

Board of Trustees

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Date: June 27, 2022

To: Board of Trustees

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

Agenda Item 9: January 1, 2022 Actuarial Valuation and Pension Contribution Rates

Accompanying this memo are –

- **Draft January 1, 2022 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 – 2014-2022**

Recommendation:

It is recommended that the Board take the following actions:

1. Approve the January 1, 2022 Actuarial Valuation.
2. Approve the transfer of \$9,324,245 from the Current Reserve to the Retiree Reserve as recommended by Cheiron in the Reserves Comment of the Valuation (page A-3).
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 52.48% effective January 1, 2022 is received - an increase of 2.31% over the current 50.17% Charged Rate of contributions as of 1/1/22** as recommended by Cheiron in the Executive Summary section of the Valuation (page 6).

- a. This increase is subject to delayed implementation as may be requested by the Plan Sponsors, 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.

2022 Actuarial Valuation Results:

Table I-1			
Summary of Key Valuation Results			
(in thousands)			
	January 1, 2021	January 1, 2022	Change
Membership			
Active Members	2,747	2,776	1.1%
Retirees and Beneficiaries	3,070	3,172	3.3%
Deferred Vesteds and Inactives	799	861	7.8%
Total	<u>6,616</u>	<u>6,809</u>	2.9%
Total Projected Payroll	\$ 214,044,000	\$ 224,010,000	4.7%
Average Pay	\$ 77,919	\$ 80,695	3.6%
Funded Status			
Actuarial Liability	\$ 2,313,128	\$ 2,498,107	8.0%
Actuarial Value of Assets (AVA)	<u>1,506,270</u>	<u>1,619,357</u>	7.5%
Unfunded Actuarial Liability (UAL)	\$ 806,858	\$ 878,750	8.9%
Funding Ratio (AVA Basis)	65.1%	64.8%	-0.3%
Market Value of Assets (MVA)	\$ 1,566,326	\$ 1,749,963	11.7%
Unfunded Actuarial Liability (MVA Basis)	746,802	748,144	0.2%
Funding Ratio (MVA Basis)	67.7%	70.1%	2.4%
Actuarially Determined Contributions			
Total Normal Cost	20.99%	21.62%	0.63%
Administrative Expenses	1.07%	1.06%	-0.01%
Unfunded Actuarial Liability Payment			
Interest	23.55%	22.54%	-1.01%
Principal	<u>4.73%</u>	<u>7.26%</u>	<u>2.53%</u>
Total UAL Payment	28.28%	29.80%	1.52%
Total Actuarially Determined Contribution	50.34%	52.48%	2.14%

Contribution Rate:

Actuarially Determined Contribution (ADC) increase = 2.14%.

The valuation indicates an increase in the Total Required Contribution Rate (or Actuarially Determined Contributions (ADC)) to 52.48% from 50.34% (prior year ADC), effective January 1, 2022. The sources of this **increase of 2.14% in the ADC** are discussed below and in Table I-4 on page 7 of the attached 2022 Actuarial Valuation. The increases shown below are expressed as a percent of pay.

1. Actuarial investment gain – Contribution Impact = -1.27%
2. Tier 3 (PEPRA) new hires replacing Tier 1 and Tier 2 terminations – Contribution Impact = -0.32% of pay
3. Effect of payroll growth being larger than expected which leads to more of the UAL being paid down – Contribution impact = -0.52% of pay
4. Contribution timing lag due to delayed implementation of 2021 valuation rate increase – Contribution impact = +0.26% of pay
5. Demographic Experience mainly driven by Tier 1 retiree COLA and active member salary increases being above assumptions – Contribution impact = +1.05% of pay
6. Changes in Actuarial Assumptions (see previously published Experience Study for more details – Contribution impact = +2.94%

Recommended Pension Contribution Rate Increase = 2.31%

This reflects the 2.14% increase in the ADC as discussed above. It also reflects that the Charged Rate of contributions as of 1/1/22 is 50.17% - slightly below the planned ADC for 2021 of 50.34%. Rate increase history is included in the attached Pension Contribution Rate Increase History – 2016-2022.

See page 10 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 Sponsors. The rate increase discussed above is as of January 1, 2022. 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 2.31% were to be implemented July 1, 2023, the aggregate increase would be 2.59%.

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

Funded Ratio:

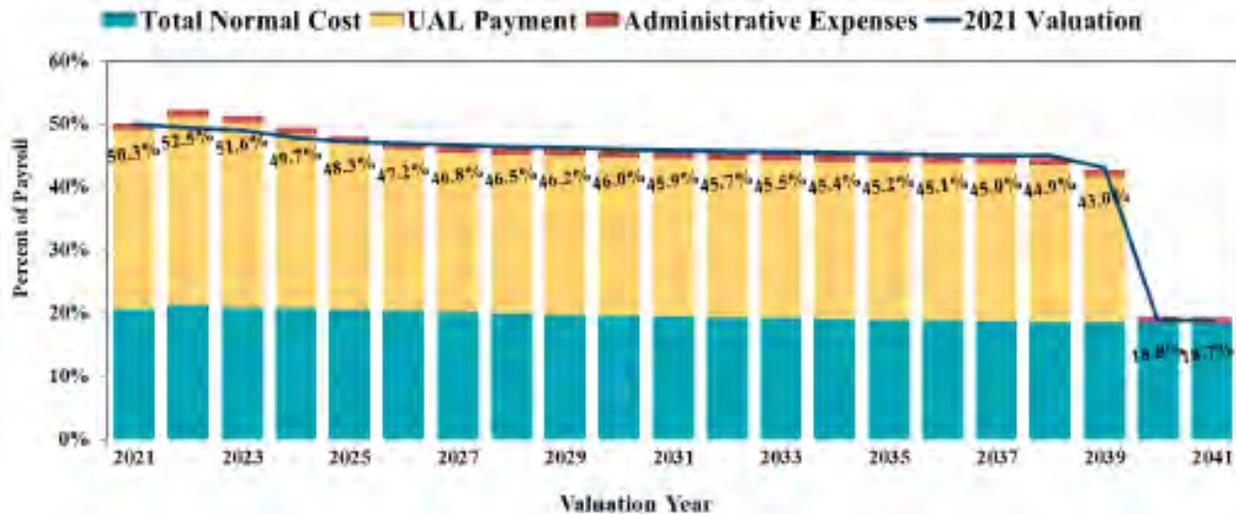
The valuation results also indicate that the funded ratio of the Plan – Actuarial Accrued Liabilities (AAL) vs. Actuarial Value of Assets (AVA) has declined from 65.1% in 2021 to **64.8%** in 2022.

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

See page 9 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 page 11 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%.
- The Inflation assumption used remains at 2.50%.
- All actuarial assumptions are fully met each year.

Respectfully submitted,

San Luis Obispo County Pension Trust

Actuarial Valuation Report as of January 1, 2022

Produced by Cheiron

June 2022



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June 15, 2022

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, 2022. 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, 2022**

FOREWORD

Cheiron has performed the actuarial valuation of the San Luis Obispo County Pension Trust as of January 1, 2022. 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, 2022**

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 2022,
- 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, 2021, provided to SLOCPT in June 2022.

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, 2022.

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 (18 years remaining as of January 1, 2022). 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.

Actuarial experience studies are performed every two years. This valuation was performed based on the economic and demographic assumptions and methods that were recommended in the Actuarial Experience Study performed by Cheiron as of December 31, 2021. These assumptions were adopted by the Board of Trustees at their May 23, 2022 Board meeting. A summary of the assumptions and methods used in the current valuation is shown in Appendix C.

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

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION I – EXECUTIVE SUMMARY

B. Key Findings of this Valuation

The key results of the January 1, 2022 actuarial valuation are as follows:

- The Actuarially Determined Contribution rate increased from 50.34% of payroll to 52.48% of payroll, a 2.14% of payroll increase. The increase is primarily due to assumption changes from the experience study, partially offset by favorable investment experience.
- The changes to the economic and demographic assumptions increased the Actuarial Liability by \$78.1 million and the Actuarially Determined Contribution rate by 2.94% of payroll.
- During the plan year ending December 31, 2021, the return on the Market Value of Assets (MVA) was 13.6%, net of investment expenses and assuming mid-year cash flows, as compared to the 6.75% assumption. Based on the Actuarial Value of Assets (AVA), the Plan returned 9.4% for the year, an actuarial asset gain of \$39.3 million. Only 20% of each year’s gains or losses on the Market Value of Assets are recognized. There are \$131 million of net deferred actuarial assets gains as of January 1, 2022 that will be recognized over the next four years.
- The Trust’s funded ratio, the ratio of Actuarial Value of Assets over Actuarial Liability prior to the changes in assumptions increased from 65.1% last year to 67.0%, due to the favorable asset experience. The impact of the assumption changes decreased the funded ratio to 64.8% as of January 1, 2022, an overall decrease of 0.3%.
- The ratio of Market Value of Assets over Actuarial Liability prior to the changes in assumptions increased from 67.7% last year to 72.3% due to the favorable asset experience. The impact of the assumption changes decreased the funded ratio to 70.1% as of January 1, 2022, an overall increase of 2.4%.
- 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 \$806.9 million to \$878.8 million, an increase of \$71.9 million, primarily due to assumption changes 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 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 increases than expected, and more retirements than expected. Consequently, the Trust experienced a net loss on the Actuarial Liability of \$31.7 million.
- As of January 1, 2022, there were 1,606 active members covered under Tier 3 (AB 340, “PEPRA”) compared to 1,453 active members covered in the prior valuation. Tier 3 active member payroll comprises 51% of the total member payroll as of January 1, 2022, compared to 46% in the prior valuation.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION I – EXECUTIVE SUMMARY

- **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, 2021, the reserve for Retirees and Beneficiaries is \$1,300,964,786. The non-COLA liabilities calculated were \$1,310,289,031. Accordingly, we recommend that the Trust transfer the difference of \$9,324,245 out of the Current Reserve and into the Retiree Reserve.

- **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 2022 is approximately \$9.0 million, which is approximately 4.02% of active member payroll. When this percent is added to the actuarial valuation computed County appropriation rate of 34.93% (based on employers assuming all of the contribution rate increase for the January 1, 2022 valuation, including the administrative expenses), the total rate of 38.95% more accurately reflects total County pension costs.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

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, 2021	January 1, 2022	Change
Membership			
Active Members	2,747	2,776	1.1%
Retirees and Beneficiaries	3,070	3,172	3.3%
Deferred Vesteds and Inactives	<u>799</u>	<u>861</u>	7.8%
Total	6,616	6,809	2.9%
Total Projected Payroll	\$ 214,044,000	\$ 224,010,000	4.7%
Average Pay	\$ 77,919	\$ 80,695	3.6%
Funded Status			
Actuarial Liability	\$ 2,313,128	\$ 2,498,107	8.0%
Actuarial Value of Assets (AVA)	<u>1,506,270</u>	<u>1,619,357</u>	7.5%
Unfunded Actuarial Liability (UAL)	\$ 806,858	\$ 878,750	8.9%
Funding Ratio (AVA Basis)	65.1%	64.8%	-0.3%
Market Value of Assets (MVA)	\$ 1,566,326	\$ 1,749,963	11.7%
Unfunded Actuarial Liability (MVA Basis)	746,802	748,144	0.2%
Funding Ratio (MVA Basis)	67.7%	70.1%	2.4%
Actuarially Determined Contributions			
Total Normal Cost	20.99%	21.62%	0.63%
Administrative Expenses	1.07%	1.06%	-0.01%
Unfunded Actuarial Liability Payment			
Interest	23.55%	22.54%	-1.01%
Principal	<u>4.73%</u>	<u>7.26%</u>	<u>2.53%</u>
Total UAL Payment	28.28%	29.80%	1.52%
Total Actuarially Determined Contribution	50.34%	52.48%	2.14%

The key results shown in Table I-1 indicates that total SLOCPT membership increased by 2.9%. The active membership is relatively stable with a slight increase of 1.1% from last year to this year, while the number of members receiving monthly benefits increased by 3.3%. The number of inactive members increased by 7.8%.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION I – EXECUTIVE SUMMARY

Table I-2 Change in Unfunded Actuarial Liability (UAL) (in thousands)	
Unfunded Actuarial Liability, January 1, 2021	\$ 806,858
Expected change in Unfunded Actuarial Liability	(8,079)
Decrease due to actuarial asset gain	(39,343)
Increase due to liability loss	31,692
Increase due to contribution timing delay and expense:	9,568
Increase due to assumption changes	78,054
Total UAL change	\$ 71,892
Unfunded Actuarial Liability, January 1, 2022	\$ 878,750

The Unfunded Actuarial Liability (UAL) for SLOCPT increased by \$71.9 million, from \$806.9 million to \$878.8 million. Table I-2 above presents the specific components of the change in the UAL.

- The expected decrease in the UAL of \$8.1 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 \$39.3 million is a result of the 9.4% return on the Actuarial Value of Assets.
- The liability experience loss increased the UAL by \$31.7 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%, salary increases for actives above the assumed increases, and more retirements than expected.
- The contribution timing delay accounts for the difference between actual contributions received for the year ending December 31, 2021 and the expected contributions for the year based on the ADC rate from the January 1, 2021 actuarial valuation. The impact on the 2021 valuation is a loss of \$9.1 million.
- The assumed administrative expenses for the 2021 calendar year were \$2.4 million compared to the actual administrative expenses of \$2.8 million, which produced a small loss of \$0.4 million.
- The assumption changes increased the UAL by \$78.1 million. The economic assumption changes increased the UAL by \$73.3 million while the demographic assumptions increased the UAL by \$4.8 million.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION I – EXECUTIVE SUMMARY

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 2.14% for the January 1, 2022 valuation. An increase of 0.63% in the gross normal cost, an increase of 1.52% in the amortization of the UAL, and a decrease of 0.01% 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, 2021	January 1, 2022
Actuarially Determined Contribution Rate		
1. Gross Normal Cost	20.99%	21.62%
2. Member Contributions	<u>16.89%</u>	<u>17.55%</u>
3. Employer Normal Cost [(1) - (2)]	4.10%	4.07%
4. UAL Amortization Payment	<u>28.28%</u>	<u>29.80%</u>
5. Employer Contribution Rate [(3) + (4)]	32.38%	33.87%
6. Administrative Expenses	<u>1.07%</u>	<u>1.06%</u>
7. Total Actuarially Determined Contribution [(1) + (4) + (6)]	50.34%	52.48%
Reconciliation of Charged Rate		
8. Employer Charged Rate	27.00%	30.43%
9. Member Charged Rate	<u>17.05%</u>	<u>17.35%</u>
10. Total Charged Rate [(8) + (9)]	44.05%	47.78%
11. Increase to Charged Rate ¹	<u>4.13%</u>	<u>2.39%</u>
12. Total Charged Rate as of January 1 [(10) + (11)]	48.18%	50.17%
13. Recommended Rate Change as of January 1 [(7) - (12)]	2.16%	2.31%

¹ The recommended rate increase as of January 1, 2021 was 2.16%. However, the rate increase will be implemented on July 1, 2022, except for APCD who implemented on January 1, 2022. Therefore, it was increased to 2.39%. The recommended rate increase as of January 1, 2020 was 3.60%. However, the rate increase was implemented on July 1, 2021. Therefore, it was increased to 4.13%.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

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
Total ADC as of January 1, 2021	20.99%	1.07%	28.28%	50.34%
Actuarial investment gain	0.00%	0.00%	-1.27%	-1.27%
Tier 3 (PEPRA) new hires	-0.32%	0.00%	0.00%	-0.32%
Effect of payroll growth	0.00%	-0.01%	-0.51%	-0.52%
Contribution timing lag	0.00%	0.00%	0.26%	0.26%
Demographic experience	-0.02%	0.00%	1.07%	1.05%
Assumption changes	<u>0.97%</u>	<u>0.00%</u>	<u>1.97%</u>	<u>2.94%</u>
Total Change	0.63%	-0.01%	1.52%	2.14%
Total ADC as of January 1, 2022	21.62%	1.06%	29.80%	52.48%

The changes in the total employer and employee contribution rate compared to the January 1, 2021 valuation results are as follows:

- Asset experience produced an investment gain that decreased the contribution rate by 1.27% of pay. The actuarial assets of the Plan returned 9.4% (net of investment expenses) for the year ending December 31, 2021, which is higher than the assumed rate of 6.75%.
- Tier 3 (PEPRA) members now make up over 51% of active member payroll compared to 46% 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 0.32% 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 \$4.1 million. The expected payroll growth rate is 2.75% while the actual payroll growth during 2021 was about 4.7%. 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 0.52%.
- 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 of the contribution rate increases.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION I – EXECUTIVE SUMMARY

- 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, 2021 was 2.16%. However, the employers (except for APCD who implemented the increase on January 1, 2022) adopted to implement the increase effective July 1, 2022 with an adjusted increase of 2.39% 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 0.26% of payroll.

