

**TULARE COUNTY
EMPLOYEES' RETIREMENT
ASSOCIATION**

**REPORT ON THE
ACTUARIAL VALUATION
AS OF JUNE 30, 2005**

December 30, 2005

Board of Retirement
Tulare County Employees'
Retirement Association
136 N. Akers
Visalia, CA 93291

Members of the Board:

We are pleased to present our report on the actuarial valuation of the Tulare County Employees' Retirement Association as of June 30, 2005. The actuarial valuation is based on unaudited financial information and member data provided by the Retirement Association and summarized in this report.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures, using an actuarial cost method which we believe is reasonable. This report fully and fairly discloses the actuarial position of the plan.


In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and reasonable expectations, and represent our best estimate of the anticipated experience under the plan. A summary of the actuarial assumptions and methods used in this actuarial valuation are shown in Section 8.

We look forward to discussing this report with the Board and wish to express our appreciation for the invaluable cooperation extended to us by the Retirement Staff during the course of this study.

Respectfully submitted,



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Principal and Consulting Actuary



Eva Yum, F.S.A., E.A.
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Section 1: Executive Summary

The table below summarizes the principal results from the current and the prior valuations.

<u>Item</u>	<u>Actuarial Valuation as of</u>		<u>Change Between Years</u>	
	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>Amount</u>	<u>Percent</u>
Contribution Summary *				
Average Employer Contribution Rate	7.02%	8.79%	1.77%	25.2%
Estimated Employer Contributions	\$11,485,000	\$14,487,000	\$3,002,000	26.1%
Average Member Contribution Rate	N/A	6.92%		
Estimated Member Contributions	N/A	\$11,404,000		
Value of Assets				
Market Value of Assets	\$735,771,031	\$794,746,750	\$58,975,719	8.0%
Rate of Return for Last 12 Months	17.00%	9.93%		
Actuarial Value of Assets	\$665,243,885	\$681,618,145	\$16,374,260	2.5%
Rate of Return for Last 12 Months	6.77%	4.53%		
GASB No. 25 Funded Status				
Actuarial Accrued Liability	\$649,648,748	\$714,656,078	\$ 65,007,330	10.0%
Unfunded Actuarial Accrued Liability/(Surplus)	(\$15,595,137)	\$33,037,933	\$ 48,633,070	
Funded Ratio	102.4%	95.4%	(7.0%)	(6.8%)
Summary of Data				
Active Participants	3,873	3,897	24	0.6%
Participants with Deferred Benefits	859	1,222	363	42.3%
Retired Participants and Beneficiaries	<u>1,728</u>	<u>1,808</u>	<u>80</u>	4.6%
Total	6,460	6,927	467	7.2%
Retired Participant Statistics				
Total Annual Allowance	\$25,212,329	\$27,865,789	\$2,653,460	10.5%
Average Annual Allowance	\$14,590	\$15,412	\$822	5.6%
Active Participant Statistics				
Total Annual Compensation	\$157,984,766	\$164,777,131	\$6,792,365	4.3%
Average Annual Compensation	\$40,791	\$42,283	\$1,492	3.7%
Average Age	43.0	43.25	0.25	0.6%
Average Service	8.5	8.71	0.21	2.5%
Key Assumptions				
Interest rate	7.75%	7.75%	0%	0%
Inflation	4.00%	4.00%	0%	0%

* Weighted by June 30, 2005 payroll.

Section 1: Executive Summary

Purpose

This report has been prepared by Buck Consultants to present the results of the June 30, 2005 actuarial valuation of the Tulare County Employees' Retirement Association. The main purposes of the report are to:

1. Review the experience of the System over the past year and identify reasons for changes in costs;
2. Recommend economic assumptions to be used in computing System liabilities and costs;
3. Calculate the annual contribution required to fund the System in accordance with actuarial principles;
4. Project any emerging trends in Association costs;
5. Present items required for disclosure under Statement No. 25 of the Governmental Accounting Standards Board (GASB).

Significant Changes Since Last Year

The actuarial assumptions have been changed as outlined in our separate experience study report. No changes in actuarial methods have been made since last year. This valuation does not reflect the improvement in General member benefits to the 2.0% at age 57 formula under Government Code Section 31676.12. A separate letter was sent to the Board to communicate the impact on contribution rates on that benefit improvement.

Contribution Rates

During the year, the return on the actuarial value of assets was 4.53%, short of the actuarial assumption of 7.90%. This, along with changes in actuarial assumptions, resulted in an increase in the calculated County contribution rate from 7.02% to 8.79%.

The contribution rates reflect the economic and non-economic assumptions recommended in the recently issued June 30, 2005 Experience Study.

Section 1: Executive Summary

Asset Returns

During the twelve months ended June 30, 2005, the Association assets had an investment return of 9.93% on a market value basis and 4.53% on an actuarial value basis, compared to the actuarial assumption of 7.90%.

Funding Ratio - GASB 25

The Governmental Accounting Standards Board Statement No. 25 (GASB 25) requires that the funding progress be shown based on the same funding method which was used to develop the system's contribution requirements, the Entry Age Normal Cost funding method. The funding ratio decreased from 102.4% on June 30, 2004 to 95.4% on June 30, 2005.

Noneconomic Assumptions

A triannual experience study of the members of the Association was performed at the time of the June 30, 2005 valuation. At that time, we analyzed the plan experience during the three-year period from July 1, 2002 through June 30, 2005 regarding service retirements, deaths, disabilities and terminations of employment, and compared the number of actual terminations to the incidence expected using the then prior actuarial assumptions. Where the results differed materially, we recommended modifying the assumptions. We will continue to use these new actuarial assumptions until the next experience analysis, which is due to be performed at the time of the June 30, 2008 actuarial valuation.

Economic Assumptions

In order to ensure that the same inflationary expectations are consistently included in all of the economic assumptions, we have used a building block approach in developing these assumptions. That is, we assumed that the investment return earned over the long-term is comprised of inflation and the real rate of return. In addition, we have assumed future salary increases are comprised of inflation, merit and longevity increases.

Inflation Assumption

We recommend that the current 4.00% long-term level of inflation be continued.

Section 1: Executive Summary

Investment Return Assumption

Based upon future anticipated long-term returns on the Association's targeted asset mixes, we also recommend that the 3.75% future real rate of return be continued. In combination, these assumptions equate to a 7.75% long-term investment return assumption. Since interest is credited semi-annually, the nominal rate of 3.875% produces an effective rate of 7.90%.

Salary Increase Assumption

We incorporated the same inflation assumption, 4.00%, into the recommended long-term salary increase assumption. The overall effect of the merit and longevity increases is to add approximately 1.50% to the total salary increase assumption.

Actuarial Value of Assets

The Board has adopted an actuarial value of assets method that recognizes the difference between expected and actual market returns, net of expenses, over a 5-year period. The net market value of assets was \$794,746,750 and the net current actuarial value of assets under this method was \$681,618,145, not including the Supplemental Retiree Benefit Reserve or the Contingency Reserve.

Actuarial Balance Sheet

The actuarial balance sheet compares the present value of all future benefits anticipated to be paid for the current membership with the sources of funds to be used to provide these benefits. It illustrates that if recommended contribution levels made in the future prove out over time, current assets plus future employer and member contributions will be adequate to meet future benefit payments for the current membership.

Interest Crediting Policy

The Retirement Board has adopted an interest crediting policy following the provisions of Section 5.5 of the 1937 Act. The target interest rate for reserves is the actuarially assumed rate. Reserves are first credited with the rate of return on the actuarial value of assets each six months, but no more than the actuarial assumption. Next, any actuarially determined returns in excess of the actuarial assumption are split 50-50 between the regular reserves and the Supplemental Retiree Benefits Reserve.

Section 2: Assets

Assets

The following discussion focuses on the assets of the Tulare County Employees' Retirement Association, which is a key component in the determination of the Association's funding status.

Financial Exhibits

Exhibit 2.1 presents a statement of net Plan assets at Market Value

Exhibit 2.2 presents a statement of changes in net Plan assets

Exhibit 2.3 presents the derivation of the Actuarial Value of Assets

Exhibit 2.4 presents the derivation of the asset gain and loss for the year

Exhibit 2.5 presents the historical returns on the Association's assets

Market Value of Assets

Represents the fair market value of assets as of June 30, 2005 as reported by the Trustee.

Actuarial Value of Assets

The Board has adopted an actuarial value of assets method that recognizes the difference between expected and actual market returns, net of expenses, over a 5-year period. The net market value of assets was \$794,746,750 and the net current actuarial value of assets under this method was \$681,618,145, not including the Supplemental Retiree Benefit Reserve or the Contingency Reserve.

Valuation Assets

Represents the actuarial value of the fund, less the value of any special reserves that have been set aside for benefits that are to be funded outside the actuarially determined contribution rates. As of the valuation date, there are two special reserves: the Supplemental Retiree Benefits Reserve and the Contingency Reserve.

Asset Returns

During the twelve months ended June 30, 2005, the Association assets had an investment return of 9.93% on a market value basis and 4.53% on an actuarial value basis, compared to the actuarial assumption of 7.90%.

EXHIBIT 2.1 – STATEMENT OF PLAN NET ASSETS

AS OF JUNE 30, 2005

	<u>Jun 30 '05</u>
	<u>Combined</u>
ASSETS	
Current Assets	
Checking/Savings	
1110 · Cash in County Treasury	2,390,254.74
1120 · Cash in Custodial Account	3,135,695.03
1130 · Short Term Investments	9,731,488.56
1140 · Securities Lending Collateral	<u>65,352,276.57</u>
Total Checking/Savings	80,609,714.90
Other Current Assets	
1310 · Fixed Income - Market	198,047,732.43
1340 · Equities - Market	510,407,697.88
1370 · Real Estate - Market	42,958,499.00
1375 - Real Estate - REIT	<u>41,747,540.22</u>
Total Other Current Assets	<u>793,161,469.53</u>
Total Current Assets	873,771,184.43
Fixed Assets	
1509 · Building and Improvements	854,497.53
1510 · Office Equipment & Computer Sys	165,949.79
1511 · Allowance for Depreciation	-230,333.63
1514 · Land	<u>370,345.69</u>
Fixed Assets	1,160,459.38
Total Fixed Assets	<u>1,426,718.60</u>
Other Assets	
1610 · Prepaid Interest-Bond Purchases	0.00
1710 · Open Trades Sales	44,268,531.59
1730 · Investment Income Receivable	2,539,018.66
1735 - Real Estate Income Receivable	-15,367,020.02
1750 · Members Contribution Receivable	182,267.59
1770 · County Contribution Receivable	8,838.24
1780 · Advances Rec- Holding Corp	1,340,591.00
1790 · Other Receivables	<u>5,296.65</u>
Total Other Assets	<u>32,977,523.71</u>
TOTAL ASSETS	<u><u>907,909,167.52</u></u>

EXHIBIT 2.1 – STATEMENT OF PLAN NET ASSETS

AS OF JUNE 30, 2005

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Other Current Liabilities

2000 - Accounts Payable	0.00
2010 - Sec Lndg Collateral Payable	65,352,276.57
2020 - Open Trades - Purchases	43,973,073.92
2030 - Accounts Payable - Inv	1,307,287.56
2040 - Refunds Payable	1,147,935.26
2050 - Other Payables	0.00
2100 - Advances Payable-TCERA	<u>1,340,591.00</u>

Total Other Current Liabilities 113,121,164.31

Total Current Liabilities 113,121,164.31

Long Term Liabilities

2060 - Accrual For Benefits At Termination 41,253.51

Total Long Term Liabilities 41,253.51

Total Liabilities 113,162,417.82

Equity

3110 - Member Deposit Reserve	157,231,651.04
3120 - Other Reserves - Unapportioned	-936.15
3210 - County Advanced Reserves	0.00
3210.1 - County Advanced Reserves	319,876,230.37
3210.2 - Ventura Settlement	0.00
3310 - Retiree Reserves	210,151,077.37
3320 - Supp. Retiree Benefit Reserve	96,888,131.22
3410 - Contingency Reserve	8,481,086.64
3510 - Market Stabilization	7,759,387.00
3810 - Income Summary Account	-139.33
3900 - Retained earnings	-64,615,457.35
Net Income	<u>58,975,718.89</u>

