

**Orange County Employees Retirement System**

*Actuarial Valuation and Review  
as of December 31, 2010*

**Copyright © 2011**

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



The Segal Company  
100 Montgomery Street, Suite 500 San Francisco, CA 94104  
T 415.263.8200 F 415.263.8290 www.segalco.com

*July 6, 2011*

*Board of Retirement  
Orange County Employees Retirement System  
2223 Wellington Avenue  
Santa Ana, CA 92701*

*Dear Board Members:*

*We are pleased to submit this Actuarial Valuation and Review as of December 31, 2010. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2012-2013 and analyzes the preceding year's experience.*

*The census and the unaudited financial information were provided by the Retirement System. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, Enrolled Actuary.*

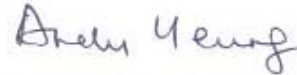
*This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices, including Actuarial Standards of Practice (ASOPs) Nos. 4, 27, 35, 44 and all other relevant ASOPs. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the recommended assumptions are reasonably related to the experience of and the expectations for the Plan. The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.*

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

*Sincerely*

*THE SEGAL COMPANY*

By:   
\_\_\_\_\_  
*Paul Angelo, FSA, MAAA, FCA, EA  
Senior Vice President and Actuary*

  
\_\_\_\_\_  
*Andy Yeung, ASA, MAAA, FCA, EA  
Vice President and Associate Actuary*

*MYM/bqb*

## SECTION 1

### VALUATION SUMMARY

Purpose.....	i
Significant Issues in Valuation Year .....	ii
Summary of Key Valuation Results .....	v
Summary of Key Valuation Demographic and Financial Data .....	vi

## SECTION 2

### VALUATION RESULTS

A. Member Data .....	1
B. Financial Information .....	4
C. Actuarial Experience .....	7
D. Employer and Member Contributions .....	12
E. Information Required by GASB .....	24

## SECTION 3

### SUPPLEMENTAL INFORMATION

EXHIBIT A Table of Plan Coverage .....	25
EXHIBIT B Members in Active Service and Projected Average Compensation as of December 31, 2010 .....	36
EXHIBIT C Reconciliation of Member Data – December 31, 2009 to December 31, 2010 .....	47
EXHIBIT D Summary Statement of Income and Expenses on an Actuarial Value Basis .....	48
EXHIBIT E Summary Statement of Assets .....	49
EXHIBIT F Actuarial Balance Sheet .....	50
EXHIBIT G Summary of Reported Asset Information as of December 31, 2010 .....	51
EXHIBIT H Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended December 31, 2010 .....	52
EXHIBIT I Section 415 Limitations .....	53
EXHIBIT J Definitions of Pension Terms .....	54

## SECTION 4

### REPORTING INFORMATION

EXHIBIT I Supplementary Information Required by GASB – Schedule of Employer Contributions .....	56
EXHIBIT II Supplementary Information Required by GASB – Schedule of Funding Progress .....	57
EXHIBIT III Supplementary Information Required by GASB .....	58
EXHIBIT IV Actuarial Assumptions and Actuarial Cost Method .....	59
EXHIBIT V Summary of Plan Provisions .....	68
Appendix A UAAL Amortization Schedule as of December 31, 2010 .....	81
Appendix B Member Contribution Rates .....	86
Appendix C Funded Percentages .....	98
Appendix D Reconciliation of Employer Contribution Rates (by Rate Group) .....	99

## SECTION 1: Valuation Summary for the Orange County Employees Retirement System

---

### Purpose

This report has been prepared by The Segal Company to present a valuation of the Orange County Employees Retirement System as of December 31, 2010. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement System, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, retired members, and beneficiaries as of December 31, 2010, provided by the Retirement System;
- The assets of the Plan as of December 31, 2010, provided by the Retirement System;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

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

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

The contribution requirements are determined as a percentage of payroll. The System's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, we have continued with the Board's funding policy to amortize the outstanding balance of the unfunded actuarial accrued liability (UAAL) from the December 31, 2004 valuation over a declining period, currently 24 years. The outstanding balance of the UAAL established in the December 31, 2009 valuation as a result of including additional premium pay items as pensionable salary and the new UAAL established in the December 31, 2010 valuation as a result of reallocating contributions and benefit payments among Rate Groups are also amortized over a 24-year period, in the December 31, 2010 valuation. Any increases or decreases in unfunded actuarial accrued liabilities that arise in future years due to actuarial gains or losses will be amortized over separate 15-year periods. Any increases or decreases in UAAL due to changes in actuarial assumptions are amortized over separate 30-year periods. The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2012 through June 30, 2013.

## SECTION 1: Valuation Summary for the Orange County Employees Retirement System

---

### Significant Issues in Valuation Year

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

*Ref: Pgs. 57 and 98*

- The ratio of the valuation value of assets to actuarial accrued liabilities has increased from 68.77% to 69.79%. For informational purposes only, we have also prepared in Appendix C the funded ratio for each rate group. The System's unfunded actuarial accrued liability has increased from \$3,704 million as of December 31, 2009 to \$3,753 million as of December 31, 2010. The increase in unfunded actuarial accrued liability is mainly due to lower than expected investment return (after smoothing). A reconciliation of the System's unfunded actuarial accrued liability is provided in Section 3, Exhibit H.

*Ref: Pg. 52*

*Ref: Pg. 22*

- The aggregate employer rate calculated in this valuation has increased from 30.11% of payroll to 31.01% of payroll. The reasons for the changes are: (i) unfavorable investment return (after smoothing), (ii) lower than expected individual salary increases and growth in total payroll, and (iii) other experience gains. A reconciliation of the System's aggregate employer rate is provided in Section 2, Subsection D (see Chart 15). A reconciliation of the employer contribution rate by Rate Group is provided in Appendix D.

*Ref: Pg. 99*

*Ref: Pg. 23*

- The aggregate member rate calculated in this valuation has decreased from 10.81% of payroll to 10.80% of payroll. The change in member rate is due to the changes in membership demographics. A reconciliation of the System's aggregate member rate is provided in Section 2, Subsection D (see Chart 16).

*Ref: Pg. 59*

- The results of this valuation were prepared using the same actuarial assumptions and methods as in our December 31, 2009 actuarial valuation report dated July 8, 2010. These assumptions are described in Section 4, Exhibit IV.
- Effective October 1, 2010, the Sanitation District has implemented Plan B (1.64% @ 57 under Section 31676.1) for some future members. All new employees within the Supervisors and Professional unit hired on or after October 1, 2010 will enroll in Plan B. As of December 31, 2010, there are no such members covered under the new plan.
- Effective August 17, 2010 for the General employees within the County Managers unit and July 1, 2010 for the General employees of LAFCO, the optional General Plan O/P (1.62% @ 65 under Section 31676.01) may be elected by new employees in lieu of the General Plan I/J (2.7% @ 55) under Section 31676.19.

These two groups are in addition to the County OCEA and Superior Court that have offered the optional General Plan O/P formula to their new employees since May 7, 2010.

## SECTION 1: Valuation Summary for the Orange County Employees Retirement System

---

- Effective July 1, 2011, new Safety employees of the Executive Management unit hired by OCFA will be covered under Safety Plan Q/R (3% @ 55 under Section 31664.2). Effective July 1, 2012, all other new Safety employees hired by OCFA will be covered under the same Safety Plan Q/R formula.

These two groups are in addition to the new County Law Enforcement employees that have been covered under the Safety Plan Q/R formula since April 9, 2010.

- Effective July 1, 2011, new General employees of OCFA covered by an MOU with OCEA will be covered under General Plan M/N (2.0% @ 55 under Section 31676.16)

*Ref: Pgs. 15 – 18*

- This report contains contribution rates for some new Rate Groups for which there were no active members (and no reported compensation) as of December 31, 2010. The Normal Cost rates for those groups are based on prior cost studies.
- As part of the December 31, 2010 valuation, the System provided Segal with a breakdown of the contributions and benefit payments by Rate Group for calendar years 2004 through 2010. We have compared the actual allocations with the approximate allocations used in the 2004 through 2009 valuations. Adjustments were made, where appropriate, to reflect the actual allocations. While the reallocation has no impact on the contribution rates for the System as a whole, it has resulted in an increase in contribution rates for some Rate Groups and a decrease in contribution rates for other Rate Groups.

*Ref: Pg. 5*

- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment loss as of December 31, 2010 is \$315,638,000 (as compared to \$690,893,000 as of December 31, 2009). This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years and will serve to offset any investment gains that may occur after December 31, 2010. If the System earns the assumed rate of investment return of 7.75% per year (net of expenses) on a market value basis, then the deferred losses would be recognized over the next four years as shown on Line 7 of Chart 7.

The deferred losses of \$316 million represent about 4% of the market value of assets. Unless offset by future investment gains or other favorable experience, the recognition of the \$316 million market losses is expected to have a material impact on the System's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows:

- If the deferred losses were recognized immediately in the valuation value of assets, the funded percentage would decrease from 69.8% to 67.3%.
- If the deferred losses were recognized immediately in the valuation value of assets, the aggregate employer rate would increase from 31.0% to about 32.8% of payroll.

## SECTION 1: Valuation Summary for the Orange County Employees Retirement System

---

- The actuarial valuation report as of December 31, 2010 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Declines in asset values will increase the actuarial cost of the plan, while increases will decrease the actuarial cost of the plan.

### Impact of Future Experience on Contribution Rates

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

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

## SECTION 1: Valuation Summary for the Orange County Employees Retirement System

### Summary of Key Valuation Results (Dollar amounts in thousands)

	December 31, 2010		December 31, 2009	
<b>Employer Contribution Rates:</b>				
<u>General</u>				
	<u>Total Rate</u>	Estimated <u>Annual Amount</u> <sup>(1)</sup>	<u>Total Rate</u>	Estimated <u>Annual Amount</u> <sup>(1)</sup>
Rate Group #1 – Plans A and B (non-OCTA, non-OCSD)	16.85%	\$9,461	19.12%	\$10,737
Rate Group #2 – Plans I, J, O and P (2.7% @ 55 and 1.62% @ 65 combined)	28.37	278,051	27.09	265,459
Rate Group #3 – Plans B, G and H (2.5% @ 55 and 1.64% @ 57 combined)	27.47	17,403	25.68	16,270
Rate Group #5 – Plans A and B (OCTA)	20.96	21,710	20.39	21,120
Rate Group #9 – Plans M and N (TCA – 2.0% @ 55)	20.97	1,479	19.64	1,385
Rate Group #10 – Plans I, J, M and N (OCFA – 2.7% @ 55 and 2.0% @ 55 combined)	27.99	5,952	26.53	5,641
Rate Group #11 – Plans M and N, future service (Cemetery – 2.0% @ 55)	17.76	206	18.16	210
<u>Safety</u>				
Rate Group #6 – Plans E and F (Probation – 3.0% @ 50)	36.29%	\$23,591	34.07%	\$22,148
Rate Group #7 – Plans E, F, Q and R (Law Enforcement – 3.0% @ 50 and 3.0% @ 55 combined)	47.45	90,658	46.39	88,633
Rate Group #8 – Plans E, F, Q and R (Fire Authority – 3.0% @ 50 and 3.0% @ 55 combined)	45.46	41,148	48.53	43,927
<u>All Groups Combined</u>	31.01%	\$489,659	30.11%	\$475,530
<b>Average Member Contribution Rates:</b>				
<u>General</u>				
	<u>Total Rate</u>	Estimated <u>Annual Amount</u> <sup>(1)</sup>	<u>Total Rate</u> <sup>(2)</sup>	Estimated <u>Annual Amount</u> <sup>(1)</sup>
Rate Group #1 – Plans A and B (non-OCTA, non-OCSD)	7.39%	\$4,150	7.41%	\$4,161
Rate Group #2 – Plans I, J, O and P (2.7% @ 55 and 1.62% @ 65 combined)	10.68	104,674	10.70	104,870
Rate Group #3 – Plans B, G and H (2.5% @ 55 and 1.64% @ 57 combined)	10.90	6,906	10.91	6,912
Rate Group #5 – Plans A and B (OCTA)	8.31	8,608	8.32	8,618
Rate Group #9 – Plans M and N (TCA – 2.0% @ 55)	9.29	655	9.30	656
Rate Group #10 – Plans I, J, M and N (OCFA – 2.7% @ 55 and 2.0% @ 55 combined)	10.79	2,294	10.81	2,298
Rate Group #11 – Plans M and N, future service (Cemetery – 2.0% @ 55)	7.66	89	7.67	89
<u>Safety</u>				
Rate Group #6 – Plans E and F (Probation – 3.0% @ 50)	12.58%	\$8,178	12.55%	\$8,159
Rate Group #7 – Plans E, F, Q and R (Law Enforcement – 3.0% @ 50 and 3.0% @ 55 combined)	12.94	24,723	12.92	24,685
Rate Group #8 – Plans E, F, Q and R (Fire Authority – 3.0% @ 50 and 3.0% @ 55 combined)	11.39	10,310	11.41	10,328
<u>All Groups Combined</u>	10.80%	\$170,587	10.81%	\$170,776
<b>Funded Status:</b>				
Actuarial accrued liability	\$12,425,873		\$11,858,578	
Valuation value of assets	\$8,672,592		\$8,154,687	
Funded percentage	69.79%		68.77%	
Unfunded Actuarial Accrued Liability	\$3,753,281		\$3,703,891	
<b>Key Assumptions:</b>				
Interest rate	7.75%		7.75%	
Inflation rate	3.50%		3.50%	
Across-the-board real salary increase	0.00%		0.00%	

<sup>(1)</sup> Based on December 31, 2010 projected annual compensation.

<sup>(2)</sup> Rates have been recalculated by applying the individual entry age based member rates determined in the December 31, 2009 valuation to the System membership as of December 31, 2010.



## SECTION 1: Valuation Summary for the Orange County Employees Retirement System

### Summary of Key Valuation Demographic and Financial Data

	December 31, 2010	December 31, 2009	Percentage Change
<b>Active Members:</b>			
Number of members	21,742	22,633	-3.9%
Average age	45.1	44.6	N/A
Average service	12.6	11.9	N/A
Projected total compensation	\$1,579,238,837	\$1,618,492,858	-2.4%
Average projected compensation	\$72,635	\$71,510	1.6%
<b>Retired Member and Beneficiaries:</b>			
Number of members:			
Service retired	9,767	9,322	4.8%
Disability retired	1,281	1,274	0.5%
Beneficiaries	<u>1,714</u>	<u>1,647</u>	4.1%
Total	12,762	12,243	4.2%
Average age	68.8	68.7	N/A
Average monthly benefit <sup>(1)</sup>	\$2,988	\$2,854	4.7%
<b>Vested Terminated Members:</b>			
Number of vested terminated members <sup>(2)</sup>	4,308	4,094	5.2%
Average age	43.3	42.9	N/A
<b>Summary of Financial Data (dollar amounts in thousands):</b>			
Market value of assets <sup>(3)</sup>	\$8,357,835	\$7,464,761	12.0%
Return on market value of assets	10.47%	17.32%	N/A
Actuarial value of assets	\$8,673,473	\$8,155,654	6.3%
Return on actuarial value of assets	5.02%	3.60%	N/A
Valuation value of assets	\$8,672,592	\$8,154,687	6.4%
Return on valuation value of assets	5.02%	3.62%	N/A

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

<sup>(2)</sup> This includes members who chose to leave their contributions on deposit even though they have less than five years of service.

<sup>(3)</sup> The December 31, 2010 market value excludes \$108,531,000 in the County Investment Account and \$29,545,000 in the prepaid employer contributions account. The December 31, 2009 market value excludes \$108,324,000 in the County Investment Account and \$20,027,000 in the prepaid employer contributions account.

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

---

**A. MEMBER DATA**

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

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

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

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

**CHART 1**  
**Member Population: 2002 – 2010**

<b>Year Ended December 31</b>	<b>Active Members</b>	<b>Vested Terminated Members*</b>	<b>Retired Members and Beneficiaries</b>	<b>Ratio of Non-Actives to Actives</b>
2002	22,723	2,177	8,688	0.48
2003	22,672	2,278	9,079	0.50
2004	22,502	1,910	9,433	0.50
2005	22,467	2,466	10,218	0.56
2006	22,791	3,195	10,915	0.62
2007	23,618	3,646	11,421	0.64
2008	23,720	3,881	11,778	0.66
2009	22,633	4,094	12,243	0.72
2010	21,742	4,308	12,762	0.79

*\*Includes terminated members due a refund of member contributions.*

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**Active Members**

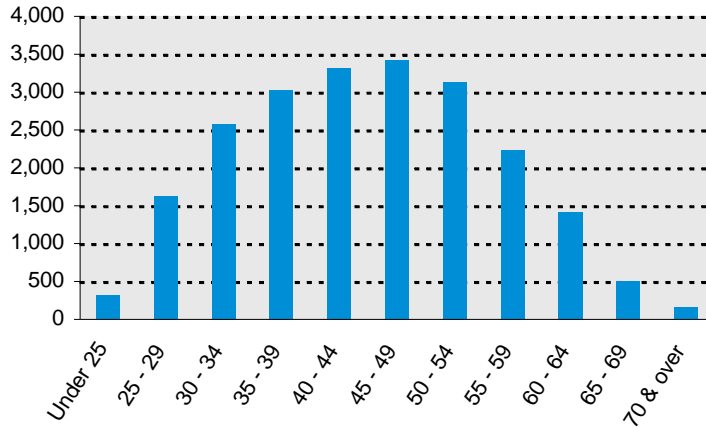
Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 21,742 active members with an average age of 45.1, average years of service of 12.6 years, and average compensation of \$72,635. The 22,633 active members in the prior valuation had an average age of 44.6, average service of 11.9 years, and average compensation of \$71,510.

**Inactive Members**

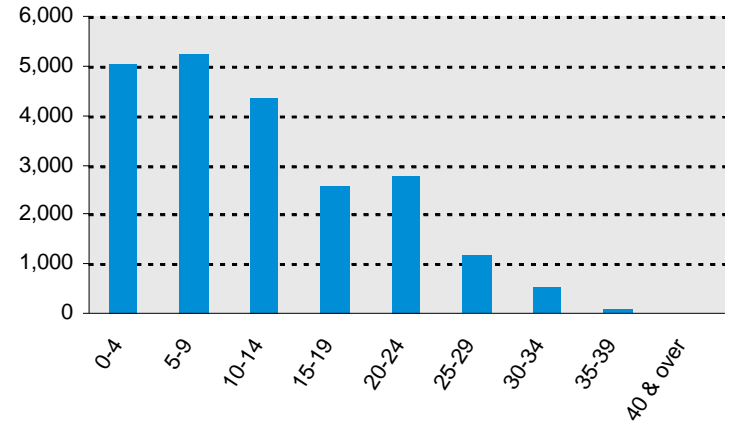
In this year's valuation, there were 4,308 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 4,094 in the prior valuation.

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

**CHART 2**  
**Distribution of Active Members by Age as of December 31, 2010**



**CHART 3**  
**Distribution of Active Members by Years of Service as of December 31, 2010**



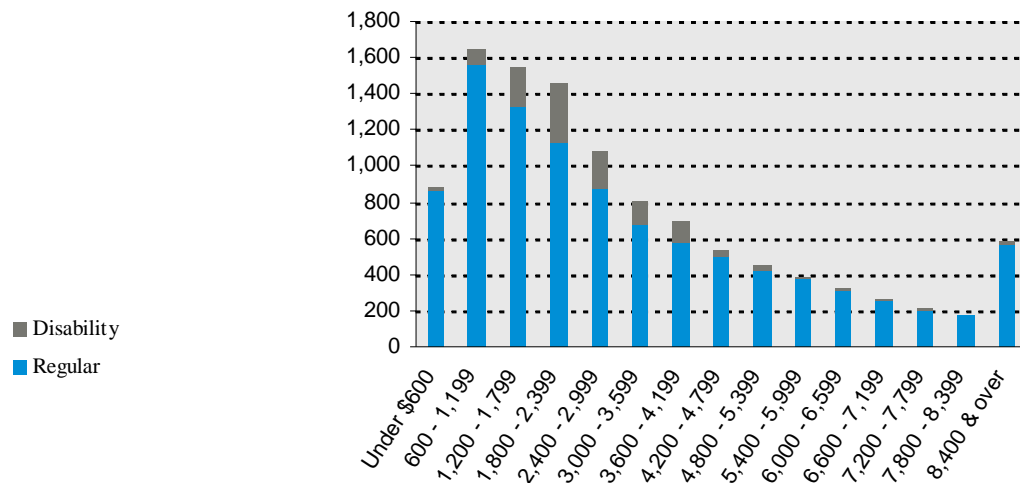
**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**Retired Members and Beneficiaries**

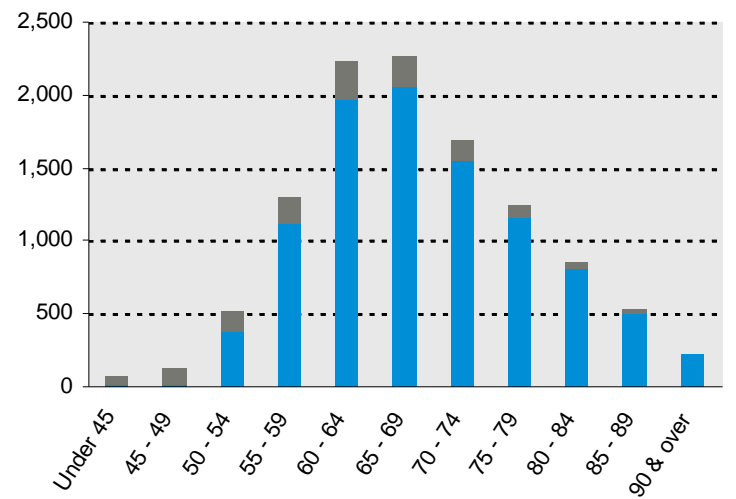
As of December 31, 2010, 11,048 retired members and 1,714 beneficiaries were receiving total monthly benefits of \$38,137,953. For comparison, in the previous valuation, there were 10,596 retired members and 1,647 beneficiaries receiving total monthly benefits of \$34,937,753. These monthly benefits exclude benefits payable from the Retired Member Benefit Reserve (RMBR) and Supplemental Targeted Adjustment for Retirees Cost of Living Adjustment (STAR COLA).