- Demographic experience, or liability experience, was unfavorable for an increase in cost of about 1.05% 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 changes in demographic and economic assumptions increased the contribution rate by 2.94% of payroll. The primary drivers of the total cost impact were the increase of the price and wage inflation assumptions and Tier 1 COLA growth assumptions, which increased the contribution rate by 2.61% of pay. The drivers of the demographic assumption cost impact were changes to the retirement rates and salary merit increases, partially offset by changes to mortality rates; for a net increase of 0.33% of pay. More detail on the impact of the individual assumption changes can be found in the actuarial experience study report.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION I – EXECUTIVE SUMMARY

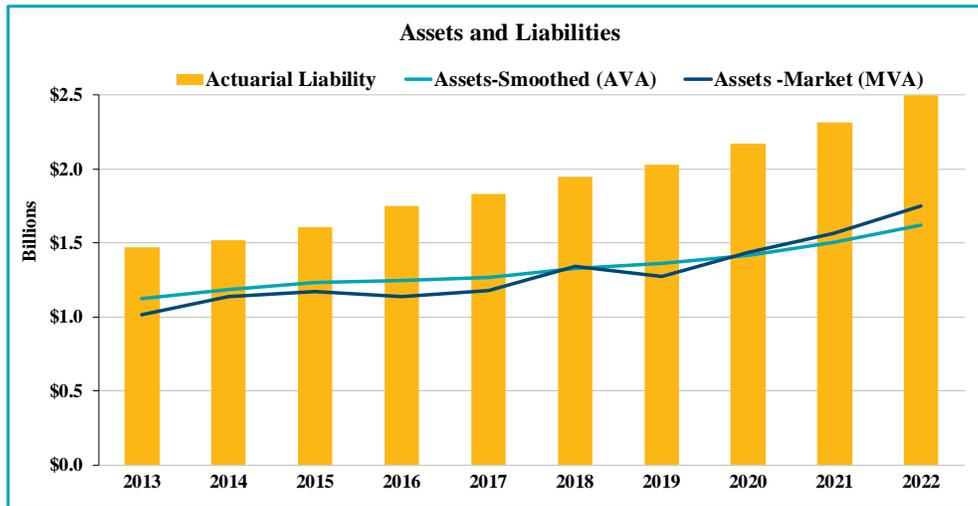
C. Historical Trends

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 76% in 2013 to 65% in 2022, primarily as a result of actuarial asset losses, reductions in the discount rate from 7.25% to 6.75%, and the reduction of the real rate of return through an increase in price inflation from 2.25% to 2.50% in 2022, and mortality improvements.

The funded ratio on an MVA basis has increased slightly from 69% to 70% during that same period. During this period, the average annual rate of return on an MVA basis (8.3%) is 2.6% higher than the average annual return on an AVA basis (5.7%), 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.



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Average Annual Return
Funded Ratio (AVA)	76%	78%	77%	71%	69%	68%	67%	65%	65%	65%	5.7%
Rate of Return* (AVA)	6.2%	6.2%	5.3%	3.0%	3.5%	6.0%	3.7%	5.7%	7.9%	9.4%	5.7%
Funded Ratio (MVA)	69%	75%	73%	65%	65%	69%	63%	66%	68%	70%	8.3%
Rate of Return* (MVA)	12.0%	13.1%	4.6%	-1.4%	6.1%	14.9%	-3.7%	15.2%	10.4%	13.6%	8.3%

* Rate of return for prior year ending 12/31

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION I – EXECUTIVE SUMMARY

Contribution Trends

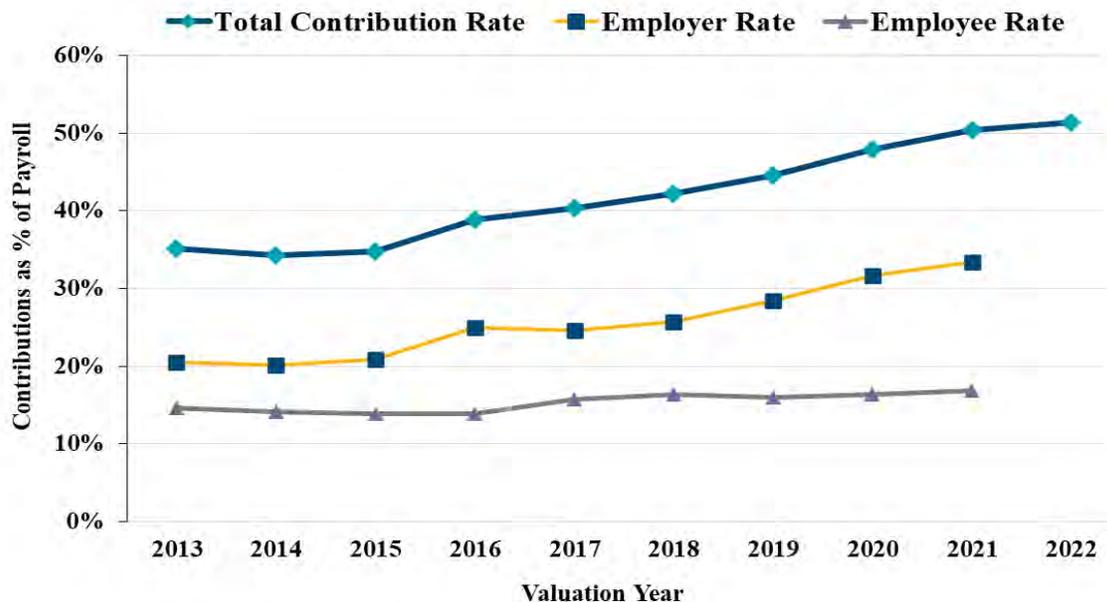
In the chart below, we present the historical trends for the SLOCPT contribution rates. The total contribution rate has increased during this period from approximately 35% to 51%. This increase is primarily due to the incremental discount rate decreases from 7.25% to 6.75% and other assumption changes during this period. There were also consistent investment losses on the actuarial value of assets from 2006 to 2020, with favorable experience in 2021 and 2022. The total contribution rate increased slightly in 2022 due to the changes in the assumptions, most notably the increase in price inflation which also increased the wage inflation and COLA growth assumptions.

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 2013 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 and 2021, the County Employer was allocated a larger portion of the rate increase.

Historical Contribution Rates



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ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION I – EXECUTIVE SUMMARY

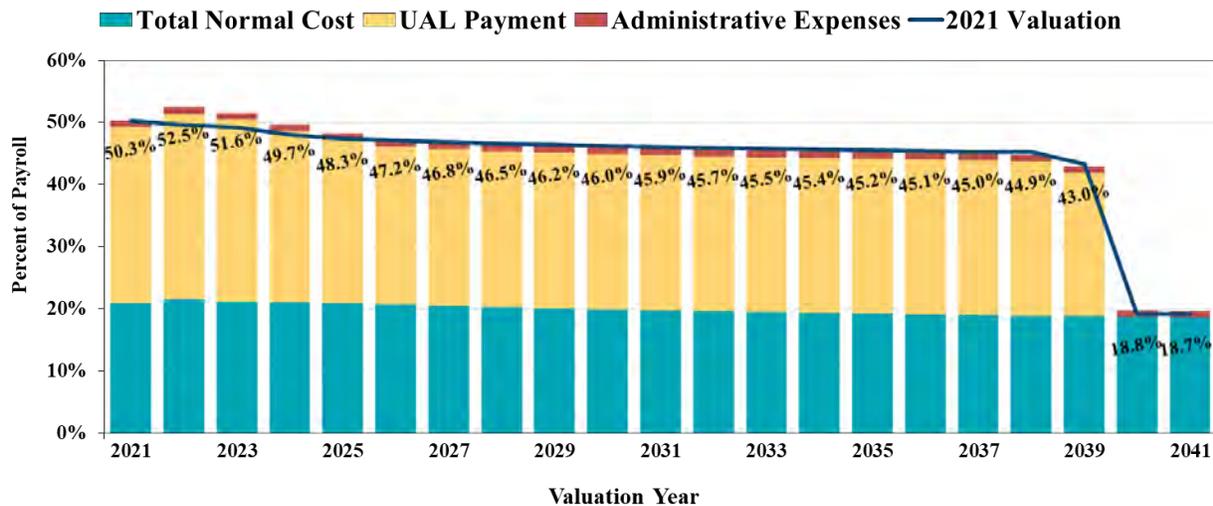
D. Future Expected Financial Trends

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 3.00% 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 (1.06% of payroll over the projection period.) The dark blue line represents the contribution rate projections based on the January 1, 2021 valuation.



The total contribution rate is approximately 52.48% of member payroll for the January 1, 2022 valuation. Over the next four years, there is an expected rate decline of approximately 5.3% to 47.2% in 2026, primarily due to the recognition of the \$130.6 million in deferred investment gains. After 2026, there is a more gradual decrease due to the gradual 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.

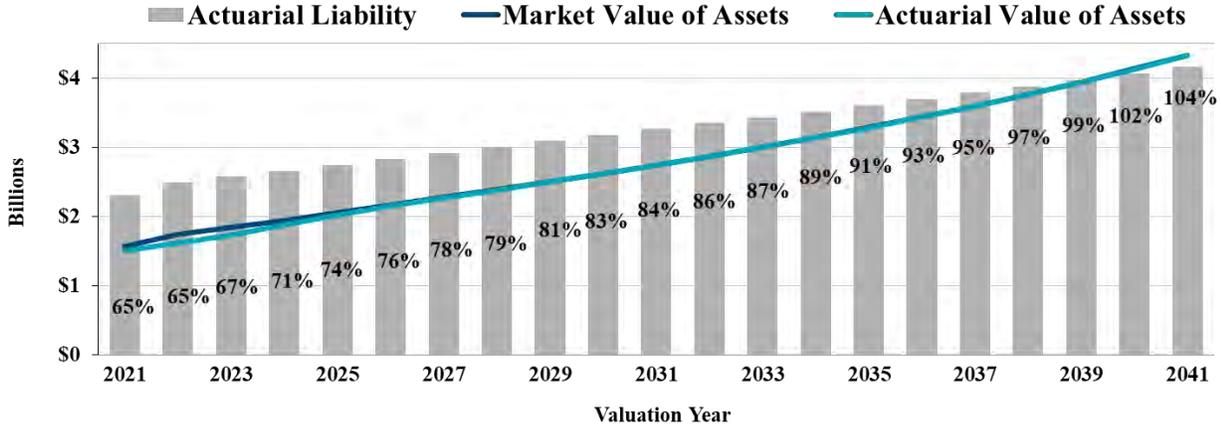
There is a decrease in the UAL payment of almost 2.0% of payroll from 44.9% to 43.0% in 2039 when the 2019 amortization layer for the actuarial loss is fully paid. Finally, the contribution rate drops by about 24% of payroll to 18.8% in 2040 and consists of only the normal cost and administrative expenses since the entire UAL is expected to be fully paid.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION I – EXECUTIVE SUMMARY

Asset and Liability Projections:

In this section, we present our assessment of the implications of the January 1, 2022 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.

**SAN LUIS OBISPO COUNTY PENSION 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.

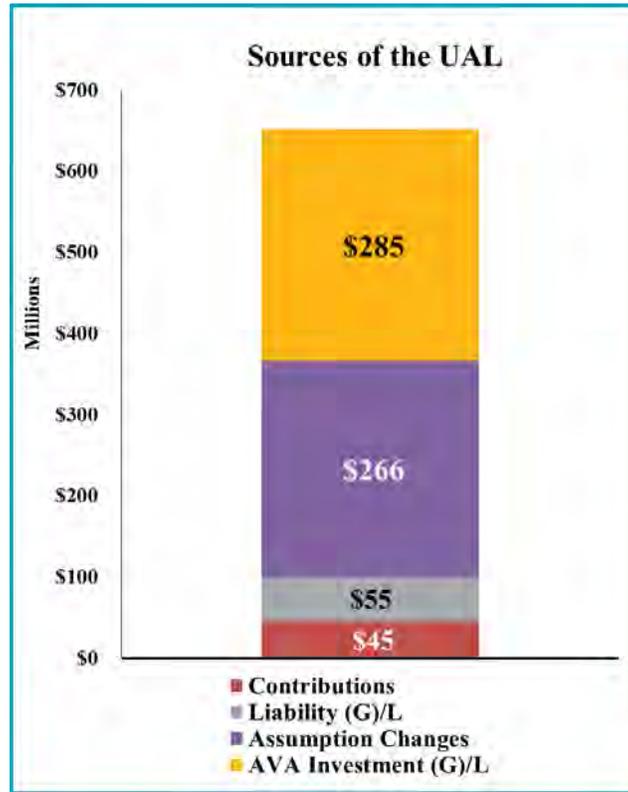
Contribution risk is the potential for actual future contributions to deviate from the expected future contributions. There are different sources of contribution risk such as the sponsor choosing to not make contributions in accordance with the funding policy. As another example, the contribution requirement 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.

**SAN LUIS OBISPO COUNTY PENSION TRUST
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SECTION II – DISCLOSURES RELATED TO RISK

The chart below shows the components contributing to the Unfunded Actuarial Liability (UAL) from January 1, 2009 through January 1, 2022. Over the last 14 years, the UAL has increased by approximately \$651 million. The investment losses (gold bar) of \$285 million on the Actuarial Value of Assets (AVA) and assumptions changes (purple bar) resulting in a UAL increase of \$266 million are the primary sources in the UAL growth. The net liability losses (gray bar) of \$55 million and contributions being less than the “tread water” level (red bar, defined later in this section) by \$45 million have also increased the UAL since January 1, 2009.

