

November 2002

**Actuarial Valuation Report
As of June 30, 2002**

Marin County and Special Districts

Marin County Employees'
Retirement Association

MERCER

Human Resource Consulting

MERCER

Human Resource Consulting

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November 27, 2002

Board of Retirement
Marin County Employees'
Retirement Association
3501 Civic Center Drive, Room 408
San Rafael, California 94903

Dear Members of the Board:

We are pleased to present the actuarial valuation for the Marin County Employees' Retirement Association prepared as of June 30, 2002 by Mercer Human Resource Consulting. The report includes:

- (1) a determination of the recommended employer contribution rates. These rates are calculated to be effective July 1, 2003;
- (2) a determination of the recommended member contribution rates, also to be effective July 1, 2003;
- (3) a determination of the funded status as of June 30, 2002; and
- (4) financial reporting and disclosure information pursuant to applicable accounting standards.

This report conforms with the requirements of the governing state and local statutes, accounting rules, and generally accepted actuarial principles and practices.

This report includes the impact of the following benefit changes:

- Effective June 8, 2002 benefits for the employees of the County of Marin and Marin County Court have been improved to 3% at 55 (Section 31664.2) for Safety members and 2% at 55 (Section 31676.16) for Miscellaneous Tier 2 members. These improvements are retroactive for all current, future, deferred, and reciprocal members except those Miscellaneous members who opt-out of Section 31676.16 and remain in Section 31676.1 as of June 8, 2002.
- It is our understanding that members have agreed to pay an additional contribution as a result of the benefits improvements. These amounts are 1.14% and 3.64% of payroll for Miscellaneous Tier 2 and Safety members, respectively.



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We understand that the additional member contributions will fund the following costs:

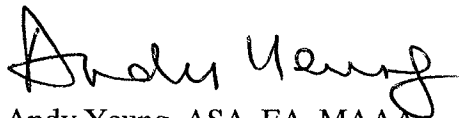
1. A portion of the contribution to the Unfunded Actuarial Accrued Liability required to convert a member's past service benefit under the enhanced formula and
2. A portion of the Normal (Basic) and COLA contributions required to pay a member's future service under the enhanced formulas.

We assume in this report that the portion of the additional costs required to be paid by the members (i.e., the 1.14% and 3.64%) are fixed and will not be recalculated in the future even when the Retirement Board adopts new assumptions for the actuarial valuation.

This report reflects the impact on funding status and contribution rates of the Retirement Board's expansion of the pay items includable in Earnable Compensation in response to the 1997 California Supreme Court decision in the Ventura County Deputy Sheriff's Association vs. Board of Retirement, Ventura County Employees' Retirement Association. This report assumes no retroactive application of the Ventura decision.

The undersigned are Members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Sincerely,



Andy Yeung, ASA, EA, MAAA



Marcia L. Chapman, FSA, EA, MAAA

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ACTUARIAL CERTIFICATION

Actuarial Certification

The actuarial valuation required for the Marin County Employees' Retirement Association has been prepared as of June 30, 2002 by Mercer Human Resource Consulting. In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to determine a sound value for the Association's assets, liability and future contribution requirements. Our calculations are based upon member data provided to us by the Association's staff. This data has not been audited by us, but it has been reviewed and found to be consistent, both internally and with the June 30, 2001 data.

The contribution requirements are determined as a percentage of payroll. Employer rates provide for both normal cost and a contribution to amortize the Unfunded Actuarial Accrued Liability. The amortization periods for the Unfunded Actuarial Accrued Liability are 24 years for County of Marin, Southern Marin Fire Protection District and LAFCO; and a 15-year period for the remainder of the Special Districts. The contribution rate from the Unfunded Actuarial Accrued Liability is calculated to remain as a level percentage of future payroll (including projected payroll of future members). Payments will increase at 4.25% per year. The period for amortizing the Unfunded Actuarial Accrued Liability is set by the Board of Retirement.

Contribution levels are recommended by the Actuary and adopted by the Board each year. The ratio of Actuarial Value of Assets to Actuarial Accrued Liabilities dropped from 98% to 89% due to the county benefit improvements and unfavorable investment experience during 2001-2002.

The following plan changes were adopted since our last valuation and are included in the June 30, 2002 actuarial valuation:

- Effective June 8, 2002 benefits for employees of the County of Marin and Marin County Court have been improved to 3% at 55 (Section 31664.2) for Safety members and 2% at 55 (Section 31676.16) for Miscellaneous Tier 2 members. These improvements are retroactive for all current, future, deferred, and reciprocal members except those Miscellaneous members who opt-out of Section 31676.16 and remain in Section 31676.1 as of June 8, 2002.
- It is our understanding that members have agreed to pay an additional contribution as a result of the benefits improvements. These amounts are 1.14% and 3.64% of payroll for Miscellaneous and Safety members, respectively.

We understand that the additional member contributions will fund the following costs:

1. A portion of the contribution to the Unfunded Actuarial Accrued Liability required to convert a member's past service benefit under the enhanced formula and
2. A portion of the Normal (Basic) and COLA contributions required to pay a member's future service under the enhanced formulas.

We assume in this report that the portion of the additional costs required to be paid by the members (i.e., the 1.14% and 3.64%) are fixed and will not be recalculated in the future even when the Retirement Board adopts new assumptions for the actuarial valuation.

There were assumption changes since our prior valuation, as a result of our "Active and Retired Experience Analysis for the Period July 1, 2000–June 30, 2002," hereafter referred to as "June 30, 2002 Experience Analysis Report." Please see this report for details on the assumptions that were modified.

In our opinion, the assumptions and methods applied in this valuation, fairly represent past and anticipated future experience of the Association and meet the parameters required by GASB Statement 25.

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

1. differences between actual experience and anticipated experience;
2. changes in actuarial assumptions or methods;
3. changes in statutory provisions; and
4. differences between the contribution rates determined by the valuation and those adopted by the Board.

This report reflects the impact on funding status and contribution rates of the Retirement Board's expansion of the pay items includable in Earnable Compensation in response to the 1997 California Supreme Court decision in the Ventura County Deputy Sheriff's Association vs. Board of Retirement, Ventura County Employees' Retirement Association. This report assumes no retroactive application of the Ventura decision.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We are available to answer any questions on the material contained in this report, or to provide explanations or further details as may be appropriate.

Mercer Human Resource Consulting

Andy Yeung

Andy Yeung, ASA, EA, MAAA

11/27/2002

Date

Marcia L. Chapman

Marcia L. Chapman, FSA, EA, MAAA

11/27/2002

Date

BOARD MEMBER SUMMARY OF VALUATION RESULTS

Summary of Recommendations

Employer Contribution Rates	June 30, 2002	June 30, 2001 ***	Increase/(Decrease)
Normal Cost Rate:	11.80%	10.81%	0.99%
Rate of Contribution to Unfunded Actuarial Accrued Liability:	4.01%	0.55%	3.46%
Total Employer Rate:	15.81%	11.36%	4.45%
Estimated Annual Amount: *	\$ 21,652,000	\$ 15,561,000	\$ 6,091,000

Member Contribution Rates	June 30, 2002	June 30, 2001	Increase/(Decrease)
<u>Miscellaneous Members</u>			
Tier 1 **	8.32%	8.22%	0.10%
Tier 2 **	8.25%	7.04%	1.21%
Special Districts **	7.89%	7.81%	0.08%
<u>Safety Members</u>			
Tier 1 **	14.46%	10.72%	3.74%
Tier 2 **	13.42%	9.60%	3.82%
Aggregate Rate	9.28%	7.66%	1.62%
Estimated Annual Amount: *	\$ 12,709,000	\$ 10,488,000	\$ 2,221,000

Actuarial Assumptions	June 30, 2002	June 30, 2001	Increase/(Decrease)
Annual Inflation Rate:	4.25%	4.25%	0.00%
Annual Investment Return:	8.25%	8.25%	0.00%
Ultimate Average Annual Salary Increases:	5.75%/5.63%	5.65%/5.53%	0.10%/0.10%
(Miscellaneous/Safety)			

Other assumptions are based upon the June 30, 2002 experience analysis.

* Result based on total annual salaries as of July 1, 2002 of \$136,974,000.

** Average entry age rates.

*** Before County Benefit Improvements

Summary of Significant Actuarial Statistics and Measures

System Membership	June 30, 2002	June 30, 2001 ***	Increase/ (Decrease)
<i>Active Members</i>			
1. Number of Members	2,142	2,038	5.1%
2. Total Active Payroll	\$ 136,974,000	\$ 122,253,000	12.0%
3. Average Monthly Salary	\$ 5,329	\$ 4,999	6.6%
<i>Retired Members</i>			
1. Number of Members			
Service Retirement	1,066	1,047	1.8%
Disability Retirement	175	176	-0.6%
Beneficiaries	199	189	5.3%
2. Total Retired Payroll	\$ 32,083,000	\$ 29,665,000	8.2%
3. Average Monthly Pension	\$ 1,857	\$ 1,751	6.1%
<i>Inactive Vested Members</i>			
1. Number of Members	365	337	8.3%
Asset Values (Marin County and Special Districts)			
Market Value *	\$ 595,099,742	\$ 650,526,000	-8.5%
Return on Market Value	-6.84%	-3.29%	
Actuarial Value *	\$ 711,789,000	\$ 690,320,000	3.1%
Return on Actuarial Value	4.73%	10.44%	
Liability Values			
Actuarial Accrued Liability	\$ 798,404,000	\$ 701,223,000	13.9%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 86,615,000	\$ 10,903,000	694.4%
Funding Ratio			
GASB No. 25	89%	98%	-9%

* Includes Market Value of Health Insurance Reserve.

Explanation of Changes in Actuarial Values

Employer Contribution Rates

The average employer contribution rate increased from 11.36% to 15.81% due to the following causes:

	% of Payroll		Dollar Impact
Investment Losses	1.12%	\$	1,534,100
Salary Increase More than Expected	0.27%	\$	369,800
COLA Increase More than Expected	0.06%	\$	82,200
Ad-hoc COLA and Retiree Health Benefits	0.30%	\$	410,900
Plan Change	2.04%	\$	2,794,300
Assumption Change	0.44%	\$	603,000
Other (Gains)/Losses	0.22%	\$	296,700
Total	4.45%	\$	6,091,000

Explanation of Changes

Investment losses - the rate of return on the Association's actuarial value of assets was 4.73% or about \$24 million less than what the Association was expected to earn.

Salary Increase - Average salary increase for continuing actives was greater than what was expected.

COLA Increase - Average COLA increase for Tier 1 members was more than expected.

Ad-hoc COLA and Retiree Health Benefits - One-time lump sum benefit granted during July 1, 2001 and June 30, 2002, to those retirees who have lost at least 20% of their original pension purchasing power. This also included the value of the unfunded health premium subsidy provided to retirees.

Plan Change - Effective June 8, 2002, benefits for County of Marin and Marin County Court have been improved to 3% at 55 for Safety members and 2% at 55 for Miscellaneous Tier 2 Members.

Assumption Change - Change in assumptions as a result of our June 30, 2002 Experience Analysis Report

Other (Gains)/Losses - Other (gains)/losses from miscellaneous sources, such as deviation of actual experience from actuarial assumptions.

Member Contribution Rates

Member's basic contribution rates increased due to Salary Scale assumption changes as a result of our June 30, 2002, Experience Study. In addition Miscellaneous Tier 2 members and Safety Members have agreed to pay an additional 1.14% and 3.64% of payroll, respectively, due to the benefit improvements.

ACTUARIAL ASSUMPTIONS

Economic Actuarial Assumptions

Introduction

Economic actuarial assumptions are of three types:

1. *Inflation* results from increases in prices of goods and services. Inflation drives employee salary increases, retiree cost-of-living increases and the returns that investors demand from securities markets and other investments. For those reasons, the inflation assumption underlies all economic actuarial assumptions. This assumption also determines the rate at which payments to the Unfunded Actuarial Accrued Liability increase each year.
2. *Investment Return* has a powerful influence on a retirement system's cost to employers and members. The more money earned from investments, the less needs to be contributed. Assuming a typical new member's pension is funded over a 25 year career and that employee receives pension checks for 20 years after retirement, a 1% higher rate of investment return will reduce required contributions by about 20% (all else remaining equal). For this reason, setting the investment return assumption is an important decision.
3. *Salary Increases* have a significant impact on the benefit members will receive at retirement. This assumption contains two components -- cost-of-living (inflation) increases plus pay raises that members receive as a result of promotions and step increases.

Setting Economic Assumptions

The Actuarial Standards Board has issued a practice standard entitled "Selection of Economic Assumptions for Measuring Pension Obligations". This Actuarial Standard of Practice (SOP) is designed to provide pension actuaries guidance in the setting of economic assumptions. Section 3.4 of the SOP provides the following general steps for selecting economic assumptions for a specific measurement:

1. Identify components, if any, of each assumption and evaluate relevant data;
2. Develop a best-estimate range for each economic assumption required for the measurement, reflecting appropriate measurement factors; and
3. Further evaluate measurement-specific factors and select a specific point within the best estimate range.

After completing these steps for each assumption, the actuary should review the set of economic assumptions for reasonableness and consistency and make any needed changes.

The relevant data referred to in step 1 should consist of appropriate historical and recent economic data. In Section 3.3, the SOP recommends that the actuary consider recent economic data, "however, the actuary should not give undue weight to recent experience."

The remainder of this Section provides the analytical development behind each of the three economic assumptions.

Inflation

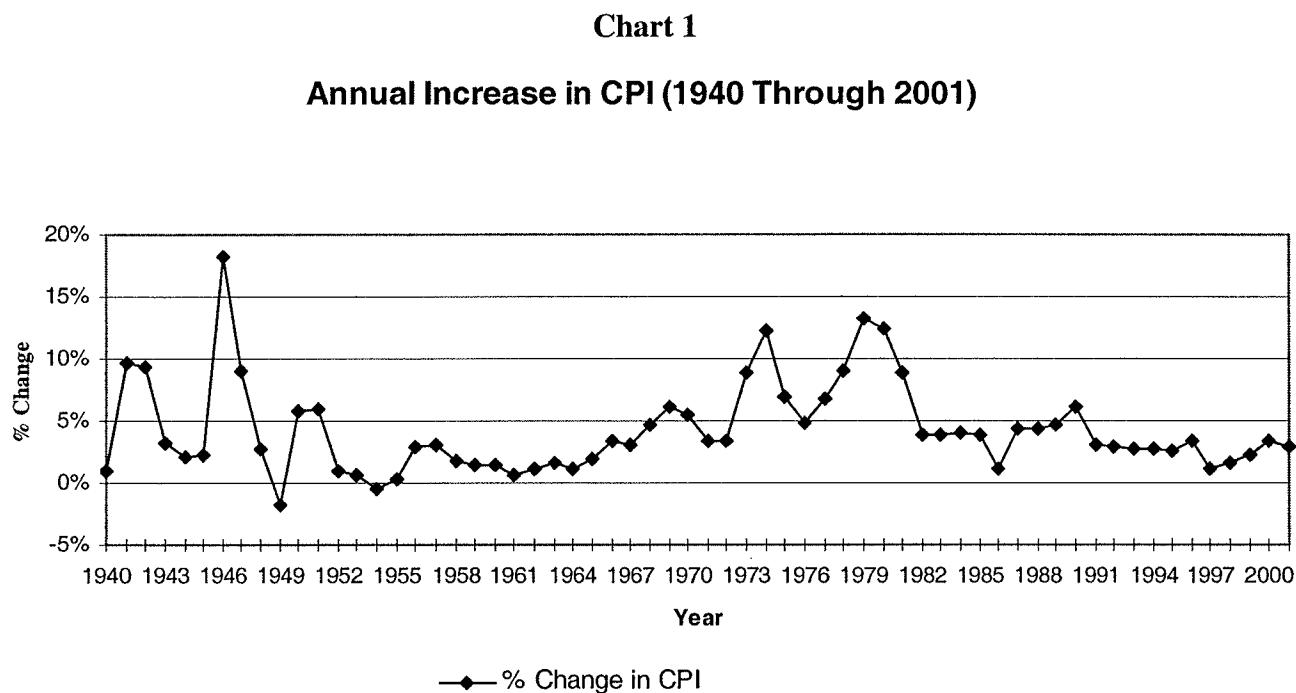
Recommendation

We recommend that the Board continue using the current inflation assumption of 4.25%.

The analysis supporting our recommendation follows.

Setting the Assumption

The rate of inflation has varied significantly over time. The following chart shows the annual increases in the national Consumer Price Index over the last 61 years:



CPI History

Table 1 provides the annualized increases in the Consumer Price Index for recent and extended periods over the last 60 years.

Table 1
History of CPI Increases
Expressed as an Annualized Average (1)

Number of Years Ending 12/31/2001:	<u>CPI</u>
10	2.53%
20	3.22%
30	4.99%
40	4.53%
50	3.87%
60	4.15%

(1) Geometric average. CPI data is based upon US All City Average,
 CPI-U for years after 1979.