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

**CHART 4**  
**Distribution of Retired Members (Excl. Beneficiaries) by Type and by Monthly Amount as of December 31, 2010**



**CHART 5**  
**Distribution of Retired Members (Excl. Beneficiaries) by Type and by Age as of December 31, 2010**



**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

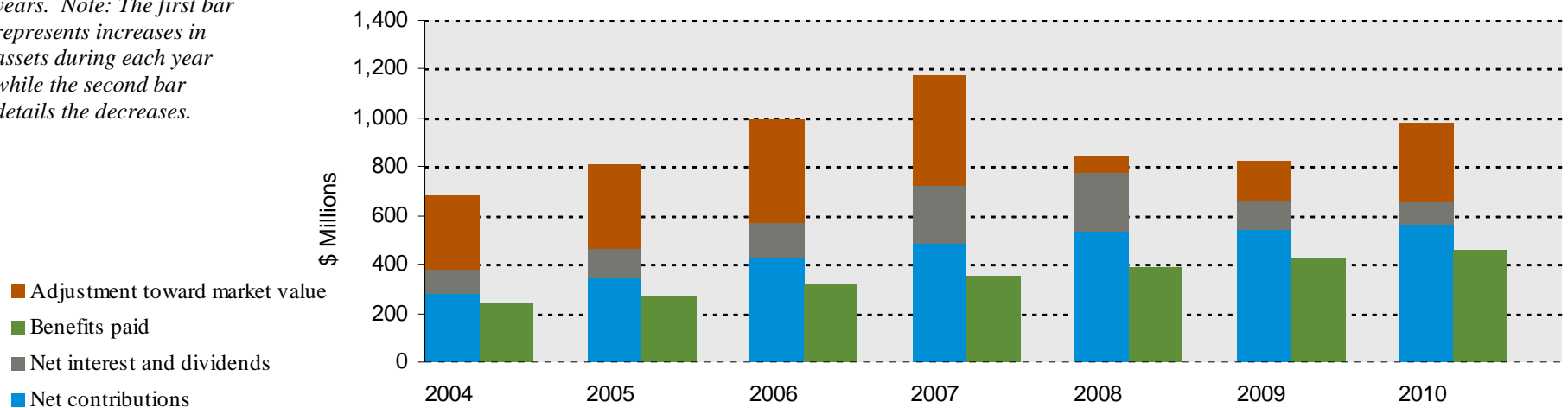
**B. FINANCIAL INFORMATION**

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

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

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

**CHART 6**  
**Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended December 31, 2004 – 2010**



## SECTION 2: Valuation Results for the Orange County Employees Retirement System

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

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets does not have an immediate effect on the actuarial value of assets. The determination of the Actuarial Value of Assets and Valuation Value of Assets is provided below.

### CHART 7

#### Determination of Actuarial and Valuation Value of Assets for Year Ended December 31, 2010

*The chart shows the determination of the actuarial value of assets as of the valuation date.*

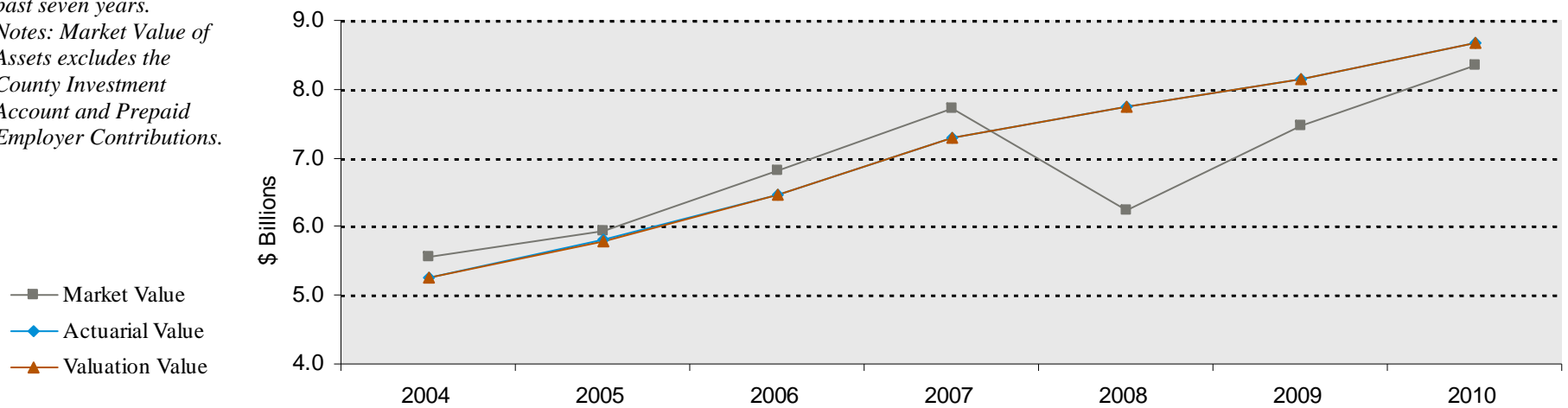
Plan Year Ending	Total Actual Market Return (net)	Expected Market Return (net)	Investment Gain / (Loss)	Deferred Factor	Deferred Return
2006	\$787,330,000	\$463,198,000	\$324,132,000	0.0	\$0
2007	769,613,000	533,502,000	236,111,000	0.2	47,222,000
2008	(1,617,791,000)	603,959,000	(2,221,750,000)	0.4	(888,700,000)
2009	1,092,660,000	489,051,000	603,609,000	0.6	362,165,000
2010	787,215,000	582,621,000	204,594,000	0.8	<u>163,675,000</u>
1. Total Deferred Return					\$(315,638,000)
2. Net Market Value Of Assets (Excludes \$108,531,000 in County Investment Account and \$29,545,000 in Prepaid Employer Contributions)					\$8,357,835,000
3. Actuarial Value of Assets (2) – (1)					\$8,673,473,000
4. Ratio of Actuarial Value To Market Value (3) / (2)					104%
5. Non-valuation Reserves					
(a) Unclaimed member deposit					\$778,000
(b) Medicare medical insurance reserve					97,000
(c) Retired member benefit reserve (RMBR)					<u>6,000</u>
(d) Subtotal					\$881,000
6. Valuation value of assets (3) – (5)(d)					\$8,672,592,000
7. Deferred Return Recognized in Each of the Next 4 years					
(a) Amount recognized on 12/31/2011					\$(235,487,367)
(b) Amount recognized on 12/31/2012					(282,709,567)
(c) Amount recognized on 12/31/2013					161,640,134
(d) Amount recognized on 12/31/2014					<u>40,918,800</u>
(e) Subtotal (may not total exactly due to rounding)					\$(315,638,000)

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

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

*This chart shows the change in market value, actuarial value and valuation value over the past seven years.  
Notes: Market Value of Assets excludes the County Investment Account and Prepaid Employer Contributions.*

**CHART 8**  
**Market Value, Actuarial Value and Valuation Value of Assets as of December 31, 2004 – 2010**



**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

---

**C. ACTUARIAL EXPERIENCE**

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

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year’s experience was a short-term development and that, over the long term, experience will

return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

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

The total experience gain was \$55.1 million, a loss of \$224.0 million from investments and a gain of \$279.1 million from all other sources. A discussion of the major components of the actuarial experience is on the following pages.

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

---

**CHART 9**

**Actuarial Experience for Year Ended December 31, 2010 (Dollar Amounts in Thousands)**

---

1. Net loss from investments <sup>(1)</sup>	\$(224,044)
2. Net gain from other experience <sup>(2)</sup>	<u>279,110</u>
3. Net experience gain/(loss): (1) + (2)	\$55,066

---

<sup>(1)</sup> Details in Chart 10.

<sup>(2)</sup> See Section 3, Exhibit H.



**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

---

**Investment Rate of Return**

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on OCERS' investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 7.75%. The actual rate of return on a valuation basis for the 2010 plan year was 5.02%.

Since the actual return for the year was less than the assumed return, OCERS experienced an actuarial loss during the year ended December 31, 2010 with regard to its investments.

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

**CHART 10**

**Investment Experience for Year Ended December 31, 2010 – Valuation Value and Actuarial Value of Assets**

---

	Valuation Value	Actuarial Value
1. Actual return	\$412,046,000	\$411,960,000
2. Average value of assets	\$8,207,617,000	\$8,208,584,000
3. Actual rate of return: (1) ÷ (2)	5.02%	5.02%
4. Assumed rate of return	7.75%	7.75%
5. Expected return: (2) x (4)	\$636,090,000	\$636,165,000
6. Actuarial gain/(loss): (1) – (5)	<u>\$(224,044,000)</u>	<u>\$(224,205,000)</u>

---

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

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

Based upon this experience, future expectations, and direction from the Board, we maintain the assumed rate of return of 7.75%.

**CHART 11**

**Investment Return – Actuarial Value, Valuation Value and Market Value: (Dollar Amounts in Thousands)**

Year Ended December 31	Valuation Value Investment Return		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2004	\$411,453	8.55%	\$403,652	8.35%	\$544,457	11.26%
2005	449,620	8.50%	461,972	8.72%	441,178	8.11%
2006	565,491	9.68%	568,254	9.71%	787,330	13.17%
2007	683,212	10.45%	685,780	10.49%	769,613	11.18%
2008	312,821	4.25%	311,887	4.23%	(1,617,791)	-20.76%
2009	282,764	3.62%	281,360	3.60%	1,092,660	17.32%
2010	412,046	5.02%	411,960	5.02%	787,215	10.47%
7-Year Average Return		7.12%		7.13%		6.50%

*Note: The return on market value is net of the return on the County Investment Account and prepaid employer contributions account.*

## SECTION 2: Valuation Results for the Orange County Employees Retirement System

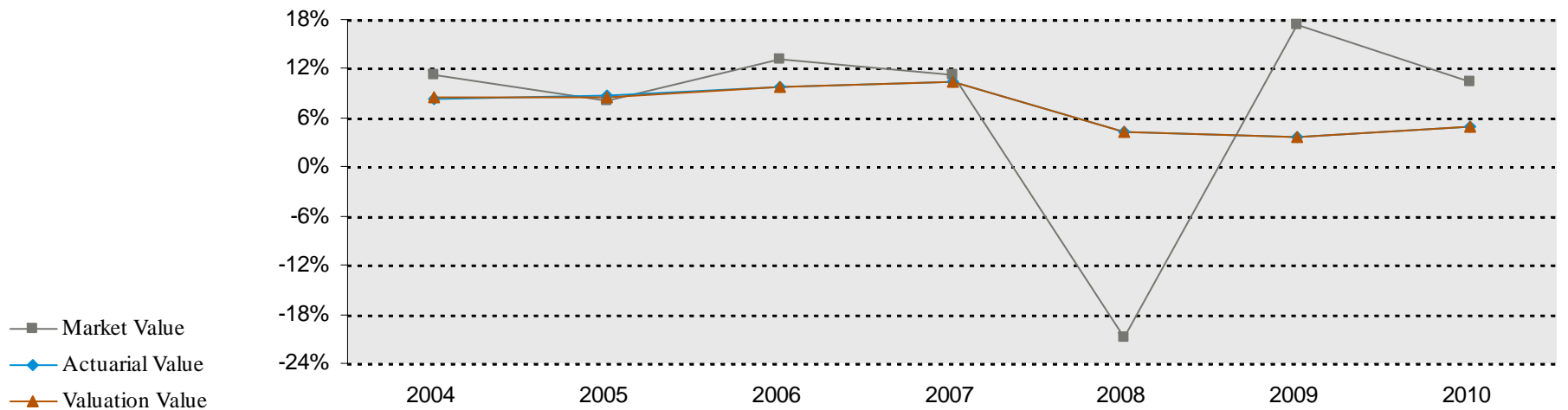
---

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

*This chart illustrates how this leveling effect has actually worked over the years 2004 – 2010.*

**CHART 12**

**Market, Actuarial, and Valuation Value Rates of Return for Years Ended December 31, 2004 – 2010**



## SECTION 2: Valuation Results for the Orange County Employees Retirement System

---

### **Other Experience**

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

- actual turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),

- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended December 31, 2010 amounted to \$279.1 million which is 2.25% of the actuarial accrued liability. See Exhibit H in Section 3 for a detailed development of the Unfunded Actuarial Accrued Liability.

## SECTION 2: Valuation Results for the Orange County Employees Retirement System

---

### D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

#### *Normal Cost*

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is expressed as a level percentage of the member's compensation.

For Probation Safety members who have prior benefit service in the General OCERS plan, the normal cost rate for their current plan is calculated based on the entry date for their current plan.

#### *Contribution to the Unfunded*

##### *Actuarial Accrued Liability (UAAL)*

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative unfunded actuarial accrued liability) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual inflation rate of 3.50%. The outstanding balance of the December 31, 2004 UAAL is being amortized over a declining 24-year period. The outstanding balance of the UAAL established in the December 31, 2009 valuation as a result of including additional premium pay items as pensionable salary and the new UAAL established in the December 31, 2010 valuation as a result of reallocating contributions and benefit payments among Rate Groups are also amortized over a 24-year period, in the December 31, 2010 valuation. Any new UAAL that arises in future years due to actuarial gains or losses will be amortized over separate 15-year periods. Any new UAAL resulting from changes in actuarial assumptions is amortized over separate 30-year periods.

The recommended employer contributions are provided in Chart 13.

## SECTION 2: Valuation Results for the Orange County Employees Retirement System

---

### Member Contributions

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and Safety members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to:

- 1/200 of Final Average Salary for General Plan A;
- 1/120 of Final Average Salary for General Plan B;
- 1/100 of Final Average Salary for General Plans G, H, I, and J;
- 1/120 of Final Average Salary for General Plans M, N, O, and P;
- 1/200 of Final Average Salary for Safety Plan E and Q, and;
- 1/100 of Final Average Salary for Safety Plan F and R.

The annuity age is 60 for General Plans A, B, M, N, O and P, 55 for Plans G, H, I, and J, and 50 for Safety Plans E, F, Q, and R. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to the basic contributions, members pay one-half of the total normal cost necessary to fund cost-of-living benefits. Accumulation includes crediting of interest at the assumed investment earnings rate.

Member contribution rates are provided in Appendix B.

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**CHART 13**

**Recommended Employer Contribution Rates as of December 31, 2010 (Dollar Amounts in Thousands)**

General Employers	December 31, 2010 Valuation		December 31, 2009 Valuation	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>Rate Group #1 – Plans A and B (non-OCTA, non-OCSD)</b>				
Normal Cost	8.59%	\$4,823	8.69%	\$4,880
UAAL <sup>(2)</sup>	<u>8.26%</u>	<u>4,638</u>	<u>10.43%</u>	<u>5,857</u>
Total Contribution	16.85%	\$9,461	19.12%	\$10,737
<b>Rate Group #2 – Plans I and J (2.7% @ 55 – non-OCFA) <sup>(3)</sup></b>				
Normal Cost	11.55%	\$112,846	11.61%	\$113,432
UAAL <sup>(2)</sup>	<u>16.84%</u>	<u>164,531</u>	<u>15.50%</u>	<u>151,438</u>
Total Contribution	28.39%	\$277,377	27.11%	\$264,870
<b>Rate Group #2 – Plans O and P (1.62% @ 65)</b>				
Normal Cost	5.10%	\$157	3.69%	\$113
UAAL <sup>(2)</sup>	<u>16.84%</u>	<u>517</u>	<u>15.50%</u>	<u>476</u>
Total Contribution	21.94%	\$674	19.19%	\$589
<b>Rate Group #2 – Plans I, J, O and P Combined</b>				
Normal Cost	11.53%	\$113,003	11.59%	\$113,545
UAAL <sup>(2)</sup>	<u>16.84%</u>	<u>165,048</u>	<u>15.50%</u>	<u>151,914</u>
Total Contribution	28.37%	\$278,051	27.09%	\$265,459

<sup>(1)</sup> See page 16 for projected annual compensation.

<sup>(2)</sup> UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.

<sup>(3)</sup> For employers with future service only benefit improvements, refer to the employer rate adjustment on page 19.

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**CHART 13 (Continued)**

**Recommended Employer Contribution Rates as of December 31, 2010 (Dollar Amounts in Thousands)**

General Employers	December 31, 2010 Valuation		December 31, 2009 Valuation	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>Rate Group #3 – Plans G and H (2.5% @ 55) <sup>(3)</sup></b>				
Normal Cost	10.92%	\$6,918	10.93%	\$6,925
UAAL <sup>(2)</sup>	<u>16.55%</u>	<u>10,485</u>	<u>14.75%</u>	<u>9,345</u>
Total Contribution	27.47%	\$17,403	25.68%	\$16,270
<b>Rate Group #3 – Plan B (1.64% @ 57 OCSD) <sup>(4)</sup></b>				
Normal Cost	10.14%	N/A	10.14%	N/A
UAAL <sup>(2)</sup>	<u>16.55%</u>	<u>N/A</u>	<u>14.75%</u>	<u>N/A</u>
Total Contribution	26.69%	N/A	24.89%	N/A
<b>Rate Group #3 – Plans B, G and H Combined</b>				
Normal Cost	10.92%	\$6,918	10.93%	\$6,925
UAAL <sup>(2)</sup>	<u>16.55%</u>	<u>10,485</u>	<u>14.75%</u>	<u>9,345</u>
Total Contribution	27.47%	\$17,403	25.68%	\$16,270
<b>Rate Group #5 – Plans A and B (OCTA)</b>				
Normal Cost	10.96%	\$11,352	11.11%	\$11,508
UAAL <sup>(2)</sup>	<u>10.00%</u>	<u>10,358</u>	<u>9.28%</u>	<u>9,612</u>
Total Contribution	20.96%	\$21,710	20.39%	\$21,120
<b>Rate Group #9 – Plans M and N (2.0% @ 55 – TCA)</b>				
Normal Cost	12.56%	\$886	12.59%	\$888
UAAL <sup>(2)</sup>	<u>8.41%</u>	<u>593</u>	<u>7.05%</u>	<u>497</u>
Total Contribution	20.97%	\$1,479	19.64%	\$1,385

<sup>(1)</sup> See page 16 for projected annual compensation.

<sup>(2)</sup> UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.

<sup>(3)</sup> For employers with future service only benefit improvements, refer to the employer rate adjustment on page 19.

<sup>(4)</sup> Effective for members of the Sanitation District within the Supervisors and Professional unit hired on or after October 1, 2010.



**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**CHART 13 (Continued)**

**Recommended Employer Contribution Rates as of December 31, 2010 (Dollar Amounts in Thousands)**

General Employers	December 31, 2010 Valuation		December 31, 2009 Valuation	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>Rate Group #10 – Plans I and J (2.7% @ 55 – OCFA)</b>				
Normal Cost	11.85%	\$2,520	11.98%	\$2,547
UAAL <sup>(2)</sup>	<u>16.14%</u>	<u>3,432</u>	<u>14.55%</u>	<u>3,094</u>
Total Contribution	27.99%	\$5,952	26.53%	\$5,641
<b>Rate Group #10 – Plans M and N (2.0% @ 55 – OCFA)</b>				
Normal Cost	11.11%	N/A	11.11%	N/A
UAAL <sup>(2)</sup>	<u>16.14%</u>	<u>N/A</u>	<u>14.55%</u>	<u>N/A</u>
Total Contribution	27.25%	N/A	25.66%	N/A
<b>Rate Group #10 – Plans I, J, M and N Combined</b>				
Normal Cost	11.85%	\$2,520	11.98%	\$2,547
UAAL <sup>(2)</sup>	<u>16.14%</u>	<u>3,432</u>	<u>14.55%</u>	<u>3,094</u>
Total Contribution	27.99%	\$5,952	26.53%	\$5,641
<b>Rate Group #11 – Plans M and N, future service (2.0% @ 55 – Cemetery)</b>				
Normal Cost	10.90%	\$126	11.24%	\$130
UAAL <sup>(2)</sup>	<u>6.86%</u>	<u>80</u>	<u>6.92%</u>	<u>80</u>
Total Contribution	17.76%	\$206	18.16%	\$210

<sup>(1)</sup> Based on December 31, 2010 projected annual compensation (also in thousands):

Rate Group #1	\$56,151
Rate Group #2 – Plans I and J	977,022
Rate Group #2 – Plans O and P	3,072
Rate Group #3	63,354
Rate Group #5	103,581
Rate Group #9	7,055
Rate Group #10	21,262
Rate Group #11	<u>1,160</u>
Total – General Members	\$1,232,657

<sup>(2)</sup> UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**CHART 13 (Continued)**

**Recommended Employer Contribution Rates as of December 31, 2010 (Dollar Amounts in Thousands)**

Safety Employers	December 31, 2010 Valuation		December 31, 2009 Valuation	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>Rate Group #6 – Plans E and F (Probation)</b>				
Normal Cost	20.07%	\$13,047	20.17%	\$13,112
UAAL <sup>(2)</sup>	<u>16.22%</u>	<u>10,544</u>	<u>13.90%</u>	<u>9,036</u>
Total Contribution	36.29%	\$23,591	34.07%	\$22,148
<b>Rate Group #7 – Plans E and F (3% @ 50 - Law Enforcement)</b>				
Normal Cost	21.05%	\$40,218	21.13%	\$40,371
UAAL <sup>(2)</sup>	<u>26.40%</u>	<u>50,440</u>	<u>25.26%</u>	<u>48,262</u>
Total Contribution	47.45%	\$90,658	46.39%	\$88,633
<b>Rate Group #7 – Plans Q and R (3% @ 55 – Law Enforcement)</b>				
Normal Cost	20.38%	N/A	20.38%	N/A
UAAL <sup>(2)</sup>	<u>26.40%</u>	<u>N/A</u>	<u>25.26%</u>	<u>N/A</u>
Total Contribution	46.78%	N/A	45.64%	N/A
<b>Rate Group #7 – Plans E, F, Q and R Combined</b>				
Normal Cost	21.05%	\$40,218	21.13%	\$40,371
UAAL <sup>(2)</sup>	<u>26.40%</u>	<u>50,440</u>	<u>25.26%</u>	<u>48,262</u>
Total Contribution	47.45%	\$90,658	46.39%	\$88,633

<sup>(1)</sup> See page 18 for projected annual compensation.