Total Equity 794,746,749.70

TOTAL LIABILITIES & EQUITY 907,909,167.52

Section 2: Assets

EXHIBIT 2.2 – STATEMENT OF CHANGES IN PLAN NET ASSETS

Ordinary Income/Expense		
Income		
4110 · Interest Income (TCERA & TCERA Prop)		12,117,742.16
4120 · Dividend Income		5,515,532.88
4130 · Real Estate Income		5,464,383.00
4140 · Other Investment Income		-16,544.05
4200 · Lease Payments from TCERA		49,561.80
4220 · Tax Reclaim Income		4,775.63
4310 · Commission Rebates		67,577.84
4410 · Securities Lending Income		1,817,055.03
4510 · Realized Gains/Losses		38,127,964.02
4610 · Employee Contributions		11,337,425.99
4620 · County Contributions		<u>10,502,282.02</u>
Total Income		84,987,756.32
Expense		
5110 · Benefit Payments		31,314,574.26
5120 · Refunds		3,961,841.47
5210 · Investment Management Fees		1,856,287.68
5250 · Inv.Consultant/Custodial Fees		308,070.11
5270 · Securities Lending Expense		1,646,661.72
5275 · Real Estate Investment Expense		2,251,849.00
5276 · Real Estate Mgr Fees		1,193,612.00
5280 · Other Investment Expense		6,104.84
5310 · Legal Fees		0.00
5410 · Actuarial Study Fees		88,000.00
5420 · Ret. Information System Exp.		0.00
5450 · Compensated Benefit Expense		-437.52
5500 · Administrative Expense		1,018,308.54
5700 · TCERA Property Admin. Expense		18,498.18
5910 · Depreciation of Fixed Assets		<u>42,373.96</u>
Total Expense		<u>43,705,744.24</u>
Net Ordinary Income		41,282,012.08
Other Income/Expense		
Other Income		
4520 · Unrealized Gains/Losses		<u>17,693,706.81</u>
Total Other Income		<u>17,693,706.81</u>
Net Other Income		<u>17,693,706.81</u>
Net Income		<u><u>58,975,718.89</u></u>

Section 2: Assets

EXHIBIT 2.3 – ACTUARIAL VALUE OF ASSETS

	<u>Six Month Period From</u>	<u>Six Month Period To</u>	<u>Actual Investment Return</u>	<u>Expected Investment Return</u>	<u>Additional Earnings</u>	<u>Portion Deferred</u>	<u>Deferred Return</u>
1.	07/01/00	12/31/00	(5,536,428)	28,406,159	(33,942,587)	0%	0
	01/01/01	06/30/01	(21,909,042)	26,911,058	(48,820,100)	10%	(4,882,010)
	07/01/01	12/31/01	(5,682,065)	27,323,397	(33,005,462)	20%	(6,601,092)
	01/01/02	06/30/02	(23,759,891)	26,755,202	(50,515,093)	30%	(15,154,528)
	07/01/02	12/31/02	(40,109,257)	25,704,631	(65,813,888)	40%	(26,325,555)
	01/01/03	06/30/03	55,640,621	23,769,387	31,871,234	50%	15,935,617
	07/01/03	12/31/03	78,936,619	25,212,810	53,723,809	60%	32,234,286
	01/01/04	06/30/04	27,755,083	27,934,765	(179,683)	70%	(125,778)
	07/01/04	12/31/04	65,274,654	28,985,535	36,289,119	80%	29,031,295
	01/01/05	06/30/05	12,962,718	31,132,549	(18,169,831)	90%	<u>(16,352,848)</u>
	Total						7,759,387
2.	Market Value of Assets as of June 30, 2005						794,746,750
3.	Preliminary Actuarial Value of Assets as of June 30, 2005: (2)-(1)						786,987,363
4.	Corridor Around Market Value						
	Minimum of 80% of Market Value						635,797,400
	Maximum of 120% of Market Value						953,696,100
5.	Final Actuarial Value of Assets as of June 30, 2005						786,987,363
6.	Non-Valuation Reserves and Designations:						
	Supplemental Retiree Benefit Reserve						96,888,131
	Reserve for Interest Fluctuation (Contingency Reserve)						<u>8,481,087</u>
	Total						105,369,218
7.	Valuation Assets as of June 30, 2005: (5)-(6)						681,618,145

Section 2: Assets

EXHIBIT 2.4 – ASSET GAIN/LOSS

	<u>Market Value</u>	<u>Actuarial Value</u>
Total as of June 30, 2004	\$ 735,771,031	\$ 665,243,885
Changes During the Year		
County Contributions	10,502,282	10,502,282
Member Contributions	11,337,426	11,337,426
Benefit Payments	(31,314,574)	(31,314,574)
Refunds	(3,961,841)	(3,961,841)
Investment Expenses	(7,281,084)	(7,281,084)
Administrative Expenses	(1,105,871)	(1,105,871)
Investment Return	80,799,381	38,197,922
Total assets as of June 30, 2005	\$ 794,746,750	\$ 681,618,145
Expected Investment Return	\$ 57,595,162	\$ 52,023,517
Expected Assets	\$ 779,929,486	\$ 703,830,695
Asset Gain/Loss	\$ 14,817,264	\$ (22,212,550)
Gross Return	\$ 80,799,381	\$ 38,197,922
Net of Expenses	\$ 72,412,426	\$ 29,810,967
Gross of Expenses	11.15%	5.84%
Net of Expenses	9.93%	4.53%

EXHIBIT 2.5 – HISTORICAL RETURNS ON ASSOCIATION ASSETS

Year Ended <u>June 30,</u>	Annualized Rate of Return at <u>Market Value</u>	Annualized Rate of Return at <u>Actuarial Value</u>	Increase in Consumer Price <u>Index**</u>
2004	17.00%	6.77%	3.3%
2005	9.93%	4.53%	2.5%
Compounded Average*	13.41%	5.64%	2.9%

* Since 2004

** Based on All Urban Consumer - U.S. City Average, June indices

Section 3: Liabilities

Liabilities	This section focuses on the Association's actuarial liabilities and the cost components that are derived from those liabilities.
Actuarial Value of Assets	Represents the amount of assets already accumulated by the Association at Actuarial Value (item 1 in Exhibit 3.1).
Present Value of Future Member Contributions	Represents the present value of the contributions anticipated to be received in the future from the current members (item 2 in Exhibit 3.1).
Present Value of Future Employer Normal Cost Contributions	Represents the present value of future employer normal costs with respect to current members (item 3 in Exhibit 3.1).
Unfunded Actuarial Accrued Liability (Surplus)	Represents the difference between the present value of the benefits to be paid from the Association and the total of the existing assets plus the present value of the future normal costs and future member contributions. In the text we will abbreviate it as UAAL. The UAAL is amortized as a level percentage of payroll over 15 years from June 30, 2005 (item 4 in Exhibit 3.1).
Total Actuarial Assets	Represents the total of all current assets of actuarial value plus the value of all future member and employer contributions for normal cost plus current and future employer costs to amortize the UAAL (item 5 in Exhibit 3.1).
Present Value of Benefits	The valuation determines the amount and timing of all future payments that will be made by the Association. For active members, the present value of benefits includes the value of all benefits earned to date and all benefits to be earned in the future. For all members, the present value of benefits includes the value of benefits payable to members and survivors over their remaining lifetimes. The present value is then determined by discounting these payments at the assumed interest rate to June 30, 2005, the date of the valuation. The present value of supplemental benefits is shown at reserve values (items 6 to 12 in Exhibit 3.1).

Section 3: Liabilities

Actuarial Accrued Liability

Employer contributions have been determined under the Entry Age Normal Actuarial Cost Method, permitted by Government Code Section 31453.5. The Entry Age Normal method defines the Normal Cost as the level percentage of salary necessary to fund the projected future benefit over the period from the date of entry to the date of separation from active service. The Actuarial Accrued Liability is the cost allocated to years prior to the actuarial valuation date; it is the excess of the total value of benefits over the value of future member contributions and the value of future employer Normal Costs. The difference between the Actuarial Accrued Liability and the actuarial value of assets is called the Unfunded Actuarial Accrued Liability.

Unfunded Actuarial Accrued Liability

The valuation compares the actuarial value of assets to the Actuarial Accrued Liabilities. The shortfall, if any, is called the Unfunded Actuarial Accrued Liability (UAAL) and is amortized as a level percentage of payroll over 15 years from June 30, 2005.

Actuarial Gain and Loss

The difference between the UAAL and the expected UAAL is an actuarial gain or loss. The actuarial gain and loss is comprised of two components: a liability gain and loss (from other sources, such as salary growth, turnover and retirement patterns and life expectancies different than expected) and an asset gain or loss (from investment experience different than expected).

Funded Ratio

Measures the portion of the AAL already funded by the current assets at actuarial value.

Supplemental Retiree Benefits Reserve (Article 5.5)

The financial provisions of Article 5.5 of the 1937 Act have been adopted by the County. This Article provides that a specific portion of the Association's investment earnings be allocated to a Supplemental Retiree Benefits Reserve (SRBR). Amounts allocated to the SRBR are to be used for the benefit of retired members and beneficiaries pursuant to Government Code Section 31618.

Level One: \$16.00 per month for each of the first \$20 years of service (some benefit grandfathering applies). Benefit is subject to a vesting schedule of 50% after 10 years of service, uniformly grading up to 100% at 20

Section 3: Liabilities

years of service.

Level Two: 85% Purchasing Power COLA based on COLA accumulation banks.

We have made the following assumptions in our valuation of the Level Two benefits.

- There will be no change to current COLA banks. In other words, future CPI will equal the automatic COLA guaranteed under the Tier the member is in (that is 3% for Tier 1 and 2% for Tier 2). Liabilities will be higher if future CPI is in excess of the guaranteed COLA because it will increase the retiree's COLA bank.
- This higher cost exposure would be offset (fully or partially) by any future excess earnings that are credited to the SRBR. We did not assume any offset of the purchasing power by benefits received under Level One.

Level Three: 60% survivor benefit for retirees who marry after retirement, have been married for at least two years at time of death to a spouse, at least age 55 at time of retiree's death and if the member elected the Unmodified Allowance retirement option.

Section 3: Liabilities

EXHIBIT 3.1 – ACTUARIAL BALANCE SHEET

<u>ASSETS</u>	
1. Actuarial value of assets (including special reserves)	\$ 786,987,363
2. Present value of future contributions by members	90,010,795
3. Present value of future employer contributions for normal cost	90,620,562
4. Present value of other future employer contributions (UAAL)	33,037,933
5. Total actuarial assets	\$ 1,000,656,653
<u>LIABILITIES</u>	
6. Present value of retirement allowances payable to retired members and their survivors	\$ 336,725,574
7. Present value of service retirement allowances payable to presently active members and their survivors	386,541,287
8. Present value of allowances payable to current and future vested terminated members and their survivors	91,947,538
9. Present value of disability retirement allowances payable to presently active members and their survivors	43,209,246
10. Present value of death benefits payable on behalf of presently active members	11,124,482
11. Present value of members' contributions to be returned upon withdrawal	25,739,308
12. Special Reserves	105,369,218
13. Total actuarial liabilities	\$ 1,000,656,653

EXHIBIT 3.2 – ACTUARIAL ACCRUED LIABILITY

14. Present value of future benefits (items 6 to 11)	\$ 895,287,435
15. Present value of future contributions by members and employers (items 2 and 3)	180,631,357
16. Actuarial accrued liability (item 14 minus item 15)	714,656,078
17. Actuarial value of assets (excluding special reserves)	681,618,145
18. Unfunded actuarial accrued liability (UAAL) (item 16 minus item 17)	\$ 33,037,933
19. Funded ratio	95.4%

Section 3: Liabilities

EXHIBIT 3.3 – ACTUARIAL GAIN AND LOSS

1.	Unfunded actuarial accrued liability as of July 1, 2004		\$	(15,595,137)
2.	Change due to contributions:			
	(a) Normal cost	\$	23,317,389	
	(b) Interest on (a)		921,037	
	(c) Interest on (1)		(1,232,016)	
	(d) Contributions (member and employer)		(21,839,708)	
	(e) Interest on (d)		(862,668)	
	(f) Net change: (a)+(b)+(c)+(d)+(e)			\$ 304,034
3.	Expected unfunded actuarial accrued liability: (1)+(2)		\$	(15,291,103)
4.	Change due to actuarial (gain)/loss from asset sources:		\$	22,212,550
5.	Liability (gain)/loss and change in actuarial assumptions			26,116,486
6.	Change in plan provisions			-
7.	Change in actuarial methods			-
8.	Unfunded actuarial accrued liability as of June 30, 2005: (3)+(4)+(5)+(6)+(7)		\$	33,037,933

EXHIBIT 3.4 – SUPPLEMENTAL RETIREE BENEFITS RESERVE

We show below the June 30, 2005 present value of the supplemental retiree benefits payable on behalf of all currently retired members and future retired members from the current active and inactive membership.

Present Value of Benefits For		June 30, 2005
Level One		
1.	Current Retirees	\$ 39,562,625
2.	Inactive Members	3,044,281
3.	Active members	37,885,522
4.	Subtotal	\$ 80,492,428
Level Two		
5.	Supplemental COLA for those who have lost at least 15% of Purchasing Power	\$ 2,903,318
Level Three		
6.	Supplemental Spousal Death Benefit	\$ 0
7.	Total SRBR Combined Liability: (4)+(5)+(6)	\$ 83,395,746
8.	Supplemental Retiree Benefits Reserve (SRBR)	\$ 96,888,131
9.	Net Reserve: (8)-(7)	\$ 13,492,385

Section 4: Member Contribution Rates

Member Contributions

This section focuses on the determination of the member contribution rates to the Association.

Member Basic Contributions

Government Code Sections 31621.3 (Tier 1) and 31621 (Tiers 2 and 3) set forth the basis for the determination of the normal rates of contribution for General members. Government Code Section 31639.5 (Tier 1) and 31639.25 (Tier 2 and Tier 3) set forth the basis for the normal rates of contribution for Safety members.

The law further provides that the contribution rates of members will be based on the age nearest birthday at the time of entrance into the Retirement Association. Section 31453 states that no adjustment will be included in the rates of contribution for time prior to the effective date of any revisions.

