CalPERS
Actuarial & Employer Services Division
P.O. Box 942709
Sacramento, CA 94229-2709
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(916) 326-3420 FAX (916) 326-3005

October 19, 2001

SAFETY PLAN OF THE CITY OF STOCKTON (EMPLOYER # 55)

Dear Employer,

Enclosed please find a copy of the June 30, 2000, actuarial valuation of your pension plan (a separate report is included for each plan). This valuation report contains important actuarial information about your pension plan at CalPERS. CalPERS staff actuaries are available to discuss the actuarial report with you.

Included on page 2 of the report is the funded status of your plan as of June 30, 2000. The liability shown is the Entry Age Normal Accrued Liability, based on the method used to fund your plan. The calculation of this liability is based on the participants in your plan on June 30, 2000, the actuarial assumptions adopted by the CalPERS Board for your plan, the benefits for which you have contracted with CalPERS as of the date this valuation was performed, and other supplemental information as appropriate. The unfunded liability is equal to this liability less the assets of your plan on June 30, 2000. A three year historic trend of this funded status is provided on the same page for those agencies for whom the last three annual valuations have been performed.

Your new contribution rate for the SAFETY PLAN is 15.744%. Unless there is an amendment to your plan between now and June 30, 2003, this rate will be in effect from July 1, 2002 through June 30, 2003. Please provide a copy of this report to all relevant personnel in your agency and your auditor. If any plan within your agency becomes inactive during the year (that is, there are no longer any active employees), please notify your actuary immediately. A reconciliation from your current 2001-2002 rate to your new 2002-2003 rate, broken down by reason for the change, is provided on page 8 of the report.

Also, please note that Governmental Accounting Standards Board (GASB) Statement Number 27 entitled "Accounting for Pensions by State and Local Governmental Employers" applied to you beginning with the July 1, 1997 through June 30, 1998 fiscal year. In August of 1998, CalPERS issued a comprehensive GASB 27 package that provided guidance with regard to this new accounting standard. Supplemental information to this 1998 package is generally issued in August each year. These GASB 27 packages are available by going to the CalPERS web site at http://www.calpers.ca.gov/employer/cirltrs/cirlist.htm, and then searching for "GASB". You should be aware that, each year, items in previous valuation reports will be needed in the preparation of the disclosures and accounting information required by GASB 27**.** This valuation report contains GASB 27 information in Appendix C, which can be used in your 2001-2002 financial statements. However, the Annual Required Contribution (ARC) reported in Appendix C will not be used until your year 2002-2003 financial statements.

If you have questions, please call your assigned actuary, Alan Milligan at (916) 341-2113.

Sincerely,

Ron Seeling, Chief Actuary
CalPERS

ACTUARIAL VALUATION

as of June 30, 2000

for the
SAFETY PLAN
of the
CITY OF STOCKTON

(EMPLOYER # 55)

REQUIRED CONTRIBUTIONS
FOR FISCAL YEAR
July 1, 2002 - June 30, 2003

October 19, 2001

CalPERS

California Public Employees' Retirement System
P.O. Box 942709
Sacramento, CA 94229-2709
(916) 326-3420

Actuarial Certification

To the best of our knowledge, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the SAFETY PLAN OF THE CITY OF STOCKTON. This valuation is based on the member and financial data as of June 30, 2000 provided by the various CalPERS databases and the benefits as of the date this report was produced provided under this contract with CalPERS. It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles, in accordance with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Alan Milligan, F.S.A., F.C.I.A.
Senior Pension Actuary, CalPERS

Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.
Enrolled Actuary
Chief Actuary, CalPERS

Purpose of the Report

This actuarial valuation of the SAFETY PLAN OF THE CITY OF STOCKTON of the California Public Employees' Retirement System (CalPERS) was performed by CalPERS staff actuaries as of June 30, 2000 in order to:

- set forth the actuarial assets and funding liabilities of this plan as of June 30, 2000;
- establish the actuarially required contribution rates of this plan for the fiscal year July 1, 2002 through June 30, 2003;
- provide actuarial information as of June 30, 2000 to the CalPERS Board of Administration and other interested parties; and
- provide pension information as of June 30, 2000 to be used in financial reports subject to Governmental Accounting Standards Board Statement Number 27.

Use of this report for other purposes is inappropriate.

Numbers in exhibits may not add due to rounding.

Employer Contribution Rate

The actuarially required contribution, both in projected dollars and as a percent of projected payroll, for the fiscal year July 1, 2002 through June 30, 2003 is shown below:

	Expected Dollar Amount	Percent of Projected Payroll
Payment for Normal Cost	$ 8,586,083	21.025%
Payment on Amortization Bases	(2,156,479)	(5.281%)
Payment for 1959 Survivor Benefit Program*	0	0.000%
Total (not less than zero)	$ 6,429,604	15.744%

*This is for first and second level only. The third, fourth and indexed levels are independent programs and are therefore billed separately.

Funded Status of the Plan

The table below displays a short history of the Entry Age Normal Accrued Liability, the Actuarial Value of Assets, the Unfunded Liability (or Excess Assets), Funded Status (i.e., the ratio of the Actuarial Value of Assets to Entry Age Normal Accrued Liability), the estimated annual covered payroll and the Unfunded Actuarial Accrued Liability (UAAL) as a percentage of that covered payroll. For those plans that include 1st or 2nd level 1959 Survivor Benefit, the liabilities and assets below include the assets and liabilities for current beneficiaries of your 1959 Survivor Benefit program. For all other plans, the assets and liabilities below are without regard to the 1959 Survivor Benefit program.

Funded Status of the Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/98	$ 297,436,223	$ 308,176,592	$ (10,740,369)	103.6%	$ 35,083,163	(30.614%)
6/30/99	337,596,837	359,288,039	(21,691,202)	106.4%	35,870,064	(60.472%)
6/30/00	378,034,777	392,448,426	(14,413,649)	103.8%	36,567,454	(39.417%)

Changes Since Prior Valuation

Actuarial Assumptions – There were no changes in actuarial assumptions since the prior year's actuarial valuation, with the possible exception of changes necessary to reflect a change in benefits.

Methods – There were two changes in method since the prior year's actuarial valuation. First, effective January 1, 2001 (and retroactive to January 1, 2000), the Purchasing Power Protection Allowance (PPPA) calculations were changed by Assembly Bill 1009. Each agency is now responsible for its own PPPA benefit payments. Details on the prior methodology can be found in Appendix A.

Second, for plans that improved benefits during fiscal years 1999/2000 or 2000/2001, the June 30, 1998 or the June 30, 1999 Actuarial Value of Assets may have been set equal to 95% of the Market Value of Assets. Additional details can be found in Appendix A.

Benefits – Liabilities in this report generally reflect plan changes effective before the completion of this valuation. There were two legislative changes that affected public agencies. First, the PPPA minimum maintenance target was increased from 75% to 80% by AB 1009. Second, Assembly Bill 2621, enacted in late 2000, enhanced the Special Death Benefit. Additional details can be found in Appendix B, which contains a summary of plan provisions used in this valuation.

The effects of these changes and any other contract amendments since the prior valuation on the contribution rate are shown on page 8 of this report. However, it should be noted that no change in rate will be shown for any plan changes made after July 1, 2000, which were included in the 1999 actuarial valuation. In such case, the change is already included in the prior year's rate (and would have been shown as a change in the valuation report).

Other – A new Appendix D has been added to this report. It provides general information regarding the pooled 1959 Survivor Benefit Programs for the Third, Fourth, and Indexed Levels. Benefit descriptions as well as cost information for these levels can be found in Appendix D. Note that the costs for the Third, Fourth, and Indexed Levels of the 1959 Survivor Benefit Programs are billed separately and the programs' corresponding liabilities are not part of this June 30, 2000 valuation.

Comparison of Current and Prior Year Results

Shown below are the comparisons of key valuation results for the current valuation date compared to corresponding values from the prior valuation date.

General Information	**June 30, 1999**	**June 30, 2000**
Members Included in the Valuation [1]		
Active Members	586	579
Transferred Members	48	53
Separated Members	49	49
Members and Beneficiaries Receiving Payments	447	461
Total	1,130	1,142
Annual Covered Payroll	$ 35,870,064	$ 36,567,454
Projected Annual Payroll for Contribution Year	$ 40,058,665	$ 40,837,490
Present Value of Future Salaries	$ 339,900,113	$ 319,591,347
Average Annual Covered Pay	$ 61,212	$ 63,156
Average Attained Age for Actives	39.00	39.40
Average Entry Age into Rate Plan for Actives	27.25	27.32
Average Attained Age for Transfers	39.21	39.70
Average Attained Age for Separations	38.80	38.62
Average Attained Age for Retirees and Beneficiaries	63.72	63.89
Average Annual Benefit(Excluding PPPA) for Retirees and Beneficiaries	$ 28,602	$ 30,028
Total Assets at Market Value for the Retirement Program	$ 381,785,121	$ 412,738,147
Total Assets at Market Value for the 1959 Survivor Program [3]	0	0
Total Assets at Market Value	$ 381,785,121	$ 412,738,147
1959 Survivor Benefit Program (1st or 2nd level)		
Present Value of Benefits for Current Beneficiaries	$ 0	$ 0
Actuarial Value of Assets	0	0
Unfunded Liability/(Excess Assets)	$ 0	$ 0
Retirement Program		
Present Value of Projected Benefits	$ 429,084,962	$ 473,563,921
Entry Age Normal Accrued Liability	$ 337,596,837	$ 378,034,777
Actuarial Value of Assets	359,288,039	392,448,426
Unfunded Liability/(Excess Assets)	$ (21,691,202)	$ (14,413,649)
Funded Status	106.4%	103.8%
Required Contributions		
Employer Contribution Required (in Projected Dollars)		
Payment for Normal Cost	$ 7,250,618	$ 8,586,083
Payment on Amortization Bases [2]	(3,413,514)	(2,156,479)
Payment for 1959 Survivor Benefit Program [3]	0	0
Total (not less than zero)	$ 3,837,104	$ 6,429,604
Employer Contribution Required (Percent of Projected Payroll)		
Payment for Normal Cost	18.100%	21.025%
Payment on the Amortization Bases [2]	(8.521%)	(5.281%)
Payment for 1959 Survivor Benefit Program [3]	0.000%	0.000%
Total (not less than zero)	9.579%	15.744%

1 Counts of members included in the valuation are counts of records processed by the valuation. Multiple records may exist for those who have service in more than one coverage group. This does not result in a double counting of liabilities. Counts do not include beneficiaries receiving a 1959 Survivor Benefit.