<sup>(2)</sup> UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**CHART 13 (Continued)**

**Recommended Employer Contribution Rates as of December 31, 2010 (Dollar Amounts in Thousands)**

Safety Employers	December 31, 2010 Valuation		December 31, 2009 Valuation	
	Rate	Estimated Annual Amount <sup>(1)</sup>	Rate	Estimated Annual Amount <sup>(1)</sup>
<b>Rate Group #8 – Plans E and F (3% @ 50 Fire Authority)</b>				
Normal Cost	21.54%	\$19,497	21.31%	\$19,289
UAAL <sup>(2)</sup>	<u>23.92%</u>	<u>21,651</u>	<u>27.22%</u>	<u>24,638</u>
Total Contribution	45.46%	\$41,148	48.53%	\$43,927
<b>Rate Group #8 – Plans Q and R (3% @ 55 Fire Authority)</b>				
Normal Cost	18.30%	N/A	18.30%	N/A
UAAL <sup>(2)</sup>	<u>23.92%</u>	<u>N/A</u>	<u>27.22%</u>	<u>N/A</u>
Total Contribution	42.22%	N/A	45.52%	N/A
<b>Rate Group #8 – Plans E, F, Q and R Combined</b>				
Normal Cost	21.54%	\$19,497	21.31%	\$19,289
UAAL <sup>(2)</sup>	<u>23.92%</u>	<u>21,651</u>	<u>27.22%</u>	<u>24,638</u>
Total Contribution	45.46%	\$41,148	48.53%	\$43,927
<b>General and Safety Employers Combined</b>				
Rate Groups #1 – #11				
Total Contributions	31.01%	\$489,659	30.11%	\$475,530

<sup>(1)</sup> Based on December 31, 2010 projected annual compensation (also in thousands):

Rate Group #6	\$65,008
Rate Group #7	191,060
Rate Group #8	<u>90,514</u>
Total – Safety	\$346,582

<sup>(2)</sup> UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**CHART 13 (Continued)**

**Recommended Employer Contribution Rates as of December 31, 2010 (Dollar Amounts in Thousands)**

**December 31, 2010 Rate Adjustment for General Employers with 2.7% @ 55 – Rate Group #2  
Future Service Only Benefit Improvement (Plans I and J)**

<b>Reduction to UAAL Rate Calculated in December 31, 2010 Valuation</b>	<u>Rate</u>	Estimated Annual <u>Amount<sup>(1)</sup></u>
Reduction to Total Contribution	-1.78%	-\$76

<sup>(1)</sup> Based on December 31, 2010 projected annual compensation (also in thousands):

Retirement System	\$2,366
Local Agency Formation Commission	363
Children & Family Commission	<u>1,531</u>
Total	\$4,260

**December 31, 2010 Rate Adjustment for General Employers with 2.5% @ 55 – Rate Group #3  
Future Service Only Benefit Improvement (Plans G and H)**

<b>Reduction to UAAL Rate Calculated in December 31, 2010 Valuation</b>	<u>Rate</u>	Estimated Annual <u>Amount<sup>(2)</sup></u>
Reduction to Total Contribution	-3.83%	-\$46

<sup>(2)</sup> Based on December 31, 2010 projected annual compensation (also in thousands):

Law Library	\$1,192
-------------	---------

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**CHART 14**

**“Pick – Up” - Discount Percentages**

For every dollar of member contribution “picked up” by the employer and not deposited in the member’s contribution account, the employer can contribute less than a dollar. This is because the “pick-up” amount is not deposited in the member’s contribution account and so is not payable to a member who withdraws his or her contributions following termination of employment, and is not payable as an additional death benefit. The contribution discount percentages are as follows:

	December 31, 2010 Valuation Pick-Up Percentage		December 31, 2009 Valuation Pick-Up Percentage	
<i>General Members</i>				
Rate Group #1 Plan A/B (non-OCTA, non-OCSD)	Plan A: 100.00%	Plan B: 97.17%	Plan A: 100.00%	Plan B: 97.03%
Rate Group #2 (2.7% @ 55 – non-OCFA)	Plan I: 99.76%	Plan J: 97.46%	Plan I: 99.70%	Plan J: 97.32%
Rate Group #2 (1.62% @ 65)	Plan O: Not calculated	Plan P: 94.20%	Plan O: Not calculated	Plan P: 94.18%
Rate Group #3 (2.5% @ 55)	Plan G: 99.69%	Plan H: 98.05%	Plan G: 99.58%	Plan H: 98.01%
Rate Group #3 (1.64% @ 57)		Plan B: 96.30%		Plan B: 96.30%
Rate Group #5 Plan A/B (OCTA)	Plan A: 99.82%	Plan B: 97.78%	Plan A: 99.73%	Plan B: 97.57%
Rate Group #9 (2.0% @ 55 – TCA)	Plan M: 98.06%	Plan N: 98.06%	Plan M: 97.57%	Plan N: 97.57%
Rate Group #10 (2.7% @ 55 – OCFA)	Plan I: 100.00%	Plan J: 97.80%	Plan I: 100.00%	Plan J: 97.56%
Rate Group #10 (2.0% @ 55 – OCFA)	Plan M: Not calculated	Plan N: 95.61%	Plan M: Not calculated	Plan N: 95.61%
Rate Group #11 (2.0% @ 55 – Cemetery)	Plan M: 97.49%	Plan N: 97.49%	Plan M: 97.60%	Plan N: 97.60%
<i>Safety Members</i>				
Rate Group #6 (3% @ 50 -Probation)	Plan E: 100.00%	Plan F: 96.84%	Plan E: 100.00%	Plan F: 96.57%
Rate Group #7 (3% @ 50 - Law Enforcement)	Plan E: 100.00%	Plan F: 99.75%	Plan E: 100.00%	Plan F: 99.72%
Rate Group #7 (3% @ 55 - Law Enforcement)	Plan Q: Not calculated	Plan R: 99.32%	Plan Q: Not calculated	Plan R: 99.32%
Rate Group #8 (3% @ 50 - Fire Authority)	Plan E: 100.00%	Plan F: 99.73%	Plan E: 100.00%	Plan F: 99.71%
Rate Group #8 (3% @ 55 - Fire Authority)	Plan Q: Not calculated	Plan R: 99.41%	Plan Q: Not calculated	Plan R: 99.41%

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

---

**CHART 14 (Continued)**  
**“Pick – Up” - Average Entry Age**

---

The following table provides the average entry age by employer used in determining the “pick-up” contributions under Section 31581.1.

<u>Employer</u>	<u>Code</u>	<u>Average Entry Age</u>
<i>General</i>		
Orange County	101	33
Cemetery District	102	32
Law Library	103	44
Retirement System	105	35
Fire Authority	106	33
Department of Education	108	31
Transportation Corridor Agency	109	40
City of San Juan Capistrano	110	35
Sanitation District	111	35
OCTA	112	36
U.C.I. (Bi-weekly)	113	21
U.C.I. (Monthly)	114	19
Children & Families Commission	118	31
Local Agency Formation Commission	119	33
Superior Court	121	33
IHSS Public Authority	122	39
<i>Safety</i>		
Probation	101	28
Law Enforcement	101	27
Fire Authority	106	27

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

The contribution rates as of December 31, 2010 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions or methods.

**Reconciliation of Recommended Contribution**

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation, for the entire Retirement System. A reconciliation of the recommended contribution from the prior valuation to the current year's valuation by Rate Group is provided in Appendix D.

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

**CHART 15**

**Reconciliation of Recommended Employer Contribution Rate from December 31, 2009 to December 31, 2010 (Dollar Amounts in Thousands)**

	Contribution Rate	Estimated Amount <sup>(1)</sup>
Aggregate Recommended Contribution Rate as of December 31, 2009	30.11%	\$475,530
Effect of investment loss	1.29%	20,303
Effect of reallocation of contributions and benefit payments among Rate Groups	0.00%	0
Effect of difference in actual versus expected salary increases and growth in total payroll	-0.28%	-4,361
Effect of other experience (gain)/loss <sup>(2)</sup>	<u>-0.11%</u>	<u>-1,813</u>
Subtotal	0.90%	\$14,129
Aggregate Recommended Contribution Rate as of December 31, 2010	31.01%	\$489,659

<sup>(1)</sup> Based on December 31, 2010 projected compensation of \$1,579,239,000.

<sup>(2)</sup> Includes adjustment to reflect 18-month delay between date of valuation and date of rate implementation.

**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

The member contribution rates as of December 31, 2010 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, and changes in the actuarial assumptions or methods.

**Reconciliation of Recommended Contribution Rate**  
 The chart below details the changes in the aggregate recommended member contribution rate from the prior valuation to the current year’s valuation.

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

**CHART 16**  
**Reconciliation of Average Recommended Member Contribution from December 31, 2009 to December 31, 2010 (Dollar Amounts in Thousands)**

	Contribution Rate	Estimated Amount <sup>(1)</sup>
Average Recommended Contribution Rate as of December 31, 2009 <sup>(2)</sup>	10.81%	\$170,776
Effect of change in demographics	-0.01%	-189
Average Recommended Contribution Rate as of December 31, 2010	10.80%	\$170,587

<sup>(1)</sup> Based on December 31, 2010 projected annual compensation of \$1,579,239,000.

<sup>(2)</sup> Rates have been recalculated by applying the individual entry age based member rates determined in the December 31, 2009 valuation to the System membership as of December 31, 2010.



**SECTION 2: Valuation Results for the Orange County Employees Retirement System**

**E. INFORMATION REQUIRED BY GASB**

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

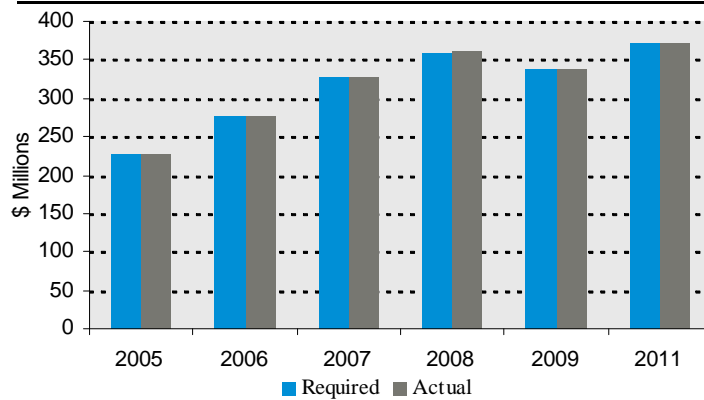
Critical information to the GASB is the historical comparison of the GASB required contributions to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with GASB funding requirements. Chart 17 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan’s financial status is the funded ratio shown in Chart 18 below. This ratio compares the valuation value of assets to the actuarial accrued liabilities of the plan as calculated under the GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes. The 2010 funded ratio is 69.79%, compared to 68.77% in 2009.

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

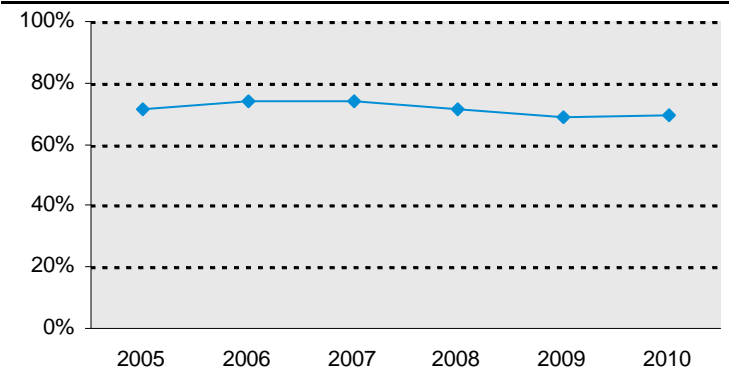
*These graphs show key GASB information.*

**CHART 17**  
**Required Versus Actual Contributions\***



\* Actual contributions excludes transfers from County Investment Account. See page 44.

**CHART 18**  
**Funded Ratio**



**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**i. Rate Group #1 – General – Plans A & B (non-OCTA, non-OCSD)**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2010</b>	<b>2009</b>	
<b>Active members in valuation</b>			
Number	1,165	1,181	-1.4%
Average age	45.1	44.5	N/A
Average service	11.8	11.1	N/A
Projected total compensation	\$56,151,126	\$56,658,340	-0.9%
Projected average compensation	\$48,198	\$47,975	0.5%
Account balances	\$32,924,809	\$30,589,309	7.6%
Total active vested members	916	820	11.7%
<b>Vested terminated members</b>			
Number	279	268	4.1%
Average age	43.7	42.8	N/A
<b>Retired members</b>			
Number in pay status	580	579	0.2%
Average age	72.3	72.1	N/A
Average monthly benefit <sup>(1)</sup>	\$2,281	\$2,214	3.0%
<b>Disabled members</b>			
Number in pay status	37	36	2.8%
Average age	65.6	64.3	N/A
Average monthly benefit <sup>(1)</sup>	\$2,029	\$1,754	15.7%
<b>Beneficiaries</b>			
Number in pay status	126	122	3.3%
Average age	72.6	72.3	N/A
Average monthly benefit <sup>(1)</sup>	\$1,438	\$1,344	7.0%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**ii. Rate Group #2 – General – (2.7% at 55 and 1.62% at 65)**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2010</b>	<b>2009</b>	
<b>Active members in valuation</b>			
Number	14,388	14,832	-3.0%
Average age	45.3	44.8	N/A
Average service	12.1	11.4	N/A
Projected total compensation	\$980,093,688	\$995,073,400	-1.5%
Projected average compensation	\$68,119	\$67,090	1.5%
Account balances	\$1,128,163,627	\$1,018,017,576	10.8%
Total active vested members	10,835	10,448	3.7%
<b>Vested terminated members</b>			
Number	2,918	2,815	3.7%
Average age	43.3	43.0	N/A
<b>Retired members</b>			
Number in pay status	7,009	6,764	3.6%
Average age	70.2	70.1	N/A
Average monthly benefit <sup>(1)</sup>	\$2,920	\$2,812	3.8%
<b>Disabled members</b>			
Number in pay status	562	568	-1.1%
Average age	64.4	63.9	N/A
Average monthly benefit <sup>(1)</sup>	\$2,158	\$2,058	4.9%
<b>Beneficiaries</b>			
Number in pay status	1,204	1,170	2.9%
Average age	73.8	73.6	N/A
Average monthly benefit <sup>(1)</sup>	\$1,476	\$1,401	5.4%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**iii. Rate Group #3 – General (2.5% at 55 and 1.64% at 57)**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2010</b>	<b>2009</b>	
<b>Active members in valuation</b>			
Number	614	631	-2.7%
Average age	48.7	48.3	N/A
Average service	13.8	13.6	N/A
Projected total compensation	\$63,354,400	\$61,433,445	3.1%
Projected average compensation	\$103,183	\$97,359	6.0%
Account balances	\$69,963,345	\$65,457,182	6.9%
Total active vested members	494	504	-2.0%
<b>Vested terminated members</b>			
Number	73	64	14.1%
Average age	45.3	44.6	N/A
<b>Retired members</b>			
Number in pay status	217	194	11.9%
Average age	67.0	67.1	N/A
Average monthly benefit <sup>(1)</sup>	\$3,868	\$3,595	7.6%
<b>Disabled members</b>			
Number in pay status	16	14	14.3%
Average age	64.0	65.0	N/A
Average monthly benefit <sup>(1)</sup>	\$2,411	\$2,230	8.1%
<b>Beneficiaries</b>			
Number in pay status	47	44	6.8%
Average age	68.7	68.7	N/A
Average monthly benefit <sup>(1)</sup>	\$1,693	\$1,614	4.9%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**iv. Rate Group #5 – General OCTA**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2010</b>	<b>2009</b>	
<b>Active members in valuation</b>			
Number	1,639	1,836	-10.7%
Average age	49.0	48.1	N/A
Average service	12.4	11.2	N/A
Projected total compensation	\$103,580,939	\$113,209,332	-8.5%
Projected average compensation	\$63,198	\$61,661	2.5%
Account balances	\$101,020,472	\$97,269,303	3.9%
Total active vested members	1,387	1,391	-0.3%
<b>Vested terminated members</b>			
Number	504	458	10.0%
Average age	47.8	47.2	N/A
<b>Retired members</b>			
Number in pay status	560	517	8.3%
Average age	68.0	67.5	N/A
Average monthly benefit <sup>(1)</sup>	\$2,122	\$1,989	6.7%
<b>Disabled members</b>			
Number in pay status	230	223	3.1%
Average age	61.8	61.1	N/A
Average monthly benefit <sup>(1)</sup>	\$2,056	\$2,008	2.4%
<b>Beneficiaries</b>			
Number in pay status	118	116	1.7%
Average age	68.6	68.0	N/A
Average monthly benefit <sup>(1)</sup>	\$1,136	\$1,109	2.4%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**v. Rate Group #9 – General – TCA**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2010</b>	<b>2009</b>	
<b>Active members in valuation</b>			
Number	79	92	-14.1%
Average age	48.2	47.2	N/A
Average service	7.7	6.7	N/A
Projected total compensation	\$7,054,944	\$8,289,050	-14.9%
Projected average compensation	\$89,303	\$90,098	-0.9%
Account balances	\$4,200,069	\$4,046,688	3.8%
Total active vested members	51	51	0.0%
<b>Vested terminated members</b>			
Number	44	39	12.8%
Average age	41.0	40.7	N/A
<b>Retired members</b>			
Number in pay status	19	16	18.8%
Average age	64.8	63.9	N/A
Average monthly benefit <sup>(1)</sup>	\$3,112	\$3,172	-1.9%
<b>Disabled members</b>			
Number in pay status	0	0	N/A
Average age	N/A	N/A	N/A
Average monthly benefit <sup>(1)</sup>	N/A	N/A	N/A
<b>Beneficiaries</b>			
Number in pay status	1	0	N/A
Average age	70.7	N/A	N/A
Average monthly benefit <sup>(1)</sup>	\$90	N/A	N/A

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**vi. Rate Group #10 – General – OCFA – 2.7% at 55 and 2.0% at 55**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2010</b>	<b>2009</b>	
<b>Active members in valuation</b>			
Number	249	281	-11.4%
Average age	46.2	45.1	N/A
Average service	12.6	11.0	N/A
Projected total compensation	\$21,262,246	\$22,803,893	-6.8%
Projected average compensation	\$85,391	\$81,153	5.2%
Account balances	\$19,958,520	\$18,542,104	7.6%
Total active vested members	197	200	-1.5%
<b>Vested terminated members</b>			
Number	84	60	40.0%
Average age	41.9	42.0	N/A
<b>Retired members</b>			
Number in pay status	73	64	14.1%
Average age	63.8	63.3	N/A
Average monthly benefit <sup>(1)</sup>	\$3,455	\$3,409	1.3%
<b>Disabled members</b>			
Number in pay status	10	9	11.1%
Average age	58.7	59.8	N/A
Average monthly benefit <sup>(1)</sup>	\$2,366	\$2,371	-0.2%
<b>Beneficiaries</b>			
Number in pay status	23	23	0.0%
Average age	60.5	59.5	N/A
Average monthly benefit <sup>(1)</sup>	\$1,206	\$1,177	2.5%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**vii. Rate Group #11 – General – Cemetery District**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2010</b>	<b>2009</b>	
<b>Active members in valuation</b>			
Number	21	20	5.0%
Average age	46.0	45.8	N/A
Average service	13.5	13.1	N/A
Projected total compensation	\$1,159,589	\$1,091,897	6.2%
Projected average compensation	\$55,219	\$54,595	1.1%
Account balances	\$1,215,910	\$1,068,678	13.8%
Total active vested members	17	17	0.0%
<b>Vested terminated members</b>			
Number	2	2	0.0%
Average age	32.1	31.1	N/A
<b>Retired members</b>			
Number in pay status	4	4	0.0%
Average age	73.9	72.9	N/A
Average monthly benefit <sup>(1)</sup>	\$2,312	\$2,245	3.0%
<b>Disabled members</b>			
Number in pay status	1	1	0.0%
Average age	74.7	73.7	N/A
Average monthly benefit <sup>(1)</sup>	\$1,944	\$1,887	3.0%
<b>Beneficiaries</b>			
Number in pay status	3	3	0.0%
Average age	69.0	68.0	N/A
Average monthly benefit <sup>(1)</sup>	\$1,535	\$1,490	3.0%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.