Chart II-1



**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

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 14-year period is 6.2% and 5.5% respectively. Actuarial asset losses were greater than the gains over the period, primarily due to the market performance in FYE 2008, 2015, and 2018 with actual returns of -28.0%, -1.4%, and -3.7% respectively, 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 6.6% 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 also includes changes in demographic assumptions such as changes in mortality rates and longevity improvements projected in the future, which had a significant impact on the measurement of the UAL for the January 1, 2016 actuarial valuation.

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.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION II – DISCLOSURES RELATED TO RISK

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.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION II – DISCLOSURES RELATED TO RISK

Table II-1 below numerically summarizes the changes in the UAL for each year over the last 14 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)															
	2008	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%	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)	\$ (39.3)	\$ 285.3
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	31.7	55.2
Assumption Change	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	78.1	266.0
Contributions ¹	(18.7)	3.2	1.6	(5.7)	13.4	5.2	0.6	1.5	18.6	10.5	5.0	5.6	2.4	1.5	44.7
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	\$ 72.0	\$ 651.2

¹ Actual contributions (more than) / less than normal cost and interest on the UAL (tread water level)

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

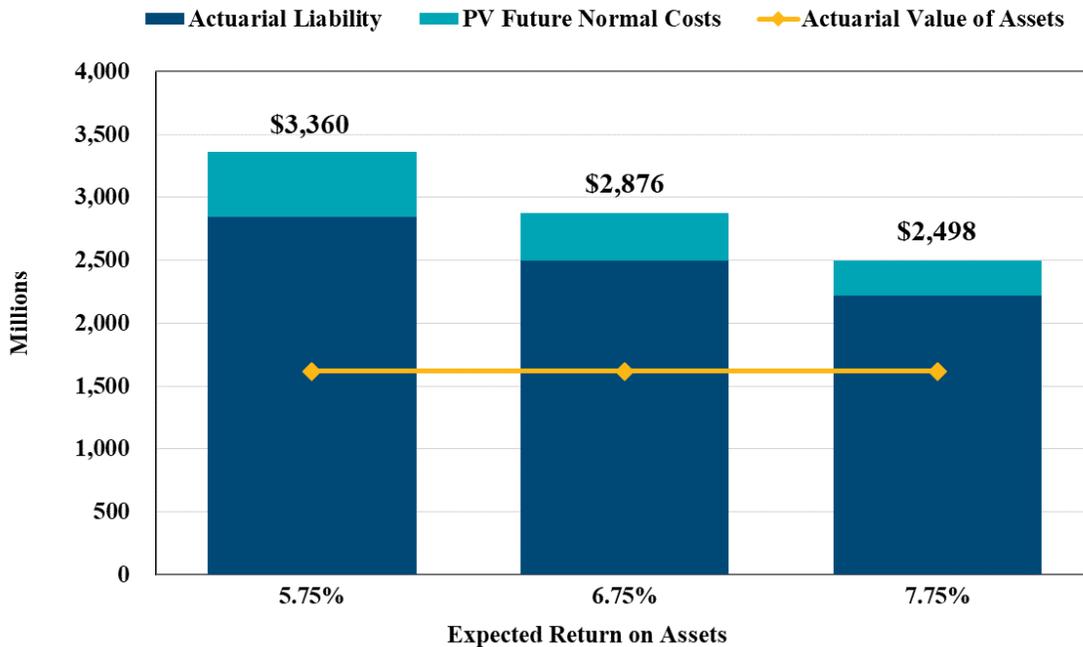
SECTION II – DISCLOSURES RELATED TO RISK

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 \$2.9 billion in assets today to pay all projected benefits compared to current assets of \$1.6 billion. If investment returns are only 5.75%, the Plan would need approximately \$3.4 billion in assets today, and if investment returns are 7.75%, the Plan would need approximately \$2.5 billion in assets today.

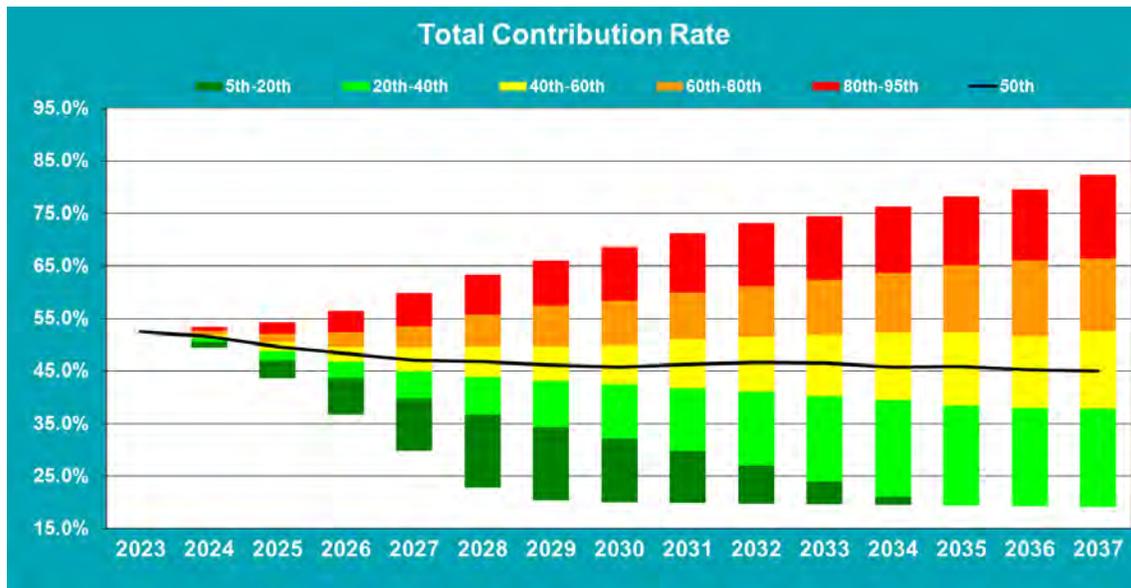
**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

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 11.8% 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

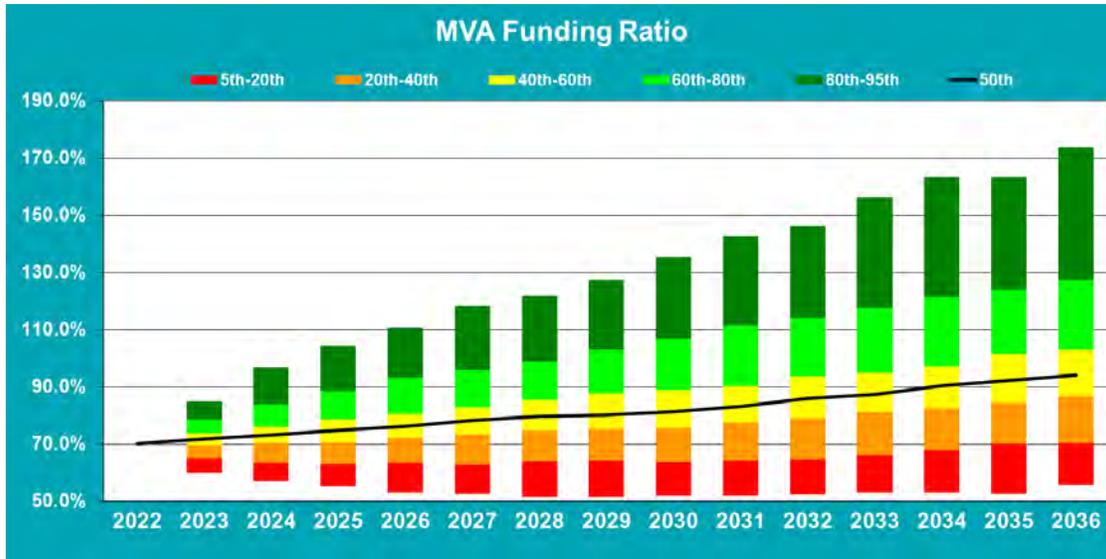


The stochastic projection of contributions as a percent of pay shows the probable range of future contribution rates. The baseline contribution rate (black line), which is based on the median of the simulations using an average return of 6.75% each year, aligns with the projections discussed in subsection D of the Executive Summary of this report. In the most pessimistic scenario shown, the 95th percentile, the projected contribution rate is approximately 82% of pay in 2037. Conversely, in the most optimistic scenario shown, the 5th percentile, the projected contribution rate declines to about 20% starting in 2029. 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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SECTION II – DISCLOSURES RELATED TO RISK

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 94% 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 3.00%, so that the payment is expected to remain constant as a percentage of payroll. If payroll growth is less than the expected 3.00% 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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ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION II – DISCLOSURES RELATED TO RISK

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 11% for SLOCPT, while the number of inactive members, excluding non-vested members with contributions on account, has increased by over 45%.



¹ January 1, 2021 and January 1, 2022 Deferred Membership counts include 226 and 256 non-vested members with contributions on account, respectively.

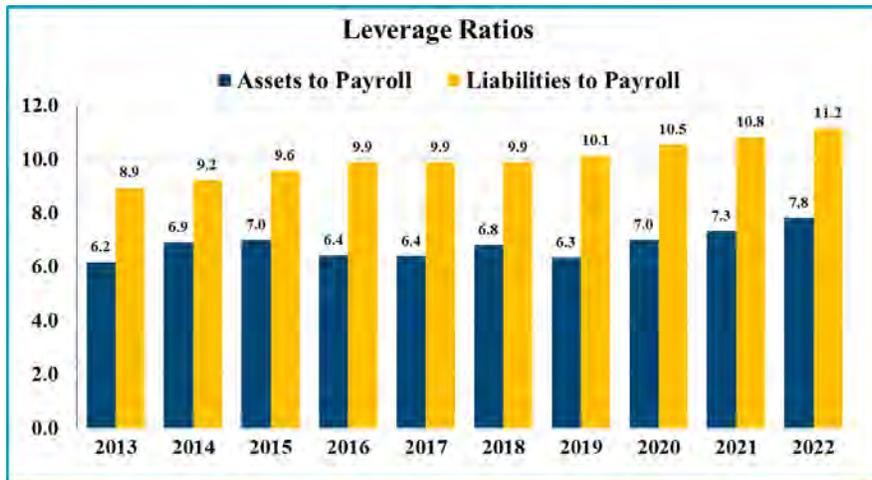
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SECTION II – DISCLOSURES RELATED TO RISK

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 2013.



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 11.2 times payroll, or the Actuarial Liability (AL) leverage ratio.

The asset leverage ratio of 7.8 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 131% of payroll (16.75% times 7.8). 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
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

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, 2021 and January 1, 2022,
- 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, 2021 and January 1, 2022.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION III – ASSETS

**Table III-1
Statement of Assets at Market Value**

	January 1, 2021	January 1, 2022
Cash and Cash Equivalents	\$ 61,481,889	\$ 78,934,513
Receivables	3,053,756	587,832
Equities	730,115,063	747,912,868
Bonds	422,122,556	483,175,536
Mortgages	7,365,200	9,336,523
Alternative Investments	172,467,326	244,171,272
Real Estate	206,417,084	220,641,792
Other	6,922,598	6,282,448
	<u>\$ 1,609,945,472</u>	<u>\$ 1,791,042,784</u>
Liabilities	(43,619,277)	(41,079,995)
Market Value of Assets	\$ 1,566,326,195	\$ 1,749,962,789
Reserves		
Member Deposit	\$ 388,478,368	\$ 406,419,442
Appropriation	34,237,602	15,569,672
Retired Members	1,198,377,463	1,300,964,786
Cost of Living	437,959,468	450,389,329
Contingency	(1,000,258,382)	(1,082,969,980)
Market Value Adjustments	507,531,676	659,589,540
Total Reserves	\$ 1,566,326,195	\$ 1,749,962,789

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

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, 2020 and December 31, 2021.

Table III-2		
Changes in Market Value of Assets		
	December 31, 2020	December 31, 2021
Beginning of Year	\$ 1,439,004,203	\$ 1,566,326,195
Revenues		
Contributions		
Employer Contributions	\$ 56,305,770	\$ 61,177,212
Member Contributions	35,888,642	36,699,913
Total Contributions	\$ 92,194,412	\$ 97,877,125
Prefunding Discount Amortization	\$ (1,421,187)	\$ (1,325,003)
Net Investment Income		
Interest	\$ 3,405,925	\$ 2,827,151
Dividends	7,907,996	5,895,188
Real Estate Income	0	0
Realized and Unrealized	144,465,689	206,236,189
Other Income	35,607	22,153
Investment Expenses	(3,529,059)	(3,973,810)
Net Investment Income	\$ 152,286,158	\$ 211,006,871
Total Revenues	\$ 243,059,383	\$ 307,558,993
Disbursements		
Benefits Payments		
Monthly Benefit Payments	\$ 109,135,137	\$ 117,368,651
Refunds of Member Contributions	3,167,517	3,314,923
Death Benefits	864,963	441,485
Total Benefit Payments	\$ 113,167,617	\$ 121,125,059
Administrative Expenses	2,569,774	2,797,340
Total Disbursements	\$ 115,737,391	\$ 123,922,399
Net Increase / (Decrease)	127,321,992	183,636,594
End of Year	\$ 1,566,326,195	\$ 1,749,962,789

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

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 are based on the assumption that the assumed rate of investment return is net of investment expenses.

