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Committee Item No. 5

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date November 12, 2009

Board of Supervisors Meeting Date \_\_\_\_\_

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Completed by: Alisa Somera Date November 6, 2009

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# PENSIONS BEYOND OUR ABILITY TO PAY

In reference to the pension scandal in San Diego in recent years, the Pulitzer Prize winning author Roger Lowenstein wrote:

"The unions push for benefits that are beyond the ability of governments to properly fund. The unions get their promises; the politicians get to satisfy a powerful constituency. And by shortchanging their pension funds, they can run their budgets on borrowed time and put off the necessity to tax until later generations." 1

The time to payback the pension commitments made over the past 20 years is today, and the City of San Francisco may be unprepared to meet its obligations, without severe cuts in essential services to the residents of the City and the business interests who employ

## TABLE OF CONTENTS

1. Executive Summary.....	3
1.1. The Pension Crisis.....	3
1.2. The Retirement Health Benefits Crisis.....	5
1.3. Drop Program.....	6
1.4. Data Inconsistencies.....	6
2. Pension Costs.....	6
2.1. Findings.....	9
2.2. Recommendations.....	9
2.3. Graphs and Tables.....	10
3. Data Inconsistencies.....	17
3.1. Findings.....	17
3.2. Recommendations.....	18
4. DROP (Deferred Retirement Option Program).....	18
4.1. Findings.....	19
4.2. Recommendations.....	19
5. Findings, Recommendations and Required Responses.....	21
6. End Notes.....	21
Appendix A. Methodology.....	25
1. DATA.....	25
2. DATA VALIDITY.....	26
3. PROCESS.....	26
4. DATA ANALYSIS.....	26
Appendix B. Glossary.....	28
APPENDIX C. Cheiron PRESENTATION TO THE RETIREMENT BOARD JAN. 13, 2009	29
Appendix D. CHEIRON ACTUARIAL VALUATION AS OF JULY 1, 2008.....	30
APPENDIX E. CONTROLLER'S REPORT ON PENSION AND RETIREE HEALTH SUBSIDY ANALYSIS.....	31
Appendix F. SFERS Letter to Director of Elections.....	32
Appendix G. Mercer Actuarial Valuation of Health Benefits As Of July 1, 2006 ...	30
Appendix H. SFERS Pay Rate History Record Layout.....	31



## 1. Executive Summary

Over the past 8 months the San Francisco Civil Grand Jury (the Jury) investigated the San Francisco Employees' Retirement System (SFERS), which is responsible for the administration of the City's defined benefit plans. In particular, the Jury investigated the significant increases in the cost of pensions and health benefits over the past 10 years.

### 1.1. The Pension Crisis

The Controller of the City and County of San Francisco (CCSF) estimated that the \$15.8 billion investment portfolio (as of June 30, 2008) has declined in value by approximately 20% for the quarter ended March 31, 2009. The full decline in the investment portfolio will not be disclosed until the fiscal year-end audit report is issued in September, 2009.

As recently as January of 2009, the City's Controller, in a presentation to the Jury, indicated that increasing pension costs were not an issue with respect to the City's financial problems. The Mayor, Board of Supervisors, contract negotiators and the unions have ignored and not addressed the alarming increases in pension costs over the past 5 years. For the fiscal year 2005-2006, the City's contribution to the pension fund was approximately \$175 million. By fiscal year 2011-2012 the Controller estimates that San Francisco's pension contribution will be approximately \$544 million.<sup>4</sup>The estimated 200% increase in just 6 years is compounded by the fact that 40% of the active employees are currently eligible for retirement and another 15% will be eligible in the next 5 years. A dramatic increase in the retirement rate for some unforeseen circumstance will present an incredible risk to the City in terms of funding and cash flow. In the past month, the Controller stated to the Jury that the rising pension cost is a serious concern to the financial health of the City.

The escalation of pension costs can be attributed to many factors not the least of which being the relationship of public officials and unions who have negotiated extraordinary pension and retirement benefits today, without consideration of the unfair financial burden placed on future generations.

Unfortunately, the San Francisco electorate is as guilty as the politicians for approving measures that push out obligations to pay retirement and health benefits into future years. This willingness to accept indebtedness into the future is problematic. Over the past 17 years, the electorate has voted on propositions

to increase pension and health benefits for Fire, Police and Miscellaneous workers in excess of \$1.5 billion, an outstanding balance as of July 1, 2008.<sup>3</sup>

Significant time<sup>6</sup> has been spent by law enforcement organizations, examining practices that can be used to dramatically increase the employee's final pension benefits, many of which have been determined to be abuses. Ultimately the public will bear the cost of these increasing pension benefits, via increases in taxes and loss of vital services.