**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**viii. Rate Group #6 – Safety – Probation Officers**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2010</b>	<b>2009</b>	
<b>Active members in valuation</b>			
Number	913	972	-6.1%
Average age	40.5	39.3	N/A
Average service	12.4	11.3	N/A
Projected total compensation	\$65,007,995	\$69,283,653	-6.2%
Projected average compensation	\$71,203	\$71,279	-0.1%
Account balances	\$78,414,340	\$69,801,177	12.3%
Total active vested members	796	754	5.6%
<b>Vested terminated members</b>			
Number	219	220	-0.5%
Average age	35.5	34.6	N/A
<b>Retired members</b>			
Number in pay status	181	160	13.1%
Average age	63.1	62.3	N/A
Average monthly benefit <sup>(1)</sup>	\$5,083	\$4,869	4.4%
<b>Disabled members</b>			
Number in pay status	13	12	8.3%
Average age	48.9	48.7	N/A
Average monthly benefit <sup>(1)</sup>	\$2,532	\$2,491	1.6%
<b>Beneficiaries</b>			
Number in pay status	12	8	50.0%
Average age	56.4	54.3	N/A
Average monthly benefit <sup>(1)</sup>	\$1,989	\$1,786	11.4%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**ix. Rate Group #7 – Safety – Law Enforcement – 3.0% at 50 and 3.0% at 55**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2010</b>	<b>2009</b>	
<b>Active members in valuation</b>			
Number	1,859	1,955	-4.9%
Average age	42.1	41.5	N/A
Average service	15.3	14.7	N/A
Projected total compensation	\$191,060,266	\$198,743,123	-3.9%
Projected average compensation	\$102,776	\$101,659	1.1%
Account balances	\$167,750,873	\$158,923,533	5.6%
Total active vested members	1,585	1,603	-1.1%
<b>Vested terminated members</b>			
Number	159	149	6.7%
Average age	41.3	40.7	N/A
<b>Retired members</b>			
Number in pay status	871	799	9.0%
Average age	63.4	63.7	N/A
Average monthly benefit <sup>(1)</sup>	\$6,020	\$5,820	3.4%
<b>Disabled members</b>			
Number in pay status	311	313	-0.6%
Average age	59.4	58.7	N/A
Average monthly benefit <sup>(1)</sup>	\$3,892	\$3,718	4.7%
<b>Beneficiaries</b>			
Number in pay status	158	142	11.3%
Average age	68.0	68.9	N/A
Average monthly benefit <sup>(1)</sup>	\$2,476	\$2,370	4.5%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**x. Rate Group #8 – Safety – Fire Authority – 3.0% at 50 and 3.0% at 55**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2010</b>	<b>2009</b>	
<b>Active members in valuation</b>			
Number	815	833	-2.2%
Average age	43.3	43.1	N/A
Average service	16.6	16.4	N/A
Projected total compensation	\$90,513,642	\$91,906,727	-1.5%
Projected average compensation	\$111,060	\$110,332	0.7%
Account balances	\$76,789,389	\$73,133,893	5.0%
Total active vested members	687	682	0.7%
<b>Vested terminated members</b>			
Number	25	18	38.9%
Average age	39.8	40.8	N/A
<b>Retired members</b>			
Number in pay status	253	225	12.4%
Average age	61.5	61.3	N/A
Average monthly benefit <sup>(1)</sup>	\$6,155	\$5,975	3.0%
<b>Disabled members</b>			
Number in pay status	101	98	3.1%
Average age	61.2	60.3	N/A
Average monthly benefit <sup>(1)</sup>	\$5,094	\$4,977	2.4%
<b>Beneficiaries</b>			
Number in pay status	22	19	15.8%
Average age	57.4	56.1	N/A
Average monthly benefit <sup>(1)</sup>	\$3,517	\$3,143	11.9%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT A**

**Table of Plan Coverage**

**xi. Total**

<b>Category</b>	<b>Year Ended December 31</b>		<b>Change From Prior Year</b>
	<b>2010</b>	<b>2009</b>	
<b>Active members in valuation</b>			
Number	21,742	22,633	-3.9%
Average age	45.1	44.6	N/A
Average service	12.6	11.9	N/A
Projected total compensation	\$1,579,238,837	\$1,618,492,858	-2.4%
Projected average compensation	\$72,635	\$71,510	1.6%
Account balances	\$1,680,401,354	\$1,536,849,441	9.3%
Total active vested members	16,965	16,470	3.0%
<b>Vested terminated members</b>			
Number	4,308	4,094	5.2%
Average age	43.3	42.9	N/A
<b>Retired members</b>			
Number in pay status	9,767	9,322	4.8%
Average age	69.1	69.0	N/A
Average monthly benefit <sup>(1)</sup>	\$3,262	\$3,119	4.6%
<b>Disabled members</b>			
Number in pay status	1,281	1,274	0.5%
Average age	62.3	61.7	N/A
Average monthly benefit <sup>(1)</sup>	\$2,797	\$2,681	4.3%
<b>Beneficiaries</b>			
Number in pay status	1,714	1,647	4.1%
Average age	72.1	72.1	N/A
Average monthly benefit <sup>(1)</sup>	\$1,574	\$1,484	6.1%

<sup>(1)</sup> Excludes monthly benefits payable from the RMBR and STAR COLA.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2010  
By Age and Years of Service**

**i. Rate Group #1- General – Plans A & B (non-OCTA, non-OCSD)**

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
<b>Under 25</b>	9	9	--	--	--	--	--	--	--	--
	\$41,847	\$41,847	--	--	--	--	--	--	--	--
<b>25-29</b>	96	59	35	2	--	--	--	--	--	--
	44,300	41,906	\$48,078	\$48,797	--	--	--	--	--	--
<b>30-34</b>	184	62	84	38	--	--	--	--	--	--
	47,007	44,216	48,258	48,797	--	--	--	--	--	--
<b>35-39</b>	181	41	78	50	11	1	--	--	--	--
	47,707	46,439	47,405	48,666	\$50,049	\$49,558	--	--	--	--
<b>40-44</b>	174	36	45	37	44	12	--	--	--	--
	47,461	44,580	46,619	50,091	48,047	49,010	--	--	--	--
<b>45-49</b>	112	14	33	19	26	16	4	--	--	--
	48,186	44,308	48,663	46,627	50,698	48,467	\$47,787	--	--	--
<b>50-54</b>	130	15	33	14	33	26	6	2	1	--
	47,957	43,304	47,491	47,117	48,530	51,418	47,858	\$49,550	\$33,448	--
<b>55-59</b>	107	7	19	9	31	21	5	3	12	--
	49,888	46,890	48,575	46,274	48,166	48,220	51,333	50,615	63,014	--
<b>60-64</b>	108	6	18	16	22	25	8	2	8	3
	52,926	44,394	49,035	49,337	49,417	52,009	55,581	76,448	50,077	\$130,676
<b>65-69</b>	41	5	2	5	15	11	3	--	--	--
	50,444	54,002	48,834	52,080	49,791	48,686	52,567	--	--	--
<b>70 &amp; over</b>	23	2	3	1	7	6	2	2	--	--
	53,286	71,373	55,811	47,149	48,948	47,795	51,140	68,282	--	--
<b>Total</b>	1,165	256	350	191	189	118	28	9	21	3
	\$48,198	\$44,440	\$47,930	\$48,678	\$48,963	\$49,874	\$51,414	\$60,045	\$56,678	\$130,676

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2010  
By Age and Years of Service**

**ii. Rate Group #2 – General – (2.7% at 55 and 1.62% at 65)**

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
<b>Under 25</b>	235	228	7	--	--	--	--	--	--	--
	\$42,390	\$42,431	\$41,067	--	--	--	--	--	--	--
<b>25-29</b>	1,147	879	260	8	--	--	--	--	--	--
	51,862	51,784	52,169	\$50,491	--	--	--	--	--	--
<b>30-34</b>	1,662	775	674	213	--	--	--	--	--	--
	61,034	59,838	62,948	59,330	--	--	--	--	--	--
<b>35-39</b>	1,972	548	654	611	145	14	--	--	--	--
	66,487	62,152	67,866	69,021	\$65,171	\$74,849	--	--	--	--
<b>40-44</b>	2,096	391	482	608	386	226	3	--	--	--
	70,865	65,899	70,657	73,469	73,113	69,222	\$58,591	--	--	--
<b>45-49</b>	2,160	324	384	461	340	486	155	10	--	--
	72,106	66,624	69,148	72,584	71,072	78,174	72,276	\$78,955	--	--
<b>50-54</b>	2,080	246	308	398	307	443	258	116	4	--
	74,224	65,312	69,433	71,369	73,341	79,167	83,774	78,377	\$59,073	--
<b>55-59</b>	1,553	155	254	321	198	317	176	116	16	--
	74,749	68,457	66,977	72,797	74,909	78,738	81,132	83,324	84,802	--
<b>60-64</b>	992	99	174	250	152	183	76	44	11	3
	71,836	71,124	67,392	70,146	70,392	75,915	74,214	85,000	77,068	\$45,827
<b>65-69</b>	367	34	67	77	67	67	34	14	5	2
	66,766	73,263	70,228	62,013	63,654	65,884	71,145	73,952	51,795	69,799
<b>70 &amp; over</b>	124	10	14	31	22	23	13	10	1	--
	61,103	65,181	61,089	66,104	60,341	64,801	48,511	52,982	42,146	--
<b>Total</b>	14,388	3,689	3,278	2,978	1,617	1,759	715	310	37	5
	\$68,119	\$59,593	\$66,186	\$70,341	\$71,413	\$76,471	\$78,268	\$80,168	\$74,108	\$55,416

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2010  
By Age and Years of Service**

**iii. Rate Group #3 – General (2.5% at 55 and 1.64% at 57)**

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
<b>Under 25</b>	2	2	--	--	--	--	--	--	--	--
	\$71,853	\$71,853	--	--	--	--	--	--	--	--
<b>25-29</b>	24	19	5	--	--	--	--	--	--	--
	76,669	74,841	\$83,616	--	--	--	--	--	--	--
<b>30-34</b>	45	26	19	--	--	--	--	--	--	--
	81,947	79,706	85,015	--	--	--	--	--	--	--
<b>35-39</b>	49	22	18	5	4	--	--	--	--	--
	86,883	85,111	82,379	\$97,580	\$103,526	--	--	--	--	--
<b>40-44</b>	85	14	24	16	19	12	--	--	--	--
	106,750	108,963	103,359	107,121	116,832	\$94,492	--	--	--	--
<b>45-49</b>	119	21	24	13	29	26	5	1	--	--
	106,582	88,622	109,885	104,190	111,953	116,445	\$87,869	\$116,956	--	--
<b>50-54</b>	129	18	24	12	22	32	11	10	--	--
	106,639	90,964	106,644	95,830	111,103	116,189	105,303	108,895	--	--
<b>55-59</b>	91	6	18	7	15	30	9	5	1	--
	112,380	85,141	100,861	111,716	117,890	111,605	131,068	140,430	\$119,942	--
<b>60-64</b>	42	2	11	6	5	9	5	4	--	--
	111,302	101,808	103,313	125,384	97,962	110,233	132,737	109,179	--	--
<b>65-69</b>	19	--	5	2	1	9	2	--	--	--
	104,037	--	110,549	104,836	85,704	106,797	83,700	--	--	--
<b>70 &amp; over</b>	9	--	--	1	1	6	1	--	--	--
	114,933	--	--	116,674	132,893	101,680	174,751	--	--	--
<b>Total</b>	614	130	148	62	96	124	33	20	1	--
	\$103,183	\$86,529	\$99,312	\$105,918	\$112,516	\$111,218	\$114,640	\$117,239	\$119,942	--

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2010  
By Age and Years of Service**

**iv. Rate Group #5 – General OCTA**

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
<b>Under 25</b>	8	8	--	--	--	--	--	--	--	--
	\$42,702	\$42,702	--	--	--	--	--	--	--	--
<b>25-29</b>	58	42	16	--	--	--	--	--	--	--
	51,450	51,775	\$50,596	--	--	--	--	--	--	--
<b>30-34</b>	117	32	69	16	--	--	--	--	--	--
	55,865	49,160	58,431	\$58,209	--	--	--	--	--	--
<b>35-39</b>	139	32	69	30	8	--	--	--	--	--
	61,661	69,364	57,526	61,900	\$65,606	--	--	--	--	--
<b>40-44</b>	215	44	97	49	12	13	--	--	--	--
	62,537	64,882	59,108	63,825	68,551	\$69,789	--	--	--	--
<b>45-49</b>	294	39	123	61	31	34	5	1	--	--
	66,162	76,127	60,044	63,437	79,584	68,468	\$72,568	\$69,986	--	--
<b>50-54</b>	306	31	92	59	36	44	26	17	1	--
	65,957	74,028	61,599	61,024	71,058	68,644	67,692	71,423	\$67,943	--
<b>55-59</b>	277	23	71	40	30	34	29	44	6	--
	63,822	64,242	62,645	59,195	65,634	66,160	63,237	64,323	83,820	--
<b>60-64</b>	172	13	48	33	23	28	9	12	6	--
	66,118	90,899	68,671	57,097	66,240	64,433	59,855	60,608	69,428	--
<b>65-69</b>	45	3	15	11	9	4	--	2	1	--
	57,783	46,377	60,231	53,108	56,738	71,143	--	58,528	61,197	--
<b>70 &amp; over</b>	8	1	5	1	1	--	--	--	--	--
	52,105	43,514	54,754	47,951	51,602	--	--	--	--	--
<b>Total</b>	1,639	268	605	300	150	157	69	76	14	--
	\$63,198	\$64,438	\$60,360	\$60,900	\$69,516	\$67,475	\$65,151	\$65,246	\$74,902	--



**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2010  
By Age and Years of Service**

**v. Rate Group #9 – General – TCA**

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
<b>Under 25</b>	1	1	--	--	--	--	--	--	--	--
	\$38,982	\$38,982	--	--	--	--	--	--	--	--
<b>25-29</b>	6	3	3	--	--	--	--	--	--	--
	51,116	52,125	\$50,106	--	--	--	--	--	--	--
<b>30-34</b>	6	5	1	--	--	--	--	--	--	--
	53,746	55,611	44,422	--	--	--	--	--	--	--
<b>35-39</b>	10	3	6	1	--	--	--	--	--	--
	75,165	79,383	51,385	\$205,188	--	--	--	--	--	--
<b>40-44</b>	5	3	1	--	1	--	--	--	--	--
	103,449	119,754	81,751	--	\$76,232	--	--	--	--	--
<b>45-49</b>	13	4	6	1	1	1	--	--	--	--
	95,928	57,652	104,314	88,837	106,287	\$195,444	--	--	--	--
<b>50-54</b>	15	4	3	7	1	--	--	--	--	--
	111,082	118,101	84,022	115,144	135,752	--	--	--	--	--
<b>55-59</b>	7	1	3	1	1	1	--	--	--	--
	88,095	56,513	110,101	63,592	93,298	72,962	--	--	--	--
<b>60-64</b>	10	3	7	--	--	--	--	--	--	--
	75,254	123,603	54,533	--	--	--	--	--	--	--
<b>65-69</b>	6	1	4	1	--	--	--	--	--	--
	139,235	269,690	122,099	77,322	--	--	--	--	--	--
<b>70 &amp; over</b>	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	79	28	34	11	4	2	--	--	--	--
	\$89,303	\$88,244	\$78,329	\$112,813	\$102,892	\$134,203	--	--	--	--

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2010  
By Age and Years of Service**

**vi. Rate Group #10 – General – OCFA – 2.7% at 55 and 2.0% at 55**

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
<b>Under 25</b>	4	3	1	--	--	--	--	--	--	--
	\$45,593	\$43,704	\$51,261	--	--	--	--	--	--	--
<b>25-29</b>	14	11	3	--	--	--	--	--	--	--
	62,044	64,605	52,652	--	--	--	--	--	--	--
<b>30-34</b>	22	14	6	2	--	--	--	--	--	--
	71,827	72,192	67,529	\$82,169	--	--	--	--	--	--
<b>35-39</b>	26	10	9	6	1	--	--	--	--	--
	76,470	67,853	78,136	85,013	\$96,382	--	--	--	--	--
<b>40-44</b>	39	7	13	7	8	4	--	--	--	--
	92,741	97,819	91,661	106,055	84,439	\$80,667	--	--	--	--
<b>45-49</b>	60	6	9	19	7	14	4	1	--	--
	87,051	95,437	61,069	88,947	82,998	98,480	\$86,547	\$104,920	--	--
<b>50-54</b>	33	3	6	8	3	6	6	1	--	--
	93,904	78,366	99,140	87,739	120,162	91,034	99,210	65,041	--	--
<b>55-59</b>	28	5	7	5	3	4	3	--	1	--
	96,119	106,393	92,531	94,365	97,029	80,970	104,173	--	\$112,328	--
<b>60-64</b>	16	1	4	3	4	2	1	1	--	--
	98,939	94,870	101,437	120,158	72,204	87,863	124,810	132,572	--	--
<b>65-69</b>	5	1	2	--	1	1	--	--	--	--
	67,021	55,841	58,044	--	71,988	91,190	--	--	--	--
<b>70 &amp; over</b>	2	--	--	1	--	1	--	--	--	--
	47,312	--	--	31,336	--	63,288	--	--	--	--
<b>Total</b>	249	61	60	51	27	32	14	3	1	--
	\$85,391	\$77,149	\$80,387	\$91,615	\$87,602	\$90,677	\$98,484	\$100,844	\$112,328	--

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2010  
By Age and Years of Service**

**vii. Rate Group #11 – General – Cemetery District**

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
25-29	2	1	1	--	--	--	--	--	--	--
	\$42,075	\$38,352	\$45,798	--	--	--	--	--	--	--
30-34	3	2	--	1	--	--	--	--	--	--
	42,621	41,697	--	\$44,469	--	--	--	--	--	--
35-39	1	--	--	1	--	--	--	--	--	--
	68,203	--	--	68,203	--	--	--	--	--	--
40-44	4	1	1	1	--	1	--	--	--	--
	68,452	132,331	48,119	46,735	--	\$46,624	--	--	--	--
45-49	4	--	--	2	1	1	--	--	--	--
	55,871	--	--	52,905	\$70,789	46,885	--	--	--	--
50-54	1	--	--	--	1	--	--	--	--	--
	59,590	--	--	--	59,590	--	--	--	--	--
55-59	4	--	--	--	1	3	--	--	--	--
	56,851	--	--	--	64,891	54,171	--	--	--	--
60-64	1	--	1	--	--	--	--	--	--	--
	40,591	--	40,591	--	--	--	--	--	--	--
65-69	1	--	--	--	--	--	1	--	--	--
	54,494	--	--	--	--	--	\$54,494	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	21	4	3	5	3	5	1	--	--	--
	\$55,219	\$63,519	\$44,836	\$53,044	\$65,090	\$51,205	\$54,494	--	--	--

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2010  
By Age and Years of Service**

**viii. Rate Group #6 – Safety – Probation Officers**

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
<b>Under 25</b>	4	3	1	--	--	--	--	--	--	--
	\$45,413	\$41,886	\$55,995	--	--	--	--	--	--	--
<b>25-29</b>	72	50	22	--	--	--	--	--	--	--
	55,408	52,086	62,958	--	--	--	--	--	--	--
<b>30-34</b>	211	37	144	30	--	--	--	--	--	--
	66,559	53,749	68,049	\$75,209	--	--	--	--	--	--
<b>35-39</b>	214	17	62	118	17	--	--	--	--	--
	71,850	47,090	66,107	76,543	\$84,978	--	--	--	--	--
<b>40-44</b>	168	6	32	63	55	12	--	--	--	--
	73,644	58,176	66,415	72,817	78,495	\$82,761	--	--	--	--
<b>45-49</b>	100	3	9	27	20	39	2	--	--	--
	77,911	33,731	52,959	71,912	79,117	88,038	\$127,943	--	--	--
<b>50-54</b>	72	3	5	8	15	16	16	9	--	--
	79,245	59,032	54,132	66,693	77,049	82,269	91,342	\$87,867	--	--
<b>55-59</b>	46	--	4	10	8	13	7	3	1	--
	78,851	--	69,699	65,655	83,910	82,944	74,902	98,214	\$123,317	--
<b>60-64</b>	25	--	4	3	2	9	4	3	--	--
	73,647	--	56,306	58,793	74,463	76,837	90,810	78,629	--	--
<b>65-69</b>	1	--	--	--	--	--	1	--	--	--
	79,771	--	--	--	--	--	79,771	--	--	--
<b>70 &amp; over</b>	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	913	119	283	259	117	89	30	15	1	--
	\$71,203	\$51,652	\$66,132	\$74,069	\$79,659	\$84,412	\$89,489	\$88,089	\$123,317	--

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2010  
By Age and Years of Service**

**ix. Rate Group #7 – Safety – Law Enforcement – 3.0% at 50 and 3.0% at 55**

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
<b>Under 25</b>	31	31	--	--	--	--	--	--	--	--
	\$78,049	\$78,049	--	--	--	--	--	--	--	--
<b>25-29</b>	150	119	31	--	--	--	--	--	--	--
	83,454	81,312	\$91,676	--	--	--	--	--	--	--
<b>30-34</b>	219	73	100	46	--	--	--	--	--	--
	90,262	82,853	92,244	\$97,710	--	--	--	--	--	--
<b>35-39</b>	324	34	73	173	44	--	--	--	--	--
	97,581	89,777	92,062	100,130	\$102,750	--	--	--	--	--
<b>40-44</b>	410	20	56	119	136	79	--	--	--	--
	103,938	99,738	104,283	101,942	102,940	\$109,481	--	--	--	--
<b>45-49</b>	422	10	26	44	49	200	93	--	--	--
	112,651	106,547	107,922	106,920	108,696	113,001	\$118,671	--	--	--
<b>50-54</b>	198	12	7	20	20	60	70	9	--	--
	113,267	120,868	107,749	110,768	112,442	105,717	117,077	\$135,509	--	--
<b>55-59</b>	71	4	8	1	5	25	24	4	--	--
	114,484	151,185	116,826	118,177	108,502	112,823	109,358	120,786	--	--
<b>60-64</b>	30	3	5	4	3	8	1	6	--	--
	117,689	151,098	109,386	113,534	115,101	120,777	100,728	110,678	--	--
<b>65-69</b>	4	--	2	1	1	--	--	--	--	--
	124,985	--	119,693	118,177	142,377	--	--	--	--	--
<b>70 &amp; over</b>	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	1,859	306	308	408	258	372	188	19	--	--
	\$102,776	\$87,468	\$97,103	\$101,859	\$105,139	\$111,234	\$116,793	\$124,568	--	--

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2010  
By Age and Years of Service**