Member Basic Contributions are based on entry age into the Association and the following actuarial assumptions:

1. Actuarial investment return (7.90%)
2. Salary increase (average of 5.50%)
3. Life expectancy

The basic employee contribution rates for General members were calculated on a unisex basis using the RP-2000 Healthy Annuitant Mortality Table (weighted 1/3 male and 2/3 female), with adjustment for white-collar workers. The Safety basic employee rates were based upon the RP-2000 Healthy Annuitant Mortality Table (weighted 5/6 male and 1/6 female), with adjustment for blue-collar workers.

Cost-of-Living Contributions

The employee portion of the cost-of-living provision is expressed as a percentage of the employees' normal contribution rates. The current cost of living percentage is 59.8% for Tier 1 members and 19.9% for Tier 2 and Tier 3 members. The recommended percentage for Tier 1 members is 58.59% and 21.75% for Tier 2 and Tier 3 members.

Section 4: Member Contribution Rates

A summary of the current and recommended average employee contribution rates is provided below.

Average Member Basic and Cost of Living Contribution Rates				
	General		Safety	
	<u>Tier 1</u>	<u>Tier 2 & 3</u>	<u>Tier 1</u>	<u>Tier 2 & 3</u>
Recommended Rates	4.20%	6.75%	2.41%	9.52%

Recommended employee rates at sample ages are shown below.

RECOMMENDED MEMBER CONTRIBUTION RATES

Sample General Member Contribution Rates* Benefits Under Section 31676.11(Tier 1) and 31676.1 (Tier 2)				
Entry <u>Age</u>	Basic	With 3% Automatic Cost of Living Increases	Basic	With 2% Automatic Cost of Living Increases
	<u>Tier 1</u>	<u>Tier 1</u>	<u>Tier 2 & 3</u>	<u>Tier 2 & 3</u>
25	2.82%	4.47%	4.58%	5.58%
35	3.46%	5.49%	5.61%	6.83%
45	3.95%	6.27%	6.71%	8.17%

*These are the full rates payable by the member. Contribution rates for the first \$350 of monthly salary are one-third lower for members covered by Social Security.

Sample Safety Member Contribution Rates*				
Entry <u>Age</u>	Basic	With 3% Automatic Cost of Living Increases	Basic	With 2% Automatic Cost of Living Increases
	<u>Tier 1</u>	<u>Tier 1</u>	<u>Tier 2 & 3</u>	<u>Tier 2 & 3</u>
25	4.01%	6.36%	7.68%	9.35%
35	4.62%	7.33%	8.71%	10.60%
45	5.00%	7.93%	9.42%	11.47%

*These are the full rates payable by the member. Contribution rates for the first \$350 of monthly salary are one-third lower for members covered by Social Security.

Section 4: Member Contribution Rates

The following pages set forth the complete set of members' contribution rates with and without the automatic cost of living benefit. The interest rate, mortality table, inflation rate and cost of living benefit are indicated on the bottom of the table.

Section 4: Member Contribution Rates

GENERAL TIER 1 MEMBERS' CONTRIBUTION RATES (expressed as a percentage of monthly compensation) Benefits Under Section 31676.11

Entry Age	Basic		Cost-of-Living*		Entry Age	Basic		Cost-of-Living*	
	First \$350	Over \$350	First \$350	Over \$350		First \$350	Over \$350	First \$350	Over \$350
16	1.57%	2.35%	0.92%	1.38%	36	2.36%	3.54%	1.38%	2.08%
17	1.60	2.40	0.94	1.40	37	2.41	3.62	1.41	2.12
18	1.63	2.45	0.96	1.43	38	2.47	3.71	1.45	2.17
19	1.66	2.49	0.97	1.46	39	2.49	3.74	1.46	2.19
20	1.70	2.55	0.99	1.49	40	2.52	3.78	1.47	2.21
21	1.73	2.60	1.01	1.52	41	2.54	3.81	1.49	2.23
22	1.77	2.65	1.04	1.55	42	2.56	3.85	1.50	2.25
23	1.80	2.70	1.06	1.58	43	2.59	3.88	1.52	2.27
24	1.84	2.76	1.08	1.62	44	2.61	3.92	1.53	2.30
25	1.88	2.82	1.10	1.65	45	2.64	3.95	1.54	2.32
26	1.92	2.87	1.12	1.68	46	2.66	3.99	1.56	2.34
27	1.95	2.93	1.15	1.72	47	2.68	4.03	1.57	2.36
28	1.99	2.99	1.17	1.75	48	2.71	4.06	1.59	2.38
29	2.04	3.05	1.19	1.79	49	2.73	4.10	1.60	2.40
30	2.08	3.12	1.22	1.83	50	2.76	4.14	1.62	2.42
31	2.12	3.18	1.24	1.86	51	2.78	4.17	1.63	2.45
32	2.17	3.25	1.27	1.90	52	2.81	4.21	1.65	2.47
33	2.21	3.32	1.30	1.94	53	2.83	4.25	1.66	2.49
34	2.26	3.39	1.32	1.99	54 +	2.86	4.29	1.68	2.51
35	2.31	3.46	1.35	2.03					

* 58.59% of basic rates

Interest: 7.90%

Inflation: 4.00%

COLA: 3.00%

Mortality: RP 2000 Healthy Annuitant Mortality, with white collar adjustment (weighted 1/3 male and 2/3 female)

Section 4: Member Contribution Rates

GENERAL TIER 2 AND TIER 3 MEMBERS' CONTRIBUTION RATES (expressed as a percentage of monthly compensation) Benefits Under Section 31676.1

Entry Age	Basic		Cost-of-Living*		Entry Age	Basic		Cost-of-Living*	
	First \$350	Over \$350	First \$350	Over \$350		First \$350	Over \$350	First \$350	Over \$350
16	2.55%	3.82%	0.55%	0.83%	38	3.98%	5.98%	0.87%	1.30%
17	2.60	3.90	0.57	0.85	39	4.07	6.11	0.89	1.33
18	2.65	3.98	0.58	0.87	40	4.16	6.24	0.90	1.36
19	2.71	4.06	0.59	0.88	41	4.25	6.38	0.92	1.39
20	2.76	4.14	0.60	0.90	42	4.33	6.49	0.94	1.41
21	2.82	4.23	0.61	0.92	43	4.39	6.58	0.95	1.43
22	2.88	4.32	0.63	0.94	44	4.43	6.64	0.96	1.45
23	2.94	4.40	0.64	0.96	45	4.47	6.71	0.97	1.46
24	3.00	4.49	0.65	0.98	46	4.51	6.77	0.98	1.47
25	3.06	4.58	0.66	1.00	47	4.55	6.83	0.99	1.49
26	3.12	4.68	0.68	1.02	48	4.60	6.89	1.00	1.50
27	3.18	4.77	0.69	1.04	49	4.64	6.96	1.01	1.51
28	3.25	4.87	0.71	1.06	50	4.68	7.02	1.02	1.53
29	3.31	4.97	0.72	1.08	51	4.72	7.09	1.03	1.54
30	3.38	5.07	0.74	1.10	52	4.77	7.15	1.04	1.56
31	3.45	5.17	0.75	1.13	53	4.81	7.22	1.05	1.57
32	3.52	5.28	0.77	1.15	54	4.85	7.28	1.06	1.58
33	3.59	5.39	0.78	1.17	55	4.90	7.35	1.07	1.60
34	3.67	5.50	0.80	1.20	56	4.94	7.41	1.08	1.61
35	3.74	5.61	0.81	1.22	57	4.99	7.48	1.08	1.63
36	3.82	5.73	0.83	1.25	58	5.18	7.77	1.13	1.69
37	3.90	5.85	0.85	1.27	59+	5.38	8.06	1.17	1.75

* 21.75% of basic rates

Interest: 7.90%

Inflation: 4.00%

COLA: 2.00%

Mortality: RP 2000 Healthy Annuitant Mortality, with white collar adjustment (weighted 1/3 male and 2/3 female)

Section 4: Member Contribution Rates

SAFETY TIER 1 MEMBERS' CONTRIBUTION RATES (expressed as a percentage of monthly compensation) Benefits Under Section 31664

Entry Age	Basic		Cost-of-Living*		Entry Age	Basic		Cost-of-Living*	
	First \$350	Over \$350	First \$350	Over \$350		First \$350	Over \$350	First \$350	Over \$350
20	2.39%	3.59%	1.40%	2.10%	35	3.08%	4.62%	1.80%	2.71%
21	2.45	3.67	1.43	2.15	36	3.11	4.66	1.82	2.73
22	2.50	3.75	1.47	2.20	37	3.13	4.70	1.83	2.75
23	2.56	3.83	1.50	2.25	38	3.16	4.73	1.85	2.77
24	2.61	3.92	1.53	2.30	39	3.18	4.77	1.86	2.79
25	2.67	4.01	1.57	2.35	40	3.21	4.81	1.88	2.82
26	2.73	4.10	1.60	2.40	41	3.23	4.85	1.89	2.84
27	2.80	4.20	1.64	2.46	42	3.26	4.88	1.91	2.86
28	2.87	4.30	1.68	2.52	43	3.28	4.92	1.92	2.88
29	2.94	4.40	1.72	2.58	44	3.31	4.96	1.94	2.91
30	2.96	4.44	1.73	2.60	45	3.33	5.00	1.95	2.93
31	2.98	4.47	1.75	2.62	46	3.36	5.04	1.97	2.95
32	3.01	4.51	1.76	2.64	47	3.39	5.08	1.98	2.98
33	3.03	4.55	1.78	2.66	48	3.41	5.12	2.00	3.00
34	3.06	4.58	1.79	2.69	49+	3.44	5.16	2.01	3.02

* 58.59% of basic rates

Interest: 7.90%

Inflation: 4.00%

COLA: 3.00%

Mortality: RP 2000 Healthy Annuitant Mortality, with blue collar adjustment (weighted 5/6 male and 1/6 female)

Section 4: Member Contribution Rates

SAFETY TIER 2 AND TIER 3 MEMBERS' CONTRIBUTION RATES (expressed as a percentage of monthly compensation) Benefits Under Section 31664

Entry Age	Basic		Cost-of-Living*		Entry Age	Basic		Cost-of-Living*	
	First \$350	Over \$350	First \$350	Over \$350		First \$350	Over \$350	First \$350	Over \$350
20	4.59%	6.88%	1.00%	1.50%	35	5.81%	8.71%	1.26%	1.89%
21	4.69	7.03	1.02	1.53	36	5.85	8.78	1.27	1.91
22	4.79	7.18	1.04	1.56	37	5.90	8.85	1.28	1.92
23	4.90	7.34	1.06	1.60	38	5.95	8.92	1.29	1.94
24	5.00	7.51	1.09	1.63	39	5.99	8.99	1.30	1.96
25	5.12	7.68	1.11	1.67	40	6.04	9.06	1.31	1.97
26	5.24	7.85	1.14	1.71	41	6.09	9.13	1.32	1.99
27	5.36	8.04	1.17	1.75	42	6.14	9.21	1.33	2.00
28	5.46	8.19	1.19	1.78	43	6.19	9.28	1.35	2.02
29	5.53	8.30	1.20	1.80	44	6.23	9.35	1.36	2.03
30	5.58	8.36	1.21	1.82	45	6.28	9.42	1.37	2.05
31	5.62	8.43	1.22	1.83	46	6.33	9.50	1.38	2.07
32	5.67	8.50	1.23	1.85	47	6.38	9.57	1.39	2.08
33	5.71	8.57	1.24	1.86	48	6.62	9.94	1.44	2.16
34	5.76	8.64	1.25	1.88	49+	6.88	10.32	1.50	2.24

* 21.75% of basic rates

Interest: 7.90%

Inflation: 4.00%

COLA: 2.00%

Mortality: RP 2000 Healthy Annuitant Mortality, with blue collar adjustment (weighted 5/6 male and 1/6 female)

Section 5: Employer Contribution Rates

Employer Contributions

This section focuses on the determination of the employer contribution rates to the Association.

Employer Contribution rates

Employer contributions have been determined under the Entry Age Normal Actuarial Cost Method, permitted by Government Code Section 31453.5. The Entry Age Normal method defines the Normal Cost as the level percentage of salary necessary to fund the projected future benefit over the period from the date of entry to the date of separation from active service. The Actuarial Accrued Liability is the cost allocated to years prior to the actuarial valuation date; it is the excess of the total value of benefits over the value of future member contributions and the value of future Normal Costs. The difference between the Actuarial Accrued Liability and the plan assets is called the Unfunded Actuarial Accrued Liability and is funded (amortized) as a level percentage of payroll over 15 years from June 30, 2005.

The contribution rates reflect the current economic and noneconomic assumptions. During the year, the return on the actuarial value of assets was 4.53%, short of the actuarial assumption of 7.90%. This, along with the recommended changes in actuarial assumptions resulted in an increase in the calculated County contribution rate from 7.02% to 8.79%.

The average employer contribution rate increase from 7.02% as of June 30, 2004 to 8.79% as of June 30, 2005 for the following reasons:

June 30, 2004 Recommended Employer Rate	7.02%
Changes during the year due to:	
Asset gain/loss	1.17%
Change in actuarial assumptions*	0.60%
Total changes	1.77%
June 30, 2005 Recommended Employer Rate	8.79%

*Based on the recommended changes to the actuarial assumptions as outlined in our experience study report.

