |
| 59 | 15.00 | 20.00 |
| 60 | 18.00 | 20.00 |
| 61 | 18.00 | 20.00 |
| 62 | 20.00 | 20.00 |
| 63 | 20.00 | 20.00 |
| 64 | 25.00 | 20.00 |
| 65 | 30.00 | 100.00 |
| 66 | 30.00 | 100.00 |
| 67 | 30.00 | 100.00 |
| 68 | 30.00 | 100.00 |
| 69 | 35.00 | 100.00 |
| 70 | 35.00 | 100.00 |
| 71 | 20.00 | 100.00 |
| 72 | 20.00 | 100.00 |
| 73 | 20.00 | 100.00 |
| 74 | 20.00 | 100.00 |
| 75 | 100.00 | 100.00 |

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

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

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

General Age: 57

Safety Age: 53

We assume that 40% of future deferred vested members will continue to work for a reciprocal employer. For reciprocals, we assume 5.25% compensation increases per annum.

Future Benefit Accruals:

1.0 year of service per year.

Unknown Data for Members:

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

Definition of Active Members:

All active members of SBCERA as of the valuation date.

Percent Married:

75% of male members and 55% of female members are assumed to be married at pre-retirement death or retirement.

Age of Spouse:

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

Supplemental Disability Benefit:

25% of future General service connected (duty) disableds are assumed to be eligible for this benefit; 70% of future General non-service connected (ordinary) disableds are assumed to be eligible for this benefit.

Net Investment Return:

8.00%, net of investment and administration expenses.

**Employee Contribution
Crediting Rate:**

3.75% (Based on projected long term six-month Treasury rate).

Consumer Price Index:

Increase of 3.75% per year; retiree COLA increases due to CPI are limited to maximum of 2.00% per year.

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

Salary Increases:

| <u>Annual Rate of Compensation Increase</u> | | |
|--|----------------|---------------|
| Inflation: 3.75% per year; plus "across the board" salary increases of 0.50% per year; plus the following promotional and merit increases: | | |
| <u>Years of Service</u> | <u>General</u> | <u>Safety</u> |
| Less than 1 | 9.00% | 9.00% |
| 1 | 5.00 | 5.00 |
| 2 | 4.25 | 4.25 |
| 3 | 3.50 | 3.50 |
| 4 | 3.00 | 3.00 |
| 5 | 2.50 | 2.50 |
| 6 | 2.00 | 2.00 |
| 7 | 1.50 | 1.50 |
| 8 | 1.00 | 1.00 |
| 9 | 0.75 | 0.75 |
| 10 | 0.75 | 0.75 |
| 11 | 0.75 | 0.75 |
| 12 | 0.75 | 0.75 |
| 13 | 0.75 | 0.75 |
| 14 | 0.75 | 0.75 |
| 15 | 0.75 | 0.75 |
| 16 | 0.75 | 0.75 |
| 17 | 0.75 | 0.75 |
| 18 | 0.75 | 0.75 |
| 19 | 0.75 | 0.75 |
| 20 and Over | 0.75 | 0.75 |

Actuarial Value of Assets:

Market value of assets less unrecognized returns from each of the last five years. Unrecognized returns are equal to the difference between the actual market return and the expected return on the market value, and are recognized over a five-year period.

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

Valuation Value of Assets: The Actuarial Value of Assets reduced by the value of the Burial Allowance Reserve, General Retiree Subsidy Reserve, Undesignated Excess Earnings Reserve, Reserve for Deficiencies, and 2% Additional Contingency Reserve.

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation. The Normal Cost is calculated on an aggregate basis by taking the Present Value of Future Normal Costs (calculated as if the current benefit accrual rate had always been in effect) divided by the Present Value of Future Salaries to obtain a normal cost rate. This normal cost rate is then multiplied by the total of current salaries.

Changes in Actuarial Assumptions and Methods: There have been no changes in actuarial assumptions or methods since the previous valuation.

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

EXHIBIT V

Summary of Plan Provisions

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

Membership Eligibility: All permanent employees of the County of San Bernardino or another participating employer working 20 hours per week or more must become a member of SBCERA subject to classification below:

General All employees not eligible for Safety.

Safety Employees in law enforcement and fire fighting.

Final Compensation for Benefit Determination: Highest consecutive twelve months of compensation earnable (FAS1)(31462.1).

Service Requirement:

Eligibility:

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

Safety Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years, regardless of age (§31663.25).