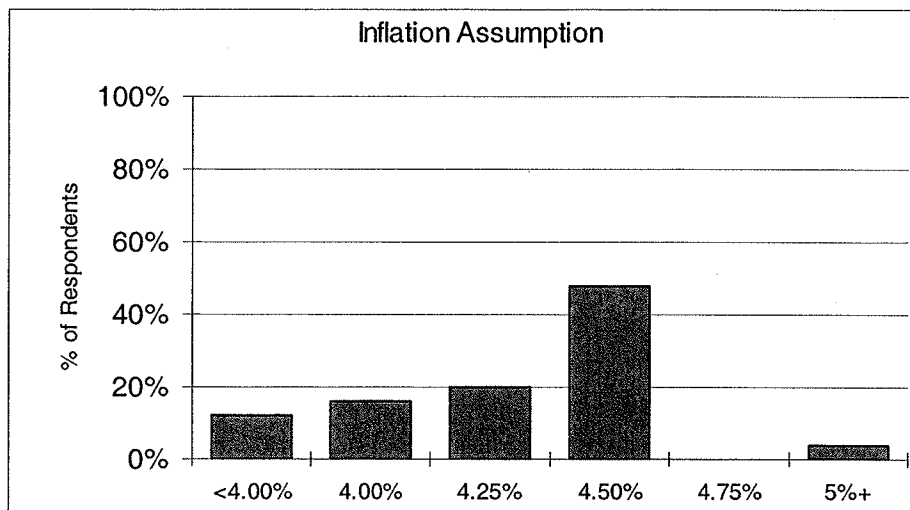
With the exception of the last 30-year period, which is heavily influenced by the high inflationary period between 1972 and 1981, inflation has typically ranged between about 3.00% and 4.50%. On the other hand, the last ten years have produced inflation somewhat below the bottom end of this range. Please note that MCERA utilizes the Bay Area CPI in determining the annual adjustment to retired members' benefits. The average Bay Area CPI was about 4.1% during the last 5 years. After considering both long-term historical and recent trends, we have concluded that an appropriate range for long-term inflation is 3.50% to 4.50%.

Forecasts of Inflation

We believe it is valuable to examine inflation assumptions adopted by similarly situated public retirement systems as an indicator of their long-term inflation expectations. Charts 2 and 3 provide the inflation assumptions used by the 25 California public retirement systems who responded to Mercer's 2001 survey of economic actuarial assumptions, and the 15 1937 Act respondents, respectively.

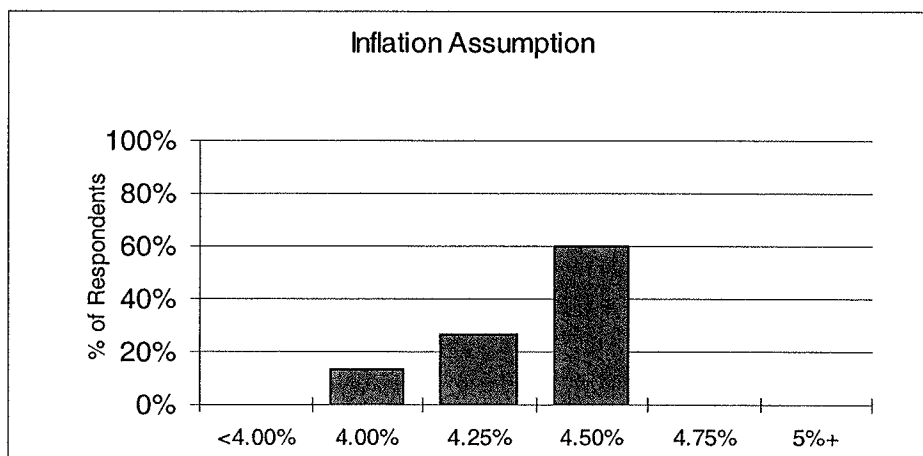
The average inflation rate from the survey for the 25 systems was about 4.25%. Rates used by reporting 1937 Act systems averaged about 4.36%.

**Chart 2 - Comparisons of Economic Actuarial Assumptions
All Respondents
(based on 25 responses)**



Average	4.25%
25th Percentile	4.00%
50th Percentile	4.50%
75th Percentile	4.50%

**Chart 3 - Comparison of Economic Actuarial Assumptions
37 Act County Respondents
(based on 15 responses)**



Average	4.36%
25th Percentile	4.25%
50th Percentile	4.50%
75th Percentile	4.50%

Treasury Yield Curves

Inflation expectations implicit in Treasury yield curves can vary widely over a relatively short period of time. As a result, we have not included a Treasury yield analysis as part of our inflation assumption development.

Summary

We conclude from our analysis that:

1. Historical inflation data indicates an assumption range of 3.5% to 4.5%.
2. Inflation forecasts inherent in inflation assumptions adopted by similarly situated retirement systems are in the neighborhood of 4.25%.
3. Recent annual adjustments to retired member's benefits was about 4.1%.

Based on this data, we believe the current 4.25% long-term inflation assumption is still reasonable.

Investment Return

Recommendation

Based on the following analysis, we recommend that the Board keep the current investment return assumption at 8.25%.

Setting the Assumption

The actuarial SOP specifies that in addition to historical plan performance, the following data may be considered in setting the investment return assumption (Section 3.6.1):

- Forecasts of inflation
- Historical risk-free returns
- Real return or risk premium for each asset class
- Yields to maturity on fixed income government securities and corporate bonds

The first item has already been addressed in detail. The second item is the historical return on short term Treasury bills, such as 30 days, and is used to develop risk premiums for other asset classes. Our analysis will focus on the third item.

Section 3.6.3 of the actuarial SOP sets forth the following measurement-specific factors that should be considered in selecting the investment return assumption:

- Investment policy or asset allocation
- Expenses
- Investment manager performance

Each of these items will be addressed in the context of our analysis.

Real Rate of Return on Investments

The real rate of return on investments is a function of:

- The real rates of return on individual classes of assets within the investment portfolio;
- The relative proportion of the fund's total investments held in each class of securities (the "Asset Allocation");
- Expenses to be paid from earnings; and
- Reasonable risk (variability) adjustments.

Each of these four components is addressed separately.

Real Returns on Classes of Securities

Empirical studies of total real rates of return are available on most classes of securities in which the Association invests. These studies are used to develop historical average real rates of return. These historical averages are adjusted considering any fundamental changes in the economy,

changes in government regulation, and any other factors, which might affect their continued applicability.

Many empirical studies have been carried out to measure historical real rates of return on various types of investment. One most frequently used is the Ibbotson Associates study. Investment consulting firms utilize that and other studies to derive expected long-term real rates of return for use in asset allocation models. These models serve as an aid to retirement plan fiduciaries in determining what proportion of the plans' investment portfolio to place in various classes of securities.

However, since that data is entirely historical it does not necessarily reflect future expectations. In this report, we have utilized the following detailed rate of return assumption by asset class developed by Mercer Investment Consulting. These investment return assumptions reflect our forward-looking rates of return expectations (for investment horizons of 10 years or more).

Table 2
Expected Asset Class Returns Net of Inflation (Real)

<u>Asset Class</u>	<u>Total Real Return</u>
Large Stocks	6.2%
Small Stocks	6.7%
International Stocks	6.4%
Long Bonds	3.5%
Intermediate Bonds	3.0%
Real Estate	5.5%
Money Market	1.0%

Asset Allocation

MCERA employs a third-party investment consultant to assist in establishing its target asset allocation and investment policy. The target asset allocation reflects the consultant's professional opinion on expected returns, MCERA's risk profile, prudent diversification, asset/liability matching, cash flow needs and other investment considerations. This target allocation is designed as a guidepost for balancing investments among asset classes. As such, it is the best indicator for MCERA's actual long-term asset allocation. The target asset allocation will be combined with the real rates of return on classes of securities to develop the expected gross real rate of return assumption for the fund's portfolio.

The current asset allocation utilized by MCERA is shown in Table 3.

Table 3
MCERA Asset Allocation
At Market Value as of June 30, 2002

	<u>Current</u>	<u>Target</u> <i>(Mid-point of Allowable Range)</i>
Domestic Stocks		
▪ Large and Mid Cap	34%	36%
▪ Small Cap	8%	8%
▪ International Stocks	20%	20%
Bonds and Fixed Income	21%	23%
Real Estate	14%	12%
Cash and Equivalents and Short-Term	3%	1%

Applying the target asset allocation (Table 3) to the information in Table 2 results in a real return of approximately 5.47%. As you know, this rate of return is an average expectation and there is a reasonable range within which real returns are expected to fall. For the target asset allocation this range is 4.87% to 6.07%. There are a number of additional factors which must be considered before arriving at an appropriate level for actuarial valuation purposes. These are discussed below.

Expenses to be Paid from Earnings

The expected gross real rate of return must be reduced to reflect expenses to be charged against investment earnings. To the extent such charges are expected to be made in the future, the expense margin will be sufficient to cover:

- a) Administrative expenses (Section 31580.2);
- b) The cost of actuarial valuations (Section 31596.1(a));
- c) The cost of bank custodial services (Section 31596.1(b));
- d) Fees related to investment in deeds of trust or mortgages (Section 31596.1(c));
- e) Investment expenses (Section 31596.1(d)); and
- f) The cost of legal counsel (Section 31529.5).

(References are to sections of the County Employees' Retirement Law of 1937.)

MCERA's actual expenses over the last 3 to 5 years (coupled with any expected changes in future expense levels) will be used to develop the expected expense charge. This expected charge will be applied against the expected gross real rate of return to produce a net real rate of return assumption.

Table 4 provides the expenses of the fund as a percentage of assets for the 5 years ending June 30, 2002.

Table 4
Expenses as a Percentage of Average Assets

<u>Calendar Year</u>	<u>Administrative</u>	<u>Investment</u>	<u>Total</u>
1998	0.12%	0.54%	0.66%
1999	0.10%	0.27%	0.37%
2000	0.07%	0.29%	0.36%
2001	0.08%	0.29%	0.37%
2002	0.10%	0.49%	0.59%
Average	0.09%	0.38%	0.47%

The administrative and investment expenses for 2002 were higher than 2001 as a percent of assets because there was a reduction in the market value as of June 30, 2002. We do not believe that this one-year of higher expenses warrants changing our recommendation at this time. We continue to recommend our current expense percentage of 0.40% as an estimate of future expenses. Netting this from the expected real rate of return of 5.47% results in a net real rate of return of 5.07%.

Risk Adjustment

The net real rate of return assumption should reflect the risk associated with not achieving expectations. This is developed by considering:

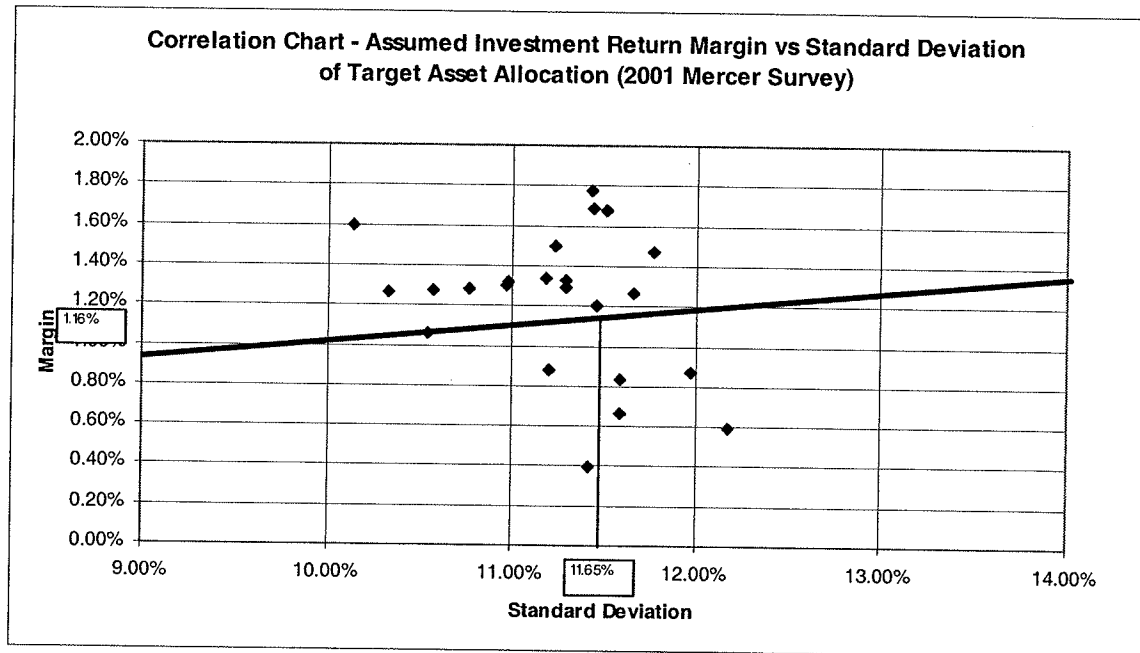
- The probability that actual future returns within asset classes will deviate statistically from historical averages;
- The effect that asset diversification will have on dampening statistical fluctuations of future returns; and
- The expectation that fund managers will underperform or outperform the general market indices upon which the real rates of return on individual classes of securities are measured.

Annual real rates of return have varied substantially over the years. For example, even if we expect the averages displayed in Table 2 to be a reasonable estimate of real returns in the future, we know there is some likelihood that future real rates will be more or less than historical averages. The risk lies in setting too high an investment earnings assumption, which leads to future losses and higher employer contributions. The risk adjustment helps protect against such an occurrence.

In order to determine an appropriate risk adjustment, we utilize a distribution of risk margins used by 25 California public retirement systems (Chart 4) developed from Mercer's 2001 survey of economic assumptions. From this survey we are able to identify implicit risk adjustment within a system's investment return assumption versus the system's risk level as measured by the

standard deviation of their current asset allocation. The diagram in Chart 4 provides that relationship.

Chart 4



As can be observed in the chart, the Association's risk adjustment so calculated would be approximately 1.16%, based on the calculation of the portfolio's annual standard deviation of 11.65% (based on the Association's target asset allocation).

ACTUARIAL ASSUMPTIONS

The following table provides a history of the risk adjustments implied in the Association's investment return assumptions for the last five years:

<u>Actuarial Valuation Date</u>	<u>Risk Adjustment</u>
6/30/1997	1.40%
6/30/1998	0.94%
6/30/1999	1.08%
6/30/2000	1.41%
6/30/2001	1.07%
Average	1.18%

Investment Manager Performance

Section 3.6.3.e. of the actuarial SOP states that:

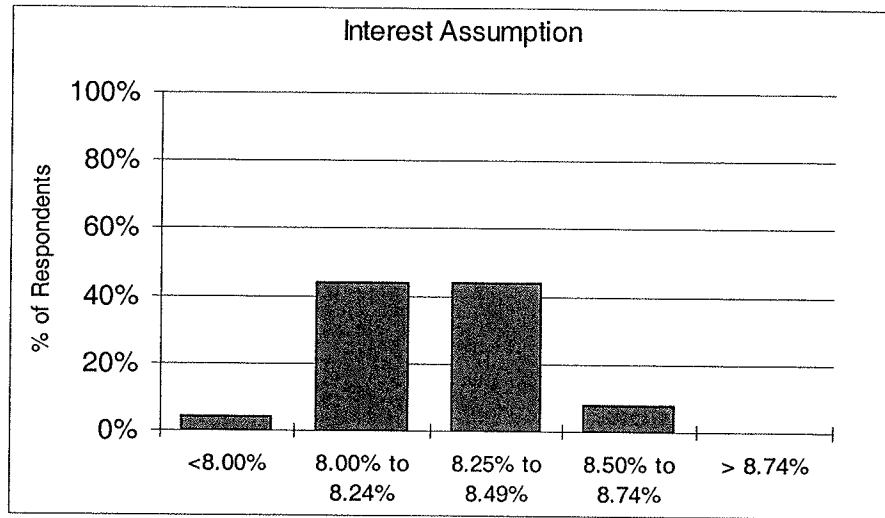
Anticipating superior (or inferior) investment manager performance may be unduly optimistic (or pessimistic). Few investment managers consistently achieve significant above-market returns net of expenses over long periods. The plan sponsor may replace managers who consistently under perform market indices.

We concur with this statement, thus do not make any provision within our investment return assumption for superior or inferior performance relative to the market.

Comparison with Similarly Situated Retirement Systems

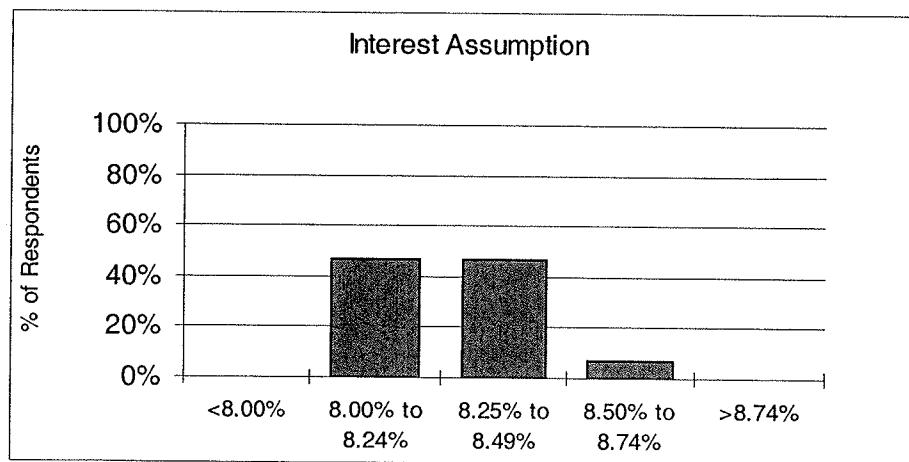
Charts 5 and 6 provide the investment return assumptions used by the 25 California public retirement systems who responded to Mercer's 2001 survey of the economic actuarial assumptions, and the 15 1937 Act respondents, respectively.

