

VENTURA COUNTY EMPLOYEES' RETIREMENT
ASSOCIATION

CalPEPRA New Tiers of Benefits for New Members

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December 10, 2012

*Board of Retirement
Ventura County Employees' Retirement Association
1190 S. Victoria Avenue, Suite 200
Ventura, CA 93003-6572*

Dear Board Members:

We are pleased to submit our findings of the prescribed benefit formulas under the California Public Employees' Pension Reform Act of 2013 (CalPEPRA) for new General members and new Safety members. Other than the required changes to the benefit formula and a few other plan provisions, all the other benefit provisions are assumed to be the same as those currently offered to General and Safety members. The results in this report are determined so as to be applicable for members with a membership date on and after January 1, 2013.

As these proposed formulas would only be offered to new members, and since data for such members is not yet available, we have assumed in this valuation that their demographic profiles (e.g., entry age, composition of male versus female, etc.) can be approximated by the data profiles of current active members hired in the last year prior to the last valuation as of June 30, 2012. No current active, inactive vested members, retirees, or beneficiaries have been included in this valuation. With the exception of the service retirement assumptions and the elimination of the in-service redemptions assumption under the proposed formulas, this study utilizes the actuarial assumptions and methodologies adopted by the VCERA Board of Retirement for use in the June 30, 2011 valuation for the current members of the County and other sponsoring employers.

The actuarial calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

We recommend that you have the Association's legal counsel confirm that the methodologies applied in this study are consistent with the requirements of CalPEPRA.

Sincerely,

THE SEGAL COMPANY

By:

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

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Vice President and Associate Actuary*

AW/bqb

SECTION 1

REVIEW SUMMARY

Overview 1

SECTION 2

VALUATION RESULTS

- A. Demographics as of
June 30, 2012 4
- B. Comparison of Normal Cost
Rates for New General Tier 1
Members 5
- C. Comparison of Normal Cost
Rates for New General Tier 2
Members without COLA 6
- D. Comparison of Normal Cost
Rates for New General Tier 2
Members with COLA 7
- E. Comparison of Normal Cost
Rates for New Safety
Members 8

SECTION 3

SUPPORTING EXHIBITS

- EXHIBIT I
Actuarial Assumptions and Plan
Summary 9

SECTION 1: Benefit Changes for New General and Safety Members of VCERA Review Summary

OVERVIEW

- Currently, General Tier 1 members are enrolled under Section 31676.11 (2% @ 58.5), General Tier 2 members are enrolled under Section 31676.1 (2% at 61) and Safety members are enrolled under Section 31664 (2% at 50). As required by CalPEPRA, members with membership dates on and after January 1, 2013 would be enrolled in the new tiers described below.
- In this study, we have assumed that new General members would receive a benefit of 2.5% at age 67 as described under CalPEPRA Section 7522.20(a). For Safety members, they would receive a benefit of 2.7% at 57 as described under Section 7522.25(d). Both of these formulas have been valued with a final 3-year average compensation and the applicable Cost-of-Living Adjustment from VCERA's current open tiers (i.e., 0%, 2% or 3%).
- The General and Safety service retirement benefit formulas included in this study can be found in Section 3. Unless otherwise noted, it is assumed that all the other benefit provisions for these proposed tiers would be unchanged from those provided to members in the current General and Safety plans. We note that under the new tiers there is a 3-year period required for determining final average compensation (excluding certain death benefits), the 30-year cessation on Safety member contributions has been eliminated and there is a new definition of compensation for purposes of determining retirement benefits ("pensionable compensation").
- For purposes of this study we have assumed that the pay elements that currently comprise compensation for pension purposes would not be affected by the requirements regarding compensation earnable under Section 31461 as amended by AB 340 and AB 197. In addition, we have made the simplifying assumption that, with the exception of in-service redemptions, pensionable compensation as required for use for new members would be identical to compensation earnable as required for current members in VCERA's current open tiers. However, we understand that there may be elements of pay that are included in compensation earnable that would be excluded from pensionable compensation. This would reduce the compensation amounts used in the determination of the Normal Cost rates, but should not significantly impact the Normal Cost rates developed in this study.
- It is our understanding that in the determination of pension benefits under the CalPEPRA formulas, the pensionable compensation that can be taken into account for 2013 is equal to \$113,700 (the Social Security Taxable Wage Base for 2013) or 120% of this amount (\$136,440) if not enrolled in Social Security. This is also the maximum amount of compensation over which employer and member contributions will be collected. (reference: Section 7522.10)
- Currently under the 1937 Act, both the service retirement benefit accrual and the member contribution rate for all General members are adjusted to reflect the General employer's participation in Social Security. In particular, the benefit accrual and member contribution rate for the first \$350 in monthly compensation are set at levels that are 2/3 of those used for compensation in excess of \$350 per month.