**x. Rate Group #8 – Safety – Fire Authority – 3.0% at 50 and 3.0% at 55**

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
<b>Under 25</b>	16	16	--	--	--	--	--	--	--	--
	\$55,247	\$55,247	--	--	--	--	--	--	--	--
<b>25-29</b>	60	47	13	--	--	--	--	--	--	--
	85,389	81,490	\$99,486	--	--	--	--	--	--	--
<b>30-34</b>	114	68	39	7	--	--	--	--	--	--
	100,889	96,794	107,912	\$101,546	--	--	--	--	--	--
<b>35-39</b>	116	36	42	31	7	--	--	--	--	--
	105,686	97,358	108,002	110,023	\$115,407	--	--	--	--	--
<b>40-44</b>	122	11	29	24	36	22	--	--	--	--
	114,858	99,353	111,512	114,162	117,135	\$124,052	--	--	--	--
<b>45-49</b>	147	2	16	20	34	56	18	1	--	--
	117,233	95,227	108,560	111,679	114,820	122,356	\$122,345	\$114,236	--	--
<b>50-54</b>	165	1	5	7	43	33	44	32	--	--
	122,705	249,958	108,628	109,426	116,383	116,050	124,746	136,384	--	--
<b>55-59</b>	62	--	2	3	10	6	19	20	2	--
	123,335	--	118,446	98,505	124,944	115,277	129,991	123,696	\$114,760	--
<b>60-64</b>	13	--	--	3	2	--	2	6	--	--
	123,571	--	--	109,974	118,286	--	124,591	131,791	--	--
<b>65-69</b>	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
<b>70 &amp; over</b>	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	815	181	146	95	132	117	83	59	2	--
	\$111,060	\$90,244	\$108,143	\$110,384	\$116,811	\$120,533	\$125,422	\$131,241	\$114,760	--

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT B**

**Members in Active Service and Projected Average Compensation as of December 31, 2010  
By Age and Years of Service**

**xi. Total**

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	310	301	9	--	--	--	--	--	--	--
	\$46,871	\$46,961	\$43,858	--	--	--	--	--	--	--
25-29	1,629	1,230	389	10	--	--	--	--	--	--
	56,141	55,775	57,452	\$50,153	--	--	--	--	--	--
30-34	2,583	1,094	1,136	353	--	--	--	--	--	--
	64,907	62,845	66,734	65,421	--	--	--	--	--	--
35-39	3,032	743	1,011	1,026	237	15	--	--	--	--
	70,790	65,047	69,140	75,535	\$75,144	\$73,163	--	--	--	--
40-44	3,318	533	780	924	697	381	3	--	--	--
	76,166	68,227	72,934	77,502	81,296	81,402	\$58,591	--	--	--
45-49	3,431	423	630	667	538	873	286	14	--	--
	79,434	69,023	70,439	75,465	79,492	90,069	91,038	\$85,404	--	--
50-54	3,129	333	483	533	481	660	437	196	6	--
	79,183	69,771	69,553	72,866	79,178	83,608	92,815	91,499	\$56,281	--
55-59	2,246	201	386	397	302	454	272	195	39	--
	76,699	70,253	68,981	71,888	76,076	80,881	86,326	85,136	82,078	--
60-64	1,409	127	272	318	213	264	106	78	25	6
	72,661	75,684	68,536	70,073	69,576	75,084	76,653	88,207	66,597	\$88,251
65-69	489	44	97	97	94	92	41	16	6	2
	67,388	73,309	73,227	62,111	61,940	68,334	70,202	72,024	53,362	69,799
70 & over	166	13	22	35	31	36	16	12	1	--
	62,339	64,467	58,930	65,496	59,826	68,071	56,730	55,532	42,146	--
Total	21,742	5,042	5,215	4,360	2,593	2,775	1,161	511	77	8
	\$72,635	\$62,755	\$68,453	\$73,628	\$77,438	\$83,316	\$87,997	\$86,947	\$72,285	\$83,638

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT C**

**Reconciliation of Member Data – December 31, 2009 to December 31, 2010**

	<b>Active Members</b>	<b>Vested Former Members</b>	<b>Pensioners</b>	<b>Disableds</b>	<b>Beneficiaries</b>	<b>Total</b>
Number as of December 31, 2009	22,633	4,094	9,322	1,274	1,647	38,970
New members	404	38	0	0	143	585
Terminations – with vested rights	-482 <sup>(1)</sup>	482	0	0	0	0
Contributions refunds	-234 <sup>(2)</sup>	-140	0	0	0	-374
Retirements	-563	-119	682	0	0	0
New disabilities	-23	-1	-13	37	0	0
Return to work	45	-43	-2	0	0	0
Deaths	-34	-2	-224	-30	-76	-366
Data adjustments	-4	-1	2	0	0	-3
Number as of December 31, 2010	21,742	4,308	9,767	1,281	1,714	38,812

<sup>(1)</sup> Includes 174 terminated before January 1, 2010.

<sup>(2)</sup> Includes 5 terminated before January 1, 2010.



**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT D**

**Summary Statement of Income and Expenses on an Actuarial Value Basis**

	Year Ended December 31, 2010	Year Ended December 31, 2009
<b>Contribution income:</b>		
Employer contributions	\$372,437,000	\$338,387,000
Employee contributions	177,929,000	171,928,000
Discount for prepaid contributions	3,876,000	3,327,000
Transfer from County Investment Account	<u>11,000,000</u>	<u>34,900,000</u>
Net contribution income	\$565,242,000	\$548,542,000 <sup>(1)</sup>
<b>Investment income:</b>		
Interest, dividends and other income	\$164,058,000	\$157,464,000
Recognition of capital appreciation	328,376,000	167,117,000 <sup>(1)</sup>
Less investment and administrative fees	<u>-80,474,000</u>	<u>-46,548,000</u>
Net investment income	<u>\$411,960,000</u>	<u>\$278,033,000</u>
<b>Total income available for benefits</b>	<b>\$977,202,000</b>	<b>\$826,575,000</b>
<b>Less benefit payments</b>	<b>-\$459,383,000</b>	<b>-\$421,672,000</b>
<b>Change in reserve for future benefits</b>	<b>\$517,819,000</b>	<b>\$404,903,000</b>

<sup>(1)</sup> Adjusted from the December 31, 2009 valuation to include the discount for prepaid contributions as contribution income instead of investment income.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

**EXHIBIT E  
Summary Statement of Assets**

	Year Ended December 31, 2010	Year Ended December 31, 2009
<b>Cash equivalents</b>	\$303,820,000	\$449,678,000
<b>Accounts receivable:</b>		
Contributions	\$37,180,000	\$19,346,000
Investment income	22,681,000	21,615,000
Securities settlements	32,851,000	277,227,000
Other	<u>485,431,000</u>	<u>468,730,000</u>
Total accounts receivable	\$578,143,000	\$786,918,000
<b>Investments:</b>		
Fixed income investments	\$2,737,643,000	\$2,281,508,000
Equities	4,168,434,000	3,658,781,000
Real estate	731,477,000	603,552,000
Venture capital and limited partnership interests	676,602,000	596,088,000
Security lending collateral	917,954,000	1,148,890,000
Fixed assets net of accumulated depreciation	<u>3,207,000</u>	<u>1,761,000</u>
Total investments at market value	<u>\$9,235,317,000</u>	<u>\$8,290,580,000</u>
<b>Total assets</b>	<b>\$10,117,280,000</b>	<b>\$9,527,176,000</b>
<b>Less accounts payable:</b>		
Securities settlements	-\$643,937,000	-\$733,925,000
Security lending liability	-917,954,000	-1,148,890,000
All other	<u>-59,478,000</u>	<u>-51,249,000</u>
Total accounts payable	-\$1,621,369,000	-\$1,934,064,000
<b>Net assets at market value</b>	<b><u>\$8,357,835,000</u></b> <sup>(1)</sup>	<b><u>\$7,464,761,000</u></b> <sup>(2)(3)</sup>
<b>Net assets at actuarial value</b>	<b><u>\$8,673,473,000</u></b>	<b><u>\$8,155,654,000</u></b>
<b>Net assets at valuation value</b>	<b><u>\$8,672,592,000</u></b>	<b><u>\$8,154,687,000</u></b>

<sup>(1)</sup> The December 31, 2010 market value excludes \$108,531,000 in the County Investment Account and \$29,545,000 in the prepaid employer contributions account.

<sup>(2)</sup> The December 31, 2009 market value excludes \$108,324,000 in the County Investment Account and \$20,027,000 in the prepaid employer contributions account.

<sup>(3)</sup> The estimated (unaudited) market value of assets provided and used in the December 31, 2009 valuation was about \$70 million higher than the actual market value of assets as of that date.

Note: Results may not total exactly due to rounding.

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

---

**EXHIBIT F**

**Actuarial Balance Sheet**

---

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

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

Assets

1. Total valuation value of assets	\$8,672,592,000
2. Present value of future contributions by members	1,405,705,000
3. Present value of future employer contributions for:	
a. entry age normal cost	1,586,205,000
b. unfunded actuarial accrued liability	<u>3,753,281,000</u>
4. Total current and future assets	\$15,417,783,000

Liabilities

5. Present value of retirement allowance payable to present retired members	\$5,834,680,000
6. Present value of retirement allowances to be granted to present non-retired members	<u>9,583,103,000</u>
7. Total actuarial liabilities	\$15,417,783,000

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

---

**EXHIBIT G**

**Summary of Reported Asset Information as of December 31, 2010**

---

Reserves

Included in Valuation Value of Assets

Active Members Reserve (Book Value)	\$1,803,940,000
Retired Members Reserve (Book Value)	5,462,968,000
Employer Advanced Reserve (Book Value)	1,458,019,000
ERI Contribution Reserve	3,650,000
STAR COLA Contribution Reserve	0
Unrealized Appreciation Included in Valuation Value of Assets	<u>-55,985,000</u>
Subtotal: Valuation Value of Assets	\$8,672,592,000

Not Included in Valuation Value of Assets

RMBR	\$6,000
Unclaimed Member Deposit	778,000
Medicare Medical Insurance Reserve	<u>97,000</u>
Total	\$881,000
Subtotal: Actuarial Value of Assets	\$8,673,473,000
Unrecognized Investment Income (Loss)	<u>-315,638,000</u>
Subtotal: Market Value of Assets (Net of County Investment Account and Prepaid Employer Contributions)	\$8,357,835,000
County Investment Account	108,531,000
Prepaid Employer Contributions	<u>29,545,000</u>
Total: Gross Market Value of Assets	\$8,495,911,000

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

---

**EXHIBIT H**

**Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended December 31, 2010**

---

1.	Unfunded actuarial accrued liability at beginning of year		\$3,703,891,000
2.	Total normal cost at middle of year		389,458,000
3.	Actual employer and member contributions		-565,242,000
4.	Interest		<u>280,240,000</u>
5.	Expected unfunded actuarial accrued liability		\$3,808,347,000
6.	Actuarial (gain)/loss and other changes:		
	(a) Loss on investment return	\$224,044,000	
	(b) Gain on lower than expected salary increase	-215,936,000	
	(c) Other experience (gain) / loss	<u>-63,174,000</u>	
	(d) Total changes		<u>-\$55,066,000</u>
7.	Unfunded actuarial accrued liability at end of year		<u>\$3,753,281,000</u>

Note: 6(b) plus 6(c) is equal to the "other experience" gain of \$279,110,000 provided on page 7.

### SECTION 3: Supplemental Information for the Orange County Employees Retirement System

---

#### EXHIBIT I

#### Section 415 Limitations

---

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

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

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar indexed for inflation. That limit is \$195,000 for 2010 and 2011. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

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

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

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

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

---

**EXHIBIT J**

**Definitions of Pension Terms**

---

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

**Assumptions or Actuarial**

**Assumptions:**

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

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

**Normal Cost:**

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

**Actuarial Accrued Liability**

**For Actives:**

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

**Actuarial Accrued Liability**

**For Pensioners:**

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

**SECTION 3: Supplemental Information for the Orange County Employees Retirement System**

---

**Unfunded Actuarial Accrued Liability:**

The extent to which the actuarial accrued liability of the Plan exceeds (or is exceeded by) the assets of the Plan. There are many approaches to paying off the unfunded or overfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

**Amortization of the Unfunded (Overfunded) Actuarial Accrued Liability:**

Payments made over a period of years equal in value to the Plan's unfunded or overfunded actuarial accrued liability.

**Investment Return:**

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



**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**EXHIBIT I**

**Supplementary Information Required by GASB – Schedule of Employer Contributions**

<b>Plan Year Ended December 31</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions<sup>(1)</sup></b>	<b>Percentage Contributed</b>
2005	\$227,892,000	\$227,892,000	100.0%
2006	277,368,000	277,368,000	100.0%
2007	326,736,000	326,736,000	100.0%
2008	359,673,000	360,365,000 <sup>(2)</sup>	100.2%
2009	337,496,000	338,387,000 <sup>(3)</sup>	100.3%
2010	372,437,000	372,437,000	100.0%

<sup>(1)</sup> Excludes transfers from County Investment Account. See below.

<i>Plan Year Ended December 31</i>	<i>Transfers from County Investment Account</i>
2005	\$9,675,000
2006	0*
2007	0
2008	0
2009	34,900,000
2010	11,000,000

\* Revised based on information provided in 2011 as part of the reallocation of contributions and benefit payments by Rate Group.

<sup>(2)</sup> Includes \$692,000 in additional contributions made by OCFA towards the reduction of their UAAL.

<sup>(3)</sup> Includes \$891,000 in additional contributions made by OCFA towards the reduction of their UAAL.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**EXHIBIT II**

**Supplementary Information Required by GASB – Schedule of Funding Progress**

<b>Actuarial Valuation Date December 31</b>	<b>Valuation Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)</b>
2005	\$5,786,617,000	\$8,089,627,000	\$2,303,010,000	71.53%	\$1,276,764,000	180.38%
2006	6,466,085,000	8,765,045,000	2,298,960,000	73.77%	1,322,952,000	173.78%
2007	7,288,900,000	9,838,686,000	2,549,786,000	74.08%	1,457,159,000	174.98%
2008	7,748,380,000	10,860,715,000	3,112,335,000	71.34%	1,569,764,000	198.27%
2009	8,154,687,000	11,858,578,000	3,703,891,000	68.77%	1,618,491,000	228.85%
2010	8,672,592,000	12,425,873,000	3,753,281,000	69.79%	1,579,239,000	237.66%

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**EXHIBIT III**

**Supplementary Information Required by GASB**

<b>Valuation date</b>	December 31, 2010
<b>Actuarial cost method</b>	Entry Age Normal Actuarial Cost Method
<b>Amortization method</b>	Level percent of payroll for total unfunded liability (3.50% payroll growth assumed)
<b>Remaining amortization period</b>	24 years closed (declining) amortization of outstanding balance of December 31, 2004 UAAL. The outstanding balance of the UAAL established in the December 31, 2009 valuation as a result of including additional premium pay items as pensionable salary and the new UAAL established in the December 31, 2010 valuation as a result of reallocating contributions and benefit payments among Rate Groups are also amortized over a 24-year period, in the December 31, 2010 valuation. Any increases or decreases in UAAL that arise in future years due to actuarial gains or losses will be amortized over separate 15-year periods. Any increases or decreases in UAAL due to changes in actuarial assumptions are amortized over separate 30-year periods.
<b>Asset valuation method</b>	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a five-year period. The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.
<b>Actuarial assumptions:</b>	
Investment rate of return	7.75%
Inflation rate	3.50%
Real across-the-board salary increase	0.00%
Projected salary increases *	4.50% to 11.50% for General members; 4.50% to 13.50% for Safety members based on service.
Cost of living adjustments	3.00%
<b>Plan membership:</b>	
Retired members and beneficiaries receiving benefits	12,762
Terminated members entitled to, but not yet receiving benefits	4,308
Active members	<u>21,742</u>
Total	38,812

\* See Exhibit IV for these increases, including inflation rate.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**EXHIBIT IV**

**Actuarial Assumptions and Actuarial Cost Method**

---

**Post – Retirement Mortality Rates:**

*Healthy:*

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

For Safety Members: RP-2000 Combined Healthy Mortality Table set back two years.

*Disabled:*

For General Members: RP-2000 Combined Healthy Mortality Table set forward three years.

For Safety Members: RP-2000 Combined Healthy Mortality Table set forward two years.

*Employee Contribution Rates:*

For General Members: RP-2000 Combined Healthy Mortality Table set back one year, weighted 40% male and 60% female.

For Safety Members: RP-2000 Combined Healthy Mortality Table set back two years, weighted 80% male and 20% female.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Termination Rates Before Retirement:**

Age	Rate (%) Mortality			
	General		Safety	
	Male	Female	Male	Female
25	0.04	0.02	0.04	0.02
30	0.04	0.02	0.04	0.02
35	0.07	0.04	0.06	0.04
40	0.10	0.06	0.10	0.06
45	0.14	0.10	0.13	0.09
50	0.20	0.16	0.19	0.14
55	0.32	0.24	0.29	0.22
60	0.59	0.44	0.53	0.39
65	1.13	0.86	1.00	0.76

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

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Termination Rates Before Retirement (Continued):**

Age	Rate (%)			
	Disability			
	General All Other <sup>(1)</sup>	General OCTA <sup>(2)</sup>	Safety - Law & Fire <sup>(3)</sup>	Safety - Probation <sup>(3)</sup>
20	0.00	0.00	0.03	0.00
25	0.00	0.00	0.08	0.06
30	0.03	0.03	0.16	0.16
35	0.08	0.08	0.32	0.20
40	0.13	0.28	0.52	0.20
45	0.17	0.49	0.72	0.20
50	0.19	0.64	0.98	0.20
55	0.23	0.88	2.24	0.20
60	0.34	1.30	3.60	0.08

<sup>(1)</sup> 50% of General All Other disabilities are assumed to be service connected disabilities. The other 50% are assumed to be non-service connected.

<sup>(2)</sup> 70% of General - OCTA disabilities are assumed to be service connected disabilities. The other 30% are assumed to be non-service connected.

<sup>(3)</sup> 100% of Safety – Law Enforcement, Fire and Probation disabilities are assumed to be service connected disabilities.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Termination Rates Before Retirement (Continued):**

Years of Service	Rate (%)			
	Termination (< 5 Years of Service)			
	General All Other <sup>(1)</sup>	General OCTA <sup>(1)</sup>	Safety – Law & Fire <sup>(1)</sup>	Safety - Probation <sup>(1)</sup>
0	13.0	17.0	4.0	17.0
1	9.0	9.0	3.0	10.0
2	8.0	8.0	2.0	8.0
3	7.0	7.0	2.0	6.0
4	5.0	6.0	1.0	5.0

Age	Termination (5+ Years of Service)			
	General All Other <sup>(2)</sup>	General OCTA <sup>(2)</sup>	Safety – Law & Fire <sup>(3)</sup>	Safety – Probation <sup>(2)</sup>
20	5.0	4.0	1.0	5.0
25	5.0	4.0	1.0	5.0
30	5.0	4.0	1.0	4.6
35	4.4	4.0	0.9	3.8
40	3.7	4.0	0.6	3.1
45	2.9	3.4	0.5	2.5
50	2.2	2.7	0.2	2.0
55	1.4	1.9	0.0	1.3
60	0.4	0.6	0.0	0.4

<sup>(1)</sup> 75% of all terminated members will choose a refund of contributions and 25% will choose a deferred vested benefit.

<sup>(2)</sup> 20% of all terminated members will choose a refund of contributions and 80% will choose a deferred vested benefit.

<sup>(3)</sup> 10% of terminated members will choose a refund of contributions and 90% will choose a deferred vested benefit.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**Retirement Rates:**

Age	Rate (%)						
	General - Enhanced	General - Non-Enhanced	Safety - Law (31664.1) <sup>(1)</sup>	Safety - Law (31664.2) <sup>(1)</sup>	Safety - Fire (31664.1) <sup>(1)</sup>	Safety - Fire (31664.2) <sup>(1)</sup>	Safety - Probation <sup>(1)</sup>
50	2.5	3.0	15.0	11.5	10.0	8.0	4.0
51	2.5	3.0	15.0	12.0	12.0	10.0	4.0
52	2.5	3.0	15.0	12.7	14.0	11.0	4.0
53	2.5	3.0	20.0	17.9	15.0	12.0	7.0
54	5.0	3.0	20.0	18.8	17.0	14.0	10.0
55	15.0	4.0	20.0	30.7	25.0	24.0	20.0
56	8.0	5.0	20.0	20.0	25.0	23.0	20.0
57	8.0	6.0	20.0	20.0	30.0	27.0	20.0
58	10.0	7.0	25.0	25.0	30.0	27.0	25.0
59	10.0	9.0	30.0	30.0	40.0	36.0	30.0
60	13.0	11.0	100.0	100.0	100.0	100.0	35.0
61	13.0	13.0	100.0	100.0	100.0	100.0	45.0
62	15.0	15.0	100.0	100.0	100.0	100.0	60.0
63	15.0	17.0	100.0	100.0	100.0	100.0	100.0
64	20.0	19.0	100.0	100.0	100.0	100.0	100.0
65	20.0	25.0	100.0	100.0	100.0	100.0	100.0
66	24.0	20.0	100.0	100.0	100.0	100.0	100.0
67	24.0	20.0	100.0	100.0	100.0	100.0	100.0
68	24.0	20.0	100.0	100.0	100.0	100.0	100.0
69	24.0	20.0	100.0	100.0	100.0	100.0	100.0
70	100.0	100.0	100.0	100.0	100.0	100.0	100.0

<sup>(1)</sup> Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.



**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

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

For deferred vested members, we make the following retirement age assumptions:

General Age: 57

Safety Age: 52

We assume that 30% of future General and Safety deferred vested members are reciprocal. For reciprocals, we assume 4.50% compensation increases per annum.

**Liability Calculation for Current  
Deferred Vested Members:**

Liability for a current deferred vested member is calculated based on salary, service, and eligibility for reciprocal benefit as provided by the Retirement System. For those members without salary and/or service information, we assumed a refund of account balance.

**Future Benefit Accruals:**

1.0 year of service per year of employment. There is no assumption to anticipate conversion of unused sick leave at retirement.

**Unknown Data for Members:**

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

**Percent Married:**

80% of male members and 50% of female members are assumed to be married at retirement or time of pre-retirement death.

**Age of Spouse:**

Female (or male) four years younger (or older) than spouse.

**Net Investment Return:**

7.75%; net of investment and administrative expenses.