The following charts specify the recommended employer contributions and components thereof (expressed as a level percentage of payroll) for this valuation. A breakdown between normal cost and UAAL is provided.

Section 5: Employer Contribution Rates

NORMAL COST AND UAAL RATE BREAKDOWN

Current and Recommended Contribution Rate Breakdown						
	Tier 1 Members		Tier 2 & 3 Members		All Members	
	<u>Current</u>	<u>Recommended*</u>	<u>Current</u>	<u>Recommended*</u>	<u>Current</u>	<u>Recommended *</u>
General						
Normal Cost	7.34%	6.90%	6.92%	6.11%	6.95%	6.16%
UAAL Amortization	<u>(1.03)</u>	<u>1.50</u>	<u>(1.03)</u>	<u>1.50</u>	<u>(1.03)</u>	<u>1.50</u>
Total Cost	6.31%	8.40%	5.89%	7.61%	5.92%	7.66%
Safety						
Normal Cost	16.94%	18.94%	13.32%	12.22%	13.60%	12.66%
UAAL Amortization	<u>0.06</u>	<u>3.28</u>	<u>0.06</u>	<u>3.28</u>	<u>0.06</u>	<u>3.28</u>
Total Cost	17.00%	22.22%	13.38%	15.50%	13.66%	15.94%
*Weighted by June 30, 2005 payroll.						
Average Rate for Total Group:				Current	7.02%	
				Recommended	8.79%	

Current and Recommended Contribution Breakdown *						
	Tier 1 Members		Tier 2 & 3 Members		All Members	
	<u>Current</u>	<u>Recommended</u>	<u>Current</u>	<u>Recommended</u>	<u>Current</u>	<u>Recommended</u>
General						
Normal Cost	685,000	643,000	9,200,000	8,123,000	9,885,000	8,766,000
UAAL Amortization	(96,000)	140,000	(1,369,000)	1,994,000	(1,465,000)	2,134,000
Total Cost	589,000	783,000	7,831,000	10,117,000	8,420,000	10,900,000
Safety						
Normal Cost	250,000	280,000	2,801,000	2,569,000	3,051,000	2,849,000
UAAL Amortization		48,000	13,000	690,000	14,000	
	1,000					738,000
Total Cost	251,000	328,000	2,814,000	3,259,000	3,065,000	3,587,000
*Weighted by June 30, 2005 payroll.						
Total Contribution for Total Group:				Current	11,485,000	
				Recommended	14,487,000	

Section 6: Recommendations

Recommendations

We recommend that the current inflation rate assumption remain at 4.00% and the current investment return assumption remain at 7.90%.

We recommend that the Board adopt the member and employer contribution rates as of June 30, 2005 as shown in the prior sections. These rates, which reflect the current economic assumptions, are based on the Entry Age Normal Actuarial Cost Method and the actuarial value of assets, with an unfunded Actuarial Accrued Liability amortized as a level percentage of payroll over 15 years from June 30, 2005.

This combination of assumptions and methods reflects our best judgment of future long-term experience for the Association.

Section 7: GASB Disclosures and CAFR Information

Actuary's Certification Letter

December 30, 2005

Board of Retirement
Tulare County
Employees' Retirement Association
3199 M Street
Tulare, California 95348

Re: *Actuarial Certification of the Tulare County Employees' Retirement Association*

Members of the Board:

Buck Consultants, LLC is the Consulting Actuary for the Tulare County Employees' Retirement Association. The date of the most recent actuarial valuation was June 30, 2005. In each actuarial study, we conduct an examination of all participant data for reasonableness.

Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize the unfunded actuarial accrued liability (UAAL). As of June 30, 2005, the remaining amortization period for the UAAL was 15 years. The funding objective of the Plan is to establish contribution rates which, over time, will remain as a level percentage of payroll unless Plan benefit provisions are changed and which are designed to fully fund the Plan's liabilities.

For actuarial valuation purposes, Plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by spreading all gains and losses (returns above or below expected returns) over five years. The Association's financial statements are audited by an outside auditor.

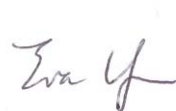
Our firm has prepared all of the schedules presented in the actuarial report. The actuarial assumptions shown in the schedules were selected by us as being appropriate for use under the Plan. An analysis of the Plan's noneconomic experience was performed as of June 30, 2005 to establish the validity of these assumptions. The assumptions used in the most recent valuation produce results which, in the aggregate, reasonably approximate the anticipated future experience of the Plan. The next experience analysis is due to be performed as of June 30, 2008.

We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the parameters of the Governmental Accounting Standards Board Statement No. 25.

Respectfully submitted,



Michael Moehle, F.S.A., E.A., M.A.A.A.
Principal and Consulting Actuary



Eva Yum, F.S.A., E.A.
Director and Consulting Actuary

Section 7: GASB Disclosures and CAFR Information

Section 7: GASB Disclosures and CAFR Information

GASB and CAFR Information	This section focuses on the required GASB disclosures and the required CAFR information.
GASB 25 Schedule of Funding Progress	GASB 25 established reporting and disclosures for defined benefit pension plans. The required Schedule of Funding Progress shows a historical comparison of the Association's assets and liabilities, using the same actuarial method used for funding the Association.
GASB 25 Schedule of Employer Contributions	The required Schedule of Employer Contributions compares the actual employer contributions to the "Annual Required Contributions" (ARC). The ARC is the employer contribution determined under GASB 25 standards (normal cost and amortization of unfunded actuarial accrued liabilities) using the actuarial funding method used for funding the Association.
Actuarial Analysis of Financial Experience	The annual CAFR requires the disclosure of historical sources of actuarial gains and losses.
Retiree and Beneficiary Experience	The annual CAFR requires the disclosure of historical summary data for retired members.
Solvency Test	The annual CAFR requires the disclosure of a "Solvency Test." This test compares actuarial assets to actuarial accrued liabilities, applying assets to active member contributions first, then to inactive and retired members and then to the remaining active member liabilities.

Section 7: GASB Disclosures and CAFR Information

EXHIBIT 7.1 – GASB 25 SCHEDULE OF FUNDING PROGRESS
(\$ in Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets*</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
6/30/00	517,197	470,141	(47,056)	110.0%	143,211	(32.9)%
6/30/01	574,417	491,228	(83,189)	116.9%	142,970	(58.2)%
6/30/02	612,469	561,377	(51,092)	109.1%	158,263	(32.3)%
6/30/03	634,249	608,505	(25,744)	104.2%	162,397	(15.9)%
6/30/04	665,244	649,649	(15,595)	102.4%	158,032	(9.9)%
6/30/05	681,618	714,656	33,038	95.4%	164,777	20.1%

*Amounts prior to 6/30/05 supplied by previous actuaries.

EXHIBIT 7.2 – GASB 25 SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/00	20,790	100%
6/30/01	18,872	100%
6/30/02	6,186	100%
6/30/03	5,245	100%
6/30/04	9,595	100%
6/30/05	10,502	100%

Section 7: GASB Disclosures and CAFR Information

**EXHIBIT 7.3 - ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE
(DOLLARS IN THOUSANDS)**

<u>Plan Year Ending</u>	<u>Actuarial (Gains)/Losses</u>			<u>Changes in Plan Provisions</u>	<u>Changes in Assumptions/Methods</u>	<u>Total (Gain)/Loss</u>
	<u>Asset Sources</u>	<u>Liability Sources</u>	<u>Total</u>			
6/30/2005	22,213	-	22,213	0	26,116 *	48,329

* Includes liability (gain)/loss and changes in assumptions

EXHIBIT 7.4 - RETIREE AND BENEFICIARY EXPERIENCE

<u>Plan Year Ending</u>	<u>At Beginning of Year</u>	<u>At End of Year</u>	<u>Retiree Payroll</u>	<u>% Increase in Retiree Payroll</u>	<u>Average Annual Allowances</u>
6/30/2005	1,728	1,808	\$27,866,000	10.5%	\$15,412

**EXHIBIT 7.5 - SOLVENCY TEST
(Dollars In Thousands)**

<u>Valuation Date</u>	<u>Actuarial Accrued Liabilities For</u>			<u>Actuarial Accrued Liabilities</u>	<u>Valuation Assets</u>	<u>Portion of Accrued Liabilities Covered by Valuation Assets</u>		
	<u>(1) Active Member Contributions</u>	<u>(2) Retirees and Beneficiaries</u>	<u>(3) Active Members</u>			<u>(1)</u>	<u>(2)</u>	<u>(3)</u>
6/30/2005	138,507	336,726	239,423	714,656	681,618	100%	100%	86.2%

Section 8: Summary of Actuarial Assumptions

Actuarial Assumptions

This section focuses on the actuarial assumptions used to perform the valuation.

Actuarial Assumptions

To carry out an actuarial valuation of the assets and liabilities of the Association, the actuary must first adopt assumptions with respect to each of the following items:

Noneconomic assumptions

- ◆ The probabilities of members separating from active service on account of nonvested and vested withdrawal, retirement for service, death and disability, and
- ◆ The mortality rates to be experienced among retired persons.

Economic assumptions

- ◆ Interest earnings to be realized on the funds over many years in the future, and
- ◆ The relative increases in a member's salary from the date of the valuation to the date of separation from active service.

Noneconomic Assumptions

Rates of Separation from Active Service

In connection with the June 30, 2005 actuarial valuation, we compared the expected number of terminations from active service to the number actually experienced during the three-year period beginning July 1, 2002 and ending June 30, 2005. Based on this comparison and the trends observed over the prior years, the probabilities of separation were adjusted accordingly.

A complete list of the current rates of separation from active service can be found in Exhibits 8.1 – 8.6. These rates should be viewed in the aggregate rather than examining each of them separately. This is due to the interdependency of the rates. For example, if turnover were to increase, there would be fewer retirements.

Section 8: Summary of Actuarial Assumptions

Economic Assumptions

Inflation

In setting the economic assumptions, we take a building block approach. Specifically, we first look at the rate of inflation, which underlies both the total rate of return and the salary scale assumptions. To aid us in determining an appropriate inflation rate for the Association, we have reviewed long-term historical inflation averages, recent trends, and the assumptions adopted by other public retirement systems. It should be noted that we have placed more emphasis on long-term historical averages and long-term future predictions than on the more recent, short-term trends. This helps to minimize fluctuations, which are more apparent in short term trends.

The rate of inflation is an important assumption used in valuing the Association's liabilities. This assumption underlies both the investment return assumption and the salary increase assumption. These in turn directly impact the employer and employee contribution rates.

If the pattern of inflation during the last 90-year period is analyzed, it may be extrapolated that the current low rates will not continue into the future indefinitely.

Because of the cyclical nature of inflation and the long-term nature of the Association's liabilities, we believe that it is appropriate to assume that the average inflation rate to be experienced over the next 30 to 50 years (which is approximately the lifetime of the Association's present obligations) will be between 3.50% and 4.50%.

Based on the information presented in the economic assumption section of our experience study, we recommend that the current inflation rate assumption remain at 4.00%.

Section 8: Summary of Actuarial Assumptions

Economic Assumptions

Real Rate of Return

Secondly, we review the anticipated real rate of return on investments. The real rate of return is dependent on the anticipated returns on classes of investments and the asset allocation of the Association's funds. To develop the individual real rates of return, we utilize various empirical studies. By applying the results of these studies to the Association's target asset allocation, we develop the real rate of return. This rate may then be adjusted for any known or anticipated changes in the economy that may occur. Using this building block approach, we then combine the underlying inflation assumption with the real rate of return to develop the total rate of return assumption (interest rate assumption).

The first step in developing a real rate of return is to analyze how the Association's assets are allocated among the various investment classes. Based on this information, we can then apply the anticipated rate of return to the respective classes and develop an overall estimated real rate of return. The Association's target and actual asset allocations are shown in the table below.

There have been numerous studies performed which analyze the expected long-term real rates of return for use in asset allocation models. Roger Ibbotson and Rex A. Sinquefeld produced one of these studies for the period 1926-2004 called *Stocks, Bonds and Inflation: Simulations of the Future*. The results of this study are presented below.

ASSET CLASS	ASSET ALLOCATION AS OF June 30, 2005 (MARKET VALUE)		IBBOTSON-SINQUEFIELD REAL RATE OF RETURN (1926 – 2004)	TARGET WEIGHTED RETURN
	Target	Actual		
Equity	60%	63.1%	7.2%	4.32%
Fixed Income/Bonds	30%	24.5%	2.6%	0.78%
Real Estate	10%	10.5%	4.0%	0.40%
Short Term	<u>0%</u>	<u>1.9%</u>	0.7%	<u>0.00%</u>
Total	100%	100%		5.50%

Section 8: Summary of Actuarial Assumptions

Economic Assumptions

Real Rate of Return (continued)

Applying the Association's target asset allocation to the real rates of return in the table produces a real rate of return of approximately 5.50% (assuming an equal proportion of government and corporate bonds). This rate, however, should be adjusted to reflect administrative expenses and potential adverse future experience.