SECTION 1: Benefit Changes for New General and Safety Members of VCERA Review Summary

Since the CalPEPRA formulas represent a fundamental change in the level of both benefit accrual and member contribution rate for new members, we have made an assumption that the above adjustments for integration with Social Security under the CalPEPRA formulas would no longer apply. In addition, VCERA counsel has confirmed this position during our discussions on this issue.

- This study assumes that the demographic profiles of new General and Safety members would be comparable to current General and Safety members hired in the last year prior to the June 30, 2012 actuarial valuation. We have calculated the employer and member Normal Cost contribution rates for the group of recently hired members under the proposed benefit formulas as of June 30, 2012. Note that the actual costs will be based on the actual demographics of the new members once actual membership enrollment data for each employer becomes available.
- It is our understanding that new members entering on or after January 1, 2013 would be required to contribute at least 50% of the Normal Cost rate. (reference: Section 7522.30(a))

In addition, there are certain additional requirements that would have to be met such as requiring the employee rates be rounded to the nearest one quarter of one percent and requiring the new employees to pay the contribution rate of “similarly situated employees”, if it is greater. (reference: Section 7522.30(c))

It is our further understanding that different rules may have to be applied for collectively bargained employees, nonrepresented, managerial or other supervisory employees. (reference: section 7522.30(e))

In preparing the Normal Cost rates in this report, we have assumed that 50% of the Normal Cost would be paid by the new members and we have taken into account in this study only the rounding requirements of Section 7522.30(c), but not requirements of Section 7522.30(e). The only exception to this is that we have also shown the General Tier 2 with COLA contribution rates including the member COLA contribution rate of 2.63% of compensation that was originally intended to pay for the Tier 2 COLA costs.

- In determining the member contribution rate that is intended to pay 50% of the Normal Cost, we have used a single (non-entry age based) rate regardless of the entry age of the new members. This is consistent with the Association’s current practice of applying a single member contribution rate for current members.
- In Sections 2B and 2C, we have shown the aggregate employer and member Normal Cost contribution rates approved by the Board of Retirement for General and Safety members in the June 30, 2011 valuation.

For comparison purposes only, we have recalculated and provided in the footnote to the above Sections the employer and the member Normal Cost rates based on the demographic profile of only the members outlined in Section 2A under the current formulas. Those Normal Cost rates may be compared to the Normal Cost rates calculated under the prescribed formulas to estimate the longer-term potential cost impacts for the employer and the members. In illustrating the average annual contributions in Sections 2B and 2C, we have applied the average annual compensation after it has been limited by Section 7522.10 even though that limit would not apply to the current tiers.

**SECTION 1: Benefit Changes for New General and Safety Members of VCERA
Review Summary**

- In addition to the employer Normal Cost rates provided in Sections 2B and 2C, it is anticipated that the employer would have to continue to contribute for new hires the same Unfunded Actuarial Accrued Liability (UAAL) rates for General members and Safety members that were determined in the June 30, 2011 valuation. In other words, the UAAL currently being amortized and funded by the employers will continue to be paid off as a level percent of total payroll (including future new members who are in the corresponding new cost group), assuming payroll will grow at 4.25% per year. This is no different than VCERA's current practice for new members.
- With the exception of the service retirement assumptions and the elimination of the in-service redemptions assumption, the actuarial assumptions and methods used in this study are the same as those adopted by the Retirement Board for use in the June 30, 2011 valuation. The service retirement assumptions used in this study are shown in Section 3, Exhibit I of this report. These assumptions were developed for this report to estimate the anticipated impact of the changes in the benefit formulas on future retirement age experience.
- The results shown in this study are for all new General and Safety members with VCERA membership dates on or after January 1, 2013. The contribution rates would apply for the period from January 1, 2013 through June 30, 2013, at which time the employer payment towards the UAAL is scheduled to change. A separate report containing contribution rates for the period from July 1, 2013 through June 30, 2014 will be provided at a later time.