2 Details regarding this payment can be found on Page 7 for the current valuation.

3 This is for first and second level only. The third, fourth and indexed levels are independent programs and are therefore billed separately.

Development of Accrued and Unfunded Liabilities for the Retirement Program as of June 30, 2000

1. Present Value of Projected Benefits		
a) Active Members	$	284,692,580
b) Transferred Members		2,052,601
c) Separated Members		3,203,663
d) Members and Beneficiaries Receiving Payments		183,615,077
e) Total	$	473,563,921
2. Present Value of Future Employer Normal Costs	$	66,765,921
3. Present Value of Future Employee Contributions		28,763,223
4. Entry Age Normal Accrued Liability [(1e) - (2) - (3)]	$	378,034,777
5. Actuarial Value of Assets		
a) Employer Reserves	$	342,977,078
b) Active Employee Account Balances		49,471,348
c) Total Valuation Assets	$	392,448,426
6. Unfunded Accrued Liability/(Excess Assets) [(4) - (5c)]	$	(14,413,649)

Determination of Superfunded Status for the Fiscal Year Ending June 30, 2003

1. Present Value of Projected Benefits	$	473,563,921
2. Actuarial Value of Assets		392,448,426
3. Superfunded Amount [(2) – (1)]	$	(81,115,495)
4. Is the plan Superfunded? * [Yes if (3) is greater than 0, No if (3) is less than or equal to 0]		No

* See Appendix A for a definition of superfunded.

(Gain)/Loss Analysis 6/30/99 – 6/30/00 for the Retirement Program

To calculate the cost requirements of the plan, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is compared to the expected experience based on the actuarial assumptions. This results in actuarial gains or losses, as shown below.

A.	**Total (Gain)/Loss for the Year**	
1.	Unfunded Liability/(Excess Assets) as of 6/30/99	$ (21,691,202)
2.	Expected Payment on the Unfunded Liability during 1999-2000	(3,280,017)
3.	Interest through 6/30/00 [.0825 x (A1) – ((1.0825)^{½} - 1) x (A2) + adj.*]	(537,038)
4.	Expected Unfunded Liability as of 6/30/00 before all other changes [(A1) - (A2) + (A3)]	$ (18,948,223)
5.	Change in Unfunded Liability as of 6/30/00 due to new plan amendments (including revaluation of assets where applicable)	$ 21,170,303
6.	Change in Unfunded Liability as of 6/30/00 due to changes in actuarial methods or assumptions	0
7.	Expected Unfunded Liability as of 6/30/00 after all other changes [(A4) + (A5) + (A6)]	$ 2,222,080
8.	Actual Unfunded Liability as of 6/30/00	(14,413,649)
9.	Total (Gain)/Loss for the 1999-2000 [(A8) – (A7)]	$ (16,635,729)
B.	**Contribution (Gain)/Loss for the Year**	
1.	Expected Contribution for 1999-2000	$ 7,687,170
2.	Actual Contribution for 1999-2000	7,523,904
3.	Contribution (Gain)/Loss for 1999-2000 [(B1) – (B2)]	$ 163,266
C.	**Asset (Gain)/Loss for the Year**	
1.	Actuarial Value of Assets as of 6/30/99	$ 359,288,039
2.	Contributions Received during 1999-2000	7,523,904
3.	Benefits and Refunds Paid during 1999-2000	(14,071,107)
4.	Transfers and Miscellaneous Adjustments paid during fiscal 1999-2000	178,952
5.	Exp. Int. for 1999-2000 [.0825 x (C1) + ((1.0825)^{½} - 1) x ((C2) + (C3) + (C4))]	29,383,778
6.	Expected Assets as of 6/30/00 [(C1) + (C2) + (C3) + (C4) + (C5)]	$ 382,303,566
7.	Actual Actuarial Value of Assets as of 6/30/00	392,448,426
8.	Asset (Gain)/Loss for 1999-2000 [(C6)-(C7)]	$ (10,144,860)
D.	**Liability (Gain)/Loss for the Year**	
1.	Total (Gain)/Loss for 1999-2000 (A9)	$ (16,635,729)
2.	Contribution (Gain)/Loss for 1999-2000 (B3)	163,266
3.	Asset (Gain)/Loss for 1999-2000 (C7)	(10,144,860)
4.	Liability (Gain)/Loss for 1999-2000 [(D1) – (D2) – (D3)]	$ (6,654,135)

* An adjustment has been made in cases where there was an amendment during the year to reflect the partial year's payment for the amendment.

Schedule of Amortization Bases for the Retirement Program

The schedule below shows the development of the payment on the Amortization Bases shown on page 4. This payment represents the employer contribution toward the Unfunded Actuarial Liability. Each row of the schedule gives a brief description of a base (or portion of the Unfunded Actuarial Liability), the date the base was established, the original amount, and the number of years from June 30, 2002 to the final payment (Amortization Period). The balance of the base is then shown for the year immediately following the valuation date and the expected payment and projected base are shown for the next two fiscal years. The last year shown is the one for which rates are established in this report. The total expected payments for the fiscal years 2000-2001 and 2001-2002 are the fiscal year's expected payrolls multiplied by the difference between the fiscal year's total employer rate percentage and the June 30, 2000 employer normal cost percentage. The total payroll is expected to grow by 3.75% annually. Please see Appendix A for more detail, particularly for an explanation of how amortization periods are determined.

									Amounts for Fiscal 2002-2003	
Reason for Base	**Date Estab-lished**	**Initial Amount**	**Date of First Payment**	**Amorti-zation Period**	**Balance 6/30/00**	**Expected Payment 2000-2001***	**Balance 6/30/01**	**Expected Payment 2001-2002***	**Balance Beginning of Fiscal Year**	**Scheduled Payment for the Fiscal Year**
FRESH START	06/30/00	$(14,413,649)	07/01/00	5	$(14,413,649)	$(3,490,978)	$(11,970,648)	$(3,288,431)	$(9,536,834)	$(2,156,479)
TOTAL					**$(14,413,649)**	**$(3,490,978)**	**$(11,970,648)**	**$(3,288,431)**	**$(9,536,834)**	**$(2,156,479)**

* Note that each expected balance after 6/30/00 assumes cash receipt of the required employee contributions. If the plan is superfunded and the employee contributions were transferred out of employer assets, the balances after 6/30/00 will be different than shown above.

Reconciliation of Required Employer Contributions

Employer Contribution Rates (Percentage of projected payroll)

1. Calculated Contribution Rate for 7/1/01 - 6/30/02 [1]	9.579%
2. Effect of changes since the prior valuation	
a) Effect of changes in 1959 Survivor Benefit program [2]	0.000%
b) Effect of changes in demographics and financial results	6.165%
c) Effect of plan changes [3]	0.000%
d) Effect of elimination of amortization base	0.000%
e) Effect of changes in actuarial methods or assumptions	0.000%
f) Net effect of the changes above [Sum of (a) through (e)]	6.165%
3. Contribution Rate for 7/1/02 - 6/30/03 [(1)+(2f)]	15.744%

Estimated Employer Contributions (Based on projected annual payroll)

1. Contribution Required for 7/1/01-6/30/02 [1]	$	3,837,104
2. Effect of changes since the prior valuation		
a) Effect of change in payroll	$	74,604
b) Effect of changes in 1959 Survivor Benefit program rate [2]		0
c) Effect of changes in demographics and financial results		2,517,896
d) Effect of plan changes [3]		0
e) Effect of elimination of amortization base		0
f) Effect of change in actuarial methods or assumptions		0
g) Net effect of the changes above [Sum of (a) through (f)]	$	2,592,500
3. Estimated Contribution Required for 7/1/02 - 6/30/03 [(1)+2(g)]	$	6,429,604

[1] The contribution actually paid may be different if a prepayment of unfunded actuarial liability is made or a plan change became effective after the prior year's actuarial valuation was performed.

[2] This is for first and second level only. The third, fourth and indexed levels are independent programs and are therefore billed separately. For agencies that changed from first or second level to third, fourth or indexed level, the display above will show a change to a zero rate for the 1959 Survivor Benefit program.

[3] This includes the effect of the revaluation of the actuarial value of assets to 95% of market value, if applicable.