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

Benefit Formula:

General (§31676.15)

Retirement Age

Benefit Formula

50

1.49% x FAS1 x Years of Service

55

2.00% x FAS1 x Years of Service

60

2.62% x FAS1 x Years of Service

62

2.82% x FAS1 x Years of Service

65

3.13% x FAS1 x Years of Service

Benefit Formula:

Safety (§31664.1)

Retirement Age

Benefit Formula

50 and later

3.00% x FAS1 x Years of Service

Maximum Benefit:

100% of Final Compensation (§31664.1, §31676.15)

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

Ordinary Disability:

Eligibility Five years of service (§31720).
Benefit Formula For members entering before January 1, 1981, 1.8% per year of service (in most cases a minimum of 33% of compensation) (§31727.3, §31727, and §31727.2). For members entering after December 31, 1980, 20% of final compensation, plus 2% of final average compensation for each year of service in excess of five years, up to a maximum of 40%.

Line-of-Duty Disability:

Eligibility No age or service requirements (§31720).
Benefit 50% of Final Compensation (§31727.4).

Supplemental Disability:

Eligibility Must be a General member and incapable of gainful employment.
Benefit \$300 per month payable for life of member. This benefit is not considered when calculating Cost-of-Living increases.

Death Before Retirement:

Eligibility - A None.
Benefit - A Refund of employee contributions with interest, plus one month's compensation for each year of service to a maximum of six month's compensation (§31781); 50% of Final Compensation payable to spouse if Line of Duty death (§31787).
OR
Eligibility - B Five years of service.
Benefit - B 60% of the greater of Service or Ordinary Disability retirement benefit payable to surviving eligible spouse (§31765.1, §31781.1), in lieu of above.

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

Death After Retirement:

| | |
|--|---|
| <i>Service or Ordinary Disability Retirement</i> | 60% of member's unmodified allowance continued to eligible spouse (§31760.1). |
| <i>Line-of-Duty Disability</i> | 100% of member's allowance continued to eligible spouse (§31786). An additional lump sum benefit of \$1,000 is payable to the member's beneficiary for all post-retirement deaths (§31789.12). |

Withdrawal Benefits:

| | |
|--|---|
| <i>Less than Five Years of Service</i> | Refund of accumulated employee contributions with interest or earned benefit at age 70 (§31628). |
| <i>Five or More Years of Service</i> | If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire (§31700). |

Post-retirement

| | |
|---------------------------------|--|
| Cost-of-Living Benefits: | Future changes based on the Consumer Price Index to a maximum of 2% per year, excess "banked." There is a one-time 7% increase at retirement for members hired before August 19, 1975. |
|---------------------------------|--|

| | |
|------------------------------|--|
| County Contributions: | Determined by the Entry Age Normal Cost method with funding of each year's change in actuarial accrued liability spread as a level percent of payroll over 20 years. |
|------------------------------|--|

| | |
|------------------------------|---|
| Member Contributions: | Please refer to page Appendix A for the specific rates. |
|------------------------------|---|

General:

| | |
|-----------------------|---|
| <i>Basic</i> | Provide for an average annuity at age 55 equal to $\frac{1}{100}$ of FAS1 (§31621.6). |
| <i>Cost-of-Living</i> | Provide for one-half of future Cost-of-Living costs. |

Safety:

| | |
|-----------------------|--|
| <i>Basic</i> | Provide for an average annuity at age 50 equal to $\frac{1}{100}$ of FAS1 (§31639.25). |
| <i>Cost-of-Living</i> | Provide for one-half of future Cost-of-Living costs. |

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

| | |
|------------------------------------|---|
| Other Information: | Members with 30 or more years of service are exempt from paying member contributions. |
| Plan Changes: | There have been no changes in plan provisions since the previous valuation. |
| Plan Provisions Not Valued: | <p>The Board of Retirement approves a discretionary subsidy, on an annual basis, pursuant to §31691.1. This benefit is funded from undesignated excess earnings and is subject at all times to the availability of funds.</p> <p>This subsidy is a maximum of \$230 per month for eligible retirees. The subsidy does not receive ongoing cost of living increases and beneficiaries will receive 60% of the subsidy upon the retired member's death. Please see our November 2009 letter for more information concerning this subsidy.</p> |

