

EXHIBIT C

Board of Trustees

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Date: June 28, 2021

To: Board of Trustees

From: Carl Nelson – Executive Director
Amy Burke – Deputy Director

Agenda Item 6: January 1, 2021 Actuarial Valuation and Pension Contribution Rates

Accompanying this memo are –

- **Draft January 1, 2021 Annual Actuarial Valuation** prepared by Cheiron – the Plan Actuary - with additional supplementary tables of data.
- **Deferred Implementation Date** for rate increases and adjusted amounts of pension contribution rate increase as well as allocation of rate increases by class of Member (Miscellaneous, Probation, Safety).
- **Pension Contribution Rate Increase History – 2014-2021**

Recommendation:

It is recommended that the Board take the following actions:

1. Approve the January 1, 2021 Actuarial Valuation.
2. Approve the transfer of \$41,409,542 from the Current Reserve to the Retiree Reserve as recommended by Cheiron in the Reserves Comment of the Valuation (page A-2).
3. Approve the recommendation of the Plan Actuary to increase the current level of County Appropriation and Employee Contribution rates such that a **Total Contribution Rate of 50.34% effective January 1, 2021 is received - an increase of 2.16% over the current 48.18% Charged Rate of contributions as of 1/1/21** as recommended by Cheiron in the Contribution Rate Comment of the Valuation (page 7).

- a. This increase is subject to delayed implementation as may be requested by the Plan Sponsor, with adjustments to the rate calculated by Cheiron to account for the deferred implementation. In addition, this rate increase is the aggregate pension contribution rate increase for all classes of Members. Different contribution rate increases are recommended for Miscellaneous, Probation and Safety classes of Members due to their differing benefit formulas.
- b. See the attached **Deferred Implementation Date** exhibit to this memo for the applicable pension contribution rate increases.

2021 Actuarial Valuation Results:

Table I-1			
Summary of Key Valuation Results			
(in thousands)			
	January 1, 2020	January 1, 2021	Change
Membership			
Actives	2,752	2,747	-0.2%
Retirees and Beneficiaries	2,968	3,070	3.4%
Deferred ¹	531	799	50.5%
Total	6,251	6,616	5.8%
Total Projected Payroll	\$ 205,694,000	\$ 214,044,000	4.1%
Average Pay	\$ 74,743	\$ 77,919	4.2%
Actuarial Liabilities and Funded Ratio			
Actuarial Liability	\$ 2,170,071	\$ 2,313,128	6.6%
Actuarial Value of Assets (AVA)	1,416,763	1,506,270	6.3%
Unfunded Actuarial Liability (UAL)	\$ 753,309	\$ 806,858	7.1%
Funding Ratio (AVA Basis)	65.3%	65.1%	-0.2%
Market Value of Assets (MVA)	\$ 1,439,004	\$ 1,566,326	8.9%
Unfunded Actuarial Liability (MVA Basis)	731,067	746,802	2.2%
Funding Ratio (MVA Basis)	66.3%	67.7%	1.4%
Actuarially Determined Contributions			
Total Normal Cost	21.04%	20.99%	-0.05%
Administrative Expenses	0.00%	1.07%	1.07%
Unfunded Actuarial Liability Payment			
Interest	24.43%	23.55%	-0.88%
Principal	2.45%	4.73%	2.28%
Total UAL Payment	26.88%	28.28%	1.40%
Total Actuarially Determined Contribution	47.92%	50.34%	2.42%

¹January 1, 2021 Deferred Membership count includes 226 non-vested members with contributions on account.

Contribution Rate:

Actuarially Determined Contribution (ADC) increase = 2.42%.

The valuation indicates an increase in the Total Required Contribution Rate (or Actuarially Determined Contributions (ADC)) to 50.34% from 47.92% (prior year ADC), effective January 1, 2021. The sources of this **increase of 2.42% in the ADC** are discussed below and in Table I-4 on page 8 of the attached 2021 Actuarial Valuation. The increases shown below are expressed as a percent of pay.

1. Actuarial Transition – Contribution Impact = -0.16
2. Investment Earnings more than expected over the five-year period used in the Valuation – Contribution Impact = -0.46% of pay
3. More Tier 3 (PEPRA) members hired to replace Tier 1 and Tier 2 Members than expected – Contribution impact = -0.41% of pay
4. Because the UAL is paid down as a % of actual pensionable salary, payroll growth larger than expected lead to more of the UAL being paid down – Contribution impact = -0.34%% of pay
5. Deferred implementation of 2020 rate increase – Contribution impact = +0.28% of pay
6. Demographic Experience mainly driven by Tier 1 retiree COLA and active member salary increases being above assumptions – Contribution impact = +0.94% of pay
7. Changes in Actuarial Assumptions –
 - a. Discount Rate / Earnings Assumption – decrease from 6.875% to 6.75% - Contribution impact = +0.56% of pay for Normal Cost and +0.94% of pay for the UAL Payment, net change of 1.50% of pay
 - b. Adding explicit Administrative Expense Assumption instead of assuming they are net of investment earnings as had been done in prior Actuarial Valuations - Contribution impact = +1.07% of pay

Pension Contribution Rate Increase = 2.16%

This reflects the 2.42% increase in the ADC as discussed above. It also reflects that the Charged Rate of contributions as of 1/1/21 is 48.18% - slightly above the planned ADC for 2020 of 47.92%. The history of pension contribution rate changes is shown in the graph below excerpted from page 11 of the 2021 Actuarial Valuation. Rate increase history is also included in the attached Pension Contribution Rate Increase History – 2014-2021.

See page 11 of the attached Actuarial Valuation regarding the historical pension contribution rates.

Pension Contribution Rate Increases – Deferred Implementation

Note that the actual Pension Contribution Rate increase depends on the implementation date chosen by the Plan Sponsor. The rate increases discussed above are as of January 1, 2021. For practical reasons, the actual change in contribution rates normally takes place on a deferred date –

typically July 1st of the following year. This aids budget planning and payroll implementation. In the case of Deferred Implementation, the rate increases are adjusted upwards to make them actuarially equivalent to the rate needed January 1, 2021. For example, if the aggregate increase of 2.16% were to be implemented July 1, 2022, the aggregate increase would be 2.39%.

See the attached Deferred Implementation Date exhibit for the applicable pension contribution rate increases.

Funded Ratio:

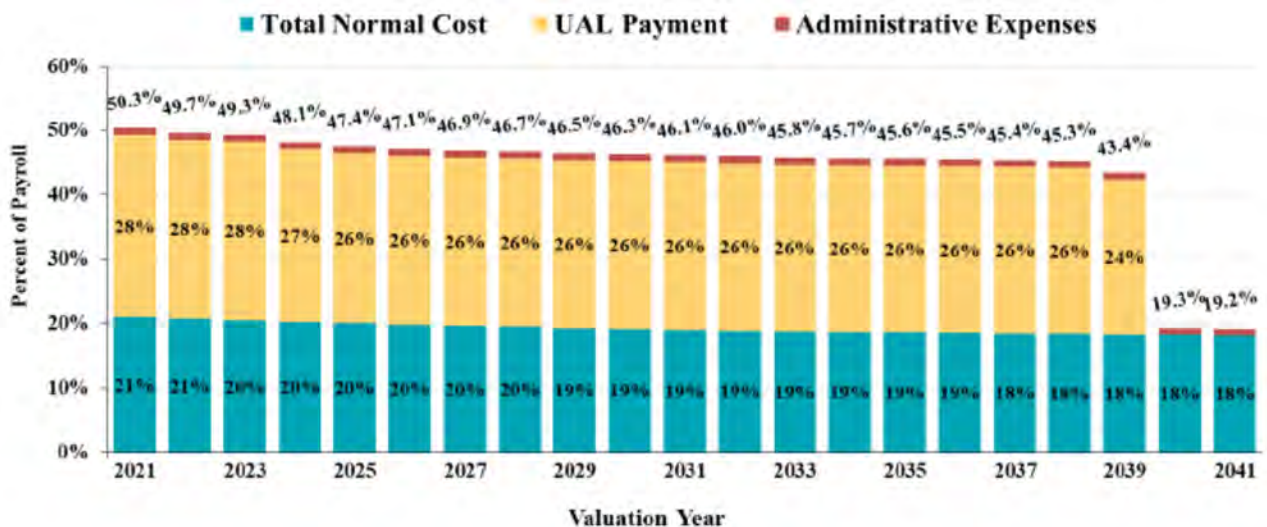
The valuation results also indicate that the funded ratio of the Plan – Actuarial Accrued Liabilities (AAL) vs. Actuarial Value of Assets (AVA) has declined from 65.3% in 2020 to **65.1%** in 2021.

See page 5 of the attached Actuarial Valuation for further detail on the sources of the decrease.

See page 10 of the attached Actuarial Valuation for the history of the Unfunded Actuarial Liability (UAL).

Projected ADC:

The Baseline projections of assets and liabilities and funded ratio are shown in the following graph. The elements of the ADC pension cost are –



See pages 12-13 of the attached Actuarial Valuation for information on forecasted pension contribution rates. Note that these projections have many assumptions including –

- The Discount Rate used to calculate pension liabilities remains at 6.75%.
- All actuarial assumptions are fully met each year.

Respectfully submitted,

San Luis Obispo County Pension Trust

Actuarial Valuation Report as of January 1, 2021

Produced by Cheiron

June 2021

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June 30, 2021

Board of Trustees
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, California 93408

Dear Members of the Board:

At your request, we have conducted an actuarial valuation of the San Luis Obispo County Pension Trust (SLOCPT, the Trust, the Fund, the Plan) as of January 1, 2021. This report contains information on the Trust's assets and liabilities and discloses employer and employee contribution levels. Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of SLOCPT. This report is for the use of the Board of Trustees and its auditors in preparing financial reports in accordance with applicable law and accounting requirements.

Cheiron's report was prepared solely for the Board of Trustees of San Luis Obispo County Pension Trust for the purposes described herein, except that the Plan auditor may rely on this report solely for the purpose of completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Sincerely,
Cheiron



Anne D. Harper, FSA, MAAA, EA
Principal Consulting Actuary



Alice I. Alsberghe, ASA, MAAA, EA
Consulting Actuary

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

FOREWORD

Cheiron has performed the actuarial valuation of the San Luis Obispo County Pension Trust as of January 1, 2021. The valuation is organized as follows:

- In Section I, the **Executive Summary**, we describe the purpose of an actuarial valuation, summarize the key results found in this valuation and disclose important trends.
- The **Main Body** of the report presents details on the Trust's:
 - Section II – Disclosures Related to Risk
 - Section III – Assets
 - Section IV – Liabilities
 - Section V – Contributions
 - Section VI – Annual Comprehensive Financial Reporting Information
- In the **Appendices**, we conclude our report with the following detailed information:
 - Appendix A – Membership Information
 - Appendix B – Member Contribution Rates
 - Appendix C – Actuarial Assumptions and Methods
 - Appendix D – Summary of Plan Provisions
 - Appendix E – Glossary

Future results may differ significantly from the current results presented in this report due to such factors as the following: plan experience different from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

In preparing our report, we relied on information (some oral and some written) supplied by the SLOCPT staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech), to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this report. The deterministic and stochastic projections shown in this report were developed using R-scan, our proprietary stochastic projection tool for assessing probabilities of different outcomes. We have relied on Cheiron colleagues who developed the tool, and we have used the tool in accordance with its purpose.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION I – EXECUTIVE SUMMARY

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The funded status of the Trust,
- Past and expected trends in the funding progress of the Trust,
- Employer and employee contribution rates for Plan Year 2021,
- Information required by the GFOA for the Annual Comprehensive Financial Report, and
- An assessment and disclosure of key risks.

The information required under GASB standards Nos. 67 and 68 is included in a separate report, with the report for the Plan's Fiscal Year Ending December 31, 2020, provided to SLOCPT in May 2021.

In the balance of this Executive Summary, we present (A) the basis upon which this year's valuation was completed, (B) the key findings of this valuation including a summary of all key results, (C) an examination of the historical trends, and (D) the projected outlook for the Trust.

A. Valuation Basis

This valuation determines the total contributions required for the Plan Year beginning January 1, 2021.

The Trust's funding policy is to collect contributions from the employers and employees, the Actuarially Determined Contribution (ADC), equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method,
- Amortization of the Unfunded Actuarial Liability, and
- The Fund's expected administrative expenses.

The Unfunded Actuarial Liability payment is determined as the amount needed to fund the outstanding Unfunded Actuarial Liability (UAL). The UAL is amortized as a percentage of payroll of SLOCPT. The funding policy adopted as of January 1, 2010 was a 30-year closed amortization period for the entire Unfunded Actuarial Liability (19 years remaining as of January 1, 2021). Effective with the January 1, 2019 valuation, any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over a separate closed 20-year period.

Effective with the January 1, 2021 valuation, the assumed rate of investment return (discount rate) has been reduced from 6.875%, net of all expenses, to 6.75%, net of investment expenses only. In addition, an explicit administrative expense assumption of \$2.3 million was added to the Actuarially Determined Contribution. The administrative expenses are assumed to increase annually at 2.75%, the payroll growth rate. Both of these assumption changes were adopted by the Board of Trustees at their May 24, 2021 Board meeting.

This valuation was prepared based on the plan provisions summarized in Appendix D.

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SECTION I – EXECUTIVE SUMMARY

Actuarial experience studies are performed every two years. With the exception of the assumed rate of investment return and administrative expense assumptions as previously noted, this valuation was performed based on the economic and demographic assumptions and methods that were determined in the San Luis Obispo County Pension Trust Actuarial Experience Study Report performed by the prior actuary for the five-year period ending December 31, 2019 and adopted by the Board. We reviewed the assumptions and found them to be reasonable. A summary of the assumptions and methods used in the current valuation is shown in Appendix C.

B. Key Findings of this Valuation

The key results of the January 1, 2021 actuarial valuation are as follows:

- The Actuarially Determined Contribution rate increased from 47.92% of payroll 50.34% of payroll, a 2.42% of payroll increase. The increase is primarily due to:
 - The decrease in the discount rate from 6.875%, net of all expenses, to 6.75%, net of investment expenses only, and
 - The addition of an explicit administrative expense assumption of \$2.3 million, assumed to increase annually by the payroll growth rate of 2.75%.
- During the plan year ending December 31, 2020, the return on the Market Value of Assets (MVA) was 10.4%, net of investment and administrative expenses and assuming mid-year cash flows, as compared to the 6.875% assumption. Based on the Actuarial Value of Assets (AVA), the Plan returned 7.9% for the year, an actuarial asset gain of \$13.5 million. The return on the AVA was less than the return on the MVA since the recognition in the AVA of the 2017, 2019 and 2020 investment gains was less than the recognition of the 2016 and 2018 investment losses.
- The Trust's funded ratio, the ratio of Actuarial Value of Assets over Actuarial Liability, decreased from 65.3% last year to 65.1% as of January 1, 2021. The 0.2% decrease is primarily due to reducing the discount rate, offset somewhat by favorable investment experience.
- The ratio of Market Value of Assets over Actuarial Liability, increased from 66.3% last year to 67.7% as of January 1, 2021. This 1.4% increase is primarily driven by the favorable investment returns for the year ending December 31, 2020, partially offset by the change in the discount rate.
- The UAL is the excess of the Trust's Actuarial Liability over the Actuarial Value of Assets. The Trust experienced an increase in the UAL from \$753.3 million to \$806.9 million, an increase of \$53.6 million, primarily due to the change in the discount rate and actuarial liability losses. Table I-2 in this report details the changes in UAL.
- The Actuarial Liability of the Trust increased more than expected. The actuarial experience losses were primarily due to larger COLA increases than expected for current retirees (3.0% for Tier 1 compared to the assumed increase of 2.5%), larger salary

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SECTION I – EXECUTIVE SUMMARY

increases than expected for current Miscellaneous actives, and more retirements than expected. Consequently, the Trust experienced a net loss on the Actuarial Liability of \$26.1 million, a 1.2% increase as a percentage of the expected Actuarial Liability.

- As of January 1, 2021, there were 1,453 active members covered under Tier 3 (AB 340, “PEPRA”) compared to 1,321 active members covered in the prior valuation. Tier 3 active member payroll comprises 46% of the total member payroll as of January 1, 2021 compared to 41% in the prior valuation.
- **Reserves:** We recommend that the reserve for Retirees and Beneficiaries be updated to reflect the computed liability in the most recent valuation. With the Trust’s current accounting (the County pays for all COLA benefits), this can only be done for non-COLA benefits. The COLA reserve includes amounts attributable to current active and deferred vested members. According to the financial statements as of December 31, 2020, the reserve for Retirees and Beneficiaries is \$1,198,377,463. The non-COLA liabilities calculated were \$1,239,787,005. Accordingly, we recommend that the Trust transfer the difference of \$41,409,542 out of the Current Reserve and into the Retiree Reserve. A large source of this transfer is from the change in discount rate.
- **Pension Obligation Bond:** Total pension costs also include the debt financing related to the 2003 pension obligation bond of \$135 million. The annual debt financing payment for calendar year 2021 is approximately \$9.0 million, which is approximately 4.20% of active member payroll. When this percent is added to the actuarial valuation computed County appropriation rate of 32.38% (based on employers assuming all of the contribution rate increase for the January 1, 2021 valuation), the total rate of 36.58% more accurately reflects total County pension costs.

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ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION I – EXECUTIVE SUMMARY

Below and on the following pages, we present Tables I-1, I-2, and I-3 which summarize the key results of the valuation with respect to SLOCPT assets, actuarial liabilities, Unfunded Actuarial Liability, funded ratios, contribution rates, and membership. The results are shown and compared for both the current and prior plan year.

Table I-1 Summary of Key Valuation Results (in thousands)			
	January 1, 2020	January 1, 2021	Change
Membership			
Actives	2,752	2,747	-0.2%
Retirees and Beneficiaries	2,968	3,070	3.4%
Deferred ¹	531	799	50.5%
Total	6,251	6,616	5.8%
Total Projected Payroll	\$ 205,694,000	\$ 214,044,000	4.1%
Average Pay	\$ 74,743	\$ 77,919	4.2%
Actuarial Liabilities and Funded Ratio			
Actuarial Liability	\$ 2,170,071	\$ 2,313,128	6.6%
Actuarial Value of Assets (AVA)	<u>1,416,763</u>	<u>1,506,270</u>	6.3%
Unfunded Actuarial Liability (UAL)	\$ 753,309	\$ 806,858	7.1%
Funding Ratio (AVA Basis)	65.3%	65.1%	-0.2%
Market Value of Assets (MVA)	\$ 1,439,004	\$ 1,566,326	8.9%
Unfunded Actuarial Liability (MVA Basis)	731,067	746,802	2.2%
Funding Ratio (MVA Basis)	66.3%	67.7%	1.4%
Actuarially Determined Contributions			
Total Normal Cost	21.04%	20.99%	-0.05%
Administrative Expenses	0.00%	1.07%	1.07%
Unfunded Actuarial Liability Payment			
Interest	24.43%	23.55%	-0.88%
Principal	<u>2.45%</u>	<u>4.73%</u>	<u>2.28%</u>
Total UAL Payment	26.88%	28.28%	1.40%
Total Actuarially Determined Contribution	47.92%	50.34%	2.42%

¹January 1, 2021 Deferred Membership count includes 226 non-vested members with contributions on account.

The key results shown in Table I-1 indicates that total SLOCPT membership increased by 5.8%. The active membership is relatively stable with a slight decrease of 0.2% from last year to this year, while the number of members receiving monthly benefits increased by 3.4%. The number of inactive members increased by 51% since non-vested members with contribution

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SECTION I – EXECUTIVE SUMMARY

account balances are now being included in the actuarial valuation counts. The previous actuary did not include these members in their counts.

Table I-2 Change in Unfunded Actuarial Liability (in thousands)	
Unfunded Actuarial Liability, January 1, 2020	\$ 753,309
Actuarial transition	\$ 2,802
Expected change in Unfunded Actuarial Liability	(5,370)
Unfunded decrease due to actuarial asset gain ¹	(5,684)
Unfunded increase due to liability loss	26,101
Unfunded increase due to change in discount rate	35,700
Total UAL change	<u>\$ 53,549</u>
Unfunded Actuarial Liability, January 1, 2021	\$ 806,858

¹ Includes net loss due to contribution timing delay.

The Unfunded Actuarial Liability (UAL) for SLOCPT increased by \$53.5 million, from \$753.3 million to \$806.9 million. Table I-2 above presents the specific components of the change in the UAL.

- When Cheiron became the SLOCPT consulting actuary, we performed an independent actuarial valuation for January 1, 2020. We calculated an Actuarial Liability of \$2,172.9 million while GRS's calculated Actuarial Liability was \$2,170.1 million, a difference of \$2.8 million which is only 0.13% more than GRS. This difference is well below the 5.0% benchmark for actuarial client transitions and audits.
- The expected decrease in the UAL of \$5.4 million is the amount of expected employer and employee contributions in excess of the benefits expected to accrue for active members and the interest on the UAL.
- The actuarial asset gain of \$13.5 million is offset by the contribution timing delay loss of \$8.1 million for a net actuarial asset gain which decreased the UAL by \$5.7 million. A contribution timing delay will occur every year. The contribution timing delay accounts for the difference between actual contributions received for the year ending December 31, 2020 and the expected contributions for the year based on the ADC rate from the January 1, 2020 actuarial valuation which is completed after the effective date.
- The liability experience loss increased the UAL by \$26.1 million. This liability experience loss was driven by COLA increases for Tier 1 retirees of 3.0%, which is above the assumed COLA increase rate of 2.5%, as well as salary increases for actives above the assumed increases, and more retirements than expected.