Reconciliation of the Market Value of Assets over the Prior Fiscal Year

Retirement Program

1.	Beginning Balance 6/30/99	$ 381,785,121
2.	Employer Contributions [1]	4,182,381
3.	Employee Contributions [1]	3,341,523
4.	Benefit Payments to Retirees and Beneficiaries	(13,899,482)
5.	Refunds	(171,038)
6.	Lump Sum Payments	(587)
7.	Investment Return	37,322,146
8.	Transfers In/Out and Miscellaneous Adjustments [2]	178,952
9.	PPPA Subsidy Amount	(869)
10.	Ending Balance 6/30/00 [(1)+(2)+(3)+(4)+(5)+(6)+(7)+(8)+(9)]	$ 412,738,147

1959 Survivor Benefit Program (1st or 2nd Level)

1.	Beginning Balance 6/30/99	$ 0
2.	Contributions (Employer and Employee) [1]	0
3.	Benefit Payments	0
4.	Transfers to the Third, Fourth or Indexed Level Pool and Miscellaneous Adjustments	0
5.	Investment Return	0
6.	Ending Balance 6/30/00 [(1)+(2)+(3)+(4)+(5)]	$ 0

1 In accordance with Generally Accepted Accounting Principles (GAAP), CalPERS' Fiscal Services Division's accounting records include accounts receivable to recognize income from transactions in the period in which those transactions occurs. When CalPERS receives payroll information, it determines the amount receivable for employer and employee contributions. Thus, contribution amounts may reflect contributions due, even if not paid.

2 This includes such things as prepayments to the unfunded liability, receivable payments and transfers between plans.

Development of the Actuarial Value of Assets

Retirement Program

1.	Actuarial Value of Assets as of June 30, 1999	$	359,288,039
2.	Contributions received during fiscal 1999-2000		7,523,904
3.	Benefits and Refunds paid during fiscal 1999-2000		(14,071,107)
4.	Transfers and Miscellaneous Adjustments paid during fiscal 1999-2000		178,952
5.	Expected investment earnings during fiscal 1999-2000 [(1) x .0825 + (1.0825^{½} - 1) x ((2) + (3) + (4))]		29,383,778
6.	Expected Actuarial Value of Assets as of June 30, 2000 [(1) + (2) + (3) + (4)+ (5)]	$	382,303,566
7.	Market Value of Assets as of June 30, 2000	$	412,738,147
8.	Actuarial Value of Assets as of June 30, 2000 [(6) + ((7) - (6)) / 3, but not less than 90% or more than 110% of (7)]	$	392,448,426
9.	Actuarial Value as a Percentage of Market Value as of June 30, 2000 [(8) / (7)]		95.1%

1959 Survivor Benefit Program (1st or 2nd Level)

1.	Actuarial Value of Assets as of June 30, 1999	$	0
2.	Contributions received during fiscal 1999-2000		0
3.	Benefits paid during fiscal 1999-2000		0
4.	Transfers and Miscellaneous Adjustments paid during fiscal 1999-2000		0
5.	Expected investment earnings during fiscal 1999-2000 [(1 x .0825 + (1.0825^{½} - 1) x ((2) + (3) + (4))]		0
6.	Expected Actuarial Value of Assets as of June 30, 2000 [(1) + (2) + (3) + (4) + (5)]	$	0
7.	Market Value of Assets as of June 30, 2000	$	0
8.	Actuarial Value of Assets as of June 30, 2000 [(6) + ((7) - (6)) / 3, but not less than 90% or more than 110% of (7)]	$	0
9.	Actuarial Value as a Percentage of Market Value as of June 30, 2000 [(8) / (7)]		0.0%

Counts and Average Annual Benefits (Excluding PPPA)
For Retirees and Beneficiaries in Valuation
By Years Retired and Retirement Type
June 30, 2000

Type of Retirement Benefit

Years Retired	Service Retiree	Disability Retiree Non-industrial	Disability Retiree Industrial	Death In Service Non-industrial	Death In Service Industrial	Death After Retirement	All Benefits	Total Benefits
Under 5 Yrs	64	3	31	0	0	0	**98**	
	$47,130	$34,097	$36,550	$0	$0	$0	**$43,385**	**$4,251,681**
5-9	40	2	42	0	2	1	**87**	
	$37,893	$24,649	$31,073	$0	$31,559	$25,569	**$34,009**	**$2,958,792**
10-14	42	1	40	0	4	11	**98**	
	$38,022	$8,264	$32,543	$0	$30,760	$32,870	**$34,607**	**$3,391,508**
15-19	39	1	17	0	2	9	**68**	
	$32,799	$18,213	$23,861	$0	$24,322	$14,888	**$27,730**	**$1,885,655**
20-24	24	1	10	0	1	12	**48**	
	$19,191	$9,158	$14,143	$0	$20,079	$11,509	**$16,028**	**$769,345**
25-29	8	0	6	0	1	19	**34**	
	$19,267	$0	$10,945	$0	$10,168	$10,979	**$12,899**	**$438,575**
30 and Over	3	0	4	2	0	19	**28**	
	$8,026	$0	$4,142	$7,328	$0	$4,838	**$5,258**	**$147,222**
All Years	**220**	**8**	**150**	**2**	**10**	**71**	**461**	
	$36,577	**$23,403**	**$29,128**	**$7,328**	**$26,505**	**$13,518**	**$30,028**	**$13,842,778**

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

Counts and Average Annual Benefits (Excluding PPPA)
For Retirees and Beneficiaries in Valuation By Age and Retirement Type
June 30, 2000

Attained Age	Type of Retirement Benefit: Service Retiree	Disability Retiree: Non-industrial	Disability Retiree: Industrial	Death In Service: Non-industrial	Death In Service: Industrial	Death After Retirement	All Benefits	Total Benefits
Under 30	0	0	0	0	0	0	**0**	
	$0	$0	$0	$0	$0	$0	**$0**	**$0**
30-34	0	0	3	0	0	0	**3**	
	$0	$0	$22,435	$0	$0	$0	**$22,435**	**$67,305**
35-39	0	0	6	0	1	0	**7**	
	$0	$0	$21,502	$0	$35,887	$0	**$23,557**	**$164,899**
40-44	0	1	11	0	1	0	**13**	
	$0	$10,254	$23,946	$0	$28,363	$0	**$23,233**	**$302,025**
45-49	0	0	14	0	1	0	**15**	
	$0	$0	$25,611	$0	$44,053	$0	**$26,841**	**$402,611**
50-54	9	3	27	0	1	3	**43**	
	$45,485	$22,110	$25,540	$0	$22,828	$31,314	**$29,815**	**$1,282,038**
55-59	58	3	38	0	2	2	**103**	
	$46,763	$30,809	$34,159	$0	$23,618	$15,927	**$40,600**	**$4,181,823**
60-64	45	1	23	0	1	8	**78**	
	$41,969	$18,213	$40,047	$0	$20,079	$17,534	**$38,311**	**$2,988,258**
65-69	39	0	15	0	1	7	**62**	
	$34,346	$0	$25,168	$0	$27,797	$31,147	**$31,659**	**$1,962,861**
70-74	33	0	8	0	1	12	**54**	
	$27,614	$0	$26,315	$0	$28,639	$13,557	**$24,317**	**$1,313,114**
75-79	23	0	2	0	0	10	**35**	
	$22,405	$0	$16,172	$0	$0	$9,131	**$18,256**	**$638,965**
80-84	5	0	2	1	0	17	**25**	
	$29,281	$0	$8,203	$7,947	$0	$7,971	**$12,251**	**$306,271**
85 and Over	8	0	1	1	1	12	**23**	
	$15,522	$0	$5,400	$6,709	$10,168	$7,180	**$10,113**	**$232,608**
All Years	**220**	**8**	**150**	**2**	**10**	**71**	**461**	
	$36,577	**$23,403**	**$29,128**	**$7,328**	**$26,505**	**$13,518**	**$30,028**	**$13,842,778**

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

Counts and Average Annual Payroll for Active Members in Valuation
By Attained Age & Years of Service
June 30, 2000

Attained Age	Years of Service at Valuation Date: 0-4	5-9	10-14	15-19	20-29	30+	All Years	Valuation Payroll
15-24	4	0	0	0	0	0	**4**	
	$43,962	$0	$0	$0	$0	$0	**$43,962**	**$175,847**
25-29	58	10	0	0	0	0	**68**	
	$46,893	$58,814	$0	$0	$0	$0	**$48,646**	**$3,307,917**
30-34	46	74	9	0	0	0	**129**	
	$48,639	$58,391	$66,162	$0	$0	$0	**$55,456**	**$7,153,785**
35-39	16	59	33	7	0	0	**115**	
	$46,071	$60,546	$68,051	$68,108	$0	$0	**$61,146**	**$7,031,767**
40-44	5	19	29	29	10	0	**92**	
	$49,791	$62,964	$65,249	$71,901	$80,634	$0	**$67,706**	**$6,228,949**
45-49	4	5	7	22	33	0	**71**	
	$54,461	$59,500	$67,132	$69,506	$74,992	$0	**$70,270**	**$4,989,136**
50-54	0	4	3	14	53	8	**82**	
	$0	$63,359	$65,421	$69,813	$78,161	$78,896	**$75,619**	**$6,200,759**
55-59	0	0	1	1	11	4	**17**	
	$0	$0	$60,537	$69,028	$82,320	$81,876	**$80,152**	**$1,362,591**
60-64	0	0	0	0	0	1	**1**	
	$0	$0	$0	$0	$0	$116,701	**$116,701**	**$116,701**
65+	0	0	0	0	0	0	**0**	
	$0	$0	$0	$0	$0	$0	**$0**	**$0**
All Ages	**133**	**171**	**82**	**73**	**107**	**13**	**579**	
	$47,646	**$59,816**	**$66,586**	**$70,376**	**$77,842**	**$82,721**	**$63,156**	**$36,567,452**

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

Appendix A

STATEMENT OF ACTUARIAL DATA, METHODS AND ASSUMPTIONS

DATA

As stated in the Actuarial Certification, the data which serves as the basis of this valuation has been obtained from the various CalPERS databases. We have reviewed the valuation data and believe that it is reasonable and appropriate in aggregate. We are unaware of any potential data issues that would have a material effect on the results of this valuation, except that data does not contain information about reciprocal systems. Therefore, salary information in these cases may not be accurate. This situation is relatively infrequent, however, and when it does occur, generally does not have a material impact on the employer contribution rates.