Table III-3 Development of Investment Returns		
	Market Value	Actuarial Value
1) Assets as of January 1, 2021	\$ 1,566,326,195	\$ 1,506,269,826
a) Contributions	97,877,125	97,877,125
b) Prefunding Discount Amortization	(1,325,003)	(1,325,003)
c) Benefits Paid	(121,125,059)	(121,125,059)
d) Administrative Expenses	(2,797,340)	(2,797,340)
e) Expected Investment Earnings at 6.75%	<u>104,772,906</u>	<u>100,719,101</u>
2) Expected Value of Assets as of January 1, 2022	\$ 1,643,728,824	\$ 1,579,618,650
3) Actual Value of Assets as of January 1, 2022	\$ 1,749,962,789	\$ 1,619,357,406
4) Actuarial Investment Gain/(Loss) [(3) - (2)]	\$ 106,233,965	\$ 39,738,756
5) Change in excludable assets for AVA	<u>\$ -</u>	<u>\$ (396,015)</u>
6) Net Actuarial Investment Gain/(Loss) [(4) + (5)]	\$ 106,233,965	\$ 39,342,741
7) Actual Investment Earnings [(1e) + (6)]	\$ 211,006,871	\$ 140,061,842
8) Actual Rate of Return as of December 31, 2021 <i>(net of investment expenses only)</i>	13.6%	9.4%
9) Ratio of Actuarial Value of Assets to Market Value		93%

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

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, 2022		
1)	Actuarial Value of Assets as of 1/1/2021	\$ 1,506,269,826
2)	Non-Investment Cash Flow for FYE 2021	(27,370,277)
3)	Expected Return for FYE 2021	<u>100,719,101</u>
4)	Expected Actuarial Value of Assets as of 1/1/2022 [(1) +(2) +(3)]	\$ 1,579,618,650
5)	Actual Return on Market Value as of FYE 2021	\$ 211,006,871
6)	Actual Return Above Expected in 2021: (5) - (3)	\$ 110,287,770
7)	Recognition of Returns Above / (Below) Expected	
	December 31, 2021 (20% of 6.)	\$ 22,057,554
	December 31, 2020 (20% of 51,601,739)	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)	<u>17,053,616</u>
	Total Recognition of Returns for 1/1/2022	\$ 39,342,741
8)	Preliminary Actuarial Value of Assets as of 1/1/2022	\$ 1,618,961,391
9)	Excludable Assets: Additional Annuity Reserve	
	Beginning of Year	2,265,799
	End of Year	1,869,784
	Change in Excludable Assets	(396,015)
10)	Final Actuarial Value of Assets as of 1/1/2022	\$ 1,619,357,406

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION III – ASSETS

Allocation of Assets by Class

The following table shows the allocation of the Actuarial Value of Assets between the three Classes (Miscellaneous, Probation, and Safety). The assets are allocated to each Class 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 Class for January 1, 2022				
	Miscellaneous	Probation	Safety	Total SLOCPT
Valuation Assets as of December 31, 2020	\$ 1,158,652,750	\$ 65,614,721	\$ 282,002,355	\$ 1,506,269,826
Valuation Assets as of December 31, 2021				1,619,357,406
Funded Ratio	64.8%	64.8%	64.8%	64.8%
Actuarial Liability	\$ 1,920,533,125	\$ 111,253,951	\$ 466,320,684	\$ 2,498,107,760
Allocation of Assets to Equalize Funded Ratios	86,301,367	6,503,829	20,282,384	113,087,580
Valuation Assets as of December 31, 2021	\$ 1,244,954,117	\$ 72,118,550	\$ 302,284,739	\$ 1,619,357,406

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION III – ASSETS

Historical Investment Performance

The following table shows the historical annual asset returns on both a market value and actuarial value basis since 2006. The 5-year, 10-year and 15-year geometric average annual returns are also included for reference.

Table III-5 Net Return on Market Value and Actuarial Value of Assets		
Year Ended December 31	Net Return on Market Value	Net Return on Actuarial Value
2006	11.1%	7.8%
2007	4.8%	8.4%
2008	-28.0%	3.8%
2009	23.5%	5.7%
2010	14.3%	6.0%
2011	2.7%	5.5%
2012	12.0%	6.2%
2013	13.1%	6.2%
2014	4.6%	5.3%
2015	-1.4%	3.0%
2016	6.1%	3.5%
2017	14.9%	6.0%
2018	-3.7%	3.7%
2019	15.2%	5.7%
2020	10.4%	7.9%
2021	13.6%	9.4%
Geometric Average		
5-Year	9.8%	6.5%
10-Year	8.3%	5.7%
15-Year	6.1%	5.7%

Returns are net of investment expenses starting in 2021.

Returns are net of both administrative and investment expenses prior to 2021.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

SECTION IV – LIABILITIES

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

- **Disclosure** of Trust liabilities at January 1, 2021 and January 1, 2022;
- 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, 2022**

SECTION IV – LIABILITIES

Table IV-1					
Present Value of Future Benefits and Actuarial Liability					
(in thousands)					
	Miscellaneous	Probation	Safety	January 1, 2022 Total	January 1, 2021 Total
Present Value of Benefits					
Actives	\$ 826,698	\$ 68,181	\$ 174,958	\$ 1,069,837	\$ 968,374
Terminated Vested	73,147	3,001	7,826	83,974	80,152
Retirees	1,228,856	57,415	297,042	1,583,313	1,456,453
Disabled	22,299	3,382	42,277	67,958	72,109
Beneficiaries	50,447	1,890	18,304	70,640	65,401
Total Present Value of Benefits	\$ 2,201,447	\$ 133,869	\$ 540,406	\$ 2,875,723	\$ 2,642,489
Actuarial Liability					
Total Present Value of Benefits	\$ 2,201,447	\$ 133,869	\$ 540,406	\$ 2,875,723	\$ 2,642,489
Present Value of Future Normal Costs	280,914	22,615	74,087	377,616	329,361
Actuarial Liability	\$ 1,920,533	\$ 111,254	\$ 466,320	\$ 2,498,107	\$ 2,313,128
Actuarial Value of Assets	\$ 1,244,954	\$ 72,119	\$ 302,284	\$ 1,619,357	\$ 1,506,270
Funded Ratio	64.8%	64.8%	64.8%	64.8%	65.1%
Unfunded Actuarial Liability/(Surplus)	\$ 675,579	\$ 39,135	\$ 164,036	\$ 878,750	\$ 806,858

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

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

**Table IV-2
Development of 2022 Experience Gain/(Loss)
(in thousands)**

1. Unfunded Actuarial Liability (UAL) at January 1, 2021	\$ 806,858
2. Middle of year actuarial liability payment	(60,532)
3. Interest to end of year on 1 and 2	52,453
4. Assumption Changes	<u>78,054</u>
5. Expected UAL at January 1, 2022 (1+2+3+4+5)	\$ 876,833
6. Actual Unfunded Liability at January 1, 2022	<u>878,750</u>
7. Net Gain/(Loss): (6 - 7)	\$ (1,917)
8. Portion of net Gain/(Loss) due to:	
a. Actuarial investment gain	\$ 39,343
b. Retirement and termination experience loss	(9,111)
c. Contribution implementation delay	(9,133)
d. Retiree COLA increases more than expected	(7,970)
e. Active member salary increases more than expected	(13,811)
f. Expenses more than expected	(435)
g. Inactive mortality loss	(40)
h. Other experience	<u>(760)</u>
Total Gain/(Loss)	\$ (1,917)

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

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 (18 years remaining as of January 1, 2022) 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, 2022**

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 29.80% as a percentage of pay.

**Table V-1
Development of Amortization Payment
For the January 1, 2022 Actuarial Valuation**

Type of Base	Date Established	Initial Amount	Initial Amortization Years	January 1, 2022 Outstanding Balance	Remaining Amortization Years	Amortization Amount	% of Pay
1. Remaining UAL ¹	1/1/2018	\$ 616,930,482	21	\$ 603,684,326	18	\$ 46,161,836	20.61%
2. (Gain)/Loss Base	1/1/2019	50,735,419	20	49,274,728	17	3,926,091	1.75%
3. Assumption Changes	1/1/2020	53,371,279	20	52,468,984	18	4,012,138	1.79%
4. (Gain)/Loss Base	1/1/2020	35,467,272	20	34,867,663	18	2,666,220	1.19%
5. Assumption Changes	1/1/2021	35,700,366	20	35,436,531	19	2,608,306	1.16%
6. (Gain)/Loss Base	1/1/2021	23,219,142	20	23,047,546	19	1,696,415	0.76%
7. Assumption Changes	1/1/2022	78,053,947	20	78,053,947	20	5,544,928	2.48%
8. (Gain)/Loss Base	1/1/2022	1,916,630	20	<u>1,916,630</u>	20	<u>136,157</u>	0.06%
Total				\$ 878,750,354		\$ 66,752,091	29.80%

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, 2022**

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, 2021	January 1, 2022
MISCELLANEOUS		
Total Normal Cost	19.79%	20.38%
Administrative Expenses	1.07%	1.06%
UAL Amortization	<u>26.55%</u>	<u>27.91%</u>
Total Miscellaneous ADC	47.41%	49.35%
UAL attributable to Miscellaneous	\$620,651,423	\$675,579,008
PROBATION		
Total Normal Cost	24.95%	26.89%
Administrative Expenses	1.07%	1.06%
UAL Amortization	<u>27.37%</u>	<u>30.52%</u>
Total Probation ADC	53.39%	58.47%
UAL attributable to Probation	\$35,147,606	\$39,135,401
SAFETY		
Total Normal Cost	26.79%	27.24%
Administrative Expenses	1.07%	1.06%
UAL Amortization	<u>39.03%</u>	<u>41.01%</u>
Total Safety ADC	66.89%	69.31%
UAL attributable to Safety	\$151,059,205	\$164,035,945
TOTAL		
Total Normal Cost	20.99%	21.62%
Administrative Expenses	1.07%	1.06%
UAL Amortization	<u>28.28%</u>	<u>29.80%</u>
Total SLOCPT ADC	50.34%	52.48%
Total Unfunded Actuarial Liability	\$806,858,234	\$878,750,354

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

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, 2022				
	Tier 1	Tier 2	Tier 3	Total
MISCELLANEOUS				
Member Paid Contributions ¹	13.66%	5.93%	13.97%	12.89%
Employer Paid Member Contributions	8.24%	8.97%	0.00%	3.97%
Employer Normal Cost	<u>3.20%</u>	<u>5.03%</u>	<u>3.38%</u>	<u>3.52%</u>
Total Normal Cost	25.10%	19.93%	17.36%	20.38%
COLA portion of Normal Cost	5.91%	3.48%	2.95%	4.05%
PROBATION				
Member Paid Contributions ¹	19.15%	N/A	16.10%	18.17%
Employer Paid Member Contributions	6.12%	N/A	0.00%	4.15%
Employer Normal Cost	<u>4.81%</u>	<u>N/A</u>	<u>4.28%</u>	<u>4.58%</u>
Total Normal Cost	30.08%	N/A	20.38%	26.89%
COLA portion of Normal Cost	7.94%	N/A	3.90%	6.62%
SAFETY				
Member Paid Contributions ¹	15.92%	9.61%	14.61%	14.18%
Employer Paid Member Contributions	6.53%	6.62%	0.00%	3.33%
Employer Normal Cost	<u>9.89%</u>	<u>12.33%</u>	<u>8.69%</u>	<u>9.74%</u>
Total Normal Cost	32.34%	28.55%	23.30%	27.24%
COLA portion of Normal Cost	9.10%	5.78%	4.74%	6.38%
TOTAL				
Member Paid Contributions ¹	14.40%	6.63%	14.12%	13.30%
Employer Paid Member Contributions	7.85%	8.52%	0.00%	3.89%
Employer Normal Cost	<u>4.17%</u>	<u>6.46%</u>	<u>4.11%</u>	<u>4.42%</u>
Total Normal Cost	26.42%	21.62%	18.23%	21.62%
COLA portion of Normal Cost	6.48%	3.93%	3.21%	4.49%

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, 2022**

SECTION V – CONTRIBUTIONS

**Table V-4
Elements of Normal Cost as of January 1, 2022
Miscellaneous Valuation Groups**

	RTA	Other	Management				SLOCEA				Total Misc.
	BU #71, 72	BU #14, 21-22	Non Court	Court BU #18	Court BU #24-28	Total Mgmt	Non Court	Court BU #19	Court BU #20	Total SLOCEA	
Service Retirement	21.04%	13.23%	17.00%	18.58%	17.92%	17.09%	15.06%	14.67%	15.68%	15.07%	15.79%
Vesting	1.62%	1.87%	1.92%	1.50%	2.15%	1.92%	1.75%	3.00%	1.94%	1.77%	1.82%
Death-in-Service	0.18%	0.12%	0.18%	0.16%	0.17%	0.18%	0.16%	0.11%	0.13%	0.16%	0.17%
Disability	0.23%	0.27%	0.29%	0.29%	0.32%	0.29%	0.27%	0.31%	0.28%	0.27%	0.28%
Refunds	<u>0.95%</u>	<u>1.53%</u>	<u>2.60%</u>	<u>2.44%</u>	<u>2.62%</u>	<u>2.60%</u>	<u>2.21%</u>	<u>2.66%</u>	<u>2.37%</u>	<u>2.22%</u>	<u>2.34%</u>
Total Normal Cost	24.03%	17.02%	22.00%	22.97%	23.16%	22.09%	19.45%	20.75%	20.40%	19.49%	20.38%
Member Contribution Rate ¹	13.98%	11.14%	17.70%	18.66%	19.27%	17.81%	16.43%	18.69%	17.62%	16.49%	16.87%
Employer Paid Member Contribution Rate	0.00%	2.34%	5.40%	0.00%	0.00%	4.98%	3.58%	0.00%	0.00%	3.43%	3.97%
County Normal Cost	10.05%	5.87%	4.30%	4.31%	3.89%	4.27%	3.02%	2.06%	2.79%	3.00%	3.52%

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, 2022**

SECTION V – CONTRIBUTIONS

**Table V-5
Elements of Normal Cost as of January 1, 2022
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	25.64%	21.05%	21.36%	49.22%	23.14%	21.42%	20.07%	21.10%	16.76%
Vesting	2.75%	1.65%	1.72%	0.00%	2.10%	1.32%	0.84%	1.15%	1.72%
Death-in-Service	0.22%	0.19%	0.19%	0.88%	0.45%	0.49%	0.46%	0.48%	0.21%
Disability	1.98%	1.51%	1.54%	5.35%	2.94%	2.88%	2.85%	2.89%	0.69%
Refunds	<u>2.93%</u>	<u>2.01%</u>	<u>2.07%</u>	<u>2.96%</u>	<u>2.48%</u>	<u>1.69%</u>	<u>1.49%</u>	<u>1.63%</u>	<u>2.23%</u>
Total Normal Cost	33.52%	26.41%	26.89%	58.41%	31.12%	27.81%	25.70%	27.24%	21.62%
Member Contribution Rate ¹	27.01%	21.96%	22.32%	27.42%	24.58%	17.86%	16.09%	17.51%	17.19%
Employer Paid Member Contribution Rate	9.29%	3.76%	4.15%	8.80%	1.12%	3.79%	2.90%	3.33%	3.89%
County Normal Cost	6.51%	4.45%	4.58%	30.99%	6.54%	9.94%	9.62%	9.74%	4.42%

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")

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

**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, 2021.

In accordance with Government Finance Officers Association (GFOA) and their recommended checklist for Annual Comprehensive Financial Reports, the Schedule of Funding Progress, and the Schedule of Funded Liabilities by Type (formerly known as the Solvency Test) 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, 2022**

**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
12/31/2012 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%
12/31/2021	1,619,357	2,420,054	800,696	66.9%	224,010	357.4%
12/31/2021 ²	1,619,357	2,498,108	878,750	64.8%	224,010	392.3%

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

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

12/31/2012	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
12/31/2016	3,961,371	12/31/2021	1,869,784