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SECTION I – EXECUTIVE SUMMARY

- The discount rate decrease from 6.875% to 6.75%, increased the UAL by \$35.7 million. Adding an explicit administrative expense assumption does not increase the Actuarial Liability. This is an annual cost similar to the normal cost (value of the annual benefits accrued by active members) that is added to the Actuarially Determined Contribution, however it does not impact SLOCPT liabilities.

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Actuarially Determined Contribution Comparison

Thus far, the results of the actuarial valuation have been presented in terms of the UAL and funded ratio. Table I-3 below compares the total contribution rate and its components from the prior year to the current year. The total Actuarially Determined Contribution rate increased by 2.42% for the January 1, 2021 valuation. A decrease of 0.05% in the gross normal cost, an increase of 1.40% in the amortization of the UAL, and the addition of 1.07% of pay for the assumed administrative expenses comprise the total increase.

Table I-3		
Components of Actuarially Determined Contribution Rate and Reconciliation of Charged Rate		
Valuation Date	January 1, 2020	January 1, 2021
Actuarially Determined Contribution Rate		
1. Gross Normal Cost	21.04%	20.99%
2. Employee Contributions	<u>16.31%</u>	<u>16.89%</u>
3. Employer Normal Cost [(1) - (2)]	4.73%	4.10%
4. UAL Amortization Payment	<u>26.88%</u>	<u>28.28%</u>
5. Employer Contribution Rate [(3) + (4)]	31.61%	32.38%
6. Administrative Expenses	<u>0.00%</u>	<u>1.07%</u>
7. Total Actuarially Determined Contribution [(1) + (4) + (6)]	47.92%	50.34%
Reconciliation of Charged Rate		
8. Employer Charged Rate	25.16%	27.00%
9. Member Charged Rate	<u>16.48%</u>	<u>17.05%</u>
10. Total Charged Rate [(8) + (9)]	41.64%	44.05%
11. Increase to Charged Rate ¹	<u>2.68%</u>	<u>4.13%</u>
12. Total Charged Rate as of January 1 [(10) + (11)]	44.32%	48.18%
13. Recommended Rate Increase as of January 1 [(7) - (12)]	3.60%	2.16%

¹ The recommended rate increase as of January 1, 2020 was 3.60%. However, the rate increase will be implemented on July 1, 2021, except for APCD who implemented on January 1, 2021. Therefore, it was increased to 4.13%. The recommended rate increase as of January 1, 2019 was 2.30%. However, the rate increase was implemented on July 1, 2020. Therefore, it was increased to 2.68%.

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ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION I – EXECUTIVE SUMMARY

Table I-4 summarizes the change in the total employer and employee contribution rate from the last valuation by source.

Table I-4				
Actuarially Determined Contribution (ADC) Rate Reconciliation				
	Normal Cost	Administrative Expenses	UAL Payment	Total
GRS Total ADC as of January 1, 2020	21.04%	0.00%	26.88%	47.92%
Actuarial transition	<u>-0.26%</u>	<u>0.00%</u>	<u>0.10%</u>	<u>-0.16%</u>
Cheiron Total ADC as of January 1, 2020	20.78%	0.00%	26.98%	47.76%
Actuarial investment gain	0.00%	0.00%	-0.46%	-0.46%
Tier 3 (PEPRA) new hires	-0.41%	0.00%	0.00%	-0.41%
Effect of payroll on UAL payments	0.00%	0.00%	-0.34%	-0.34%
Increase due to contribution timing lag	0.00%	0.00%	0.28%	0.28%
Demographic experience	0.06%	0.00%	0.88%	0.94%
Assumption changes	<u>0.56%</u>	<u>1.07%</u>	<u>0.94%</u>	<u>2.57%</u>
Total Change	0.21%	1.07%	1.30%	2.58%
Total ADC as of January 1, 2021	20.99%	1.07%	28.28%	50.34%

The changes in the total employer and employee contribution rate based on our January 1, 2020 valuation results are as follows:

- Asset experience produced an investment gain that decreased the contribution rate by 0.46% of pay. The actuarial assets of the Plan returned 7.86% (net of investment and administrative expenses) for the year ending December 31, 2020, which is higher than the assumed rate of 6.875%. In subsequent years, the asset returns will be calculated assuming administrative expenses are not paid from investment earnings, in other words, “net of investment expenses” only. This change is due to adding the explicit administrative expense assumption.
- Tier 3 (PEPRA) members now make up over 46% of active member payroll compared to 41% in the previous valuation. Tier 3 (PEPRA) member benefits are lower than the Tier 1 and Tier 2 members’ benefits. When Tier 1 and Tier 2 members leave employment, they are replaced by Tier 3 members. The impact of this demographic shift is a lower overall normal cost rate for the Trust. For this valuation, the impact was a 0.41% decrease to the normal cost rate.
- Active member payroll, which is used to convert the amortized UAL payments to a percentage of payroll, was higher than expected by about \$2.7 million. The expected payroll growth rate is 2.75% while the actual payroll growth during 2020 was about 4.1%. As a result, the UAL payments are spread over a larger payroll base than expected, and the contribution rate, as a percentage of payroll, decreased by 0.34%.

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SECTION I – EXECUTIVE SUMMARY

- When actual contributions made to the Plan differ from expectations, there is an actuarial gain or loss. There are two primary reasons why contributions can deviate from expectations:
 - The actuarial valuation process assumes any change in the contribution rate occurs on January 1 of the valuation year. Even though calculations are performed to adjust the contributions for delayed implementation, there are “unadjusted” contributions made from January 1 to the implementation date.
 - When payroll growth is more or less than anticipated, all else being equal, contributions will be more or less than anticipated.

The recommended rate increase as of January 1, 2020 was 3.60%. However, the employers (except for APCD who implemented the increase on January 1, 2021) adopted to implement the increase effective July 1, 2021 with an adjusted increase of 4.13% due to the delay. This contribution timing delay, or deferred implementation of the contribution rate increase, partially offset by the payroll growth being greater than anticipated resulted in a net increase to the contribution rate of 0.28% of payroll.

- Demographic experience, or liability experience, was unfavorable for a net increase in cost of about 0.94% of pay. The demographic experience of the Plan includes retirement, death, disability, and termination experience, as well as other factors such as changes in benefits and pay amounts. The liability experience loss was driven by COLA increases for Tier 1 retirees of 3.0%, which is above the assumed COLA increase rate of 2.5%, as well as salary increases for actives above the assumed increases, and more retirements than expected.
- The change in discount rate and adding the explicit administrative expense assumption increased the contribution rate by 2.57% of payroll. The discount rate change increased the contribution rate by 1.50% of payroll while the administrative expense assumption increased the contribution rate by 1.07%.

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SECTION I – EXECUTIVE SUMMARY

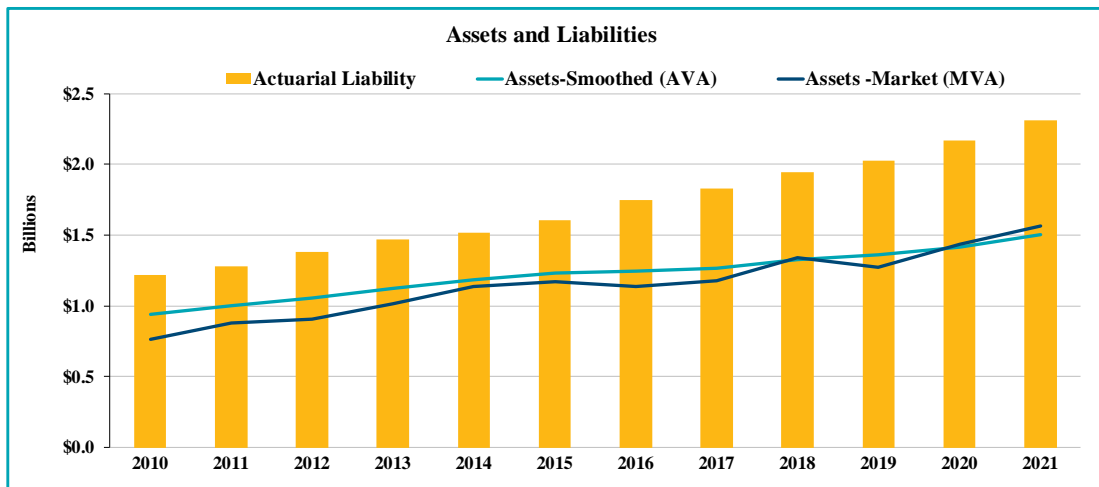
C. Historical Trends

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the Actuarially Determined Contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is important to judge a current year’s valuation result relative to historical trends, as well as trends expected into the future.

Assets and Liabilities

The chart below compares the Actuarial Liability, as gold bars, to the assets at both market value (MVA, blue line) and smoothed value (AVA, teal line). The percentages shown in the table below the graph are the ratios of the assets to the Actuarial Liability (the funded ratio) as of the valuation date at the beginning of the year. The funded ratio on an AVA basis has decreased from 77% in 2010 to 66% in 2021, primarily as a result of actuarial asset losses, reducing the assumed rate of return from 7.75% to 6.75% and mortality improvements.

The funded ratio on an MVA basis has increased from 63% to 68% during that same period. During this period, the average annual rate of return on an MVA basis is 3.6% higher compared to the average annual return on an AVA basis, primarily due to extending the recognition of the 2008 asset loss over ten years instead of five years. The AVA returns are relatively stable, despite the overall market fluctuations, whereas the MVA is more volatile.



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average Annual Return
Funded Ratio (AVA)	77%	78%	77%	76%	78%	77%	71%	69%	68%	67%	65%	65%	5.4%
Rate of Return* (AVA)	5.7%	6.0%	5.5%	6.2%	6.2%	5.3%	3.0%	3.5%	6.0%	3.7%	5.7%	7.9%	5.4%
Funded Ratio (MVA)	63%	69%	66%	69%	75%	73%	65%	65%	69%	63%	66%	68%	
Rate of Return* (MVA)	23.5%	14.3%	2.7%	12.0%	13.1%	4.6%	-1.4%	6.1%	14.9%	-3.7%	15.2%	10.4%	9.0%

* Rate of Return for prior year ending 12/31

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Contribution Trends

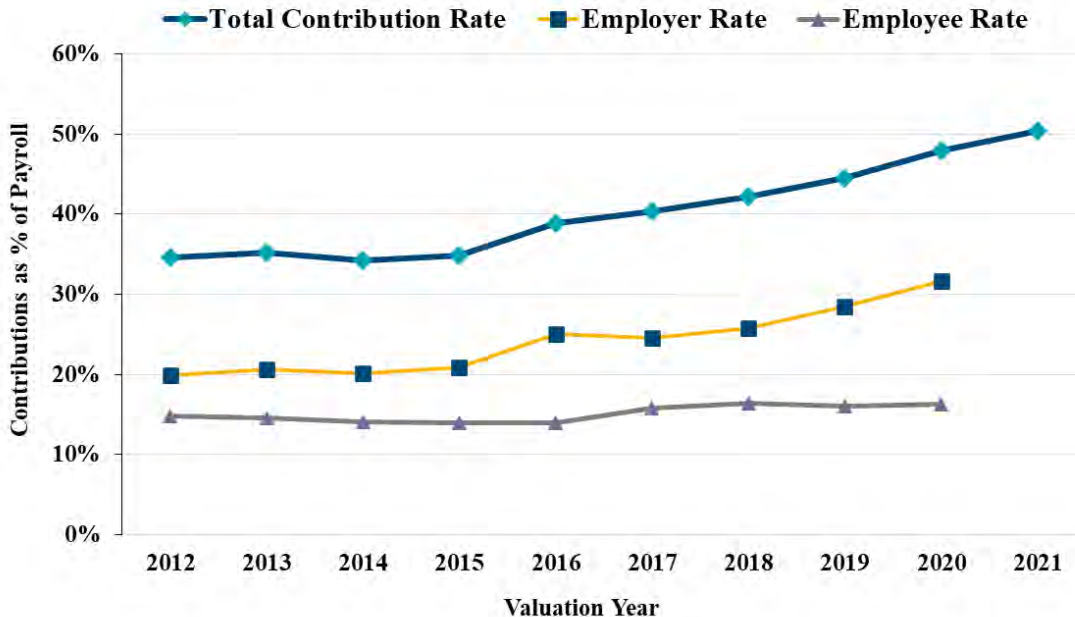
In the chart below, we present the historical trends for the SLOCPT contribution rates. The total contribution rate has increased during this period from approximately 35% to 50%. The contribution rate remained relatively steady from 2012 to 2015. From 2016 to 2021, the rate has steadily increased primarily due to the incremental discount rate decreases from 7.25% to 6.75% during this period. There were also consistent investment losses on the actuarial value of assets from 2006 to 2020, with favorable experience in 2021.

The employer contribution rates have a similar pattern to the total contribution rates which also include the member rates.

Over the period shown, the average employee contribution rates were relatively stable from 2012 to 2016, increasing as the Plan’s economic assumptions have changed. However, these increases are partially offset as Tier 3 (PEPRA) members with lower employee contributions continue to replace Tier 1 and Tier 2 members who have higher contributions rates.

Historically, the increase in the total contribution rate has generally been allocated equally between employers and employees. The allocation of rate increases is implemented and agreed to during the bargaining process between the Employers and their various Employment Groups, and therefore not determined by the Plan. In 2019 and 2020, there were mid-year adjustments that transferred the allocation of contributions from Employee to Employer for the Safety and Probation classifications. In 2020, the County Employer was allocated a larger portion of the rate increase.

Historical Contribution Rates



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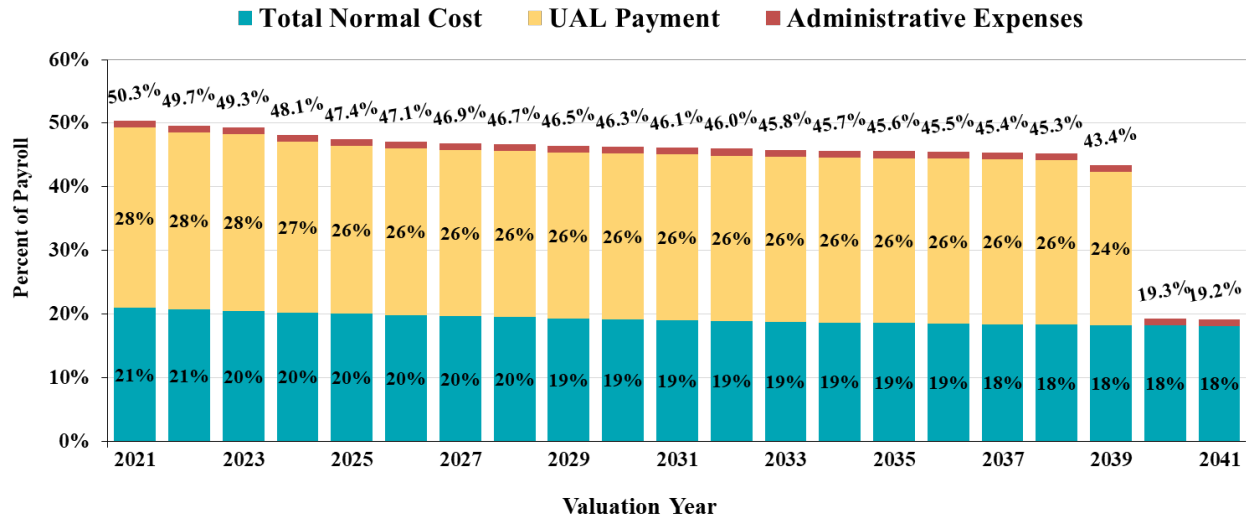
D. Future Expected Financial Trends

The analysis of projected financial trends is an important component of this valuation. All the projections in this section are based on the current investment return assumption of 6.75%. We have assumed future payroll increases of 2.75% per year. The projections also assume that all other actuarial assumptions are met each year.

Projection of Contributions

The following graph shows the expected total contribution rate, or Actuarially Determined Contribution (ADC) based on achieving the 6.75% assumption **each year** for the next 20 years. This scenario is highly unlikely; even if the Plan does achieve an **average** return of 6.75% over this period, the returns in each given year will certainly vary.

The total contribution rates shown at the top of the graph consist of the total normal cost, the UAL payment, and assumed administrative expenses (1.07% of payroll over the projection period.)



The total contribution rate is approximately 50.3% of member payroll for the January 1, 2021 valuation. Over the next five years, there is an expected rate decline of approximately 3.2% to 47.1% in 2026, primarily due to the recognition of the \$60.0 million in deferred investment gains. After 2026, there is a more gradual decrease over the next twelve years due to the decrease in the normal cost rate (the teal bars) as Tier 3 active members, with lower benefits, continue to replace Tier 1 and Tier 2 active members.

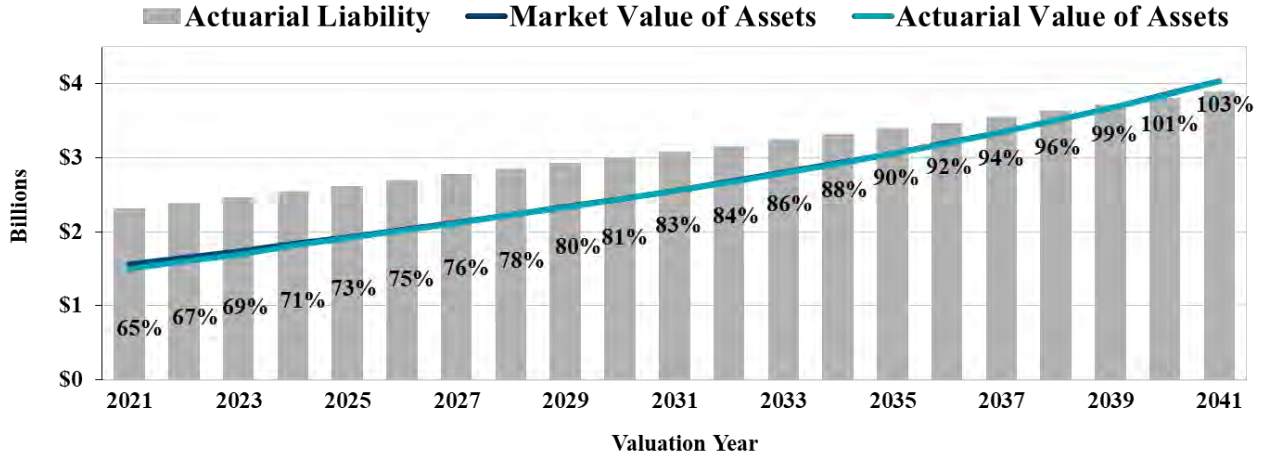
There is a decrease in the UAL payment of almost 2.0% of payroll in 2039 when the 2019 amortization layer for the actuarial loss is fully paid. Finally, the contribution drops to 19.3% in 2040 and consists of only the normal cost and administrative expenses since the entire UAL is expected to be fully paid.

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Asset and Liability Projections:

In this section, we present our assessment of the implications of the January 1, 2021 valuation results in terms of benefit security (assets over liabilities). The following graph shows the projection of assets and liabilities assuming that assets will earn the 6.75% assumption each year during the projection period. The percentages along the graph represent the funded ratio or status of the Trust.



The projected funded ratio increases over the next 20 years and reaches 100% in 2040 assuming that all actuarial assumptions are achieved each year.

However, as above, it is the **actual** return on Trust assets that will determine the future funding status and contribution rate to the Trust.

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SECTION II – DISCLOSURES RELATED TO RISK

Actuarial valuations are based on a set of assumptions about future economic and demographic experience. These assumptions represent a reasonable estimate of future experience, but actual future experience will undoubtedly be different and may vary significantly. This section of the report is intended to identify the primary risks to the Plan, provide some background information about those risks, and provide an assessment of those risks.

Identification of Risks

The fundamental risk to a pension plan is that the contributions needed to pay the benefits become unaffordable. This is most likely to occur when the contributions needed to support the plan differ significantly from expectations. While there are a number of factors that could lead to contribution amounts deviating from expectations, we believe the primary risks are:

- Investment risk,
- Assumption change risk, and
- Contribution risk.

Other risks that we have not identified may also turn out to be important.

Investment Risk is the potential for investment returns to be different from expected. Lower investment returns than anticipated will increase the Unfunded Actuarial Liability necessitating higher contributions in the future unless there are other gains that offset these investment losses. The potential volatility of future investment returns is determined by the Plan's asset allocation and the affordability of the investment risk is determined by the amount of assets invested relative to the size of the plan sponsor or other contribution base.

Assumption change risk is the potential for the environment to change such that future valuation assumptions are different from the current assumptions. For example, declines in interest rates over the last three decades resulted in higher investment returns for fixed income investments, but lower expected future returns necessitating either a change in investment policy, a reduction in discount rate, or some combination of the two. Assumption change risk is an extension of the other risks identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in environment when the current assumption is no longer reasonable.