ACTUARIAL METHODS

Funding Method

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

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

The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. Funding requirements are determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payrolls. All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20-year period. In addition, all gains or losses are tracked and 10% of the net unamortized gain or loss will be amortized each year. Finally, if a plan’s accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30-year amortization of the unfunded liability.

An exception to the funding rules above is used whenever the application of such rules results in inconsistencies. In these cases a “fresh start” approach is used. This simply means that the current unfunded actuarial liability is projected and amortized over a set number of years. As mentioned above, if the annual contribution on the total unfunded liability was less than the amount produced by a 30-year amortization of the unfunded liability, the plan actuary would implement a 30-year fresh start. In addition, a fresh start generally occurs in the following situations:

1) when a positive payment would be required on a negative unfunded actuarial liability (or conversely a negative payment on a positive unfuned actuarial liability). In this situation, the amortization period is set by the actuary.

2) when the fresh start is being used to avoid a negative total rate. In this situation, the amortization period is set to the number of years for which the excess assets are projected to keep the rate at 0.000%.

The actuarial funding method for the 1959 Survivor Benefit is the modified Term Insurance Method. There is no actuarial accrued liability for active members; all liability is due to survivors of former active members. The normal cost is calculated as the amount needed to provide benefits to survivors of deaths expected in the next one-year period.

Purchasing Power Protection Allowance (PPPA) Method

PPPA benefits are cost-of-living adjustments intended to maintain the individual's current retirement benefit at a minimum percentage of the original benefit at retirement adjusted for inflation since retirement. This percentage was increased from 75% to 80% for public agencies, effective January 1, 2000. The PPPA benefit is paid, if necessary, in addition to any other cost-of-living adjustment provided under the terms of the plan. The PPPA benefit is applicable only to the Retirement Program, and not to the 1959 Survivor Program. Each plan is responsible for the full cost of this benefit.

Prior to this valuation, the total annual outlay for PPPA benefits was limited by to 1.1% of accumulated member contributions. If this annual outlay was insufficient to provide the PPPA benefits in a given fiscal year, the 75% maintenance target would have been proportionately reduced.

Each plan was required to pay as much of its own way for PPPA as possible, up to the full 1.1% of accumulated member contributions. During the actuarial valuation process, two separate actuarial valuations were run and the valuation that produced the lower present value of benefits was chosen, either 1) or 2) below as the employer contribution rate.

1) The rate that results if a full 1.1% accumulated member contributions was used for that plan's PPPA payments; or

2) The rate that results if the plan paid the full 75% purchasing power for itself.

This model was an appropriate reflection of the PPPA administrative procedures. The model assumed that cross-subsidization for PPPA would remain so small that it could be ignored.

Asset Valuation Method

In order to dampen the effect of short term market value fluctuations on employer contribution rates, the following asset smoothing technique is used. First an Expected Value of Assets is computed by bringing forward the prior year's Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets is then computed as the Expected Value of Assets plus one-third of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date. However in no case will the Actuarial Value of Assets be less than 90% or greater than 110% of the actual Market Value of Assets.

On February 22, 2001, the CalPERS Board revised its November 17, 1999 Resolution ACT-99-02, which set the Actuarial Value of Assets equal to 95% of the Market Value of Assets for qualifying amendments. This revision affected only contract amendment cost estimates delivered after February 21, 2001. Under this revised resolution, the Actuarial Value of Assets was increased to 95% of the Market Value of Assets for each plan which amended its contract during the remainder of fiscal year 2000-2001 only if such amendment resulted in an increase in the present value of benefits of that plan's active members equal to at least 50% of the value of the increase in assets resulting from the 95% re-valuation. The 95% re-valuation continued to apply only for the valuation year during which the contract amendment cost was established. The standard asset methodology would be applied in subsequent years.

MISCELLANEOUS

Superfunded Status

If the rate plan is superfunded (actuarial value of assets exceeds the present value of benefits), as of the most recently completed valuation, the employer may cover their employees' member contributions (both taxed and tax-deferred) using their employer assets. This would entail transferring assets within the Public Employees' Retirement Fund (PERF) from the employer account to the member accumulated contribution accounts. This change was implemented effective January 1, 1999 pursuant to Chapter 231 (Assembly Bill 2099) which added Government Code Section 20816.

Internal Revenue Code Section 415

The limitations on benefits imposed by Internal Revenue Code Section 415 were not taken into account in this valuation. The effect of these limitations has been deemed immaterial on the overall results of this valuation.

ACTUARIAL ASSUMPTIONS

Economic Assumptions

Investment Return

8.25% compounded annually (net of expenses). This assumption is used for all plans.

Salary Growth

Annual increases that vary by category and duration of service. For Safety members, annual increases are also dependent on entry age. The assumed increases are shown below.

	Annual Percent Increase		
	Public Agency	Public Agency Safety	
Duration of Service	Miscellaneous	Entry under Age 40	Entry 40 & Over
0 through 2	14.200%	11.587%	4.272%
3 through 6	6.363	7.408	4.272
7	6.363	5.161	4.272
8 through 29	4.795	5.161	4.272
30 +	3.750	5.161	4.272

Overall Payroll Growth

3.75% compounded annually (used in projecting the payroll over which the unfunded liability is amortized). This assumption is used for all plans.

Inflation

3.50% compounded annually. This assumption is used for all plans.

Miscellaneous Loading Factors

Credit for Unused Sick Leave

Final Average Salary is increased by 1% for those agencies that have accepted the provision providing Credit for Unused Sick Leave.

Conversion of Employer Paid Member Contributions (EPMC)

Final Average Salary is increased by the Employee Contribution Rate for those agencies that have contracted for the provision providing for the Conversion of Employer Paid Member Contributions (EPMC) during the final compensation period.

Norris Decision (Best Factors)

Employees hired prior to July 1, 1982 have projected benefit amounts increased in order to reflect the use of “Best Factors” for these employees in the calculation of optional benefit forms. This is due to a 1983 Supreme Court decision, known as the Norris decision, which required males and females to be treated equally in the determination of benefit amounts. Consequently, anyone already employed at that time is given the best possible conversion factor when optional benefits are determined. A unisex conversion table was developed for employees hired after July 1, 1982, which was a weighted average of the male and female tables. Therefore, no loading is necessary in this case.

Demographic Assumptions

Postretirement Mortality

Rates vary by age and sex for healthy benefit recipients and for non-industrially disabled (disability not job-related) retirees. Rates vary by age for retirees who are industrially disabled (disability is job-related). See sample rates in table below. These rates are used for all plans.

	Healthy Recipients		Non-Industrially Disabled (Not Job-Related)		Industrially Disabled (Job-Related)
Age	Male	Female	Male	Female	Male & Female
50	0.0052	0.0021	0.0301	0.0177	0.0054
55	0.0073	0.0034	0.0327	0.0189	0.0089
60	0.0102	0.0055	0.0355	0.0203	0.0145
65	0.0146	0.0086	0.0396	0.0239	0.0240
70	0.0248	0.0136	0.0497	0.0297	0.0361
75	0.0419	0.0228	0.0706	0.0402	0.0531
80	0.0685	0.0390	0.1085	0.0614	0.0809
85	0.1064	0.0701	0.1600	0.1074	0.1107
90	0.1651	0.1259	0.2276	0.1944	0.1600
95	0.2303	0.1842	0.3220	0.3134	0.2515
100	0.3212	0.2930	0.4659	0.4575	0.3950

Marital Status

For active members, a percentage married upon retirement is assumed according to the following table.

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

Age of Spouse

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

Public Agency Miscellaneous 2% @ 60

Service Retirement

Rates vary by age and sex. See table below.

Age	Male	Female	Age	Male	Female
50	0.02654	0.03684			
51	0.01228	0.02559	61	0.12426	0.08696
52	0.01834	0.02773	62	0.23818	0.18980
53	0.01619	0.03078	63	0.21037	0.17706
54	0.02251	0.03071	64	0.14311	0.12882
55	0.04813	0.05390	65	0.24399	0.23837
56	0.03957	0.04576	66	0.13820	0.14190
57	0.04788	0.04213	67	0.11208	0.14001
58	0.05500	0.06735	68	0.11736	0.10330
59	0.06811	0.06523	69	0.09036	0.12344
60	0.12807	0.09825	70	1.00000	1.00000

Termination with Refund

Rates vary by entry age, sex and service. See sample rates in tables below.