**SECTION 2: Benefit Changes for New General and Safety Members of VCERA
Valuation Results**

A. Demographics as of June 30, 2012

Category	
Active members in valuation⁽¹⁾:	
General Tier 1	
New members	16
Average entry age	25.1
Projected average compensation	\$70,765
Projected average compensation after applying the limit under Section 7522.10	\$70,675
General Tier 2 without COLA	
New members	117
Average entry age	41.0
Projected average compensation	\$79,468
Projected average compensation after applying the limit under Section 7522.10	\$77,761
General Tier 2 with COLA	
New members	240
Average entry age	36.5
Projected average compensation	\$54,068
Projected average compensation after applying the limit under Section 7522.10	\$53,059
Safety	
New members	33
Average entry age	29.6
Projected average compensation	\$66,930
Projected average compensation after applying the limit under Section 7522.10	\$66,930

⁽¹⁾ The data is based on the June 30, 2012 valuation and it includes active members hired in the one year prior to June 30, 2012.

**SECTION 2: Benefit Changes for New General and Safety Members of VCERA
Valuation Results**

B. Comparison of Normal Cost Rates for New General Tier 1 Members:

Formula		Employer Rate		Average Member Rate	
		% of Payroll ⁽¹⁾	Estimated Average Annual Amount ⁽²⁾	% of Payroll	Estimated Average Annual Amount ⁽²⁾
Current General Tier 1 (\$31676.11)	Total	9.42% ⁽³⁾	\$6,658	8.57% ⁽³⁾	\$6,057
CalPEPRA General Tier 1 (\$7522.20(a))	Basic	3.71%	\$2,622	3.71%	\$2,622
	COLA	<u>1.45%</u>	<u>1,025</u>	<u>1.45%</u>	<u>1,025</u>
	Total ⁽⁴⁾	5.16%	\$3,647	5.16%	\$3,647
Rounded CalPEPRA General Tier 1 (\$7522.30(c))	Basic	3.65%	\$2,580	3.77%	\$2,665
	COLA	<u>1.42%</u>	<u>1,003</u>	<u>1.48%</u>	<u>1,046</u>
	Total ⁽⁴⁾	5.07%	\$3,583	5.25%	\$3,711

⁽¹⁾ These are the Normal Cost rates only. The total employer rate for the period from January 1, 2013 through June 30, 2013 would be equal to the Normal Cost rates above plus the UAAL rate of 8.92%. This is the same UAAL rate that applies to current VCERA General Tier 1 members. The detailed components of the total CalPEPRA employer contribution rate are as follows:

New General Tier 1 Members	CalPEPRA Employer Rate					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount ⁽²⁾	Rate	Estimated Annual Amount ⁽²⁾	Rate	Estimated Annual Amount ⁽²⁾
Normal Cost	3.65%	\$2,580	1.42%	\$1,003	5.07%	\$3,583
UAAL	<u>8.25%</u>	<u>5,831</u>	<u>0.67%</u>	<u>474</u>	<u>8.92%</u>	<u>6,305</u>
Total Contribution	11.90%	\$8,411	2.09%	\$1,477	13.99%	\$9,888

⁽²⁾ These per member amounts are based on the June 30, 2012 projected average annual compensation for active General members hired in the year prior to June 30, 2012 of \$70,675 for General Tier 1.

⁽³⁾ These current formula rates are the Normal Cost rates of all the General Tier 1 members included in those tiers in the June 30, 2011 valuation. For comparison purposes, if we were to use the Normal Cost rates calculated only for the members included in this study (see demographic profile provided in Section 2A), the current formula employer Normal Cost rate would be 5.77% and the member Normal Cost rate would be 9.23%.

⁽⁴⁾ The CalPEPRA General Tier 1 Normal Cost is lower than those under General Tier 2 due to the significantly lower average entry age for General Tier 1 new members assumed in this study as shown in Section 2A on page 4.

Note: These Normal Cost rates have not been adjusted to reflect the applicable requirements, if any, under Section 7522.30(e) as discussed in Section 1.