**Employee Contribution  
Crediting Rate:**

5.00%, compounded semi-annually.

**Consumer Price Index:**

Increase of 3.50% per year, retiree COLA increases due to CPI subject to a 3.0% maximum change per year.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Salary Increases:**

**Annual Rate of Compensation Increase (%)**

Inflation: 3.50% per year, plus the following merit and promotion increases:

<b>Years of Service</b>	<b>General</b>	<b>Safety</b>
Less than 1	8.00%	10.00%
1	7.00	8.00
2	6.00	7.00
3	5.00	6.00
4	4.00	4.00
5	3.00	3.00
6	2.00	2.00
7	1.75	1.75
8	1.50	1.50
9	1.25	1.25
10	1.25	1.00
11	1.25	1.00
12	1.25	1.00
13	1.25	1.00
14	1.25	1.00
15	1.25	1.00
16	1.00	1.00
17	1.00	1.00
18	1.00	1.00
19	1.00	1.00
20 & over	1.00	1.00

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Annual Payoffs Assumptions:** Additional compensation amounts are expected to be received during a member’s final average earnings period. The percentages used in this valuation are:

	<u>Final One Year Salary</u>	<u>Final Three Year Salary</u>
General Members	4.50%	2.60%
Safety - Probation	4.80%	2.70%
Safety - Law	8.20%	5.60%
Safety - Fire	4.00%	3.60%

The annual payoffs assumptions are the same for service and disability retirements.

**Actuarial Value of Assets:** Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a five-year period.

**Valuation Value of Assets:** The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.

## SECTION 4: Reporting Information for the Orange County Employees Retirement System

---

### **Actuarial Cost Method:**

Entry Age Normal Actuarial Cost Method. Entry Age is the current age minus Vesting Credit. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salaries, with Normal Cost determined as a level percentage of individual salary, as if the current benefit accrual rate had always been in effect. The outstanding balance of the December 31, 2004 Unfunded Actuarial Accrued Liability is amortized over a declining 24-year period. The outstanding balance of the UAAL established in the December 31, 2009 valuation as a result of including additional premium pay items as pensionable salary and the new UAAL established in the December 31, 2010 valuation as a result of reallocating contributions and benefit payments among Rate Groups are also amortized over a 24-year period, in the December 31, 2010 valuation. Any increases or decreases in Unfunded Actuarial Accrued Liability that arise in future years due to actuarial gains or losses will be amortized over separate 15-year periods. Any increases or decreases in UAAL due to changes in actuarial assumptions are amortized over separate 30-year periods.

Please note that for Probation members who have prior benefit service in another General OCERS plan, the normal cost rate for the current plan is calculated assuming their Entry Age is the date they entered service with their current plan.

### **Changes in Actuarial Assumptions and Methods:**

There have been no changes in actuarial assumptions or methods since the prior valuation.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**EXHIBIT V**

**Summary of Plan Provisions**

---

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

---

**Membership Eligibility:** Membership with OCERS begins with the day of employment in an eligible position by the County or a participating employer.

**General Plans**

*2.5% @ 55 Plans (Orange County Sanitation District and Law Library<sup>(1)</sup>)*

*Plan G* General members hired before September 21, 1979.

*Plan H* General members hired on or after September 21, 1979  
(Sanitation District members within Supervisors and Professional unit hired on or after October 1, 2010 are in Plan B)

*2.7% @ 55 Plans (City of San Juan Capistrano, Orange County Employees except bargaining unit AFSCME members, Orange County Superior Court, Orange County Local Agency Formation Commission<sup>(1)</sup>, Orange County Employees Retirement System<sup>(2)</sup>, Children and Family Commission<sup>(3)</sup> and Orange County Fire Authority)*

*Plan I* General members hired before September 21, 1979.

*Plan J* General members hired on or after September 21, 1979.

<sup>(1)</sup> *Improvement is prospective only for service after June 23, 2005.*

<sup>(2)</sup> *Improvement for management employees is prospective only for service after June 30, 2005.*

<sup>(3)</sup> *Improvement is prospective only for service after December 22, 2005.*

*2.0% @ 55 Plans (Transportation Corridor Agency, Cemetery District – future service effective December 7, 2007 and General OCFA employees effective July 1, 2011)*

*Plan M* General members hired before September 21, 1979.

*Plan N* General members hired on or after September 21, 1979.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

*1.62% @ 65 Plans (Orange County Employees, Orange County Superior Court, Local Agency Formation Commission and County Managers unit)*

*Plan O* County OCEA members and Superior Court members rehired on or after May 7, 2010, LAFCO members rehired on or after July 1, 2010 and County Managers unit members rehired on or after August 17, 2010 and not electing to rejoin Plan I.

*Plan P* County OCEA members and Superior Court members hired on or after May 7, 2010, LAFCO members hired on or after July 1, 2010 and County Managers unit members hired on or after August 17, 2010 and not electing Plan J.

*All Other General Employers*

*Plan A* General members hired before September 21, 1979.

*Plan B* General members hired on or after September 21, 1979 and Sanitation District members within Supervisors and Professional unit hired on or after October 1, 2010

**Safety Plans**

*3% @ 50 Plans (Law Enforcement, Fire Authority and Probation Members)*

*Plan E* Safety members hired before September 21, 1979.

*Plan F* Safety members hired on or after September 21, 1979 and before April 9, 2010 for Law Enforcement, before July 1, 2011 for Safety employees of OCFA Executive Management, and before July 1, 2012 for other OCFA Safety employees.

*3% @ 55 Plans (Law Enforcement, Fire Authority)*

*Plan Q* Safety Law Enforcement members rehired on or after April 9, 2010, Safety employees of OCFA Executive Management rehired on or after July 1, 2011, and other OCFA Safety employees rehired on or after July 1, 2012 and previously in Plan E.

*Plan R* Safety Law Enforcement members hired on or after April 9, 2010, Safety employees of OCFA Executive Management hired on or after July 1, 2011, and other OCFA Safety employees hired on or after July 1, 2012.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Final Compensation for Benefit Determination:**

<i>Plans A, E, G, I, M, O and Q</i>	Highest consecutive twelve months of compensation earnable. (§31462.1) (FAS1)
<i>Plans B, F, H, J, N, P and R</i>	Highest consecutive thirty-six months of compensation earnable. (§31462) (FAS3)

**Service:** Years of service. (Yrs)

---

**Service Retirement Eligibility:**

<i>General</i>	Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age. (§31672)
<i>Safety and Probation</i>	Age 50 with 10 years of service, or after 20 years, regardless of age. (§31663.25) All part time employees over age 55 with 10 years of employment may retire with 5 years of service.

---

**Benefit Formula:**

**General Plans**

<i>2.5% @ 55</i>	<b>Retirement Age</b>	<b>Benefit Formula</b>
<i>Plan G (§31676.18)</i>	50	(2.00% x FAS1 x Yrs)
	55	(2.50% x FAS1 x Yrs)
	60	(2.50% x FAS1 x Yrs)
	62	(2.62% x FAS1 x Yrs)*
	65	(2.62% x FAS1 x Yrs)*
<i>Plan H (§31676.18)</i>	50	(2.00% x FAS3 x Yrs)
	55	(2.50% x FAS3 x Yrs)
	60	(2.50% x FAS3 x Yrs)
	62	(2.50% x FAS3 x Yrs)
	65	(2.50% x FAS3 x Yrs)

\* Reflects benefit factors from Plan A as they provide a better benefit than those under 2.5% @ 55.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Benefit Formula (continued):**

	<b>Retirement Age</b>	<b>Benefit Formula</b>
<i>2.7% @ 55</i>		
<i>Plan I (§31676.19)</i>	50	(2.00% x FAS1 x Yrs)
	55	(2.70% x FAS1 x Yrs)
	60	(2.70% x FAS1 x Yrs)
	62	(2.70% x FAS1 x Yrs)
	65	(2.70% x FAS1 x Yrs)
 <i>Plan J (§31676.19)</i>	50	(2.00% x FAS3 x Yrs)
	55	(2.70% x FAS3 x Yrs)
	60	(2.70% x FAS3 x Yrs)
	62	(2.70% x FAS3 x Yrs)
	65	(2.70% x FAS3 x Yrs)



**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Benefit Formula (continued):**

<i>2.0% @ 55</i>	<b>Retirement Age</b>	<b>Benefit Formula</b>
<i>Plan M (§31676.16)</i>	50	(1.43% x FAS1 x Yrs)
	55	(2.00% x FAS1 x Yrs)
	60	(2.34% x FAS1 x Yrs)**
	62	(2.62% x FAS1 x Yrs)**
	65	(2.62% x FAS1 x Yrs)**
 <i>Plan N (§31676.16)</i>	 50	 (1.43% x FAS3 x Yrs)
	55	(2.00% x FAS3 x Yrs)
	60	(2.26% x FAS3 x Yrs)
	62	(2.37% x FAS3 x Yrs)
	65	(2.43% x FAS3 x Yrs)***

\*\* Reflects benefit factors from Plan A as they provide a better benefit than those under 2.0% @ 55.

\*\*\* Reflects benefit factors from Plan B as they provide a better benefit than those under 2.0% @ 55.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Benefit Formula (continued):**

<i>1.62% @ 65</i>	<b>Retirement Age</b>	<b>Benefit Formula</b>
<i>Plan O (§31676.01)</i>	50	(0.79% x FAS1 x Yrs)
	55	(0.99% x FAS1 x Yrs)
	60	(1.28% x FAS1 x Yrs)
	62	(1.39% x FAS1 x Yrs)
	65	(1.62% x FAS1 x Yrs)
 <i>Plan P (§31676.01)</i>	50	(0.79% x FAS3 x Yrs)
	55	(0.99% x FAS3 x Yrs)
	60	(1.28% x FAS3 x Yrs)
	62	(1.39% x FAS3 x Yrs)
	65	(1.62% x FAS3 x Yrs)

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Benefit Formula (continued):**

<i>All Other General Members</i>	<b>Retirement Age</b>	<b>Benefit Formula</b>
<i>Plan A (§31676.12)</i>	50	(1.34% x FAS1 x Yrs)
	55	(1.77% x FAS1 x Yrs)
	60	(2.34% x FAS1 x Yrs)
	62	(2.62% x FAS1 x Yrs)
	65	(2.62% x FAS1 x Yrs)
<i>Plan B (§31676.1)</i>	50	(1.18% x FAS3 x Yrs)
	55	(1.49% x FAS3 x Yrs)
	60	(1.92% x FAS3 x Yrs)
	62	(2.09% x FAS3 x Yrs)
	65	(2.43% x FAS3 x Yrs)

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Benefit Formula (continued):**

**Safety Plans**

*3% @ 50*

*Plan E (§31664.1)*

**Retirement Age**

50

55

60

**Benefit Formula**

(3.00% x FAS1 x Yrs)

(3.00% x FAS1 x Yrs)

(3.00% x FAS1 x Yrs)

*Plan F (§31664.1)*

50

55

60

(3.00% x FAS3 x Yrs)

(3.00% x FAS3 x Yrs)

(3.00% x FAS3 x Yrs)

*3% @ 55*

*Plan Q (§31664.2)*

**Retirement Age**

50

55

60

**Benefit Formula**

(2.29% x FAS1 x Yrs)

(3.00% x FAS1 x Yrs)

(3.00% x FAS1 x Yrs)

*Plan R (§31664.2)*

50

55

60

(2.29% x FAS3 x Yrs)

(3.00% x FAS3 x Yrs)

(3.00% x FAS3 x Yrs)

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Maximum Benefit:** 100% of Highest Average Compensation.  
(§31676.01, §31676.1, §31676.12, §31676.16, §31676.18, §31676.19, §31664.1, §31664.2)

---

**Ordinary Disability:**

**General Plans**

*Plans A, B, G, H, I, J, M, N, O and P*

*Eligibility* Five years of service. (§31720)

*Benefit Formula* Plans A, G, I, M and O:  
1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 62, but the total benefit cannot be more than one-third of Final Compensation. (§31727.1)

Plans B, H, J, N and P:  
1.5% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65, but the total benefit cannot be more than one-third of Final Compensation. (§31727)

**Safety Plans**

*Plans E, F, Q and R*

*Eligibility* Five years of service. (§31720)

*Benefit Formula* 1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 55, but the total benefit cannot be more than one-third of Final Compensation. (§31727.2)

For all members, 100% of the Service Retirement benefit will be paid, if greater.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Line-of-Duty Disability:**

*All Members*

*Eligibility* No age or service requirements. (§31720)

*Benefit Formula* 50% of the Final Compensation or 100% of Service Retirement benefit, if greater. (§31727.4)

---

**Pre-Retirement Death:**

*All Members*

*Eligibility* None.

*Benefit* Refund of employee contributions with interest plus one month's compensation for each year of service to a maximum of six month's compensation. (§31781) A lump sum benefit in the amount of \$1,000 is payable upon the death of a member (with 10 years of service) to his/her eligible beneficiary. (§31790)

*Death in line of duty* 50% of Final Compensation or 100% of Service Retirement benefit, if greater, payable to spouse or minor children. (§31787)

OR

*Vested Members*

*Eligibility* Five years of service.

*Benefit* 60% of the greater of Service or Ordinary Disability Retirement benefit payable to eligible surviving spouse (§31765.1, §31781.1), in lieu of §31781.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Death After Retirement:**

*All Members*

*Service or*

*Ordinary Disability Retirement*

60% of member's unmodified allowance continued to eligible spouse. (§31760.1) A lump sum benefit in the amount of \$1,000 is payable upon the death of a member (with 10 years of service) to his/her eligible beneficiary. (§31790) An eligible spouse is a surviving spouse who was married to the member at least one year prior to the date of retirement. (§31760.1)

*Line-of-Duty Disability*

100% of member's allowance continued to eligible spouse. (§31786) A lump sum benefit in the amount of \$1,000 is payable upon the death of a member (with 10 years of service) to his/her eligible beneficiary. (§31790)

---

**Withdrawal Benefits:**

*Less than Five Years of Service*

Refund of accumulated employee contributions with interest or earned benefit at age 70. (§31628) Effective January 1, 2003, a member may also elect to leave contributions on deposit in the retirement fund. (§31629.5)

*Five or More Years of Service*

If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire. (§31700)

---

**Post-retirement**

**Cost-of-Living Benefits:**

Future changes based on Consumer Price Index to a maximum of 3% per year, excess "banked." (§31870.1)

---

**Supplemental Benefit:**

Non-vested supplemental COLA and medical benefits are also paid by the System to eligible retirees and survivors. These benefits have been excluded from this valuation.

## SECTION 4: Reporting Information for the Orange County Employees Retirement System

---

### Member Contributions:

Please refer to Appendix B for the specific rates.

### General Plans

#### *Plan A*

##### *Basic*

Provide for an average annuity payable at age 60 equal to 1/200 of FAS1. (§31621.5)

##### *Cost-of-Living*

Provide for 50% of future Cost-of-Living costs.

#### *Plan B*

##### *Basic*

Provide for an average annuity payable at age 60 equal to 1/120 of FAS3. (§31621)

##### *Cost-of-Living*

Provide for 50% of future Cost-of-Living costs.

#### *Plans G, H, I and J*

##### *Basic*

Provide for an average annuity payable at age 55 equal to 1/100 of FAS3 (FAS1 for Plans G and I). (§31621.8)

##### *Cost-of-Living*

Provide for 50% of future Cost-of-Living costs.

#### *Plan M and O*

##### *Basic*

Provide for an average annuity payable at age 60 equal to 1/120 of FAS1. (§31621)

##### *Cost-of-Living*

Provide for 50% of future Cost-of-Living costs.

#### *Plan N and P*

##### *Basic*

Provide for an average annuity payable at age 60 equal to 1/120 of FAS3. (§31621)

##### *Cost-of-Living*

Provide for 50% of future Cost-of-Living costs.



**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

---

**Member Contributions (Continued):**

**Safety Plans**

*Plans E and Q*

*Basic*

Provide for an average annuity payable at age 50 equal to 1/200 FAS1. (\$31639.5)

*Cost-of-Living*

Provide for 50% of future Cost-of-Living costs.

*Plans F and R*

*Basic*

Provide for an average annuity payable at age 50 equal to 1/100 of FAS3. (\$31639.25)

*Cost-of-Living*

Provide for 50% of future Cost-of-Living costs.

**Other Information:**

Safety members with 30 or more years of service are exempt from paying member contributions. This also applies for General members hired on or before March 7, 1973.

---

**NOTE:** *The summary of major plan provisions is designed to outline principal plan benefits as interpreted for purposes of the actuarial valuation. If the System should find the plan summary not in accordance with the actual provisions, the System should alert the actuary so that both can be sure the proper provisions are valued.*

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**Appendix A**

**UAAL Amortization Schedule as of December 31, 2010**

<b>Rate Groups</b>	<b>Date Established</b>	<b>Source</b>	<b>Initial Base</b>	<b>Years Remaining</b>	<b>Remaining Base</b>	<b>Amortization Amount</b>
<i>General Members</i>						
Rate Group #1 – Plans A & B (non-OCTA, non-OCSD)						
	12/31/2004	Restart amortization	\$44,613,000	24	\$48,452,000	\$3,213,000
	12/31/2005	Actuarial (gain) or loss	(3,774,000)	10	(3,277,000)	(406,000)
	12/31/2006	Actuarial (gain) or loss	2,619,000	11	2,372,000	272,000
	12/31/2007	Actuarial (gain) or loss	(4,903,000)	12	(4,594,000)	(493,000)
	12/31/2007	Assumption change	8,305,000	27	8,704,000	539,000
	12/31/2008	Actuarial (gain) or loss	10,802,000	13	10,401,000	1,049,000
	12/31/2009	Inclusion of Premium Pay	4,691,000	24	4,740,000	314,000
	12/31/2009	Actuarial (gain) or loss	14,681,000	14	14,442,000	1,377,000
	12/31/2010	Reallocation of assets	(9,260,000)	24	(9,260,000)	(614,000)
	12/31/2010	Actuarial (gain) or loss	(5,915,000)	15	<u>(5,915,000)</u>	<u>(536,000)</u>
Subtotal					\$66,065,000	\$4,715,000
Rate Group #2 – 2.7% at 55 and 1.62% at 65						
	12/31/2004	Restart amortization	\$1,303,159,000	24	\$1,415,303,000	\$93,850,000
	12/31/2005	Actuarial (gain) or loss	85,000,000	10	73,803,000	9,149,000
	12/31/2006	Actuarial (gain) or loss	(18,810,000)	11	(17,036,000)	(1,956,000)
	12/31/2007	Actuarial (gain) or loss	9,539,000	12	8,939,000	958,000
	12/31/2007	Assumption change	68,025,000	27	71,292,000	4,956,000
	12/31/2008	Actuarial (gain) or loss	215,870,000	13	207,859,000	20,956,000
	12/31/2008	Assumption change	106,699,000	28	110,212,000	6,696,000
	12/31/2009	Inclusion of Premium Pay	53,005,000	24	53,562,000	3,552,000
	12/31/2009	Actuarial (gain) or loss	193,173,000	14	190,028,000	18,118,000
	12/31/2010	Reallocation of assets	69,988,000	24	69,988,000	4,641,000
	12/31/2010	Actuarial (gain) or loss	25,794,000	15	<u>25,794,000</u>	<u>2,338,000</u>
Subtotal					\$2,209,744,000	\$162,721,000

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

<b>Rate Groups</b>	<b>Date Established</b>	<b>Source</b>	<b>Initial Base</b>	<b>Years Remaining</b>	<b>Remaining Base</b>	<b>Amortization Amount</b>
Rate Group #3 – 2.5% at 55 and 1.64% at 57						
	12/31/2004	Restart amortization	\$67,595,000	24	\$73,412,000	\$4,868,000
	12/31/2005	Actuarial (gain) or loss	9,864,000	10	8,565,000	1,062,000
	12/31/2006	Actuarial (gain) or loss	2,158,000	11	1,954,000	224,000
	12/31/2007	Actuarial (gain) or loss	(615,000)	12	(576,000)	(62,000)
	12/31/2007	Assumption change	7,781,000	27	8,155,000	505,000
	12/31/2008	Actuarial (gain) or loss	8,401,000	13	8,089,000	816,000
	12/31/2008	Assumption change	6,562,000	28	6,778,000	412,000
	12/31/2009	Inclusion of Premium Pay	8,458,000	24	8,547,000	567,000
	12/31/2009	Actuarial (gain) or loss	8,728,000	14	8,586,000	819,000
	12/31/2010	Reallocation of assets	(4,134,000)	24	(4,134,000)	(274,000)
	12/31/2010	Actuarial (gain) or loss	15,234,000	15	<u>15,234,000</u>	<u>1,381,000</u>
Subtotal					\$134,610,000	\$10,318,000
Rate Group #5 – OCTA						
	12/31/2004	Restart amortization	\$70,302,000	24	\$76,352,000	\$5,063,000
	12/31/2005	Actuarial (gain) or loss	1,340,000	10	1,163,000	144,000
	12/31/2006	Actuarial (gain) or loss	(5,778,000)	11	(5,233,000)	(601,000)
	12/31/2007	Actuarial (gain) or loss	(12,467,000)	12	(11,682,000)	(1,253,000)
	12/31/2007	Assumption change	11,504,000	27	12,057,000	747,000
	12/31/2008	Actuarial (gain) or loss	24,594,000	13	23,681,000	2,387,000
	12/31/2009	Inclusion of Premium Pay	26,400,000	24	26,677,000	1,769,000
	12/31/2009	Actuarial (gain) or loss	22,306,000	14	21,943,000	2,092,000
	12/31/2010	Reallocation of assets	95,000	24	95,000	6,000
	12/31/2010	Actuarial (gain) or loss	(2,073,000)	15	<u>(2,073,000)</u>	<u>(188,000)</u>
Subtotal					\$142,980,000	\$10,166,000