After making this adjustment, we believe that a real rate of return of 3.75% provides a reasonable degree of conservatism when used with a 4.00% inflation rate. Thus, we feel that the 7.90% investment return assumption should be continued.

Salary Scale

The salary scale assumption is developed in a similar manner. The inflation rate is combined with merit and longevity increases to produce a total salary scale assumption.

Merit and Longevity Increases

The merit and longevity component of the total salary scale assumption reflects increases in members' salaries due to promotions, advances in pay grades, etc. These increases are dependent on an individual's membership and are graded downward as members age.

The overall effect of the merit and longevity increases is to add approximately 1.50% to the total salary scale assumption.

Section 8: Summary of Actuarial Assumptions

The Entry Age Normal Actuarial Cost Method was used in conjunction with the following actuarial assumptions. The UAAL is being funded as a level percentage of payroll over 15 years from the June 30, 2005 valuation date.

- | | |
|---|---|
| 1. Interest: | 7.90% per annum (7.75% compounded semi-annually). |
| 2. Interest Credited to Employee Accounts: | 7.90% per annum (7.75% compounded semi-annually). |
| 3. Inflation: | 4.00% per annum. |
| 4. Asset Valuation: | Smoothed actuarial value with a 120%/80% corridor around market value. |
| 5. Salary Scale: | See Exhibit 8.7 |
| 6. Spouses and Dependents: | 88% of General male, 65% of General female and 100% of Safety employees assumed married at retirement, with wives assumed three years younger than husbands. |
| 7. Rates of Termination of Employment: | See Exhibits 8.1 – 8.3 |
| 8. Years of Life Expectancy After Retirement (Exhibit 8.4): | <ul style="list-style-type: none">• RP-2000 Healthy Annuitant Mortality Table with adjustment for white-collar workers for General members.• RP-2000 Healthy Annuitant Mortality Table with adjustment for blue-collar workers for Safety members. |
| 9. Years of Life Expectancy After Disability Retirement (Exhibits 8.5 and 8.6): | <ul style="list-style-type: none">• RP-2000 Disabled Annuitant Mortality Table |

Section 8: Summary of Actuarial Assumptions

10. Life Expectancy After Retirement for Employee Contribution Rate Purposes
- The basic employee contribution rates for General members were calculated on a unisex basis using the RP-2000 Healthy Annuitant Mortality Table (weighted 1/3 male and 2/3 female), with adjustment for white-collar workers.
 - The basic employee contribution rates for Safety members were based upon the RP-2000 Healthy Annuitant Mortality Table (weighted 5/6 male and 1/6 female), with adjustment for blue-collar workers.
11. Reciprocity Assumption: 50% of members who terminate with a vested benefit are assumed to enter a reciprocal system.
12. Deferral Age for Vested Terminations: Age 55 for General members; age 50 for Safety members.

Section 8: Summary of Actuarial Assumptions

EXHIBIT 8.1 – PROBABILITIES OF SEPARATION FROM ACTIVE SERVICE GENERAL MEMBERS - MALES RECOMMENDED ASSUMPTIONS

Age	Ordinary Death	Duty Death	Withdrawal svc < 3	Withdrawal svc 3 to 4	Withdrawal svc 4 to 5	Withdrawal svc>5	Ordinary Disability	Duty Disability	Service	Terminated Vested
20	0.00000	0.00000	0.15000	0.09000	0.09000	0.10000	0.00000	0.00000	0.00000	0.04125
21	0.00050	0.00010	0.15000	0.09000	0.09000	0.10000	0.00000	0.00010	0.00000	0.04125
22	0.00050	0.00010	0.15000	0.09000	0.09000	0.10000	0.00000	0.00010	0.00000	0.04125
23	0.00050	0.00010	0.15000	0.09000	0.09000	0.10000	0.00000	0.00010	0.00000	0.04125
24	0.00050	0.00010	0.15000	0.09000	0.09000	0.10000	0.00000	0.00010	0.00000	0.04125
25	0.00070	0.00010	0.15000	0.09000	0.09000	0.09800	0.00010	0.00010	0.00000	0.04125
26	0.00070	0.00010	0.15000	0.09000	0.09000	0.09600	0.00010	0.00010	0.00000	0.04125
27	0.00070	0.00010	0.15000	0.09000	0.09000	0.09400	0.00010	0.00010	0.00000	0.04125
28	0.00069	0.00010	0.15000	0.09000	0.09000	0.09200	0.00010	0.00010	0.00000	0.04125
29	0.00068	0.00010	0.15000	0.09000	0.09000	0.09000	0.00010	0.00010	0.00000	0.04125
30	0.00076	0.00010	0.15000	0.09000	0.09000	0.09000	0.00020	0.00010	0.00000	0.04125
31	0.00075	0.00010	0.15000	0.09000	0.09000	0.08500	0.00020	0.00010	0.00000	0.04125
32	0.00075	0.00010	0.15000	0.09000	0.09000	0.08000	0.00020	0.00010	0.00000	0.04125
33	0.00081	0.00010	0.15000	0.09000	0.09000	0.07500	0.00020	0.00010	0.00000	0.04125
34	0.00080	0.00010	0.15000	0.09000	0.09000	0.07000	0.00020	0.00010	0.00000	0.04125
35	0.00087	0.00009	0.15000	0.09000	0.09000	0.04400	0.00030	0.00010	0.00000	0.04125
36	0.00093	0.00009	0.15000	0.09000	0.09000	0.04000	0.00030	0.00020	0.00000	0.04125
37	0.00091	0.00009	0.15000	0.09000	0.09000	0.03600	0.00030	0.00020	0.00000	0.04125
38	0.00088	0.00019	0.15000	0.09000	0.09000	0.03300	0.00040	0.00020	0.00000	0.04125
39	0.00086	0.00019	0.15000	0.09000	0.09000	0.02900	0.00040	0.00030	0.00000	0.04125
40	0.00090	0.00018	0.09000	0.08000	0.07500	0.02700	0.00040	0.00040	0.00000	0.04125
41	0.00087	0.00018	0.09000	0.08000	0.07500	0.02600	0.00050	0.00050	0.00000	0.04125
42	0.00087	0.00018	0.09000	0.08000	0.07500	0.02400	0.00050	0.00060	0.00000	0.04000
43	0.00086	0.00018	0.09000	0.08000	0.07500	0.02200	0.00060	0.00070	0.00000	0.03750
44	0.00090	0.00018	0.09000	0.08000	0.07500	0.02000	0.00060	0.00080	0.00000	0.03500
45	0.00087	0.00018	0.09000	0.08000	0.07500	0.01800	0.00080	0.00100	0.00000	0.03125
46	0.00086	0.00018	0.09000	0.08000	0.07500	0.01700	0.00090	0.00120	0.00000	0.02875
47	0.00089	0.00018	0.09000	0.08000	0.07500	0.01700	0.00100	0.00140	0.00000	0.02500
48	0.00180	0.00018	0.09000	0.08000	0.07500	0.01600	0.00110	0.00160	0.00000	0.02125
49	0.00149	0.00018	0.09000	0.08000	0.07500	0.01500	0.00120	0.00180	0.00000	0.02125
50	0.00185	0.00018	0.09000	0.08000	0.07500	0.01400	0.00140	0.00200	0.03500	0.01875
51	0.00240	0.00018	0.09000	0.08000	0.07500	0.01300	0.00160	0.00250	0.03500	0.01625
52	0.00230	0.00018	0.09000	0.08000	0.07500	0.01200	0.00180	0.00300	0.03500	0.01250
53	0.00240	0.00018	0.09000	0.08000	0.07500	0.01100	0.00200	0.00350	0.03500	0.01250
54	0.00253	0.00027	0.09000	0.08000	0.07500	0.01000	0.00220	0.00400	0.03500	0.01250
55	0.00260	0.00028	0.09000	0.08000	0.07500	0.00900	0.00240	0.00450	0.07300	0.01250
56	0.00270	0.00028	0.09000	0.08000	0.07500	0.00900	0.00260	0.00500	0.07800	0.01250
57	0.00280	0.00037	0.09000	0.08000	0.07500	0.00800	0.00280	0.00550	0.08200	0.01250
58	0.00290	0.00037	0.09000	0.08000	0.07500	0.00800	0.00300	0.00600	0.08600	0.00875
59	0.00300	0.00037	0.09000	0.08000	0.07500	0.00700	0.00320	0.00650	0.09100	0.00875
60	0.00310	0.00048	0.09000	0.08000	0.07500	0.00600	0.00340	0.00700	0.14000	0.00500
61	0.00319	0.00048	0.09000	0.08000	0.07500	0.00500	0.00360	0.00750	0.16400	0.00500
62	0.00373	0.00057	0.09000	0.08000	0.07500	0.00500	0.00380	0.00800	0.40000	0.00500
63	0.00438	0.00057	0.09000	0.08000	0.07500	0.00500	0.00400	0.00850	0.19900	0.00500
64	0.00507	0.00057	0.09000	0.08000	0.07500	0.00500	0.00420	0.00900	0.25700	0.00500
65	0.00589	0.00070	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.20400	0.00000
66	0.00676	0.00070	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.27200	0.00000
67	0.00769	0.00080	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.34000	0.00000
68	0.00980	0.00080	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.40900	0.00000
69	0.01030	0.00090	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.61300	0.00000
70	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000

Section 8: Summary of Actuarial Assumptions

EXHIBIT 8.2 – PROBABILITIES OF SEPARATION FROM ACTIVE SERVICE GENERAL MEMBERS - FEMALES RECOMMENDED ASSUMPTIONS

Age	Ordinary Death	Duty Death	Withdrawal svc < 3	Withdrawal svc 3 to 5	Withdrawal svc > 5	Ordinary Disability	Duty Disability	Service	Terminated Vested
20	0.00020	0.00010	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.01625
21	0.00020	0.00010	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.01625
22	0.00020	0.00010	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.01625
23	0.00020	0.00010	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.01625
24	0.00020	0.00010	0.13000	0.09000	0.09000	0.00000	0.00010	0.00000	0.01625
25	0.00040	0.00010	0.13000	0.09000	0.09000	0.00005	0.00010	0.00000	0.01625
26	0.00040	0.00010	0.13000	0.09000	0.09000	0.00005	0.00010	0.00000	0.01875
27	0.00040	0.00010	0.13000	0.09000	0.09000	0.00005	0.00010	0.00000	0.02125
28	0.00040	0.00010	0.13000	0.09000	0.09000	0.00005	0.00010	0.00000	0.02375
29	0.00040	0.00010	0.13000	0.09000	0.09000	0.00005	0.00010	0.00000	0.02625
30	0.00040	0.00010	0.13000	0.09000	0.08000	0.00005	0.00010	0.00000	0.02625
31	0.00040	0.00010	0.13000	0.09000	0.07000	0.00005	0.00010	0.00000	0.02750
32	0.00040	0.00010	0.13000	0.09000	0.06000	0.00005	0.00010	0.00000	0.02750
33	0.00050	0.00010	0.13000	0.09000	0.05000	0.00005	0.00010	0.00000	0.02875
34	0.00050	0.00010	0.13000	0.09000	0.05000	0.00005	0.00010	0.00000	0.02875
35	0.00050	0.00009	0.13000	0.09000	0.04700	0.00035	0.00010	0.00000	0.02875
36	0.00050	0.00009	0.13000	0.09000	0.04300	0.00035	0.00010	0.00000	0.02875
37	0.00050	0.00009	0.13000	0.09000	0.03900	0.00035	0.00010	0.00000	0.02875
38	0.00060	0.00009	0.13000	0.09000	0.03600	0.00055	0.00010	0.00000	0.02875
39	0.00060	0.00009	0.13000	0.09000	0.03300	0.00055	0.00010	0.00000	0.02750
40	0.00070	0.00009	0.09000	0.08000	0.03000	0.00060	0.00010	0.00000	0.02750
41	0.00080	0.00009	0.09000	0.08000	0.02900	0.00065	0.00010	0.00000	0.02625
42	0.00080	0.00009	0.09000	0.08000	0.02900	0.00070	0.00010	0.00000	0.02625
43	0.00090	0.00009	0.09000	0.08000	0.02800	0.00070	0.00010	0.00000	0.02625
44	0.00090	0.00009	0.09000	0.08000	0.02700	0.00075	0.00020	0.00000	0.02500
45	0.00100	0.00009	0.09000	0.08000	0.02500	0.00080	0.00020	0.00000	0.02500
46	0.00100	0.00009	0.09000	0.08000	0.02300	0.00090	0.00030	0.00000	0.02375
47	0.00120	0.00009	0.09000	0.08000	0.02100	0.00100	0.00030	0.00000	0.02250
48	0.00120	0.00009	0.09000	0.08000	0.01900	0.00120	0.00040	0.00000	0.02250
49	0.00140	0.00009	0.09000	0.08000	0.01800	0.00130	0.00050	0.00000	0.02250
50	0.00150	0.00009	0.09000	0.08000	0.01400	0.00140	0.00060	0.04000	0.02125
51	0.00170	0.00009	0.09000	0.08000	0.01300	0.00300	0.00070	0.04000	0.02000
52	0.00180	0.00009	0.09000	0.08000	0.01200	0.00320	0.00080	0.04000	0.02000
53	0.00200	0.00009	0.09000	0.08000	0.01100	0.00340	0.00100	0.04000	0.01875
54	0.00220	0.00009	0.09000	0.08000	0.01000	0.00380	0.00110	0.04000	0.01750
55	0.00240	0.00009	0.09000	0.08000	0.01000	0.00420	0.00120	0.04000	0.01500
56	0.00260	0.00010	0.09000	0.08000	0.00800	0.00440	0.00130	0.05500	0.01250
57	0.00280	0.00010	0.09000	0.08000	0.00700	0.00460	0.00140	0.06800	0.01000
58	0.00300	0.00010	0.09000	0.08000	0.00600	0.00480	0.00150	0.07800	0.00750
59	0.00320	0.00010	0.09000	0.08000	0.00500	0.00500	0.00160	0.08800	0.00625
60	0.00340	0.00019	0.09000	0.08000	0.00500	0.00520	0.00180	0.09900	0.00375
61	0.00360	0.00019	0.09000	0.08000	0.00500	0.00540	0.00200	0.14900	0.00250
62	0.00390	0.00019	0.09000	0.08000	0.00500	0.00580	0.00220	0.24800	0.00125
63	0.00420	0.00019	0.09000	0.08000	0.00500	0.00600	0.00240	0.22300	0.00125
64	0.00450	0.00019	0.09000	0.08000	0.00500	0.00620	0.00260	0.22300	0.00000
65	0.00480	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.30300	0.00000
66	0.00510	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.35000	0.00000
67	0.00540	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.40000	0.00000
68	0.00570	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.45000	0.00000
69	0.00600	0.00020	0.00000	0.00000	0.00000	0.00000	0.00000	0.50000	0.00000
70	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000