Entry Age	Termination with Refund (Male) Years of Service 0-1	1-2	2-3	3-4	4-5	5 or more
20	0.07141	0.15327	0.10537	0.09504	0.07720	0.06393
25	0.07018	0.14350	0.09987	0.08769	0.07244	0.04386
30	0.06896	0.13435	0.09465	0.08090	0.06797	0.03009
35	0.06777	0.12578	0.08971	0.07464	0.06377	0.02064
40	0.06660	0.11776	0.08502	0.06886	0.05984	0.01416
45	0.06544	0.11025	0.08058	0.06353	0.05615	0.00971
50	0.06431	0.10322	0.07637	0.05862	0.05268	0.00666
55	0.06320	0.09664	0.07238	0.05408	0.04943	0.00457
60	0.06211	0.09048	0.06860	0.04990	0.04638	0.00314

Entry Age	Termination with Refund (Female) Years of Service 0-1	1-2	2-3	3-4	4-5	5 or more
20	0.08630	0.18606	0.15121	0.12665	0.11838	0.07966
25	0.08532	0.17473	0.13666	0.11372	0.09983	0.05601
30	0.08435	0.16410	0.12350	0.10211	0.08419	0.03939
35	0.08339	0.15411	0.11162	0.09169	0.07099	0.02770
40	0.08245	0.14473	0.10087	0.08233	0.05987	0.01948
45	0.08151	0.13592	0.09116	0.07392	0.05049	0.01370
50	0.08059	0.12765	0.08239	0.06638	0.04257	0.00963
55	0.07967	0.11988	0.07446	0.05960	0.03590	0.00677
60	0.07877	0.11258	0.06729	0.05352	0.03028	0.00476

Public Agency Miscellaneous 2% @ 60 (continued)

Non-Industrial (Not Job-Related) Death, Non-Industrial (Not Job-Related) Disability, Termination with Vested Deferred Benefits

Rates vary by age and sex. See sample rates in table below.

	Male			Female		
Attained Age	Non-Industrial (Not Job-Related) Death	Non-Industrial (Not Job-Related) Disability	Termination with Vested Deferred Benefits	Non-Industrial (Not Job-Related) Death	Non-Industrial (Not Job-Related) Disability	Termination with Vested Deferred Benefits
20	0.00027	0.00048	0.02023	0.00007	0.00032	0.03299
25	0.00039	0.00070	0.01818	0.00012	0.00047	0.02910
30	0.00055	0.00102	0.01633	0.00018	0.00069	0.02567
35	0.00078	0.00148	0.01467	0.00028	0.00102	0.02264
40	0.00110	0.00215	0.01318	0.00044	0.00150	0.01997
45	0.00155	0.00313	0.01184	0.00069	0.00220	0.01762
50	0.00219	0.00456	0.01064	0.00108	0.00322	0.01554
55	0.00310	0.00663	0.00956	0.00169	0.00473	0.01371
60	0.00438	0.00000	0.00859	0.00264	0.00000	0.01209

Industrial (Job-Related) Disability

Rates vary by age and sex. Rates are zero unless the agency has specifically contracted for Industrial Disability benefits. If so, each Non-Industrial Disability rate shown above will be split into two components: 50% will become the Non-Industrial Disability rate and 50% will become the Industrial Disability rate.

Industrial (Job-Related) Death

Rates vary by age and sex. Rates are zero unless the agency has specifically contracted for Industrial Death benefits. If so, each Non-Industrial Death rate shown above will be split into two components: 99% will become the Non-Industrial Death rate and 1% will become the Industrial Death rate.

Public Agency Miscellaneous 2% @ 55

Service Retirement

Rates vary by age and sex. See table below.

Age	Male	Female	Age	Male	Female
50	0.03466	0.04811			
51	0.01617	0.03369	61	0.13474	0.09430
52	0.02439	0.03688	62	0.24803	0.19765
53	0.02177	0.04137	63	0.21037	0.17706
54	0.03053	0.04165	64	0.14311	0.12882
55	0.06593	0.07384	65	0.24399	0.23837
56	0.05232	0.06050	66	0.13820	0.14190
57	0.06106	0.05372	67	0.11208	0.14001
58	0.06745	0.08260	68	0.11736	0.10330
59	0.08032	0.07693	69	0.09036	0.12344
60	0.14485	0.11112	70	1.00000	1.00000

Termination with Refund

Rates vary by entry age, sex, and service. See sample rates in tables below.

Entry Age	Termination with Refund (Male) Years of Service 0-1	1-2	2-3	3-4	4-5	5 or more
20	0.07039	0.14989	0.10218	0.09133	0.07347	0.06020
25	0.06817	0.13716	0.09381	0.08084	0.06543	0.03874
30	0.06601	0.12546	0.08605	0.07142	0.05810	0.02482
35	0.06390	0.11468	0.07883	0.06298	0.05143	0.01582
40	0.06184	0.10477	0.07214	0.05541	0.04536	0.01003
45	0.05983	0.09566	0.06593	0.04864	0.03985	0.00631
50	0.05788	0.08774	0.06110	0.04396	0.03688	0.00433
55	0.05688	0.08215	0.05791	0.04056	0.03460	0.00297
60	0.05589	0.07691	0.05488	0.03742	0.03247	0.00204

Entry Age	Termination with Refund (Female) Years of Service 0-1	1-2	2-3	3-4	4-5	5 or more
20	0.08507	0.18195	0.14663	0.12170	0.11265	0.07501
25	0.08288	0.16702	0.12837	0.10484	0.09017	0.04948
30	0.08074	0.15324	0.11228	0.09015	0.07197	0.03250
35	0.07863	0.14051	0.09809	0.07736	0.05725	0.02124
40	0.07656	0.12877	0.08559	0.06625	0.04538	0.01380
45	0.07453	0.11793	0.07459	0.05660	0.03583	0.00890
50	0.07253	0.10850	0.06591	0.04978	0.02980	0.00626
55	0.07170	0.10189	0.05957	0.04470	0.02513	0.00440
60	0.07089	0.09569	0.05383	0.04014	0.02119	0.00310

Public Agency Miscellaneous 2% @ 55 (continued)

Non-Industrial (Not Job-Related) Death, Non-Industrial (Not Job-Related) Disability, Termination with Vested Deferred Benefits

Rates vary by age and sex. See sample rates in table below.

	Male			Female		
Attained Age	Non-Industrial (Not Job-Related) Death	Non-Industrial (Not Job-Related) Disability	Termination with Vested Deferred Benefits	Non-Industrial (Not Job-Related) Death	Non-Industrial (Not Job-Related) Disability	Termination with Vested Deferred Benefits
20	0.00027	0.00048	0.02023	0.00007	0.00032	0.03299
25	0.00039	0.00070	0.01818	0.00012	0.00047	0.02910
30	0.00055	0.00102	0.01633	0.00018	0.00069	0.02567
35	0.00078	0.00148	0.01467	0.00028	0.00102	0.02264
40	0.00110	0.00215	0.01318	0.00044	0.00150	0.01997
45	0.00155	0.00313	0.01184	0.00069	0.00220	0.01762
50	0.00219	0.00456	0.01064	0.00108	0.00322	0.01554
55	0.00310	0.00663	0.00956	0.00169	0.00473	0.01371
60	0.00438	0.00000	0.00859	0.00264	0.00000	0.01209

Industrial (Job-Related) Disability

Rates vary by age and sex. Rates are zero unless the agency has specifically contracted for Industrial Disability benefits. If so, each Non-Industrial Disability rate shown above will be split into two components: 50% will become the Non-Industrial Disability rate and 50% will become the Industrial Disability rate.

Industrial (Job-Related) Death

Rates vary by age and sex. Rates are zero unless the agency has specifically contracted for Industrial Death benefits. If so, each Non-Industrial Death rate shown above will be split into two components: 99% will become the Non-Industrial Death rate and 1% will become the Industrial Death rate.

Public Agency Fire 2% @ 50, 2.5% @ 55, 3% @ 55 and 3% @ 50

Service Retirement

Rates vary by age and benefit formula. See table below.

Attained Age	2% @ 50 and 2.5% @ 55	3% @ 55	3% @ 50
50	0.03673	0.06000	0.15000
51	0.03475	0.10000	0.18000
52	0.06045	0.13000	0.20000
53	0.11071	0.18000	0.22000
54	0.15878	0.22000	0.22000
55	0.22109	0.11000	0.11000
56	0.11305	0.09000	0.09000
57	0.09843	0.11000	0.11000
58	0.11843	0.10000	0.10000
59	0.10456	1.00000	1.00000
60	1.00000	1.00000	1.00000

The rate is set to 100% for any year in which the combination of age and service results in a benefit that would be limited to 85% of final compensation.

Termination with Refund

Rates vary by entry age and service. See sample rates in table below.

Entry Age	Termination with Refund — Years of Service: 0-1	1-2	2-3	3-4	4-5	5 or more
20	0.03915	0.03743	0.03579	0.03423	0.03273	0.01109
25	0.03129	0.02992	0.02861	0.02736	0.02616	0.00663
30	0.02501	0.02392	0.02287	0.02187	0.02091	0.00397
35	0.02000	0.01912	0.01828	0.01748	0.01672	0.00238
40	0.01598	0.01528	0.01461	0.01397	0.01336	0.00142
45	0.01278	0.01222	0.01168	0.01117	0.01068	0.00085
50	0.01021	0.00977	0.00934	0.00893	0.00854	0.00051
55	0.00816	0.00781	0.00746	0.00714	0.00683	0.00030

Non-Industrial (Not Job-Related) Death, Non-Industrial (Not Job-Related) Disability, Industrial (Job-Related) Death, Industrial (Job-Related) Disability, Termination with Vested Deferred Benefits

Rates vary by age. See sample rates in table below.

Attained Age	Non-Industrial (Not Job-Related) Death	Non-Industrial (Not Job-Related) Disability	Industrial (Job-Related) Death	Industrial (Job-Related) Disability	Termination with Vested Deferred Benefits
20	0.00017	0.00009	0.00011	0.00040	0.00669
25	0.00020	0.00015	0.00014	0.00073	0.00590
30	0.00023	0.00024	0.00018	0.00133	0.00521
35	0.00028	0.00039	0.00023	0.00242	0.00460
40	0.00033	0.00062	0.00029	0.00441	0.00406
45	0.00039	0.00099	0.00038	0.00802	0.00358
50	0.00046	0.00158	0.00048	0.01460	0.00316
55	0.00054	0.00000	0.00062	0.02658	0.00279

Public Agency Fire ½ @ 55 and 2% @ 55

Service Retirement

Rates vary by age. See table below.