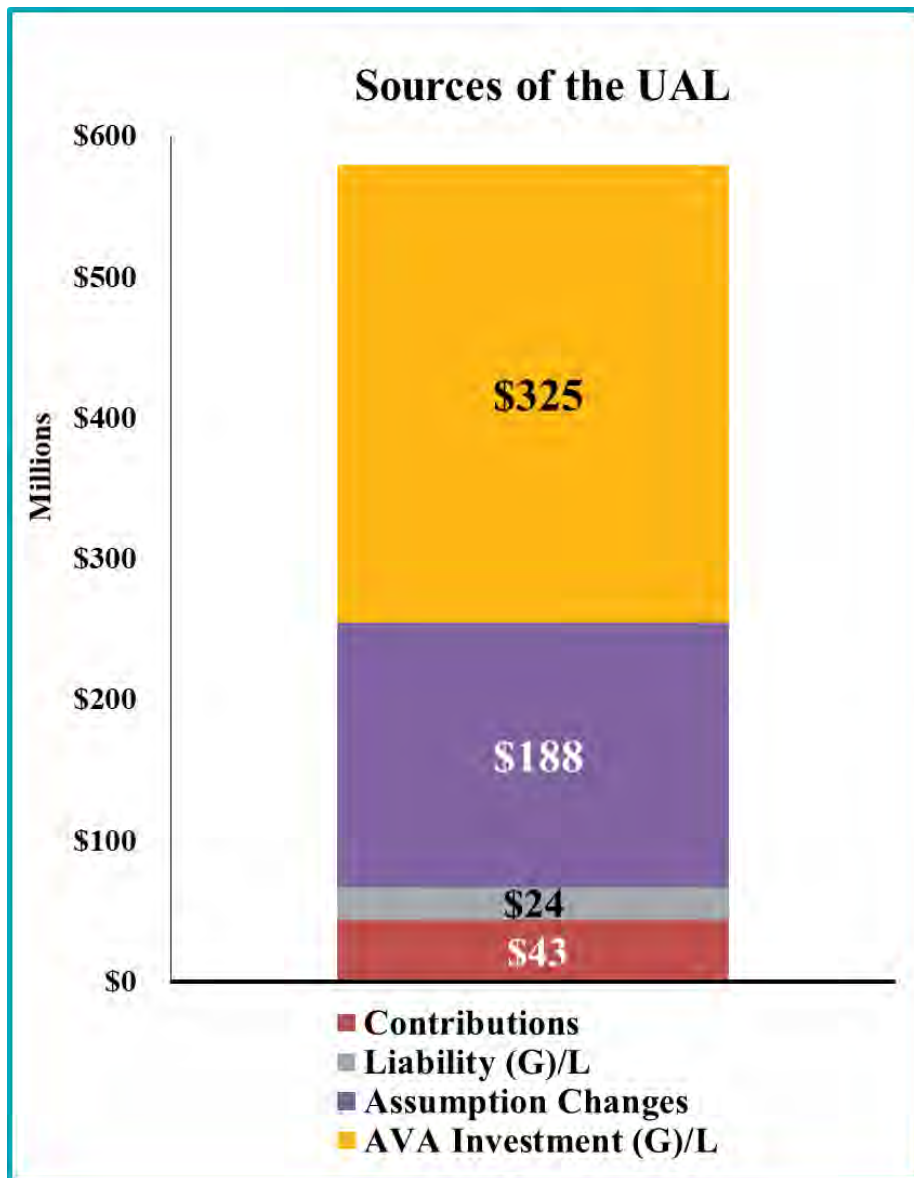
Contribution risk is the potential for actual future contributions to deviate from the expected future contributions. There are different sources of contribution risk such as the sponsor choosing to not make contributions in accordance with the funding policy. As another example, the contribution requirement might become a financial strain on the sponsor because of material changes in the contribution base (e.g., covered employees, covered payroll) that affects the amount of contributions the plan can collect.

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The chart below shows the components contributing to the Unfunded Actuarial Liability (UAL) from January 1, 2009 through January 1, 2021. Over the last 13 years, the UAL has increased by approximately \$576 million. The investment losses (gold bar) of \$325 million on the Actuarial Value of Assets (AVA) and assumptions changes (purple bar) resulting in a UAL increase of \$188 million are the primary sources in the UAL growth. The net liability losses (gray bar) of \$24 million and contributions being less than the “tread water” level (red bar, defined later in this section) by \$43 million have also increased the UAL since January 1, 2009.

Chart II-1

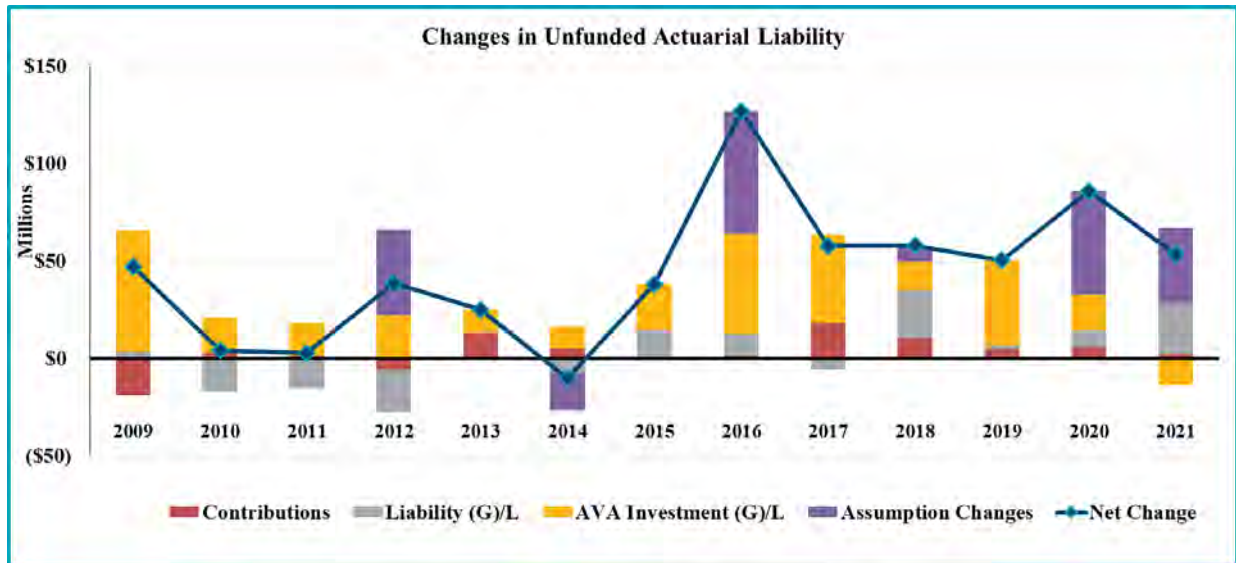


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SECTION II – DISCLOSURES RELATED TO RISK

Chart II-2 below details the annual sources of the UAL change (colored bars) for the Plan years ending December 31. The net UAL change for the year is represented by the blue diamonds.

Chart II-2



On a market value and an actuarial value basis, the average annual geometric return over the 13-year period is 5.6% and 5.3% respectively. Actuarial asset losses were greater than the gains over the period, due to the market performance in FYE 2008, 2011, 2014, 2015, 2016 and 2018 with actual returns between -28.0% and 6.1%, ranging well below the assumed rate of return.

Over the same period, the assumed rate of return decreased from 7.75% to 6.75%. It is important to note that these changes simply reflect a downward revision to the estimate of future investment earnings and ultimately costs will be determined by actual investment earnings. Based on Verus’ 30-year capital market assumptions and the Plan’s asset allocation, the expected average annual return is about 5.90% compared to the Plan’s current assumption of 6.75%. Other investment consultants’ capital market expectations – those included in the survey performed by Horizon Actuarial Services – are more optimistic and result in an average expected return of approximately 7.0%. Future expectations of investment returns may continue to decline necessitating further reductions in the discount rate.

The impact of all assumption changes is represented by the purple bars and includes decreases in mortality rates and longevity improvements projected in the future, which had a significant impact on the measurement of the UAL in 2016.

Each year the UAL is expected to increase for benefits earned in the current year (the normal cost) and interest on the UAL. This expected increase is referred to as the tread water level. If contributions are greater than the tread water level, the UAL is expected to decrease. Conversely, if contributions are less than the tread water level, the UAL is expected to increase. The amortization policy (as well as the delayed implementation of contribution rate increases) can affect whether or not the contributions exceed the tread water level.

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The UAL is expected to decrease next year, all else being equal, as some of the UAL payment is expected to pay off principal. However, the practice of delaying the implementation date of contribution increases can potentially offset progress toward paying down UAL principal.

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SECTION II – DISCLOSURES RELATED TO RISK

Table II-1 below numerically summarizes the changes in the UAL for each year over the last 13 years. These totals support our identification of investment returns and assumption changes as the primary risks to the Plan.

Table II-1

Changes in Unfunded Actuarial Liability (\$ in millions)														
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Assumed Rate of Return	7.75%	7.75%	7.75%	7.25%	7.25%	7.25%	7.25%	7.125%	7.125%	7.00%	7.00%	6.875%	6.750%	
Source														
AVA (Gain)/Loss	\$ 62.6	\$ 17.9	\$ 16.7	\$ 22.2	\$ 11.5	\$ 11.3	\$ 23.3	\$ 51.8	\$ 44.9	\$ 14.3	\$ 43.7	\$ 17.9	\$ (13.5)	\$ 324.6
Liability (Gain)/Loss	3.3	(16.8)	(15.3)	(21.7)	0.3	(7.3)	14.3	10.8	(5.6)	24.7	1.7	9.0	26.1	23.5
Assumption Changes ¹	0.0	0.0	0.0	44.0	0.0	(19.3)	0.0	62.8	0.0	8.5	0.0	53.4	38.5	187.9
Contributions ²	<u>(18.7)</u>	<u>3.2</u>	<u>1.6</u>	<u>(5.7)</u>	<u>13.4</u>	<u>5.2</u>	<u>0.6</u>	<u>1.5</u>	<u>18.6</u>	<u>10.5</u>	<u>5.0</u>	<u>5.6</u>	<u>2.4</u>	43.2
Total UAL Change	\$ 47.2	\$ 4.3	\$ 3.0	\$ 38.8	\$ 25.2	\$(10.1)	\$ 38.2	\$126.9	\$ 57.9	\$ 58.0	\$ 50.4	\$ 85.9	\$ 53.5	\$ 579.2

¹ In 2021, the \$2.8 million difference in the Actuarial Liability for the actuarial transition was included.

² Actual contributions (more than) / less than normal cost and interest on the UAL (tread water level)

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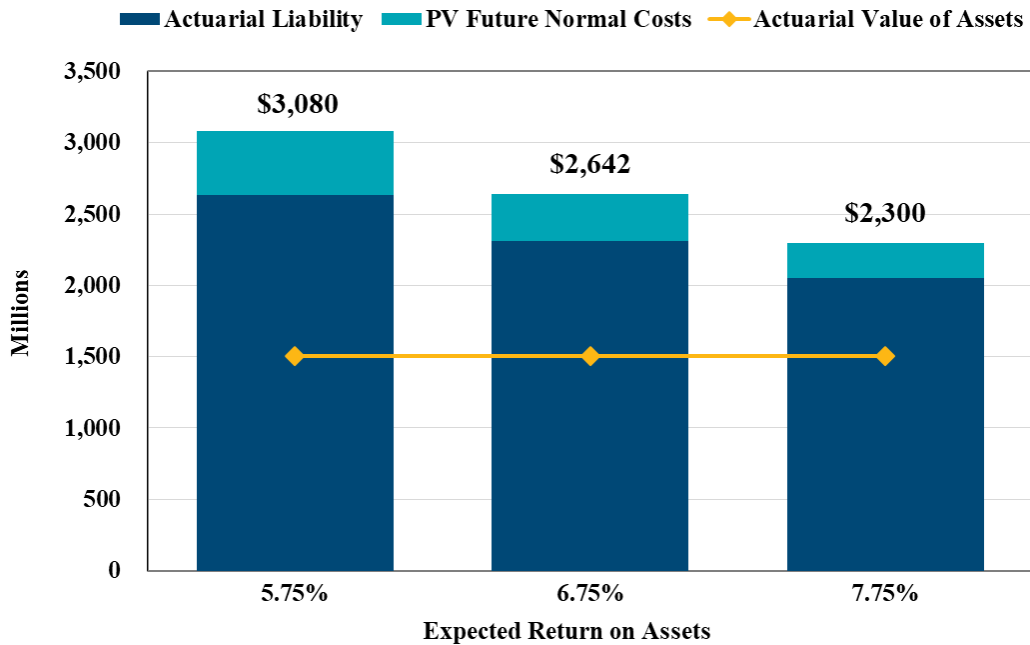
SECTION II – DISCLOSURES RELATED TO RISK

Assessing Costs and Risks

Sensitivity to Investment Returns

The chart below compares assets to the present value of all projected future benefits discounted at the current expected rate of return (6.75%) and at investment returns 100 basis points above and below the expected rate of return. The present value of future benefits is shown as a bar with the portion attributable to past service in dark blue (Actuarial Liability) and the portion attributable to future service in teal (Present Value of Future Normal Costs). The gold line shows the Actuarial Value of Assets.

Present Value of Future Benefits versus Assets



If investments return 6.75% annually, the Plan would need approximately \$2.6 billion in assets today to pay all projected benefits compared to current assets of \$1.5 billion. If investment returns are only 5.75%, the Plan would need approximately \$3.1 billion in assets today, and if investment returns are 7.75%, the Plan would need approximately \$2.3 billion in assets today.

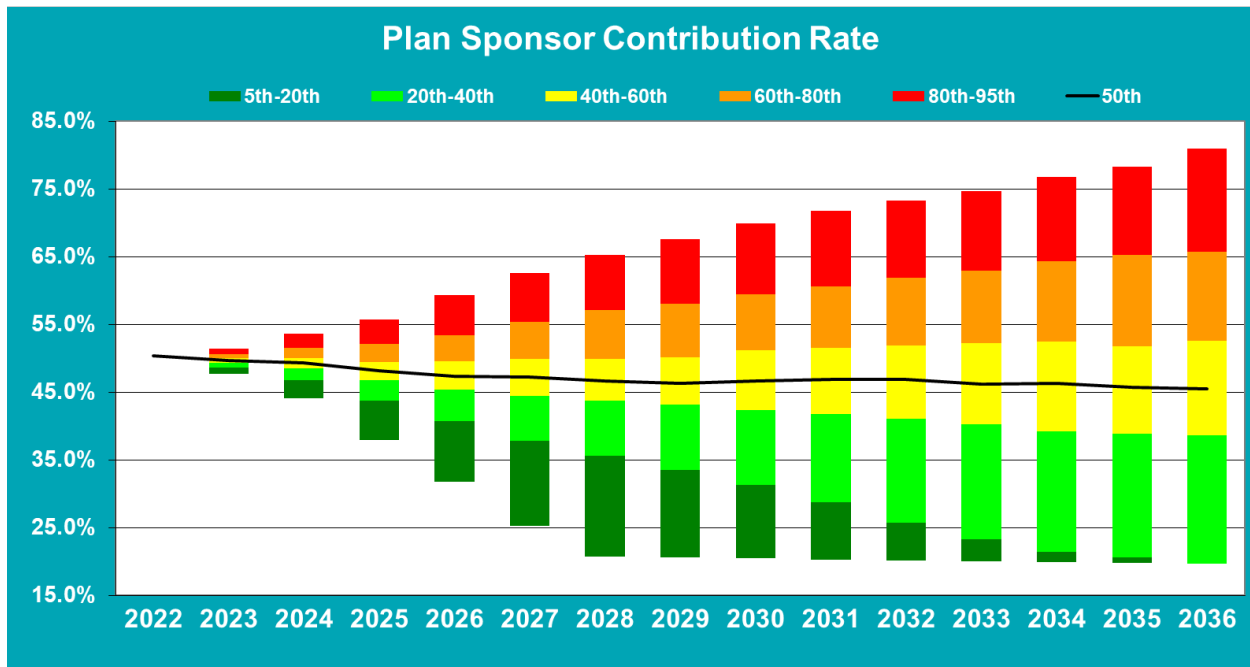
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SECTION II – DISCLOSURES RELATED TO RISK

Sensitivity to Investment Returns – Stochastic Projections

Stochastic projections serve to show the range of probable outcomes of various measurements. The graphs on this and the following page show the projected range of the contribution rate and of the funded ratio (i.e., the market assets divided by liabilities). The range in both scenarios is driven by the volatility of investment returns (assumed to be based on a 11.4% standard deviation of annual returns, as provided by the Plan’s investment consultant). The stochastic projections of investment returns are based on an assumption that each future year’s investment return is independent from all other years and is identically distributed according to a lognormal distribution. This assumption may result in an unrealistically wide range of compound investment returns over longer periods of time.

Stochastic Projection of Total Contributions as a Percent of Pay

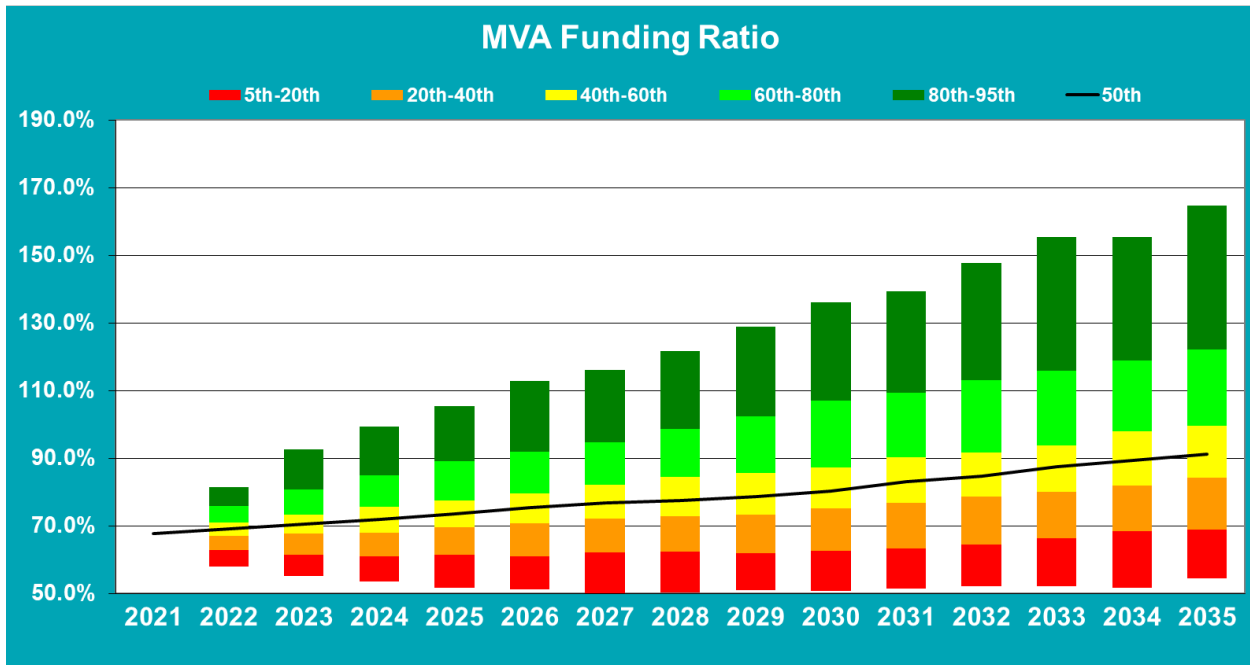


The stochastic projection of contributions as a percent of pay shows the probable range of future contribution rates. The baseline contribution rate (black line), which is based on the median of the simulations using an average return of 6.75% each year, aligns with the projections discussed in subsection D of the Executive Summary of this report. In the most pessimistic scenario shown, the 95th percentile, the projected contribution rate is approximately 78% of pay in 2036. Conversely, in the most optimistic scenario shown, the 5th percentile, the projected contribution rate declines to about 20% starting in 2028. In these projections, we assumed that the minimum contribution allowed is the total normal cost plus the assumed administrative expenses. However, under PEPR, if the Plan becomes extremely over-funded (above 120%), the contribution can drop below the normal cost plus assumed administrative expenses.

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Stochastic Projection of Funded Ratio on a Market Value of Assets Basis



The graph above shows the projection of the funded ratio based on the market value of assets. While the median funded ratio (black line) is projected to be approximately 90% at the end of the 15-year period shown here, there is a wide range of potential outcomes. Good investment returns have the likelihood of bringing the funded ratio well over 100%. Due to the sound funding policy of the Plan, even in scenarios with significant unfavorable investment returns, the Plan is projected to remain over 50% funded, as long as the Actuarially Determined Contributions continue to be made.

Contribution Risk

If contribution rates become a significant percentage of payroll, future salary increases and the hiring of new members are potentially at risk. When member payroll growth stagnates or even declines, the dollar level of contributions made to the Plan also stagnates or declines since contributions are based on payroll levels.

There is also a risk of the contribution rates increasing when payroll decreases since the Plan’s funding policy amortizes the UAL as a level percentage of pay. This means that the UAL payments are designed to increase at the assumed payroll growth rate of 2.75%, so that the payment is expected to remain constant as a percentage of payroll. If payroll growth is less than the expected 2.75% or there is a decline in payroll, the UAL payments are spread over a smaller payroll base and the contribution rate as a percentage of pay increases, potentially making the Plan less affordable.