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

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

Appendix A

Member Contribution Rates

**General Members' Contribution Rates from the June 30, 2009 Actuarial Valuation
Expressed as a Percentage of Monthly Compensation**

| <u>Entry Age</u> | <u>General Basic</u> | <u>General Total</u> | <u>Entry Age</u> | <u>General Basic</u> | <u>General Total</u> |
|------------------|----------------------|----------------------|------------------|----------------------|----------------------|
| 16 | 6.11% | 7.42% | 36 | 8.55% | 10.38% |
| 17 | 6.21% | 7.54% | 37 | 8.70% | 10.56% |
| 18 | 6.32% | 7.67% | 38 | 8.85% | 10.75% |
| 19 | 6.43% | 7.81% | 39 | 9.01% | 10.94% |
| 20 | 6.53% | 7.93% | 40 | 9.17% | 11.14% |
| 21 | 6.65% | 8.08% | 41 | 9.34% | 11.34% |
| 22 | 6.76% | 8.21% | 42 | 9.51% | 11.55% |
| 23 | 6.87% | 8.34% | 43 | 9.70% | 11.78% |
| 24 | 6.99% | 8.49% | 44 | 9.89% | 12.01% |
| 25 | 7.11% | 8.63% | 45 | 10.10% | 12.26% |
| 26 | 7.23% | 8.78% | 46 | 10.30% | 12.51% |
| 27 | 7.35% | 8.93% | 47 | 10.48% | 12.73% |
| 28 | 7.47% | 9.07% | 48 | 10.62% | 12.90% |
| 29 | 7.60% | 9.23% | 49 | 10.74% | 13.04% |
| 30 | 7.73% | 9.39% | 50 | 10.83% | 13.15% |
| 31 | 7.86% | 9.54% | 51 | 10.89% | 13.22% |
| 32 | 7.99% | 9.70% | 52 | 10.92% | 13.26% |
| 33 | 8.12% | 9.86% | 53 | 10.92% | 13.26% |
| 34 | 8.26% | 10.03% | 54 & Over | 10.67% | 12.96% |
| 35 | 8.40% | 10.20% | | | |

Interest: 8.00%
 COLA: 2.00%
 COLA Loading Factor: 21.43%
 Mortality: RP-2000 Male Combined Healthy Mortality Table set back one year weighted 30% and
 RP-2000 Female Combined Healthy Mortality Table set back one year weighted 70%
 Salary Increase: See Exhibit IV
 Note: These rates are determined before any pickups by the employer.

SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association

**Safety Members' Contribution Rates from the June 30, 2009 Actuarial Valuation
Expressed as a Percentage of Monthly Compensation**

| <u>Entry Age</u> | <u>Safety Basic</u> | <u>Safety Total</u> | <u>Entry Age</u> | <u>Safety Basic</u> | <u>Safety Total</u> |
|------------------|---------------------|---------------------|------------------|---------------------|---------------------|
| 16 | 6.88% | 9.54% | 36 | 9.67% | 13.41% |
| 17 | 7.00% | 9.71% | 37 | 9.85% | 13.66% |
| 18 | 7.12% | 9.87% | 38 | 10.04% | 13.92% |
| 19 | 7.24% | 10.04% | 39 | 10.24% | 14.20% |
| 20 | 7.36% | 10.21% | 40 | 10.46% | 14.51% |
| 21 | 7.48% | 10.37% | 41 | 10.67% | 14.80% |
| 22 | 7.61% | 10.55% | 42 | 10.85% | 15.05% |
| 23 | 7.74% | 10.73% | 43 | 11.00% | 15.25% |
| 24 | 7.87% | 10.91% | 44 | 11.12% | 15.42% |
| 25 | 8.00% | 11.09% | 45 | 11.21% | 15.55% |
| 26 | 8.13% | 11.27% | 46 | 11.28% | 15.64% |
| 27 | 8.27% | 11.47% | 47 | 11.31% | 15.68% |
| 28 | 8.41% | 11.66% | 48 | 11.31% | 15.68% |
| 29 | 8.56% | 11.87% | 49 & Over | 11.05% | 15.32% |
| 30 | 8.70% | 12.07% | | | |
| 31 | 8.85% | 12.27% | | | |
| 32 | 9.01% | 12.50% | | | |
| 33 | 9.16% | 12.70% | | | |
| 34 | 9.33% | 12.94% | | | |
| 35 | 9.49% | 13.16% | | | |

Interest: 8.00%
 COLA: 2.00%
 COLA Loading Factor: 38.68%
 Mortality: RP-2000 Male Combined Healthy Mortality Table set back one year weighted 85% and
 RP-2000 Female Combined Healthy Mortality Table set back one year weighted 15%
 Salary Increase: See Exhibit IV
 Note: These rates are determined before any pickups by the employer.