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, 2022**

**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 that are covered by the Actuarial Value of Assets.

Valuation Date	(A)	(B)	(C)	Reported Assets	Portion of Actuarial Liabilities Covered by Reported Assets		
	Active Member Contributions	Retirees, Beneficiaries, and Term Vested	Remaining Active Members' Liabilities		(A)	(B)	(C)
12/31/2012	258,760,824	844,338,635	364,901,219	1,122,150,539	100%	73%	0%
12/31/2013	273,309,118	906,484,213	338,957,696	1,182,923,978	100%	73%	0%
12/31/2014	281,229,850	1,007,167,130	317,194,229	1,231,473,577	100%	71%	0%
12/31/2015	293,285,939	1,121,011,613	335,044,713	1,248,327,560	100%	68%	0%
12/31/2016	302,137,773	1,199,445,618	325,758,923	1,268,404,900	100%	68%	0%
12/31/2017	306,814,143	1,318,568,176	320,298,192	1,328,750,029	100%	66%	0%
12/31/2018	311,516,344	1,415,752,372	302,660,596	1,362,561,581	100%	65%	0%
12/31/2019	326,803,590	1,532,378,294	310,889,599	1,416,762,603	100%	60%	0%
12/31/2020	335,230,574	1,674,114,715	303,782,771	1,506,269,826	100%	56%	0%
12/31/2021	347,561,004	1,805,886,262	344,660,494	1,619,357,406	100%	54%	0%

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

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the Trust staff as of January 1, 2022. 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, 2021	2,747	226	573	146	2,616	70	238	6,616
New Entrants	345							345
Rehires	5	(1)	(3)		(1)			0
Industrial Disabilities				1	(1)			0
Ordinary Disabilities	(1)			1				0
Retirements	(72)		(34)		126	(20)		0
DROP	(28)					28		0
Vested Terminations	(64)		64					0
Reciprocal Terminations	(8)	(8)	16					0
Died, With Beneficiaries' Benefit Payable				(2)	(20)		22	0
Non-Vested Terminations or Death without Beneficiary	(86)	82	(1)	(2)	(27)			(34)
Beneficiary Deaths							(10)	(10)
Benefits Stopped Not Due to Death								0
Domestic Relations Orders					7			7
Withdrawals Paid	(62)	(43)	(11)					(116)
Data Adjustments			1		1	(1)		1
As of January 1, 2022	2,776	256	605	144	2,701	77	250	6,809

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Active Members as of January 1, 2022

San Luis Obispo County Pension Trust Valuation Data Comparison - Actives				
	January 1, 2021		January 1, 2022	Change
<i>Total Actives</i>				
Count	2,747		2,776	1.1 %
Average Age	44.3		44.2	(0.2)
Average Service	8.7		8.6	(0.1)
Total Salaries	\$ 214,053,133	\$	224,019,349	4.7 %
Average Salaries	\$ 77,923	\$	80,699	3.6 %
<i>Miscellaneous Members</i>				
Count	2,331		2,360	1.2 %
Average Age	45.2		45.0	(0.2)
Average Service	8.7		8.5	(0.2)
Total Salaries	\$ 175,385,558	\$	183,896,690	4.9 %
Average Salaries	\$ 75,240	\$	77,922	3.6 %
<i>Probation Members</i>				
Count	119		114	(4.2)%
Average Age	39.8		40.9	1.1
Average Service	9.8		11.0	1.2
Total Salaries	\$ 9,633,562	\$	9,739,933	1.1 %
Average Salaries	\$ 80,954	\$	85,438	5.5 %
<i>Safety Members</i>				
Count	297		302	1.7 %
Average Age	38.8		38.5	(0.3)
Average Service	8.6		8.2	(0.4)
Total Salaries	\$ 29,034,013	\$	30,382,726	4.6 %
Average Salaries	\$ 97,758	\$	100,605	2.9 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Active Members by Tier as of January 1, 2022

San Luis Obispo County Pension Trust				
Valuation Data Comparison - Actives by Tier				
(Total Salaries in thousands)				
		January 1, 2021	January 1, 2022	Change
<i>Total Actives</i>				
<i>Total</i>	Count	2,747	2,776	1.1 %
	Total Salaries	214,053	224,019	4.7 %
<i>Tier 1</i>	Count	993	881	(11.3)%
	Total Salaries	87,588	81,234	(7.3)%
<i>Tier 2</i>	Count	301	289	(4.0)%
	Total Salaries	27,117	27,491	1.4 %
<i>Tier 3</i>	Count	1,453	1,606	10.5 %
	Total Salaries	99,349	115,294	16.0 %
<i>Miscellaneous Members</i>				
<i>Total</i>	Count	2,331	2,360	1.2 %
	Total Salaries	175,386	183,897	4.9 %
<i>Tier 1</i>	Count	818	722	(11.7)%
	Total Salaries	69,838	64,511	(7.6)%
<i>Tier 2</i>	Count	251	241	(4.0)%
	Total Salaries	21,924	22,219	1.3 %
<i>Tier 3</i>	Count	1,262	1,397	10.7 %
	Total Salaries	83,624	97,167	16.2 %
<i>Probation Members</i>				
<i>Total</i>	Count	119	114	(4.2)%
	Total Salaries	9,634	9,740	1.1 %
<i>Tier 1</i>	Count	71	70	(1.4)%
	Total Salaries	6,367	6,601	3.7 %
<i>Tier 2</i>	Count	-	-	0.0 %
	Total Salaries	-	-	0.0 %
<i>Tier 3</i>	Count	48	44	(8.3)%
	Total Salaries	3,267	3,139	(3.9)%
<i>Safety Members</i>				
<i>Total</i>	Count	297	302	1.7 %
	Total Salaries	29,034	30,383	4.6 %
<i>Tier 1</i>	Count	104	89	(14.4)%
	Total Salaries	11,383	10,122	(11.1)%
<i>Tier 2</i>	Count	50	48	(4.0)%
	Total Salaries	5,193	5,272	1.5 %
<i>Tier 3</i>	Count	143	165	15.4 %
	Total Salaries	12,458	14,989	20.3 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Deferred Vested Members as of January 1, 2022

San Luis Obispo County Pension Trust Valuation Data Comparison - Terminated Vested			
	January 1, 2021	January 1, 2022	Change
<i>All Terminated Vesteds</i>			
<i>Deferred</i>			
Count	421	445	5.7 %
Average Age	49.8	49.0	(0.8)
Average Age at Termination	41.5	41.0	(0.5)
Average Service	9.8	9.8	(0.0)
Member Contributions	\$ 48,405,658	\$ 53,248,302	10.0 %
Average Contribution Balance	\$ 114,978	\$ 119,659	4.1 %
<i>Reciprocal</i>			
Count	152	160	5.3 %
Average Age	45.2	44.3	(0.9)
Average Age at Termination	36.0	35.3	(0.7)
Average Service	3.0	3.6	17.8 %
Member Contributions	\$ 3,443,685	\$ 3,382,902	(1.8)%
Average Contribution Balance	\$ 22,656	\$ 21,143	(6.7)%
<i>Total</i>			
Count	573	605	5.6 %
Average Age	48.6	47.7	(0.8)
Average Age at Termination	40.0	39.4	(0.5)
Average Service	8.0	8.1	1.6 %
Member Contributions	\$ 51,849,343	\$ 56,631,204	9.2 %
Average Contribution Balance	\$ 90,488	\$ 93,605	3.4 %
<i>Miscellaneous Terminated Vesteds</i>			
<i>Deferred</i>			
Count	366	385	5.2 %
Average Age	50.4	49.7	(0.8)
Average Age at Termination	42.1	41.6	(0.5)
Average Service	9.8	9.8	0.0
Member Contributions	\$ 41,025,699	\$ 45,199,925	10.2 %
Average Contribution Balance	\$ 112,092	\$ 117,402	4.7 %
<i>Reciprocal</i>			
Count	141	147	4.3 %
Average Age	45.3	44.4	(0.9)
Average Age at Termination	36.2	35.5	(0.8)
Average Service	3.0	3.6	20.0 %
Member Contributions	\$ 3,182,254	\$ 3,064,143	(3.7)%
Average Contribution Balance	\$ 22,569	\$ 20,845	(7.6)%
<i>Total Miscellaneous</i>			
Count	507	532	4.9 %
Average Age	49.0	48.2	(0.8)
Average Age at Termination	40.4	39.8	(0.5)
Average Service	7.9	8.1	2.5 %
Member Contributions	\$ 44,207,953	\$ 48,264,068	9.2 %
Average Contribution Balance	\$ 87,195	\$ 90,722	4.0 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX A – MEMBERSHIP INFORMATION

San Luis Obispo County Pension Trust Valuation Data Comparison - Terminated Vested (continued)			
	January 1, 2021	January 1, 2022	Change
<i>Probation Terminated Vesteds</i>			
<i>Deferred</i>			
Count	11	16	45.5 %
Average Age	46.6	43.5	(3.1)
Average Age at Termination	37.4	36.3	(1.1)
Average Service	10.2	9.2	(1.0)
Member Contributions	\$ 1,351,800	\$ 1,673,866	23.8 %
Average Contribution Balance	\$ 122,891	\$ 104,617	(14.9)%
<i>Reciprocal</i>			
Count	6	6	0.0 %
Average Age	42.8	43.8	1.0
Average Age at Termination	31.7	31.7	-
Average Service	3.5	3.5	0.0 %
Member Contributions	\$ 151,961	\$ 161,303	6.1 %
Average Contribution Balance	\$ 25,327	\$ 26,884	6.1 %
<i>Total Probation</i>			
Count	17	22	29.4 %
Average Age	45.3	43.6	(1.7)
Average Age at Termination	35.4	35.0	(0.4)
Average Service	7.8	7.6	(2.3)%
Member Contributions	\$ 1,503,761	\$ 1,835,169	22.0 %
Average Contribution Balance	\$ 88,457	\$ 83,417	(5.7)%
<i>Safety Terminated Vesteds</i>			
<i>Deferred</i>			
Count	44	44	0.0 %
Average Age	45.1	45.2	0.1
Average Age at Termination	37.2	37.4	0.3
Average Service	9.6	9.4	(0.1)
Member Contributions	\$ 6,028,160	\$ 6,374,511	5.7 %
Average Contribution Balance	\$ 137,004	\$ 144,875	5.7 %
<i>Reciprocal</i>			
Count	5	7	40.0 %
Average Age	44.4	42.4	(2.0)
Average Age at Termination	35.0	34.4	(0.6)
Average Service	3.4	3.0	(10.3)%
Member Contributions	\$ 109,469	\$ 157,456	43.8 %
Average Contribution Balance	\$ 21,894	\$ 22,494	2.7 %
<i>Total Safety</i>			
Count	49	51	4.1 %
Average Age	45.0	44.8	(0.2)
Average Age at Termination	36.9	37.0	0.0
Average Service	8.9	8.5	(4.4)%
Member Contributions	\$ 6,137,628	\$ 6,531,968	6.4 %
Average Contribution Balance	\$ 125,258	\$ 128,078	2.3 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Retired Members as of January 1, 2022

San Luis Obispo County Pension Trust Valuation Data Comparison - Retirees				
	January 1, 2021	January 1, 2022	Change	
<i>Total Retirees</i>				
Count	2,832	2,922	3.2 %	
Average Age	69.7	70.1	0.4	
Average Age at Retirement	58.6	58.7	0.1	
Annual Benefit	\$ 105,752,990	\$ 113,152,689	7.0 %	
Average Annual Benefit	\$ 37,342	\$ 38,724	3.7 %	
<i>Miscellaneous Retirees</i>				
Count	2,421	2,497	3.1 %	
Average Age	70.6	71.0	0.4	
Average Age at Retirement	59.4	59.6	0.1	
Annual Benefit	\$ 82,882,470	\$ 88,666,634	7.0 %	
Average Annual Benefit	\$ 34,235	\$ 35,509	3.7 %	
<i>Probation Retirees</i>				
Count	82	81	(1.2)%	
Average Age	65.8	66.9	1.1	
Average Age at Retirement	55.6	55.6	0.0	
Annual Benefit	\$ 3,921,572	\$ 4,041,390	3.1 %	
Average Annual Benefit	\$ 47,824	\$ 49,894	4.3 %	
<i>Safety Retirees</i>				
Count	329	344	4.6 %	
Average Age	63.8	64.1	0.2	
Average Age at Retirement	53.2	53.1	(0.0)	
Annual Benefit	\$ 18,948,948	\$ 20,444,664	7.9 %	
Average Annual Benefit	\$ 57,596	\$ 59,432	3.2 %	

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Retired DROP Members as of January 1, 2022

San Luis Obispo County Pension Trust Valuation Data Comparison - DROP Retirees					
	January 1, 2021		January 1, 2022		Change
<i>Total DROP Retirees</i>					
Count	70		77		10.0 %
Average Age	60.6		60.9		0.3
Average Age at Retirement	58.3		58.7		0.4
Annual Benefit	\$ 4,924,428		\$ 5,659,871		14.9 %
Average Annual Benefit	\$ 70,349		\$ 73,505		4.5 %
<i>Miscellaneous DROP Retirees</i>					
Count	42		51		21.4 %
Average Age	63.7		63.5		(0.2)
Average Age at Retirement	61.5		61.3		(0.2)
Annual Benefit	\$ 2,836,449		\$ 3,401,338		19.9 %
Average Annual Benefit	\$ 67,534		\$ 66,693		(1.2)%
<i>Probation DROP Retirees</i>					
Count	2		1		(50.0)%
Average Age	58.5		61.0		2.5
Average Age at Retirement	55.5		57.0		1.5
Annual Benefit	\$ 137,515		\$ 135,041		(1.8)%
Average Annual Benefit	\$ 68,758		\$ 135,041		96.4 %
<i>Safety DROP Retirees</i>					
Count	26		25		(3.8)%
Average Age	55.8		55.6		(0.2)
Average Age at Retirement	53.3		53.5		0.2
Annual Benefit	\$ 1,950,465		\$ 2,123,492		8.9 %
Average Annual Benefit	\$ 75,018		\$ 84,940		13.2 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – New Retired Members as of January 1, 2022

San Luis Obispo County Pension Trust Valuation Data Comparison - New Retirees Only					
	January 1, 2021		January 1, 2022		Change
<i>Total Retirees</i>					
Count		148		140	(5.4)%
Average Age at Retirement		60.3		61.1	0.8
Average Annual Benefit	\$	43,494	\$	37,232	(14.4)%
<i>Miscellaneous Retirees</i>					
Count		126		119	(5.6)%
Average Age at Retirement		61.4		62.4	0.9
Average Annual Benefit	\$	40,525	\$	35,051	(13.5)%
<i>Probation Retirees</i>					
Count		3		1	(66.7)%
Average Age at Retirement		54.3		54.0	(0.3)
Average Annual Benefit	\$	100,047	\$	6,600	(93.4)%
<i>Safety Retirees</i>					
Count		19		20	5.3 %
Average Age at Retirement		53.6		53.9	0.2
Average Annual Benefit	\$	54,256	\$	51,741	(4.6)%

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Beneficiaries as of January 1, 2022