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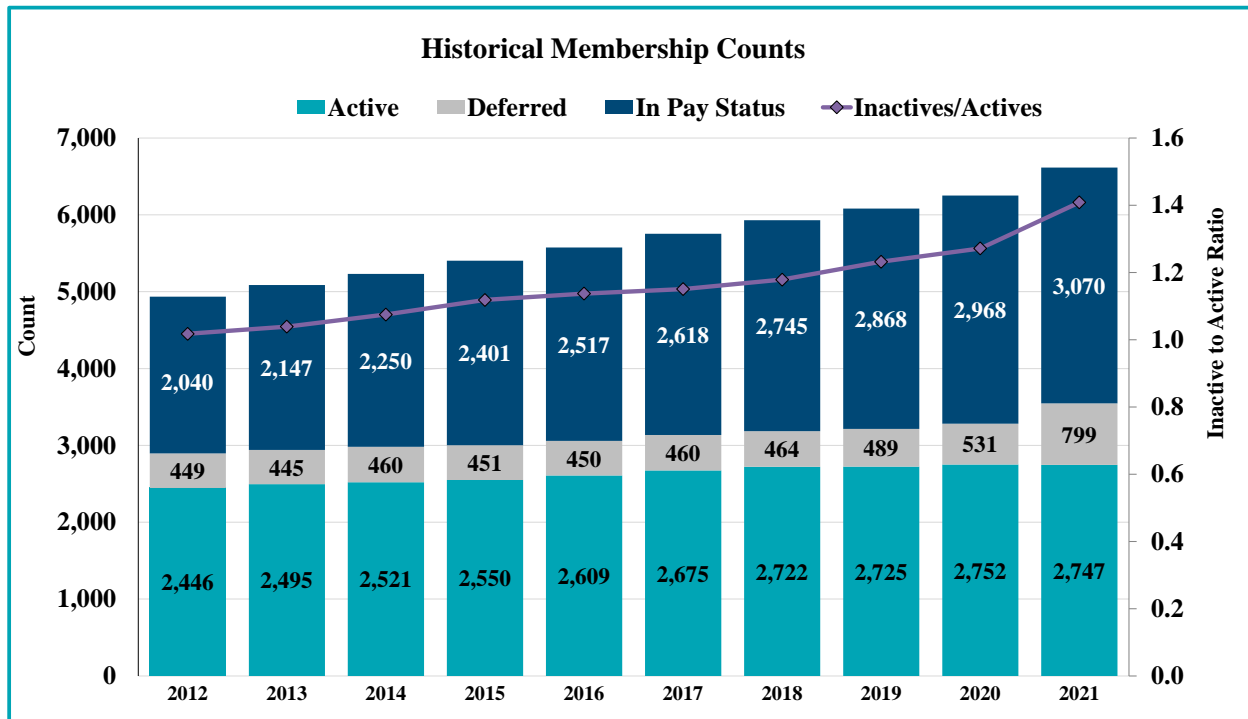
Plan Maturity Measures

The future financial condition of a mature pension plan is more sensitive to each of the risks identified above than a less mature plan. To assess each of these risks, it is important to understand the maturity of the plan and how it has changed over time.

Plan maturity can be measured in a variety of ways, but they all get at one basic dynamic – the larger the plan is compared to the contribution or revenue base that supports it; the more sensitive the plan will be to risk. The measures below have been selected as the most important in understanding the primary risks identified for a plan.

Inactives per Active (Support Ratio)

One simple measure of plan maturity is the ratio of the number of inactive members (those receiving benefits or deferred – those entitled to a deferred vested benefit or refund of contributions) to the number of active members. The Support Ratio is expected to increase gradually as a plan matures. The chart below shows the growth in the Support Ratio from 1.0 over the period. The number of active members has grown by around 12% for SLOCPT, while the number of inactive members has increased by over 55%.



¹ January 1, 2021 Deferred Membership count includes 226 non-vested members with contributions on account.

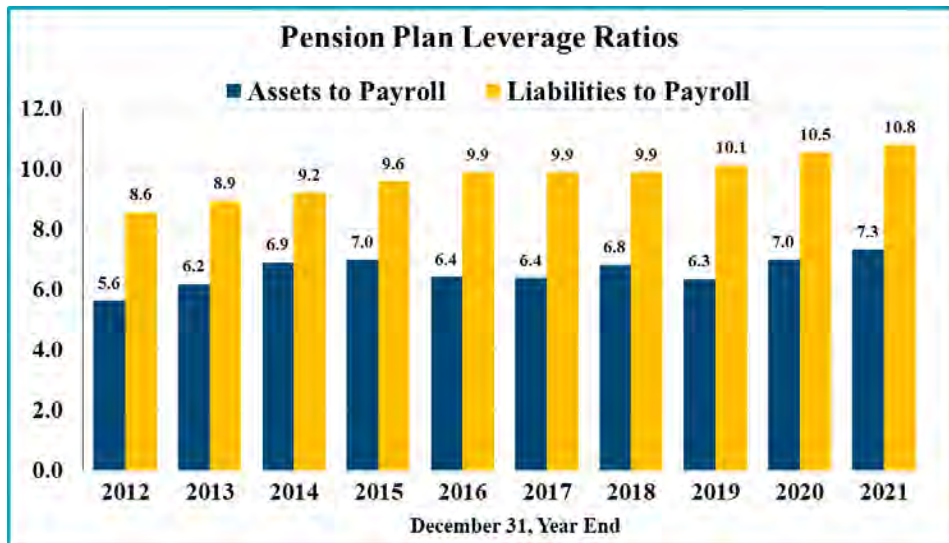
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SECTION II – DISCLOSURES RELATED TO RISK

Leverage Ratios

Leverage or volatility ratios measure the size of a plan compared to its revenue base more directly. The asset leverage ratio is simply the Market Value of Assets divided by active member payroll and indicates the sensitivity of the Plan to investment returns. The liability leverage ratio is the ratio of a plan’s Actuarial Liability to active member payroll and indicates the sensitivity of the Plan to assumption changes or demographic experience.

The chart below shows the historical leverage ratios of the Plan. Both leverage ratios have gradually increased since 2012.



To appreciate the impact of the ratio of assets to payroll on plan cost, consider the situation for a new plan with almost no assets. Even if the assets suffer a bad year of investment returns, the impact on the plan cost is nil, because the asset level is so small.

As the Plan becomes better funded, the asset leverage ratio will increase, and if it was 100% funded, the asset leverage ratio would be 10.8 times payroll, or the Actuarial Liability (AL) leverage ratio.

The asset leverage ratio of 7.3 means that if the Plan’s assets lose 10% of their value, which is a 16.75% actuarial loss compared to the expected return of 6.75%, the loss would be equivalent to 122% of payroll (16.75% times 7.3). Based on the current amortization policy and economic assumptions, the contribution rate would ultimately increase by about 9% of payroll (after full recognition of the asset loss in the actuarial value of assets).

More Detailed Assessment

While a more detailed assessment is always valuable to enhance the understanding of the risks identified above, we believe the scenarios illustrated above cover the primary risks facing the Plan at this time. We would be happy to provide the Board with a more in-depth analysis at their request.

**SAN LUIS OBISPO COUNTY PENSION TRUST
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SECTION III – ASSETS

Pension Plan assets play a key role in the financial operation of the Trust and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely affect contributions and the ultimate security of participants' benefits.

In this section, we present detailed information on Trust assets including:

- **Disclosure** of Trust assets as of January 1, 2020 and January 1, 2021,
- Statement of the **changes** in market values during the year,
- Development of investment rate of return for the Market Value of Assets and the Actuarial Value of Assets,
- Development of the Actuarial Value of Assets, and
- An allocation of the assets between the **valuation subgroups**.

Disclosure

There are two types of asset values disclosed in this value, the Market Value of Assets and the Actuarial Value of Assets. The market value represents a “snap-shot” or “cash-out” value, which provides the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not as suitable for long-term planning as the Actuarial Value of Assets. The Actuarial Value of Assets reflects smoothing of annual investment returns in order to mitigate any wide fluctuations in overall investment returns.

Table III-1 on the next page discloses and compares the asset values as of January 1, 2020 and January 1, 2021.

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SECTION III – ASSETS

Table III-1 Statement of Assets at Market Value		
	January 1, 2020	January 1, 2021
Cash and Cash Equivalents	\$ 46,396,399	\$ 61,481,889
Receivables	5,009,970	3,053,756
Equities	622,179,565	730,115,063
Bonds	414,155,133	422,122,556
Mortgages	5,983,103	7,365,200
Alternative Investments	165,992,908	172,467,326
Real Estate	204,950,456	206,417,084
Other	7,482,644	6,922,598
	<u>\$ 1,472,150,178</u>	<u>\$ 1,609,945,472</u>
Liabilities	(33,145,975)	(43,619,277)
Market Value of Assets	\$ 1,439,004,203	\$ 1,566,326,195
Reserves		
Member Deposit	\$ 375,633,777	\$ 388,478,368
Appropriation	55,922,115	34,237,602
Retired Members	1,096,148,832	1,198,377,463
Cost of Living	423,021,791	437,959,468
Contingency	(873,921,605)	(1,000,258,382)
Market Value Adjustments	362,199,293	507,531,676
Total Reserves	\$ 1,439,004,203	\$ 1,566,326,195

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SECTION III – ASSETS

Changes in Market Value

The components of asset change are:

- Contributions (employer and employee)
- Benefit payments
- Expenses (investment and administrative)
- Investment income (realized and unrealized)

Table III-2 below shows the components of change in the Market Value of Assets during the fiscal years ending December 31, 2019 and December, 31, 2020.

Table III-2 Changes in Market Value of Assets		
	December 31, 2019	December 31, 2020
Beginning of Year	\$ 1,271,620,084	\$ 1,439,004,203
Revenues		
Contributions		
Employer Contributions	\$ 48,957,564	\$ 56,305,770
Member Contributions	32,983,211	35,888,642
Total Contributions	\$ 81,940,775	\$ 92,194,412
Net Investment Income		
Interest	\$ 4,450,180	\$ 3,405,925
Dividends	11,371,561	7,907,996
Real Estate Income	11,549	0
Realized and Unrealized	181,520,905	144,465,689
Other Income	18,930	35,607
Investment Expenses	(3,632,547)	(3,529,059)
Net Investment Income	\$ 193,740,578	\$ 152,286,158
Total Revenues	\$ 275,681,353	\$ 244,480,570
Disbursements		
Benefits Payments		
Monthly Benefit Payments	\$ 101,220,652	\$ 109,135,137
Refunds of Member Contributions	3,291,865	3,167,517
Death Benefits	118,337	864,963
Total Benefit Payments	\$ 104,630,854	\$ 113,167,617
Administrative Expenses	3,666,380	3,990,961
Total Disbursements	\$ 108,297,234	\$ 117,158,578
Net Increase / (Decrease)	167,384,119	127,321,992
End of Year	\$ 1,439,004,203	\$ 1,566,326,195

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION III – ASSETS

Tables III-3 below shows the development of the actuarial investment gains or losses as well as the actual rates of returns on both the AVA and MVA. The calculations for this year are based on the assumption that the assumed rate of investment return is net of both investment and administrative expenses since the calculations are for the 2020 calendar year.

Table III-3 Development of Investment Returns		
	Market Value	Actuarial Value
1) Assets as of January 1, 2020	\$ 1,439,004,203	\$ 1,416,762,603
a) Contributions	92,194,412	92,194,412
b) Benefits Paid	113,167,617	113,167,617
c) Expected Investment Earnings at 6.875%	<u>98,222,568</u>	<u>96,693,458</u>
2) Expected Value of Assets as of January 1, 2021	\$ 1,516,253,566	\$ 1,492,482,856
3) Actual Value of Assets as of January 1, 2021	\$ 1,566,326,195	\$ 1,506,269,826
4) Actuarial Investment Gain/(Loss) [(3) - (2)]	\$ 50,072,629	\$ 13,786,970
5) Actual Investment Earnings [(1c) + (4)]	\$ 148,295,197	\$ 110,480,428
6) Actual Rate of Return as of December 31, 2020 <i>(net of investment and administrative expenses)</i>	10.4%	7.9%
7) Ratio of Actuarial Value of Assets to Market Value		96%

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION III – ASSETS

Development of Actuarial Value of Assets

Tables III-4 below shows the development of the Actuarial Value of Assets under the five-year smoothing method for the Trust.

Table III-4		
Development of Actuarial Value of Assets for January 1, 2021		
1)	Actuarial Value of Assets as of 1/1/2020	\$ 1,416,762,603
2)	Non-Investment Cash Flow for FYE 2020	(20,973,205)
3)	Expected Return for FYE 2020	<u>96,693,458</u>
4)	Expected Actuarial Value of Assets as of 1/1/2021 [(1) +(2) +(3)]	\$ 1,492,482,856
5)	Actual Return on Market Value as of FYE 2020	\$ 148,295,197
6)	Actual Return Above Expected in 2020: (5) - (3)	\$ 51,601,739
7)	Recognition of Returns Above / (Below) Expected	
	December 31, 2020 (20% of 6.)	\$ 10,320,348
	December 31, 2019 (20% of 95,456,027)	19,091,205
	December 31, 2018 (20% of -145,899,912)	(29,179,982)
	December 31, 2017 (20% of 85,268,082)	17,053,616
	December 31, 2016 (20% of -19,156,519)	<u>(3,831,304)</u>
	Total Recognition of Returns for 1/1/ 2021	\$ 13,453,883
8)	Preliminary Actuarial Value of Assets as of 1/1/2021	\$ 1,505,936,739
9)	Excludable Assets: Additional Annuity Reserve	
	Beginning of Year	2,598,886
	End of Year	2,265,799
	Change in Excludable Assets	(333,087)
10)	Final Actuarial Value of Assets as of 1/1/2021	\$ 1,505,603,652

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION III – ASSETS

Allocation of Assets by Valuation Subgroup

The following table shows the allocation of the Actuarial Value of Assets between the three valuation subgroups (Miscellaneous, Probation, and Safety). The assets are allocated to each subgroup based on an equalization of each group’s funded ratio to the total funded ratio of SLOCPT. The Actuarial Value of Assets is used to calculate each subgroups’ UAL and the resulting amortization payment.

Table III-5 Allocation of Assets by Group for January 1, 2021				
	Miscellaneous	Probation	Safety	Total SLOCPT
Valuation Assets as of December 31, 2019	\$ 1,092,273,730	\$ 60,500,693	\$ 263,988,180	\$ 1,416,762,603
Valuation Assets as of December 31, 2020				1,506,269,826
Funded Ratio	65.1%	65.1%	65.1%	65.1%
Actuarial Liability	\$ 1,779,304,173	\$ 100,762,327	\$ 433,061,560	\$ 2,313,128,060
Allocation of Assets to Equalize Funded Ratios	66,379,020	5,114,028	18,014,175	89,507,223
Valuation Assets as of December 31, 2020	\$ 1,158,652,750	\$ 65,614,721	\$ 282,002,355	\$ 1,506,269,826

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION IV – LIABILITIES

In this section, we present detailed information on Trust liabilities including:

- **Disclosure** of Trust liabilities at January 1, 2020 and January 1, 2021;
- Statement of **changes** in these liabilities during the year.

Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them. Note that these liabilities are not appropriate for settlement purposes, including the purchase of annuities and the payment of lump sums.

- **Present Value of Future Benefits:** Used for measuring all future Trust obligations; the obligations of the Trust earned as of the valuation date and those to be earned in the future by current Plan participants, under the current Trust provisions.
- **Actuarial Liability:** Used for funding calculations, this liability is calculated taking the Present Value of Future Benefits and subtracting the present value of future Member and future Employer Normal Cost Contributions under an acceptable actuarial funding method. The method used for this Trust is called the **Entry Age Normal** (EAN) funding method.
- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

Table IV-1 on the following page discloses each of these liabilities for the current and prior valuations. With respect to each disclosure, a subtraction of the appropriate value of Plan assets yields, for each respective type, a **net surplus**, or an **Unfunded Actuarial Liability**.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION IV – LIABILITIES

Table IV-1					
Present Value of Future Benefits and Actuarial Liability					
(in thousands)					
	Miscellaneous	Probation	Safety	January 1, 2021 Total	January 1, 2020 Total
Present Value of Benefits					
Actives	\$ 742,328	\$ 59,146	\$ 166,900	\$ 968,374	\$ 937,684
Terminated Vested	69,842	2,645	7,665	80,152	72,074
Retirees	1,136,147	55,578	264,728	1,456,453	1,334,530
Disabled	23,424	2,829	45,856	72,109	59,641
Beneficiaries	46,995	1,892	16,514	65,401	66,134
Total Present Value of Benefits	\$ 2,018,737	\$ 122,090	\$ 501,662	\$ 2,642,489	\$ 2,470,063
Actuarial Liability					
Total Present Value of Benefits	\$ 2,018,737	\$ 122,090	\$ 501,662	\$ 2,642,489	\$ 2,470,063
Present Value of Future Normal Costs	239,432	21,328	68,601	329,361	299,991
Actuarial Liability	\$ 1,779,304	\$ 100,762	\$ 433,062	\$ 2,313,128	\$ 2,170,071
Actuarial Value of Assets	\$ 1,158,653	\$ 65,615	\$ 282,002	\$ 1,506,270	\$ 1,416,763
Funded Ratio	65.1%	65.1%	65.1%	65.1%	65.3%
Unfunded Actuarial Liability/(Surplus)	\$ 620,651	\$ 35,147	\$ 151,060	\$ 806,858	\$ 753,308

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION IV – LIABILITIES

Changes in Liabilities

Each of the liabilities disclosed in the prior tables are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method

Unfunded liabilities will change because of all of the above, and also due to changes in Trust assets resulting from:

- Contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure Plan assets

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION IV – LIABILITIES

**Table IV-2
Development of 2021 Experience Gain/(Loss)
(in thousands)**

1. Unfunded Actuarial Liability (UAL) at January 1, 2020	\$ 753,309
2. Middle of year actuarial liability payment	(55,291)
3. Interest to end of year on 1 and 2	49,921
4. Actuarial Transition	2,802
5. Assumption Changes	<u>35,700</u>
6. Expected UAL at January 1, 2021 (1+2+3+4+5)	\$ 786,441
7. Actual Unfunded Liability at January 1, 2021	<u>806,858</u>
8. Net Gain/(Loss): (6 - 7)	\$ (20,417)
9. Portion of net Gain/(Loss) due to:	
a. Actuarial investment gain	\$ 13,454
b. Retirement, termination and disability experience loss	(8,789)
c. Contribution implementation delay	(8,103)
d. Retiree COLA increases more than expected	(7,686)
e. Active member salary increases more than expected	(6,272)
f. New entrant loss	(1,722)
g. Inactive mortality loss	(2,609)
h. Other experience	<u>1,310</u>
Total Gain/(Loss)	\$ (20,417)

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION V – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Trust. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

For this Trust, the actuarial funding method used to determine the normal cost and the Unfunded Actuarial Liability is the **Entry Age Normal (EAN)** cost method. There are three primary components to the total contribution: the **normal cost rate** (employee and employer), the **Unfunded Actuarial Liability rate** (UAL rate), and **assumed administrative expenses**.

The normal cost rate is determined in the following steps. First, an individual normal cost rate is determined by taking the value of each member's projected future benefits as of the member's entry age into the Trust. This value is then divided by the value of the member's expected future salary, also at entry age, producing a normal cost rate that should remain relatively constant over a member's career.

The total normal cost is computed by adding the expected dollar amount of each active member's normal cost for the current year – known as the Individual Entry Age Method. The total normal cost is adjusted with interest to the middle of the year, to reflect the fact that the normal cost contributions are paid throughout the year as member payroll payments are made. Finally, the total normal cost rate, calculated by dividing the total normal cost by expected payroll of the closed group, is reduced by the member contribution rate to produce the employer normal cost rate.

The Unfunded Actuarial Liability (UAL) is the difference between the EAN Actuarial Liability and the Actuarial Value of Assets. Effective with the January 1, 2018 valuation, the UAL as of January 1, 2018 is amortized over a closed period (19 years remaining as of January 1, 2021) as a percentage of payroll. Effective with the January 1, 2019 valuation, any new source of UAL due to actuarial gains and losses, assumption changes, or method changes is amortized over a separate closed 20-year period as a percentage of payroll. This is referred to as layered amortization.

The table on the following page presents the calculation of the contribution rates for the Trust for this valuation and compares the total contribution rate with the prior year rate. The tables on the following pages contain more details on the calculation of the UAL amortization payments, as well as details on the calculation of the contribution rates for each group and tier.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION V – CONTRIBUTIONS

The table below presents the calculation of the UAL payments of the Trust as a dollar amount and as a percentage of pay under the amortization policy. The total UAL payment of the Trust is 28.28% as a percentage of pay.

Table V-1 Development of Amortization Payment For the January 1, 2021 Actuarial Valuation							
Type of Base	Date Established	Initial Amount	Initial Amortization Years	January 1, 2021 Outstanding Balance	Remaining Amortization Years	Amortization Amount	% of Pay
1. Remaining UAL ¹	1/1/2018	\$ 616,930,482	21	\$ 609,796,109	19	\$ 45,754,036	21.38%
2. (Gain)/Loss Base	1/1/2019	50,735,419	20	49,921,763	18	3,887,687	1.82%
3. Assumption Changes	1/1/2020	53,371,279	20	53,000,187	19	3,976,694	1.86%
4. (Gain)/Loss Base	1/1/2020	35,467,272	20	35,220,668	19	2,642,666	1.23%
5. Assumption Changes	1/1/2021	35,700,366	20	35,700,366	20	2,587,701	1.21%
6. (Gain)/Loss Base	1/1/2021	23,219,142	20	<u>23,219,142</u>	20	<u>1,683,014</u>	0.79%
Total				\$ 806,858,234		\$ 60,531,798	28.28%

¹ The funding policy adopted as of January 1, 2010 was a 30-year closed amortization period for the entire Unfunded Actuarial Liability. As of January 1, 2019, any unexpected increase or decrease in the UAL is amortized as a separate 20-year closed layer.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION V – CONTRIBUTIONS

Table V-2 shows the calculations of the contribution rates for each Class, as well as a comparison to the prior year rates.