5033209v2/05111.002

**San Bernardino County Employees'
Retirement Association
Survivor Benefit Valuation**

*Review of Contribution Rates and Funding Status
as of June 30, 2009*

Copyright © 2009

**THE SEGAL GROUP, INC.,
THE PARENT OF THE SEGAL COMPANY
ALL RIGHTS RESERVED**



THE SEGAL COMPANY
100 Montgomery Street, Suite 500 San Francisco, CA 94104-4308
T 415.263.8200 F 415.263.8290 www.segalco.com

November 6, 2009

*Board of Retirement
San Bernardino County Employees' Retirement Association
348 West Hospitality Lane, 3rd Floor
San Bernardino, California 92415-0014*


Dear Members of the Board:

We are pleased to submit our Survivor Benefit Valuation as of June 30, 2009. This valuation is based on financial statements and census data furnished by the Retirement Association. We would like to take this opportunity to express our appreciation for the courtesy and cooperation accorded to us by the Retirement Office during the course of our work. The actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.


We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Sincerely,

THE SEGAL COMPANY

By: 

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



*John Monroe, ASA, EA, MAAA
Vice President and Associate Actuary*

JZM/kek

SECTION 1

VALUATION SUMMARY

Contribution Recommendations and
Funding Status i

SECTION 2

REVIEW OF ACTUARIAL ASSUMPTIONS

A. Introduction..... 1
B. Review of Experience and
Recommendations..... 2

SECTION 3

VALUATION RESULTS

A. Introduction..... 3
B. Contribution Requirements 4

SECTION 4

SUPPORTING EXHIBITS

EXHIBIT I
Plan Summary for SBCERA
Survivor Benefit 5

EXHIBIT II
Actuarial Assumptions/Methods for
SBCERA Survivor Benefit..... 6

SECTION 1: Valuation Summary for SBCERA Survivor Benefit Valuation

CONTRIBUTION RECOMMENDATIONS AND FUNDING STATUS

- The following table summarizes the biweekly pay period contribution rate recommendations for the employers and the members:

| | General Employers | Estimated Annual Amount | General Members | Estimated Annual Amount |
|-------------------------------|----------------------|----------------------------|--------------------|----------------------------|
| Current Contribution Rate | \$1.57 | \$702,000 | \$1.57 | \$702,000 |
| Recommended Contribution Rate | \$0.99 | \$429,000 | \$0.99 | \$429,000 |

Included in each of the recommended rates is a credit of \$1.51 to account for the excess of reserves over actuarial liabilities.

- The decrease in the contribution rates is primarily due to fewer pre-retirement deaths than assumed.
- The Board has elected to include the Survivor Benefit Valuation in the regular valuation process. Therefore, the Actuarial Valuation and Review will include the Survivor Benefit liabilities and normal cost and the valuation assets will include the Survivor Benefit Reserve. We will continue to issue this separate report for the Survivor Benefits as the contribution rate structure is different and there are special assumptions used for this valuation.
- The following table compares the reserves and liabilities for the survivor benefits as of June 30, 2009:

| | |
|---|--------------|
| 1. June 30, 2009 Reserves | \$39,099,000 |
| 2. June 30, 2009 Actuarial Accrued Liabilities: | |
| Current Recipients | 17,578,000 |
| Future Recipients | 13,575,000 |
| Total | 31,153,000 |
| 3. Liabilities minus Reserves (2) – (1) | -\$7,946,000 |
| 4. Funding Ratio (1) ÷ (2) | 125.5% |

SECTION 2: Review of Actuarial Assumptions for SBCERA Survivor Benefit Valuation

A. INTRODUCTION

The Survivor Benefit program was adopted by the County (in January 1976) and South Coast Air Quality District (in February 1977) to replace similar benefits once provided by Social Security. These benefits are provided only to General employee members and terminated vested members who have left their contributions on deposit with SBCERA.

The cost of the program is equally shared between the employers and the active employee members. Terminated

vested members who have left their contributions on deposit with SBCERA do not contribute towards the cost of the program. The contribution rates are calculated to provide for the ongoing cost of benefits, plus any amounts necessary to fund any shortfall between reserves and actuarial accrued liabilities.