San Luis Obispo County Pension Trust Valuation Data Comparison - Beneficiaries					
	January 1, 2021		January 1, 2022		Change
<i>Total Beneficiaries</i>					
Count	238		250		5.0 %
Average Age	75.8		76.3		0.5
Annual Benefit	\$	6,048,497	\$	6,521,508	7.8 %
Average Annual Benefit	\$	25,414	\$	26,086	2.6 %
<i>Miscellaneous Beneficiaries</i>					
Count	192		205		6.8 %
Average Age	75.8		76.5		0.6
Annual Benefit	\$	4,442,605	\$	4,790,952	7.8 %
Average Annual Benefit	\$	23,139	\$	23,370	1.0 %
<i>Probation Beneficiaries</i>					
Count	6		6		0.0 %
Average Age	78.5		79.5		1.0
Annual Benefit	\$	202,861	\$	208,947	3.0 %
Average Annual Benefit	\$	33,810	\$	34,824	3.0 %
<i>Safety Beneficiaries</i>					
Count	40		39		(2.5)%
Average Age	75.0		74.9		(0.1)
Annual Benefit	\$	1,403,031	\$	1,521,609	8.5 %
Average Annual Benefit	\$	35,076	\$	39,016	11.2 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Total Benefits by Benefit Type as of January 1, 2022

San Luis Obispo County Pension Trust Total Benefits by Benefit Type		
Type of Benefit	Number	Annual Benefit Amount
<i>Service Retirement</i>		
Unmodified	1,158	\$39,306,020
Cash Refund	183	6,416,894
100% Continuance	810	36,697,718
50% Continuance	274	13,275,612
<i>Benefits Coordinated with Social Security</i>		
Unmodified	164	\$5,198,497
Cash Refund	46	1,392,236
100% Continuance	82	3,534,122
50% Continuance	61	2,833,076
<i>Total Service Retirement</i>	2,778	\$108,654,174
<i>Disability Retirement</i>		
Unmodified	81	\$2,378,296
Cash Refund	14	322,177
100% Continuance	40	1,528,452
50% Continuance	9	269,589
<i>Total Disability Retirement</i>	144	\$4,498,514
<i>Beneficiaries</i>	250	\$6,521,508
<i>Total Benefits</i>	3,172	\$119,674,197

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX A – MEMBERSHIP INFORMATION

Age & Service Distribution of Active Members by Count and Total Salary as of January 1, 2022

Age and Service Distribution for Active Members									
Attained	Years of Service as of January 1, 2022							Count	Payroll
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+		
< 25	44	1						45	2,641,294
25 - 29	190	27						217	13,898,340
30 - 34	261	124	11					396	28,818,113
35 - 39	177	169	61	16				423	33,206,452
40 - 44	147	130	74	67	16			434	36,370,706
45 - 49	84	84	42	53	49	8		320	28,038,281
50 - 54	79	55	47	52	66	19	4	322	28,042,209
55 - 59	57	50	43	45	58	27	20	300	26,694,205
60 - 64	53	55	29	38	34	13	11	233	19,016,849
65 - 69	16	16	12	10	8	3	2	67	5,785,891
70 +	3	6	5	3		2		19	1,507,009
Total	1,111	717	324	284	231	72	37	2,776	224,019,349

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX B – MEMBERSHIP 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	24,26,27,28	25	1,5,13	2	19	98	99
Entry	Other	Non-Court Management	Court Other	Court Other	Court Management	Court Management	SLOCEA	Non-Court SLOCEA	Court SLOCEA	Non-Court SLOCEA	Non-Court Management				
Age															
18	16.65%	17.92%	15.75%	21.64%	21.19%	20.30%	21.14%	18.62%	19.91%	18.92%	20.88%	20.32%	18.06%	23.24%	23.55%
19	16.72%	17.99%	15.82%	21.71%	21.26%	20.37%	21.21%	18.69%	19.98%	18.99%	20.95%	20.39%	18.13%	23.31%	23.62%
20	16.79%	18.06%	15.89%	21.78%	21.33%	20.44%	21.28%	18.76%	20.05%	19.06%	21.02%	20.46%	18.20%	23.38%	23.69%
21	16.85%	18.12%	15.95%	21.84%	21.39%	20.50%	21.34%	18.82%	20.11%	19.12%	21.08%	20.52%	18.26%	23.44%	23.75%
22	16.87%	18.14%	15.97%	21.86%	21.41%	20.52%	21.36%	18.84%	20.13%	19.14%	21.10%	20.54%	18.28%	23.46%	23.77%
23	16.89%	18.16%	15.99%	21.88%	21.43%	20.54%	21.38%	18.86%	20.15%	19.16%	21.12%	20.56%	18.30%	23.48%	23.79%
24	16.92%	18.19%	16.02%	21.91%	21.46%	20.57%	21.41%	18.89%	20.18%	19.19%	21.15%	20.59%	18.33%	23.51%	23.82%
25	16.96%	18.23%	16.06%	21.95%	21.50%	20.61%	21.45%	18.93%	20.22%	19.23%	21.19%	20.63%	18.37%	23.55%	23.86%
26	17.01%	18.28%	16.11%	22.00%	21.55%	20.66%	21.50%	18.98%	20.27%	19.28%	21.24%	20.68%	18.42%	23.60%	23.91%
27	17.06%	18.33%	16.16%	22.05%	21.60%	20.71%	21.55%	19.03%	20.32%	19.33%	21.29%	20.73%	18.47%	23.65%	23.96%
28	17.12%	18.39%	16.22%	22.11%	21.66%	20.77%	21.61%	19.09%	20.38%	19.39%	21.35%	20.79%	18.53%	23.71%	24.02%
29	17.19%	18.46%	16.29%	22.18%	21.73%	20.84%	21.68%	19.16%	20.45%	19.46%	21.42%	20.86%	18.60%	23.78%	24.09%
30	17.26%	18.53%	16.36%	22.25%	21.80%	20.91%	21.75%	19.23%	20.52%	19.53%	21.49%	20.93%	18.67%	23.85%	24.16%
31	17.34%	18.61%	16.44%	22.33%	21.88%	20.99%	21.83%	19.31%	20.60%	19.61%	21.57%	21.01%	18.75%	23.93%	24.24%
32	17.43%	18.70%	16.53%	22.42%	21.97%	21.08%	21.92%	19.40%	20.69%	19.70%	21.66%	21.10%	18.84%	24.02%	24.33%
33	17.52%	18.79%	16.62%	22.51%	22.06%	21.17%	22.01%	19.49%	20.78%	19.79%	21.75%	21.19%	18.93%	24.11%	24.42%
34	17.62%	18.89%	16.72%	22.61%	22.16%	21.27%	22.11%	19.59%	20.88%	19.89%	21.85%	21.29%	19.03%	24.21%	24.52%
35	17.72%	18.99%	16.82%	22.71%	22.26%	21.37%	22.21%	19.69%	20.98%	19.99%	21.95%	21.39%	19.13%	24.31%	24.62%
36	17.82%	19.09%	16.92%	22.81%	22.36%	21.47%	22.31%	19.79%	21.08%	20.09%	22.05%	21.49%	19.23%	24.41%	24.72%
37	17.93%	19.20%	17.03%	22.92%	22.47%	21.58%	22.42%	19.90%	21.19%	20.20%	22.16%	21.60%	19.34%	24.52%	24.83%
38	18.04%	19.31%	17.14%	23.03%	22.58%	21.69%	22.53%	20.01%	21.30%	20.31%	22.27%	21.71%	19.45%	24.63%	24.94%
39	18.16%	19.43%	17.26%	23.15%	22.70%	21.81%	22.65%	20.13%	21.42%	20.43%	22.39%	21.83%	19.57%	24.75%	25.06%
40	18.28%	19.55%	17.38%	23.27%	22.82%	21.93%	22.77%	20.25%	21.54%	20.55%	22.51%	21.95%	19.69%	24.87%	25.18%
41	18.41%	19.68%	17.51%	23.40%	22.95%	22.06%	22.90%	20.38%	21.67%	20.68%	22.64%	22.08%	19.82%	25.00%	25.31%
42	18.54%	19.81%	17.64%	23.53%	23.08%	22.19%	23.03%	20.51%	21.80%	20.81%	22.77%	22.21%	19.95%	25.13%	25.44%
43	18.68%	19.95%	17.78%	23.67%	23.22%	22.33%	23.17%	20.65%	21.94%	20.95%	22.91%	22.35%	20.09%	25.27%	25.58%
44	18.82%	20.09%	17.92%	23.81%	23.36%	22.47%	23.31%	20.79%	22.08%	21.09%	23.05%	22.49%	20.23%	25.41%	25.72%
45	18.96%	20.23%	18.06%	23.95%	23.50%	22.61%	23.45%	20.93%	22.22%	21.23%	23.19%	22.63%	20.37%	25.55%	25.86%
46	19.11%	20.38%	18.21%	24.10%	23.65%	22.76%	23.60%	21.08%	22.37%	21.38%	23.34%	22.78%	20.52%	25.70%	26.01%
47	19.27%	20.54%	18.37%	24.26%	23.81%	22.92%	23.76%	21.24%	22.53%	21.54%	23.50%	22.94%	20.68%	25.86%	26.17%
48	19.43%	20.70%	18.53%	24.42%	23.97%	23.08%	23.92%	21.40%	22.69%	21.70%	23.66%	23.10%	20.84%	26.02%	26.33%
49	19.59%	20.86%	18.69%	24.58%	24.13%	23.24%	24.08%	21.56%	22.85%	21.86%	23.82%	23.26%	21.00%	26.18%	26.49%
50	19.76%	21.03%	18.86%	24.75%	24.30%	23.41%	24.25%	21.73%	23.02%	22.03%	23.99%	23.43%	21.17%	26.35%	26.66%
51	19.93%	21.20%	19.03%	24.92%	24.47%	23.58%	24.42%	21.90%	23.19%	22.20%	24.16%	23.60%	21.34%	26.52%	26.83%
52	20.10%	21.37%	19.20%	25.09%	24.64%	23.75%	24.59%	22.07%	23.36%	22.37%	24.33%	23.77%	21.51%	26.69%	27.00%
53	20.28%	21.55%	19.38%	25.27%	24.82%	23.93%	24.77%	22.25%	23.54%	22.55%	24.51%	23.95%	21.69%	26.87%	27.18%
54	20.46%	21.73%	19.56%	25.45%	25.00%	24.11%	24.95%	22.43%	23.72%	22.73%	24.69%	24.13%	21.87%	27.05%	27.36%
55	20.65%	21.92%	19.75%	25.64%	25.19%	24.30%	25.14%	22.62%	23.91%	22.92%	24.88%	24.32%	22.06%	27.24%	27.55%
56	20.84%	22.11%	19.94%	25.83%	25.38%	24.49%	25.33%	22.81%	24.10%	23.11%	25.07%	24.51%	22.25%	27.43%	27.74%
57	21.03%	22.30%	20.13%	26.02%	25.57%	24.68%	25.52%	23.00%	24.29%	23.30%	25.26%	24.70%	22.44%	27.62%	27.93%
58	21.23%	22.50%	20.33%	26.22%	25.77%	24.88%	25.72%	23.20%	24.49%	23.50%	25.46%	24.90%	22.64%	27.82%	28.13%
59+	21.43%	22.70%	20.53%	26.42%	25.97%	25.08%	25.92%	23.40%	24.69%	23.70%	25.66%	25.10%	22.84%	28.02%	28.33%



**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

Member Contribution Rates			
Probation - Tier 1			
BU Entry Age	8 Management	9 Management	31,32 Non- Management
18	25.84%	25.84%	24.43%
19	25.92%	25.92%	24.51%
20	26.00%	26.00%	24.59%
21	26.07%	26.07%	24.66%
22	26.09%	26.09%	24.68%
23	26.11%	26.11%	24.70%
24	26.14%	26.14%	24.73%
25	26.19%	26.19%	24.78%
26	26.24%	26.24%	24.83%
27	26.30%	26.30%	24.89%
28	26.36%	26.36%	24.95%
29	26.44%	26.44%	25.03%
30	26.52%	26.52%	25.11%
31	26.61%	26.61%	25.20%
32	26.71%	26.71%	25.30%
33	26.81%	26.81%	25.40%
34	26.92%	26.92%	25.51%
35	27.03%	27.03%	25.62%
36	27.14%	27.14%	25.73%
37	27.26%	27.26%	25.85%
38	27.38%	27.38%	25.97%
39	27.51%	27.51%	26.10%
40	27.65%	27.65%	26.24%
41	27.79%	27.79%	26.38%
42	27.93%	27.93%	26.52%
43	28.09%	28.09%	26.68%
44	28.24%	28.24%	26.83%
45	28.40%	28.40%	26.99%
46	28.57%	28.57%	27.16%
47	28.74%	28.74%	27.33%
48	28.92%	28.92%	27.51%
49	29.10%	29.10%	27.69%
50	29.28%	29.28%	27.87%
51	29.47%	29.47%	28.06%
52	29.66%	29.66%	28.25%
53	29.86%	29.86%	28.45%
54	30.06%	30.06%	28.65%
55	30.27%	30.27%	28.86%
56	30.48%	30.48%	29.07%
57	30.69%	30.69%	29.28%
58	30.91%	30.91%	29.50%
59+	31.13%	31.13%	29.72%

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX B – MEMBERSHIP 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	22.12%	17.72%	22.35%	26.30%	30.95%	22.48%	27.23%	33.13%
19	22.23%	17.83%	22.46%	26.41%	31.06%	22.59%	27.34%	33.24%
20	22.34%	17.94%	22.57%	26.52%	31.17%	22.70%	27.45%	33.35%
21	22.45%	18.05%	22.68%	26.63%	31.28%	22.81%	27.56%	33.46%
22	22.56%	18.16%	22.79%	26.74%	31.39%	22.92%	27.67%	33.57%
23	22.68%	18.28%	22.91%	26.86%	31.51%	23.04%	27.79%	33.69%
24	22.80%	18.40%	23.03%	26.98%	31.63%	23.16%	27.91%	33.81%
25	22.92%	18.52%	23.15%	27.10%	31.75%	23.28%	28.03%	33.93%
26	23.04%	18.64%	23.27%	27.22%	31.87%	23.40%	28.15%	34.05%
27	23.16%	18.76%	23.39%	27.34%	31.99%	23.52%	28.27%	34.17%
28	23.28%	18.88%	23.51%	27.46%	32.11%	23.64%	28.39%	34.29%
29	23.40%	19.00%	23.63%	27.58%	32.23%	23.76%	28.51%	34.41%
30	23.52%	19.12%	23.75%	27.70%	32.35%	23.88%	28.63%	34.53%
31	23.64%	19.24%	23.87%	27.82%	32.47%	24.00%	28.75%	34.65%
32	23.76%	19.36%	23.99%	27.94%	32.59%	24.12%	28.87%	34.77%
33	23.88%	19.48%	24.11%	28.06%	32.71%	24.24%	28.99%	34.89%
34	24.00%	19.60%	24.23%	28.18%	32.83%	24.36%	29.11%	35.01%
35	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
36	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
37	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
38	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
39	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
40	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
41	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
42	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
43	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
44	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
45	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
46	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
47	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
48	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
49	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
50	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
51	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
52	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
53	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
54	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
55	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
56	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
57	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
58	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
59+	24.12%	19.72%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