Age	Rate	Age	Rate
50	0.01588	56	0.11079
51	0.00000	57	0.00000
52	0.03442	58	0.09499
53	0.01990	59	0.04409
54	0.04132	60	1.00000
55	0.07513		

The rate is set to 100% for any year in which the combination of age and service results in a benefit that would be limited to 85% of final compensation.

Termination with Refund

Rates vary by entry age and service. See sample rates in table below.

	Termination with Refund					
	Years of Service					
Entry Age	0-1	1-2	2-3	3-4	4-5	5 or more
20	0.04837	0.04717	0.04600	0.04486	0.04374	0.01190
25	0.04266	0.04160	0.04057	0.03956	0.03858	0.01029
30	0.03762	0.03688	0.03577	0.03488	0.03402	0.00891
35	0.03317	0.03235	0.03155	0.03076	0.03000	0.00771
40	0.02925	0.02853	0.02782	0.02713	0.02645	0.00667
45	0.02580	0.02516	0.02453	0.02392	0.02333	0.00577
50	0.02275	0.02218	0.02163	0.02110	0.02057	0.00500
55	0.02006	0.01956	0.01908	0.01860	0.01814	0.00432

Non-Industrial (Not Job-Related) Death, Non-Industrial (Not Job-Related) Disability, Industrial (Job-Related) Death, Industrial (Job-Related) Disability, Termination with Vested Deferred Benefits

Rates vary by age. See sample rates in table below.

Attained Age	Non-Industrial (Not Job-Related) Death	Non-Industrial (Not Job-Related) Disability	Industrial (Job-Related) Death	Industrial (Job-Related) Disability	Termination with Vested Deferred Benefits
20	0.00017	0.00009	0.00011	0.00013	0.01076
25	0.00020	0.00015	0.00014	0.00027	0.01000
30	0.00023	0.00024	0.00018	0.00057	0.00930
35	0.00028	0.00039	0.00023	0.00120	0.00864
40	0.00033	0.00062	0.00029	0.00251	0.00803
45	0.00039	0.00099	0.00038	0.00527	0.00746
50	0.00046	0.00158	0.00048	0.01105	0.00694
55	0.00054	0.00000	0.00062	0.02315	0.00645

Public Agency Police 2% @ 50, 2.5% @ 55, 3% @ 55 and 3% @ 50*

Service Retirement

Rates vary by age and benefit formula. See table below.

Attained Age	2% @ 50 and 2.5% @ 55	3% @ 55	3% @ 50
50	0.05857	0.10000	0.17000
51	0.04340	0.11000	0.17000
52	0.04165	0.16000	0.18000
53	0.15350	0.17000	0.18000
54	0.17021	0.18000	0.18000
55	0.18571	0.11000	0.11000
56	0.11855	0.07000	0.07000
57	0.07146	0.08000	0.08000
58	0.08968	0.08000	0.08000
59	0.08743	1.00000	1.00000
60	1.00000	1.00000	1.00000

The rate is set to 100% for any year in which the combination of age and service results in a benefit that would be limited to 85% of final compensation.

Termination with Refund

Rates vary by entry age and service. See sample rates in table below.

	Termination with Refund					
	Years of Service					
Entry Age	0-1	1-2	2-3	3-4	4-5	5 or more
20	0.04373	0.08438	0.04756	0.04644	0.04650	0.03226
25	0.04758	0.08654	0.04711	0.04415	0.04182	0.01934
30	0.05177	0.08876	0.04666	0.04197	0.03761	0.01159
35	0.05633	0.09103	0.04622	0.03990	0.03382	0.00695
40	0.06128	0.09337	0.04579	0.03794	0.03041	0.00417
45	0.06668	0.09576	0.04535	0.03607	0.02735	0.00250
50	0.07255	0.09821	0.04492	0.03429	0.02459	0.00150
55	0.07893	0.10072	0.04450	0.03260	0.02211	0.00090

Non-Industrial (Not Job-Related) Death, Non-Industrial (Not Job-Related) Disability, Industrial (Job-Related) Death, Industrial (Job-Related) Disability, Termination with Vested Deferred Benefits

Rates vary by age. See sample rates in table below.

Attained Age	Non-Industrial (Not Job-Related) Death	Non-Industrial (Not Job-Related) Disability	Industrial (Job-Related) Death	Industrial (Job-Related) Disability	Termination with Vested Deferred Benefits
20	0.00017	0.00018	0.00011	0.00250	0.01309
25	0.00020	0.00024	0.00014	0.00347	0.01155
30	0.00023	0.00033	0.00018	0.00482	0.01018
35	0.00028	0.00044	0.00023	0.00669	0.00898
40	0.00033	0.00060	0.00029	0.00928	0.00792
45	0.00039	0.00082	0.00038	0.01289	0.00699
50	0.00046	0.00112	0.00048	0.01789	0.00616
55	0.00054	0.00000	0.00062	0.02484	0.00544

* These rates also apply to School Police. The only differences are the Industrial Disability and Industrial Death rates. The School Police use 50% of the rates displayed above.

Public Agency Police ½ @ 55 and 2% @ 55

Service Retirement

Rates vary by age. See table below.

Age	Rate	Age	Rate
50	0.02552	56	0.06921
51	0.00000	57	0.05113
52	0.01637	58	0.07241
53	0.02717	59	0.07043
54	0.00949	60	1.00000
55	0.16674		

The rate is set to 100% for any year in which the combination of age and service results in a benefit that would be limited to 85% of final compensation.

Termination with Refund

Rates vary by entry age and service. See sample rates in table below.

	Termination with Refund					
Entry	Years of Service					
Age	0-1	1-2	2-3	3-4	4-5	5 or more
20	0.05709	0.05768	0.05828	0.05888	0.05949	0.03497
25	0.06011	0.06073	0.06135	0.06199	0.06263	0.02683
30	0.06328	0.06393	0.06459	0.06526	0.06593	0.02058
35	0.06662	0.06730	0.06800	0.06870	0.06941	0.01578
40	0.07013	0.07085	0.07159	0.07233	0.07307	0.01211
45	0.07383	0.07459	0.07536	0.07614	0.07693	0.00929
50	0.07772	0.07853	0.07934	0.08016	0.08099	0.00712
55	0.08183	0.08267	0.08353	0.08439	0.08526	0.00546

Non-Industrial (Not Job-Related) Death, Non-Industrial (Not Job-Related) Disability, Industrial (Job-Related) Death, Industrial (Job-Related) Disability, Termination with Vested Deferred Benefits

Rates vary by age. See sample rates in table below.

Attained Age	Non-Industrial (Not Job-Related) Death	Non-Industrial (Not Job-Related) Disability	Industrial (Job-Related) Death	Industrial (Job-Related) Disability	Termination with Vested Deferred Benefits
20	0.00017	0.00069	0.00011	0.00260	0.01516
25	0.00020	0.00118	0.00014	0.00355	0.01424
30	0.00023	0.00167	0.00018	0.00483	0.01338
35	0.00028	0.00216	0.00023	0.00658	0.01257
40	0.00033	0.00265	0.00029	0.00896	0.01180
45	0.00039	0.00313	0.00038	0.01221	0.01109
50	0.00046	0.00362	0.00048	0.01663	0.01042
55	0.00054	0.00000	0.00062	0.02266	0.00978

* These rates also apply to School Police. The only differences are the Industrial Disability and Industrial Death rates. The School Police use 25% of the rate displayed above.

Appendix B

SUMMARY OF PRINCIPAL PLAN PROVISIONS

SUMMARY OF BENEFITS: COVERAGE GROUP 74001

The following is a summary of the major plan provisions used in calculating the liabilities of the plan. Many of the statements in this summary are general in nature, and are intended to provide an easily understood summary of the complex Public Employees' Retirement Law. The law itself governs in all situations.

RETIREMENT PROGRAM

Service Retirement

Eligibility

A CalPERS member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements)

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Benefit

The Service Retirement benefit calculated for service earned by this group of employees is a monthly allowance equal to the product of the *benefit factor*, *years of service*, and *final compensation*, where

- The *benefit factor* for this group of employees comes from the **3% at 50** benefit factor table. The factor depends on the member's age at retirement. Listed below are the factors for retirement at whole year ages:

Retirement Age	**3% at 50 Factor**
50	3.000%
51	3.000%
52	3.000%
53	3.000%
54	3.000%
55 & Up	3.000%

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

- The *final compensation* is the monthly average of the member's highest 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). The employees in this group are not covered by Social Security. The final compensation is not offset by a dollar amount.

- The Service Retirement benefit is capped at 85% of final compensation.

Vested Deferred Retirement

Eligibility for Deferred Status

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

Eligibility to Start Receiving Benefits

The CalPERS member becomes eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for Deferred Status and upon attainment of age 50.

Benefit

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

Non-Industrial (Non-Job Related) Disability Retirement

Eligibility

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

Benefit

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

- *service* is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or
- *service* is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service. The maximum benefit in this case is 33 1/3% of Final Compensation.

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

Industrial (Job-Related) Disability Retirement

Eligibility

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

Benefit

The Industrial Disability Retirement benefit is a monthly allowance equal to 50% of final compensation. However, if a member is eligible for Service Retirement and if the Service Retirement benefit is more than the Industrial Disability Retirement benefit, the member may choose to receive the larger benefit. For a member who entered into CalPERS after 1/1/80, the Industrial Disability benefit is limited to the amount he or she would have received for service retirement, if credited service were projected to age 55. For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of the accumulated member contributions with respect to employment in this group.

