

**Letter from SBCERA on Contribution Rates  
for LAFCO Dated January 25, 2013**

**Attachment 1**

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January 25, 2013

**LAFCO**  
San Bernardino County

Ms. Kathleen Rollings-McDonald, Executive Officer  
Local Agency Formation Commission  
215 North "D" Street, Suite 204  
San Bernardino, CA 92415-0490

**RE: SBCERA Contribution Rates for FY 2013/14**

Dear Ms. Rollings-McDonald:

On November 9, 2012, the Board of Retirement (Board) approved the San Bernardino County Employees' Retirement Association (SBCERA) Actuarial Valuation and Review as of June 30, 2012. The valuation establishes the employer and member contribution rates for General and Safety Tier 1 members for the upcoming fiscal year (FY), 2013/2014. In addition, the Board approved a separate study on December 6, 2012 establishing the employer and member contribution rates for General and Safety Tier 2 members for the period January 1, 2013 through June 30, 2014.

As a reminder, due to the California Public Employees' Pension Reform Act (PEPRA), effective January 1, 2013, there are separate employer and member contribution rates for Tier 1 and Tier 2 members. Tier 1 members are those members with SBCERA membership dates prior to January 1, 2013. Tier 2 members are those members with SBCERA membership dates on or after January 1, 2013.

SBCERA contracts with an independent actuarial consulting firm, The Segal Company, to perform an actuarial valuation of the retirement plan every fiscal year. The actuarial valuation compares our existing funds and contribution levels against the total cost of current and future benefits based on various assumptions, to determine the contribution rates for the coming fiscal year. As a result of the valuation and subsequent study (both are attached), the new employer and member contribution rates are included on the next page. These rates are **effective for FY 2013/2014, beginning pay period 15 of 2013.**

In accordance with the provision of Government Code section 31453, the Board shall, at least 45 days prior to the beginning of the succeeding fiscal year, recommend to the County of San Bernardino, Board of Supervisors (BOS), changes in the rates of contributions to fund the Plan on a sound actuarial basis. The rates included on the next page were presented to and approved by the BOS on December 18, 2012.

Note: Pensionable compensation for Tier 2 members is capped at 120% of the Federal Social Security limit, which is \$136,440 for calendar year 2013 (adjusted each year for CPI change). Please monitor this cap for Tier 2 employees to ensure contributions cease when the limit is reached.

SBCERA Contribution Rates for FY 2013-14

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Local Agency Formation Commission			
FAS: PXX-RET	GRC#	Other General Tier 1	Other General Tier 2
		Effective PP 15/13 06/29/13	Effective PP 15/13 06/29/13
<b>Per Pay Period Rates</b>			
<b>Employer (ER) Rate:</b>			
Basic Rate	000411	22.32%	18.92%
Cost of Living Rate	000415	5.37%	4.91%
<b>Total Employer Rate<sup>2</sup></b>		<b>27.69%</b>	<b>23.83%</b>
<b>ER Survivor Benefit<sup>2</sup></b>	000416	<b>\$1.34</b>	<b>\$1.34</b>
<b>Employee (EE) Rate:</b>			
<b>Refundable<sup>2</sup></b>		See attached Appendix A (Pg 71 of 6/30/12 valuation)	7.75%
<b>Non-Refundable<sup>1,2</sup></b>		See attached Appendix B (Pg 73 of 6/30/12 valuation)	6.98%
<b>EE Survivor Benefit<sup>2</sup></b>	000402	<b>\$1.34</b>	<b>\$1.34</b>
<p><b>(1) For Tier 2 members, non-refundable rate is only available if a current MOU provides for it. Once the current MOU expires, the non-refundable rate is no longer available as the new PEPRA legislation does not provide for a non-refundable rate.</b></p> <p><b>(2) For Tier 2 members ONLY, pensionable compensation is capped at \$136,440 for calendar year 2013. Contributions, including the Survivor Benefit, cease when the cap is reached.</b></p>			

If you have any questions, please contact me at (909) 885-7980 ext 330, or at [junderwood@sbcera.org](mailto:junderwood@sbcera.org).