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

<b>Rate Groups</b>	<b>Date Established</b>	<b>Source</b>	<b>Initial Base</b>	<b>Years Remaining</b>	<b>Remaining Base</b>	<b>Amortization Amount</b>
Rate Group #9 – TCA						
	12/31/2004	Restart amortization	\$6,061,000	24	\$6,583,000	\$437,000
	12/31/2005	Actuarial (gain) or loss	(250,000)	10	(217,000)	(27,000)
	12/31/2006	Actuarial (gain) or loss	(319,000)	11	(289,000)	(33,000)
	12/31/2007	Actuarial (gain) or loss	(149,000)	12	(140,000)	(15,000)
	12/31/2007	Assumption change	312,000	27	327,000	20,000
	12/31/2008	Actuarial (gain) or loss	578,000	13	557,000	56,000
	12/31/2008	Assumption change	172,000	28	178,000	11,000
	12/31/2009	Inclusion of Premium Pay	697,000	24	704,000	47,000
	12/31/2009	Actuarial (gain) or loss	1,071,000	14	1,054,000	100,000
	12/31/2010	Reallocation of assets	436,000	24	436,000	29,000
	12/31/2010	Actuarial (gain) or loss	(496,000)	15	<u>(496,000)</u>	<u>(45,000)</u>
Subtotal					\$8,697,000	\$580,000
Rate Group #10 – OCFA – 2.7% at 55 and 2.0% at 55						
	12/31/2004	Restart amortization	\$28,348,000	24	\$30,788,000	\$2,042,000
	12/31/2005	Actuarial (gain) or loss	1,849,000	10	1,605,000	199,000
	12/31/2006	Actuarial (gain) or loss	4,362,000	11	3,951,000	454,000
	12/31/2007	Actuarial (gain) or loss	(3,010,000)	12	(2,821,000)	(302,000)
	12/31/2007	Assumption change	2,975,000	27	3,118,000	193,000
	12/31/2008	Actuarial (gain) or loss	1,347,000	13	1,297,000	131,000
	12/31/2008	Assumption change	2,318,000	28	2,394,000	145,000
	12/31/2009	Inclusion of Premium Pay	2,955,000	24	2,986,000	198,000
	12/31/2009	Actuarial (gain) or loss	3,276,000	14	3,223,000	307,000
	12/31/2010	Reallocation of assets	(883,000)	24	(883,000)	(59,000)
	12/31/2010	Actuarial (gain) or loss	803,000	15	<u>803,000</u>	<u>73,000</u>
Subtotal					\$46,461,000	\$3,381,000

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

<b>Rate Groups</b>	<b>Date Established</b>	<b>Source</b>	<b>Initial Base</b>	<b>Years Remaining</b>	<b>Remaining Base</b>	<b>Amortization Amount</b>
Rate Group #11 – Cemetery District						
	12/31/2004	Restart amortization	\$679,000	24	\$737,000	\$49,000
	12/31/2005	Actuarial (gain) or loss	(62,000)	10	(54,000)	(7,000)
	12/31/2006	Actuarial (gain) or loss	43,000	11	39,000	4,000
	12/31/2007	Actuarial (gain) or loss	83,000	12	78,000	8,000
	12/31/2007	Assumption change	25,000	27	26,000	2,000
	12/31/2008	Actuarial (gain) or loss	212,000	13	204,000	21,000
	12/31/2008	Assumption change	13,000	28	13,000	1,000
	12/31/2009	Inclusion of Premium Pay	9,000	24	9,000	1,000
	12/31/2009	Actuarial (gain) or loss	(37,000)	14	(36,000)	(3,000)
	12/31/2010	Reallocation of assets	(97,000)	24	(97,000)	(6,000)
	12/31/2010	Actuarial (gain) or loss	110,000	15	<u>110,000</u>	<u>10,000</u>
Subtotal					\$1,029,000	\$80,000
<b><i>Safety Members</i></b>						
Rate Group #6 – Probation Officers						
	12/31/2004	Restart amortization	\$82,839,000	24	\$89,968,000	\$5,966,000
	12/31/2005	Actuarial (gain) or loss	10,520,000	10	9,134,000	1,132,000
	12/31/2006	Actuarial (gain) or loss	2,531,000	11	2,292,000	263,000
	12/31/2007	Actuarial (gain) or loss	(1,866,000)	12	(1,749,000)	(188,000)
	12/31/2007	Assumption change	12,945,000	27	13,567,000	841,000
	12/31/2008	Actuarial (gain) or loss	13,162,000	13	12,674,000	1,278,000
	12/31/2009	Inclusion of Premium Pay	1,793,000	24	1,812,000	120,000
	12/31/2009	Actuarial (gain) or loss	4,017,000	14	3,952,000	377,000
	12/31/2010	Reallocation of assets	8,698,000	24	8,698,000	577,000
	12/31/2010	Actuarial (gain) or loss	(404,000)	15	<u>(404,000)</u>	<u>(37,000)</u>
Subtotal					\$139,944,000	\$10,329,000

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

<b>Rate Groups</b>	<b>Date Established</b>	<b>Source</b>	<b>Initial Base</b>	<b>Years Remaining</b>	<b>Remaining Base</b>	<b>Amortization Amount</b>
Rate Group #7 – Law Enforcement – 3.0% at 50 and 3.0% at 55						
	12/31/2004	Restart amortization	\$409,515,000	24	\$444,756,000	\$29,492,000
	12/31/2005	Actuarial (gain) or loss	1,092,000	10	948,000	118,000
	12/31/2006	Actuarial (gain) or loss	(18,681,000)	11	(16,919,000)	(1,943,000)
	12/31/2007	Actuarial (gain) or loss	(5,815,000)	12	(5,449,000)	(584,000)
	12/31/2007	Assumption change	88,601,000	27	92,857,000	5,755,000
	12/31/2008	Actuarial (gain) or loss	94,542,000	13	91,034,000	9,178,000
	12/31/2009	Inclusion of Premium Pay	67,939,000	24	68,652,000	4,552,000
	12/31/2009	Actuarial (gain) or loss	46,476,000	14	45,719,000	4,359,000
	12/31/2010	Reallocation of assets	(21,907,000)	24	(21,907,000)	(1,453,000)
	12/31/2010	Actuarial (gain) or loss	5,638,000	15	<u>5,638,000</u>	<u>511,000</u>
Subtotal					\$705,329,000	\$49,985,000
Rate Group #8 – Fire Authority – 3.0% at 50 and 3.0% at 55						
	12/31/2004	Restart amortization	\$144,849,000	24	\$157,314,000	\$10,432,000
	12/31/2005	Actuarial (gain) or loss	2,796,000	10	2,428,000	301,000
	12/31/2006	Actuarial (gain) or loss	(4,791,000)	11	(4,339,000)	(498,000)
	12/31/2007	Actuarial (gain) or loss	2,047,000	12	1,918,000	206,000
	12/31/2007	Assumption change	36,674,000	27	38,436,000	2,382,000
	12/31/2008	Actuarial (gain) or loss	44,714,000	13	43,055,000	4,341,000
	12/31/2009	Inclusion of Premium Pay	79,778,000	24	80,616,000	5,346,000
	12/31/2009	Actuarial (gain) or loss	27,735,000	14	27,283,000	2,601,000
	12/31/2010	Reallocation of assets	(42,936,000)	24	(42,936,000)	(2,847,000)
	12/31/2010	Actuarial (gain) or loss	(5,353,000)	15	<u>(5,353,000)</u>	<u>(485,000)</u>
Subtotal					\$298,422,000	\$21,779,000
Grand Total					<u>\$3,753,281,000</u>	<u>\$274,044,000</u>

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**Appendix B**

**Member Contribution Rates**

**General Tier 1 Members' Contribution Rates from the December 31, 2010 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)  
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan I (2.7% @ 55 Non-OCFA)</u>		<u>Plan G (2.5% @ 55)</u>		<u>Plan M (2.0% @ 55)*</u>		<u>Plan A (OCTA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
15	5.98%	8.06%	5.98%	7.97%	4.23%	5.97%	2.54%	4.19%
16	5.98%	8.06%	5.98%	7.97%	4.23%	5.97%	2.54%	4.19%
17	6.09%	8.21%	6.09%	8.12%	4.31%	6.08%	2.59%	4.27%
18	6.21%	8.37%	6.21%	8.28%	4.40%	6.20%	2.64%	4.35%
19	6.32%	8.52%	6.32%	8.43%	4.48%	6.32%	2.69%	4.43%
20	6.44%	8.69%	6.44%	8.59%	4.57%	6.44%	2.74%	4.52%
21	6.57%	8.85%	6.57%	8.75%	4.65%	6.56%	2.79%	4.61%
22	6.69%	9.02%	6.69%	8.92%	4.74%	6.69%	2.85%	4.69%
23	6.82%	9.19%	6.82%	9.09%	4.83%	6.82%	2.90%	4.78%
24	6.94%	9.36%	6.94%	9.26%	4.92%	6.94%	2.95%	4.87%
25	7.07%	9.53%	7.07%	9.43%	5.02%	7.08%	3.01%	4.96%
26	7.21%	9.71%	7.21%	9.61%	5.11%	7.21%	3.07%	5.06%
27	7.34%	9.90%	7.34%	9.79%	5.21%	7.34%	3.13%	5.15%
28	7.48%	10.08%	7.48%	9.97%	5.31%	7.48%	3.18%	5.25%
29	7.62%	10.27%	7.62%	10.16%	5.41%	7.62%	3.24%	5.35%
30	7.77%	10.47%	7.77%	10.35%	5.51%	7.77%	3.31%	5.45%
31	7.91%	10.67%	7.91%	10.55%	5.61%	7.91%	3.37%	5.55%
32	8.06%	10.87%	8.06%	10.75%	5.72%	8.06%	3.43%	5.66%
33	8.22%	11.08%	8.22%	10.96%	5.83%	8.21%	3.50%	5.76%
34	8.38%	11.29%	8.38%	11.17%	5.94%	8.37%	3.56%	5.87%
35	8.54%	11.51%	8.54%	11.38%	6.05%	8.53%	3.63%	5.98%
36	8.70%	11.73%	8.70%	11.61%	6.16%	8.69%	3.70%	6.10%
37	8.88%	11.96%	8.88%	11.83%	6.28%	8.85%	3.77%	6.21%
38	9.05%	12.20%	9.05%	12.07%	6.40%	9.02%	3.84%	6.33%
39	9.22%	12.42%	9.22%	12.29%	6.52%	9.20%	3.91%	6.45%

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**General Tier 1 Members' Contribution Rates from the December 31, 2010 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)  
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan I (2.7% @ 55 Non-OCFA)</u>		<u>Plan G (2.5% @ 55)</u>		<u>Plan M (2.0% @ 55)*</u>		<u>Plan A (OCTA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
40	9.39%	12.65%	9.39%	12.51%	6.65%	9.37%	3.99%	6.58%
41	9.56%	12.89%	9.56%	12.75%	6.78%	9.56%	4.07%	6.71%
42	9.74%	13.13%	9.74%	12.99%	6.91%	9.75%	4.15%	6.84%
43	9.94%	13.39%	9.94%	13.25%	7.05%	9.94%	4.23%	6.98%
44	10.14%	13.67%	10.14%	13.52%	7.18%	10.12%	4.31%	7.10%
45	10.36%	13.96%	10.36%	13.81%	7.31%	10.30%	4.38%	7.23%
46	10.57%	14.25%	10.57%	14.10%	7.44%	10.50%	4.47%	7.36%
47	10.79%	14.54%	10.79%	14.38%	7.59%	10.70%	4.55%	7.51%
48	11.00%	14.83%	11.00%	14.67%	7.74%	10.91%	4.64%	7.65%
49	11.15%	15.03%	11.15%	14.87%	7.89%	11.13%	4.74%	7.81%
50	11.23%	15.14%	11.23%	14.98%	8.07%	11.37%	4.84%	7.98%
51	11.25%	15.16%	11.25%	14.99%	8.23%	11.61%	4.94%	8.15%
52	11.19%	15.08%	11.19%	14.92%	8.40%	11.84%	5.04%	8.31%
53	11.07%	14.92%	11.07%	14.76%	8.57%	12.08%	5.14%	8.48%
54	10.88%	14.67%	10.88%	14.51%	8.68%	12.24%	5.21%	8.59%
55	10.88%	14.67%	10.88%	14.51%	8.75%	12.33%	5.25%	8.65%
56	10.88%	14.67%	10.88%	14.51%	8.76%	12.35%	5.25%	8.66%
57	10.88%	14.67%	10.88%	14.51%	8.71%	12.29%	5.23%	8.62%
58	10.88%	14.67%	10.88%	14.51%	8.62%	12.15%	5.17%	8.53%
59	10.88%	14.67%	10.88%	14.51%	8.47%	11.95%	5.08%	8.38%
60	10.88%	14.67%	10.88%	14.51%	8.47%	11.95%	5.08%	8.38%
<i>COLA Loading:</i>		34.78%		33.32%		41.01%		64.90%
<i>Interest:</i>		7.75%						
<i>Salary Increases:</i>		See Exhibit IV, page 65						
<i>Mortality:</i>		See Exhibit IV, page 59						

\* Payable by members in Rate Group #9 and Rate Group #11.



**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**General Tier 1 Members' Contribution Rates from the December 31, 2010 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)  
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan A (Non-OCTA)</u>		<u>Plan I (2.7% @ 55 OCFA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
15	2.54%	3.97%	5.98%	8.10%
16	2.54%	3.97%	5.98%	8.10%
17	2.59%	4.04%	6.09%	8.25%
18	2.64%	4.12%	6.21%	8.41%
19	2.69%	4.20%	6.32%	8.57%
20	2.74%	4.28%	6.44%	8.73%
21	2.79%	4.36%	6.57%	8.89%
22	2.85%	4.45%	6.69%	9.06%
23	2.90%	4.53%	6.82%	9.23%
24	2.95%	4.62%	6.94%	9.41%
25	3.01%	4.70%	7.07%	9.58%
26	3.07%	4.79%	7.21%	9.76%
27	3.13%	4.88%	7.34%	9.95%
28	3.18%	4.97%	7.48%	10.13%
29	3.24%	5.07%	7.62%	10.32%
30	3.31%	5.16%	7.77%	10.52%
31	3.37%	5.26%	7.91%	10.72%
32	3.43%	5.36%	8.06%	10.92%
33	3.50%	5.46%	8.22%	11.13%
34	3.56%	5.56%	8.38%	11.34%
35	3.63%	5.67%	8.54%	11.56%
36	3.70%	5.78%	8.70%	11.79%
37	3.77%	5.89%	8.88%	12.02%
38	3.84%	6.00%	9.05%	12.26%
39	3.91%	6.11%	9.22%	12.48%
40	3.99%	6.23%	9.39%	12.71%
41	4.07%	6.35%	9.56%	12.95%
42	4.15%	6.48%	9.74%	13.20%

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**General Tier 1 Members' Contribution Rates from the December 31, 2010 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)  
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan A (Non-OCTA)</u>		<u>Plan I (2.7% @ 55 OCFA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
43	4.23%	6.61%	9.94%	13.46%
44	4.31%	6.73%	10.14%	13.73%
45	4.38%	6.85%	10.36%	14.03%
46	4.47%	6.98%	10.57%	14.32%
47	4.55%	7.11%	10.79%	14.61%
48	4.64%	7.25%	11.00%	14.90%
49	4.74%	7.40%	11.15%	15.11%
50	4.84%	7.56%	11.23%	15.22%
51	4.94%	7.72%	11.25%	15.23%
52	5.04%	7.87%	11.19%	15.16%
53	5.14%	8.03%	11.07%	14.99%
54	5.21%	8.14%	10.88%	14.74%
55	5.25%	8.20%	10.88%	14.74%
56	5.25%	8.21%	10.88%	14.74%
57	5.23%	8.17%	10.88%	14.74%
58	5.17%	8.08%	10.88%	14.74%
59	5.08%	7.94%	10.88%	14.74%
60	5.08%	7.94%	10.88%	14.74%

*COLA Loading:* 56.22% 35.45%

*Interest:* 7.75%

*Salary Increases:* See Exhibit IV, page 65

*Mortality:* See Exhibit IV, page 59

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**General Tier 2 Members' Contribution Rates from the December 31, 2010 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)  
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan J (2.7% @ 55 Non-OCFA)</u>		<u>Plan H (2.5% @ 55)</u>		<u>Plan N (2.0% @ 55)*</u>		<u>Plan B (OCTA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
15	5.72%	7.71%	5.72%	7.63%	4.05%	5.72%	4.05%	5.63%
16	5.72%	7.71%	5.72%	7.63%	4.05%	5.72%	4.05%	5.63%
17	5.83%	7.86%	5.83%	7.78%	4.13%	5.83%	4.13%	5.74%
18	5.94%	8.01%	5.94%	7.92%	4.21%	5.94%	4.21%	5.85%
19	6.06%	8.16%	6.06%	8.07%	4.29%	6.05%	4.29%	5.96%
20	6.17%	8.32%	6.17%	8.23%	4.37%	6.17%	4.37%	6.08%
21	6.29%	8.47%	6.29%	8.38%	4.46%	6.28%	4.46%	6.19%
22	6.41%	8.63%	6.41%	8.54%	4.54%	6.40%	4.54%	6.31%
23	6.53%	8.80%	6.53%	8.70%	4.63%	6.53%	4.63%	6.43%
24	6.65%	8.96%	6.65%	8.86%	4.72%	6.65%	4.72%	6.55%
25	6.77%	9.13%	6.77%	9.03%	4.80%	6.78%	4.80%	6.68%
26	6.90%	9.30%	6.90%	9.20%	4.90%	6.90%	4.90%	6.80%
27	7.03%	9.48%	7.03%	9.37%	4.99%	7.03%	4.99%	6.93%
28	7.16%	9.66%	7.16%	9.55%	5.08%	7.17%	5.08%	7.06%
29	7.30%	9.84%	7.30%	9.73%	5.18%	7.30%	5.18%	7.19%
30	7.44%	10.02%	7.44%	9.91%	5.27%	7.44%	5.27%	7.33%
31	7.58%	10.21%	7.58%	10.10%	5.37%	7.58%	5.37%	7.47%
32	7.72%	10.41%	7.72%	10.29%	5.47%	7.72%	5.47%	7.61%
33	7.87%	10.61%	7.87%	10.49%	5.58%	7.87%	5.58%	7.75%
34	8.02%	10.81%	8.02%	10.69%	5.68%	8.01%	5.68%	7.90%
35	8.18%	11.02%	8.18%	10.90%	5.79%	8.17%	5.79%	8.05%
36	8.34%	11.23%	8.34%	11.11%	5.90%	8.32%	5.90%	8.20%
37	8.49%	11.45%	8.49%	11.32%	6.01%	8.48%	6.01%	8.35%
38	8.65%	11.66%	8.65%	11.53%	6.13%	8.64%	6.13%	8.51%
39	8.81%	11.87%	8.81%	11.74%	6.24%	8.81%	6.24%	8.68%
40	8.97%	12.08%	8.97%	11.95%	6.37%	8.98%	6.37%	8.84%
41	9.13%	12.31%	9.13%	12.18%	6.49%	9.15%	6.49%	9.02%
42	9.31%	12.54%	9.31%	12.41%	6.61%	9.33%	6.61%	9.19%

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**General Tier 2 Members' Contribution Rates from the December 31, 2010 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)  
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan J (2.7% @ 55 non-OCFA)</u>		<u>Plan H (2.5% @ 55)</u>		<u>Plan N (2.0% @ 55)*</u>		<u>Plan B (OCTA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
43	9.49%	12.79%	9.49%	12.65%	6.74%	9.50%	6.74%	9.36%
44	9.68%	13.05%	9.68%	12.90%	6.86%	9.67%	6.86%	9.53%
45	9.87%	13.30%	9.87%	13.15%	6.98%	9.84%	6.98%	9.70%
46	10.05%	13.54%	10.05%	13.40%	7.11%	10.03%	7.11%	9.88%
47	10.20%	13.75%	10.20%	13.60%	7.25%	10.22%	7.25%	10.07%
48	10.31%	13.90%	10.31%	13.75%	7.39%	10.42%	7.39%	10.27%
49	10.36%	13.97%	10.36%	13.82%	7.54%	10.63%	7.54%	10.47%
50	10.35%	13.95%	10.35%	13.80%	7.68%	10.83%	7.68%	10.67%
51	10.27%	13.84%	10.27%	13.69%	7.82%	11.03%	7.82%	10.87%
52	10.13%	13.66%	10.13%	13.51%	7.94%	11.20%	7.94%	11.04%
53	10.50%	14.15%	10.50%	14.00%	8.03%	11.33%	8.03%	11.16%
54	10.88%	14.67%	10.88%	14.51%	8.07%	11.38%	8.07%	11.21%
55	10.88%	14.67%	10.88%	14.51%	8.06%	11.36%	8.06%	11.19%
56	10.88%	14.67%	10.88%	14.51%	8.00%	11.28%	8.00%	11.11%
57	10.88%	14.67%	10.88%	14.51%	7.89%	11.13%	7.89%	10.96%
58	10.88%	14.67%	10.88%	14.51%	8.17%	11.53%	8.17%	11.36%
59	10.88%	14.67%	10.88%	14.51%	8.47%	11.95%	8.47%	11.77%
60	10.88%	14.67%	10.88%	14.51%	8.47%	11.95%	8.47%	11.77%
<i>COLA Loading:</i>		34.78%		33.32%		41.01%		38.94%
<i>Interest:</i>		7.75%						
<i>Salary Increases:</i>		See Exhibit IV, page 65						
<i>Mortality:</i>		See Exhibit IV, page 59						

\* Payable by members in Rate Group #9 and Rate Group #11.