**SECTION 2: Benefit Changes for New General and Safety Members of VCERA
Valuation Results**

C. Comparison of Normal Cost Rates for New General Tier 2 Members without COLA:

Formula		Employer Rate		Average Member Rate	
		% of Payroll ⁽¹⁾	Estimated Average Annual Amount ⁽²⁾	% of Payroll	Estimated Average Annual Amount ⁽²⁾
Current General Tier 2 w/o COLA (\$31676.1)	Total	7.32% ⁽³⁾	\$5,692	5.65% ⁽³⁾	\$4,393
CalPEPRA General Tier 2 w/o COLA (\$7522.20(a))	Basic	6.46%	\$5,023	6.46%	\$5,023
	COLA	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>	<u>0</u>
	Total	6.46%	\$5,023	6.46%	\$5,023
Rounded CalPEPRA General Tier 2 w/o COLA (\$7522.30(c))	Basic	6.42%	\$4,992	6.50%	\$5,054
	COLA	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>	<u>0</u>
	Total	6.42%	\$4,992	6.50%	\$5,054

⁽¹⁾ These are the Normal Cost rates only. The total employer rate for the period from January 1, 2013 through June 30, 2013 would be equal to the Normal Cost rates above plus the UAAL rate of 8.25%. This is the same UAAL rate that applies to current VCERA General Tier 2 members without COLA. The detailed components of the total CalPEPRA employer contribution rate are as follows:

New General Tier 2 Members w/o COLA	CalPEPRA Employer Rate					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount ⁽²⁾	Rate	Estimated Annual Amount ⁽²⁾	Rate	Estimated Annual Amount ⁽²⁾
Normal Cost	6.42%	\$4,992	0.00%	\$0	6.42%	\$4,992
UAAL	<u>8.25%</u>	<u>6,415</u>	<u>0.00%</u>	<u>0</u>	<u>8.25%</u>	<u>6,415</u>
Total Contribution	14.67%	\$11,407	0.00%	\$0	14.67%	\$11,407

⁽²⁾ These per member amounts are based on the June 30, 2012 projected average annual compensation for active General members hired in the year prior to June 30, 2012 of \$77,761 for General Tier 2 without COLA.

⁽³⁾ These current formula rates are the Normal Cost rates of all the General Tier 2 members without COLA included in those tiers in the June 30, 2011 valuation. For comparison purposes, if we were to use the Normal Cost rates calculated only for the members included in this study (see demographic profile provided in Section 2A), the current formula employer Normal Cost rate would be 8.37% and the member Normal Cost rate would be 5.64%.

Note: These Normal Cost rates have not been adjusted to reflect the applicable requirements, if any, under Section 7522.30(e) as discussed in Section 1.

**SECTION 2: Benefit Changes for New General and Safety Members of VCERA
Valuation Results**

D. Comparison of Normal Cost Rates for New General Tier 2 Members with COLA:

Formula		Employer Rate		Average Member Rate	
		% of Payroll ⁽¹⁾	Estimated Average Annual Amount ⁽²⁾	% of Payroll	Estimated Average Annual Amount ⁽²⁾
Current General Tier 2 w/ COLA (\$31676.1)	Total	7.00% ⁽³⁾	\$3,714	8.28% ⁽³⁾	\$4,393
CalPEPRA General Tier 2 w/ COLA (§7522.20(a))	Basic	6.46%	\$3,428	6.46%	\$3,428
	COLA	<u>0.94%</u>	<u>498</u>	<u>0.94%</u>	<u>498</u>
	Total	7.40%	\$3,926	7.40%	\$3,926
Rounded CalPEPRA General Tier 2 w/ COLA (§7522.30(c))	Basic	6.37%	\$3,380	6.55%	\$3,475
	COLA	<u>0.93%</u>	<u>493</u>	<u>0.95%</u>	<u>504</u>
	Total	7.30%	\$3,873	7.50%	\$3,979
CalPEPRA General Tier 2 w/ COLA After Reflecting the 2.63% Member COLA Rate	Basic	6.37%	\$3,380	6.55%	\$3,475
	COLA ⁽⁴⁾	<u>-0.75%</u>	<u>-398</u>	<u>2.63%</u>	<u>1,395</u>
	Total	5.62%	\$2,982	9.18%	\$4,870