Sincerely,



Julie Underwood  
Chief of Fiscal Services  
SBCERA

cc: Samuel Martinez, Assistant Executive Officer

Enclosure

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

**Appendix A**

**Member Contribution Rates (Refundable Basis)**

**General Members' Contribution Rates (Refundable Basis) from the June 30, 2012 Actuarial Valuation  
Expressed as a Percentage of Monthly Compensation**

<u>Entry Age</u>	<u>General Basic</u>	<u>General Total</u>	<u>Entry Age</u>	<u>General Basic</u>	<u>General Total</u>
16	6.35%	7.77%	36	8.93%	10.93%
17	6.46%	7.91%	37	9.09%	11.13%
18	6.57%	8.04%	38	9.26%	11.33%
19	6.68%	8.18%	39	9.43%	11.54%
20	6.80%	8.32%	40	9.60%	11.75%
21	6.91%	8.46%	41	9.78%	11.97%
22	7.03%	8.60%	42	9.97%	12.20%
23	7.15%	8.75%	43	10.15%	12.42%
24	7.28%	8.91%	44	10.35%	12.67%
25	7.40%	9.06%	45	10.55%	12.91%
26	7.53%	9.22%	46	10.75%	13.16%
27	7.65%	9.36%	47	10.95%	13.40%
28	7.79%	9.53%	48	11.11%	13.60%
29	7.92%	9.69%	49	11.23%	13.75%
30	8.05%	9.85%	50	11.32%	13.86%
31	8.19%	10.02%	51	11.40%	13.95%
32	8.33%	10.20%	52	11.47%	14.04%
33	8.48%	10.38%	53	11.35%	13.89%
34	8.63%	10.56%	54 & Over	11.04%	13.51%
35	8.78%	10.75%			

Interest: 7.75%  
 COLA: 2.00%  
 COLA Loading Factor: 22.40%

Mortality: RP-2000 Male Combined Healthy Mortality Table set back two years weighted 30% and  
 RP-2000 Female Combined Healthy Mortality Table set back two years weighted 70%

Salary Increase: See Exhibit V.

Note: These rates are determined before any pickups by the employer.

**SECTION 4: Reporting Information for San Bernardino County Employees' Retirement Association**

**Appendix B**

**Member Contribution Rates (Nonrefundable Basis)**

**General Members' Contribution Rates (Nonrefundable Basis) from the June 30, 2012 Actuarial Valuation  
Expressed as a Percentage of Monthly Compensation**

<u>Entry Age</u>	<u>General Basic</u>	<u>General Total</u>	<u>Entry Age</u>	<u>General Basic</u>	<u>General Total</u>
16	5.77%	7.06%	36	8.12%	9.94%
17	5.87%	7.19%	37	8.26%	10.12%
18	5.97%	7.31%	38	8.42%	10.30%
19	6.07%	7.44%	39	8.57%	10.49%
20	6.18%	7.56%	40	8.73%	10.68%
21	6.28%	7.69%	41	8.89%	10.88%
22	6.39%	7.82%	42	9.06%	11.09%
23	6.50%	7.95%	43	9.23%	11.29%
24	6.62%	8.10%	44	9.41%	11.52%
25	6.73%	8.24%	45	9.59%	11.74%
26	6.85%	8.38%	46	9.77%	11.96%
27	6.95%	8.51%	47	9.95%	12.18%
28	7.08%	8.66%	48	10.10%	12.36%
29	7.20%	8.81%	49	10.21%	12.50%
30	7.32%	8.95%	50	10.29%	12.60%
31	7.45%	9.11%	51	10.36%	12.68%
32	7.57%	9.27%	52	10.43%	12.76%
33	7.71%	9.44%	53	10.32%	12.63%
34	7.85%	9.60%	54 & Over	10.04%	12.28%
35	7.98%	9.77%			

Interest: 7.75%  
 COLA: 2.00%  
 COLA Loading Factor: 22.40%  
 Refundability Factor: 1.10  
 Mortality: RP-2000 Male Combined Healthy Mortality Table set back two years weighted 30% and  
 RP-2000 Female Combined Healthy Mortality Table set back two years weighted 70%  
 Salary Increase: See Exhibit V.  
 Note: These rates are determined before any pickups by the employer.