BU Entry Age	Member Contribution Rates													
	Tier 2													
	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
Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Safety	Safety	Safety	Safety	Safety	Safety	Safety
18	12.75%	11.41%	13.80%	8.26%	11.79%	13.62%	12.30%	11.95%	16.01%	18.53%	12.63%	13.32%	19.22%	12.88%
19	12.87%	11.53%	13.92%	8.38%	11.91%	13.74%	12.42%	12.30%	16.36%	18.88%	12.98%	13.72%	19.62%	13.28%
20	12.99%	11.65%	14.04%	8.50%	12.03%	13.86%	12.54%	12.65%	16.71%	19.23%	13.33%	14.12%	20.02%	13.68%
21	13.14%	11.80%	14.19%	8.65%	12.18%	14.01%	12.69%	13.00%	17.06%	19.58%	13.68%	14.52%	20.42%	14.08%
22	13.25%	11.91%	14.30%	8.76%	12.29%	14.12%	12.80%	13.35%	17.41%	19.93%	14.03%	14.92%	20.82%	14.48%
23	13.41%	12.07%	14.46%	8.92%	12.45%	14.28%	12.96%	13.70%	17.76%	20.28%	14.38%	15.32%	21.22%	14.88%
24	13.53%	12.19%	14.58%	9.04%	12.57%	14.40%	13.08%	14.05%	18.11%	20.63%	14.73%	15.73%	21.63%	15.29%
25	13.67%	12.33%	14.72%	9.18%	12.71%	14.54%	13.22%	14.40%	18.46%	20.98%	15.08%	16.13%	22.03%	15.69%
26	13.87%	12.53%	14.92%	9.38%	12.91%	14.74%	13.42%	14.75%	18.81%	21.33%	15.43%	16.53%	22.43%	16.09%
27	13.97%	12.63%	15.02%	9.48%	13.01%	14.84%	13.52%	15.10%	19.16%	21.68%	15.78%	16.93%	22.83%	16.49%
28	14.16%	12.82%	15.21%	9.67%	13.20%	15.03%	13.71%	15.45%	19.51%	22.03%	16.13%	17.33%	23.23%	16.89%
29	14.31%	12.97%	15.36%	9.82%	13.35%	15.18%	13.86%	15.80%	19.86%	22.38%	16.48%	17.73%	23.63%	17.29%
30	14.61%	13.27%	15.66%	10.12%	13.65%	15.48%	14.16%	16.15%	20.21%	22.73%	16.83%	18.13%	24.03%	17.69%
31	14.77%	13.43%	15.82%	10.28%	13.81%	15.64%	14.32%	16.50%	20.56%	23.08%	17.18%	18.53%	24.43%	18.09%
32	15.06%	13.72%	16.11%	10.57%	14.10%	15.93%	14.61%	16.85%	20.91%	23.43%	17.53%	18.94%	24.84%	18.50%
33	15.21%	13.87%	16.26%	10.72%	14.25%	16.08%	14.76%	17.20%	21.26%	23.78%	17.88%	19.34%	25.24%	18.90%
34	15.39%	14.03%	16.44%	10.90%	14.43%	16.26%	14.94%	17.55%	21.61%	24.13%	18.23%	19.74%	25.64%	19.30%
35	15.71%	14.37%	16.76%	11.22%	14.75%	16.58%	15.26%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
36	15.86%	14.52%	16.91%	11.37%	14.90%	16.73%	15.41%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
37	16.07%	14.73%	17.12%	11.58%	15.11%	16.94%	15.62%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
38	16.30%	14.96%	17.35%	11.81%	15.34%	17.17%	15.85%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
39	16.51%	15.17%	17.56%	12.02%	15.55%	17.38%	16.06%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
40	16.71%	15.37%	17.76%	12.22%	15.75%	17.58%	16.26%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
41	16.86%	15.52%	17.91%	12.37%	15.90%	17.73%	16.41%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
42	16.89%	15.55%	17.94%	12.40%	15.93%	17.76%	16.44%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
43	17.12%	15.78%	18.17%	12.63%	16.16%	17.99%	16.67%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
44	17.35%	16.01%	18.40%	12.86%	16.39%	18.22%	16.90%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
45	17.44%	16.10%	18.49%	12.95%	16.48%	18.31%	16.99%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
46	17.72%	16.38%	18.77%	13.23%	16.76%	18.59%	17.27%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
47	17.96%	16.62%	19.01%	13.47%	17.00%	18.83%	17.51%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
48	18.06%	16.72%	19.11%	13.57%	17.10%	18.93%	17.61%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
49	18.34%	17.00%	19.39%	13.85%	17.38%	19.21%	17.89%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
50	18.38%	17.04%	19.43%	13.89%	17.42%	19.25%	17.93%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
51	18.59%	17.25%	19.64%	14.10%	17.63%	19.46%	18.14%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
52	18.65%	17.31%	19.70%	14.16%	17.69%	19.52%	18.20%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
53	18.85%	17.51%	19.90%	14.36%	17.89%	19.72%	18.40%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
54	19.04%	17.70%	20.09%	14.55%	18.08%	19.91%	18.59%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
55	19.34%	18.00%	20.39%	14.85%	18.38%	20.21%	18.89%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
56	19.40%	18.06%	20.45%	14.91%	18.44%	20.27%	18.95%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
57	19.42%	18.08%	20.47%	14.93%	18.46%	20.29%	18.97%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
58	19.44%	18.10%	20.49%	14.95%	18.48%	20.31%	18.99%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
59	19.46%	18.12%	20.51%	14.97%	18.50%	20.33%	19.01%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
60	19.48%	18.14%	20.53%	14.99%	18.52%	20.35%	19.03%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
61	19.50%	18.16%	20.55%	15.01%	18.54%	20.37%	19.05%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
62+	19.52%	18.18%	20.57%	15.03%	18.56%	20.39%	19.07%	17.90%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%



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

BU Entry Age	Member Contribution Rates																		
	Tier 3																		
	7,8,9,10,11,17	1,2,5,13	4	17c,18,19,20,24,26,27,28	12	14,21,22	25	71 (RTA)	72 (RTA)	98,99	7 (LAFCO)	3,14	6	7,10,16	15 (Non-Sworn and Sworn) Safety	27,28	8, 9	31,32	
18	10.22%	10.68%	9.18%	12.16%	9.79%	6.64%	11.17%	6.17%	10.17%	12.00%	12.18%	10.75%	14.81%	16.87%	11.43%	10.99%	12.95%	13.19%	
19	10.47%	10.93%	9.43%	12.41%	10.04%	6.89%	11.42%	6.42%	10.42%	12.25%	12.43%	11.25%	15.31%	17.37%	11.93%	11.49%	13.20%	13.44%	
20	10.47%	10.93%	9.43%	12.41%	10.04%	6.89%	11.42%	6.42%	10.42%	12.25%	12.43%	11.50%	15.56%	17.62%	12.18%	11.74%	13.45%	13.69%	
21	10.72%	11.18%	9.68%	12.66%	10.29%	7.14%	11.67%	6.67%	10.67%	12.50%	12.68%	11.75%	15.81%	17.87%	12.43%	11.99%	13.45%	13.69%	
22	10.72%	11.18%	9.68%	12.66%	10.29%	7.14%	11.67%	6.67%	10.67%	12.50%	12.68%	12.00%	16.06%	18.12%	12.68%	12.24%	13.70%	13.94%	
23	10.97%	11.43%	9.93%	12.91%	10.54%	7.39%	11.92%	6.92%	10.92%	12.75%	12.93%	12.50%	16.56%	18.62%	13.18%	12.74%	13.95%	14.19%	
24	10.97%	11.43%	9.93%	12.91%	10.54%	7.39%	11.92%	6.92%	10.92%	12.75%	12.93%	12.75%	16.81%	18.87%	13.43%	12.99%	14.20%	14.44%	
25	11.22%	11.68%	10.18%	13.16%	10.79%	7.64%	12.17%	7.17%	11.17%	13.00%	13.18%	13.00%	17.06%	19.12%	13.68%	13.24%	14.45%	14.69%	
26	11.47%	11.93%	10.43%	13.41%	11.04%	7.89%	12.42%	7.42%	11.42%	13.25%	13.43%	13.50%	17.56%	19.62%	14.18%	13.74%	14.70%	14.94%	
27	11.47%	11.93%	10.43%	13.41%	11.04%	7.89%	12.42%	7.42%	11.42%	13.25%	13.43%	13.75%	17.81%	19.87%	14.43%	13.99%	14.95%	15.19%	
28	11.72%	12.18%	10.68%	13.66%	11.29%	8.14%	12.67%	7.67%	11.67%	13.50%	13.68%	14.00%	18.06%	20.12%	14.68%	14.24%	15.45%	15.69%	
29	11.97%	12.43%	10.93%	13.91%	11.54%	8.39%	12.92%	7.92%	11.92%	13.75%	13.93%	14.50%	18.56%	20.62%	15.18%	14.74%	15.70%	15.94%	
30	11.97%	12.43%	10.93%	13.91%	11.54%	8.39%	12.92%	7.92%	11.92%	13.75%	13.93%	14.75%	18.81%	20.87%	15.43%	14.99%	15.95%	16.19%	
31	12.22%	12.68%	11.18%	14.16%	11.79%	8.64%	13.17%	8.17%	12.17%	14.00%	14.18%	15.00%	19.06%	21.12%	15.68%	15.24%	16.45%	16.69%	
32	12.47%	12.93%	11.43%	14.41%	12.04%	8.89%	13.42%	8.42%	12.42%	14.25%	14.43%	15.50%	19.56%	21.62%	16.18%	15.74%	16.70%	16.94%	
33	12.72%	13.18%	11.68%	14.66%	12.29%	9.14%	13.67%	8.67%	12.67%	14.50%	14.68%	15.75%	19.81%	21.87%	16.43%	15.99%	16.95%	17.19%	
34	12.97%	13.43%	11.93%	14.91%	12.54%	9.39%	13.92%	8.92%	12.92%	14.75%	14.93%	16.00%	20.06%	22.12%	16.68%	16.24%	17.45%	17.69%	
35	12.97%	13.43%	11.93%	14.91%	12.54%	9.39%	13.92%	8.92%	12.92%	14.75%	14.93%	16.50%	20.56%	22.62%	17.18%	16.74%	17.70%	17.94%	
36	13.22%	13.68%	12.18%	15.16%	12.79%	9.64%	14.17%	9.17%	13.17%	15.00%	15.18%	16.50%	20.56%	22.62%	17.18%	16.74%	18.20%	18.44%	
37	13.47%	13.93%	12.43%	15.41%	13.04%	9.89%	14.42%	9.42%	13.42%	15.25%	15.43%	16.50%	20.56%	22.62%	17.18%	16.74%	18.45%	18.69%	
38	13.72%	14.18%	12.68%	15.66%	13.29%	10.14%	14.67%	9.67%	13.67%	15.50%	15.68%	16.50%	20.56%	22.62%	17.18%	16.74%	18.70%	18.94%	
39	13.97%	14.43%	12.93%	15.91%	13.54%	10.39%	14.92%	9.92%	13.92%	15.75%	15.93%	16.50%	20.56%	22.62%	17.18%	16.74%	18.95%	19.19%	
40	14.22%	14.68%	13.18%	16.16%	13.79%	10.64%	15.17%	10.17%	14.17%	16.00%	16.18%	16.50%	20.56%	22.62%	17.18%	16.74%	19.20%	19.44%	
41	14.47%	14.93%	13.43%	16.41%	14.04%	10.89%	15.42%	10.42%	14.42%	16.25%	16.43%	16.50%	20.56%	22.62%	17.18%	16.74%	19.45%	19.69%	
42	14.47%	14.93%	13.43%	16.41%	14.04%	10.89%	15.42%	10.42%	14.42%	16.25%	16.43%	16.50%	20.56%	22.62%	17.18%	16.74%	19.70%	19.94%	
43	14.72%	15.18%	13.68%	16.66%	14.29%	11.14%	15.67%	10.67%	14.67%	16.50%	16.68%	16.50%	20.56%	22.62%	17.18%	16.74%	19.95%	20.19%	
44	14.97%	15.43%	13.93%	16.91%	14.54%	11.39%	15.92%	10.92%	14.92%	16.75%	16.93%	16.50%	20.56%	22.62%	17.18%	16.74%	20.20%	20.44%	
45	15.22%	15.68%	14.18%	17.16%	14.79%	11.64%	16.17%	11.17%	15.17%	17.00%	17.18%	16.50%	20.56%	22.62%	17.18%	16.74%	20.45%	20.69%	
46	15.47%	15.93%	14.43%	17.41%	15.04%	11.89%	16.42%	11.42%	15.42%	17.25%	17.43%	16.50%	20.56%	22.62%	17.18%	16.74%	20.70%	20.94%	
47	15.72%	16.18%	14.68%	17.66%	15.29%	12.14%	16.67%	11.67%	15.67%	17.50%	17.68%	16.50%	20.56%	22.62%	17.18%	16.74%	20.95%	21.19%	
48	15.97%	16.43%	14.93%	17.91%	15.54%	12.39%	16.92%	11.92%	15.92%	17.75%	17.93%	16.50%	20.56%	22.62%	17.18%	16.74%	21.20%	21.44%	
49	16.22%	16.68%	15.18%	18.16%	15.79%	12.64%	17.17%	12.17%	16.17%	18.00%	18.18%	16.50%	20.56%	22.62%	17.18%	16.74%	21.44%	21.68%	
50	16.47%	16.93%	15.43%	18.41%	16.04%	12.89%	17.42%	12.42%	16.42%	18.25%	18.43%	16.50%	20.56%	22.62%	17.18%	16.74%	21.45%	21.69%	
51	16.72%	17.18%	15.68%	18.66%	16.29%	13.14%	17.67%	12.67%	16.67%	18.50%	18.68%	16.50%	20.56%	22.62%	17.18%	16.74%	21.70%	21.94%	
52	16.97%	17.43%	15.93%	18.91%	16.54%	13.39%	17.92%	12.92%	16.92%	18.75%	18.93%	16.50%	20.56%	22.62%	17.18%	16.74%	21.70%	21.94%	
53	17.22%	17.68%	16.18%	19.16%	16.79%	13.64%	18.17%	13.17%	17.17%	19.00%	19.18%	16.50%	20.56%	22.62%	17.18%	16.74%	21.95%	22.19%	
54	17.47%	17.93%	16.43%	19.41%	17.04%	13.89%	18.42%	13.42%	17.42%	19.25%	19.43%	16.50%	20.56%	22.62%	17.18%	16.74%	21.95%	22.19%	
55	17.72%	18.18%	16.68%	19.66%	17.29%	14.14%	18.67%	13.67%	17.67%	19.50%	19.68%	16.50%	20.56%	22.62%	17.18%	16.74%	22.20%	22.44%	
56	17.97%	18.43%	16.93%	19.91%	17.54%	14.39%	18.92%	13.92%	17.92%	19.75%	19.93%	16.50%	20.56%	22.62%	17.18%	16.74%	22.45%	22.69%	
57	17.97%	18.43%	16.93%	19.91%	17.54%	14.39%	18.92%	13.92%	17.92%	19.75%	19.93%	16.50%	20.56%	22.62%	17.18%	16.74%	22.45%	22.69%	
58	17.97%	18.43%	16.93%	19.91%	17.54%	14.39%	18.92%	13.92%	17.92%	19.75%	19.93%	16.50%	20.56%	22.62%	17.18%	16.74%	22.70%	22.94%	
59+	17.97%	18.43%	16.93%	19.91%	17.54%	14.39%	18.92%	13.92%	17.92%	19.75%	19.93%	16.50%	20.56%	22.62%	17.18%	16.74%	22.95%	23.19%	



**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

**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 (18 years remaining as of January 1, 2022). 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.