Section 8: Summary of Actuarial Assumptions

EXHIBIT 8.3 – PROBABILITIES OF SEPARATION FROM ACTIVE SERVICE SAFETY MEMBERS RECOMMENDED ASSUMPTIONS

Age	Ordinary Death	Duty Death	Withdrawal svc<5	Withdrawal svc >5	Ordinary Disability	Duty Disability	Service	Terminated Vested
20	0.00030	0.00052	0.07000	0.06000	0.00000	0.00110	0.00000	0.00000
21	0.00030	0.00052	0.07000	0.06000	0.00000	0.00120	0.00000	0.02500
22	0.00030	0.00052	0.07000	0.06000	0.00000	0.00130	0.00000	0.02500
23	0.00030	0.00052	0.07000	0.06000	0.00000	0.00150	0.00000	0.02500
24	0.00030	0.00052	0.07000	0.06000	0.00000	0.00180	0.00000	0.02500
25	0.00038	0.00052	0.07000	0.05800	0.00050	0.00230	0.00000	0.02500
26	0.00038	0.00052	0.07000	0.05800	0.00050	0.00280	0.00000	0.02500
27	0.00038	0.00052	0.07000	0.05700	0.00050	0.00320	0.00000	0.02500
28	0.00038	0.00052	0.07000	0.05700	0.00050	0.00320	0.00000	0.02500
29	0.00038	0.00052	0.07000	0.05500	0.00050	0.00400	0.00000	0.02500
30	0.00038	0.00052	0.07000	0.05200	0.00070	0.00500	0.00000	0.02500
31	0.00044	0.00052	0.07000	0.04800	0.00070	0.00570	0.00000	0.02500
32	0.00044	0.00052	0.07000	0.04500	0.00070	0.00600	0.00000	0.02500
33	0.00044	0.00052	0.07000	0.04100	0.00070	0.00620	0.00000	0.02500
34	0.00050	0.00060	0.07000	0.03700	0.00070	0.00640	0.00000	0.02500
35	0.00058	0.00060	0.07000	0.03400	0.00090	0.00640	0.00000	0.02500
36	0.00058	0.00060	0.07000	0.03100	0.00090	0.00650	0.00000	0.02500
37	0.00064	0.00068	0.07000	0.02700	0.00090	0.00660	0.00000	0.02500
38	0.00064	0.00068	0.07000	0.02300	0.00090	0.00670	0.00000	0.02500
39	0.00070	0.00068	0.07000	0.01900	0.00090	0.00670	0.00000	0.02500
40	0.00070	0.00075	0.07000	0.01500	0.00120	0.00680	0.00000	0.02250
41	0.00076	0.00075	0.07000	0.01100	0.00120	0.00690	0.00000	0.02000
42	0.00076	0.00075	0.07000	0.01000	0.00120	0.00690	0.00000	0.01750
43	0.00082	0.00082	0.07000	0.01000	0.00140	0.00700	0.00000	0.01500
44	0.00090	0.00082	0.07000	0.01000	0.00160	0.00710	0.00000	0.01500
45	0.00096	0.00090	0.07000	0.01000	0.00190	0.00980	0.00625	0.01500
46	0.00104	0.00090	0.07000	0.01000	0.00210	0.00980	0.00625	0.01500
47	0.00110	0.00097	0.07000	0.01000	0.00260	0.00980	0.01250	0.01500
48	0.00124	0.00097	0.07000	0.01000	0.00300	0.00980	0.01875	0.01500
49	0.00138	0.00105	0.07000	0.01000	0.00350	0.00980	0.01875	0.01500
50	0.00152	0.00112	0.07000	0.00000	0.00400	0.01000	0.06000	0.00000
51	0.00160	0.00120	0.07000	0.00000	0.00440	0.01250	0.05000	0.00000
52	0.00174	0.00127	0.07000	0.00000	0.00490	0.01500	0.05000	0.00000
53	0.00182	0.00135	0.07000	0.00000	0.00540	0.01750	0.05000	0.00000
54	0.00196	0.00142	0.07000	0.00000	0.00580	0.02000	0.05000	0.00000
55	0.00218	0.00150	0.07000	0.00000	0.00650	0.02250	0.30250	0.00000
56	0.00240	0.00157	0.07000	0.00000	0.00750	0.02380	0.20250	0.00000
57	0.00262	0.00165	0.07000	0.00000	0.00840	0.02510	0.20250	0.00000
58	0.00284	0.00172	0.07000	0.00000	0.00960	0.02650	0.25250	0.00000
59	0.00306	0.00180	0.07000	0.00000	0.01100	0.02810	0.30375	0.00000
60	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
61	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
62	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
63	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
64	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
65	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
66	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
67	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
68	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
69	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000
70	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.00000	0.00000

Section 8: Summary of Actuarial Assumptions

EXHIBIT 8.4 – YEARS OF LIFE EXPECTANCY AFTER SERVICE RETIREMENT RECOMMENDED ASSUMPTIONS

Age	General		Safety		Age	General		Safety	
	Male	Female	Male	Female		Male	Female	Male	Female
20	58.04	63.01	56.26	61.99	55	26.77	29.55	24.67	28.19
21	57.09	62.03	55.31	61.00	56	25.91	28.65	23.84	27.27
22	56.15	61.05	54.36	60.02	57	25.05	27.76	23.02	26.36
23	55.21	60.07	53.42	59.03	58	24.19	26.88	22.21	25.45
24	54.26	59.08	52.47	58.04	59	23.32	26.00	21.40	24.56
25	53.32	58.10	51.52	57.06	60	22.46	25.13	20.61	23.69
26	52.38	57.12	50.57	56.07	61	21.61	24.27	19.82	22.83
27	51.43	56.13	49.62	55.09	62	20.76	23.42	19.05	21.98
28	50.49	55.15	48.67	54.10	63	19.93	22.57	18.28	21.16
29	49.54	54.17	47.72	53.11	64	19.11	21.74	17.53	20.34
30	48.60	53.19	46.77	52.13	65	18.31	20.91	16.79	19.55
31	47.66	52.21	45.82	51.15	66	17.51	20.10	16.06	18.76
32	46.72	51.23	44.88	50.16	67	16.74	19.30	15.35	17.99
33	45.80	50.26	43.95	49.19	68	15.97	18.51	14.66	17.24
34	44.88	49.29	43.02	48.21	69	15.22	17.74	13.97	16.49
35	43.96	48.32	42.10	47.23	70	14.48	16.98	13.31	15.77
36	43.06	47.35	41.18	46.26	71	13.76	16.23	12.66	15.06
37	42.16	46.39	40.27	45.29	72	13.04	15.26	12.03	14.36
38	41.26	45.43	39.36	44.32	73	12.35	14.54	11.41	13.69
39	40.37	44.46	38.46	43.35	74	11.67	13.84	10.81	13.03
40	39.49	43.51	37.56	42.38	75	11.02	13.16	10.23	12.40
41	38.61	42.55	36.67	41.42	76	10.38	12.49	9.66	11.77
42	37.73	41.60	35.78	40.45	77	9.77	11.84	9.12	11.17
43	36.85	40.65	34.89	39.49	78	9.18	11.21	8.60	10.57
44	35.99	39.70	34.01	38.54	79	8.61	10.59	8.09	10.00
45	35.13	38.76	33.13	37.59	80	8.06	10.00	7.61	9.43
46	34.27	37.83	32.26	36.63	81	7.54	9.43	7.15	8.89
47	33.43	36.89	31.39	35.69	82	7.04	8.87	6.71	8.37
48	32.59	35.96	30.53	34.74	83	6.56	8.34	6.29	7.87
49	31.75	35.04	29.68	33.80	84	6.11	7.84	5.89	7.40
50	30.93	34.12	28.83	32.86	85	5.69	7.35	5.52	6.95
51	30.11	33.20	27.99	31.93	86	5.29	6.90	5.17	6.53
52	29.29	32.28	27.16	30.99	87	4.92	6.47	4.83	6.14
53	28.46	31.37	26.32	30.05	88	4.58	6.08	4.53	5.78
54	27.62	30.46	25.49	29.12	89	4.26	5.72	4.24	5.45
					90	3.97	5.38	3.98	5.15

General Males: RP 2000 Mortality Table for Males, with white collar adjustment, and no setback
 General Females: RP 2000 Mortality Table for Females, with white collar adjustment, and no setback
 Safety Males: RP 2000 Mortality Table for Males, with blue collar adjustment, and no setback
 Safety Females: RP 2000 Mortality Table for Females, with blue collar adjustment, and no setback

Section 8: Summary of Actuarial Assumptions

**EXHIBIT 8.5 – YEARS OF LIFE EXPECTANCY AFTER DISABILITY RETIREMENT
GENERAL MEMBERS – RECOMMENDED ASSUMPTIONS**

Age	Years of Life Expectancy		Age	Years of Life Expectancy	
	Male	Female		Male	Female
20	31.51	47.16	55	15.98	21.73
21	30.51	46.16	56	15.55	21.09
22	30.20	45.50	57	15.12	20.46
23	29.89	44.84	58	14.70	19.83
24	29.57	44.17	59	14.27	19.22
25	29.24	43.50	60	13.86	18.62
26	28.90	42.82	61	13.44	18.02
27	28.55	42.14	62	13.03	17.43
28	28.20	41.45	63	12.62	16.85
29	27.84	40.76	64	12.21	16.27
30	27.47	40.06	65	11.80	15.70
31	27.09	39.36	66	11.39	15.14
32	26.71	38.65	67	10.99	14.58
33	26.31	37.94	68	10.59	14.04
34	25.90	37.22	69	10.20	13.50
35	25.49	36.49	70	9.81	12.98
36	25.07	35.76	71	9.43	12.46
37	24.63	35.03	72	9.05	11.96
38	24.19	34.28	73	8.69	11.47
39	23.73	33.54	74	8.33	11.00
40	23.27	32.79	75	7.99	10.53
41	22.80	32.03	76	7.65	10.09
42	22.31	31.26	77	7.33	9.65
43	21.81	30.49	78	7.02	9.23
44	21.30	29.72	79	6.72	8.81
45	20.78	28.94	80	6.43	8.42
46	20.25	28.15	81	6.16	8.03
47	19.73	27.38	82	5.89	7.66
48	19.23	26.62	83	5.63	7.29
49	18.73	25.88	84	5.38	6.94
50	18.25	25.15	85	5.14	6.61
51	17.78	24.44	86	4.90	6.28
52	17.32	23.74	87	4.66	5.97
53	16.86	23.06	88	4.41	5.67
54	16.42	22.39	89	4.16	5.39
			90	3.90	5.12

Males: RP 2000 Disabled Annuitant Mortality Table for Males, and no setback
 Females: RP 2000 Disabled Annuitant Mortality Table for Females, and no setback