A summary of the Survivor benefit provisions is displayed in Exhibit I.

SECTION 2: Review of Actuarial Assumptions for SBCERA Survivor Benefit Valuation

B. REVIEW OF EXPERIENCE AND RECOMMENDATIONS

Exhibit II provides a summary of the actuarial assumptions used in this actuarial valuation. The Board adopted most of these assumptions as part of the June 30, 2008 Experience Analysis. Additional assumptions are necessary for this valuation because the benefit amount varies depending upon the number and type of survivors receiving it.

Assumptions regarding the number and type of beneficiaries for future deaths were derived from 1998 U.S. Census data. Separate assumptions were developed for married versus non-married members. Those assumptions can be found in Exhibit II.

The following table provides a summary of the number and type of beneficiaries as of June 30, 2009.

CHART 1
Table of Coverage

| SBCERA Survivor Benefit Recipients as of June 30, 2009 | Death Before 4/2/1994 | Death 4/2/1994 or Later |
|---|------------------------------|--------------------------------|
| 1. Surviving spouse caring for one child OR two children only | 1 | 11 |
| 2. Surviving spouse caring for two or more children OR three or more children | 0 | 20 |
| 3. One child only OR each of two dependent parents age 62 | 0 | 26 |
| 4. Widow or widower age 62 (no child) or in deferred status | 83 | 138 |
| 5. Widow or widower age 60 (no child) | 0 | 37 |
| 6. Total | 84 | 232 |

| SBCERA Covered Members as of June 30, 2009 | As of June 30, 2009 |
|---|----------------------------|
| 1. Vested terminated members | 1,871 |
| 2. Active members | 16,669 |

SECTION 3: Valuation Results for SBCERA Survivor Benefit Valuation

A. INTRODUCTION

The funding of the Survivor Benefit comes from the following sources:

1. The Survivor Benefit Reserve, which equals \$39,099,000 as of June 30, 2009; and
2. Equal contributions from employers and members.

The following table provides the funding status of the Survivor Benefit as of June 30, 2009:

| | |
|---|--------------|
| 1. June 30, 2009 Reserves | \$39,099,000 |
| 2. June 30, 2009 Actuarial Accrued Liabilities: | |
| Current Recipients | 17,578,000 |
| Future Recipients | 13,575,000 |
| Total | 31,153,000 |
| 3. Liabilities minus Reserves | -\$7,946,000 |
| 4. Funding Ratio (1./2.) | 125.5% |

The contribution requirements are determined based on the Entry Age Normal Funding Method. The Excess of Assets over the Actuarial Accrued Liability (Item 3 in the above table) is amortized as a level dollar amount over the careers of the current active members. The employer and members contribution rates are derived on the following page.

SECTION 3: Valuation Results for SBCERA Survivor Benefit Valuation

B. CONTRIBUTION REQUIREMENTS

| | |
|---|--------------|
| 1. Biweekly Entry Age Normal Cost per Active Member | \$5.01 |
| 2. Actuarial Accrued Liabilities minus Current Reserves (from previous page) | -\$7,946,000 |
| 3. Present Value of \$1 per Biweekly Pay Period for Active Members – Measured from Valuation Age | 2,624,000 |
| 4. Biweekly Unfunded Actuarial Accrued Liability Cost (2) ÷ (3) | -\$3.03 |
| 5. Total Biweekly Cost per Member (1) + (4) | \$1.98 |
| 6. Employer Portion (50% of (5)) | \$0.99 |
| 7. Member Portion (50% of (5)) | \$0.99 |
| 8. Estimated Annual Employer Contribution | \$429,000 |
| 9. Estimated Annual Member Contribution | \$429,000 |

SECTION 4: Supporting Exhibits for SBCERA Survivor Benefit Valuation

EXHIBIT I

Plan Summary for SBCERA Survivor Benefit

| | |
|------------------------------------|---|
| Covered Members: | This plan provides a survivor benefit for active general members or terminated former members (those who elected to leave their contribution on deposit) who die prior to retirement or disability and have at least 18 months of service credit. All General active employees at SBCERA are eligible for this benefit. |
| Member Contribution Rate: | 50% of benefit cost, charged to all eligible active General members |
| Employer Contribution Rate: | 50% of benefit cost |