⁽¹⁾ These are the Normal Cost rates only. The total employer rate for the period from January 1, 2013 through June 30, 2013 would be equal to the Normal Cost rates above plus the UAAL rate of 8.92%. This is the same UAAL rate that applies to current VCERA General Tier 2 members with COLA. The detailed components of the total CalPEPRA employer contribution rate are as follows:

New General Tier 2 Members w/ COLA	CalPEPRA Employer Rate					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount ⁽²⁾	Rate	Estimated Annual Amount ⁽²⁾	Rate	Estimated Annual Amount ⁽²⁾
Normal Cost	6.37%	\$3,380	-0.75%	-\$398	5.62%	\$2,982
UAAL	<u>8.25%</u>	<u>4,377</u>	<u>0.67%</u>	<u>355</u>	<u>8.92%</u>	<u>4,732</u>
Total Contribution	14.62%	\$7,757	-0.08%	-\$43	14.54%	\$7,714

⁽²⁾ These per member amounts are based on the June 30, 2012 projected average annual compensation for active General members hired in the year prior to June 30, 2012 of \$53,059 for General Tier 2 with COLA.

⁽³⁾ These current formula rates are the Normal Cost rates of all the General Tier 2 members without COLA included in those tiers in the June 30, 2011 valuation. For comparison purposes, if we were to use the Normal Cost rates calculated only for the members included in this study (see demographic profile provided in Section 2A), the current formula employer Normal Cost rate would be 8.15% and the member Normal Cost rate would be 8.27%.

⁽⁴⁾ General Tier 2 members with COLA are required to pay COLA contributions of 2.63% of compensation based on current bargaining agreements.

Note: Except for the member COLA contribution rate of 2.63% of compensation, these Normal Cost rates have not been adjusted to reflect the applicable requirements, if any, under Section 7522.30(e) as discussed in Section 1.

**SECTION 2: Benefit Changes for New General and Safety Members of VCERA
Valuation Results**

E. Comparison of Normal Cost Rates for New Safety Members:

<u>Formula</u>	<u>Employer Rate</u>		<u>Average Member Rate</u>		
	<u>% of Payroll⁽¹⁾</u>	<u>Estimated Average Annual Amount⁽²⁾</u>	<u>% of Payroll</u>	<u>Estimated Average Annual Amount⁽²⁾</u>	
Current Safety Tier (§31664)	17.09% ⁽³⁾	\$11,438	11.43% ⁽³⁾	\$7,650	
CalPEPRA Safety Tier (§7522.25(d))	Basic	9.73%	\$6,512	9.73%	\$6,512
	COLA	<u>3.83%</u>	<u>2,564</u>	<u>3.83%</u>	<u>2,564</u>
	Total	13.56%	\$9,076	13.56%	\$9,076
Rounded CalPEPRA Safety Tier (§7522.30(c))	Basic	9.77%	\$6,539	9.69%	\$6,486
	COLA	<u>3.85%</u>	<u>2,577</u>	<u>3.81%</u>	<u>2,550</u>
	Total	13.62%	\$9,116	13.50%	\$9,036

⁽¹⁾ These are the Normal Cost rates only. The total employer rate for the period from January 1, 2013 through June 30, 2013 would be equal to the Normal Cost rates above plus the UAAL rate of 29.54%. This is the same UAAL rate that applies to current VCERA Safety members. The detailed components of the total CalPEPRA employer contribution rate are as follows:

New Safety Members	CalPEPRA Employer Rate					
	BASIC		COLA		TOTAL	
	Rate	Estimated Annual Amount⁽²⁾	Rate	Estimated Annual Amount⁽²⁾	Rate	Estimated Annual Amount⁽²⁾
Normal Cost	9.77%	\$6,539	3.85%	\$2,577	13.62%	\$9,116
UAAL	<u>32.66%</u>	<u>21,859</u>	<u>-3.12%</u>	<u>-2,088</u>	<u>29.54%</u>	<u>19,771</u>
Total Contribution	42.43%	\$28,398	0.73%	\$489	43.16%	\$28,887

⁽²⁾ These per member amounts are based on the June 30, 2012 projected average annual compensation for active Safety members hired in the year prior to June 30, 2012 of \$66,930.