Section 8: Summary of Actuarial Assumptions

EXHIBIT 8.6 – YEARS OF LIFE EXPECTANCY AFTER DISABILITY RETIREMENT SAFETY MEMBERS – RECOMMENDED ASSUMPTIONS

Age	Years of Life Expectancy		Age	Years of Life Expectancy	
	Male	Female		Male	Female
20	33.51	49.16	55	16.86	23.06
21	32.51	48.16	56	16.42	22.39
22	31.51	47.16	57	15.98	21.73
23	30.51	46.16	58	15.55	21.09
24	30.20	45.50	59	15.12	20.46
25	29.89	44.84	60	14.70	19.83
26	29.57	44.17	61	14.27	19.22
27	29.24	43.50	62	13.86	18.62
28	28.90	42.82	63	13.44	18.02
29	28.55	42.14	64	13.03	17.43
30	28.20	41.45	65	12.62	16.85
31	27.84	40.76	66	12.21	16.27
32	27.47	40.06	67	11.80	15.70
33	27.09	39.36	68	11.39	15.14
34	26.71	38.65	69	10.99	14.58
35	26.31	37.94	70	10.59	14.04
36	25.90	37.22	71	10.20	13.50
37	25.49	36.49	72	9.81	12.98
38	25.07	35.76	73	9.43	12.46
39	24.63	35.03	74	9.05	11.96
40	24.19	34.28	75	8.69	11.47
41	23.73	33.54	76	8.33	11.00
42	23.27	32.79	77	7.99	10.53
43	22.80	32.03	78	7.65	10.09
44	22.31	31.26	79	7.33	9.65
45	21.81	30.49	80	7.02	9.23
46	21.30	29.72	81	6.72	8.81
47	20.78	28.94	82	6.43	8.42
48	20.25	28.15	83	6.16	8.03
49	19.73	27.38	84	5.89	7.66
50	19.23	26.62	85	5.63	7.29
51	18.73	25.88	86	5.38	6.94
52	18.25	25.15	87	5.14	6.61
53	17.78	24.44	88	4.90	6.28
54	17.32	23.74	89	4.66	5.97
			90	4.41	5.67

Males: RP 2000 Disabled Annuitant Mortality Table for Males, with a 2-year setback
 Females: RP 2000 Disabled Annuitant Mortality Table for Females, with a 2-year setback

Section 8: Summary of Actuarial Assumptions

EXHIBIT 8.7 – SALARY INCREASE ASSUMPTION

Years of Service	General Members	Safety Members
0	6.00%	6.25%
1	6.00%	6.25%
2	6.00%	6.25%
3	6.00%	6.25%
4	6.00%	6.25%
5	6.00%	6.25%
6	6.00%	6.25%
7	6.00%	6.25%
8	6.00%	6.25%
9	6.00%	6.25%
10	6.00%	6.25%
11	6.00%	6.25%
12	6.00%	6.25%
13	6.00%	6.25%
14	6.00%	6.25%
15	6.00%	6.25%
16	4.50%	6.25%
17	4.50%	6.25%
18	4.50%	6.25%
19	4.50%	6.25%
20 or more	4.50%	4.50%

Note: Salary scale assumption reflects 4.00% for inflation and graded merit and longevity.

Section 9: Member Data

The June 30, 2005 actuarial valuation of the Association was based on the following data. For comparison, we also show a summary of the June 30, 2004 statistical information.

SUMMARY OF RETIRED MEMBERSHIP			
	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>Percentage Change During the Period</u>
GENERAL			
Number	1,470	1,535	4.4%
Total Annual Allowance	18,967,849	20,946,816	10.4%
Average Total Monthly Allowance	1,075	1,137	5.8%
SAFETY			
Number	258	273	5.8%
Total Annual Allowance	6,244,480	6,918,973	10.8%
Average Total Monthly Allowance	2,017	2,112	4.7%
TOTAL			
Number	1,728	1,808	4.6%
Total Annual Allowance	25,212,329	27,865,789	10.5%
Average Total Monthly Allowance	1,216	1,284	5.6%

SUMMARY OF INACTIVE MEMBERSHIP*			
	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>Percentage Change During the Period</u>
GENERAL			
Number	767	1,132	47.6%
SAFETY			
Number	92	90	(2.2)%
TOTAL			
Number	859	1,222	42.3%

*Includes unclaimed accounts.

Section 9: Member Data

SUMMARY OF ACTIVE MEMBERSHIP			
	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>Percentage Change During the Period</u>
GENERAL TIER 1			
Number	197	179	-9.1%
Annual Payroll*	9,766,816	9,327,015	-4.5%
Average Monthly Salary	4,131	4,342	5.1%
Average Age	54.60	55.28	1.2%
Average Service	26.20	26.83	2.4%
GENERAL TIER 2 & 3			
Numbers	3,249	3,296	1.4%
Annual Payroll*	125,689,868	132,944,149	5.8%
Average Monthly Salary	3,224	3,361	4.2%
Average Age	42.80	43.15	0.8%
Average Service	7.20	7.55	4.9%
SAFETY TIER 1			
Number	25	20	-20%
Annual Payroll*	1,729,123	1,477,786	-14.5%
Average Monthly Salary	5,764	6,157	6.8%
Average Age	52.80	53.95	2.2%
Average Service	27.30	27.90	2.2%
SAFETY TIER 2 & 3			
Number	402	402	0.0%
Annual Payroll*	20,846,565	21,028,181	0.9%
Average Monthly Salary	4,321	4,359	0.9%
Average Age	38.20	38.19	0.0%
Average Service	9.40	9.17	-2.4%
TOTAL			
Number	3,873	3,897	0.6%
Annual Payroll*	158,032,372	164,777,131	4.3%
Average Monthly Salary	3,400	3,524	3.6%
Average Age	43.00	43.25	0.6%
Average Service	8.50	8.71	2.5%

* Represents the annualization of active members' pay rates on June 30.

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE GENERAL MEMBERS
AS OF JUNE 30, 2005
TIER 1 – MALES**

CURRENT AGE	Years of Service							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 19	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	3	1	4
	0	0	0	0	0	41,159	56,711	45,047
50-54	0	3	1	2	2	11	9	28
	0	57,530	35,052	48,104	51,385	57,628	45,566	51,808
55-59	1	2	2	3	1	11	15	35
	58,945	47,757	80,968	69,547	155,869	60,762	63,080	65,585
60-64	0	0	0	0	1	3	11	15
	0	0	0	0	46,422	95,259	54,914	62,417
65-69	0	0	0	0	0	0	1	1
	0	0	0	0	0	0	41,786	41,786
70 & Over	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Total	1	5	3	5	4	28	37	83
	58,945	53,621	65,663	60,970	76,265	61,127	55,644	59,088

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE GENERAL MEMBERS
AS OF JUNE 30, 2005
TIER 1 – FEMALES**

Current Age	Years of Service							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 19	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
45-49	0	0	0	0	2	18	0	20
	0	0	0	0	48,250	44,887	0	45,223
50-54	2	1	0	0	4	17	9	33
	79,285	28,646	0	0	46,143	43,503	59,831	49,994
55-59	1	0	0	2	5	11	11	30
	68,376	0	0	28,559	55,453	42,343	40,287	43,723
60-64	0	0	1	1	0	6	4	12
	0	0	68,002	84,488	0	37,824	37,619	44,159
65-69	0	0	0	0	0	1	0	1
	0	0	0	0	0	26,789	0	26,789
70 & Over	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Total	3	1	1	3	11	53	24	96
	75,649	28,646	68,002	47,202	50,758	42,774	47,171	46,070

Section 9: Member Data

AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY OF ACTIVE GENERAL MEMBERS AS OF JUNE 30, 2005 TIER 2 & 3 – MALES

Current Age	Years of Service							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 19	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
20-24	24	1	0	0	0	0	0	25
	30,187	31,045	0	0	0	0	0	30,221
25-29	87	17	0	0	0	0	0	104
	35,667	36,991	0	0	0	0	0	35,883
30-34	78	37	9	0	0	0	0	124
	40,068	40,351	42,082	0	0	0	0	40,299
35-39	66	48	20	0	0	0	0	134
	42,043	42,751	43,253	0	0	0	0	42,477
40-44	54	26	31	19	1	0	0	131
	45,375	41,476	46,649	62,019	25,024	0	0	47,161
45-49	38	48	18	29	7	0	0	140
	41,351	43,900	47,850	57,890	44,125	0	0	46,625
50-54	35	43	24	25	22	1	0	150
	53,177	54,306	47,816	51,229	66,007	33,889	0	54,071
55-59	25	45	19	21	13	0	0	123
	48,686	58,000	53,771	52,548	51,992	0	0	53,888
60-64	15	16	12	8	3	0	0	54
	35,165	41,494	62,454	50,686	37,507	0	0	45,534
65-69	6	4	3	5	0	0	0	18
	65,583	42,946	43,994	65,566	0	0	0	56,950
70 & Over	1	2	1	0	1	0	0	5
	172,237	47,581	27,248	0	99,035	0	0	78,736
Total	429	287	137	107	47	1	0	1,008
	41,773	46,225	48,388	55,839	56,883	33,889	0	46,130

Section 9: Member Data

AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY OF ACTIVE GENERAL MEMBERS AS OF JUNE 30, 2005 TIER 2 & 3 – FEMALES

Current Age	Years of Service							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 19	1	0	0	0	0	0	0	1
	24,904	0	0	0	0	0	0	24,904
20-24	71	6	0	0	0	0	0	77
	27,075	22,537	0	0	0	0	0	26,721
25-29	206	74	2	0	0	0	0	282
	32,910	34,660	34,408	0	0	0	0	33,380
30-34	172	139	22	0	0	0	0	333
	35,686	37,492	35,028	0	0	0	0	36,396
35-39	97	127	45	13	0	0	0	282
	37,828	36,595	37,618	38,415	0	0	0	37,266
40-44	102	110	62	31	9	0	0	314
	34,633	37,059	39,576	40,473	43,885	0	0	37,301
45-49	118	123	58	37	21	5	0	362
	38,026	40,453	43,526	40,648	47,771	41,220	0	40,609
50-54	76	86	51	23	20	2	0	258
	43,687	40,685	40,514	43,319	48,975	44,434	0	42,442
55-59	62	69	61	38	13	5	1	249
	41,452	38,431	39,891	39,194	33,365	41,195	20,116	39,375
60-64	23	41	15	23	9	0	0	111
	32,900	38,306	43,426	46,808	34,693	0	0	39,346
65-69	5	8	2	2	1	0	0	18
	38,327	41,645	26,194	52,238	32,379	0	0	39,669
70 & Over	0	0	0	0	1	0	0	1
	0	0	0	0	72,315	0	0	72,315
Total	933	783	318	167	74	12	1	2,288
	35,790	37,887	39,981	41,466	43,626	41,745	20,116	37,782

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE SAFETY MEMBERS
AS OF JUNE 30, 2005
TIER 1 – TOTAL**

Current Age	Years of Service							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 19	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	1	1
	0	0	0	0	0	0	123,990	123,990
50-54	0	1	0	0	1	4	4	10
	0	65,763	0	0	98,761	72,158	76,607	75,958
55-59	0	0	0	0	1	4	4	9
	0	0	0	0	56,430	55,970	78,477	66,024
60-64	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
70 & Over	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Total	0	1	0	0	2	8	9	20
	0	65,763	0	0	77,596	64,064	82,703	73,890

Section 9: Member Data

**AGE AND SERVICE DISTRIBUTION WITH ANNUAL AVERAGE SALARY
OF ACTIVE SAFETY MEMBERS
AS OF JUNE 30, 2005
TIER 2 & 3 – TOTAL**

Current Age	Years of Service							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 19	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
20-24	15	0	0	0	0	0	0	15
	40,471	0	0	0	0	0	0	40,471
25-29	42	14	0	0	0	0	0	56
	45,076	50,833	0	0	0	0	0	46,515
30-34	27	56	6	0	0	0	0	89
	47,678	51,507	50,173	0	0	0	0	50,255
35-39	15	42	18	15	0	0	0	90
	48,371	51,997	52,510	60,327	0	0	0	52,884
40-44	4	22	8	30	5	0	0	69
	47,381	52,693	50,118	61,321	63,660	0	0	56,633
45-49	2	14	6	13	7	0	0	42
	49,376	50,700	49,583	59,996	69,430	0	0	56,476
50-54	1	6	3	7	10	1	0	28
	40,429	50,210	55,710	57,681	58,158	56,898	0	55,395
55-59	1	5	0	3	2	0	0	11
	48,770	59,975	0	61,995	62,469	0	0	59,961
60-64	0	1	0	0	0	0	0	1
	0	64,760	0	0	0	0	0	64,760
65-69	0	0	1	0	0	0	0	1
	0	0	29,039	0	0	0	0	29,039
70 & Over	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Total	107	160	42	68	24	1	0	402
	45,707	51,968	50,972	60,503	62,951	56,898	0	52,309

Section 9: Member Data

**AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF RETIRED GENERAL MEMBERS
AS OF JUNE 30, 2005
TOTAL**

Current Age	Years of Retirement							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 45	4	2	1	0	0	0	0	7
	14,823	12,414	6,137	0	0	0	0	12,894
45-49	5	2	2	0	0	0	0	9
	10,342	2,263	3,180	0	0	0	0	6,955
50-54	46	10	0	0	0	1	0	57
	11,764	8,882	0	0	0	3,057	0	11,106
55-59	123	45	10	1	1	1	0	181
	15,437	11,769	9,129	7,681	3,521	4,154	0	14,006
60-64	144	81	24	8	2	3	1	263
	20,456	12,519	8,778	11,939	4,973	6,574	14,722	16,389
65-69	86	84	48	20	2	1	1	242
	18,202	16,309	10,624	9,595	10,695	9,667	9,882	15,199
70-74	14	71	63	53	27	8	3	239
	8,987	15,555	12,637	12,271	10,732	10,970	8,147	12,882
75-79	2	10	54	63	52	11	3	195
	11,726	23,609	17,037	14,695	10,467	8,825	7,005	14,193
80-84	0	3	5	37	68	48	11	172
	0	7,547	9,294	13,151	15,085	8,868	6,998	12,117
85 & Over	0	0	3	4	44	82	37	170
	0	0	10,727	16,142	11,688	9,672	8,185	10,041
Total	424	308	210	186	196	155	56	1,535
	17,008	14,269	12,472	13,024	12,291	9,292	8,034	13,646

