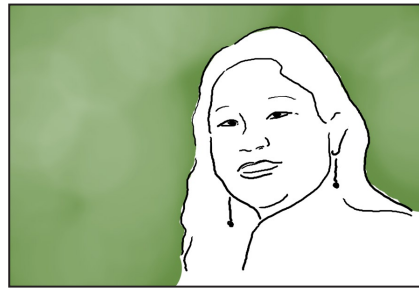


Contribution rates to increase slightly in July

Retirement contribution rate increases will be reflected in your July 11, 2008, paycheck. The amount of the rate increase varies based on your entry age, and your membership classification and tier; however, all increases are less than one-half of one percent ranging from 0.08% to 0.47%. View the new 2008 rate charts online.

Rates change based on experience

Many variables (such as life expectancy, salary increases, inflation and investment return) affect a retirement plan's funding. For example, if members generally live longer than expected, SDCERA must plan to pay benefits for more years. To ensure proper funding, SDCERA adopts assumptions about these variables and periodically compares them to actual experience. If there are differences, SDCERA's Board of Retirement adjusts the contribution rates to maintain proper funding.



Longer retirements increase contribution rates

A recent actuarial study found SDCERA's General members are retiring earlier than expected. Additionally, Safety members are living longer than expected after retirement. Both changes are good news for you as a member, because it means you will most likely enjoy a longer retirement.

However, because SDCERA will pay benefits longer than estimated in the previous valuation, contribution rates changed to account for these trends.



Employer contribution rates also change

Employer contributions will change in July also. Employer contributions are made up of two parts: normal cost (which generally represents this year's cost of projected benefits for the current members) and unfunded liability. Just like members, the County's normal cost contributions will increase by a fraction of a percent (from

See *Contribution Rate* on Page Two

Contribution calculator worksheet

The contribution calculator is a tool that enables you to estimate your biweekly contribution amount, which is the amount that is deducted from each paycheck. Your contribution rate is determined by a percentage amount, dependent on the age you were when you entered SDCERA membership.

Click the links to the General member contribution rate chart and Safety member contribution rate chart to see the current contribution rates; click the Employee-paid offset chart to see the portion of your required contribution that is paid for by your employer, based on your bargaining unit and years of service.

Step 1: Enter your SDCERA entry age @

Step 2: Enter your bargaining unit or representation code @

Step 3: Enter your hourly or biweekly salary \$ or \$

Step 4: Enter the number of hours you are paid biweekly @

	General Members			
	Under 5 Years (Continued service)		5 to 30 Years (Continued service)	
	Tier 1 Member	Tier 2 Member	Tier 1 Member	Tier 2 Member
Employee Contribution Rate				
County Offset Rate				
Net Employee Contribution Rate				
Employee Biweekly Contribution				

Use the *online contribution calculator* at www.sdcera.org to compute the amount of your new biweekly contribution.

www.sdcera.org/calculators.htm

Only SDCERA

Only SDCERA keeps a record of your total retirement service credit. Your total is reported (as of June 30 each year) on your personalized SDCERA annual statement, which is mailed to your home each year in the fall.

Use the information on your annual statement to generate an estimate of your future retirement benefit using SDCERA's *online retirement benefit calculator*.

13.38% to 13.82%). However, the County's contribution to reduce the unfunded liability will decrease. SDCERA's strong investment returns decreased the unfunded liability, so the County's contribution to pay down the unfunded liability will decrease from 9.89% to 6.76%. As a result, the County's total contribution rate decreases from 23.27% to 20.58%.

Contributions and investment earnings fund the benefit

Contributions and investment earnings fund pension benefits. Only 20% to 25% of the money in the pension fund comes from member and employer contributions; the remaining 75% to 80% is directly related to investment earnings.

The most recent actuarial study reported that SDCERA's funding ratio has increased to 89.7%. High funding ratios, such as this, indicate a well funded plan with assets sufficient to pay benefits. ●



SDCERA Definitions

Fund • ing • Ra • ti • o

n: a percentage that measures the strength of the fund

The funding ratio compares a retirement plan's assets to its liabilities, and is a common measure used to evaluate the health of a pension plan. In other words, it compares the value of SDCERA's assets to the value of the benefits earned by members. For example, if a retirement fund has \$9 billion, and needs \$10 billion to pay the benefits to all current retirees and to all current members when they retire, the funding ratio is 90%.

The most recent actuarial report shows that as of June 30, 2007, SDCERA has a funding ratio of 89.7%. ●



Reciprocity may lower your contribution rate

If you are a member of another California public retirement system that is reciprocal to SDCERA, you may be entitled to the benefits of reciprocity. Those benefits include using your earliest entry age. Since entry age is one of the factors that determines your SDCERA contribution rate, lowering your entry age usually lowers your rate.

Let's say you were 28 when you entered membership in the first retirement system, and then entered SDCERA membership at age 35. If you establish reciprocity, SDCERA will use age 28 to determine your contribution rate. Using a lower entry age will likely lower your rate. If you do not inform SDCERA that you have reciprocity, you could be paying a higher contribution rate based on your current membership entry age. ●

To learn more about reciprocity, read the *Reciprocity* fact sheet.

www.sdcera.org/forms_publications.htm