**Chart 5 - Comparison of Economic Actuarial Assumptions
All Respondents
(based on 25 responses)**



Average	8.14%
25th Percentile	8.00%
50th Percentile	8.25%
75th Percentile	8.25%

**Chart 6 - Comparison of Economic Actuarial Assumptions
37 Act County Respondents
(based on 15 responses)**



Average	8.16%
25th Percentile	8.00%
50th Percentile	8.13%
75th Percentile	8.25%

The average investment return rates from the survey for both of these groups is approximately 8.14%

Development of Recommendation

Based on the above analysis, we arrive at a real rate of return assumption of 3.91% (average net real rate of return of 5.07% minus risk adjustment of 1.16%). Combining this rate and the inflation assumption of 4.25% results in an expected return of 8.16%. If we apply this risk adjustment to the range of real returns discussed above, we show a reasonable range of expected returns from 7.56% to 8.76%. Based on this result, we recommend maintaining an investment return assumption of 8.25%, which is within the expected range.

Outlook for the Next Valuation

As you can see from the analysis above, the current investment return assumption is on the high side of the range we expect. We will be monitoring this assumption taking into consideration the trend towards lowering the forward looking rates of return expectations (for investment horizon of 10 years or more) which has taken place over the last few years.

The following charts provide a comparison of the investment return assumptions utilized by California Public Retirement Systems and the change in the rates of return expectations prepared by Mercer. There is some movement in the survey toward lower investment return assumptions. However, as you can see from the graph, the movement is still small.

Chart 7

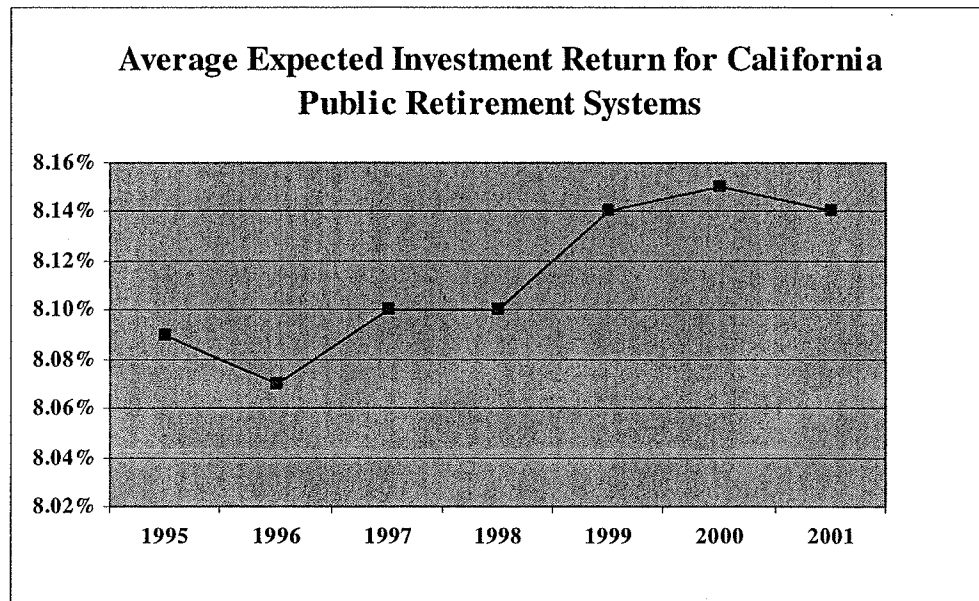
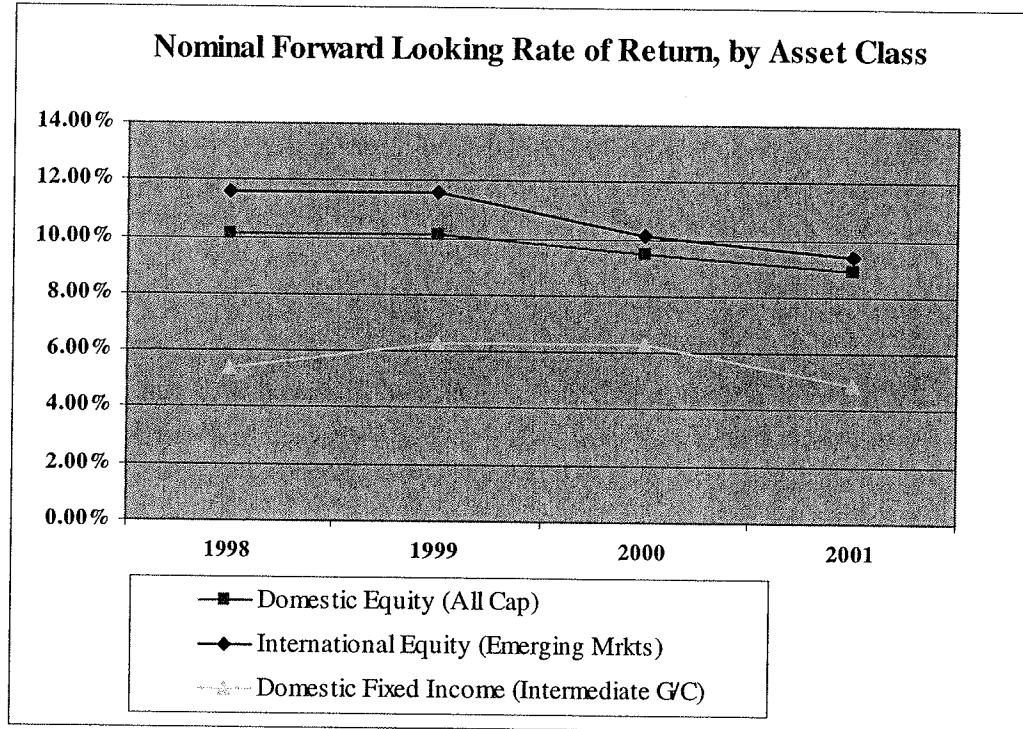


Chart 8



Salary Increase Assumptions

Recommendations

We are recommending the following changes to the annual real salary increase assumptions, as a result of our June 30, 2002 Experience Analysis. Please see this report for details on this assumption change.

Real Salary Increase Assumptions				
	Miscellaneous Members		Safety Members	
	Current Salary Increase Assumptions	Recommended Salary Increase Assumptions	Current Salary Increase Assumptions	Recommended Salary Increase Assumptions
Ages 20-24	5.0%	5.0%	4.3%	4.3%
Ages 25-29	3.5%	3.7%	3.1%	3.3%
Ages 30-34	2.7%	2.9%	2.1%	2.2%
Ages 35-39	2.1%	2.3%	1.0%	1.1%
Ages 40-44	1.8%	2.0%	1.0%	1.1%
Ages 45-49	1.5%	1.6%	0.8%	0.9%
Ages 50-54	1.1%	1.2%	0.7%	0.8%
Ages 55-59	0.9%	1.0%	0.7%	0.7%
Ages 60-64	0.8%	0.8%	0.2%	0.2%
Ages 65-69	0.5%	0.5%	0.0%	0.0%
Age 70+	0.5%	0.5%	0.0%	0.0%

The recommended real salary adjustments will increase the annual average total salary increase from about 5.65% and 5.53% for Miscellaneous and Safety members, respectively to 5.75% and 5.63%.

The Association's salary increase assumptions are comprised of two components:

- Inflation Rate
- Salary Scale

Salary increases are provided to employees in the form of cost-of-living adjustments to offset the debasement of pay levels caused by inflation. In addition to inflationary increases, active members will receive "real" salary increases (i.e., over inflation) as they advance through salary grades and receive promotions over their career.

As part of our analysis we have reviewed real salary increases received by members over the two years ending June 30, 2002. We have also supplemented that data with the two-year experience data we collected for the June 30, 2000 experience study. Members were grouped by service and age to determine how salary increases vary across these groups. We also reviewed the merit and longevity assumptions for other 1937 Act counties as a scale of reasonableness for the new assumptions. We recommend that the real salary increases be continued as a function of age

rather than both age and years of service, as years of service based salary increase assumption is not common among California public retirement systems.

Setting the Assumption

The Actuarial Standards Board has specified the following data be considered in setting the salary increase assumptions (Section 3.7 of SOP 27):

- Employer's current compensation practice and any anticipated changes in this practice;
- Current compensation distributions by service or age;
- Historical compensation increases of employer and other employers in the same industry or geographic area; and
- Historical national wage and productivity increases.

In addition, the Standard of Practice states that the actuary should consider employer-specific compensation data, but the actuary must carefully weigh the credibility of this data when selecting the salary increase assumption.

The methodology used to construct the assumption is to utilize the inflation assumption as a base salary increase assumption. There is a sound economic reason for doing this. This is a long-term assumption and represents the expected annual increases in the cost of goods and services. In order for a member to maintain the same standard of living in the future as he or she does today, wages must at least keep up with inflation. If they do not, members will suffer a continuously eroding standard of living, which in turn will increase member turnover as workers seek jobs elsewhere that offer more competitive salaries. This creates obvious instability, which may occur for a short while, but eventually will have to return to equilibrium if the County and other participating employers are to continue as ongoing operating entities.

Once the inflation component of the salary increase assumption is set, the process turns to the selection of the real (inflation-free) salary increase assumption component.

Real Salary Increases

In addition to inflation, member salaries are expected to increase due to:

- General increases which exceeded inflation ("Real Across-the-Board Salary Increases"); and
- Merit and longevity increases.

Real Across-the-Board Salary Increases

These are generally categorized as productivity increases because, in theory, they are generated from any activity that allows workers to produce goods and services more efficiently, thus more cheaply. If these efficiencies result in increased revenues to the employer and are passed along as salary increases, Real Across-the-Board Salary Increases will result.

There is currently no Real Across-the-Board Salary Increase assumption for the Association.

As part of our analysis, we monitor the Bureau of Labor Statistics Employment Cost Index (ECI). The ECI was developed in the early 1970's to provide wage growth data free from the influence of employment shifts among industries and occupations. The ECI was expanded to include a separate index for state and local governments in 1981.

The State and Local Government Workers ECI data provides evidence that real wage growth for this sector has averaged about 0.83% since 1982. However, we believe this evidence does not require any change to our current assumption of no real across-the-board wage growth because the period since 1982 has been a period of low inflation. The average annual increase in total wage growth over this period was 4.12% – below our recommended 4.25% inflation assumption. This indicates that our inflation assumption is sufficient to predict total wage growth.

We will continue to monitor the ECI to determine whether more compelling evidence for a real wage growth assumption emerges.

Merit and Longevity Salary Increases

Merit and longevity increases reflect the promotional grade increases an individual member is expected to receive over his or her career. This assumption is based on observed experience of real salary increases by category of member by age and/or service group.

Noneconomic Actuarial Assumptions

General

Noneconomic assumptions are based on observed experience by category of employment by age and/or service group.

The noneconomic assumptions were reviewed at the time of the June 30, 2002 experience investigation. Adjustments to the current assumptions were based upon a determination of the likelihood that the most recent experience could be produced as merely a statistical variation of the current assumptions.

Post-retirement mortality tables will generally be some variation of standard tables developed by actuarial professional organizations from a much wider base of data.

Components

1. Nonvested withdrawal
2. Service retirement
3. Disability retirement (service and nonservice connected)
4. Pre-retirement death benefits (while eligible for service retirement; before service retirement eligibility; service and nonservice connected)
5. Deferred retirement
6. Post-retirement mortality

Components 1 through 5 represent the probabilities of separation from active service due to various causes. Component 6 represents the length of time members will live after retirement. See Appendix B for assumption details.

Separation from Active Service

In the June 30, 2002 experience study, an analysis was carried out to determine the probability of members terminating from active service for various causes. The probabilities developed in that study are used as the basis of determining costs in this valuation.

Mortality Basis for Members' Basic Contribution Rates

We have calculated member contribution rates utilizing a sex-independent mortality basis under the applicable Sections for Miscellaneous and Safety members. The mortality table is the 1994 Group Annuity Mortality Table for males set back three years for Miscellaneous members and with a one-year setback for Safety members. In our opinion, these tables can reasonably be expected to represent the aggregate future mortality for each group and provide an adequate and equitable mortality basis for determining member contribution rates.

ACTUARIAL VALUATION METHODS

Actuarial Funding Method

Responsibility of the Actuary

A retirement system is a long-term proposition. It contains benefit promises that extend many decades into the future. The fiduciaries responsible for funding the Association cannot wait until these promises become due before seeking out the money needed to pay for them. The actuary's primary responsibility is to assist the Board to structure a financial plan to advance fund the benefit promises of the Association and to monitor its performance. This financial plan is more commonly referred to as an actuarial funding method.

Employer Contributions

Employer contributions consist of two components:

1. *Normal Cost* - That annual contribution rate which, 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 earnings rate. The contribution rate is expressed as a level percentage of the member's compensation.
2. *Contribution to the Unfunded Actuarial Accrued Liability (UAAL)* - That annual contribution rate which, 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 earnings rate. The contribution is calculated to remain as a level percentage of future active member payroll (including payroll of 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 (or credits) are scheduled to increase at the annual inflation rate of 4.25% along with expected payroll. The UAAL is being funded over 24 years for County of Marin, Southern Marin Fire Protection District, and LAFCO; and over a 15-year period for the rest of the Special Districts.

The actuarial funding method just described, which has been adopted by the Board, is called the Entry Age Normal Funding Method.

A more complete definition of the Unfunded Actuarial Accrued Liability and other actuarial terms is provided in the Glossary of Actuarial Terms which can be found in Appendix E.

Member Contributions

Since the legislation which enables the 3% at 55 and 2% at 55 formulas does not provide specific guidance on setting member contribution rates, it is our understanding after consultation with the Association that members' basic contribution rates for County of Marin and Marin County Court will remain unchanged.

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for Miscellaneous members and Safety members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made until a certain age will be sufficient to fund an annuity at that age that is equal to 1/120 of Final Average Salary for Miscellaneous members (1/100 for Safety members). That age is 55 for Miscellaneous members, 50 for Safety members, and 60 for members under Section 31676.1. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions, members pay for up to one-half of the total contributions necessary to fund their cost-of-living benefits limited to a maximum "COL cap." The COL cap is negotiated for County employees and derived from pre-1997 employee contributions for some special districts. Accumulation includes annual crediting of interest at the assumed investment earnings rate.

It is our understanding that Miscellaneous Tier 2 members and Safety members have agreed to pay an additional 1.14% and 3.64% of payroll, respectively, as a result of the recent benefit improvements.

We understand that the additional member contributions will fund the following costs:

1. A portion of the contribution to the Unfunded Actuarial Accrued Liability required to convert a member's past service benefit under the enhanced formula and
2. A portion of the Normal (Basic) and COLA contributions required to pay a member's future service under the enhanced formulas.

We assume in this report that the portion of the additional costs required to be paid by the members (i.e., the 1.14% and 3.64%) are fixed and will not be recalculated in the future even when the Retirement Board adopts new assumptions for the actuarial valuation.

Actuarial Value of Assets

Background

Under the Entry Age Normal Actuarial Funding Method, a calculation is made to determine what the value of Association assets would be on the valuation date if normal costs and member contributions had been paid continuously from each member's entry age, with interest accumulated, in accord with current assumptions. This target value of assets is called the Actuarial Accrued Liability (AAL). The Unfunded Actuarial Accrued Liability (UAAL) is equal to the AAL less the Actuarial Value of Assets as of the actuarial valuation date.

Actuarial Standards

In 1993, the Actuarial Standards Board issued Standard of Practice (SOP) No. 4 entitled Measuring Pension Obligations. Section 5.2.6 of SOP No. 4 states, in part, that the Actuarial

Value of Assets should generally reflect some function of market value; however, it may be appropriate to use methods which smooth out the effects of short-term volatility in market value.

In Mercer's opinion, the use of smoothing methods is especially important for employers with limited budgetary flexibility, such as governmental entities.

Determination of Actuarial Value of Assets

The Retirement Board uses a smoothing method to value the Association's assets for purposes of calculating the required contribution rates. Under this approach, 20% of the deviation of total return from the 8.25% return target is recognized in any one year.

"The Board has restricted the Actuarial Value of Assets to 80–120% of Market Value of Assets. When the Actuarial Value exceeds 120%(or is less than 80%) of Market Value, the full amount of loss (or gain) will be recognized immediately until the Actuarial Value is again in the 80–120% corridor. Please note that the current Actuarial Value is very near to 120% of Market Value and could be outside the corridor at the next valuation.

Following is the calculation of the Actuarial Value of Assets.