⁽³⁾ These are Normal Cost rates of all the Safety members included in the June 30, 2011 valuation. For comparison purposes, if we were to use the Normal Cost rates calculated only for the members included in this study (see demographic profile provided in Section 2A), the current formula employer Normal Cost rate would be 18.34% and the member Normal Cost rate would be 12.55%.

Note: These Normal Cost rates have not been adjusted to reflect the applicable requirements, if any, under Section 7522.30(e) as discussed in Section 1.

**SECTION 3: Benefit Changes for New General and Safety Members of VCERA
Supporting Exhibits**

EXHIBIT I

Actuarial Assumptions and Plan Summary

Actuarial Assumptions:

The service retirement assumptions (probability of retirement) that are used in determining results for the CalPEPRA formulas are shown on the next page. We have also eliminated the in-service redemptions assumption from the determination of pensionable compensation.

For purposes of this study we have assumed that the pay elements that currently comprise compensation amounts would not be affected by the requirements regarding compensation earnable under Section 31461 as amended by AB 340 and AB 197. In addition, we have made the simplifying assumption that, with the exception of in-service redemptions, pensionable compensation as required for use for new members would be identical to compensation earnable as required for current members in VCERA's current open tiers. However, we understand that there may be elements of pay that are included in compensation earnable that would be excluded from pensionable compensation. This would reduce the compensation amounts used in the determination of the Normal Cost rates, but should not significantly impact the Normal Cost rates developed in this study.

We are also assuming that the maximum amount of pensionable compensation that be taken into account for 2013 of \$113,700 (\$136,440 for members not integrated with Social Security) increases by 3.50% per year, consistent with assumed increases in the Consumer Price Index.

All the other actuarial assumptions and methods are the same as those adopted by the Retirement Board for use in the June 30, 2011 actuarial valuation.

**SECTION 3: Benefit Changes for New General and Safety Members of VCERA
Supporting Exhibits**

Retirement Rates (probability of retirement):

Age	Rates (%)			
	Current General Formulas (\$31676.11) & (\$31676.1)	CalPEPRA General Formula (\$7522.20(a))	Current Safety Formula (\$31664)	CalPEPRA Safety Formula (\$7522.25(d))
40	0.00	0.00	1.00	0.00
41	0.00	0.00	1.00	0.00
42	0.00	0.00	1.00	0.00
43	0.00	0.00	1.00	0.00
44	0.00	0.00	1.00	0.00
45	0.00	0.00	1.00	0.00
46	0.00	0.00	1.00	0.00
47	0.00	0.00	1.00	0.00
48	0.00	0.00	1.00	0.00
49	0.00	0.00	1.00	0.00
50	4.00	0.00	2.00	4.00
51	4.00	0.00	2.00	2.00
52	5.00	2.00	5.00	5.00
53	5.00	2.00	8.00	8.00
54	7.00	3.00	18.00	18.00
55	8.00	5.00	20.00	20.00
56	8.00	5.00	20.00	20.00
57	9.00	6.00	18.00	18.00
58	10.00	7.00	18.00	18.00
59	12.00	8.00	30.00	30.00
60	14.00	10.00	30.00	30.00
61	20.00	12.50	30.00	30.00
62	25.00	20.00	50.00	50.00
63	20.00	20.00	50.00	50.00
64	30.00	20.00	50.00	50.00
65	40.00	25.00	100.00	100.00
66	35.00	30.00	100.00	100.00
67	35.00	30.00	100.00	100.00
68	35.00	30.00	100.00	100.00
69	20.00	30.00	100.00	100.00
70	20.00	50.00	100.00	100.00
71	20.00	50.00	100.00	100.00
72	20.00	50.00	100.00	100.00
73	20.00	50.00	100.00	100.00
74	50.00	50.00	100.00	100.00
75	100.00	100.00	100.00	100.00

**SECTION 3: Benefit Changes for New General and Safety Members of VCERA
Supporting Exhibits**

In-Service Redemptions:

Current Formula

The following assumptions for in-service redemptions pay as a percentage of final average pay are used:

General Tier 1	8.00%
General Tier 2	3.25%
Safety	7.00%

For determining the cost of the basic benefit (i.e., non-COLA component), the cost of this pay element is currently recognized in the valuation as an employer only cost and does not affect member contribution rates.