Table of Benefits

| <u>Member's Survivor(s)</u> | <u>Monthly Allowance</u> |
|--|---------------------------------|
| Surviving spouse caring for one child | \$1,390 |
| Surviving spouse caring for two or more children | \$1,622 |
| One child only | \$ 695 |
| Two children only (divided between children) | \$1,390 |
| Three children only (divided between children) | \$1,622 |
| Widow or widower age 60 (no children) | \$ 663 |
| Widow or widower age 62 or older (no children) | \$ 768 |
| Each of two dependent parents age 62 or older | \$ 695 |
| One dependent parent only, age 62 or older | \$ 795 |
| One-time burial allowance | \$ 255 |

SECTION 4: Support Exhibits for SBCERA Survivor Benefit Valuation

EXHIBIT II

Actuarial Assumptions/Methods for SBCERA Survivor Benefit

The actuarial assumptions and methods used in this valuation are:

- Those used in the SBCERA June 30, 2009 actuarial valuation report; and
- The following assumptions derived from 1998 U.S. Census data.

| Member's Age at Death | Percent Married | Not Married No Child | Not Married One Child | Not Married 2+ Child | Married No Child | Married One Child | Married 2+ Child | Children's Age | |
|-----------------------------|--------------------|-------------------------|--------------------------|-------------------------|---------------------|----------------------|---------------------|----------------|---------|
| | | | | | | | | Child 1 | Child 2 |
| Under 25 | 33% | 61% | 3% | 3% | 25% | 3% | 5% | 3 | 1 |
| 25-34 | 67% | 27% | 3% | 3% | 36% | 12% | 19% | 6 | 4 |
| 35-44 | 75% | 19% | 3% | 3% | 36% | 15% | 24% | 9 | 7 |
| 45-54 | 76% | 18% | 3% | 3% | 36% | 15% | 25% | 12 | 10 |
| 55-59 | 78% | 18% | 2% | 2% | 36% | 16% | 26% | 16 | 14 |
| 60-64 | 78% | 18% | 2% | 2% | 36% | 16% | 26% | 20 | 18 |
| 65-74 | 67% | 27% | 3% | 3% | 36% | 12% | 19% | N/A | N/A |
| 75+ | 43% | 51% | 3% | 3% | 30% | 5% | 8% | N/A | N/A |
| Total | 68% | 26% | 3% | 3% | 36% | 12% | 20% | N/A | N/A |

Child payments are assumed to end when the child reaches age 22.

Widows or widowers are assumed to start payment at age 62 (or later if they are caring for an eligible child).

Actuarial Value of Assets:

Survivor Benefit Reserve value as of valuation date.

Actuarial Cost Method:

Entry Age Normal Actuarial Cost Method. Entry Age is the age at the member's hire date. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as though the current benefit accrual rate had always been in effect. Any Unfunded Actuarial Accrued Liability or Surplus is amortized over the current active members' future working lifetime.



THE SEGAL COMPANY
100 Montgomery Street, Suite 500 San Francisco, CA 94104-4308
T 415.263.8200 F 415.263.8290 www.segalco.com

November 6, 2009

Board of Retirement
San Bernardino County Employees' Retirement Association
348 W. Hospitality Lane, 3rd Floor
San Bernardino, CA 92415-0014

Re: General Subsidy Study as of June 30, 2009

Dear Members of the Board:

We are pleased to present the results of our study of the retirement subsidy as of June 30, 2009. Our results are based upon the census data and actuarial assumptions used to perform the June 30, 2009 valuation. The only exception is that for this study, expected cash flows have not been discounted for future investment earnings or interest crediting.

We are members of the American Academy of Actuaries and we meet Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

We look forward to discussing these results with the Board. If you have any questions on the information presented herein, please let us know.

Respectfully submitted,

Handwritten signature of Paul Angelo in black ink.

Paul Angelo, FSA, EA, MAAA
Senior Vice President & Actuary

Handwritten signature of John Monroe in black ink.