**Actuarial Value of Assets
As of June 30, 2002**

Fiscal Year Ending	County Contributions	Member Contributions	Total Contributions	Total Benefits	Market Value	Average Value	(1) Total Market Return (Net)	(2) Expected Market Return (Net)	(1-2) Investment Gain (Loss)	Deferred Factor	Deferred Return
1998-99	16,446,218	6,860,820	23,307,038	32,000,432	870,921,942	800,378,085	79,950,472	66,031,192	13,919,280	0.2	2,783,856
1999-00	18,399,413	7,102,424	25,501,837	36,071,898	956,103,376	871,000,728	95,751,495	71,857,560	23,893,935	0.4	9,557,574
2000-01	18,064,245	7,324,467	25,388,712	38,936,735	911,123,573	954,447,512	(31,431,780)	78,741,920	(110,173,700)	0.6	(66,104,220)
2001-02	21,985,559	8,316,789	30,302,348	45,437,094	833,821,520	909,123,622	(62,167,307)	75,002,699	(137,170,006)	0.8	(109,736,005)
1. Total deferred return											\$ (163,498,795)
2. Market Value											833,821,520
3. Smoothed Market Value (Item 2 - Item 1)											997,320,315
4. Corridor Limit											
a. 80% of Net Market Value											667,057,216
b. 120% of Net Market Value											1,000,585,824
5. Actuarial Value (Item 3 after corridor applied)											997,320,315
6. Reserves at Market Value											833,821,520
7. Actuarial Value ratio (Item 5 / Item 2.)											1.196084

	Market Value	Health Ins. Reserve	Market Value Net of Health Ins. Reserve	Actuarial Value
Marin County and Special Districts	\$ 595,099,742	\$ -	\$ 595,099,742	\$ 711,789,280
City of San Rafael	\$ 165,569,076	\$ 6,246,927	\$ 159,322,149	\$ 190,562,674
Novato Fire Protection District	\$ 73,152,702	\$ -	\$ 73,152,702	\$ 87,496,776
Total	\$ 833,821,520	\$ 6,246,927	\$ 827,574,593	\$ 989,848,730

Valuation Date	Recognition of Deferred Return Amount To Be Recognized
6/30/2003	(41,906,098)
6/30/2004	(44,689,954)
6/30/2005	(49,468,741)
6/30/2006	(27,434,001)
Total	(163,498,795)

ACTUARIAL VALUATION RESULTS

Employer and Member Contribution Rates

The following Table 10 provides a comparison of the Employer and Member contribution rates and estimated annual contribution amounts under the current and recommended actuarial assumptions. The estimated annual contribution amounts are based upon annual payroll as of the actuarial valuation date.

Table 10
Contribution Rates and Estimated Annual Contributions

Valuation Basis (Inflation/Investment Return)	<u>Employer Contributions</u>		<u>Member Contributions</u>	
	<u>Rate</u>	<u>Annual Amount*</u>	<u>Rate</u>	<u>Annual Amount*</u>
Current Rates (4.25%/8.25%)	11.36%	\$ 15,561,000	7.66%	\$ 10,488,000
Recommended Rates (4.25%/8.25%)	15.81%	\$ 21,652,000	9.28%	\$ 12,709,000

* Based on total annual salaries as of July 1, 2002 of \$136,974,000

Recommendation

Mercer recommends the adoption of the recommended rates and the assumptions which underlie those rates. The component parts of the current and recommended member and employer contribution rates broken down among the various member categories can be found in Tables 11 and 12, respectively.

Explanation of Changes in Actuarial Values

Employer Contribution Rate

The average employer contribution rate increased from 11.36% to 15.81% due to the following causes:

	% of Payroll		Dollar Impact
Investment Losses	1.12%	\$	1,534,100
Salary Increase More than Expected	0.27%	\$	369,800
COLA Increase More than Expected	0.06%	\$	82,200
Ad-hoc COLA and Retiree Health Benefits	0.30%	\$	410,900
Plan Change	2.04%	\$	2,794,300
Assumption Change	0.44%	\$	603,000
Other (Gains)/Losses	0.22%	\$	296,700
Total	4.45%	\$	6,091,000

Explanation of Changes

Investment losses - the rate of return on the Association's actuarial value of assets was 4.73% or about \$24 million less than what the Association was expected to earn.

Salary Increase - Average salary increase for continuing actives was greater than what was expected.

COLA Increase - Average COLA increase for Tier 1 members was more than expected.

Ad-hoc COLA and Retiree Health Benefits - One-time lump sum benefit granted during July 1, 2001 and June 30, 2002, to those retirees who have lost at least 20% of their original pension purchasing power. This also included the value of the unfunded health premium subsidy provided to retirees.

Plan Change - Effective June 8, 2002, benefits for County of Marin and Marin County Court have been improved to 3% at 55 for Safety members and 2% at 55 for Miscellaneous Tier 2 Members.

Assumption Change - Change in assumptions as a result of our June 30, 2002 Experience Analysis Report

Other (Gains)/Losses - Other (gains)/losses from miscellaneous sources, such as deviation of actual experience from actuarial assumptions.

Member Contribution Rates

Member's basic contribution rates increased due to Salary Scale assumption changes as a result of our June 30, 2002, Experience Study. In addition Miscellaneous Tier 2 members and Safety Members have agreed to pay an additional 1.14% and 3.64% of payroll, respectively, due to the benefit improvements.

Table 11
Member Contribution Rate Detail

Current Rates*								
	<u>Miscellaneous</u>				<u>Safety</u>			
	<u>Basic</u>	<u>COL</u>	<u>Benefit Improvement</u>	<u>Total</u>	<u>Basic</u>	<u>COL</u>	<u>Benefit Improvement</u>	<u>Total</u>
<i>Tier 1</i>	6.64%	1.58%	n/a	8.22%	7.62%	3.10%	n/a	10.72%
<i>Tier 2</i>	5.80%	1.24%	n/a	7.04%	7.74%	1.86%	n/a	9.60%
<i>Special Districts</i>	6.85%	0.96%	n/a	7.81%	7.69%	1.74%	n/a	9.43%
Recommended Rates*								
	<u>Miscellaneous</u>				<u>Safety</u>			
	<u>Basic</u>	<u>COL</u>	<u>Benefit Improvement</u>	<u>Total</u>	<u>Basic</u>	<u>COL</u>	<u>Benefit Improvement</u>	<u>Total</u>
<i>Tier 1</i>	6.74%	1.58%	0.00%	8.32%	7.72%	3.10%	3.64%	14.46%
<i>Tier 2</i>	5.86%	1.25%	1.14%	8.25%	7.80%	1.98%	3.64%	13.42%
<i>Special Districts</i>	6.93%	0.96%	0.00%	7.89%	7.78%	1.74%	0.00%	9.52%

* Average entry age rates.

See Appendix D for detailed rates by entry age.

Table 12
Employer Contribution Rate Detail

Current Rates				
	<u>Miscellaneous</u>		<u>Safety</u>	
	<u>Contribution Rate</u>	<u>Contribution Amount</u>	<u>Contribution Rate</u>	<u>Contribution Amount</u>
Normal Cost	10.00%	\$ 11,040,000	14.17%	\$ 3,765,000
UAAL	<u>0.30%</u>	<u>\$ 331,000</u>	<u>1.60%</u>	<u>\$ 425,000</u>
Total	10.30%	\$ 11,371,000	15.77%	\$ 4,190,000
Aggregate			11.36%	
Recommended Rates				
	<u>Miscellaneous</u>		<u>Safety</u>	
	<u>Contribution Rate</u>	<u>Contribution Amount</u>	<u>Contribution Rate</u>	<u>Contribution Amount</u>
Normal Cost	10.84%	\$ 11,682,000	15.34%	\$ 4,480,000
UAAL	<u>3.08%</u>	<u>\$ 3,316,000</u>	<u>7.44%</u>	<u>\$ 2,174,000</u>
Total	13.92%	\$ 14,998,000	22.78%	\$ 6,654,000
Aggregate			15.81%	

Note: Contribution amounts are based on total annual payroll as of the valuation date of:

- \$13,371,000 for §31676.14 members,
- \$92,000,000 for County §31676.16 members
- \$2,266,000 for §31676.11 members,
- \$133,000 for District §31676.16 members,
- \$4,506,000 for §31664.2 Safety mebers hired before 7/1/1980
- \$21,872,000 for §31664.2 Safety members hired after 6/30/1980, and
- \$2,826,000 for §31664.1 Safety members.

Table 12 (cont'd)
Employer Contribution Rate Detail
Employer Specific Rates

<u>Agency</u>	<u>Contribution Rate As a Percentage of Payroll</u>			
	<u>June 30, 2002 Valuation</u>		<u>June 30, 2001 Valuation</u>	
	<u>Miscellaneous</u>	<u>Safety</u>	<u>Combined Rate</u>	<u>Combined Rate ⁽²⁾</u>
Marin County* ⁽¹⁾	13.86%	21.39%	15.37%	10.86%
Southern Marin Fire Protection District*	16.42%	35.79%	34.91%	32.63%
Mosquito Abatement District**	17.68%	NA	17.68%	14.09%
Tamalpais Community Service District**	15.00%	NA	15.00%	10.73%
Marin City Community Service District**	15.00%	NA	15.00%	10.73%
Lafco*	10.29%	NA	10.29%	7.94%

* 24 year amortization period.

** 15 year amortization period.

(1) Includes Court Employees

(2) Before reflecting County benefit improvements

FUNDING STATUS

Evaluation of Funding Status

Background

The evaluation of the Association's funding status is simply the comparison of its actuarial value of assets to a target value of assets. There is one funding status measure calculated for the Association:

<u>Funding Status Measure</u>	<u>Target Assets</u>	<u>Actual Assets</u>	<u>Purpose</u>
GASB No. 25 Funding Method Progress	Actuarial Accrued Liability	Actuarial Value of Assets	Progress toward funding UAAL

This section of the report provides the Association's funding status under this measure in an exhibit which summarizes the Association's funding history.

Funding Progress – GASB No. 25

The GASB issued two statements; Accounting for Pensions by State and Local Government Employers (GASB Statement No. 27); and Financial Reporting for Defined Benefit and Note Disclosures for Defined Contribution Plans (GASB Statement No. 25). Both of these statements require funding status to be measured based upon the actuarial funding method adopted by the Board of Retirement, i.e., for MCERA, the Entry Age Normal Funding Method. Thus, the target value of assets is equal to the Actuarial Accrued Liability (AAL) and the actual value of assets is the Actuarial Value of Assets developed earlier in this report.

FUNDING STATUS

The GASB Statement No. 25 liabilities and assets calculated as of June 30, 1994, 1996, 1997, 1998, 1999, 2000, 2001, and 2002 are as follows:

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets * <u>(a)</u>	Actuarial Accrued Liability (AAL) - Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
6/30/1994	\$296,988,000	\$418,024,000	\$121,036,000	71%	\$73,785,000	164%
6/30/1996	\$370,994,000	\$466,692,000	\$95,698,000	80%	\$83,128,000	115%
6/30/1997	\$420,794,000	\$505,027,000	\$84,233,000	83%	\$88,466,000	95%
6/30/1998	\$482,546,000	\$529,165,000	\$46,619,000	91%	\$96,873,000	48%
6/30/1999	\$557,216,000	\$585,890,000	\$28,674,000	95%	\$107,689,000	27%
6/30/2000	\$634,412,000	\$644,262,000	\$9,850,000	98%	\$114,700,000	9%
6/30/2001	\$690,320,000	\$701,223,000	\$10,903,000	98%	\$122,253,000	9%
6/30/2002	\$711,789,000	\$798,404,000	\$86,615,000	89%	\$136,974,000	63%

* Excludes accounts payable and retiree health insurance reserves after June 30, 1994.

ACTUARIAL BALANCE SHEET

Actuarial Balance Sheet

The purpose of the Actuarial Balance Sheet is to compare assets with liabilities in order to define the portion of the liabilities that need to be funded by the Employer and Members in the future.

Association liabilities equal the present value of all future benefits expected to be paid to current and future pensioners and beneficiaries of the Association.

Association assets are equal to the sum of:

- the assets currently available to pay benefits,
- the present value of future contributions expected to be made by current active members, and
- the present value of future contributions expected to be made by the employer.

The last item, the present value of future employer contributions, is made up of two parts:

1. The Present Value of Future Employer Normal Costs: Using the Entry Age Normal Cost Method, the employer budgets a certain percentage of payroll which will be sufficient to fund benefits for members from their entry into the Association. The Normal Cost is the level percentage of salary each year that is necessary to fund Members' benefits under the current benefit provisions. Normal Cost is funded from a Member's date of employment to the expected retirement date. An adjustment is made for the deductions which will be made from the future salaries of Association members. For this valuation, the Normal Costs are:

<u>Member Category</u>	<u>Contribution Rate</u>	<u>Annual Amount</u>
Miscellaneous	10.84%	\$11,682,000
Safety	15.34%	\$4,480,000

The present value of these future Employer Normal Cost contributions represents one piece of the present value of future employer contributions.

2. The Unfunded Actuarial Accrued Liability: The portion of the present value of future employer contributions which will not be funded by the future Entry Age Normal Cost contributions is the Unfunded Actuarial Accrued Liability (UAAL). The UAAL arises from the accumulated value of prior contributions that can be more or less than the Normal Cost accumulated at the actuarial interest rate. This usually results from benefits and assumption changes and the net effect of prior gains and losses. If the employer had always contributed the current Normal Cost, if there were no prior benefit or assumption changes and if actual experience exactly matched the actuarial assumptions, the Normal Cost would be sufficient to fund all benefits and there would be no UAAL. A negative UAAL operates as a credit against normal cost.

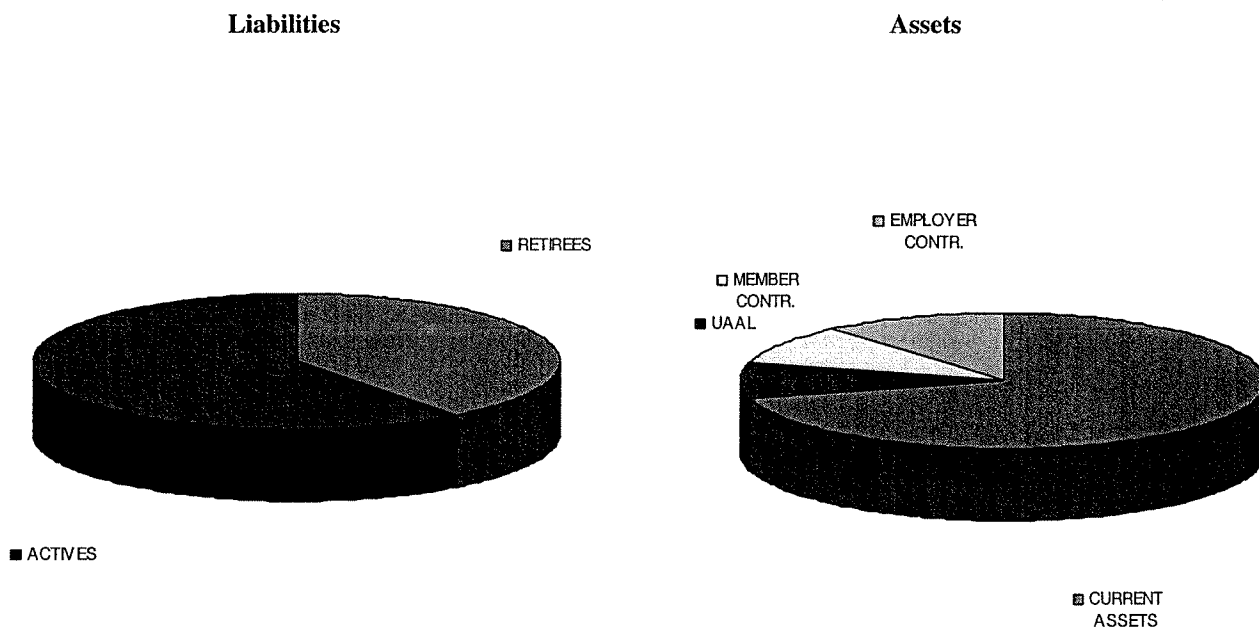
For the current year, we have determined that the appropriate amounts needed to fund the UAAL are:

<u>Member Category</u>	<u>Contribution Rate</u>	<u>Annual Amount*</u>
Miscellaneous	3.08%	\$3,316,000
Safety	7.44%	\$2,174,000

* Increases with inflation rate to remain as a level percentage of payroll for current and future members.

The following chart illustrates the breakdown of Balance Sheet assets and liabilities of the Association. It shows that 39% of the Association's liabilities are due to the retired members and their beneficiaries and 61% to active members. About 71% of System assets consist of current available assets with 29% consisting of future contributions from the employer and the members.