**SAN LUIS OBISPO COUNTY PENSION TRUST
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Actuarial Assumptions

The return and administrative expense 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 Cheiron, covering the period from January 1, 2017 through December 31, 2021, and adopted by the Board at their May 23, 2022 meeting for the January 1, 2022 actuarial valuation. More details on the rationale for these assumptions can be found in the Actuarial Experience Study dated June 2, 2022.

1. Rate of Return

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

2. Administrative Expenses

Administrative expenses are assumed to be \$2,369,000 for the next year, to be split between employees and employers based on their share of the overall contributions. Administrative expenses are assumed to increase by the assumed wage inflation of 3.00% each year.

3. Cost-of-Living Increases

The cost-of-living as measured by the Consumer Price Index (CPI) is assumed to increase at the rate of 2.50% per year. The price inflation assumption is used for increasing the compensation limit that applies to Tier 3 (PEPRA) members.

4. COLA Growth

The COLA growth assumption for Tier 1 members is assumed inflation plus an additional 0.25% "California" adjustment. For Tier 2 and Tier 3 members the COLA growth assumption is 2.0%.

5. 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.

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

The Internal Revenue Code Section 401(a)(17) maximum compensation limitation is reflected in the valuation for funding purposes. Any limitation is also reflected in a member's benefit after retirement.

**SAN LUIS OBISPO COUNTY PENSION TRUST
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**APPENDIX C – SUMMARY OF ACTUARIAL
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7. Interest on Member Contributions

The annual credited interest rate on member contributions is assumed to be 5.75%. The actual crediting rate was changed to 5.75% at the November 2021 Board meeting, with Additional Contributions credited at 0.98%.

8. 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 four years older than their spouses and female members are assumed to be two years younger than their spouses.

Percentage Married	
Gender	Percentage
Males	70%
Females	55%

9. Payroll Growth

Price inflation component: 2.50%
Productivity increase component: 0.50%
Total Payroll Growth: 3.00%

**SAN LUIS OBISPO COUNTY PENSION TRUST
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**APPENDIX C – SUMMARY OF ACTUARIAL
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10. Increases in Pay

Price inflation component: 2.50%

Productivity increase component: 0.50%

Additional Merit component based on service:

Miscellaneous Merit Increases		Safety Merit Increases	
Service	Rate	Service	Rate
0	5.25%	0	5.25%
1	5.00%	1	4.50%
2	4.00%	2	4.00%
3	3.00%	3	3.00%
4	2.00%	4	2.00%
5	1.00%	5	1.00%
6	0.50%	6	0.75%
7	0.50%	7	0.75%
8	0.50%	8	0.75%
9	0.50%	9	0.75%
10	0.20%	10	0.40%
11	0.20%	11	0.40%
12	0.20%	12	0.40%
13	0.20%	13	0.40%
14	0.20%	14	0.40%
15	0.20%	15	0.40%
16	0.20%	16	0.40%
17	0.20%	17	0.40%
18	0.20%	18	0.40%
19	0.20%	19	0.40%
20	0.20%	20	0.25%
21+	0.00%	21	0.25%
		22	0.25%
		23	0.25%
		24	0.25%
		25+	0.00%

Increases are compound rather than additive.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

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

11. Rates of Termination

Sample rates of termination are shown in the following table below.

Service	Rates of Vested Termination	
	Miscellaneous	Safety/Probation
0	0.00%	0.00%
1	0.00%	0.00%
2	0.00%	0.00%
3	0.00%	0.00%
4	0.00%	0.00%
5	5.50%	2.75%
6	5.00%	2.50%
7	4.50%	2.25%
8	4.25%	2.25%
9	4.00%	2.25%
10	3.75%	2.00%
11	3.50%	2.00%
12	3.25%	1.50%
13	3.00%	1.50%
14	3.00%	1.50%
15	3.00%	1.50%
16	2.75%	1.50%
17	2.75%	1.25%
18	2.50%	1.25%
19	2.50%	1.25%
20	2.00%	1.25%
21	1.50%	1.25%
22	1.50%	1.25%
23	1.50%	1.25%
24	1.50%	1.25%
25	1.50%	1.00%
26	1.50%	1.00%
27	1.50%	1.00%
28	1.50%	1.00%
29	1.50%	1.00%
30	1.50%	0.00%
31	1.50%	0.00%
32	1.50%	0.00%
33	1.50%	0.00%
34	1.50%	0.00%
35+	0.00%	0.00%

**Termination rates do not apply once member is eligible for retirement*

**SAN LUIS OBISPO COUNTY PENSION TRUST
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12. Rates of Withdrawal

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

Rates of Withdrawal		
Service	General	Safety
0	20.00%	10.00%
1	15.00%	8.00%
2	12.00%	6.00%
3	10.00%	5.00%
4	6.00%	4.00%
5	2.00%	3.00%
6	1.75%	2.00%
7	1.75%	1.00%
8	1.50%	1.00%
9	1.00%	1.00%
10	1.00%	1.00%
11	1.00%	1.00%
12	0.50%	1.00%
13	0.50%	1.00%
14	0.50%	1.00%
15	0.50%	1.00%
16	0.50%	0.00%
17	0.50%	0.00%
18	0.50%	0.00%
19	0.50%	0.00%
20	0.50%	0.00%
21	0.50%	0.00%
22	0.50%	0.00%
23	0.50%	0.00%
24	0.50%	0.00%
25	0.00%	0.00%
26	0.00%	0.00%
27	0.00%	0.00%
28	0.00%	0.00%
29	0.00%	0.00%
30+	0.00%	0.00%

13. 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 3.00%.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

**APPENDIX C – SUMMARY OF ACTUARIAL
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14. 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, 2022**

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

15. Rates of Mortality for Healthy Lives

Mortality rates for Miscellaneous 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-2021, without adjustment.

Mortality rates for Safety and Probation active members are based on the sex distinct Public Safety 2010 Amount-Weighted Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021, without adjustment.

Mortality rates for healthy Miscellaneous annuitants and all beneficiaries 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-2021.

Mortality rates for healthy Safety and Probation annuitants are based the sex distinct Public Safety 2010 Amount-Weighted Above-Median Income Retiree Mortality Table, with generational improvements projected from 2010 using Projection Scale MP-2021.

16. Rates of Mortality for Disabled Lives

Mortality rates for Miscellaneous disabled members are based on the sex distinct Public General 2010 Amount-Weighted Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021, without adjustment.

Mortality rates for Safety and Probation disabled members are based on the sex distinct Public Safety 2010 Amount-Weighted Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2021, without adjustment.

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

17. Rates of Retirement

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

Rates of Retirement for YOS Less Than 25						
Age	Tier 1			Tiers 2 and 3		
	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
50	2.00%	5.00%	15.00%	1.00%	2.50%	6.75%
51	2.00%	5.00%	15.00%	1.00%	2.50%	6.75%
52	3.00%	5.00%	15.00%	2.00%	2.50%	7.50%
53	3.00%	5.00%	15.00%	2.00%	2.50%	7.50%
54	5.00%	15.00%	25.00%	3.00%	5.00%	7.50%
55	5.00%	25.00%	40.00%	3.00%	5.00%	7.50%
56	5.00%	25.00%	30.00%	3.00%	5.00%	7.50%
57	5.00%	20.00%	20.00%	3.00%	10.00%	7.50%
58	5.00%	7.50%	12.00%	3.00%	7.50%	8.25%
59	5.00%	7.50%	18.00%	3.00%	7.50%	11.25%
60	10.00%	10.00%	25.00%	8.00%	7.50%	15.00%
61	15.00%	10.00%	30.00%	8.00%	7.50%	18.75%
62	20.00%	15.00%	40.00%	15.00%	15.00%	22.50%
63	20.00%	15.00%	50.00%	15.00%	15.00%	30.00%
64	30.00%	15.00%	75.00%	20.00%	15.00%	45.00%
65	35.00%	100.00%	100.00%	20.00%	100.00%	100.00%
66	35.00%			20.00%		
67	35.00%			20.00%		
68	35.00%			20.00%		
69	35.00%			20.00%		
70+	100.00%			100.00%		

Rates of Retirement for YOS 25 or More						
Age	Tier 1			Tiers 2 and 3		
	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
50	3.50%	7.50%	25.00%	1.75%	5.00%	12.00%
51	3.50%	7.50%	25.00%	1.75%	5.00%	12.00%
52	3.50%	7.50%	20.00%	2.50%	5.00%	12.00%
53	3.50%	7.50%	20.00%	2.50%	5.00%	12.00%
54	7.00%	15.00%	30.00%	5.50%	10.00%	12.00%
55	7.00%	35.00%	40.00%	5.50%	10.00%	12.00%
56	7.00%	25.00%	40.00%	6.00%	10.00%	12.00%
57	15.00%	25.00%	30.00%	10.00%	15.00%	12.00%
58	15.00%	12.00%	20.00%	10.00%	10.00%	10.00%
59	15.00%	12.00%	20.00%	10.00%	10.00%	12.50%
60	20.00%	15.00%	30.00%	15.00%	10.00%	18.00%
61	25.00%	15.00%	35.00%	15.00%	10.00%	20.00%
62	25.00%	20.00%	50.00%	20.00%	20.00%	30.00%
63	25.00%	20.00%	50.00%	20.00%	20.00%	30.00%
64	40.00%	20.00%	75.00%	25.00%	20.00%	45.00%
65	40.00%	100.00%	100.00%	25.00%	100.00%	100.00%
66	40.00%			25.00%		
67	40.00%			25.00%		
68	40.00%			25.00%		
69	40.00%			25.00%		
70+	100.00%			100.00%		

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

18. DROP Assumptions

Members who enter DROP are valued as retired members. There is no assumed DROP account balance or assumed interest crediting rate since their benefits are held by a third party and are not part of the Pension Trust's assets.

19. Changes Since Last Valuation

Based on the findings of the 2017-2021 experience study, many economic and demographic assumptions were updated to better reflect the experience of the Trust. For details on the assumption changes, please see the Actuarial Experience Study for January 1, 2017 through December 31, 2021 issued in June 2022.

**SAN LUIS OBISPO COUNTY PENSION TRUST
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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, 2021. 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:

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.

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX D – SUMMARY OF PLAN PROVISIONS

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:

Retirement Age Factors										
Age	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

Tier 2: 90% of Final Compensation

Tier 3: No maximum benefit applies, but pensionable compensation is capped at \$134,974 for 2022 and adjusted annually based on CPI.

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX D – SUMMARY OF PLAN PROVISIONS

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).

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

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

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX D – SUMMARY OF PLAN PROVISIONS

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.

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.

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX D – SUMMARY OF PLAN PROVISIONS

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.

When a member elects to enter DROP, their monthly payment is directed to and accumulated in an investment account held for that individual by a third party. The member is restricted from accessing these funds until they officially elect to retire from employment. The member must participate a minimum of six months and is required to retire by the end of five years.

**SAN LUIS OBISPO COUNTY PENSION TRUST
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APPENDIX D – SUMMARY OF PLAN PROVISIONS

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%
28	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 D – SUMMARY OF PLAN PROVISIONS

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
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2022**

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, 2022**

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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Via Electronic Mail

June 15, 2022

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, 2022, January 1, 2023 or July 1, 2023**

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, 2022 actuarial valuation for three alternate implementation dates.

The total actuarially determined contribution (ADC) rate as of the January 1, 2022 actuarial valuation increased to 52.48% from 50.34% as of the January 1, 2021 actuarial valuation. The Charged Rate (actual contributions collected by SLOCPT as a rate of actual pensionable salary) for the six months ending December 31, 2021 was 47.78% plus a 2.39% contribution rate increase effective as of July 1, 2022, results in a Total Charged Rate of 50.17%. The recommended contribution rate increase of 2.31% is the difference between the ADC as of January 1, 2022, 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 on the next page shows recommended contribution rate increases for each implementation date based on the results of the January 1, 2022 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 23, 2022 meeting and the December 31, 2021 actuarial losses from the January 1, 2022 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 3.00%.

Contribution Rate Increases for Alternate Implementation Dates											
	Total Charged Rates			2022 Valuation		Implementation Dates					
	12/31/2021	Rate	Total	Total	Rate	July 1, 2022		January 1, 2023		July 1, 2023	
		Increases ¹	Rate			ADC	Change	Adjusted	Rate	Adjusted	Rate
						ADC	Change	ADC	Change	ADC	Change
Total SLOCPT	47.78%	2.39%	50.17%	52.48%	2.31%	52.57%	2.40%	52.66%	2.49%	52.76%	2.59%
Miscellaneous	45.08%	2.16%	47.24%	49.35%	2.11%	49.44%	2.20%	49.53%	2.29%	49.62%	2.38%
Probation	50.36%	3.33%	53.69%	58.47%	4.78%	58.56%	4.87%	58.66%	4.97%	58.77%	5.08%
Safety	63.18%	3.61%	66.79%	69.31%	2.52%	69.44%	2.65%	69.57%	2.78%	69.71%	2.92%

¹ Rate increases from the January 1, 2021 actuarial valuation with delayed implementation to July 1, 2022.

The purpose of this letter is to detail the calculations for the delayed implementation of the recommended contribution rate increases from the January 1, 2022 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
Tim Hall

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

	2014 Valuation	2016 Valuation	2017 Valuation	2018 Valuation	2019 Valuation	2020 Valuation	2021 Valuation	2022 Valuation
Total Pension Rate Increases								
Miscellaneous	0.00%	4.51%	1.65%	1.99%	2.47%	3.41%	1.94%	2.11%
Probation	0.00%	4.72%	2.25%	3.70%	2.26%	4.56%	3.11%	4.78%
Safety	0.00%	6.71%	3.54%	5.63%	1.25%	4.40%	3.29%	2.52%
COMBINED	0.00%	4.85%	1.93%	2.51%	2.30%	3.60%	2.16%	2.31%
Total ADC	34.23%	38.90%	40.32%	42.19%	44.52%	47.92%	50.34%	52.48%
Significant Changes:								
Discount Rate	7.250%	7.125%	7.125%	7.000%	7.000%	6.875%	6.750%	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	N	N
Inflation	2.750%	2.650%	2.650%	2.500%	2.500%	2.250%	2.250%	2.500%
Payroll Growth Rate	3.750%	3.375%	3.375%	3.000%	2.750%	2.750%	2.750%	3.000%
Mortality		Updated (1st part of 2 step phased)		Updated (2nd part of 2 step phased)		Updated		Update to Safety tables

**As of Valuation date of Jan. 1 of the Val
Actual increase modified for delayed im. Jan. 1st or July 1st of following year)**

Total pension contribution rate increase res

Increases in the Actuarially Determined: (ADC)

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

Increases allocated between Employer andross Tiers pursuant to various MOU provisions in the various bargaining units.

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