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**General Tier 2 Members' Contribution Rates from the December 31, 2010 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)  
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan B (non-OCTA, non-OCSD)</u>		<u>Plan J (2.7% @ 55 OCFA)</u>		<u>Plan P (1.62% @ 65)</u>		<u>Plan B (OCSD)</u>		<u>Plan N (OCFA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
15	4.05%	5.42%	5.72%	7.75%	4.05%	5.00%	4.05%	5.54%	4.05%	5.73%
16	4.05%	5.42%	5.72%	7.75%	4.05%	5.00%	4.05%	5.54%	4.05%	5.73%
17	4.13%	5.53%	5.83%	7.90%	4.13%	5.10%	4.13%	5.65%	4.13%	5.84%
18	4.21%	5.63%	5.94%	8.05%	4.21%	5.20%	4.21%	5.76%	4.21%	5.95%
19	4.29%	5.74%	6.06%	8.20%	4.29%	5.30%	4.29%	5.87%	4.29%	6.07%
20	4.37%	5.85%	6.17%	8.36%	4.37%	5.40%	4.37%	5.98%	4.37%	6.18%
21	4.46%	5.96%	6.29%	8.52%	4.46%	5.50%	4.46%	6.09%	4.46%	6.30%
22	4.54%	6.07%	6.41%	8.68%	4.54%	5.60%	4.54%	6.21%	4.54%	6.42%
23	4.63%	6.19%	6.53%	8.84%	4.63%	5.71%	4.63%	6.33%	4.63%	6.54%
24	4.72%	6.31%	6.65%	9.01%	4.72%	5.82%	4.72%	6.45%	4.72%	6.66%
25	4.80%	6.43%	6.77%	9.18%	4.80%	5.93%	4.80%	6.57%	4.80%	6.79%
26	4.90%	6.55%	6.90%	9.35%	4.90%	6.04%	4.90%	6.69%	4.90%	6.92%
27	4.99%	6.67%	7.03%	9.52%	4.99%	6.16%	4.99%	6.82%	4.99%	7.05%
28	5.08%	6.80%	7.16%	9.70%	5.08%	6.27%	5.08%	6.95%	5.08%	7.18%
29	5.18%	6.92%	7.30%	9.89%	5.18%	6.39%	5.18%	7.08%	5.18%	7.32%
30	5.27%	7.05%	7.44%	10.07%	5.27%	6.51%	5.27%	7.21%	5.27%	7.45%
31	5.37%	7.19%	7.58%	10.26%	5.37%	6.63%	5.37%	7.35%	5.37%	7.59%
32	5.47%	7.32%	7.72%	10.46%	5.47%	6.76%	5.47%	7.48%	5.47%	7.74%
33	5.58%	7.46%	7.87%	10.66%	5.58%	6.88%	5.58%	7.62%	5.58%	7.88%
34	5.68%	7.60%	8.02%	10.86%	5.68%	7.01%	5.68%	7.77%	5.68%	8.03%
35	5.79%	7.74%	8.18%	11.07%	5.79%	7.15%	5.79%	7.92%	5.79%	8.18%
36	5.90%	7.89%	8.34%	11.29%	5.90%	7.28%	5.90%	8.06%	5.90%	8.34%
37	6.01%	8.04%	8.49%	11.50%	6.01%	7.42%	6.01%	8.22%	6.01%	8.50%
38	6.13%	8.19%	8.65%	11.72%	6.13%	7.56%	6.13%	8.38%	6.13%	8.66%
39	6.24%	8.35%	8.81%	11.93%	6.24%	7.71%	6.24%	8.54%	6.24%	8.83%
40	6.37%	8.51%	8.97%	12.14%	6.37%	7.86%	6.37%	8.70%	6.37%	9.00%
41	6.49%	8.68%	9.13%	12.37%	6.49%	8.01%	6.49%	8.87%	6.49%	9.17%
42	6.61%	8.84%	9.31%	12.61%	6.61%	8.16%	6.61%	9.04%	6.61%	9.35%

## SECTION 4: Reporting Information for the Orange County Employees Retirement System

**General Tier 2 Members' Contribution Rates from the December 31, 2010 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)  
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan B (non-OCTA, non-OCSD)</u>		<u>Plan J (2.7% @ 55 OCFA)</u>		<u>Plan P (1.62% @ 65)</u>		<u>Plan B (OCSD)</u>		<u>Plan N (OCFA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Normal</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
43	6.74%	9.01%	9.49%	12.86%	6.74%	8.31%	6.74%	9.21%	6.74%	9.52%
44	6.86%	9.17%	9.68%	13.11%	6.86%	8.46%	6.86%	9.37%	6.86%	9.69%
45	6.98%	9.34%	9.87%	13.36%	6.98%	8.62%	6.98%	9.54%	6.98%	9.87%
46	7.11%	9.51%	10.05%	13.61%	7.11%	8.78%	7.11%	9.72%	7.11%	10.05%
47	7.25%	9.69%	10.20%	13.82%	7.25%	8.94%	7.25%	9.91%	7.25%	10.24%
48	7.39%	9.88%	10.31%	13.97%	7.39%	9.12%	7.39%	10.10%	7.39%	10.44%
49	7.54%	10.08%	10.36%	14.04%	7.54%	9.30%	7.54%	10.30%	7.54%	10.65%
50	7.68%	10.27%	10.35%	14.02%	7.68%	9.48%	7.68%	10.50%	7.68%	10.86%
51	7.82%	10.46%	10.27%	13.91%	7.82%	9.65%	7.82%	10.69%	7.82%	11.06%
52	7.94%	10.62%	10.13%	13.73%	7.94%	9.80%	7.94%	10.86%	7.94%	11.23%
53	8.03%	10.74%	10.50%	14.22%	8.03%	9.91%	8.03%	10.98%	8.03%	11.35%
54	8.07%	10.79%	10.88%	14.74%	8.07%	9.96%	8.07%	11.03%	8.07%	11.40%
55	8.06%	10.77%	10.88%	14.74%	8.06%	9.94%	8.06%	11.01%	8.06%	11.39%
56	8.00%	10.69%	10.88%	14.74%	8.00%	9.87%	8.00%	10.93%	8.00%	11.30%
57	7.89%	10.55%	10.88%	14.74%	7.89%	9.74%	7.89%	10.79%	7.89%	11.15%
58	8.17%	10.93%	10.88%	14.74%	8.17%	10.09%	8.17%	11.17%	8.17%	11.55%
59	8.47%	11.33%	10.88%	14.74%	8.47%	10.46%	8.47%	11.58%	8.47%	11.98%
60	8.47%	11.33%	10.88%	14.74%	8.47%	10.46%	8.47%	11.58%	8.47%	11.98%
<i>COLA Loading:</i>		33.73%		35.45%		23.41%		36.69%		41.33%
<i>Interest:</i>	7.75%									
<i>Salary Increases:</i>	See Exhibit IV, page 65									
<i>Mortality:</i>	See Exhibit IV, page 59									

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**Safety Tier 1 Members' Contribution Rates from the December 31, 2010 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)  
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan E (Fire Authority)</u>		<u>Plan E (Law Enforcement)</u>		<u>Plan E (Probation)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
15	3.44%	7.81%	3.44%	7.85%	3.44%	7.33%
16	3.44%	7.81%	3.44%	7.85%	3.44%	7.33%
17	3.50%	7.96%	3.50%	7.99%	3.50%	7.47%
18	3.57%	8.11%	3.57%	8.14%	3.57%	7.61%
19	3.63%	8.26%	3.63%	8.30%	3.63%	7.75%
20	3.70%	8.42%	3.70%	8.45%	3.70%	7.90%
21	3.77%	8.57%	3.77%	8.61%	3.77%	8.04%
22	3.84%	8.74%	3.84%	8.77%	3.84%	8.20%
23	3.91%	8.90%	3.91%	8.94%	3.91%	8.35%
24	3.99%	9.07%	3.99%	9.10%	3.99%	8.51%
25	4.06%	9.24%	4.06%	9.27%	4.06%	8.67%
26	4.14%	9.41%	4.14%	9.45%	4.14%	8.83%
27	4.21%	9.59%	4.21%	9.63%	4.21%	8.99%
28	4.29%	9.77%	4.29%	9.81%	4.29%	9.17%
29	4.38%	9.96%	4.38%	10.00%	4.38%	9.34%
30	4.46%	10.15%	4.46%	10.19%	4.46%	9.52%
31	4.55%	10.34%	4.55%	10.38%	4.55%	9.70%
32	4.64%	10.54%	4.64%	10.59%	4.64%	9.89%
33	4.73%	10.75%	4.73%	10.80%	4.73%	10.09%
34	4.82%	10.97%	4.82%	11.01%	4.82%	10.29%
35	4.92%	11.19%	4.92%	11.24%	4.92%	10.50%
36	5.02%	11.43%	5.02%	11.47%	5.02%	10.72%
37	5.13%	11.67%	5.13%	11.72%	5.13%	10.95%
38	5.25%	11.94%	5.25%	11.99%	5.25%	11.20%
39	5.37%	12.22%	5.37%	12.27%	5.37%	11.46%
40	5.49%	12.49%	5.49%	12.54%	5.49%	11.72%
41	5.61%	12.76%	5.61%	12.82%	5.61%	11.98%
42	5.73%	13.04%	5.73%	13.09%	5.73%	12.23%

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**Safety Tier 1 Members' Contribution Rates from the December 31, 2010 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)  
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan E (Fire Authority)</u>		<u>Plan E (Law Enforcement)</u>		<u>Plan E (Probation)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
43	5.86%	13.32%	5.86%	13.38%	5.86%	12.50%
44	5.95%	13.53%	5.95%	13.59%	5.95%	12.70%
45	6.01%	13.68%	6.01%	13.73%	6.01%	12.83%
46	6.00%	13.64%	6.00%	13.69%	6.00%	12.80%
47	5.94%	13.52%	5.94%	13.58%	5.94%	12.69%
48	5.86%	13.34%	5.86%	13.39%	5.86%	12.51%
49	5.71%	13.00%	5.71%	13.05%	5.71%	12.19%
50	5.71%	13.00%	5.71%	13.05%	5.71%	12.19%
51	5.71%	13.00%	5.71%	13.05%	5.71%	12.19%
52	5.71%	13.00%	5.71%	13.05%	5.71%	12.19%
53	5.71%	13.00%	5.71%	13.05%	5.71%	12.19%
54	5.71%	13.00%	5.71%	13.05%	5.71%	12.19%
55	5.71%	13.00%	5.71%	13.05%	5.71%	12.19%
56	5.71%	13.00%	5.71%	13.05%	5.71%	12.19%
57	5.71%	13.00%	5.71%	13.05%	5.71%	12.19%
58	5.71%	13.00%	5.71%	13.05%	5.71%	12.19%
59	5.71%	13.00%	5.71%	13.05%	5.71%	12.19%
60	5.71%	13.00%	5.71%	13.05%	5.71%	12.19%

*COLA Loading:* 127.48% 128.40% 113.42%

*Interest:* 7.75%

*Salary Increases:* See Exhibit IV, page 65

*Mortality:* See Exhibit IV, page 59



**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**Safety Tier 2 Members' Contribution Rates from the December 31, 2010 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)  
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan F (Fire Authority)</u>		<u>Plan F (Law Enforcement)</u>		<u>Plan F (Probation)</u>		<u>Plan R (Fire Authority)</u>		<u>Plan R (Law Enforcement)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
15	6.58%	10.77%	6.58%	10.80%	6.58%	10.31%	6.58%	10.20%	6.58%	10.27%
16	6.58%	10.77%	6.58%	10.80%	6.58%	10.31%	6.58%	10.20%	6.58%	10.27%
17	6.70%	10.97%	6.70%	11.01%	6.70%	10.50%	6.70%	10.39%	6.70%	10.46%
18	6.83%	11.18%	6.83%	11.21%	6.83%	10.70%	6.83%	10.58%	6.83%	10.65%
19	6.96%	11.39%	6.96%	11.42%	6.96%	10.90%	6.96%	10.78%	6.96%	10.85%
20	7.09%	11.60%	7.09%	11.64%	7.09%	11.11%	7.09%	10.98%	7.09%	11.06%
21	7.22%	11.82%	7.22%	11.85%	7.22%	11.31%	7.22%	11.19%	7.22%	11.26%
22	7.35%	12.04%	7.35%	12.08%	7.35%	11.52%	7.35%	11.40%	7.35%	11.48%
23	7.49%	12.27%	7.49%	12.30%	7.49%	11.74%	7.49%	11.61%	7.49%	11.69%
24	7.63%	12.50%	7.63%	12.53%	7.63%	11.96%	7.63%	11.83%	7.63%	11.91%
25	7.78%	12.73%	7.78%	12.77%	7.78%	12.19%	7.78%	12.05%	7.78%	12.13%
26	7.92%	12.97%	7.92%	13.01%	7.92%	12.41%	7.92%	12.28%	7.92%	12.36%
27	8.07%	13.22%	8.07%	13.25%	8.07%	12.65%	8.07%	12.51%	8.07%	12.59%
28	8.22%	13.47%	8.22%	13.50%	8.22%	12.89%	8.22%	12.75%	8.22%	12.83%
29	8.38%	13.72%	8.38%	13.76%	8.38%	13.13%	8.38%	12.99%	8.38%	13.08%
30	8.54%	13.99%	8.54%	14.03%	8.54%	13.39%	8.54%	13.24%	8.54%	13.33%
31	8.71%	14.26%	8.71%	14.30%	8.71%	13.64%	8.71%	13.49%	8.71%	13.59%
32	8.88%	14.53%	8.88%	14.58%	8.88%	13.91%	8.88%	13.76%	8.88%	13.85%
33	9.05%	14.82%	9.05%	14.86%	9.05%	14.19%	9.05%	14.03%	9.05%	14.13%
34	9.23%	15.12%	9.23%	15.16%	9.23%	14.47%	9.23%	14.31%	9.23%	14.41%
35	9.42%	15.43%	9.42%	15.47%	9.42%	14.77%	9.42%	14.60%	9.42%	14.70%
36	9.62%	15.75%	9.62%	15.80%	9.62%	15.08%	9.62%	14.91%	9.62%	15.01%
37	9.83%	16.09%	9.83%	16.14%	9.83%	15.40%	9.83%	15.23%	9.83%	15.34%
38	10.04%	16.44%	10.04%	16.49%	10.04%	15.74%	10.04%	15.56%	10.04%	15.67%
39	10.25%	16.79%	10.25%	16.84%	10.25%	16.07%	10.25%	15.89%	10.25%	16.00%
40	10.46%	17.13%	10.46%	17.18%	10.46%	16.39%	10.46%	16.21%	10.46%	16.32%
41	10.66%	17.46%	10.66%	17.51%	10.66%	16.71%	10.66%	16.53%	10.66%	16.64%
42	10.84%	17.76%	10.84%	17.81%	10.84%	16.99%	10.84%	16.80%	10.84%	16.92%
43	10.98%	17.98%	10.98%	18.03%	10.98%	17.21%	10.98%	17.02%	10.98%	17.13%
44	11.03%	18.05%	11.03%	18.10%	11.03%	17.28%	11.03%	17.09%	11.03%	17.20%

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**Safety Tier 2 Members' Contribution Rates from the December 31, 2010 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)  
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan F (Fire Authority)</u>		<u>Plan F (Law Enforcement)</u>		<u>Plan F (Probation)</u>		<u>Plan R (Fire Authority)</u>		<u>Plan R (Law Enforcement)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
45	10.98%	17.98%	10.98%	18.03%	10.98%	17.21%	10.98%	17.02%	10.98%	17.14%
46	10.86%	17.78%	10.86%	17.83%	10.86%	17.02%	10.86%	16.83%	10.86%	16.94%
47	10.65%	17.44%	10.65%	17.48%	10.65%	16.69%	10.65%	16.50%	10.65%	16.62%
48	11.03%	18.06%	11.03%	18.11%	11.03%	17.28%	11.03%	17.09%	11.03%	17.21%
49	11.43%	18.71%	11.43%	18.76%	11.43%	17.91%	11.43%	17.71%	11.43%	17.83%
50	11.43%	18.71%	11.43%	18.76%	11.43%	17.91%	11.43%	17.71%	11.43%	17.83%
51	11.43%	18.71%	11.43%	18.76%	11.43%	17.91%	11.43%	17.71%	11.43%	17.83%
52	11.43%	18.71%	11.43%	18.76%	11.43%	17.91%	11.43%	17.71%	11.43%	17.83%
53	11.43%	18.71%	11.43%	18.76%	11.43%	17.91%	11.43%	17.71%	11.43%	17.83%
54	11.43%	18.71%	11.43%	18.76%	11.43%	17.91%	11.43%	17.71%	11.43%	17.83%
55	11.43%	18.71%	11.43%	18.76%	11.43%	17.91%	11.43%	17.71%	11.43%	17.83%
56	11.43%	18.71%	11.43%	18.76%	11.43%	17.91%	11.43%	17.71%	11.43%	17.83%
57	11.43%	18.71%	11.43%	18.76%	11.43%	17.91%	11.43%	17.71%	11.43%	17.83%
58	11.43%	18.71%	11.43%	18.76%	11.43%	17.91%	11.43%	17.71%	11.43%	17.83%
59	11.43%	18.71%	11.43%	18.76%	11.43%	17.91%	11.43%	17.71%	11.43%	17.83%
60	11.43%	18.71%	11.43%	18.76%	11.43%	17.91%	11.43%	17.71%	11.43%	17.83%
<i>COLA Loading:</i>		63.74%		64.20%		56.71%		54.97%		56.04%
<i>Interest:</i>	7.75%									
<i>Salary Increases:</i>	See Exhibit IV, page 65									
<i>Mortality:</i>	See Exhibit IV, page 59									

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**Appendix C  
Funded Percentages**

The funded percentages by rate group provided for informational purposes only are as follows:

	<b>Funded Percentage</b>	
	<b>December 31, 2010 Valuation</b>	<b>December 31, 2009 Valuation</b>
<i>General Members</i>		
Rate Group #1 – Plans A and B (non-OCTA, non-OCSD)	82.28%	78.00%
Rate Group #2 – Plans I, J, O and P (2.7% @ 55 and 1.62% @ 65 combined)	68.89%	69.06%
Rate Group #3 – Plans B, G and H (2.5% @ 55 and 1.64% @ 57 combined)	66.98%	66.65%
Rate Group #5 – Plans A and B (OCTA)	76.26%	75.12%
Rate Group #9 – Plans M and N (TCA – 2.0% @ 55)	65.74%	63.91%
Rate Group #10 – Plans I, J, M and N (OCFA – 2.7% @ 55 and 2.0% @ 55 combined)	64.38%	61.91%
Rate Group #11 – Plans M and N, future service (Cemetery – 2.0% @ 55)	81.53%	80.36%
<i>Safety Members</i>		
Rate Group #6 – Plans E and F (Probation – 3.0% @ 50)	67.52%	66.46%
Rate Group #7 – Plans E, F, Q and R (Law Enforcement – 3.0% @ 50 and 3.0% @ 55 combined)	70.23%	68.28%
Rate Group #8 – Plans E, F, Q and R (Fire Authority – 3.0% @ 50 and 3.0% @ 55 combined)	69.54%	62.97%

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**Appendix D  
Reconciliation of Employer Contribution Rates (by Rate Group)**

The reconciliation of the employer contribution rates for the General rate groups are as follows:

	Rate Group						
	#1	#2	#3	#5	#9	#10	#11
Recommended Contribution Rate as of December 31, 2009	19.12%	27.09%	25.68%	20.39%	19.64%	26.53%	18.16%
Effect of investment loss	1.28%	1.17%	1.01%	1.04%	0.55%	0.92%	0.92%
Effect of reallocation of contributions and benefit payments	-1.09%	0.47%	-0.43%	0.01%	0.41%	-0.28%	-0.52%
Effect of actual individual salary increases less than expected	-1.10%	-1.12%	0.55%	-1.20%	-1.00%	-1.14%	-0.50%
Effect of growth in total payroll less than expected	0.44%	0.77%	0.05%	1.16%	1.50%	1.57%	-0.17%
Effect of other experience (gain)/loss <sup>(1)</sup>	<u>-1.80%</u> <sup>(2)</sup>	<u>-0.01%</u>	<u>0.61%</u> <sup>(2)</sup>	<u>-0.44%</u>	<u>-0.13%</u> <sup>(2)</sup>	<u>0.39%</u> <sup>(2)</sup>	<u>-0.13%</u>
Subtotal	-2.27%	1.28%	1.79%	0.57%	1.33%	1.46%	-0.40%
Recommended Contribution Rate as of December 31, 2010	16.85%	28.37%	27.47%	20.96%	20.97%	27.99%	17.76%

<sup>(1)</sup> Includes an adjustment to reflect 18-month delay between date of valuation and date of rate implementation.

<sup>(2)</sup> Effect of other experience (gain)/loss includes:

Rate Group #1	Retiree data corrections	-1.07%
	Retiree mortality	-0.31%
	COLA less than expected	-0.14%
Rate Group #3	Retirement Loss	0.72%
Rate Group #9	2007 Asset Correction	-0.64%
Rate Group #10	18-month delay	0.24%

**SECTION 4: Reporting Information for the Orange County Employees Retirement System**

**Appendix D (Continued)**

**Reconciliation of Employer Contribution Rates (by Rate Group)**

The reconciliation of the employer contribution rates for the Safety rate groups are as follows:

	Rate Group		
	#6	#7	#8
Recommended Contribution Rate as of December 31, 2009	34.07%	46.39%	48.53%
Effect of investment loss	1.05%	2.04%	1.76%
Effect of reallocation of contributions and benefit payments	0.89%	-0.76%	-3.15%
Effect of actual individual salary increases less than expected	-1.54%	-2.10%	-1.98%
Effect of growth in total payroll less than expected	1.41%	1.90%	1.34%
Effect of other experience (gain)/loss <sup>(1)</sup>	<u>0.41%</u>	<u>-0.02%</u>	<u>-1.04%</u> <sup>(2)</sup>
Subtotal	2.22%	1.06%	-3.07%
Recommended Contribution Rate as of December 31, 2010	36.29%	47.45%	45.46%

<sup>(1)</sup> Includes an adjustment to reflect 18-month delay between date of valuation and date of rate implementation.

<sup>(2)</sup> Effect of other experience (gain)/loss includes:

Retirement Gain	-0.13%
Retiree Mortality	-0.24%

5136943v1/05794.002