Chart 9
ACTUARIAL BALANCE SHEET
AS OF JUNE 30, 2002



ACTUARIAL BALANCE SHEET
(As of June 30, 2002)

ASSETS

	<u>Basic</u>	<u>COL</u>	<u>Total</u>
1 Total Assets at Actuarial Value	\$543,056,554	\$168,732,726	\$711,789,280
2 Present Value of Future Member Contributions	\$81,618,584	\$12,864,446	\$94,483,030
3 Present Value of Future Employer Contributions on Account of:			
a) Normal Cost	\$89,814,693	\$25,397,040	\$115,211,733
b) Unfunded Actuarial Accrued Liability	\$66,021,530	\$20,593,368	\$86,614,898
4 Total Actuarial Assets	\$780,511,361	\$227,587,580	\$1,008,098,941

LIABILITIES

5 Present Value of Retirement Allowances Payable to Present Retired Members	\$296,144,314	\$100,115,288	\$396,259,602
6 Present Value of Retirement Allowances to be Granted for:			
a) Service Retirement	\$424,219,233	\$113,043,190	\$537,262,423
b) Disability Retirement	\$46,807,133	\$12,133,162	\$58,940,295
7 Present Value of Death Benefits to be Granted for:			
a) Duty Deaths	\$7,108,567	\$1,742,135	\$8,850,702
b) Non-duty Death	\$1,317,268	\$0	\$1,317,268
8 Present Value of Members' Contributions to be Returned Upon Withdrawal Before Retirement	\$4,914,846	\$553,805	\$5,468,651
9 Total Actuarial Liabilities	\$780,511,361	\$227,587,580	\$1,008,098,941

* Based on 8.25% interest rate, 5.75% salary scale assumption for miscellaneous members, and 5.63% salary scale assumption for safety members.

ASSOCIATION ASSETS

Association Assets

The following combined asset information was developed for Marin County, City of San Rafael and Novato Fire Protection District for the last plan year.

The market value of assets and related financial information was provided to us by the Association staff. We have not audited or verified the financial statements. Values exclude the health insurance reserve.

	June 30, 2002	June 30, 2001	Percent Change
Actuarial Value	\$997,320,315	\$966,858,119	3.2%
Market Value	\$833,821,520	\$911,123,573	-8.5%

The approximate rates of return on plan assets are shown below, based on the following analysis.

	Market Value	Actuarial Value
Value of Assets at 6/30/2001	\$911,123,573	\$966,858,119
Contributions:		
Employer	21,985,559	21,985,559
Members	8,316,789	8,316,789
Benefits Paid to Participants	45,437,094	45,437,094
Expenses Paid	883,577	883,577
Investment Earnings	-61,283,730	46,480,519
Value of Assets at 6/30/2002	\$833,821,520	\$997,320,315
NET RATE OF RETURN (Net of Expenses)	-6.84%	4.73%

The 4.73% annualized rate of return on the actuarial value of assets over the last year is less than the 8.25% annual rate assumed. This resulted in an actuarial loss, which caused upward pressure on the budgeted contribution for the County.

**ASSOCIATION ACCOUNTING ASSETS,
RESERVES AND OTHER LIABILITIES**
(For Marin County, City Of San Rafael and Novato Fire Protection District)
(As of June 30, 2002)

<u>Assets</u>	
Cash and Collateral for Securities Loaned	111,329,919
Accounts Receivable	27,311,341
Equities	513,173,332
Debt Securities	204,118,827
Real estate	113,250,000
Short-term Investments	700,513
First Deeds of Trust	13,282
Prepaid Insurance	416,793
Total Assets	<u>\$ 970,314,007</u>

<u>Reserves and Liabilities</u>	
Employer Reserves	\$ 909,264
Employee Reserves	84,125,349
Death Benefit Reserve	2,274,550
Article 15.5 Reserves	1,507,058
Reserve for Pre 7/1/77 San Rafael Retirees	8,412,545
Retired Employees Reserves	219,941,294
Cost of Living Adjustment Reserves	134,067,318
Health insurance Reserves	6,246,927
Contingency and other Reserves	41,691,076
Unrestricted Reserves	334,646,139
Due to Brokers for Securities Purchased	86,591,252
Security Deposits	766,031
Collateral Held for Securities Loaned	48,501,207
Other Payables	633,997
Deferred Employer Contributions	-
Total Liabilities	<u>\$ 970,314,007</u>

APPENDICES

Appendix A – Major Provisions of the Pension Plan

Benefit Sections 31676.14, 31676.11, 31676.16, 31676.1, 31664.1 and 31664.2 of the 1937 County Act

Briefly summarized below are the major provisions of the County Employees Retirement Law of 1937, as amended through June 30, 2002 that are applicable to Marin County Employee's Retirement Association.

Membership

Miscellaneous employees become members of Benefit Section:

- a) 31676.14: in Marin County Prior to 7/1/80; Mosquito Abatement District.
- b) 31676.16: in Marin County hired after 6/30/80, and Southern Marin Fire District
- c) 31676.1 Probationary Department/Social Services - Local 535 (Past Miscellaneous Service)
- d) 31676.11 in other Special Districts

Safety employees become members of Benefit Section:

- a) 31664.2: Marin County and Probationary Department/Social Services (Safety Service only)
- b) 31664.1: Southern Marin Fire District

Final Average Salary (FAS)

Final average salary is defined as the highest 12 consecutive months of compensation earnable for all, except highest 36 consecutive months for County employees hired after June 30, 1980 and for Local 535.

Return of Contributions

If a member should resign or die before becoming eligible for retirement, his or her contributions plus interest will be refunded. In lieu of receiving a return of contributions, a member with five or more years of service may elect to leave his or her contributions on deposit and receive a deferred vested benefit when eligible for retirement.

Service Retirement Benefit

Members with 10 years of service who have attained the age of 50 are eligible to retire. Members with 30 years of service (20 years for Safety), regardless of age, are eligible to retire.

The benefit expressed as a percentage of monthly FAS per year of service, depending on age at retirement, is illustrated below for typical ages.

<u>Age</u>	<u>31676.14</u>	<u>Miscellaneous</u> <u>31676.1</u>	<u>31676.11</u>	<u>31676.16</u> *
50	1.475%	1.182%	1.242%	1.430%
55	1.948%	1.494%	1.667%	2.000%
60	2.440%	1.917%	2.182%	2.260%
65 and over	2.611%	2.432%	2.611%	2.418%

<u>Age</u>	<u>Safety</u> <u>31664.2</u>	<u>31664.1</u>
50	2.291%	3.00%
55	3.00%	3.00%
60	3.00%	3.00%
65 and over	3.00%	3.00%

*We understand after discussion with the Association that members who are entitled to benefits under Section 31676.16 should have their benefits calculated only with respect to provisions under that section (even though the members may be entitled to a higher benefit under the old formula at certain retirement ages).

Disability Benefit

Members with five years of service, regardless of age, are eligible for nonservice connected disability.

The benefit is 1.5% (1.8% for Safety members) of FAS for each year of service. If this benefit does not equal one-third of FAS, the benefit is increased by the same percentage of FAS for the years which would have been credited to age 65 (age 55 for Safety members), but the total benefit in this case cannot be more than one-third of FAS.

If the disability is service connected, the member may retire regardless of length of service, with a benefit of 50% of FAS.

Death Benefit — Before Retirement

In addition to the return of contributions, a death benefit is payable to the member's beneficiary or estate equal to one month's salary for each completed year of service under the retirement Association, based on the final year's average salary, but not to exceed six (6) months' salary.

If a member dies while eligible for service retirement or non-service connected disability, the spouse receives 60% of the allowance that the member would have received for retirement on the day of his or her death.

If a member dies in the performance of duty, the spouse receives 50% of the member's final average salary.

Death Benefit — After Retirement

If a member dies after retirement, a lump sum amount of \$5,000 is paid to the beneficiary or estate.

If the retirement was for service connected disability, 100% of the member's allowance as it was at death is continued to the surviving spouse for life.

If the retirement was for other than service connected disability, 60% of the member's allowance is continued to the spouse for life.

Maximum Benefit

The maximum benefit payable to a member or beneficiary is 100% of FAS.

Cost of Living

The maximum increase in retirement allowance is 4% per year. For County employees hired after June 30, 1980 (except Special District), the maximum increase is 2%. This provision is not applicable to certain Probation Department Local 535 employees. The cost of living increases are based on the change in the Consumer Price Index for the calendar year prior to the April 1 effective date.

Contribution Rates

Since the legislation which enables the 3% at 50, 3% at 55 and 2% at 55 formulas does not provide specific guidance on setting member contribution rates, it is our understanding after consultation with the Association that members' basic contribution rates will remain unchanged.

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for Miscellaneous and Safety members, respectively. The basic contribution rate is determined such that annual contributions made at that rate from the beginning of membership will fund an annuity equal to a percentage of Final Average Salary

(1/120 for Miscellaneous members; 1/100 for Safety members) when the member reaches a set age. That age is 55 for Miscellaneous members, 50 for Safety members, and 60 for those covered by Section 31676.1. In addition to their basic contributions, members pay for up to one-half of the total contributions necessary to fund their cost-of-living benefits, limited to a "COL cap." The COL cap is negotiated for county employees and derived from pre-1997 employee contributions for special districts. Accumulation includes annual crediting of interest at the assumed investment earnings rate.

The Employer rates are actuarially determined to provide for the balance of the contributions needed to fund the benefits promised under the Retirement Association.

It is our understanding that Miscellaneous Tier 2 members and Safety members have agreed to pay an additional 1.14% and 3.64% of payroll, respectively, as a result of the recent benefit improvements.

We understand that the additional member contributions will fund the following costs:

1. A portion of the contribution to the Unfunded Actuarial Accrued Liability required to convert a member's past service benefit under the enhanced formula and
2. A portion of the Normal (Basic) and COLA contributions required to pay a member's future service under the enhanced formulas.

We assume in this report that the portion of the additional costs required to be paid by the members (i.e., the 1.14% and 3.64%) are fixed and will not be recalculated in the future even when the Retirement Board adopts new assumptions for the actuarial valuation.

APPENDIX B – SUMMARY OF ASSUMPTIONS AND FUNDING METHOD

Summary of Assumptions and Funding Method

Assumptions

Valuation Interest Rate	8.25%
Inflation Rate	4.25%
Post-Retirement Mortality	
(a) Service	
Males	1994 Male Group Annuity Mortality Table* with a one-year setback
Females	1994 Female Group Annuity Mortality Table* with no setback
Safety	1994 Male Group Annuity Mortality Table* with a one-year setback
(b) Disability	
Miscellaneous	1981 Miscellaneous Disability Mortality Table with a two-year setback
Safety	1981 Safety Disability Mortality Table with a one-year setback
(c) For Employee Contribution Rate Purposes	
Miscellaneous	1994 Male Group Annuity Mortality Table* with a three-year setback
Safety	1994 Male Group Annuity Mortality Table* with a one-year setback
Pre-Retirement Mortality	Based upon the 6/30/2002 Experience Analysis
Withdrawal Rates	Based upon the 6/30/2002 Experience Analysis
Disability Rates	Based upon the 6/30/2002 Experience Analysis
Service Retirement Rates	Based upon the 6/30/2002 Experience Analysis
Salary Scales	Total increases of 5.75% and 5.63% per year for Miscellaneous and Safety members, respectively, reflecting 4.25% for inflation and approximately 1.50% (1.38% for Safety) for merit and longevity

*Also referred to as the UP-94 Mortality Table.

Assets	Valued at Actuarial Value as described in the Actuarial Valuation Methods section. Assets are allocated between Miscellaneous and Safety in proportion to Actuarial Accrued Liability
Percentage of Members Married at Retirement	80% of male and 60% of female members are assumed to be married at retirement. Wives are assumed to be three years younger than their husbands.
Terminated Members Eligible for Reciprocal Benefits	60%
Post-Retirement COLA Assumed in Valuation	3.65% for Tier 1 and Special Districts; 2.00% for Tier 2

Funding Method

The County's liability is being funded on the Entry Age Normal Method. The amortization period for the Unfunded Actuarial Accrued Liability is 24 years for County of Marin, Southern Marin Fire Protection District and LAFCO; and is a 15-year period for the rest of the Special Districts.

Note that the actuarial value of assets includes the Association's Contingency and Unrestricted Reserves. It is assumed that the values of these reserves are available to provide for the Association's retirement, disability and death liabilities developed in this actuarial valuation. If those reserves are used to provide for other benefits, the Association will experience an actuarial loss, and employer contribution rates will increase.

Exhibit I

PROBABILITIES OF SEPARATION PRIOR TO RETIREMENT MISCELLANEOUS MALE MEMBERS

Age	withdrawal 0-1	withdrawal 1-2	withdrawal 2-3	withdrawal 3-4	withdrawal 4-5	withdrawal 4-5	deferred	ordinary disab.	duty disability	ordinary death	duty death	retirement
<= 20	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0000	0.0004	0.0005	0.0000	0.0000
21	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0000	0.0004	0.0006	0.0000	0.0000
22	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0000	0.0004	0.0006	0.0000	0.0000
23	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0000	0.0004	0.0006	0.0000	0.0000
24	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0000	0.0004	0.0007	0.0000	0.0000
25	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0001	0.0005	0.0007	0.0000	0.0000
26	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0001	0.0006	0.0007	0.0000	0.0000
27	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0001	0.0007	0.0007	0.0000	0.0000
28	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0001	0.0008	0.0008	0.0000	0.0000
29	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0001	0.0009	0.0008	0.0000	0.0000
30	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0002	0.0010	0.0009	0.0000	0.0000
31	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0002	0.0010	0.0009	0.0000	0.0000
32	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0002	0.0010	0.0009	0.0000	0.0000
33	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0002	0.0010	0.0009	0.0000	0.0000
34	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0002	0.0010	0.0009	0.0000	0.0000
35	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0003	0.0011	0.0009	0.0000	0.0000
36	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0003	0.0012	0.0009	0.0000	0.0000
37	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0003	0.0013	0.0010	0.0000	0.0000
38	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0004	0.0014	0.0010	0.0000	0.0000
39	0.1200	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0004	0.0015	0.0011	0.0000	0.0000
40	0.0900	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0005	0.0016	0.0012	0.0000	0.0000
41	0.0900	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0005	0.0017	0.0012	0.0000	0.0000
42	0.0900	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0006	0.0018	0.0013	0.0000	0.0000
43	0.0900	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0007	0.0019	0.0015	0.0000	0.0000
44	0.0900	0.0900	0.0550	0.0500	0.0400	0.0300	0.0300	0.0008	0.0020	0.0016	0.0000	0.0000
45	0.0900	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0009	0.0021	0.0017	0.0000	0.0000
46	0.0900	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0010	0.0022	0.0019	0.0000	0.0000
47	0.0900	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0012	0.0023	0.0020	0.0000	0.0000
48	0.0900	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0014	0.0024	0.0023	0.0000	0.0000
49	0.0900	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0016	0.0025	0.0025	0.0000	0.0000
50	0.0700	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0018	0.0026	0.0028	0.0000	0.0448
51	0.0700	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0020	0.0027	0.0031	0.0000	0.0221
52	0.0700	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0022	0.0028	0.0035	0.0000	0.0186
53	0.0700	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0025	0.0029	0.0039	0.0000	0.0192
54	0.0700	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0028	0.0030	0.0043	0.0000	0.0200
55	0.0700	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0031	0.0031	0.0048	0.0000	0.0340
56	0.0700	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0034	0.0032	0.0053	0.0000	0.0490
57	0.0700	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0038	0.0034	0.0060	0.0000	0.0865
58	0.0700	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0042	0.0036	0.0068	0.0000	0.1121
59	0.0700	0.0700	0.0550	0.0500	0.0400	0.0300	0.0300	0.0047	0.0038	0.0076	0.0000	0.1650
60	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0051	0.0041	0.0086	0.0000	0.3000
61	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0056	0.0042	0.0097	0.0000	0.1489
62	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0061	0.0043	0.0109	0.0000	0.3000
63	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0067	0.0044	0.0123	0.0000	0.2121
64	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0073	0.0045	0.0139	0.0000	0.2656
65	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0079	0.0046	0.0156	0.0000	0.5000
66	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0087	0.0047	0.0175	0.0000	0.3727
67	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0093	0.0048	0.0194	0.0000	0.3951
68	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0100	0.0049	0.0214	0.0000	0.3592
69	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0108	0.0050	0.0234	0.0000	0.3592
70	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.0000