Table V-2		
Actuarially Determined Contribution (ADC) Rate and Unfunded Actuarial Liability (UAL) by Class		
	January 1, 2020	January 1, 2021
MISCELLANEOUS		
Total Normal Cost	19.80%	19.79%
Administrative Expenses	0.00%	1.07%
UAL Amortization	<u>25.45%</u>	<u>26.55%</u>
Total Miscellaneous ADC	45.25%	47.41%
UAL attributable to Miscellaneous	\$580,774,435	\$620,651,423
PROBATION		
Total Normal Cost	24.91%	24.95%
Administrative Expenses	0.00%	1.07%
UAL Amortization	<u>24.94%</u>	<u>27.37%</u>
Total Probation ADC	49.85%	53.39%
UAL attributable to Probation	\$32,168,911	\$35,147,606
SAFETY		
Total Normal Cost	26.87%	26.79%
Administrative Expenses	0.00%	1.07%
UAL Amortization	<u>36.09%</u>	<u>39.03%</u>
Total Safety ADC	62.96%	66.89%
UAL attributable to Safety	\$140,365,534	\$151,059,205
TOTAL		
Total Normal Cost	21.04%	20.99%
Administrative Expenses	0.00%	1.07%
UAL Amortization	<u>26.88%</u>	<u>28.28%</u>
Total SLOCPT ADC	47.92%	50.34%
Total Unfunded Actuarial Liability	\$753,308,880	\$806,858,234

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION V – CONTRIBUTIONS

Tables V-3 through V-5 show the calculations of the normal cost rates for each Class and Tier, as well as by bargaining unit.

Table V-3 Normal Cost by Tier as of January 1, 2021				
	Tier 1	Tier 2	Tier 3	Total
MISCELLANEOUS				
Member Paid Contributions ¹	13.00%	5.42%	13.50%	12.29%
Employer Paid Member Contributions	8.29%	8.97%	0.00%	4.42%
Employer Normal Cost	<u>2.15%</u>	<u>5.19%</u>	<u>3.32%</u>	<u>3.08%</u>
Total Normal Cost	23.44%	19.58%	16.82%	19.79%
COLA portion of Normal Cost	4.90%	3.52%	2.92%	3.78%
PROBATION				
Member Paid Contributions ¹	16.77%	N/A	13.49%	15.66%
Employer Paid Member Contributions	6.06%	N/A	0.00%	4.00%
Employer Normal Cost	<u>5.02%</u>	<u>N/A</u>	<u>5.90%</u>	<u>5.29%</u>
Total Normal Cost	27.85%	N/A	19.39%	24.95%
COLA portion of Normal Cost	7.04%	N/A	3.91%	5.97%
SAFETY				
Member Paid Contributions ¹	15.11%	8.40%	13.63%	13.28%
Employer Paid Member Contributions	6.49%	6.84%	0.00%	3.77%
Employer Normal Cost	<u>8.14%</u>	<u>13.74%</u>	<u>9.58%</u>	<u>9.75%</u>
Total Normal Cost	29.74%	28.97%	23.20%	26.79%
COLA portion of Normal Cost	7.85%	6.18%	4.94%	6.29%
TOTAL				
Member Paid Contributions ¹	13.55%	5.99%	13.51%	12.58%
Employer Paid Member Contributions	7.89%	8.56%	0.00%	4.31%
Employer Normal Cost	<u>3.15%</u>	<u>6.88%</u>	<u>4.20%</u>	<u>4.10%</u>
Total Normal Cost	24.59%	21.43%	17.72%	20.99%
COLA portion of Normal Cost	5.44%	4.05%	3.21%	4.23%

¹ Average of all active members in group. Excludes the portion of Employer Paid for Member Contributions ("pick-ups") for applicable bargaining units.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION V – CONTRIBUTIONS

**Table V-4
Elements of Normal Cost as of January 1, 2021
Miscellaneous Valuation Groups**

	RTA	Other	Management				SLOCEA				Total Misc.
	BU #71, 72	BU #14, 21-22	Non Court	Court BU #18	Court BU #24-27	Total Mgmt	Non Court	Court BU #19	Court BU #20	Total SLOCEA	
Service Retirement	21.41%	12.27%	16.04%	18.65%	17.35%	16.17%	14.11%	12.10%	12.76%	14.05%	14.75%
Vesting	1.39%	2.26%	2.23%	1.61%	2.34%	2.23%	2.02%	3.18%	2.48%	2.04%	2.09%
Death-in-Service	0.15%	0.11%	0.18%	0.14%	0.17%	0.18%	0.15%	0.11%	0.12%	0.15%	0.16%
Disability	0.25%	0.27%	0.30%	0.31%	0.35%	0.30%	0.27%	0.29%	0.26%	0.27%	0.28%
Refunds	<u>0.74%</u>	<u>1.73%</u>	<u>2.81%</u>	<u>1.93%</u>	<u>2.40%</u>	<u>2.77%</u>	<u>2.40%</u>	<u>3.32%</u>	<u>2.75%</u>	<u>2.41%</u>	<u>2.51%</u>
Total Normal Cost	23.94%	16.64%	21.56%	22.65%	22.60%	21.64%	18.94%	19.00%	18.36%	18.92%	19.79%
Member Contribution Rate ¹	13.76%	10.91%	17.76%	17.18%	17.94%	17.75%	16.37%	16.88%	15.68%	16.35%	16.71%
Employer Paid Member Contribution Rate	0.00%	2.71%	5.95%	0.00%	0.00%	5.51%	4.05%	0.00%	0.00%	3.90%	4.42%
County Normal Cost	10.19%	5.73%	3.81%	5.47%	4.67%	3.89%	2.58%	2.12%	2.69%	2.58%	3.08%

¹ Average of all active members in group. Member Contribution Rate is the total rate, including the portion of Employer Paid Member Contribution Rate ("pick-ups") for applicable bargaining units.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

SECTION V – CONTRIBUTIONS

**Table V-5
Elements of Normal Cost as of January 1, 2021
Safety and Probation Valuation Groups**

	Probation			Safety				Grand Total	
	Management	Non-Management	Total Probation	Management		Non-Management			Total Safety
				Sworn	Non-Sworn	Sworn	Non-Sworn		
Service Retirement	25.39%	20.12%	20.41%	48.60%	21.88%	21.04%	20.01%	20.79%	15.84%
Vesting	2.33%	1.47%	1.52%	0.00%	2.16%	1.39%	0.91%	1.21%	1.94%
Death-in-Service	0.26%	0.20%	0.20%	1.20%	0.52%	0.60%	0.55%	0.58%	0.22%
Disability	2.19%	1.58%	1.62%	5.88%	3.12%	3.12%	3.14%	3.15%	0.74%
Refunds	<u>1.60%</u>	<u>1.18%</u>	<u>1.21%</u>	<u>1.10%</u>	<u>1.78%</u>	<u>1.13%</u>	<u>0.95%</u>	<u>1.07%</u>	<u>2.25%</u>
Total Normal Cost	31.77%	24.55%	24.95%	56.78%	29.47%	27.28%	25.55%	26.79%	20.99%
Member Contribution Rate ¹	26.70%	19.23%	19.66%	26.43%	25.16%	17.36%	15.56%	17.04%	16.89%
Employer Paid Member Contribution Rate	9.29%	3.68%	4.00%	8.52%	1.06%	4.32%	3.33%	3.77%	4.31%
County Normal Cost	5.06%	5.32%	5.29%	30.35%	4.30%	9.92%	9.99%	9.75%	4.10%

¹ Average of all active members in group. Member Contribution Rate is the total rate, including the portion of Employer Paid Member Contribution Rate ("pick-ups") for applicable bargaining units.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

**SECTION VI – ANNUAL COMPREHENSIVE FINANCIAL REPORTING
INFORMATION**

The disclosures needed to satisfy the GASB requirements can be found in the SLOCPT GASB 67/68 Report as of December 31, 2020.

In accordance with Government Finance Officers Association (GFOA) and their recommended checklist for Annual Comprehensive Financial Reports, the Schedule of Funded Liabilities by Type (formerly known as the Solvency Test), and the Schedule of Funding Progress disclosures are included below.

Table VI-1 on the following page shows the Schedule of Funding Progress for the Plan.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

**SECTION VI – ANNUAL COMPREHENSIVE FINANCIAL REPORTING
INFORMATION**

Table VI-1

**Schedule of Funding Progress
(dollars in thousands)**

Valuation Date	Actuarial Value of Assets ¹	Actuarial Liability	Unfunded Actuarial Liability (UAL)	Funded Ratio	Covered Payroll	UAL as a % of Covered Payroll
12/31/2011	\$1,057,922	\$1,334,545	\$276,623	79.3%	\$161,055	171.8%
12/31/2011 ^{2,3}	1,057,922	1,378,549	320,627	76.7%	161,055	199.1%
12/31/2012 ³	1,122,151	1,468,001	345,850	76.4%	164,299	210.5%
12/31/2013 ^{2,4}	1,182,924	1,518,751	335,827	77.9%	164,704	203.9%
12/31/2014	1,231,474	1,605,591	374,117	76.7%	167,695	223.1%
12/31/2015	1,248,328	1,686,497	438,169	74.0%	177,004	247.5%
12/31/2015 ²	1,248,328	1,749,342	501,014	71.4%	177,004	283.1%
12/31/2016	1,268,405	1,827,342	558,937	69.4%	185,020	302.1%
12/31/2017	1,328,750	1,937,173	608,423	68.6%	196,848	309.1%
12/31/2017 ²	1,328,750	1,945,681	616,931	68.3%	196,848	313.4%
12/31/2018	1,362,562	2,029,929	667,367	67.1%	200,537	332.8%
12/31/2019	1,416,763	2,116,700	699,937	66.9%	205,694	340.3%
12/31/2019 ²	1,416,763	2,170,071	753,308	65.3%	205,694	366.2%
12/31/2020	1,506,270	2,277,428	771,158	66.1%	214,044	360.3%
12/31/2020 ²	1,506,270	2,313,128	806,858	65.1%	214,044	377.0%

December 31, 2019 and earlier values were calculated by the prior actuary.

¹ *Assets and liabilities do not include Employee Additional Reserve amounts of:*

12/31/2011	\$7,462,567	12/31/2016	\$3,961,371
12/31/2012	6,606,149	12/31/2017	3,267,574
12/31/2013	5,942,492	12/31/2018	2,784,819
12/31/2014	5,295,316	12/31/2019	2,598,886
12/31/2015	4,362,000	12/31/2020	2,265,799

² *Reflects assumption changes.*

³ *Reflects benefit provisions under Tier 2 for certain members.*

⁴ *Reflects benefit provisions under Tier 3 for new members.*

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

**SECTION VI – ANNUAL COMPREHENSIVE FINANCIAL REPORTING
INFORMATION**

Table VI-2 below shows the Schedule of Funded Liabilities by Type, which shows the portion of actuarial liabilities for active member contributions, inactive members, and the employer-financed portion of the active members that are covered by the Actuarial Value of Assets.

Table VI-2							
Schedule of Funded Liabilities by Type							
(dollars in thousands)							
Valuation Date January 1,	(A)	(B)	(C)	Reported Assets	Portion of Actuarial Liabilities Covered by Reported Assets		
	Retirees and Beneficiaries	Terminated Vested Members	Active Members		(A)	(B)	(C)
2011	620,202,009	55,563,786	606,292,540	1,000,168,850	100%	100%	54%
2012	701,729,018	58,707,055	618,113,241	1,057,921,875	100%	100%	48%
2013	788,045,517	56,293,118	623,662,043	1,122,150,539	100%	100%	45%
2014	847,672,409	58,811,804	612,266,814	1,182,923,978	100%	100%	45%
2015	946,455,151	60,711,979	598,424,079	1,231,473,577	100%	100%	37%
2016	1,059,302,163	61,709,450	628,330,652	1,248,327,560	100%	100%	20%
2017	1,134,942,637	64,502,981	627,896,696	1,268,404,900	100%	100%	11%
2018	1,252,332,952	66,235,224	627,112,335	1,328,750,029	100%	100%	2%
2019	1,343,131,383	72,620,989	614,176,940	1,362,561,581	100%	27%	0%
2020	1,460,304,724	72,073,570	637,693,189	1,416,762,603	97%	0%	0%
2021	1,593,962,675	80,152,040	639,013,345	1,506,269,826	94%	0%	0%

¹ January 1, 2020 and earlier numbers calculated by prior actuary.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the Trust staff as of January 1, 2021. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Reconciliation of Membership since Prior Valuation

Membership Data Reconciliation								
	Active	Terminated Non-Vested	Terminated Vested	Disabled	Retired	DROP	Beneficiary	Total
As of January 1, 2020	2,752	209	531	145	2,519	76	228	6,460
New Entrants	288							288
Rehires	6	(4)	(2)					0
Industrial Disabilities				1		(1)		0
Ordinary Disabilities								0
Retirements	(94)		(21)		141	(26)		0
DROP	(21)					21		0
Vested Terminations	(52)		52					0
Reciprocal Terminations	(12)	(6)	18					0
Died, With Beneficiaries' Benefit Payable				(1)	(16)		17	0
Non-Vested Terminations or Death without Beneficiary	(66)	63			(26)			(29)
Beneficiary Deaths							(7)	(7)
Benefits Stopped Not Due to Death					(1)			(1)
Domestic Relations Orders			5		6			11
Withdrawals Paid	(53)	(34)	(12)					(99)
Data Adjustments	(1)	(2)	2	1	(7)			(7)
As of January 1, 2021	2,747	226	573	146	2,616	70	238	6,616

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Active Members as of January 1, 2021

San Luis Obispo County Pension Trust Valuation Data Comparison - Actives				
	January 1, 2020		January 1, 2021	Change
<i>Total Actives</i>				
Count	2,752		2,747	(0.2)%
Average Age	44.4		44.3	(0.1)
Average Service	8.8		8.7	(0.1)
Total Salaries	\$ 205,694,036	\$	214,053,133	4.1 %
Average Salaries	\$ 74,743	\$	77,923	4.3 %
<i>Miscellaneous Members</i>				
Count	2,334		2,331	(0.1)%
Average Age	45.4		45.2	(0.2)
Average Service	8.8		8.7	(0.1)
Total Salaries	\$ 167,651,501	\$	175,385,558	4.6 %
Average Salaries	\$ 71,830	\$	75,240	4.7 %
<i>Probation Members</i>				
Count	120		119	(0.8)%
Average Age	39.6		39.8	0.1
Average Service	9.3		9.8	0.5
Total Salaries	\$ 9,476,688	\$	9,633,562	1.7 %
Average Salaries	\$ 78,972	\$	80,954	2.5 %
<i>Safety Members</i>				
Count	298		297	(0.3)%
Average Age	38.9		38.8	(0.1)
Average Service	8.8		8.6	(0.2)
Total Salaries	\$ 28,565,846	\$	29,034,013	1.6 %
Average Salaries	\$ 95,859	\$	97,758	2.0 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Active Members by Tier as of January 1, 2021

San Luis Obispo County Pension Trust Valuation Data Comparison - Actives by Tier		January 1, 2020	January 1, 2021	Change
<i>Total Actives</i>				
<i>Total</i>	Count	2,752	2,747	(0.2)%
	Total Salaries	205,694	214,053	4.1 %
<i>Tier 1</i>	Count	1,133	993	(12.4)%
	Total Salaries	95,359	87,588	(8.1)%
<i>Tier 2</i>	Count	298	301	1.0 %
	Total Salaries	25,461	27,117	6.5 %
<i>Tier 3</i>	Count	1,321	1,453	10.0 %
	Total Salaries	84,873	99,349	17.1 %
<i>Miscellaneous Members</i>				
<i>Total</i>	Count	2,334	2,331	(0.1)%
	Total Salaries	167,652	175,386	4.6 %
<i>Tier 1</i>	Count	941	818	(13.1)%
	Total Salaries	76,213	69,838	(8.4)%
<i>Tier 2</i>	Count	250	251	0.4 %
	Total Salaries	20,607	21,924	6.4 %
<i>Tier 3</i>	Count	1,143	1,262	10.4 %
	Total Salaries	70,832	83,624	18.1 %
<i>Probation Members</i>				
<i>Total</i>	Count	120	119	(0.8)%
	Total Salaries	9,477	9,634	1.7 %
<i>Tier 1</i>	Count	75	71	(5.3)%
	Total Salaries	6,604	6,367	(3.6)%
<i>Tier 2</i>	Count	-	-	0.0 %
	Total Salaries	-	-	0.0 %
<i>Tier 3</i>	Count	45	48	6.7 %
	Total Salaries	2,872	3,267	13.8 %
<i>Safety Members</i>				
<i>Total</i>	Count	298	297	(0.3)%
	Total Salaries	28,566	29,034	1.6 %
<i>Tier 1</i>	Count	117	104	(11.1)%
	Total Salaries	12,542	11,383	(9.2)%
<i>Tier 2</i>	Count	48	50	4.2 %
	Total Salaries	4,855	5,193	7.0 %
<i>Tier 3</i>	Count	133	143	7.5 %
	Total Salaries	11,169	12,458	11.5 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Deferred Vested Members as of January 1, 2021

San Luis Obispo County Pension Trust Valuation Data Comparison - Terminated Vested			
	January 1, 2020	January 1, 2021	Change
<i>All Terminated Vesteds</i>			
<i>Deferred</i>			
Count	387	421	8.8 %
Average Age	49.5	49.8	0.3
Average Age at Termination	41.1	41.5	0.4
Average Service	9.7	9.8	0.0
Member Contributions	\$ 43,741,002	\$ 48,405,658	10.7 %
Average Contribution Balance	\$ 113,026	\$ 114,978	1.7 %
<i>Reciprocal</i>			
Count	144	152	5.6 %
Average Age	46.2	45.2	(1.0)
Average Age at Termination	36.4	36.0	(0.4)
Average Service	3.1	3.0	(3.2)%
Member Contributions	\$ 3,332,572	\$ 3,443,685	3.3 %
Average Contribution Balance	\$ 23,143	\$ 22,656	(2.1)%
<i>Total</i>			
Count	531	573	7.9 %
Average Age	48.6	48.6	(0.0)
Average Age at Termination	39.8	40.0	0.2
Average Service	7.9	8.0	1.9 %
Member Contributions	\$ 47,073,574	\$ 51,849,343	10.1 %
Average Contribution Balance	\$ 88,651	\$ 90,488	2.1 %
<i>Miscellaneous Terminated Vesteds</i>			
<i>Deferred</i>			
Count	336	366	8.9 %
Average Age	50.2	50.4	0.2
Average Age at Termination	41.7	42.1	0.4
Average Service	9.8	9.8	0.0
Member Contributions	\$ 36,975,401	\$ 41,025,699	11.0 %
Average Contribution Balance	\$ 110,046	\$ 112,092	1.9 %
<i>Reciprocal</i>			
Count	134	141	5.2 %
Average Age	46.5	45.3	(1.2)
Average Age at Termination	36.6	36.2	(0.4)
Average Service	3.1	3.0	(4.5)%
Member Contributions	\$ 3,083,849	\$ 3,182,254	3.2 %
Average Contribution Balance	\$ 23,014	\$ 22,569	(1.9)%
<i>Total Miscellaneous</i>			
Count	470	507	7.9 %
Average Age	49.2	49.0	(0.2)
Average Age at Termination	40.3	40.4	0.1
Average Service	7.9	7.9	0.1 %
Member Contributions	\$ 40,059,250	\$ 44,207,953	10.4 %
Average Contribution Balance	\$ 85,232	\$ 87,195	2.3 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX A – MEMBERSHIP INFORMATION

San Luis Obispo County Pension Trust Valuation Data Comparison - Terminated Vested (continued)			
	January 1, 2020	January 1, 2021	Change
<i>Probation Terminated Vesteds</i>			
<i>Deferred</i>			
Count	11	11	0.0 %
Average Age	45.0	46.6	1.7
Average Age at Termination	36.2	37.4	1.2
Average Service	9.6	10.2	0.5
Member Contributions	\$ 1,201,477	\$ 1,351,800	12.5 %
Average Contribution Balance	\$ 109,225	\$ 122,891	12.5 %
<i>Reciprocal</i>			
Count	4	6	50.0 %
Average Age	43.7	42.8	(0.9)
Average Age at Termination	33.6	31.7	(1.9)
Average Service	2.7	3.5	27.0 %
Member Contributions	\$ 105,859	\$ 151,961	43.6 %
Average Contribution Balance	\$ 26,465	\$ 25,327	(4.3)%
<i>Total Probation</i>			
Count	15	17	13.3 %
Average Age	44.6	45.3	0.7
Average Age at Termination	35.5	35.4	(0.1)
Average Service	7.8	7.8	0.0 %
Member Contributions	\$ 1,307,336	\$ 1,503,761	15.0 %
Average Contribution Balance	\$ 87,156	\$ 88,457	1.5 %
<i>Safety Terminated Vesteds</i>			
<i>Deferred</i>			
Count	40	44	10.0 %
Average Age	44.9	45.1	0.2
Average Age at Termination	37.2	37.2	(0.0)
Average Service	9.3	9.6	0.2
Member Contributions	\$ 5,564,124	\$ 6,028,160	8.3 %
Average Contribution Balance	\$ 139,103	\$ 114,978	(17.3)%
<i>Reciprocal</i>			
Count	6	5	(16.7)%
Average Age	42.0	44.4	2.4
Average Age at Termination	33.1	35.0	1.9
Average Service	3.1	3.4	9.4 %
Member Contributions	\$ 142,863	\$ 109,469	(23.4)%
Average Contribution Balance	\$ 23,811	\$ 21,894	(8.1)%
<i>Total Safety</i>			
Count	46	49	6.5 %
Average Age	44.6	45.0	0.5
Average Age at Termination	36.7	36.9	0.2
Average Service	8.5	8.9	4.6 %
Member Contributions	\$ 5,706,988	\$ 6,137,628	7.5 %
Average Contribution Balance	\$ 124,065	\$ 125,258	1.0 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Retired Members as of January 1, 2021