CalPEPRA Formula

None

Plan Provisions:

Please note that with the exception of the plan provisions described below, all the other plan provisions are assumed to be the same as those used in the June 30, 2011 valuation.

Membership Eligibility:

All members with membership dates on or after January 1, 2013.

**Service Retirement
Eligibility:**

Current General Formula

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

CalPEPRA General Formula

Age 52 with 5 years of servicee (§7522.20(a)).

Current Safety Formula

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

CalPEPRA Safety Formula

Age 50 with 5 years of service (§7522.25(d)).

Compensation Limit:

For the CalPEPRA formulas, \$113,700 for 2013 (\$136,440 if not enrolled in Social Security) (7522.10)

**SECTION 3: Benefit Changes for New General and Safety Members of VCERA
Supporting Exhibits**

**Final Compensation for
Benefit Determination:**

<i>Current General Tier 1 and Safety</i>	Highest consecutive twelve months of compensation earnable (§31462.1)(FAC1).
<i>Current General Tier 2</i>	Highest consecutive thirty-six months of compensation earnable (§31462)(FAC3).
<i>CalPEPRA Formula</i>	Highest consecutive thirty-six months of pensionable compensation (7522.32)(FAC3).

Retirement Benefit Formula:

General	Retirement Age	Benefit Formula
<i>Current General Tier 1 Formula (§31676.11)</i>	50	$(1.24\% \times \text{FAC1} - 1/3 \times 1.24\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.67\% \times \text{FAC1} - 1/3 \times 1.67\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(2.18\% \times \text{FAC1} - 1/3 \times 2.18\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.35\% \times \text{FAC1} - 1/3 \times 2.35\% \times \$350 \times 12) \times \text{Yrs}$
	65 or later	$(2.61\% \times \text{FAC1} - 1/3 \times 2.61\% \times \$350 \times 12) \times \text{Yrs}$
<i>Current General Tier 2 Formula (§31676.1)</i>	50	$(1.18\% \times \text{FAC3} - 1/3 \times 1.18\% \times \$350 \times 12) \times \text{Yrs}$
	55	$(1.49\% \times \text{FAC3} - 1/3 \times 1.49\% \times \$350 \times 12) \times \text{Yrs}$
	60	$(1.92\% \times \text{FAC3} - 1/3 \times 1.92\% \times \$350 \times 12) \times \text{Yrs}$
	62	$(2.09\% \times \text{FAC3} - 1/3 \times 2.09\% \times \$350 \times 12) \times \text{Yrs}$
	65 or later	$(2.43\% \times \text{FAC3} - 1/3 \times 2.43\% \times \$350 \times 12) \times \text{Yrs}$
<i>CalPEPRA General Formula (§7522.20(a))</i>	50	N/A
	55	$(1.30\% \times \text{FAC3} \times \text{Yrs})$
	60	$(1.80\% \times \text{FAC3} \times \text{Yrs})$
	62	$(2.00\% \times \text{FAC3} \times \text{Yrs})$
	65 67 or later	$(2.30\% \times \text{FAC3} \times \text{Yrs})$ $(2.50\% \times \text{FAC3} \times \text{Yrs})$

**SECTION 3: Benefit Changes for New General and Safety Members of VCERA
Supporting Exhibits**

Safety

<i>Current Safety Formula</i>	50	(2.00%xFAC1xYrs)
<i>(§31664)</i>	55	(2.62%xFAC1xYrs)
	60 or later	(2.62%xFAC1xYrs)
 <i>CalPEPRA Safety Formula</i>	50	(2.00% x FAC3 x Yrs)
<i>(§7522.25(d))</i>	55	(2.50% x FAC3 x Yrs)
	57 or later	(2.70% x FAC3 x Yrs)

Maximum Benefit:

<i>Current Formula</i>	100% of Highest Average Compensation (§31676.1, §31676.11, §31664)
<i>CalPEPRA Formula</i>	None

Member Contributions:

Under CalPEPRA, members are assumed to pay 50% of the total Normal Cost rate. For General Tier 2 with COLA members, the current member COLA contribution rate of 2.63% of compensation has been reflected. In addition, Safety members with 30 or more years of service are no longer exempt from paying member contributions.

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