PROBABILITIES OF SEPARATION PRIOR TO RETIREMENT MISCELLANEOUS FEMALE MEMBERS

Age	withdrawal 0-1	withdrawal 1-2	withdrawal 2-3	withdrawal 3-4	withdrawal 4-5	withdrawal 5+	deferred	ordinary disab.	duty disability	ordinary death	duty death	retirement
<= 20	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0475	0.0000	0.0005	0.0003	0.0000	0.0000
21	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0475	0.0000	0.0005	0.0003	0.0000	0.0000
22	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0475	0.0000	0.0005	0.0003	0.0000	0.0000
23	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0475	0.0000	0.0005	0.0003	0.0000	0.0000
24	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0475	0.0000	0.0005	0.0003	0.0000	0.0000
25	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0475	0.0000	0.0005	0.0003	0.0000	0.0000
26	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0475	0.0001	0.0010	0.0003	0.0000	0.0000
27	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0475	0.0001	0.0010	0.0003	0.0000	0.0000
28	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0475	0.0001	0.0010	0.0003	0.0000	0.0000
29	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0475	0.0001	0.0010	0.0003	0.0000	0.0000
30	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0475	0.0001	0.0010	0.0003	0.0000	0.0000
31	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0465	0.0002	0.0015	0.0004	0.0000	0.0000
32	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0465	0.0002	0.0015	0.0004	0.0000	0.0000
33	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0465	0.0002	0.0015	0.0004	0.0000	0.0000
34	0.1500	0.1350	0.0600	0.0600	0.0500	0.0300	0.0465	0.0002	0.0015	0.0004	0.0000	0.0000
35	0.1500	0.1100	0.0600	0.0600	0.0500	0.0250	0.0375	0.0003	0.0020	0.0005	0.0000	0.0000
36	0.1500	0.1100	0.0600	0.0600	0.0500	0.0250	0.0375	0.0003	0.0020	0.0005	0.0000	0.0000
37	0.1500	0.1100	0.0600	0.0600	0.0500	0.0250	0.0375	0.0003	0.0020	0.0005	0.0000	0.0000
38	0.1500	0.1100	0.0600	0.0600	0.0500	0.0250	0.0375	0.0004	0.0020	0.0005	0.0000	0.0000
39	0.1500	0.1100	0.0600	0.0600	0.0500	0.0250	0.0375	0.0004	0.0020	0.0005	0.0000	0.0000
40	0.1500	0.0900	0.0600	0.0600	0.0500	0.0175	0.0275	0.0005	0.0026	0.0008	0.0000	0.0000
41	0.1500	0.0900	0.0600	0.0600	0.0500	0.0175	0.0275	0.0006	0.0027	0.0009	0.0000	0.0000
42	0.1500	0.0900	0.0600	0.0600	0.0500	0.0175	0.0275	0.0007	0.0028	0.0009	0.0000	0.0000
43	0.1500	0.0900	0.0600	0.0600	0.0500	0.0175	0.0275	0.0008	0.0029	0.0010	0.0000	0.0000
44	0.1500	0.0900	0.0600	0.0600	0.0500	0.0175	0.0275	0.0009	0.0030	0.0010	0.0000	0.0000
45	0.1500	0.0900	0.0600	0.0600	0.0500	0.0175	0.0275	0.0010	0.0031	0.0011	0.0000	0.0000
46	0.1500	0.0600	0.0600	0.0600	0.0500	0.0100	0.0275	0.0012	0.0032	0.0012	0.0000	0.0000
47	0.1500	0.0600	0.0600	0.0600	0.0500	0.0100	0.0275	0.0014	0.0033	0.0013	0.0000	0.0000
48	0.1500	0.0600	0.0600	0.0600	0.0500	0.0100	0.0225	0.0016	0.0034	0.0014	0.0000	0.0000
49	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0018	0.0035	0.0015	0.0000	0.0000
50	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0020	0.0035	0.0017	0.0000	0.0000
51	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0022	0.0035	0.0019	0.0000	0.0000
52	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0025	0.0035	0.0021	0.0000	0.0000
53	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0028	0.0035	0.0022	0.0000	0.0000
54	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0031	0.0035	0.0025	0.0000	0.0000
55	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0034	0.0035	0.0028	0.0000	0.0000
56	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0038	0.0035	0.0031	0.0000	0.0000
57	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0042	0.0035	0.0036	0.0000	0.0000
58	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0047	0.0035	0.0042	0.0000	0.0000
59	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0051	0.0035	0.0048	0.0000	0.0000
60	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0056	0.0035	0.0055	0.0000	0.0000
61	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0061	0.0035	0.0063	0.0000	0.0000
62	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0067	0.0035	0.0072	0.0000	0.0000
63	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0073	0.0035	0.0082	0.0000	0.0000
64	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0079	0.0035	0.0093	0.0000	0.0000
65	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0087	0.0035	0.0104	0.0000	0.0000
66	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0093	0.0035	0.0116	0.0000	0.0000
67	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0100	0.0035	0.0126	0.0000	0.0000
68	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0108	0.0035	0.0137	0.0000	0.0000
69	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0000	0.0000	0.0000	0.0000	0.0000
70	0.1500	0.0600	0.0600	0.0600	0.0500	0.0000	0.0225	0.0000	0.0000	0.0000	0.0000	0.0000

PROBABILITIES OF SEPARATION PRIOR TO RETIREMENT SAFETY MEMBERS UNDER SECTION 31664.2 (3% at 55) and 31664.1 (3% at 50)

Age	withdrawal 0-1	withdrawal 1-2	withdrawal 2-3	withdrawal 3-4	withdrawal 4-5	withdrawal 5+	deferred	ordinary disab.	duty disability	ordinary death	duty death	retirement* (3% at 55)	retirement* (3% at 50)
<= 20	0.0500	0.0500	0.0500	0.0500	0.0400	0.0113	0.0206	0.0002	0.0011	0.0000	0.0004	0.0000	0.0000
21	0.0500	0.0500	0.0500	0.0500	0.0400	0.0113	0.0198	0.0002	0.0012	0.0000	0.0004	0.0000	0.0000
22	0.0500	0.0500	0.0500	0.0500	0.0400	0.0113	0.0190	0.0002	0.0014	0.0000	0.0004	0.0000	0.0000
23	0.0500	0.0500	0.0500	0.0500	0.0400	0.0113	0.0203	0.0003	0.0014	0.0000	0.0004	0.0000	0.0000
24	0.0500	0.0500	0.0500	0.0500	0.0400	0.0113	0.0214	0.0003	0.0015	0.0000	0.0004	0.0000	0.0000
25	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0224	0.0003	0.0015	0.0000	0.0004	0.0000	0.0000
26	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0232	0.0003	0.0015	0.0000	0.0004	0.0000	0.0000
27	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0237	0.0004	0.0014	0.0000	0.0004	0.0000	0.0000
28	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0242	0.0004	0.0014	0.0000	0.0004	0.0000	0.0000
29	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0251	0.0004	0.0014	0.0000	0.0004	0.0000	0.0000
30	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0260	0.0005	0.0014	0.0000	0.0004	0.0000	0.0000
31	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0269	0.0005	0.0014	0.0000	0.0004	0.0000	0.0000
32	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0278	0.0005	0.0014	0.0000	0.0004	0.0000	0.0000
33	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0287	0.0007	0.0014	0.0000	0.0005	0.0000	0.0000
34	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0296	0.0007	0.0014	0.0000	0.0005	0.0000	0.0000
35	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0305	0.0007	0.0014	0.0000	0.0005	0.0000	0.0000
36	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0314	0.0007	0.0014	0.0000	0.0005	0.0000	0.0000
37	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0323	0.0007	0.0014	0.0000	0.0005	0.0000	0.0000
38	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0332	0.0008	0.0014	0.0000	0.0006	0.0000	0.0000
39	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0341	0.0009	0.0014	0.0000	0.0006	0.0000	0.0000
40	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0350	0.0009	0.0014	0.0000	0.0006	0.0000	0.0000
41	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0359	0.0010	0.0014	0.0000	0.0006	0.0000	0.0000
42	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0368	0.0010	0.0014	0.0000	0.0006	0.0000	0.0000
43	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0377	0.0011	0.0014	0.0000	0.0007	0.0000	0.0000
44	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0386	0.0011	0.0014	0.0000	0.0007	0.0000	0.0000
45	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0395	0.0012	0.0014	0.0000	0.0008	0.0000	0.0000
46	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0404	0.0012	0.0014	0.0000	0.0008	0.0000	0.0000
47	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0413	0.0013	0.0014	0.0000	0.0008	0.0000	0.0000
48	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0422	0.0013	0.0014	0.0000	0.0009	0.0000	0.0000
49	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0431	0.0014	0.0014	0.0000	0.0009	0.0000	0.0000
50	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0440	0.0014	0.0014	0.0000	0.0010	0.0000	0.0000
51	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0449	0.0015	0.0014	0.0000	0.0010	0.0000	0.0000
52	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0458	0.0015	0.0014	0.0000	0.0011	0.0000	0.0000
53	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0467	0.0016	0.0014	0.0000	0.0012	0.0000	0.0000
54	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0476	0.0016	0.0014	0.0000	0.0013	0.0000	0.0000
55	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0485	0.0017	0.0014	0.0000	0.0014	0.0000	0.0000
56	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0494	0.0017	0.0014	0.0000	0.0015	0.0000	0.0000
57	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0503	0.0018	0.0014	0.0000	0.0016	0.0000	0.0000
58	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0512	0.0018	0.0014	0.0000	0.0017	0.0000	0.0000
59	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0521	0.0019	0.0014	0.0000	0.0018	0.0000	0.0000
60	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0530	0.0019	0.0014	0.0000	0.0019	0.0000	0.0000
61	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0539	0.0020	0.0014	0.0000	0.0020	0.0000	0.0000
62	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0548	0.0020	0.0014	0.0000	0.0021	0.0000	0.0000
63	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0557	0.0021	0.0014	0.0000	0.0022	0.0000	0.0000
64	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0566	0.0021	0.0014	0.0000	0.0023	0.0000	0.0000
65	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0575	0.0022	0.0014	0.0000	0.0024	0.0000	0.0000
66	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0584	0.0022	0.0014	0.0000	0.0025	0.0000	0.0000
67	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0593	0.0023	0.0014	0.0000	0.0026	0.0000	0.0000
68	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0602	0.0023	0.0014	0.0000	0.0027	0.0000	0.0000
69	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0611	0.0024	0.0014	0.0000	0.0028	0.0000	0.0000
70	0.0450	0.0450	0.0400	0.0400	0.0400	0.0113	0.0620	0.0024	0.0014	0.0000	0.0029	0.0000	0.0000

* Probability of retirement is 100% after the member accrues 100% of final average compensation.

**RATIO OF CURRENT COMPENSATION TO COMPENSATION
ANTICIPATED AT RETIREMENT AGE**

<u>Age</u>	<u>Miscellaneous</u>	<u>Safety</u>
20	0.046	0.096
21	0.051	0.105
22	0.055	0.114
23	0.060	0.123
24	0.066	0.134
25	0.072	0.145
26	0.078	0.156
27	0.084	0.168
28	0.091	0.181
29	0.098	0.194
30	0.105	0.208
31	0.113	0.222
32	0.121	0.237
33	0.130	0.252
34	0.139	0.267
35	0.149	0.283
36	0.159	0.299
37	0.170	0.316
38	0.181	0.333
39	0.192	0.351
40	0.205	0.370
41	0.218	0.389
42	0.232	0.410
43	0.246	0.432
44	0.261	0.455
45	0.277	0.479
46	0.294	0.504
47	0.311	0.530
48	0.329	0.557
49	0.348	0.586
50	0.368	0.616
51	0.389	0.647
52	0.410	0.680
53	0.433	0.715
54	0.456	0.750
55	0.481	0.788
56	0.506	0.827
57	0.533	0.869
58	0.561	0.912
59	0.590	0.955
60	0.621	1.000
61	0.653	
62	0.686	
63	0.721	
64	0.757	
65	0.794	
66	0.832	
67	0.873	
68	0.914	
69	0.956	
70	1.000	

*Merit and longevity scale from 6/30/2002 experience study plus 4.25% inflation.

YEARS OF LIFE EXPECTANCY AFTER SERVICE RETIREMENT

Miscellaneous and Safety Members

Age	Male	Female	Age	Male	Female
50	30.94	34.24	80	8.46	9.88
51	30.01	33.29	81	7.97	9.30
52	29.09	32.34	82	7.51	8.74
53	28.18	31.40	83	7.07	8.20
54	27.28	30.47	84	6.65	7.68
55	26.38	29.53	85	6.24	7.18
56	25.49	28.61	86	5.86	6.71
57	24.61	27.68	87	5.48	6.25
58	23.74	26.77	88	5.12	5.83
59	22.88	25.86	89	4.78	5.42
60	22.04	24.97	90	4.45	5.05
61	21.20	24.09	91	4.15	4.70
62	20.38	23.22	92	3.87	4.37
63	19.57	22.36	93	3.61	4.07
64	18.78	21.52	94	3.37	3.79
65	18.01	20.69	95	3.15	3.53
66	17.26	19.88	96	2.95	3.28
67	16.53	19.09	97	2.77	3.06
68	15.81	18.30	98	2.61	2.85
69	15.11	17.53	99	2.46	2.65
70	14.43	16.77	100	2.33	2.48
71	13.77	16.01	101	2.21	2.31
72	13.11	15.26	102	2.09	2.16
73	12.48	14.53	103	1.98	2.02
74	11.85	13.81	104	1.87	1.89
75	11.25	13.11	105	1.77	1.78
76	10.66	12.43	106	1.68	1.69
77	10.08	11.76	107	1.61	1.62
78	9.52	11.11	108	1.56	1.57
79	8.98	10.49	109	1.52	1.53
			110	1.49	1.49

Males and Safety: 1994 GAM Table with a 1 year setback

Females: 1994 GAF Table with no setback

YEARS OF LIFE EXPECTANCY AFTER DISABILITY RETIREMENT

Miscellaneous Members

Age	Male & Female	Age	Male & Female	Age	Male & Female
20	40.73	50	22.06	80	7.83
21	39.73	51	21.57	81	7.41
22	38.73	52	21.08	82	7.00
23	37.98	53	20.59	83	6.63
24	37.26	54	20.11	84	6.27
25	36.56	55	19.63	85	5.94
26	35.87	56	19.16	86	5.63
27	35.19	57	18.68	87	5.34
28	34.53	58	18.21	88	5.06
29	33.87	59	17.75	89	4.80
30	33.23	60	17.29	90	4.55
31	32.60	61	16.83	91	4.31
32	31.98	62	16.37	92	4.09
33	31.37	63	15.91	93	3.87
34	30.76	64	15.45	94	3.66
35	30.17	65	14.99	95	3.46
36	29.58	66	14.53	96	3.26
37	29.00	67	14.07	97	3.07
38	28.43	68	13.60	98	2.89
39	27.87	69	13.13	99	2.71
40	27.31	70	12.66	100	2.54
41	26.76	71	12.18	101	2.37
42	26.21	72	11.70	102	2.20
43	25.67	73	11.21	103	2.04
44	25.14	74	10.72	104	1.88
45	24.61	75	10.22	105	1.72
46	24.09	76	9.73	106	1.55
47	23.57	77	9.24	107	1.38
48	23.06	78	8.76	108	1.21
49	22.56	79	8.28	109	1.04
				110	0.88

1981 General Disability Table with a 2 Year Setback

YEARS OF LIFE EXPECTANCY AFTER DISABILITY RETIREMENT

Safety Members

Age	Male & Female	Age	Male & Female	Age	Male & Female
20	50.29	50	24.38	80	7.41
21	49.29	51	23.59	81	7.00
22	48.39	52	22.80	82	6.63
23	47.48	53	22.03	83	6.27
24	46.58	54	21.26	84	5.94
25	45.68	55	20.50	85	5.63
26	44.79	56	19.77	86	5.34
27	43.89	57	19.06	87	5.06
28	43.01	58	18.40	88	4.80
29	42.12	59	17.78	89	4.55
30	41.24	60	17.20	90	4.31
31	40.36	61	16.64	91	4.09
32	39.48	62	16.11	92	3.87
33	38.61	63	15.59	93	3.66
34	37.74	64	15.08	94	3.46
35	36.88	65	14.58	95	3.26
36	36.02	66	14.09	96	3.07
37	35.16	67	13.61	97	2.89
38	34.31	68	13.13	98	2.71
39	33.45	69	12.66	99	2.54
40	32.61	70	12.18	100	2.37
41	31.77	71	11.70	101	2.20
42	30.93	72	11.21	102	2.04
43	30.09	73	10.72	103	1.88
44	29.26	74	10.22	104	1.72
45	28.43	75	9.73	105	1.55
46	27.61	76	9.24	106	1.38
47	26.80	77	8.76	107	1.21
48	25.98	78	8.28	108	1.04
49	25.18	79	7.83	109	0.88
				110	0.71

1981 Safety Disability Table with 1 Year Setback

APPENDIX C – SUMMARY OF MEMBERSHIP AND BENEFIT STATISTICS

Active Miscellaneous Members			
	<u>June 30, 2002</u>	<u>June 30, 2001</u>	<u>Percent Change</u>
1. Tier 1			
A. Number	202	216	-6.5%
B. Average Age	53.18	53.93	-1.4%
C. Average Years of Service	20.59	21.32	-3.4%
D. Annual Salary			
i. Total	\$14,706,866	\$14,725,141	-0.1%
ii. Average Monthly Salary	\$6,067	\$5,681	6.8%
2. Tier 2			
A. Number	1,537	1,469	4.6%
B. Average Age	46.09	46.28	-0.4%
C. Average Years of Service	6.88	7.46	-7.8%
D. Annual Salary			
i. Total	\$92,148,545	\$82,890,131	11.2%
ii. Average Monthly Salary	\$4,996	\$4,702	6.3%
3. Special Districts			
A. Number	19	23	-17.4%
B. Average Age	44.03	46.05	-4.4%
C. Average Years of Service	7.08	6.46	9.6%
D. Annual Salary			
i. Total	\$914,381	\$838,428	9.1%
ii. Average Monthly Salary	\$4,010	\$3,038	32.0%
4. Total			
A. Number	1,758	1,708	2.9%
B. Average Age	46.88	47.24	-0.8%
C. Average Years of Service	8.46	9.2	-8.0%
D. Annual Salary			
i. Total	\$107,769,792	\$98,453,700	9.5%
ii. Average Monthly Salary	\$5,109	\$4,804	6.3%