San Luis Obispo County Pension Trust Valuation Data Comparison - Retirees			
	January 1, 2020	January 1, 2021	Change
<i>Total Retirees</i>			
Count	2,740	2,832	3.4 %
Average Age	69.3	69.7	0.4
Average Age at Retirement	58.7	58.6	(0.1)
Annual Benefit	\$ 97,982,200	\$ 105,697,413	7.9 %
Average Annual Benefit	\$ 35,760	\$ 37,323	4.4 %
<i>Miscellaneous Retirees</i>			
Count	2,347	2,421	3.2 %
Average Age	70.2	70.6	0.3
Average Age at Retirement	59.5	59.4	(0.1)
Annual Benefit	\$ 77,035,350	\$ 82,826,893	7.5 %
Average Annual Benefit	\$ 32,823	\$ 34,212	4.2 %
<i>Probation Retirees</i>			
Count	79	82	3.8 %
Average Age	65.2	65.8	0.6
Average Age at Retirement	55.8	55.6	(0.2)
Annual Benefit	\$ 3,524,156	\$ 3,921,572	11.3 %
Average Annual Benefit	\$ 44,610	\$ 47,824	7.2 %
<i>Safety Retirees</i>			
Count	314	329	4.8 %
Average Age	69.3	63.8	(5.5)
Average Age at Retirement	53.2	53.2	(0.1)
Annual Benefit	\$ 17,422,694	\$ 18,948,948	8.8 %
Average Annual Benefit	\$ 55,486	\$ 57,596	3.8 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Retired DROP Members as of January 1, 2021

San Luis Obispo County Pension Trust Valuation Data Comparison - DROP Retirees				
	January 1, 2020	January 1, 2021	Change	
<i>Total DROP Retirees</i>				
Count	76	70	(7.9)%	
Average Age	59.9	60.6	0.7	
Average Age at Retirement	58.0	58.3	0.3	
Annual Benefit	\$ 4,889,931	\$ 4,924,428	0.7 %	
Average Annual Benefit	\$ 64,341	\$ 70,349	9.3 %	
<i>Miscellaneous DROP Retirees</i>				
Count	44	42	(4.5)%	
Average Age	63.8	63.7	(0.1)	
Average Age at Retirement	61.9	61.5	(0.4)	
Annual Benefit	\$ 2,795,331	\$ 2,836,449	1.5 %	
Average Annual Benefit	\$ 63,530	\$ 67,534	6.3 %	
<i>Probation DROP Retirees</i>				
Count	2	2	0.0 %	
Average Age	57.5	58.5	1.0	
Average Age at Retirement	55.5	55.5	-	
Annual Benefit	\$ 133,510	\$ 137,515	3.0 %	
Average Annual Benefit	\$ 66,755	\$ 68,758	3.0 %	
<i>Safety DROP Retirees</i>				
Count	30	26	(13.3)%	
Average Age	54.4	55.8	1.3	
Average Age at Retirement	52.4	53.3	0.8	
Annual Benefit	\$ 1,961,090	\$ 1,950,465	(0.5)%	
Average Annual Benefit	\$ 65,370	\$ 75,018	14.8 %	

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – New Retired Members as of January 1, 2021

San Luis Obispo County Pension Trust Valuation Data Comparison - New Retirees Only			
	January 1, 2020	January 1, 2021	Change
<i>Total Retirees</i>			
Count	139	148	6.5 %
Average Age at Retirement	59.9	60.3	0.4
Average Annual Benefit	\$ 39,698	\$ 43,494	9.6 %
<i>Miscellaneous Retirees</i>			
Count	110	126	14.5 %
Average Age at Retirement	61.0	61.4	0.4
Average Annual Benefit	\$ 37,826	\$ 40,525	7.1 %
<i>Probation Retirees</i>			
Count	2	3	50.0 %
Average Age at Retirement	55.6	54.3	(1.3)
Average Annual Benefit	\$ 61,557	\$ 100,047	62.5 %
<i>Safety Retirees</i>			
Count	27	19	(29.6)%
Average Age at Retirement	52.7	53.6	0.9
Average Annual Benefit	\$ 48,192	\$ 54,256	12.6 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Beneficiaries as of January 1, 2021

San Luis Obispo County Pension Trust Valuation Data Comparison - Beneficiaries				
	January 1, 2020		January 1, 2021	Change
<i>Total Beneficiaries</i>				
Count	228		238	4.4 %
Average Age	75.3		75.8	0.5
Annual Benefit	\$ 5,425,003	\$	6,048,497	11.5 %
Average Annual Benefit	\$ 23,794	\$	25,414	6.8 %
<i>Miscellaneous Beneficiaries</i>				
Count	182		192	5.5 %
Average Age	75.5		75.8	0.3
Annual Benefit	\$ 3,876,446	\$	4,442,605	14.6 %
Average Annual Benefit	\$ 21,299	\$	23,139	8.6 %
<i>Probation Beneficiaries</i>				
Count	6		6	0.0 %
Average Age	77.3		78.5	1.2
Annual Benefit	\$ 195,644	\$	202,861	3.7 %
Average Annual Benefit	\$ 32,607	\$	33,810	3.7 %
<i>Safety Beneficiaries</i>				
Count	40		40	0.0 %
Average Age	74.1		75.0	0.9
Annual Benefit	\$ 1,352,913	\$	1,403,031	3.7 %
Average Annual Benefit	\$ 33,823	\$	35,076	3.7 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Total Benefits by Benefit Type as of January 1, 2021

San Luis Obispo County Pension Trust Total Benefits by Benefit Type		
Type of Benefit	Number	Annual Benefit Amount
<i>Service Retirement</i>		
Unmodified	1,111	\$36,318,219
Cash Refund	174	5,952,892
100% Continuance	777	33,862,899
50% Continuance	268	12,517,628
<i>Benefits Coordinated with Social Security</i>		
Unmodified	166	\$5,100,349
Cash Refund	47	1,271,897
100% Continuance	83	3,473,983
50% Continuance	60	2,669,646
<i>Total Service Retirement</i>	2,686	\$101,167,514
<i>Disability Retirement</i>		
Unmodified	82	\$2,456,809
Cash Refund	13	305,955
100% Continuance	41	1,488,810
50% Continuance	10	278,326
<i>Total Disability Retirement</i>	146	\$4,529,899
<i>Beneficiaries</i>	238	\$6,048,497
<i>Total Benefits</i>	3,070	\$111,745,910

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX A – MEMBERSHIP INFORMATION

Age & Service Distribution of Active Members by Count and Average Salary as of January 1, 2021

Age and Service Distribution for Active Members									
Attained	Years of Service as of January 1, 2021							Count	Payroll
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+		
< 25	42							42	2,432,323
25 - 29	198	20						218	13,480,162
30 - 34	243	127	9	1				380	26,596,941
35 - 39	174	161	69	14				418	31,774,356
40 - 44	144	119	89	60	11			423	34,494,143
45 - 49	83	70	46	59	34	7		299	25,185,234
50 - 54	83	60	60	48	75	14	8	348	29,125,348
55 - 59	58	46	35	60	56	26	24	305	26,105,746
60 - 64	50	54	41	46	27	15	8	241	19,005,579
65 - 69	11	14	10	9	10	2	2	58	4,846,684
70 +	1	5	3	3	3			15	1,006,617
Total	1,087	676	362	300	216	64	42	2,747	214,053,133

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX B – MEMBER CONTRIBUTION RATES

Summary of Benefits by Collective Bargaining Unit				
Tier 1				
Collective Bargaining Unit	Valuation Group	Member Contribution Provides Benefit	FAC Period	Benefit Maximum
14	Miscellaneous Other	2% of Final Average Compensation (FAC) at age 55	1 year	80%
21	Miscellaneous Other	2% of Final Average Compensation (FAC) at age 55	1 year	80%
22	Miscellaneous Other	2% of Final Average Compensation (FAC) at age 55	1 year	80%
4	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
7	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
8	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
9	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
10	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
11	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
12	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
17	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
99	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
17C	Miscellaneous Other Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
18	Miscellaneous Other Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
20	Miscellaneous Other Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
24	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
25	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
26	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
27	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
1	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
2	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
5	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
13	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
98	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
19	SLOCEA Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
8	Probation Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
9	Probation Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
31	Probation Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
32	Probation Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
3	Non Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
27	Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
6	Non Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
7	Non Sworn Safety Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
10	Sworn Safety Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
14	Non Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
28	Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
15	Non Sworn Safety Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
15	Sworn Safety Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
16	Sworn Safety Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX B – MEMBER CONTRIBUTION RATES

Summary of Benefits by Collective Bargaining Unit Tiers 2 and 3				
Collective Bargaining Unit	Valuation Group	Member Contribution Provides Benefit	FAC Period	Benefit Maximum
Tier 2	Miscellaneous Non-Court	2% of Final Average Compensation (FAC) at age 60	3 year	90%
Tier 2	Non Sworn Safety	2.7% of Final Average Compensation (FAC) at age 55	3 year	90%
Tier 2	Sworn Safety	3% of Final Average Compensation (FAC) at age 55	3 year	90%
Tier 2	DAIA	3% of Final Average Compensation (FAC) at age 55	3 year	90%
Tier 3	Miscellaneous	2% of Final Average Compensation (FAC) at age 62	3 year	N/A
Tier 3	Safety	2.7% of Final Average Compensation (FAC) at age 57	3 year	N/A
Tier 3	Probation	2.7% of Final Average Compensation (FAC) at age 57	3 year	N/A

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX B – MEMBER CONTRIBUTION RATES

Member Contribution Rates															
Miscellaneous - Tier 1															
BU	14,21,22	7a (LAFCO)	7c (LAFCO)	4	7,8,9,10,11,17	12	17c, 18	20	24,26,27	25	1,5,13	2	19	98	99
Entry Age	Other	Non-Court Management	Non-Court Management	Non-Court Management	Non-Court Management	Non-Court Management	Court Other	Court Other	Court Management	Court Management	Non-Court SLOCEA	Non-Court SLOCEA	Court SLOCEA	Non-Court SLOCEA	Non-Court Management
18	15.65%	15.97%	13.80%	19.69%	20.73%	19.84%	19.19%	16.67%	17.96%	16.97%	20.42%	19.86%	16.11%	22.20%	22.51%
19	15.72%	16.04%	13.87%	19.76%	20.80%	19.91%	19.26%	16.74%	18.03%	17.04%	20.49%	19.93%	16.18%	22.27%	22.58%
20	15.79%	16.11%	13.94%	19.83%	20.87%	19.98%	19.33%	16.81%	18.10%	17.11%	20.56%	20.00%	16.25%	22.34%	22.65%
21	15.85%	16.17%	14.00%	19.89%	20.93%	20.04%	19.39%	16.87%	18.16%	17.17%	20.62%	20.06%	16.31%	22.40%	22.71%
22	15.87%	16.19%	14.02%	19.91%	20.95%	20.06%	19.41%	16.89%	18.18%	17.19%	20.64%	20.08%	16.33%	22.42%	22.73%
23	15.89%	16.21%	14.04%	19.93%	20.97%	20.08%	19.43%	16.91%	18.20%	17.21%	20.66%	20.10%	16.35%	22.44%	22.75%
24	15.92%	16.24%	14.07%	19.96%	21.00%	20.11%	19.46%	16.94%	18.23%	17.24%	20.69%	20.13%	16.38%	22.47%	22.78%
25	15.96%	16.28%	14.11%	20.00%	21.04%	20.15%	19.50%	16.98%	18.27%	17.28%	20.73%	20.17%	16.42%	22.51%	22.82%
26	16.01%	16.33%	14.16%	20.05%	21.09%	20.20%	19.55%	17.03%	18.32%	17.33%	20.78%	20.22%	16.47%	22.56%	22.87%
27	16.06%	16.38%	14.21%	20.10%	21.14%	20.25%	19.60%	17.08%	18.37%	17.38%	20.83%	20.27%	16.52%	22.61%	22.92%
28	16.12%	16.44%	14.27%	20.16%	21.20%	20.31%	19.66%	17.14%	18.43%	17.44%	20.89%	20.33%	16.58%	22.67%	22.98%
29	16.19%	16.51%	14.34%	20.23%	21.27%	20.38%	19.73%	17.21%	18.50%	17.51%	20.96%	20.40%	16.65%	22.74%	23.05%
30	16.26%	16.58%	14.41%	20.30%	21.34%	20.45%	19.80%	17.28%	18.57%	17.58%	21.03%	20.47%	16.72%	22.81%	23.12%
31	16.34%	16.66%	14.49%	20.38%	21.42%	20.53%	19.88%	17.36%	18.65%	17.66%	21.11%	20.55%	16.80%	22.89%	23.20%
32	16.43%	16.75%	14.58%	20.47%	21.51%	20.62%	19.97%	17.45%	18.74%	17.75%	21.20%	20.64%	16.89%	22.98%	23.29%
33	16.52%	16.84%	14.67%	20.56%	21.60%	20.71%	20.06%	17.54%	18.83%	17.84%	21.29%	20.73%	16.98%	23.07%	23.38%
34	16.62%	16.94%	14.77%	20.66%	21.70%	20.81%	20.16%	17.64%	18.93%	17.94%	21.39%	20.83%	17.08%	23.17%	23.48%
35	16.72%	17.04%	14.87%	20.76%	21.80%	20.91%	20.26%	17.74%	19.03%	18.04%	21.49%	20.93%	17.18%	23.27%	23.58%
36	16.82%	17.14%	14.97%	20.86%	21.90%	21.01%	20.36%	17.84%	19.13%	18.14%	21.59%	21.03%	17.28%	23.37%	23.68%
37	16.93%	17.25%	15.08%	20.97%	22.01%	21.12%	20.47%	17.95%	19.24%	18.25%	21.70%	21.14%	17.39%	23.48%	23.79%
38	17.04%	17.36%	15.19%	21.08%	22.12%	21.23%	20.58%	18.06%	19.35%	18.36%	21.81%	21.25%	17.50%	23.59%	23.90%
39	17.16%	17.48%	15.31%	21.20%	22.24%	21.35%	20.70%	18.18%	19.47%	18.48%	21.93%	21.37%	17.62%	23.71%	24.02%
40	17.28%	17.60%	15.43%	21.32%	22.36%	21.47%	20.82%	18.30%	19.59%	18.60%	22.05%	21.49%	17.74%	23.83%	24.14%
41	17.41%	17.73%	15.56%	21.45%	22.49%	21.60%	20.95%	18.43%	19.72%	18.73%	22.18%	21.62%	17.87%	23.96%	24.27%
42	17.54%	17.86%	15.69%	21.58%	22.62%	21.73%	21.08%	18.56%	19.85%	18.86%	22.31%	21.75%	18.00%	24.09%	24.40%
43	17.68%	18.00%	15.83%	21.72%	22.76%	21.87%	21.22%	18.70%	19.99%	19.00%	22.45%	21.89%	18.14%	24.23%	24.54%
44	17.82%	18.14%	15.97%	21.86%	22.90%	22.01%	21.36%	18.84%	20.13%	19.14%	22.59%	22.03%	18.28%	24.37%	24.68%
45	17.96%	18.28%	16.11%	22.00%	23.04%	22.15%	21.50%	18.98%	20.27%	19.28%	22.73%	22.17%	18.42%	24.51%	24.82%
46	18.11%	18.43%	16.26%	22.15%	23.19%	22.30%	21.65%	19.13%	20.42%	19.43%	22.88%	22.32%	18.57%	24.66%	24.97%
47	18.27%	18.59%	16.42%	22.31%	23.35%	22.46%	21.81%	19.29%	20.58%	19.59%	23.04%	22.48%	18.73%	24.82%	25.13%
48	18.43%	18.75%	16.58%	22.47%	23.51%	22.62%	21.97%	19.45%	20.74%	19.75%	23.20%	22.64%	18.89%	24.98%	25.29%
49	18.59%	18.91%	16.74%	22.63%	23.67%	22.78%	22.13%	19.61%	20.90%	19.91%	23.36%	22.80%	19.05%	25.14%	25.45%
50	18.76%	19.08%	16.91%	22.80%	23.84%	22.95%	22.30%	19.78%	21.07%	20.08%	23.53%	22.97%	19.22%	25.31%	25.62%
51	18.93%	19.25%	17.08%	22.97%	24.01%	23.12%	22.47%	19.95%	21.24%	20.25%	23.70%	23.14%	19.39%	25.48%	25.79%
52	19.10%	19.42%	17.25%	23.14%	24.18%	23.29%	22.64%	20.12%	21.41%	20.42%	23.87%	23.31%	19.56%	25.65%	25.96%
53	19.28%	19.60%	17.43%	23.32%	24.36%	23.47%	22.82%	20.30%	21.59%	20.60%	24.05%	23.49%	19.74%	25.83%	26.14%
54	19.46%	19.78%	17.61%	23.50%	24.54%	23.65%	23.00%	20.48%	21.77%	20.78%	24.23%	23.67%	19.92%	26.01%	26.32%
55	19.65%	19.97%	17.80%	23.69%	24.73%	23.84%	23.19%	20.67%	21.96%	20.97%	24.42%	23.86%	20.11%	26.20%	26.51%
56	19.84%	20.16%	17.99%	23.88%	24.92%	24.03%	23.38%	20.86%	22.15%	21.16%	24.61%	24.05%	20.30%	26.39%	26.70%
57	20.03%	20.35%	18.18%	24.07%	25.11%	24.22%	23.57%	21.05%	22.34%	21.35%	24.80%	24.24%	20.49%	26.58%	26.89%
58	20.23%	20.55%	18.38%	24.27%	25.31%	24.42%	23.77%	21.25%	22.54%	21.55%	25.00%	24.44%	20.69%	26.78%	27.09%
59+	20.43%	20.75%	18.58%	24.47%	25.51%	24.62%	23.97%	21.45%	22.74%	21.75%	25.20%	24.64%	20.89%	26.98%	27.29%



**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

APPENDIX B – MEMBER CONTRIBUTION RATES

Member Contribution Rates			
Probation - Tier 1			
BU Entry Age	8 Management	9 Management	31,32 Non- Management
18	25.38%	25.38%	21.83%
19	25.46%	25.46%	21.91%
20	25.54%	25.54%	21.99%
21	25.61%	25.61%	22.06%
22	25.63%	25.63%	22.08%
23	25.65%	25.65%	22.10%
24	25.68%	25.68%	22.13%
25	25.73%	25.73%	22.18%
26	25.78%	25.78%	22.23%
27	25.84%	25.84%	22.29%
28	25.90%	25.90%	22.35%
29	25.98%	25.98%	22.43%
30	26.06%	26.06%	22.51%
31	26.15%	26.15%	22.60%
32	26.25%	26.25%	22.70%
33	26.35%	26.35%	22.80%
34	26.46%	26.46%	22.91%
35	26.57%	26.57%	23.02%
36	26.68%	26.68%	23.13%
37	26.80%	26.80%	23.25%
38	26.92%	26.92%	23.37%
39	27.05%	27.05%	23.50%
40	27.19%	27.19%	23.64%
41	27.33%	27.33%	23.78%
42	27.47%	27.47%	23.92%
43	27.63%	27.63%	24.08%
44	27.78%	27.78%	24.23%
45	27.94%	27.94%	24.39%
46	28.11%	28.11%	24.56%
47	28.28%	28.28%	24.73%
48	28.46%	28.46%	24.91%
49	28.64%	28.64%	25.09%
50	28.82%	28.82%	25.27%
51	29.01%	29.01%	25.46%
52	29.20%	29.20%	25.65%
53	29.40%	29.40%	25.85%
54	29.60%	29.60%	26.05%
55	29.81%	29.81%	26.26%
56	30.02%	30.02%	26.47%
57	30.23%	30.23%	26.68%
58	30.45%	30.45%	26.90%
59+	30.67%	30.67%	27.12%

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

APPENDIX B – MEMBER CONTRIBUTION RATES

Member Contribution Rates								
Safety - Tier 1								
BU Entry Age	6 Non- Management	3,14 Non- Management	27,28 Non- Management	7 Management	10 (Sheriff-Coroner) Management	15 (non-sworn) Management	15 (sworn) Management	16 (sworn) Management
18	21.43%	16.72%	21.35%	25.84%	30.49%	21.48%	26.23%	32.67%
19	21.54%	16.83%	21.46%	25.95%	30.60%	21.59%	26.34%	32.78%
20	21.65%	16.94%	21.57%	26.06%	30.71%	21.70%	26.45%	32.89%
21	21.76%	17.05%	21.68%	26.17%	30.82%	21.81%	26.56%	33.00%
22	21.87%	17.16%	21.79%	26.28%	30.93%	21.92%	26.67%	33.11%
23	21.99%	17.28%	21.91%	26.40%	31.05%	22.04%	26.79%	33.23%
24	22.11%	17.40%	22.03%	26.52%	31.17%	22.16%	26.91%	33.35%
25	22.23%	17.52%	22.15%	26.64%	31.29%	22.28%	27.03%	33.47%
26	22.35%	17.64%	22.27%	26.76%	31.41%	22.40%	27.15%	33.59%
27	22.47%	17.76%	22.39%	26.88%	31.53%	22.52%	27.27%	33.71%
28	22.59%	17.88%	22.51%	27.00%	31.65%	22.64%	27.39%	33.83%
29	22.71%	18.00%	22.63%	27.12%	31.77%	22.76%	27.51%	33.95%
30	22.83%	18.12%	22.75%	27.24%	31.89%	22.88%	27.63%	34.07%
31	22.95%	18.24%	22.87%	27.36%	32.01%	23.00%	27.75%	34.19%
32	23.07%	18.36%	22.99%	27.48%	32.13%	23.12%	27.87%	34.31%
33	23.19%	18.48%	23.11%	27.60%	32.25%	23.24%	27.99%	34.43%
34	23.31%	18.60%	23.23%	27.72%	32.37%	23.36%	28.11%	34.55%
35	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
36	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
37	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
38	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
39	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
40	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
41	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
42	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
43	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
44	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
45	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
46	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
47	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
48	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
49	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
50	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
51	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
52	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
53	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
54	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
55	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
56	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
57	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
58	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%
59+	23.43%	18.72%	23.35%	27.84%	32.49%	23.48%	28.23%	34.67%