John Monroe, ASA, EA, MAAA
Vice President & Associate Actuary

MYM/bqb
Enclosures

5055990v1/05111.002

Benefits, Compensation and HR Consulting ATLANTA BOSTON CALGARY CHICAGO CLEVELAND DENVER HARTFORD HOUSTON LOS ANGELES
MINNEAPOLIS NEW ORLEANS NEW YORK PHILADELPHIA PHOENIX PRINCETON RALEIGH SAN FRANCISCO TORONTO WASHINGTON, DC



Multinational Group of Actuaries and Consultants BARCELONA BRUSSELS DUBLIN GENEVA HAMBURG JOHANNESBURG LONDON MELBOURNE
MEXICO CITY OSLO PARIS

OVERVIEW AND DATA

We were asked to perform a study as of June 30, 2009 to determine the funding condition of the retirement subsidy for eligible retirees. The results presented herein are based upon the data supplied by the Retirement Association used to perform the June 30, 2009 actuarial valuation.

Below we show the number of members included in our study:

| | <u>Active</u> | <u>Inactive</u> | <u>Retired</u> | <u>Total</u> |
|---------------------------------|---------------|-----------------|----------------|--------------|
| Total Members Included in Study | 18,955 | 643* | 7,057** | 26,655 |

* Excludes 2,992 inactive members who did not have the required service to receive a subsidy.

** Excludes 1,462 retirees and beneficiaries who did not have the required service to receive a subsidy.

The study assumes that the current retirement subsidy, as described on page 3, will remain unchanged.

GENERAL SUBSIDY RESERVES

The Board of Retirement approves a discretionary subsidy, on an annual basis, pursuant to Government Code section 31691.1.

- The Board provides for the discretionary subsidy through the general subsidy reserve, funded by excess earnings as determined under the Board's Interest Crediting Procedures.
- This subsidy commitment, however, is subject at all times to the availability of funds as required by Section 31691 of the Government Code.
- The subsidy is subject to change or termination by the Board of Retirement at any time.
- The availability of assets to provide for the subsidy shall at all times be secondary to the assets required to provide for the retirement, disability and death benefits provided by the Association, and for the reserve for deficiencies required pursuant to Section 31592.2 of the Government Code.

The balance in this reserve is \$77,145,000 as of June 30, 2009, derived as follows:

| | |
|---|--------------|
| Beginning Balance at June 30, 2008 | \$91,575,000 |
| +Interest | -0- |
| +Transfer from Undesignated Excess Earnings | -0- |
| -General Subsidy Payments | 14,430,000 |
| Ending Balance at June 30, 2009 | \$77,145,000 |

GENERAL SUBSIDY COSTS

Below we show the one-year cost and the ongoing cost of paying the retirement subsidy to both current and future retirees and beneficiaries.

| | General | Safety | Total |
|--|--------------------|-------------------|--------------------|
| Number Receiving a Subsidy as of June 30, 2009 | 5,925 | 1,132 | 7,057 |
| Annual Benefits (Estimated one-year cost) | \$13,877,000 | \$2,726,000 | \$16,603,000 |
| Expected Value of Future Benefits as of June 30, 2009 (ongoing cost) | | | |
| Active | \$820,480,000 | \$174,994,000 | \$995,474,000 |
| Inactive | 34,018,000 | 2,686,000 | 36,704,000 |
| Retired | <u>249,217,000</u> | <u>62,443,000</u> | <u>311,660,000</u> |
| Total | \$1,103,715,000 | \$240,123,000 | \$1,343,838,000 |
| Reserves | | | \$77,145,000 |
| Net Unfunded Expected Value | | | \$1,266,693,000 |

As shown above, the one-year cost of providing the subsidy is estimated to be \$17 million. The expected value of future benefits for current subsidy benefit recipients is about \$312 million versus the current reserve of \$77 million. In addition, the ongoing cost of providing the subsidy to future retirees and beneficiaries is an additional \$1,032 million. This results in a net unfunded expected value of \$1,267 million.

Part of the \$996 million of active expected value is for service already earned under the plan and part is for future service. Future service represents approximately half of the total value for active members, or \$492 million. As noted earlier, expected cash flows have not been discounted for future investment earnings or interest crediting. This is a change from the prior year study, which used an 8% discount rate.

If this benefit were funded over the members' careers, the future service amount would require an ongoing contribution rate of approximately 0.36% of total payroll assuming the supporting funds earned 8% per year. If the maximum subsidy remains fixed at the \$230 level, this rate, expressed as a percentage of total payroll, will decrease as average salaries increase over time.

We have projected the number of years that benefits are expected to be payable before the reserve is depleted, assuming that no interest will be credited or undesignated excess earnings transferred to this reserve. For current subsidy benefit recipients, we project that benefits will be payable for approximately five years until the reserve is depleted. If we include the projected benefit payments for future recipients, then the reserve will be depleted in approximately four years.