Benefit Statistics and Association Membership

Active Safety Members			
	<u>June 30, 2002</u>	<u>June 30, 2001</u>	<u>Percent Change</u>
A. Number	384	330	16.4%
B. Average Age	40.88	40.23	1.6%
C. Average Years of Service	11.08	12.26	-9.6%
D. Annual Salary			
i. Total	\$29,203,628	\$23,798,721	22.7%
ii. Average Monthly Salary	\$6,338	\$6,010	5.5%

RETIRED AND INACTIVE VESTED MEMBERS

	<u>June 30, 2002</u>	<u>June 30, 2001</u>	<u>Percent Change</u>
Retired Members			
A. Service Retirement			
i. Number	1,066	1,047	1.8%
ii. Annual Allowance			
Basic Only	\$18,408,045	\$16,834,640	9.3%
COLA	<u>\$6,544,176</u>	<u>\$5,966,941</u>	9.7%
Total	\$24,952,221	\$22,801,581	9.4%
Average Monthly Amount	\$1,951	\$1,815	7.5%
B. Disability Retirement			
i. Number	175	176	-0.6%
ii. Annual Allowance			
Basic Only	\$2,751,153	\$2,725,544	0.9%
COLA	<u>\$1,167,272</u>	<u>\$1,102,441</u>	5.9%
Total	\$3,918,425	\$3,827,985	2.4%
Average Monthly Amount	\$1,866	\$1,812	3.0%
C. Beneficiaries			
i. Number	199	189	5.3%
ii. Annual Allowance			
Basic Only	\$2,431,902	\$2,336,740	4.1%
COLA	<u>\$780,177</u>	<u>\$699,109</u>	11.6%
Total	\$3,212,079	\$3,035,848	5.8%
Average Monthly Amount	\$1,345	\$1,339	0.4%
D. Total			
i. Number	1,440	1,412	2.0%
ii. Annual Allowance			
Basic Only	\$23,591,100	\$21,896,924	7.7%
COLA	<u>\$8,491,625</u>	<u>\$7,768,490</u>	9.3%
Total	\$32,082,725	\$29,665,414	8.1%
Average Monthly Amount	\$1,857	\$1,751	6.1%
Inactive Vested Members			
A. Number	365	337	8.3%

**ANNUAL SALARY AND MEMBERSHIP DISTRIBUTION
OF ACTIVE COUNTY MISCELLANEOUS TIER 1 MEMBERS (SECTION 31676.14)
AS OF JUNE 30, 2002**

YEARS OF SERVICE

Age Group	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	TOTAL
0-19										
20-24										
25-29	3	1								4
	44,605	43,344								44,290
30-34	1									1
	50,679									50,679
35-39	3	1	1							5
	42,337	117,762	50,679							59,090
40-44	2	1	2	2	3					10
	45,060	61,922	61,614	64,551	61,208					58,800
45-49	1	2		4	17	4				28
	48,020	50,679		60,328	77,221	65,816				70,240
50-54	6	2	3	6	26	13	6			62
	47,133	73,784	58,551	56,223	73,655	72,229	60,439			67,097
55-59	1	6	5	4	9	17	13	3		58
	73,231	66,681	67,972	77,073	83,799	89,943	94,315	57,740		82,828
60-64		2	1	3	5	7	6	1		25
		70,387	93,773	58,935	74,418	88,950	112,917	59,913		85,740
65-69			1	1	1	2	1			6
			56,101	56,122	64,539	51,143	64,576			57,271
70-74				1	2					3
				71,252	53,227					59,235
75+										
Total	17	15	13	21	63	43	26	4		202
	47,393	67,521	64,561	62,868	74,741	80,377	89,647	58,283		72,806
			Total Salary		\$14,706,866					
			Average Age		53.18					
			Average Service		20.59					

**ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF ACTIVE COUNTY MISCELLANEOUS TIER 2 MEMBERS (SECTION 31676.16)
AS OF JUNE 30, 2002**

YEARS OF SERVICE

Age Group	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	TOTAL
0-19	1									1
	33,129									33,129
20-24	16									16
	39,426									39,426
25-29	71	2								73
	50,442	47,545								50,363
30-34	108	28	6							142
	54,115	62,439	61,722							56,078
35-39	109	46	30	11						196
	54,045	63,894	61,814	59,595						57,857
40-44	107	50	39	24	5					225
	56,511	63,015	63,343	56,167	63,635					59,262
45-49	113	54	48	30	10					255
	57,619	63,842	66,868	74,919	63,925					62,961
50-54	114	68	61	46	11	2				302
	57,894	61,536	64,471	73,208	80,895	73,028				63,313
55-59	60	43	45	30	8		3			189
	54,612	67,052	62,093	71,243	81,152		70,919			63,246
60-64	13	24	33	25	6		1			102
	63,563	54,717	60,739	68,077	63,527		36,274			61,405
65-69	4	6	10	7						27
	40,250	43,423	54,310	63,156						52,101
70-74	2		1	2	1					6
	38,152		34,686	41,716	45,559					39,997
75+		1	1	1						3
		39,376	49,488	43,312						44,059
Total	718	322	274	176	41	2	4			1,537
	54,984	62,303	63,005	68,334	71,298	73,028	62,258			59,954
Total Salary					\$92,148,545					
Average Age					46.09					
Average Service					6.88					

**ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF ACTIVE MISCELLANEOUS MEMBERS FROM SPECIAL DISTRICT
AS OF JUNE 30, 2002**

YEARS OF SERVICE

Age Group	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	TOTAL
0-19										
20-24										
25-29	1									1
	21,231									21,231
30-34	4									4
	31,859									31,859
35-39	2									2
	40,954									40,954
40-44					1					1
					54,033					54,033
45-49	2			1						3
	47,069			48,050						47,396
50-54	3	1	2							6
	80,086	54,950	36,115							61,239
55-59				1		1				2
				68,273		51,877				60,075
60-64										
65-69										
70-74										
75+										
Total	12	1	2	2	1	1				19
	47,081	54,950	36,115	58,161	54,033	51,877				48,125
Total Salary					\$914,381					
Average Age					44.03					
Average Service					7.03					

**ANNUAL SALARY AND MEMBERSHIP DISTRIBUTION
OF ACTIVE SAFETY MEMBERS
AS OF JUNE 30, 2002**

YEARS OF SERVICE

Age Group	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	TOTAL
0-19										
20-24	5									5
	60,385									60,385
25-29	38	3								41
	60,392	69,621								61,068
30-34	34	23	9							66
	62,051	74,086	84,888							69,359
35-39	20	17	24	5						66
	67,870	74,117	76,399	83,554						73,769
40-44	20	11	20	22	6					79
	74,374	75,149	75,655	80,461	82,618					77,128
45-49	8	3	8	16	18	20				73
	65,476	96,236	83,127	78,877	83,263	97,016				84,639
50-54	6	1	4	5	5	6	6			33
	77,534	82,072	78,626	89,865	87,215	92,171	101,601			88,176
55-59	4		1	1	1	1	6			14
	66,673		76,494	83,407	75,229	105,467	90,417			82,128
60-64	2			1		1	1	1		6
	92,644			78,848		75,791	74,654	114,706		88,214
65-69				1						1
				90,890						90,890
70-74										
75+										
Total	137	58	66	51	30	28	13	1		384
	65,638	75,349	78,283	81,420	83,525	95,522	94,366	114,706		76,051
Total Salary					\$29,203,628					
Average Age					40.38					
Average Service					10.58					

**ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF RETIRED MISCELLANEOUS MEMBERS AND BENEFICIARIES
AS OF JUNE 30, 2002**

YEARS OF RETIREMENT

Age Group	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	TOTAL
0-19										0
20-24										1
										9,045
25-29	1									1
	21,930									21,930
30-34			1							1
			3,834							3,834
35-39					1					1
					9,893					9,893
40-44	8	2	1							11
	19,529	18,909	7,180							18,294
45-49	11	6	2	1						20
	16,841	16,142	20,579	22,431						17,285
50-54	15	7	5							27
	14,925	16,284	16,963							15,655
55-59	99	33	6	5	1		1			145
	23,466	17,223	12,908	12,172	16,604		2,676			21,028
60-64	81	61	32	3	3	1				181
	30,680	23,642	12,169	29,173	15,855	37,442				24,802
65-69	64	72	40	20	5	4				205
	27,086	29,251	17,754	9,405	18,059	22,417				23,989
70-74	17	55	71	40	22	6	2			213
	19,390	26,784	26,414	13,510	14,140	15,396	17,506			21,864
75-79	3	27	51	59	46	11	1	1		199
	22,843	24,761	15,660	16,427	16,345	9,693	18,302	2,520		17,006
80-84	1	4	16	39	63	20	3			146
	9,336	12,061	20,943	16,626	15,246	11,684	7,976			15,474
85-89			3	3	31	13	4	1	1	56
			18,146	16,083	14,414	14,767	8,397	4,924	12,674	14,155
90+				1	2	17	9	1		30
				8,696	4,937	13,342	15,687	15,606		13,405
Total	300	267	228	171	174	72	20	3	1	1,236
	25,122	24,551	19,200	15,052	15,198	13,591	12,734	7,683	12,674	20,191

Total Retired Benefit \$24,956,632
Average Age 69.96
Average Years Retired 11.86

**ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF RETIRED SAFETY MEMBERS AND BENEFICIARIES
AS OF JUNE 30, 2002**

YEARS OF RETIREMENT

Age Group	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	TOTAL
0-19										
20-24			1							1
			27,570							27,570
25-29										0
30-34	1									1
	10,788									10,788
35-39	7		1							8
	32,384		45,945							34,079
40-44	1	1	2	1						5
	9,679	14,090	25,899	25,862						20,286
45-49	5		3		1					9
	24,180		25,122		24,911					24,575
50-54	7	5	8		1					21
	33,395	28,924	22,241		22,601					27,567
55-59	18	10	7	3	4	3				45
	64,109	22,898	31,420	26,499	13,010	20,895				39,935
60-64	8	21	3	6	4	2				44
	76,230	52,660	18,842	25,330	20,153	20,410				46,492
65-69	1	5	9	5	5	4				29
	25,893	61,844	33,611	28,572	30,728	26,835				35,912
70-74				6	8	1	2	1		18
				28,804	30,382	25,379	16,861	12,204		27,066
75-79				2	4	7		1		14
				26,452	28,885	25,307		15,179		25,770
80-84					3	1	3			7
					24,140	26,602	15,801			20,918
85-89						1	1			2
						23,870	11,148			17,509
90+										
Total	48	42	34	23	30	19	6	2		204
	49,823	42,923	28,164	27,214	25,494	24,413	15,379	13,692		34,932

Total Retired Benefit \$7,126,093
Average Age 61.00
Average Years Retired 12.88

**SUMMARY OF MONTHLY ALLOWANCES BEING PAID
AS OF JUNE 30, 2002**

Miscellaneous

		Monthly Allowances		
	Number	Basic	Cost of Living	Total
Service Retirement				
Unmodified	915	1,210,377	444,366	1,654,743
Option 1	39	30,707	18,040	48,747
Option 2 & 3	19	22,405	4,822	27,227
Total	973	1,263,489	467,228	1,730,717
Ordinary Disability				
Unmodified	36	23,925	12,738	36,663
Option 1	2	816	176	992
Option 2 & 3	0	0	0	0
Total	38	24,741	12,915	37,656
Duty Disability				
Unmodified	63	92,999	27,016	120,015
Option 1	2	704	929	1,633
Option 2 & 3	1	510	405	914
Total	66	94,213	28,350	122,563
Beneficiary				
Unmodified	157	140,131	45,222	185,354
Option 1	1	886	176	1,062
Option 2 & 3	1	2,276	92	2,368
Total	159	143,294	45,491	188,784

**SUMMARY OF MONTHLY ALLOWANCES BEING PAID
AS OF JUNE 30, 2002**

Safety

		Monthly Allowances			
		Number	Basic	Cost of Living	Total
Service Retirement					
	Unmodified	86	260,554	75,702	336,256
	Option 1	1	717	90	807
	Option 2 & 3	6	9,244	2,328	11,572
	Total	93	270,515	78,120	348,635
Ordinary Disability					
	Unmodified	1	522	715	1,237
	Option 1	0	0	0	0
	Option 2 & 3	0	0	0	0
	Total	1	522	715	1,237
Duty Disability					
	Unmodified	67	105,884	53,374	159,258
	Option 1	2	2,190	1,216	3,406
	Option 2 & 3	1	1,713	703	2,416
	Total	70	109,787	55,293	165,080
Beneficiary					
	Unmodified	40	59,365	19,524	78,889
	Option 1	0	0	0	0
	Option 2 & 3	0	0	0	0
	Total	40	59,365	19,524	78,889

APPENDIX D – MEMBERS' CONTRIBUTION RATES

RECOMMENDED MEMBERS' CONTRIBUTION RATES

Marin Miscellaneous Tier 1*

<u>Age</u>	<u>New Basic</u>	<u>New COL</u>	<u>Limited to 1.58%</u>	<u>New Total</u>
16	6.16%	3.31%	1.58%	7.74%
17	6.18%	3.32%	1.58%	7.76%
18	6.20%	3.33%	1.58%	7.78%
19	6.22%	3.34%	1.58%	7.80%
20	6.24%	3.35%	1.58%	7.82%
21	6.26%	3.36%	1.58%	7.84%
22	6.28%	3.37%	1.58%	7.86%
23	6.30%	3.38%	1.58%	7.88%
24	6.33%	3.40%	1.58%	7.91%
25	6.36%	3.41%	1.58%	7.94%
26	6.40%	3.43%	1.58%	7.98%
27	6.44%	3.46%	1.58%	8.02%
28	6.48%	3.48%	1.58%	8.06%
29	6.53%	3.50%	1.58%	8.11%
30	6.57%	3.53%	1.58%	8.15%
31	6.63%	3.56%	1.58%	8.21%
32	6.68%	3.58%	1.58%	8.26%
33	6.74%	3.62%	1.58%	8.32%
34	6.80%	3.65%	1.58%	8.38%
35	6.86%	3.68%	1.58%	8.44%
36	6.93%	3.72%	1.58%	8.51%
37	7.00%	3.76%	1.58%	8.58%
38	7.07%	3.79%	1.58%	8.65%
39	7.14%	3.83%	1.58%	8.72%
40	7.22%	3.87%	1.58%	8.80%
41	7.30%	3.92%	1.58%	8.88%
42	7.38%	3.96%	1.58%	8.96%
43	7.46%	4.00%	1.58%	9.04%
44	7.54%	4.05%	1.58%	9.12%
45	7.63%	4.09%	1.58%	9.21%
46	7.72%	4.14%	1.58%	9.30%
47	7.82%	4.20%	1.58%	9.40%
48	7.91%	4.24%	1.58%	9.49%
49	8.01%	4.30%	1.58%	9.59%
50	8.12%	4.36%	1.58%	9.70%
51	8.22%	4.41%	1.58%	9.80%
52	8.33%	4.47%	1.58%	9.91%
53	8.44%	4.53%	1.58%	10.02%
54	8.55%	4.59%	1.58%	10.13%
55	8.55%	4.59%	1.58%	10.13%
56	8.55%	4.59%	1.58%	10.13%
57	8.55%	4.59%	1.58%	10.13%
58	8.55%	4.59%	1.58%	10.13%
59	8.55%	4.59%	1.58%	10.13%
60	8.55%	4.59%	1.58%	10.13%

*Increase in basic rate due to assumption changes.

**RECOMMENDED MEMBERS' CONTRIBUTION RATES
COUNTY TIER 2 MEMBERS (SECTION 31676.16)**

Marin Miscellaneous Tier 2

<u>Age</u>	<u>New Basic</u>	<u>New COL</u>	<u>Limited to 1.58%</u>	<u>Cost Sharing Under Enhanced Formula</u>	<u>New Total</u>
16	5.01%	1.07%	1.07%	1.14%	7.22%
17	5.02%	1.07%	1.07%	1.14%	7.23%
18	5.03%	1.07%	1.07%	1.14%	7.24%
19	5.04%	1.07%	1.07%	1.14%	7.25%
20	5.05%	1.07%	1.07%	1.14%	7.26%
21	5.06%	1.08%	1.08%	1.14%	7.28%
22	5.08%	1.08%	1.08%	1.14%	7.30%
23	5.11%	1.09%	1.09%	1.14%	7.34%
24	5.14%	1.09%	1.09%	1.14%	7.37%
25	5.17%	1.10%	1.10%	1.14%	7.41%
26	5.20%	1.11%	1.11%	1.14%	7.45%
27	5.23%	1.11%	1.11%	1.14%	7.48%
28	5.27%	1.12%	1.12%	1.14%	7.53%
29	5.32%	1.13%	1.13%	1.14%	7.59%
30	5.36%	1.14%	1.14%	1.14%	7.64%
31	5.41%	1.15%	1.15%	1.14%	7.70%
32	5.45%	1.16%	1.16%	1.14%	7.75%
33	5.51%	1.17%	1.17%	1.14%	7.82%
34	5.56%	1.18%	1.18%	1.14%	7.88%
35	5.62%	1.20%	1.20%	1.14%	7.96%
36	5.67%	1.21%	1.21%	1.14%	8.02%
37	5.73%	1.22%	1.22%	1.14%	8.09%
38	5.80%	1.23%	1.23%	1.14%	8.17%
39	5.86%	1.25%	1.25%	1.14%	8.25%
40	5.93%	1.26%	1.26%	1.14%	8.33%
41	5.99%	1.27%	1.27%	1.14%	8.40%
42	6.07%	1.29%	1.29%	1.14%	8.50%
43	6.14%	1.31%	1.31%	1.14%	8.59%
44	6.21%	1.32%	1.32%	1.14%	8.67%
45	6.29%	1.34%	1.34%	1.14%	8.77%
46	6.37%	1.35%	1.35%	1.14%	8.86%
47	6.45%	1.37%	1.37%	1.14%	8.96%
48	6.54%	1.39%	1.39%	1.14%	9.07%
49	6.63%	1.41%	1.41%	1.14%	9.18%
50	6.71%	1.43%	1.43%	1.14%	9.28%
51	6.81%	1.45%	1.45%	1.14%	9.40%
52	6.90%	1.47%	1.47%	1.14%	9.51%
53	7.00%	1.49%	1.49%	1.14%	9.63%
54	7.10%	1.51%	1.51%	1.14%	9.75%
55	7.20%	1.53%	1.53%	1.14%	9.87%
56	7.30%	1.55%	1.55%	1.14%	9.99%
57	7.40%	1.57%	1.57%	1.14%	10.11%
58	7.70%	1.64%	1.58%	1.14%	10.42%
59	8.01%	1.70%	1.58%	1.14%	10.73%
60	8.01%	1.70%	1.58%	1.14%	10.73%

*Increase in basic rate due to assumption changes. Also increased due to benefit improvements.

