



Strength. Service. Commitment.

Press Release

For immediate release
December 4, 2007
Contact: Brian White, 619.515.6844

SDCERA's investment returns boost funding levels

SAN DIEGO—The San Diego County Employees Retirement Association's (SDCERA) funding ratio, which compares the plan's assets to its liabilities, increased to 89.7%, up from 83.6% last year according to the recently completed June 30, 2007 actuarial valuation report.

SDCERA's improved funding is attributable in large part to investment returns. The fund grew by more than one billion dollars, to \$8.4 billion, as a result of earning a 16.4% investment return for the fiscal year ended June 30. The return exceeds last year's fiscal year return of 15.6%, and is the fund's fourth straight fiscal year of double-digit gains. This year's return is nearly double the fund's annual assumed rate of return of 8.25%, a target set by the Board of Retirement to fund benefits for its 35,000 members and beneficiaries.

Positive performance above the assumed rate of return allowed the Board of Retirement to allocate \$340 million of excess earnings to pay down the unfunded liability, reducing it by nearly one-third, from \$1.2 billion as of June 30, 2006, to \$832.1 million this year. The average employer contribution rate, as a percentage of payroll, will fall from 23.27% to 20.58% because of the reduction in the unfunded liability.

The pension fund also has an additional \$905.2 million in unrecognized investment gain, which is not included in these results, but will be recognized over the next four

SDCERA's investment returns boost funding levels

Page 2—2—2

years. These unrecognized gains are deferred because SDCERA uses an asset valuation method that gradually adjusts to market value. This method, commonly referred to as “smoothing”, helps minimize the volatility of investment returns and stabilize the County's contributions to the plan.

Actuaries for SDCERA will present their report at the December 6, 2007, Board of Retirement meeting.

SDCERA is an independent association established by the County Employees Retirement law of 1937, which governs 20 California county retirement systems. SDCERA provides retirement benefits for approximately 35,000 eligible employees, former employees who are vested, and retirees of the County of San Diego.

###