Post-Retirement Death Benefit

Lump Sum Payment

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

Form of Payment for Retirement Allowance

Generally, the retirement allowance is paid to the retiree in the form of an annuity for as long as he or she is alive. The retiree may choose to provide for a portion of his or her allowance to be paid to any designated beneficiary after the retiree's death. CalPERS provides for a variety of such benefit options, which the retiree pays for by taking a reduction in his or her retirement allowance. The larger the amount to be provided to the beneficiary is, and the younger the beneficiary is, the greater the reduction to the retiree's allowance.

For retirement allowances with respect to service earned by employment in this group, 50% of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, *without* a reduction in the retiree's allowance. This additional benefit is often referred to as *post retirement survivor allowance* (PRSA) or simply as *survivor continuance.*

In other words, 50% of the allowance, the *continuance portion*, is paid to the retiree for as long as he or she is alive, and that same amount is continued to the retiree's spouse (or if no eligible spouse, to unmarried children until they attain age 18; or, if no eligible children, to a qualifying dependent parent) for the rest of his or her lifetime.

The remaining of the retirement allowance, which may be referred to as the *option portion* of the benefit, is paid to the retiree as an annuity for as long as he or she is alive. Or, the retiree may choose to provide for some of this *option portion* to be paid to **any** designated beneficiary after the retiree's death. CalPERS offers a variety of such benefit options, which the retiree pays for by taking a reduction to the option portion of his or her retirement allowance.

Pre-Retirement Death Benefits

Basic Death Benefit

Eligibility

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

Benefit

The Basic Death Benefit is a lump sum in the amount of the member's accumulated contributions, where interest is currently credited at 8.25% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

1957 Survivor Benefit

Eligibility

An employee's *eligible survivor(s)* may receive the 1957 Survivor benefit if the member dies while actively employed, has attained at least age 50, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements). A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An eligible survivor means the surviving spouse to whom the member was married at least one year before death or, if there is no eligible spouse, to the member's unmarried children under age 18. A member's survivor may choose this benefit in lieu of the Basic Death benefit or the Special Death benefit.

Benefit

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

Special Death Benefit

Change in Benefit

Assembly Bill 2621, enacted in late 2000 and effective January 1, 2001, enhanced the Special Death Benefit. For purposes of calculating or recalculating the Special Death Benefit, the deceased member's final compensation will increase when the compensation is increased for his or her final job classification and membership category. These increases will apply until the earlier of (1) the death of the surviving spouse or (2) the date the deceased member would have attained age 50. The bill also eliminated the provision that terminates a child's eligibility for benefits upon adoption and restored those benefits for children whose eligibility was previously terminated due to adoption.

Eligibility

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

Benefit

The Special Death benefit is a monthly allowance equal to 50% of final compensation. The deceased member's final compensation will increase correspondingly, at any time the compensation is increased for then-active members employed in the job classification applicable to the deceased member at the time of injury causing death. The allowance is payable to the surviving spouse until death, at which time the allowance is continued to any unmarried children under age 22. There is a guarantee that the total amount paid will at least equal the Basic Death Benefit if applicable.

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

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

Cost-of-Living Adjustments

Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%. However, the cumulative adjustment may not be greater than the cumulative change in the Consumer Price Index since the date of retirement.

Purchasing Power Protection Allowance (PPPA)

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

Employee Contributions

Each employee contributes toward his or her retirement based upon the following schedule. The employer may choose to "pick-up" these contributions for the employees.

The percent contributed below the monthly compensation breakpoint is 0%.
The monthly compensation breakpoint is $0.
The percent contributed above the monthly compensation breakpoint is 9%.

Employer Paid Member Contributions (EPMC)

Through the collective bargaining process, the employer, who has agreed to pay the employee contributions for this group, will stop paying these contributions during the final compensation period and instead increase the pay of the members by 9%. This will result in a higher average monthly pay for the purpose of computing the member's retirement allowance.

Refund of Employee Contributions

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

1959 Survivor Benefit Fourth Level

This benefit is not included in the results presented earlier in this valuation. Please see Appendix D for more information.

SUMMARY OF BENEFITS: COVERAGE GROUP 75001

The following is a summary of the major plan provisions used in calculating the liabilities of the plan. Many of the statements in this summary are general in nature, and are intended to provide an easily understood summary of the complex Public Employees' Retirement Law. The law itself governs in all situations.

RETIREMENT PROGRAM

Service Retirement

Eligibility

A CalPERS member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements)

.

Benefit

The Service Retirement benefit calculated for service earned by this group of employees is a monthly allowance equal to the product of the *benefit factor*, *years of service*, and *final compensation*, where

- The *benefit factor* for this group of employees comes from the **3% at 50** benefit factor table. The factor depends on the member's age at retirement. Listed below are the factors for retirement at whole year ages:

Retirement Age	3% at 50 Factor
50	3.000%
51	3.000%
52	3.000%
53	3.000%
54	3.000%
55 & Up	3.000%

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

- The *final compensation* is the monthly average of the member's highest 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). The employees in this group are not covered by Social Security. The final compensation is not offset by a dollar amount.

- The Service Retirement benefit is capped at 85% of final compensation.

Vested Deferred Retirement

Eligibility for Deferred Status

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

Eligibility to Start Receiving Benefits

The CalPERS member becomes eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for Deferred Status and upon attainment of age 50.

Benefit

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

Non-Industrial (Non-Job Related) Disability Retirement

Eligibility

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

Benefit

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

- *service* is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or
- *service* is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service. The maximum benefit in this case is 33 1/3% of Final Compensation.

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

Industrial (Job-Related) Disability Retirement

Eligibility

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

Benefit

The Industrial Disability Retirement benefit is a monthly allowance equal to 50% of final compensation. However, if a member is eligible for Service Retirement and if the Service Retirement benefit is more than the Industrial Disability Retirement benefit, the member may choose to receive the larger benefit. For a member who entered into CalPERS after 1/1/80, the Industrial Disability benefit is limited to the amount he or she would have received for service retirement, if credited service were projected to age 55. For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of the accumulated member contributions with respect to employment in this group.

Post-Retirement Death Benefit

Lump Sum Payment

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

Form of Payment for Retirement Allowance

Generally, the retirement allowance is paid to the retiree in the form of an annuity for as long as he or she is alive. The retiree may choose to provide for a portion of his or her allowance to be paid to any designated beneficiary after the retiree's death. CalPERS provides for a variety of such benefit options, which the retiree pays for by taking a reduction in his or her retirement allowance. The larger the amount to be provided to the beneficiary is, and the younger the beneficiary is, the greater the reduction to the retiree's allowance.

For retirement allowances with respect to service earned by employment in this group, 50% of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, *without* a reduction in the retiree's allowance. This additional benefit is often referred to as *post retirement survivor allowance* (PRSA) or simply as *survivor continuance.*

In other words, 50% of the allowance, the *continuance portion*, is paid to the retiree for as long as he or she is alive, and that same amount is continued to the retiree's spouse (or if no eligible spouse, to unmarried children until they attain age 18; or, if no eligible children, to a qualifying dependent parent) for the rest of his or her lifetime.

The remaining of the retirement allowance, which may be referred to as the *option portion* of the benefit, is paid to the retiree as an annuity for as long as he or she is alive. Or, the retiree may choose to provide for some of this *option portion* to be paid to **any** designated beneficiary after the retiree's death. CalPERS offers a variety of such benefit options, which the retiree pays for by taking a reduction to the option portion of his or her retirement allowance.

Pre-Retirement Death Benefits

Basic Death Benefit

Eligibility

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

Benefit

The Basic Death Benefit is a lump sum in the amount of the member's accumulated contributions, where interest is currently credited at 8.25% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

1957 Survivor Benefit

Eligibility

An employee's *eligible survivor(s)* may receive the 1957 Survivor benefit if the member dies while actively employed, has attained at least age 50, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements). A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An eligible survivor means the surviving spouse to whom the member was married at least one year before death or, if there is no eligible spouse, to the member's unmarried children under age 18. A member's survivor may choose this benefit in lieu of the Basic Death benefit or the Special Death benefit.

Benefit

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

Special Death Benefit

Change in Benefit

Assembly Bill 2621, enacted in late 2000 and effective January 1, 2001, enhanced the Special Death Benefit. For purposes of calculating or recalculating the Special Death Benefit, the deceased member's final compensation will increase when the compensation is increased for his or her final job classification and membership category. These increases will apply until the earlier of (1) the death of the surviving spouse or (2) the date the deceased member would have attained age 50. The bill also eliminated the provision that terminates a child's eligibility for benefits upon adoption and restored those benefits for children whose eligibility was previously terminated due to adoption.

Eligibility

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

Benefit

The Special Death benefit is a monthly allowance equal to 50% of final compensation. The deceased member's final compensation will increase correspondingly, at any time the compensation is increased for then-active members employed in the job classification applicable to the deceased member at the time of injury causing death. The allowance is payable to the surviving spouse until death, at which time the allowance is continued to any unmarried children under age 22. There is a guarantee that the total amount paid will at least equal the Basic Death Benefit if applicable.

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

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

Cost-of-Living Adjustments

Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%. However, the cumulative adjustment may not be greater than the cumulative change in the Consumer Price Index since the date of retirement.

Purchasing Power Protection Allowance (PPPA)

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

Employee Contributions

Each employee contributes toward his or her retirement based upon the following schedule. The employer may choose to "pick-up" these contributions for the employees.

The percent contributed below the monthly compensation breakpoint is 0%.
The monthly compensation breakpoint is $0.
The percent contributed above the monthly compensation breakpoint is 9%.