RECOMMENDED MEMBERS' CONTRIBUTION RATES

Marin Miscellaneous Special Districts*

Age	Basic	COL	Implicit COL	Limited to Implicit COL	Total
16	6.16%	2.76%	0.09%	0.09%	6.25%
17	6.18%	2.77%	0.15%	0.15%	6.33%
18	6.20%	2.78%	0.20%	0.20%	6.40%
19	6.22%	2.79%	0.25%	0.25%	6.47%
20	6.24%	2.80%	0.29%	0.29%	6.53%
21	6.26%	2.81%	0.33%	0.33%	6.59%
22	6.28%	2.82%	0.38%	0.38%	6.66%
23	6.30%	2.83%	0.43%	0.43%	6.73%
24	6.33%	2.84%	0.46%	0.46%	6.79%
25	6.36%	2.85%	0.51%	0.51%	6.87%
26	6.40%	2.87%	0.54%	0.54%	6.94%
27	6.44%	2.89%	0.60%	0.60%	7.04%
28	6.48%	2.91%	0.63%	0.63%	7.11%
29	6.53%	2.93%	0.68%	0.68%	7.21%
30	6.57%	2.95%	0.72%	0.72%	7.29%
31	6.63%	2.97%	0.76%	0.76%	7.39%
32	6.68%	3.00%	0.80%	0.80%	7.48%
33	6.74%	3.02%	0.84%	0.84%	7.58%
34	6.80%	3.05%	0.89%	0.89%	7.69%
35	6.86%	3.08%	0.93%	0.93%	7.79%
36	6.93%	3.11%	0.96%	0.96%	7.89%
37	7.00%	3.14%	1.00%	1.00%	8.00%
38	7.07%	3.17%	1.04%	1.04%	8.11%
39	7.14%	3.20%	1.07%	1.07%	8.21%
40	7.22%	3.24%	1.11%	1.11%	8.33%
41	7.30%	3.27%	1.15%	1.15%	8.45%
42	7.38%	3.31%	1.18%	1.18%	8.56%
43	7.46%	3.35%	1.23%	1.23%	8.69%
44	7.54%	3.38%	1.27%	1.27%	8.81%
45	7.63%	3.42%	1.30%	1.30%	8.93%
46	7.72%	3.46%	1.35%	1.35%	9.07%
47	7.82%	3.51%	1.38%	1.38%	9.20%
48	7.91%	3.55%	1.43%	1.43%	9.34%
49	8.01%	3.59%	1.45%	1.45%	9.46%
50	8.12%	3.64%	2.23%	2.23%	10.35%
51	8.22%	3.69%	2.07%	2.07%	10.29%
52	8.33%	3.74%	1.91%	1.91%	10.24%
53	8.44%	3.79%	1.74%	1.74%	10.18%
54	8.55%	3.84%	1.56%	1.56%	10.11%
55	8.55%	3.84%	1.56%	1.56%	10.11%
56	8.55%	3.84%	1.56%	1.56%	10.11%
57	8.55%	3.84%	1.56%	1.56%	10.11%
58	8.55%	3.84%	1.56%	1.56%	10.11%
59	8.55%	3.84%	1.56%	1.56%	10.11%
60	8.55%	3.84%	1.56%	1.56%	10.11%

*Increase in basic rate due to assumption changes.

RECOMMENDED MEMBERS' CONTRIBUTION RATES**Marin Safety Tier 1***

<u>Age</u>	<u>New Basic</u>	<u>New COL</u>	<u>Limited to 3.10%</u>	<u>Cost Sharing Under Enhanced Formula</u>	<u>New Total</u>
16	7.36%	4.36%	3.10%	3.64%	14.10%
17	7.39%	4.38%	3.10%	3.64%	14.13%
18	7.42%	4.40%	3.10%	3.64%	14.16%
19	7.45%	4.41%	3.10%	3.64%	14.19%
20	7.48%	4.43%	3.10%	3.64%	14.22%
21	7.51%	4.45%	3.10%	3.64%	14.25%
22	7.56%	4.48%	3.10%	3.64%	14.30%
23	7.61%	4.51%	3.10%	3.64%	14.35%
24	7.66%	4.54%	3.10%	3.64%	14.40%
25	7.72%	4.57%	3.10%	3.64%	14.46%
26	7.78%	4.61%	3.10%	3.64%	14.52%
27	7.86%	4.66%	3.10%	3.64%	14.60%
28	7.93%	4.70%	3.10%	3.64%	14.67%
29	8.01%	4.75%	3.10%	3.64%	14.75%
30	8.10%	4.80%	3.10%	3.64%	14.84%
31	8.20%	4.86%	3.10%	3.64%	14.94%
32	8.30%	4.92%	3.10%	3.64%	15.04%
33	8.41%	4.98%	3.10%	3.64%	15.15%
34	8.52%	5.05%	3.10%	3.64%	15.26%
35	8.64%	5.12%	3.10%	3.64%	15.38%
36	8.76%	5.19%	3.10%	3.64%	15.50%
37	8.89%	5.27%	3.10%	3.64%	15.63%
38	9.02%	5.35%	3.10%	3.64%	15.76%
39	9.15%	5.42%	3.10%	3.64%	15.89%
40	9.28%	5.50%	3.10%	3.64%	16.02%
41	9.41%	5.58%	3.10%	3.64%	16.15%
42	9.55%	5.66%	3.10%	3.64%	16.29%
43	9.69%	5.74%	3.10%	3.64%	16.43%
44	9.83%	5.83%	3.10%	3.64%	16.57%
45	9.98%	5.91%	3.10%	3.64%	16.72%
46	10.12%	6.00%	3.10%	3.64%	16.86%
47	10.27%	6.09%	3.10%	3.64%	17.01%
48	10.43%	6.18%	3.10%	3.64%	17.17%
49	10.58%	6.27%	3.10%	3.64%	17.32%
50	10.58%	6.27%	3.10%	3.64%	17.32%
51	10.58%	6.27%	3.10%	3.64%	17.32%
52	10.58%	6.27%	3.10%	3.64%	17.32%
53	10.58%	6.27%	3.10%	3.64%	17.32%
54	10.58%	6.27%	3.10%	3.64%	17.32%
55	10.58%	6.27%	3.10%	3.64%	17.32%
56	10.58%	6.27%	3.10%	3.64%	17.32%
57	10.58%	6.27%	3.10%	3.64%	17.32%
58	10.58%	6.27%	3.10%	3.64%	17.32%
59	10.58%	6.27%	3.10%	3.64%	17.32%
60	10.58%	6.27%	3.10%	3.64%	17.32%

*Increase in basic rate due to assumption changes. Also increased due to benefit improvements.

RECOMMENDED MEMBERS' CONTRIBUTION RATES

Marin Safety Tier 2*

<u>Age</u>	<u>New Basic</u>	<u>New COL</u>	<u>Limited to 3.10%</u>	<u>Cost Sharing Under Enhanced Formula</u>	<u>New Total</u>
16	7.00%	1.78%	1.78%	3.64%	12.42%
17	7.03%	1.79%	1.79%	3.64%	12.46%
18	7.06%	1.79%	1.79%	3.64%	12.49%
19	7.09%	1.80%	1.80%	3.64%	12.53%
20	7.12%	1.81%	1.81%	3.64%	12.57%
21	7.15%	1.82%	1.82%	3.64%	12.61%
22	7.19%	1.83%	1.83%	3.64%	12.66%
23	7.24%	1.84%	1.84%	3.64%	12.72%
24	7.29%	1.85%	1.85%	3.64%	12.78%
25	7.35%	1.87%	1.87%	3.64%	12.86%
26	7.41%	1.88%	1.88%	3.64%	12.93%
27	7.48%	1.90%	1.90%	3.64%	13.02%
28	7.55%	1.92%	1.92%	3.64%	13.11%
29	7.63%	1.94%	1.94%	3.64%	13.21%
30	7.71%	1.96%	1.96%	3.64%	13.31%
31	7.80%	1.98%	1.98%	3.64%	13.42%
32	7.90%	2.01%	2.01%	3.64%	13.55%
33	8.00%	2.03%	2.03%	3.64%	13.67%
34	8.11%	2.06%	2.06%	3.64%	13.81%
35	8.22%	2.09%	2.09%	3.64%	13.95%
36	8.34%	2.12%	2.12%	3.64%	14.10%
37	8.46%	2.15%	2.15%	3.64%	14.25%
38	8.58%	2.18%	2.18%	3.64%	14.40%
39	8.71%	2.21%	2.21%	3.64%	14.56%
40	8.83%	2.24%	2.24%	3.64%	14.71%
41	8.96%	2.28%	2.28%	3.64%	14.88%
42	9.09%	2.31%	2.31%	3.64%	15.04%
43	9.22%	2.34%	2.34%	3.64%	15.20%
44	9.36%	2.38%	2.38%	3.64%	15.38%
45	9.49%	2.41%	2.41%	3.64%	15.54%
46	9.63%	2.45%	2.45%	3.64%	15.72%
47	9.78%	2.49%	2.49%	3.64%	15.91%
48	10.17%	2.59%	2.59%	3.64%	16.40%
49	10.58%	2.69%	2.69%	3.64%	16.91%
50	10.58%	2.69%	2.69%	3.64%	16.91%
51	10.58%	2.69%	2.69%	3.64%	16.91%
52	10.58%	2.69%	2.69%	3.64%	16.91%
53	10.58%	2.69%	2.69%	3.64%	16.91%
54	10.58%	2.69%	2.69%	3.64%	16.91%
55	10.58%	2.69%	2.69%	3.64%	16.91%
56	10.58%	2.69%	2.69%	3.64%	16.91%
57	10.58%	2.69%	2.69%	3.64%	16.91%
58	10.58%	2.69%	2.69%	3.64%	16.91%
59	10.58%	2.69%	2.69%	3.64%	16.91%
60	10.58%	2.69%	2.69%	3.64%	16.91%

*Increase in basic rate due to assumption changes. Also increased due to benefit improvements.

RECOMMENDED MEMBERS' CONTRIBUTION RATES

Marin Safety Special District*

<u>Age</u>	<u>Basic</u>	<u>COL</u>	<u>Implicit COL</u>	<u>Limited to Implicit COL</u>	<u>Total</u>
16	7.36%	4.36%	1.77%	1.77%	9.13%
17	7.39%	4.38%	1.72%	1.72%	9.11%
18	7.42%	4.40%	1.66%	1.66%	9.08%
19	7.45%	4.41%	1.60%	1.60%	9.05%
20	7.48%	4.43%	1.54%	1.54%	9.02%
21	7.51%	4.45%	1.47%	1.47%	8.98%
22	7.56%	4.48%	1.54%	1.54%	9.10%
23	7.61%	4.51%	1.58%	1.58%	9.19%
24	7.66%	4.54%	1.64%	1.64%	9.30%
25	7.72%	4.57%	1.69%	1.69%	9.41%
26	7.78%	4.61%	1.74%	1.74%	9.52%
27	7.86%	4.66%	1.78%	1.78%	9.64%
28	7.93%	4.70%	1.83%	1.83%	9.76%
29	8.01%	4.75%	1.86%	1.86%	9.87%
30	8.10%	4.80%	1.91%	1.91%	10.01%
31	8.20%	4.86%	1.92%	1.92%	10.12%
32	8.30%	4.92%	1.96%	1.96%	10.26%
33	8.41%	4.98%	1.98%	1.98%	10.39%
34	8.52%	5.05%	2.00%	2.00%	10.52%
35	8.64%	5.12%	2.03%	2.03%	10.67%
36	8.76%	5.19%	2.06%	2.06%	10.82%
37	8.89%	5.27%	2.09%	2.09%	10.98%
38	9.02%	5.35%	2.11%	2.11%	11.13%
39	9.15%	5.42%	2.13%	2.13%	11.28%
40	9.28%	5.50%	2.16%	2.16%	11.44%
41	9.41%	5.58%	2.17%	2.17%	11.58%
42	9.55%	5.66%	2.20%	2.20%	11.75%
43	9.69%	5.74%	2.23%	2.23%	11.92%
44	9.83%	5.83%	2.27%	2.27%	12.10%
45	9.98%	5.91%	3.24%	3.24%	13.22%
46	10.12%	6.00%	3.04%	3.04%	13.16%
47	10.27%	6.09%	2.83%	2.83%	13.10%
48	10.43%	6.18%	2.62%	2.62%	13.05%
49	10.58%	6.27%	2.40%	2.40%	12.98%
50	10.58%	6.27%	2.40%	2.40%	12.98%
51	10.58%	6.27%	2.40%	2.40%	12.98%
52	10.58%	6.27%	2.40%	2.40%	12.98%
53	10.58%	6.27%	2.40%	2.40%	12.98%
54	10.58%	6.27%	2.40%	2.40%	12.98%
55	10.58%	6.27%	2.40%	2.40%	12.98%
56	10.58%	6.27%	2.40%	2.40%	12.98%
57	10.58%	6.27%	2.40%	2.40%	12.98%
58	10.58%	6.27%	2.40%	2.40%	12.98%
59	10.58%	6.27%	2.40%	2.40%	12.98%
60	10.58%	6.27%	2.40%	2.40%	12.98%

*Increase in basic rate due to assumption changes.

APPENDIX E – GLOSSARY OF ACTUARIAL TERMINOLOGY

AAL: (See Actuarial Accrued Liability)

Accrued Benefit: The amount of an individual's benefit (whether or not vested) as of a specified date, determined in accordance with the terms of a pension plan and based on compensation (if applicable) and service to that date.

Actuarial Accrued Liability: "Target assets" which would be on hand were the System's current level of benefits to have been funded by normal costs from date of entry into the System by all current members and interest at the current investment return assumption were credited each year. It also includes the actuarial present value of all retired members and beneficiaries future benefits.

Actuarial Asset Value: The value of Assets used by the actuary in the actuarial valuation. In order to reduce the impact of assets value fluctuation and to capture the long-term intrinsic value of the System's assets, actuaries sometimes use smoothing methods. These methods usually reflect the current market value of assets in some manner.

Actuarial Assumptions: Those assumptions such as interest (investment return), salary increases, termination from service and mortality needed by the actuary to complete an actuarial valuation.

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

Actuarial Present Value: The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:

- (a) adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.)
- (b) multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned, and
- (c) discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Actuarial Valuation: The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

Actuary: A business mathematician trained in mathematics, risk analysis and finance. An actuary is assigned the task of determining the contribution required to maintain financial balance as to inflow and outflow from a retirement system.

Assets: Underlying funds available to provide for the System's benefits. It reflects the accumulation of all contributions and investment earnings.

Contribution to the Unfunded Actuarial Accrued Liability (UAAL): That annual contribution rate which, 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 earnings rate. The contribution is calculated to remain as a level percentage of future active member payroll (including payroll of new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments are scheduled to increase at the annual inflation rate.

GASB: The Government Accounting Standards Board...which promulgates financial reporting and disclosure requirements for governmental entities, including public retirement systems.

GASB Statement No. 25: A set of disclosures promulgated by GASB to provide users of financial statements information as to the funding status of a public retirement system. GASB No. 25 specifies the Actuarial Accrued Liability (AAL) as a standardized target level of assets.

Investment Return Assumption: The average rate of investment earnings which is assumed will be earned by System funds.

Normal Cost: That annual contribution which, 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 benefits. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution rate is expressed as a percentage of the member's compensation.

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

Projected Unit Credit Actuarial Funding Method: An actuarial method for pre-funding future retirement benefits. Under this method the member contribution stream plus the employer contribution stream is determined as a pro-rata portion of the amount necessary to finance future benefits for current members. The pro-rata is based on the pattern by which benefits accrue to member by age and service.

UAAL: (See Unfunded Actuarial Accrued Liability).

Unfunded Actuarial Accrued Liability: Actuarial Accrued Liability minus the Actuarial Value of Assets.