Section 9: Member Data

**AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION
OF RETIRED SAFETY MEMBERS
AS OF JUNE 30, 2005
TOTAL**

Current Age	Years of Retirement							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 45	9	4	4	1	0	0	0	18
	19,924	20,240	19,165	10,593	0	0	0	19,307
45-49	3	1	6	1	0	0	0	11
	16,478	20,968	19,913	28,203	0	0	0	19,826
50-54	18	6	6	3	1	0	0	34
	26,161	17,889	17,305	6,314	20,143	0	0	21,210
55-59	35	7	6	3	0	0	0	51
	42,440	20,526	24,091	22,575	0	0	0	36,105
60-64	16	24	17	5	0	0	3	65
	45,225	29,817	19,732	13,811	0	0	15,499	29,080
65-69	0	7	16	8	3	3	3	40
	0	37,410	23,130	18,066	17,771	20,277	17,254	23,560
70-74	0	1	8	6	3	2	2	22
	0	17,934	21,100	24,465	20,238	13,968	12,601	20,335
75-79	0	0	1	2	5	2	3	13
	0	0	5,040	32,183	12,035	9,289	10,857	13,902
80-84	0	0	0	1	1	5	2	9
	0	0	0	912	15,746	23,207	17,289	18,586
85 & Over	0	0	0	0	0	3	7	10
	0	0	0	0	0	17,385	15,824	16,292
Total	81	50	64	30	13	15	20	273
	35,909	26,967	20,686	18,370	16,161	18,369	15,069	25,344

Section 9: Member Data

AVERAGE ANNUAL BENEFIT AND MEMBERSHIP DISTRIBUTION OF RETIRED GENERAL AND SAFETY MEMBERS AS OF JUNE 30, 2005 TOTAL

Current Age	Years of Retirement							TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30 & OVER	
Below 45	13	6	5	1	0	0	0	25
	18,354	17,632	16,559	10,593	0	0	0	17,511
45-49	8	3	8	1	0	0	0	20
	12,643	8,498	15,730	28,203	0	0	0	14,034
50-54	64	16	6	3	1	1	0	91
	15,813	12,259	17,305	6,314	20,143	3,057	0	14,881
55-59	158	52	16	4	1	1	0	232
	21,418	12,948	14,740	18,851	3,521	4,154	0	18,863
60-64	160	105	41	13	2	3	4	328
	22,933	16,472	13,320	12,659	4,973	6,574	15,305	18,904
65-69	86	91	64	28	5	4	4	282
	18,202	17,932	13,751	12,016	14,941	17,625	15,411	16,385
70-74	14	72	71	59	30	10	5	261
	8,987	15,588	13,591	13,511	11,683	11,569	9,928	13,510
75-79	2	10	55	65	57	13	6	208
	11,726	23,609	16,819	15,233	10,605	8,896	8,931	14,175
80-84	0	3	5	38	69	53	13	181
	0	7,547	9,294	12,829	15,095	10,221	8,581	12,439
85 & Over	0	0	3	4	44	85	44	180
	0	0	10,727	16,142	11,688	9,944	9,400	10,388
Total	505	358	274	216	209	170	76	1,808
	20,039	16,042	14,391	13,766	12,532	10,092	9,885	15,412

Section 9: Member Data

SUMMARY OF ANNUAL RETIREMENT ALLOWANCES

AS OF JUNE 30, 2005

GENERAL MEMBERS

	<u>Number</u>	<u>Annual Allowance</u>
Service		
Males	511	\$ 9,339,230
Females	660	7,905,548
Total	<u>1,171</u>	<u>\$ 17,244,778</u>
Disability		
Males	49	\$ 731,547
Females	69	814,883
Total	<u>118</u>	<u>\$ 1,546,430</u>
Beneficiaries		
Males	57	\$ 319,054
Females	189	1,836,554
Total	<u>246</u>	<u>\$ 2,155,608</u>
Total	<u>1,535</u>	<u>\$ 20,946,816</u>

SAFETY MEMBERS

	<u>Number</u>	<u>Annual Allowance</u>
Service		
Males	137	\$ 4,235,832
Females	15	441,129
Total	<u>152</u>	<u>\$ 4,676,961</u>
Disability		
Males	65	\$ 1,438,522
Females	15	252,261
Total	<u>80</u>	<u>\$ 1,690,783</u>
Beneficiaries		
Males	1	\$ 641
Females	40	550,588
Total	<u>41</u>	<u>\$ 551,229</u>
Total	<u>273</u>	<u>\$ 6,918,973</u>

Section 10: Summary of Major Plan Provisions

Eligibility	First pay period following date of employment.
Final Average Salary	Highest 12 consecutive months of compensation earnable for Tier 1 members and highest 36 consecutive months of compensation earnable for Tier 2 and Tier 3 members.
Service Retirement	<p>Early retirement</p> <p>Age 50 and 10 years or 30 years for General and 20 years for Safety.</p> <p>Benefit</p> <p>General under Section 31676.11 (Tier 1) and Section 31676.1 (Tier 2 and Tier 3): 1/60 of final average salary times years of service times factor in the table on the following page.</p> <p>Safety under Section 31664: 2% of final average salary per year of service times years of service times factor in the table on the following page.</p>

Section 10: Summary of Major Plan Provisions

Benefit Factors	General	General	Safety
	Tier 1	Tiers 2 & 3	
<u>Age</u>	<u>31676.11</u>	<u>31676.1</u>	<u>31664</u>
41			.6258
42			.6625
43			.7004
44			.7397
45			.7805
46			.8226
47			.8678
48			.9085
49			.9522
50	.7454	.7091	1.0000
51	.7882	.7457	1.0000
52	.8346	.7816	1.0000
53	.8850	.8181	1.0000
54	.9399	.8556	1.0000
55	1.0000	.8954	1.0000
56	1.0447	.9382	1.0000
57	1.1048	.9846	1.0000
58	1.1686	1.0350	1.0000
59	1.2365	1.0899	1.0000
60	1.3093	1.1500	1.0000
61	1.3608	1.1947	1.0000
62	1.4123	1.2548	1.0000
63	1.4638	1.3186	1.0000
64	1.5153	1.3865	1.0000
65	1.5668	1.4593	1.0000

Non Service Connected Disability Retirement 20% if 5 years of service plus 2% for each of the next ten years or service retirement benefit (if eligible).

Service Connected Disability Retirement Greater of 50% of final average salary or service retirement benefit (if eligible).

Integration with Social Security All members are integrated with Social Security. Benefits based on the first \$350 of monthly final average salary are reduced by 1/3.

Section 10: Summary of Major Plan Provisions

Death Before Retirement	<p>If nonservice connected before eligible to retire, this benefit is a refund of contributions plus 1/12 of last year's salary per year of service up to 6 years.</p> <p>If eligible for nonservice connected disability or service retirement the benefit is 60% of member's accrued allowance.</p> <p>If service connected death, the benefit is 50% of salary.</p>
Death After Retirement	<p>For service retirement or nonservice connected disability, the benefit is 60% of member's allowance payable to an eligible spouse.</p> <p>For service connected disability, the benefit is 100% of member's allowance payable to an eligible spouse.</p> <p>\$5,000 lump sum benefit payable to member's beneficiary.</p>
Vesting	<p>After five years of Service</p> <p>Must leave contributions on deposit.</p>
Member Contributions	<p>Based on entry age. There is no employer pickup of member contributions. Members with 30 or more years of continuous service who were hired prior to March 7, 1973 do not pay member contributions.</p>
Maximum Benefit	<p>100% of final average salary</p>
Cost-Of-Living Benefits	<p>Payable April 1. Up to 3% COLA for Tier 1 members (2% for Tier 2 and Tier 3 members), depending on CPI (Los Angeles–Riverside–Orange) changes for the prior calendar year.</p>

Section 10: Summary of Major Plan Provisions

Supplemental Retiree Benefits Reserve

Level One

A monthly benefit of up to \$320 is provided for members with 20 or more years of service. For members with less than 20 years of service, the benefit is provided in the following schedule:

Years of Service	% of \$320 Full Benefit	Years of Service	% of \$320 Full Benefit
Less than 10	0.00%	15	75.0%
10	50.0%	16	80.0%
11	55.0%	17	85.0%
12	60.0%	18	90.0%
13	65.0%	19	95.0%
14	70.0%	20 +	100.0%

Only years of service with Tulare County are considered. After a member's death, a continuance will be paid to an eligible spouse based on the retirement option elected by the retiree.

The changing of the SRBR benefits created the possibility that some of the current retirees would receive a lower benefit. This possibility was avoided by setting the new SRBR benefit to be no less than the prior benefit.

Level Two

In addition to the \$320 benefit described above, the Board authorized that the SRBR provide a supplemental COLA for retirees and beneficiaries who have lost at least 15% of their purchasing power as measured by their COLA banks.

This program is designed to maintain retiree purchasing power at a minimum of 85% of its original value. For example, Tier 1 members, who have retired on or before April 1, 1974, have lost 64.5% of their original purchasing power (as measured by their COLA bank). These members would receive a Level Two benefit of 49.5% (64.5% minus 15%) increases in their original benefit.

Section 10: Summary of Major Plan Provisions

The following table provides the benefit increases available under the Level Two Supplemental COLA:

Initial Retirement Date	Level Two Supplemental COLA Benefit
Tier 1: Section 31870.1	
Maximum Annual COLA – 3%	
On or Before 4/1/1974	49.5%
4/2/1974 to 4/1/1975	47.0
4/2/1975 to 4/1/1976	39.5
4/2/1976 to 4/1/1977	32.0
4/2/1977 to 4/1/1978	28.5
4/2/1978 to 4/1/1979	24.5
4/2/1979 to 4/1/1980	20.0
4/2/1980 to 4/1/1981	12.0
4/2/1981 or later	0.0
Tier 2 & 3: Section 31870	
Maximum Annual COLA – 2%	
On or Before 4/1/1981	37.0%
4/2/1981 to 4/1/1982	23.5
4/2/1982 to 4/1/1983	15.5
4/2/1983 to 4/1/1984	11.5
4/2/1984 to 4/1/1985	11.5
4/2/1985 to 4/1/1986	9.0
4/2/1986 to 4/1/1987	6.5
4/2/1987 to 4/1/1988	5.0
4/2/1988 to 4/1/1989	2.5
4/2/1989 or later	0.0

Level Three

60% survivor benefits to a spouse not married to the member at retirement. To be eligible this spouse must be at least age 55 at the date of the retired members death, be married for at least two years and the member must have elected the Unmodified Allowance retirement option.

Section 11: Glossary of Terms

Following is a glossary of some of the commonly used actuarial terms.

<i>Actuarial Accrued Liability</i>	The portion, as determined by a particular cost method, of the total present value of benefits that is attributable to past service credit.
<i>Actuarial Gain (Loss)</i>	A measure of the difference between actual and expected experience based upon a set of actuarial assumptions. Examples include higher than expected salary increases (loss) and a higher return on fund assets than anticipated (gain).
<i>Actuarial Present Value</i>	Also referred to as the present value of benefits. It is the value, as of a specified date, of an amount payable in the future, where the amount has been adjusted to reflect both the time value of money and the probability that the payment is actually made.
<i>Amortization or UAAL Payment</i>	That portion of the pension plan contribution which is designed to pay off (amortize) the unfunded actuarial accrued liability in a systematic fashion. Equivalently, it is a series of periodic payments required to pay off a debt.
<i>Annual Amount</i>	Estimated contributions due for the year in order to ensure the orderly funding of the pension plan (equal to the contribution rate multiplied by the annual payroll). The annual amount is comprised of normal cost and UAAL payments.

Section 11: Glossary of Terms

<i>Entry Age Actuarial Cost Method</i>	This method assumes that the annual costs are the level premiums needed from entry age until retirement age to fund the ultimate retirement benefit. These premiums are expressed as a percentage of salary. The portion of this actuarial present value allocated to a valuation year is called the normal cost.
<i>Final Average Salary</i>	The average amount of compensation earned over a specified number of consecutive months preceding retirement during which compensation was highest.
<i>Funding Policy</i>	The policy for the amounts and timing of contributions to be made by the employer, members and any other sources to provide the benefits promised by the pension plan.
<i>Noneconomic Actuarial Assumptions</i>	Probabilities that members will separate from active service for causes such as retirement, disability, death and withdrawal, as well as rates of post-retirement mortality. The probabilities reflect the experience of the Association membership.
<i>Normal Cost</i>	The ongoing annual cost allocated to the system by a particular actuarial cost method for providing benefits (future cost). Normal cost payments are made during the working lifetime of the member.
<i>Unfunded Actuarial Accrued Liability</i>	The excess of the actuarial accrued liability over the actuarial value of assets.
<i>Vested Benefit</i>	The benefit an employee is entitled to even if the employee separates from active service prior to normal retirement age.