Employer Paid Member Contributions (EPMC)

Through the collective bargaining process, the employer, who has agreed to pay the employee contributions for this group, will stop paying these contributions during the final compensation period and instead increase the pay of the members by 9%. This will result in a higher average monthly pay for the purpose of computing the member's retirement allowance.

Refund of Employee Contributions

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

1959 Survivor Benefit Fourth Level

This benefit is not included in the results presented earlier in this valuation. Please see Appendix D for more information.

Appendix C

GASB STATEMENT NO. 27

SAFETY PLAN of the CITY OF STOCKTON
Information for Compliance with GASB Statement No. 27

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2002 to June 30, 2003 has been determined by an actuarial valuation of the plan as of June 30, 2000. The contribution rate for the indicated period is 15.744% of payroll. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2003, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2002 to June 30, 2003. The employer and the employer's auditor are responsible for determining the NPO and the APC.

A summary of principle assumptions and methods used to determine the ARC is shown below.

Valuation Date	June 30, 2000
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	7 Years as of the Valuation Date
Asset Valuation Method	3 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	8.25% (net of administrative expenses)
Projected Salary Increases	4.27% to 11.59% depending on Age, Service, and type of employment
Inflation	3.50%
Payroll Growth	3.75%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.50% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level % of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

More complete information on assumptions and methods is provided in Appendix A of this report. Appendix B contains a description of benefits included in the valuation.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll.

Valuation Date	Entry Age Normal Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL As a % of Payroll [(a)-(b)]/(c)
6/30/98	$ 297,436,223	$ 308,176,592	$ (10,740,369)	103.6%	$ 35,083,163	(30.614%)
6/30/99	$ 337,596,837	$ 359,288,039	$ (21,691,202)	106.4%	$ 35,870,064	(60.472%)
6/30/00	$ 378,034,777	$ 392,448,426	$ (14,413,649)	103.8%	$ 36,567,454	(39.417%)

Appendix D

1959 SURVIVOR BENEFIT PROGRAMS

SUPPLEMENTAL INFORMATION

(THIRD, FOURTH, AND INDEXED LEVELS)

Shown below is a summary of the funded status of the 1959 Survivor Benefit Programs (Third, Fourth and Indexed Levels). The figures were extracted from the June 30, 2000 1959 Survivor Benefit Actuarial Valuation Report to the CalPERS Board.

1959 Survivor Benefit Program (Third Level Pool)

1.	Actuarial Accrued Liability as of June 30, 2000	$	29,625,312
2.	Actuarial Value of Assets as at June 30, 2000		111,894,286
3.	Unfunded Liability / (Excess Assets) as of June 30, 2000 [(1) – (2)]	$	(82,268,974)
4.	Funded Status		377.8%
5.	Employer Normal Cost Per member per month, fiscal year 2001-2002	$	0.60
6.	Total Employer Cost per member per month, fiscal year 2001-2002*	$	0.00

1959 Survivor Benefit Program (Fourth Level Pool)

1.	Actuarial Accrued Liability as of June 30, 2000	$	30,939,475
2.	Actuarial Value of Assets as at June 30, 2000		65,944,102
3.	Unfunded Liability / (Excess Assets) as of June 30, 2000 [(1) – (2)]	$	(35,004,627)
4.	Funded Status		213.1%
5.	Employer Normal Cost Per member per month, fiscal year 2001-2002	$	5.00
6.	Total Employer Cost per member per month, fiscal year 2001-2002*	$	0.00

1959 Survivor Benefit Program (Indexed Level Pool)

1.	Actuarial Accrued Liability as of June 30, 2000	$	N/A
2.	Actuarial Value of Assets as at June 30, 2000		N/A
3.	Unfunded Liability / (Excess Assets) as of June 30, 2000 [(1) – (2)]	$	N/A
4.	Funded Status		N/A
5.	Employer Normal Cost Per member per month, fiscal year 2001-2002	$	N/A
6.	Total Employer Cost per member per month, fiscal year 2001-2002*	$	N/A

* Plans that join the pool within the past five years may have some additional cost

The following is a summary of the plan provisions used in calculating the liabilities. This summary is general in nature, and is intended to provide an easily understood summary of the complex Public Employees' Retirement Law. The Law itself governs in all situations.

THIRD LEVEL 1959 SURVIVOR BENEFITS PROGRAM

Eligibility

An employee's *eligible survivor(s)* may receive the 1959 Survivor benefit if the member dies while actively employed and the member had elected to pay for coverage under this benefit program. A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An eligible survivor means the surviving spouse to whom the member was married at least one year before death and who is either caring for unmarried children under age 22 or is at least 62 years old; or, if there is no eligible spouse, the member's unmarried children under age 22. A member's survivor who is eligible for any other pre-retirement death benefit described in the **Retirement Program** section above will receive the 1959 Survivor benefit in addition to that death benefit, except as described in the paragraphs below.

Benefit

The Benefit, for members who elected this coverage or for whom this coverage was mandatory, is a monthly allowance equal to one of the following, depending upon the set of eligible survivors:

$840 to an eligible spouse with two or more eligible children; or three or more eligible children.

$700 to an eligible spouse with one eligible child; or two eligible children only.

$350 to one eligible child only; or spouse age 62 or older; or dependent parents.

If the benefit is payable to the spouse, the benefit is discontinued upon the death of the spouse. If the benefit is payable to a dependent child, the benefit will be discontinued upon death, marriage or attainment of age 22.

If a member's survivor is receiving the Special Death benefit as described in the **Retirement Program** section above, then the amount of the 1959 Survivor benefit will be reduced by the amount of the Special Death benefit.

Cost-of-Living Adjustment

There is no cost-of-living adjustment to the 1959 Survivor benefit.

Employee Contributions

Each employee contributes $2.00 per month. These contributions are non-refundable.

Impact on Employer Contributions

The employer contributions for this level of the 1959 Survivor benefit are billed separately. The costs of this benefit are not considered in this valuation.

FOURTH LEVEL 1959 SURVIVOR BENEFITS PROGRAM

Eligibility

An employee's *eligible survivor(s)* may receive the 1959 Survivor benefit if the member dies while actively employed and the member had elected to pay for coverage under this benefit program. A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An eligible survivor means the surviving spouse to whom the member was married at least one year before death and who is either caring for unmarried children under age 22 or is at least 60 years old; or, if there is no eligible spouse, the member's unmarried children under age 22. A member's survivor who is eligible for any other pre-retirement death benefit described in the **Retirement Program** section above will receive the 1959 Survivor benefit in addition to that death benefit, except as described in the paragraphs below.

Benefit

The benefit, for members who elected this coverage or for whom this coverage was mandatory, is a monthly allowance equal to one of the following, depending upon the set of eligible survivors:

> $2,280 to an eligible spouse with two or more eligible children; or three or more eligible children.
>
> $1,900 to an eligible spouse with one eligible child; or two eligible children only.
>
> $950 to one eligible child only; or spouse age 60 or older; or dependent parents.
>
> If the benefit is payable to the spouse, the benefit is discontinued upon the death of the spouse. If the benefit is payable to a dependent child, the benefit will be discontinued upon death, marriage or attainment of age 22.

If a member's survivor is receiving the Special Death benefit as described in the **Retirement Program** section above, then the amount of the 1959 Survivor benefit will be reduced by the amount of the Special Death benefit.

Cost-of-Living Adjustment

There is no cost-of-living adjustment to the 1959 Survivor benefit.

Employee Contributions

Each employee contributes $2.00 per month. These contributions are non-refundable.

Impact on Employer Contributions

The employer contributions for this level of the 1959 Survivor benefit are billed separately. The costs of this benefit are not considered in this valuation.

INDEXED LEVEL 1959 SURVIVOR BENEFITS PROGRAM

Eligibility

An employee's *eligible survivor(s)* may receive the 1959 Survivor benefit if the member dies while actively employed and the member had elected to pay for coverage under this benefit program. A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An eligible survivor means the surviving spouse to whom the member was married at least one year before death and who is either caring for unmarried children under age 22 or is at least 60 years old; or, if there is no eligible spouse, the member's unmarried children under age 22. A member's survivor who is eligible for any other pre-retirement death benefit described in the **Retirement Program** section above will receive the 1959 Survivor benefit in addition to that death benefit, except as described in the paragraphs below.

Benefit

The benefit, for members who elected this coverage or for whom this coverage was mandatory, is a monthly allowance equal to one of the following, depending upon the set of eligible survivors:

> $1,500 to an eligible spouse with two or more eligible children; or three or more eligible children.
>
> $1,000 to an eligible spouse with one eligible child; or two eligible children only.
>
> $500 to one eligible child only; or spouse age 60 or older; or dependent parents.
>
> If the benefit is payable to the spouse, the benefit is discontinued upon the death of the spouse. If the benefit is payable to a dependent child, the benefit will be discontinued upon death, marriage or attainment of age 22.

If a member's survivor is receiving the Special Death benefit as described in the **Retirement Program** section above, then the amount of the 1959 Survivor benefit will be reduced by the amount of the Special Death benefit.

Cost-of-Living Adjustment

The benefits stated above were effective January 1, 2000. In each subsequent year following the effective date, the benefits are indexed at a rate of 2 percent per year for both beneficiaries already receiving the benefit and for potential beneficiaries of members who die in the future.

Employee Contributions

Each employee contributes $2.00 per month, until such time as the total annual cost exceeds $4.00 per member, per month. After that point, the employee will pay for half of the total cost (but never less than $2.00). These contributions are non-refundable.

Impact on Employer Contributions

The employer contributions for this level of the 1959 Survivor benefit are billed separately. The costs of this benefit are not considered in this valuation.