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX B – MEMBER CONTRIBUTION RATES

Member Contribution Rates														
Tier 2														
BU Entry	4	12	7 (LAFCO)	14, 21, 22	71 (RTA)	98, 99	all others	3, 14	6	7	15 (Non-Sworn)	15 (Sworn)	10, 16	27, 28
Age	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Safety	Safety	Safety	Safety	Safety	Safety	Safety
18	10.80%	10.95%	11.85%	7.26%	11.79%	13.62%	11.84%	10.95%	15.32%	18.07%	11.63%	12.32%	18.76%	11.88%
19	10.92%	11.07%	11.97%	7.38%	11.91%	13.74%	11.96%	11.30%	15.67%	18.42%	11.98%	12.72%	19.16%	12.28%
20	11.04%	11.19%	12.09%	7.50%	12.03%	13.86%	12.08%	11.65%	16.02%	18.77%	12.33%	13.12%	19.56%	12.68%
21	11.19%	11.34%	12.24%	7.65%	12.18%	14.01%	12.23%	12.00%	16.37%	19.12%	12.68%	13.52%	19.96%	13.08%
22	11.30%	11.45%	12.35%	7.76%	12.29%	14.12%	12.34%	12.35%	16.72%	19.47%	13.03%	13.92%	20.36%	13.48%
23	11.46%	11.61%	12.51%	7.92%	12.45%	14.28%	12.50%	12.70%	17.07%	19.82%	13.38%	14.32%	20.76%	13.88%
24	11.58%	11.73%	12.63%	8.04%	12.57%	14.40%	12.62%	13.05%	17.42%	20.17%	13.73%	14.73%	21.17%	14.29%
25	11.72%	11.87%	12.77%	8.18%	12.71%	14.54%	12.76%	13.40%	17.77%	20.52%	14.08%	15.13%	21.57%	14.69%
26	11.92%	12.07%	12.97%	8.38%	12.91%	14.74%	12.96%	13.75%	18.12%	20.87%	14.43%	15.53%	21.97%	15.09%
27	12.02%	12.17%	13.07%	8.48%	13.01%	14.84%	13.06%	14.10%	18.47%	21.22%	14.78%	15.93%	22.37%	15.49%
28	12.21%	12.36%	13.26%	8.67%	13.20%	15.03%	13.25%	14.45%	18.82%	21.57%	15.13%	16.33%	22.77%	15.89%
29	12.36%	12.51%	13.41%	8.82%	13.35%	15.18%	13.40%	14.80%	19.17%	21.92%	15.48%	16.73%	23.17%	16.29%
30	12.66%	12.81%	13.71%	9.12%	13.65%	15.48%	13.70%	15.15%	19.52%	22.27%	15.83%	17.13%	23.57%	16.69%
31	12.82%	12.97%	13.87%	9.28%	13.81%	15.64%	13.86%	15.50%	19.87%	22.62%	16.18%	17.53%	23.97%	17.09%
32	13.11%	13.26%	14.16%	9.57%	14.10%	15.93%	14.15%	15.85%	20.22%	22.97%	16.53%	17.94%	24.38%	17.50%
33	13.26%	13.41%	14.31%	9.72%	14.25%	16.08%	14.30%	16.20%	20.57%	23.32%	16.88%	18.34%	24.78%	17.90%
34	13.44%	13.59%	14.49%	9.90%	14.43%	16.26%	14.48%	16.55%	20.92%	23.67%	17.23%	18.74%	25.18%	18.30%
35	13.76%	13.91%	14.81%	10.22%	14.75%	16.58%	14.80%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
36	13.91%	14.06%	14.96%	10.37%	14.90%	16.73%	14.95%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
37	14.12%	14.27%	15.17%	10.58%	15.11%	16.94%	15.16%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
38	14.35%	14.50%	15.40%	10.81%	15.34%	17.17%	15.39%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
39	14.56%	14.71%	15.61%	11.02%	15.55%	17.38%	15.60%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
40	14.76%	14.91%	15.81%	11.22%	15.75%	17.58%	15.80%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
41	14.91%	15.06%	15.96%	11.37%	15.90%	17.73%	15.95%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
42	14.94%	15.09%	15.98%	11.40%	15.93%	17.76%	15.98%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
43	15.17%	15.32%	16.22%	11.63%	16.16%	17.99%	16.21%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
44	15.40%	15.55%	16.45%	11.86%	16.39%	18.22%	16.44%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
45	15.49%	15.64%	16.54%	11.95%	16.48%	18.31%	16.53%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
46	15.77%	15.92%	16.82%	12.23%	16.76%	18.59%	16.81%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
47	16.01%	16.16%	17.06%	12.47%	17.00%	18.83%	17.05%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
48	16.11%	16.26%	17.16%	12.57%	17.10%	18.93%	17.15%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
49	16.39%	16.54%	17.44%	12.85%	17.38%	19.21%	17.43%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
50	16.43%	16.58%	17.48%	12.89%	17.42%	19.25%	17.47%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
51	16.64%	16.79%	17.69%	13.10%	17.63%	19.46%	17.68%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
52	16.70%	16.85%	17.75%	13.16%	17.69%	19.52%	17.74%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
53	16.90%	17.05%	17.95%	13.36%	17.89%	19.72%	17.94%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
54	17.09%	17.24%	18.14%	13.55%	18.08%	19.91%	18.13%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
55	17.39%	17.54%	18.44%	13.85%	18.38%	20.21%	18.43%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
56	17.45%	17.60%	18.50%	13.91%	18.44%	20.27%	18.49%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
57	17.47%	17.62%	18.52%	13.93%	18.46%	20.29%	18.51%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
58	17.49%	17.64%	18.54%	13.95%	18.48%	20.31%	18.53%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
59	17.51%	17.66%	18.56%	13.97%	18.50%	20.33%	18.55%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
60	17.53%	17.68%	18.58%	13.99%	18.52%	20.35%	18.57%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
61	17.55%	17.70%	18.60%	14.01%	18.54%	20.37%	18.59%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%
62+	17.57%	17.72%	18.62%	14.03%	18.56%	20.39%	18.61%	16.90%	21.27%	24.02%	17.58%	19.14%	25.58%	18.70%



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APPENDIX B – MEMBER CONTRIBUTION RATES

Member Contribution Rates																	
Tier 3																	
BU	all other	4	17c, 18, 19, 20, 24, 26, 27	12	14, 21, 22	25	71 (RTA)	72 (RTA)	98, 99	7 (LAFCO)	3, 14	6	7, 10, 16	15	27, 28	8, 9	31, 32
Entry	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Safety	Safety	Safety	(Non-Sworn and Sworn) Safety	Safety	Probation	Probation
Age																	
18	10.22%	9.18%	10.21%	9.33%	5.64%	9.22%	6.17%	10.17%	12.00%	10.23%	9.75%	14.12%	16.87%	10.43%	9.99%	12.95%	10.59%
19	10.47%	9.43%	10.46%	9.58%	5.89%	9.47%	6.42%	10.42%	12.25%	10.48%	10.25%	14.62%	17.37%	10.93%	10.49%	13.20%	10.84%
20	10.47%	9.43%	10.46%	9.58%	5.89%	9.47%	6.42%	10.42%	12.25%	10.48%	10.50%	14.87%	17.62%	11.18%	10.74%	13.45%	11.09%
21	10.72%	9.68%	10.71%	9.83%	6.14%	9.72%	6.67%	10.67%	12.50%	10.73%	10.75%	15.12%	17.87%	11.43%	10.99%	13.45%	11.09%
22	10.72%	9.68%	10.71%	9.83%	6.14%	9.72%	6.67%	10.67%	12.50%	10.73%	11.00%	15.37%	18.12%	11.68%	11.24%	13.70%	11.34%
23	10.97%	9.93%	10.96%	10.08%	6.39%	9.97%	6.92%	10.92%	12.75%	10.98%	11.50%	15.87%	18.62%	12.18%	11.74%	13.95%	11.59%
24	10.97%	9.93%	10.96%	10.08%	6.39%	9.97%	6.92%	10.92%	12.75%	10.98%	11.75%	16.12%	18.87%	12.43%	11.99%	14.20%	11.84%
25	11.22%	10.18%	11.21%	10.33%	6.64%	10.22%	7.17%	11.17%	13.00%	11.23%	12.00%	16.37%	19.12%	12.68%	12.24%	14.45%	12.09%
26	11.47%	10.43%	11.46%	10.58%	6.89%	10.47%	7.42%	11.42%	13.25%	11.48%	12.50%	16.87%	19.62%	13.18%	12.74%	14.70%	12.34%
27	11.47%	10.43%	11.46%	10.58%	6.89%	10.47%	7.42%	11.42%	13.25%	11.48%	12.75%	17.12%	19.87%	13.43%	12.99%	14.95%	12.59%
28	11.72%	10.68%	11.71%	10.83%	7.14%	10.72%	7.67%	11.67%	13.50%	11.73%	13.00%	17.37%	20.12%	13.68%	13.24%	15.45%	13.09%
29	11.97%	10.93%	11.96%	11.08%	7.39%	10.97%	7.92%	11.92%	13.75%	11.98%	13.50%	17.87%	20.62%	14.18%	13.74%	15.70%	13.34%
30	11.97%	10.93%	11.96%	11.08%	7.39%	10.97%	7.92%	11.92%	13.75%	11.98%	13.75%	18.12%	20.87%	14.43%	13.99%	15.95%	13.59%
31	12.22%	11.18%	12.21%	11.33%	7.64%	11.22%	8.17%	12.17%	14.00%	12.23%	14.00%	18.37%	21.12%	14.68%	14.24%	16.45%	14.09%
32	12.47%	11.43%	12.46%	11.58%	7.89%	11.47%	8.42%	12.42%	14.25%	12.48%	14.50%	18.87%	21.62%	15.18%	14.74%	16.70%	14.34%
33	12.72%	11.68%	12.71%	11.83%	8.14%	11.72%	8.67%	12.67%	14.50%	12.73%	14.75%	19.12%	21.87%	15.43%	14.99%	16.95%	14.59%
34	12.97%	11.93%	12.96%	12.08%	8.39%	11.97%	8.92%	12.92%	14.75%	12.98%	15.00%	19.37%	22.12%	15.68%	15.24%	17.45%	15.09%
35	12.97%	11.93%	12.96%	12.08%	8.39%	11.97%	8.92%	12.92%	14.75%	12.98%	15.50%	19.87%	22.62%	16.18%	15.74%	17.70%	15.34%
36	13.22%	12.18%	13.21%	12.33%	8.64%	12.22%	9.17%	13.17%	15.00%	13.23%	15.50%	19.87%	22.62%	16.18%	15.74%	18.20%	15.84%
37	13.47%	12.43%	13.46%	12.58%	8.89%	12.47%	9.42%	13.42%	15.25%	13.48%	15.50%	19.87%	22.62%	16.18%	15.74%	18.45%	16.09%
38	13.72%	12.68%	13.71%	12.83%	9.14%	12.72%	9.67%	13.67%	15.50%	13.73%	15.50%	19.87%	22.62%	16.18%	15.74%	18.70%	16.34%
39	13.97%	12.93%	13.96%	13.08%	9.39%	12.97%	9.92%	13.92%	15.75%	13.98%	15.50%	19.87%	22.62%	16.18%	15.74%	18.95%	16.59%
40	14.22%	13.18%	14.21%	13.33%	9.64%	13.22%	10.17%	14.17%	16.00%	14.23%	15.50%	19.87%	22.62%	16.18%	15.74%	19.20%	16.84%
41	14.47%	13.43%	14.46%	13.58%	9.89%	13.47%	10.42%	14.42%	16.25%	14.48%	15.50%	19.87%	22.62%	16.18%	15.74%	19.45%	17.09%
42	14.47%	13.43%	14.46%	13.58%	9.89%	13.47%	10.42%	14.42%	16.25%	14.48%	15.50%	19.87%	22.62%	16.18%	15.74%	19.70%	17.34%
43	14.72%	13.68%	14.71%	13.83%	10.14%	13.72%	10.67%	14.67%	16.50%	14.73%	15.50%	19.87%	22.62%	16.18%	15.74%	19.95%	17.59%
44	14.97%	13.93%	14.96%	14.08%	10.39%	13.97%	10.92%	14.92%	16.75%	14.98%	15.50%	19.87%	22.62%	16.18%	15.74%	20.20%	17.84%
45	15.22%	14.18%	15.21%	14.33%	10.64%	14.22%	11.17%	15.17%	17.00%	15.23%	15.50%	19.87%	22.62%	16.18%	15.74%	20.45%	18.09%
46	15.47%	14.43%	15.46%	14.58%	10.89%	14.47%	11.42%	15.42%	17.25%	15.48%	15.50%	19.87%	22.62%	16.18%	15.74%	20.70%	18.34%
47	15.72%	14.68%	15.71%	14.83%	11.14%	14.72%	11.67%	15.67%	17.50%	15.73%	15.50%	19.87%	22.62%	16.18%	15.74%	20.95%	18.59%
48	15.97%	14.93%	15.96%	15.08%	11.39%	14.97%	11.92%	15.92%	17.75%	15.98%	15.50%	19.87%	22.62%	16.18%	15.74%	21.20%	18.84%
49	16.22%	15.18%	16.21%	15.33%	11.64%	15.22%	12.17%	16.17%	18.00%	16.23%	15.50%	19.87%	22.62%	16.18%	15.74%	21.20%	18.84%
50	16.47%	15.43%	16.46%	15.58%	11.89%	15.47%	12.42%	16.42%	18.25%	16.48%	15.50%	19.87%	22.62%	16.18%	15.74%	21.45%	19.09%
51	16.72%	15.68%	16.71%	15.83%	12.14%	15.72%	12.67%	16.67%	18.50%	16.73%	15.50%	19.87%	22.62%	16.18%	15.74%	21.70%	19.34%
52	16.97%	15.93%	16.96%	16.08%	12.39%	15.97%	12.92%	16.92%	18.75%	16.98%	15.50%	19.87%	22.62%	16.18%	15.74%	21.70%	19.34%
53	17.22%	16.18%	17.21%	16.33%	12.64%	16.22%	13.17%	17.17%	19.00%	17.23%	15.50%	19.87%	22.62%	16.18%	15.74%	21.95%	19.59%
54	17.47%	16.43%	17.46%	16.58%	12.89%	16.47%	13.42%	17.42%	19.25%	17.48%	15.50%	19.87%	22.62%	16.18%	15.74%	21.95%	19.59%
55	17.72%	16.68%	17.71%	16.83%	13.14%	16.72%	13.67%	17.67%	19.50%	17.73%	15.50%	19.87%	22.62%	16.18%	15.74%	22.20%	19.84%
56	17.97%	16.93%	17.96%	17.08%	13.39%	16.97%	13.92%	17.92%	19.75%	17.98%	15.50%	19.87%	22.62%	16.18%	15.74%	22.45%	20.09%
57	17.97%	16.93%	17.96%	17.08%	13.39%	16.97%	13.92%	17.92%	19.75%	17.98%	15.50%	19.87%	22.62%	16.18%	15.74%	22.45%	20.09%
58	17.97%	16.93%	17.96%	17.08%	13.39%	16.97%	13.92%	17.92%	19.75%	17.98%	15.50%	19.87%	22.62%	16.18%	15.74%	22.70%	20.34%
59+	17.97%	16.93%	17.96%	17.08%	13.39%	16.97%	13.92%	17.92%	19.75%	17.98%	15.50%	19.87%	22.62%	16.18%	15.74%	22.95%	20.59%



**SAN LUIS OBISPO COUNTY PENSION TRUST
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**APPENDIX C – SUMMARY OF ACTUARIAL
ASSUMPTIONS AND METHODS**

Contribution Allocation Procedure

The contribution allocation procedure primarily consists of an actuarial cost method, an asset valuation method, and an amortization method as described below. There were no changes to the contribution allocation procedures from the prior valuation.

1. Actuarial Cost Method

The actuarial valuation is prepared using the Entry Age Actuarial Cost Method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age). For members who transferred between plans, entry age is based on original entry into the Plan. The normal cost for the Plan is based on the sum of the individual normal costs for each member (Individual Entry Age Method).

2. Asset Valuation Method

The Actuarial Value of Asset is based on the fair value of assets with a five-year phase-in of the actual investment returns in excess of (or less than) expected investment income, net of investment expenses. Expected investment income is determined using assumed investment return rate and the actuarial value of assets (adjusted for receipts and disbursements during the year).

3. Amortization Method

The UAL (or Surplus Funding) is amortized as a percentage of the projected SLOCPT salaries. Effective with the January 1, 2018 valuation, the UAL as of January 1, 2018 is amortized over a closed period (19 years remaining as of January 1, 2021). Effective with the January 1, 2019 valuation, any new source of UAL due to actuarial gains and losses, assumption changes, or method changes is amortized over a closed 20-year period as a percentage of payroll.

4. Contributions

The employers contribute to the retirement fund a percentage of the total compensation provided for all members based on an actuarial experience study, actuarial valuation, recommendation of the actuary, and bargaining agreements for the allocation between employer and employee contributions.

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Actuarial Assumptions

The return and administrative experience assumptions were adopted by the Board at their May 24, 2021 meeting, based on information presented by Cheiron and the Plan's investment consultant (Verus) updated capital market assumptions. The other assumptions used in this report reflect the results of an Experience Study performed by the prior actuary covering the period from January 1, 2015 through December 31, 2019, and adopted by the Board for the January 1, 2020 actuarial valuation. More details on the rationale for these assumptions can be found in the Actuarial Experience Study dated May 5, 2020.

1. Rate of Return

Assets are assumed to earn 6.75%, net of investment expenses.

2. Administrative Expenses

Administrative expenses are assumed to be \$2.3 million. Administrative expenses are assumed to increase by the assumed salary growth of 2.75% each year.

3. Cost-of-Living Increases

The cost-of-living as measured by the Consumer Price Index (CPI) are assumed to increase at the rate of 2.50% per year for Tier 1 Members, and 2.0% for Tier 2 and 3 Members. The 2.50% assumption is also used for increasing the compensation limit that applies to Tier 3 (PEPRA) members.

4. Internal Revenue Code Section 415 Limit

The Internal Revenue Code Section 415 maximum benefit limitations are not reflected in the valuation for funding purposes. Any limitation is reflected in a member's benefit after retirement.

5. Internal Revenue Code Section 401(a)(17)

The Internal Revenue Code Section 401(a)(17) maximum compensation limitation is not reflected in the valuation for funding purposes. Any limitation is reflected in a member's benefit after retirement.

6. Interest on Member Contributions

The annual credited interest rate on member contributions is assumed to be 6.00%. The actual crediting rate was changed to 5.875% at the November 2020 Board meeting, with Additional Contributions credited at 0.28%.

**SAN LUIS OBISPO COUNTY PENSION TRUST
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**APPENDIX C – SUMMARY OF ACTUARIAL
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7. Family Composition

Percentage married for all active members who retire, become disabled, or die during active service is shown in the table below. Male members are assumed to be three years older than their spouses and female members are assumed to be three years younger than their spouses.

Percentage Married	
Gender	Percentage
Males	80%
Females	60%

8. Increases in Pay

Wage inflation component: 2.25%
Productivity increase component: 0.50%
Additional Merit component based on service:

Merit Increases		Total Increases	
Service	Rate	Service	Rate
0	5.25%	0	8.00%
1	5.00%	1	7.75%
2	4.00%	2	6.75%
3	3.00%	3	5.75%
4	2.00%	4	4.75%
5	1.00%	5	3.75%
6	0.50%	6	3.25%
7+	0.00%	7+	2.75%

Increases are compound rather than additive.

9. Payroll Growth

Wage inflation component: 2.25%
Productivity increase component: 0.50%
Total Payroll Growth: 2.75%

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**APPENDIX C – SUMMARY OF ACTUARIAL
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10. Rates of Termination

Rates of termination based on age and group are shown in the following table below. Vested termination rates are applied after the member is eligible for reduced or unreduced retirement benefits.

Rates of Vested Termination		
Age	Miscellaneous	Safety and Probation
24 or less	10.00%	3.00%
25	10.00%	2.00%
26	10.00%	2.00%
27	10.00%	2.00%
28	10.00%	2.00%
29	10.00%	2.00%
30	7.50%	1.50%
31	7.50%	1.50%
32	7.50%	1.50%
33	7.50%	1.50%
34	7.50%	1.50%
35	5.00%	1.50%
36	5.00%	1.50%
37	5.00%	1.50%
38	5.00%	1.50%
39	5.00%	1.50%
40	4.00%	1.50%
41	4.00%	1.50%
42	4.00%	1.50%
43	4.00%	1.50%
44	4.00%	1.50%
45	4.00%	1.50%
46	4.00%	1.50%
47	4.00%	1.50%
48	4.00%	1.50%
49	4.00%	1.50%
50	3.00%	1.50%
51	3.00%	1.50%
52	3.00%	1.50%
53	3.00%	1.50%
54	3.00%	1.50%
55	2.00%	0.00%
56	2.00%	
57	2.00%	
58	2.00%	
59	2.00%	
60 or more	0.00%	

Termination rates do not apply once a member is eligible for retirement.

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**APPENDIX C – SUMMARY OF ACTUARIAL
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11. Withdrawal

Rates of withdrawal apply to active Members who terminate their employment and withdraw their member contributions, forfeiting entitlement to future Plan benefits.