GENERAL SUBSIDY PROVISIONS

The cost for the retirement subsidy is based on a \$230.00 maximum monthly subsidy for eligible retirees. Eligible retirees are those who were employed for ten years or more. Service connected disability retirees with less than ten years of service will automatically receive 50% of the subsidy.

Following is a chart that shows the monthly subsidy each retiree will receive by years of service:

| <u>YEARS OF SERVICE</u> | <u>DOLLAR AMOUNT EACH MONTH</u> | <u>% OF SUBSIDY</u> |
|-------------------------|-------------------------------------|---------------------|
| Less than 10 years | \$0 | 0% |
| 10 Years | \$115.00 | 50% |
| 11 Years | \$126.50 | 55% |
| 12 Years | \$138.00 | 60% |
| 13 Years | \$149.50 | 65% |
| 14 Years | \$161.00 | 70% |
| 15 Years | \$172.50 | 75% |
| 16 Years | \$184.00 | 80% |
| 17 Years | \$195.50 | 85% |
| 18 Years | \$207.00 | 90% |
| 19 Years | \$218.50 | 95% |
| 20 years or more | \$230.00 | 100% |

In addition, it is our understanding that the subsidy will not receive ongoing cost of living increases and that beneficiaries will receive 60% of the subsidy upon the retired member’s death.



THE SEGAL COMPANY
120 Montgomery Street, Suite 500 San Francisco, CA 94104-4308
T 415.263.8200 F 415.263.8290 www.segalco.com

November 6, 2009

Board of Retirement
San Bernardino County Employees' Retirement Association
348 West Hospitality Lane, 3rd Floor
San Bernardino, CA 92415-0014

Re: South Coast Air Quality Management District (SCAQMD) Pick-up Contributions

Dear Members of the Board:

As requested, we have determined the SCAQMD member and employer contribution rates after taking into account the employer contribution pick-up arrangement.

We understand that the SCAQMD will pick-up contributions for pre-7/1/1979 hires (and some select post-7/1/1979 hires) up to a rate of 11.34% and contributions for post-7/1/1979 hires up to a rate of 6.49%. Since all post-7/1/1979 members pay at least a 6.49% contribution rate, all post-7/1/1979 members contribution rates will be reduced by 6.49% (note that this excludes the post-7/1/1979 members that are included in the pre-7/1/1979 group). For the pre-7/1/1979 members (and post-7/1/1979 members included in this group) all member contribution rates will be reduced by up to 11.34%.

To determine the employer rate we take the average contribution rate pick-up, reduce it for nonrefundability (since the employer is paying it and therefore it becomes nonrefundable), and add that rate to the employer contribution rate in the June 30, 2009 valuation report. We have produced two employer rates, one for the pre-7/1/1979 hires (including those select post-7/1/1979 hires) and one for the post-7/1/1979 hires. The nonrefundability factor has remained 1.11.

Benefits, Compensation and HR Consulting ATLANTA BOSTON CALGARY CHICAGO CLEVELAND DENVER HARTFORD HOUSTON LOS ANGELES
MINNEAPOLIS NEW ORLEANS NEW YORK PHILADELPHIA PHOENIX PRINCETON RALEIGH SAN FRANCISCO TORONTO WASHINGTON, DC



Multinational Group of Actuaries and Consultants BARCELONA BRUSSELS DUBLIN GENEVA HAMBURG JOHANNESBURG LONDON MELBOURNE
MEXICO CITY OSLO PARIS

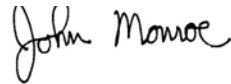
For post-7/1/1979 hires the employer contribution rate is 21.93% (16.08% + (6.49% / 1.11)). Please note that 16.08% is the SCAQMD contribution rate in the June 30, 2009 valuation report and the 1.11 factor is the general member nonrefundability factor. For pre-7/1/1979 hires (including those select post-7/1/1979 hires) the employer contribution rate is 24.94% (16.08% + (9.83% / 1.11)). The factors are the same as above except we had to derive an average member contribution rate for the pre-7/1/1979 hires (including those select post-7/1/1979 hires). That average rate was 9.83%.

The results shown in this letter exclude any other member contributions picked-up by the employer or any other employer contributions picked-up by the members.

Respectfully submitted,



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



John Monroe, ASA, EA, MAAA
Vice President and Associate Actuary

/bqb