Age	Rates of Withdrawal			
	Miscellaneous		Safety and Probation	
	<5 YOS	>= 5 YOS	<5 YOS	>= 5 YOS
24 or less	14.50%	8.50%	5.20%	1.50%
25	13.00%	7.75%	5.00%	1.50%
26	13.00%	7.75%	5.00%	1.50%
27	13.00%	7.75%	5.00%	1.50%
28	13.00%	7.75%	5.00%	1.50%
29	13.00%	7.75%	5.00%	1.50%
30	11.50%	3.75%	4.70%	1.50%
31	11.50%	3.75%	4.70%	1.00%
32	11.50%	3.75%	4.70%	1.00%
33	11.50%	3.75%	4.70%	1.00%
34	11.50%	3.75%	4.70%	1.00%
35	10.00%	2.00%	4.00%	1.00%
36	10.00%	2.00%	4.00%	0.50%
37	10.00%	2.00%	4.00%	0.50%
38	10.00%	2.00%	4.00%	0.50%
39	10.00%	2.00%	4.00%	0.50%
40	10.00%	1.25%	3.50%	0.50%
41	10.00%	1.25%	3.50%	0.50%
42	10.00%	1.25%	3.50%	0.50%
43	10.00%	1.25%	3.50%	0.50%
44	10.00%	1.25%	3.50%	0.50%
45	8.00%	0.50%	2.50%	0.50%
46	8.00%	0.50%	2.50%	0.00%
47	8.00%	0.50%	2.50%	
48	8.00%	0.50%	2.50%	
49	8.00%	0.50%	2.50%	
50	6.00%	0.00%	1.50%	
51	6.00%		1.50%	
52	6.00%		1.50%	
53	6.00%		1.50%	
54	6.00%		1.50%	
55	6.00%		0.00%	
56	6.00%			
57	6.00%			
58	6.00%			
59	6.00%			
60	6.00%			
61	6.00%			
62	6.00%			
63	6.00%			
64	6.00%			
65 or more	0.00%			

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

**APPENDIX C – SUMMARY OF ACTUARIAL
ASSUMPTIONS AND METHODS**

12. Reciprocal Transfers

30% of vested terminated Members that leave their member contributions on deposit with the Plan are assumed to be reciprocal.

Reciprocal members are assumed to remain with the reciprocal agency until retirement, and receive annual salary increases of 2.75%.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

**APPENDIX C – SUMMARY OF ACTUARIAL
ASSUMPTIONS AND METHODS**

13. Rates of Disability

Representative disability rates of active participants are shown below.

Rates of Disability		
Age	Miscellaneous	Safety and Probation
25 or less	0.010%	0.030%
26	0.010%	0.050%
27	0.010%	0.070%
28	0.010%	0.090%
29	0.010%	0.110%
30	0.010%	0.130%
31	0.015%	0.150%
32	0.020%	0.170%
33	0.025%	0.190%
34	0.030%	0.210%
35	0.035%	0.230%
36	0.040%	0.250%
37	0.045%	0.270%
38	0.050%	0.290%
39	0.055%	0.310%
40	0.060%	0.330%
41	0.065%	0.350%
42	0.070%	0.370%
43	0.075%	0.390%
44	0.080%	0.410%
45	0.085%	0.430%
46	0.090%	0.450%
47	0.095%	0.470%
48	0.100%	0.490%
49	0.105%	0.510%
50	0.110%	0.530%
51	0.115%	0.550%
52	0.120%	0.570%
53	0.125%	0.590%
54	0.130%	0.610%
55	0.135%	0.630%
56	0.140%	0.650%
57	0.145%	0.670%
58	0.150%	0.690%
59	0.155%	0.710%
60	0.160%	0.730%
61	0.165%	0.750%
62	0.170%	0.770%
63	0.175%	0.790%
64	0.180%	0.810%
65 or more	0.000%	0.000%

All disabilities for Safety members are assumed to be service-related and no disabilities for Miscellaneous and Probation members are assumed to be service-related.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

**APPENDIX C – SUMMARY OF ACTUARIAL
ASSUMPTIONS AND METHODS**

14. Rates of Mortality for Healthy Lives

Mortality rates for General active members are based on the sex distinct Public General 2010 Amount-Weighted Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019, without adjustment.

Mortality rates for healthy annuitants are based on the sex distinct Public General 2010 Amount-Weighted Above-Median Income Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019 with a 99% multiplier for males, and a 101% multiplier for females.

15. Rates of Mortality for Disabled Lives

Mortality rates for disabled members are based on distinct Public General 2010 Amount-Weighted Above-Median Income Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019, without adjustment.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

**APPENDIX C – SUMMARY OF ACTUARIAL
ASSUMPTIONS AND METHODS**

16. Rates of Retirement

Rates of retirement are based on age, group, and tier according to the following table.

Rates of Retirement						
Age	Tier 1			Tiers 2 and 3		
	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
<50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50	2.00%	7.50%	25.00%	3.00%	7.50%	9.00%
51	2.00%	7.50%	20.00%	3.00%	7.50%	9.00%
52	2.00%	7.50%	10.00%	3.00%	7.50%	10.00%
53	2.00%	7.50%	10.00%	3.00%	7.50%	10.00%
54	4.00%	7.50%	12.00%	3.00%	7.50%	10.00%
55	6.00%	25.00%	40.00%	6.00%	7.50%	10.00%
56	6.00%	25.00%	30.00%	6.00%	7.50%	10.00%
57	8.00%	25.00%	30.00%	6.00%	7.50%	10.00%
58	8.00%	12.00%	12.00%	6.00%	9.00%	11.00%
59	8.00%	12.00%	18.00%	6.00%	9.00%	15.00%
60	10.00%	15.00%	25.00%	8.00%	10.00%	20.00%
61	10.00%	15.00%	30.00%	8.00%	10.00%	25.00%
62	25.00%	20.00%	40.00%	25.00%	20.00%	30.00%
63	20.00%	20.00%	50.00%	20.00%	20.00%	40.00%
64	20.00%	20.00%	75.00%	20.00%	20.00%	60.00%
65	40.00%	100.00%	100.00%	40.00%	100.00%	100.00%
66	40.00%			40.00%		
67	30.00%			30.00%		
68	30.00%			30.00%		
69	30.00%			30.00%		
70	100.00%			100.00%		

Tier 1 Reserve Members are assumed to retire at the later of age 55 or attained age. All other Reciprocal and Reserve members are assumed to retire at the later of age 60 or attained age.

17. Changes Since Last Valuation

The assumed rate of investment return assumption was decreased from 6.875%, net of all expenses, to 6.75%, net of only investment expenses.

An explicit administrative expense assumption was added and assumed to be \$2.3 million increasing annually at a rate of 2.75% per year.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

APPENDIX D – SUMMARY OF PLAN PROVISIONS

All actuarial calculations are based on our understanding of the statutes governing the SLOCPT as pursuant to Government Code Section 53219 and San Luis Obispo County Code Chapter 2.56, with provisions adopted by the County Board of Supervisors, or the SLOCPT Board of Trustees, effective through December 31, 2020. The benefit and contribution provisions of this law are summarized briefly below. This summary does not attempt to cover all the detailed provisions of the law.

There have been no changes to the Plan provisions since the prior valuation.

A. Membership in Retirement Plans

All regular permanent employees of the County or district covered by the County or agencies that have contracted with the County to participate in the SLOCPT.

B. Tiers

Tier 1: Includes new members hired before January 1, 2011.

Tier 2: Includes new members hired on or after January 1, 2011 and before January 1, 2013. Tier 2 only applies to members hired after the date each particular bargaining unit adopted Tier 2. Members hired in a bargaining unit that did not adopt Tier 2 are considered Tier 1 members.

Tier 3: Includes all new members hired on or after January 1, 2013.

C. Member Contributions

Each Member of the Pension Trust will contribute, by means of payroll deduction, an amount of money equal to the Member's normal rate of contribution times the Member's compensation proportionate to the ratio of actual paid hours, less overtime, to normal hours. Please refer to Appendix B for current Member Contribution rates. Member Contributions will be credited with interest as of the last day of each pay period at an annual rate to be determined by the Board of Trustees.

D. Final Compensation

Tier 1: Highest one-year average for employees in Tier 1 and “Pick Up” included as compensation for various management employees within Bargaining Units 4, 7, 8, 9, 10, 11, 12, 17, and 99.

Pick up percentages for each applicable bargaining unit shown below:

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

APPENDIX D – SUMMARY OF PLAN PROVISIONS

Bargaining Unit	Pick Up Percentage
4, 7, 8, 9, 11, 12, 99	9.29%
10	13.55%
17	13.59%

Tiers 2 and 3: Highest three-year average compensation.

E. Service Retirement

Eligibility: Age 50 with five years of service. For Miscellaneous members in Tier 3, Age 52 with five years of service.

Benefit: Retirement Age Factor times Final Compensation times Years of Credited Service, limited to the Maximum Benefit if applicable.

Retirement Age Factors:

Age	Retirement Age Factors									
	Miscellaneous			Probation		Safety				
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 3	Tier 1 ¹	Tier 1 ²	Tier 2 ³	Tier 2 ⁴	Tier 3
50	1.426%	1.092%	0.000%	2.300%	2.000%	2.300%	3.000%	2.000%	2.300%	2.000%
51	1.541%	1.156%	0.000%	2.440%	2.100%	2.440%	3.000%	2.140%	2.440%	2.100%
52	1.656%	1.224%	1.000%	2.580%	2.200%	2.580%	3.000%	2.280%	2.580%	2.200%
53	1.770%	1.296%	1.100%	2.720%	2.300%	2.720%	3.000%	2.420%	2.720%	2.300%
54	1.885%	1.376%	1.200%	2.860%	2.400%	2.860%	3.000%	2.560%	2.860%	2.400%
55	2.000%	1.460%	1.300%	3.000%	2.500%	3.000%	3.000%	2.700%	3.000%	2.500%
56	2.117%	1.552%	1.400%	3.000%	2.600%	3.000%	3.000%	2.700%	3.000%	2.600%
57	2.233%	1.650%	1.500%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
58	2.350%	1.758%	1.600%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
59	2.466%	1.874%	1.700%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
60	2.583%	2.000%	1.800%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
61	2.699%	2.134%	1.900%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
62	2.816%	2.272%	2.000%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
63	2.932%	2.418%	2.100%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
64	3.049%	2.458%	2.200%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
65	3.165%	2.500%	2.300%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
66	3.165%	2.500%	2.400%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
67+	3.165%	2.500%	2.500%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%

¹ Safety Bargaining Units 6 & 7 and Non-Sworn Bargaining Units 3, 14, 15 ² Safety Bargaining Units 10 & 16 and Sworn Bargaining Units 15, 27, 28 ³ Non-Sworn Safety members

² Safety Bargaining Units 10 & 16 and Sworn Bargaining Units 15, 27, 28

³ Non-Sworn Safety members

⁴ Safety Bargaining Units 6 & 7 and Sworn Safety members

Maximum Benefit:

Tier 1: SLOCEA and Miscellaneous Other: 80% of Final Compensation
 Safety and Probation: 90% of Final Compensation
 Miscellaneous Management: 100% of Final Compensation



**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

APPENDIX D – SUMMARY OF PLAN PROVISIONS

Tier 2: 90% of Final Compensation

Tier 3: No maximum benefit applies, but pensionable compensation is capped at \$128,059 for 2021 and adjusted annually based on CPI.

F. Normal Form of Benefit:

Life Annuity payable to retired member with 50% continuance to an eligible survivor (or eligible children).

G. Optional Retirement Allowance:

A member may elect to have the actuarial equivalent of the service or disability retirement allowance applied to a lesser retirement allowance during the retired member's life in order to provide an optional survivor allowance.

Option 1: Member's allowance is reduced to pay a cash refund of any unpaid annuity payments (up to the amount of the member's contributions at retirement) to the member's estate or to a beneficiary having an insurable interest in the life of the member.

Option 2: 100% of member's reduced allowance is payable to a surviving spouse or beneficiary having an insurable interest in the life of the member.

Option 3: 50% of member's reduced allowance is payable to a beneficiary having an insurable interest in the life of the member.

Option 4: Other % of member's reduced allowance is payable to a beneficiary(ies) having an insurable interest in the life of the member.

H. Ordinary Disability

Eligibility: Under age 65 and five years of service.

Benefit: Greater of (1) 1.5% of Final Compensation times Credited Service, (2) 1/3 of Final Compensation if Credited Service is between 10 and 22.222 years, or (3) the earned Service Retirement Allowance (if eligible).

I. Line-of-Duty Disability

Eligibility: Disablement in the Line-of-Duty Safety and Probation Members only. No age or service requirement.

Benefit: Greater of (1) 50% of Final Compensation, or (2) Service Retirement Allowance (if eligible).

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

APPENDIX D – SUMMARY OF PLAN PROVISIONS

J. Death Before Eligible for Retirement (Basic Death Benefit)

Eligibility: No age or service requirement, and must have been an Active Member.

Benefit: Refund of employee contributions with interest plus lump sum of one and one-half month's compensation for each year of service to a maximum of eighteen months' Compensation.

K. Death After Eligible for Retirement

Eligibility: Service Retirement Eligible.

Benefit: 50% of earned benefit payable to surviving eligible spouse or children until age 18, or Basic Death Benefit if greater. Spouse can elect an actuarially-reduced 100% Joint and Survivor benefit.

L. Line-of-Duty Death

Eligibility: Death in the Line-of-Duty for Safety and Probation Members only. No age or service requirement.

Benefit: 50% of earned benefit payable to surviving eligible spouse or children until age 18, or Basic Death Benefit if greater. Spouse can elect an actuarially-reduced 100% Joint and Survivor benefit.

M. Post-Retirement Death Benefit

\$1,000 payable in lump sum to the beneficiary or the estate of the retiree.

N. Cost-of-Living Increases

Cost-of-living increases (or decreases) are applied to all retirement allowances (service and disability), optional death allowances, and annual death allowances effective April 1, based on changes in the average annual Consumer Price Index (CPI), to a maximum of 3% per year for Tier 1 members, and 2% per year for Tier 2 and 3 members.

O. Withdrawal Benefits

All members leaving covered employment with less than five years of service are required to take a refund of their employee contributions with interest. Members with five or more years of service may either withdraw their contributions with interest or leave their contributions on deposit. If contributions are not withdrawn, they are entitled to benefits commencing at any time after service retirement eligibility.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

APPENDIX D – SUMMARY OF PLAN PROVISIONS

P. Deferred Retirement Option Program (DROP)

Eligibility: Tier 1 members (excluding Court employees) that are service retirement eligible may participate in the SLOCPT's DROP.

Benefit: An amount equal to the annual benefit that would have been paid had the member retired, is deposited into a DROP account. The annual addition to the DROP account is increased each year by the Cost-of-Living Adjustment approved by the Board of Trustees not to exceed 3% per year. Deposits into the DROP account and participation in DROP cease at the earlier of five years of DROP participation or separation from service. Upon actual retirement, the member may receive the DROP account balance in the form of a lump sum or as an annuity payment.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

APPENDIX E – GLOSSARY

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

2. Actuarial Cost Method

A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

3. Actuarial Gain (Loss)

The difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

4. Actuarial Liability

The portion of the actuarial present value of projected benefits that will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

6. Actuarial Valuation

The determination, as of a specified date, of the normal cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

8. Actuarially Equivalent

Of equal actuarial present value, determined as of a given date, with each value based on the same set of actuarial assumptions.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2021**

APPENDIX E – GLOSSARY

9. Amortization Payment

The portion of the pension plan contribution, which is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Entry Age Normal Actuarial Cost Method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

11. Funded Ratio

The ratio of the Market Value of Assets to the Actuarial Liability.

12. Normal Cost

That portion of the actuarial present value of pension plan benefits and expenses that is allocated to a valuation year by the actuarial cost method.

13. Projected Benefits

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of actuarial assumptions, taking into account such items as increases in future compensation and service credits.

14. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Market Value of Assets.



Classic Values, Innovative Advice

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June 14, 2021

Board of Trustees
 San Luis Obispo County Pension Trust
 1000 Mill Street
 San Luis Obispo, California 93408

**Re: Contribution Rate Increases for Alternate Implementation Dates -
 July 1, 2021, January 1, 2022 or July 1, 2022**

Dear Members of the Board,

The purpose of this letter is to provide the contribution rate increases based on the results of the January 1, 2021 actuarial valuation for three alternate implementation dates.

The total actuarially determined contribution (ADC) rate as of the January 1, 2021 actuarial valuation increased to 50.34% from 47.92% as of the January 1, 2020 actuarial valuation. The Charged Rate (actual contributions collected by SLOCPT as a rate of actual pensionable salary) for the six months ending December 31, 2020 was 44.05% plus a 4.13% contribution rate increase effective as of July 1, 2021, results in a Total Charged Rate of 48.18%. The recommended contribution rate increase of 2.16% is the difference between the ADC as of January 1, 2021 and the Total Charged Rate. These rates are composed of a blended employer appropriation rate and a weighted average of the employee rates.

The table below shows recommended contribution rate increases for each implementation date based on the results of the January 1, 2021 actuarial valuation for SLOCPT in aggregate and for each class of members: Miscellaneous, Probation, and Safety. To calculate the contribution increases for the different implementation dates, the Unfunded Actuarial Liability (attributable only to the assumptions changes adopted by the Board of Trustees at the May 24, 2021 meeting and the December 31, 2020 actuarial losses from the January 1, 2021 valuation) was adjusted with interest at the 6.75% assumed rate of return from the valuation date to the respective implementation dates and then re-amortized based on the remaining period at the respective implementation dates. In addition, the payroll used to calculate the increase in the UAL payment rate was also adjusted based on the implementation date and the assumed payroll growth rate of 2.75%.

Contribution Rate Increases for Alternate Implementation Dates											
	Total Charged Rates			2021 Valuation		Implementation Dates					
	12/31/2020	Rate	Total	Total	Rate	July 1, 2021		January 1, 2022		July 1, 2022	
		Increases ¹	Rate			ADC	Change	Adjusted	Rate	Adjusted	Rate
						ADC	Change	ADC	Change	ADC	Change
Total SLOCPT	44.05%	4.13%	48.18%	50.34%	2.16%	50.41%	2.23%	50.49%	2.31%	50.57%	2.39%
Miscellaneous	41.56%	3.91%	45.47%	47.41%	1.94%	47.48%	2.01%	47.55%	2.08%	47.63%	2.16%
Probation	45.07%	5.21%	50.28%	53.39%	3.11%	53.46%	3.18%	53.54%	3.26%	53.61%	3.33%
Safety	58.50%	5.10%	63.60%	66.89%	3.29%	66.99%	3.39%	67.10%	3.50%	67.21%	3.61%

¹ Rate increases from the January 1, 2020 actuarial valuation with delayed implementation to July 1, 2021.

SLOCPT Board of Trustees

June 14, 2021

Page 2

The purpose of this letter is to detail the calculations for the delayed implementation of the recommended contribution rate increases from the January 1, 2021 actuarial valuation. This letter is for the use of the SLOCPT Board of Trustees, the plan sponsors, and SLOCPT staff. Any other user of this letter is not an intended user and is considered a third party.

This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and my understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. I am not an attorney, and my firm does not provide any legal services or advice.

Finally, this letter was prepared for SLOCPT for the purpose described herein. This letter is not intended to benefit any other party, and Cheiron assumes no duty or liability to any such party.

Sincerely,
Cheiron



Anne D. Harper, FSA, MAAA, EA
Principal Consulting Actuary

cc: Carl Nelson
Amy Burke
Alice Alsberghe

**San Luis Obispo County Pension Trust
Pension Contribution Rate Increases**

	2014 Valuation	2015 Valuation	2016 Valuation	2017 Valuation	2018 Valuation	2019 Valuation	2020 Valuation	2021 Valuation
Total Pension Rate Increases								
Miscellaneous	0.00%	0.91%	4.51%	1.65%	1.99%	2.47%	3.41%	1.94%
Probation	0.00%	9.90%	4.72%	2.25%	3.70%	2.26%	4.56%	3.11%
Safety	0.00%	1.17%	6.71%	3.54%	5.63%	1.25%	4.40%	3.29%
COMBINED	0.00%	0.95%	4.85%	1.93%	2.51%	2.30%	3.60%	2.16%
Total ADC	34.23%	34.77%	38.90%	40.32%	42.19%	44.52%	47.92%	50.34%
Significant Changes:								
Discount Rate	7.250%	7.250%	7.125%	7.125%	7.000%	7.000%	6.875%	6.750%
<i>Discount Rate net of -</i>								
<i>Investment Expense</i>		Y	Y	Y	Y	Y	Y	Y
<i>Admin. Expense</i>		Y	Y	Y	Y	Y	Y	N
Inflation	2.750%	2.750%	2.650%	2.650%	2.500%	2.500%	2.250%	2.250%
Payroll Growth Rate	3.750%	3.750%	3.375%	3.375%	3.000%	2.750%	2.750%	2.750%
Mortality			Updated (1st part of 2 step phased)		Updated (2nd part of 2 step phased)		Updated	

**As of Valuation date of Jan. 1 of the Valuation year
Actual increase modified for delayed implementaton (e.g. Jan. 1st or July 1st of following year)**

Total pension contribution rate increase result of:

Increases in the Actuarially Determined Contribution Rate (ADC)

Increases to adjust for difference between planned ADC to be collected and the actual charged rate during the prior year.

Increases allocated between Employer and Employee pursuant to various MOU provisions in the various bargaining units.

Note - prior to 2018 the ADC was referred to as the Annually Required Contribution or ARC.

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