One such practice, in which an individual accrues large numbers of hours of overtime, has been the topic of numerous investigations. In November, 1975, the voters of San Francisco passed Proposition "L" that mandated that overtime pay be excluded from the computation of pension benefits. However, there are other methods used to artificially inflate retirement benefits, thirty of which are described in People's Advocate Research Report, "30 Ways to Spike your Pension." Spiking is the common term used for these abusive practices, although during the investigation, a member of the San Francisco's Police Department referred to one practice as "Chief's Disease". Pension spiking occurs when employees artificially inflate their final compensation just before retiring, in order to increase their pension.

The Jury found a significant number of individuals whose retirement pay increased dramatically as a result of an unusual (see Appendix A, 4.1.1) salary increase during the last year(s) of service.

A Lieutenant was temporarily assigned to a rank of Battalion Chief in his last year of service. As a result, the Lieutenant contributed \$1,915 into the pension fund during the final year of employment, which raised his pension amount by \$25,500 per year for every year of his retirement. The present value of the incremental pension cost of \$25,500 over his life expectancy was estimated to be \$296,000.<sup>9</sup>

A police officer retired after 25 of service years with annual salary of \$88,000, was able to retire at a pension of \$110,000/year. This pension benefit is 121% higher than it would have been if he retired without a change in rank.<sup>10</sup>

A Battalion Chief (Rank H-40) was deemed to have completed 365 consecutive days in a higher rank of Assistant Chief (Rank H-50) and paid a retirement benefit at the rank of Assistant Chief.<sup>11</sup> After reviewing the Work History records, the Jury found that he did not perform at the Assistant Chief position for the required 365 days. However, the resulting spike in his retirement benefit created an obligation to fund his pension by approximately \$503,000 which will be paid over his life expectancy.

The analysis<sup>7</sup> of data provided by SFERS indicates that this practice (spiking)<sup>19</sup> may be institutionalized and ongoing, within San Francisco's Safety personnel. Approximately 25% of safety personnel that retired in the last 10 years received an increase of 10% or greater in their last year prior to retirement (Figure 7). For just the 10 year period of 1998 - 2008, the Jury estimates that spiking will cost active members of SFERS and the City at least \$132 million.<sup>8</sup>

The growth in retirees' pension benefits continues to escalate each year as a result of retroactive salary increases and COLA adjustments. (Figures 8 and 9) The Jury found that 55% of Firefighters and 60% of the Police who retired since 1998, currently receive a pension check that exceeds their highest annual compensation paid to them at the time of their retirement. Based on the City's May, 2009 payroll<sup>12</sup> nearly 20% of retired Safety officers are earning a pension of over \$100,000.

Supporters of government pension benefit increases routinely argue that public employees are underpaid compared to private-sector counterparts, so retirement benefits must be sweetened to compensate. However, recent surveys used by the City's Department of Human Resources to benchmark compensation disclose that in nearly all job classifications the City pays more in wages and salaries than the other governmental agencies and more than most private-sector employers.

The staggering pension and post employment health benefit costs for Police and Firefighter retirees are like having a secondary Police and Fire department – one active member and one retired member. Approximately half of the City's yearly pension payroll is paid to individuals who retired in the last 10 years. When retiring employees play the 'spiking game', they rob the SFERS members' pension fund of the expected lifetime investment income on their contributions. Spiking is "something-for-nothing" abuse of the system.

Since the analysis was limited to Safety personnel, the Jury's findings cannot be generalized across all participants within the SFERS system, or any other individuals participating in any other City pension system.

## **1.2. The Retirement Health Benefits Crisis**

Mercer Consulting (an actuarial firm hired by the City) reported that if the City continued to have an unfunded plan, the projected liability would be approximately \$4 billion<sup>13</sup>. In the actuary's report, the pension obligation for the COLA adjustments that were approved by the voters in the passage of

Proposition B in June 2008, resulted in approximately \$750 million future pension obligation.<sup>3</sup>

### 1.3. DROP Program

The DROP (Deferred Retirement Option Program) enacted in February 2008, addressed the need to retain experienced officers when recruiting new officers is problematic. Currently there are 55 individuals enrolled in the program. If all 55 officers leave DROP after the maximum 3 year period, SFERS will pay a lump sum of over \$17 million, or an average of \$300,000 dollars per person. DROP was enacted without a determination of cost to the City, cost of administering the program as well as systems necessary run calculations and accounting<sup>17, 18</sup>.

### 1.4. Data Inconsistencies

In the course of the investigation the Jury found inconsistencies with the data provided to us by various sources. These inconsistencies in the Jury's opinion could potentially result in an error in the calculation of pension benefits.

## 2. Pension Costs

The City provides a Defined-Benefit (DB) Pension Plan, it is administered by SFERS and guarantees all employees participating in the plan a pre-set monthly benefit payment upon retirement. The amount of the benefit is calculated by multiplying a fixed percentage rate by the number of years the employee worked for the city and applying that figure as a percentage of the employee's highest compensation or some blended rate of the employee's highest earnings over a 12 month period.

Safety employees receive a maximum retirement benefit of 90% of their highest compensation ("a 3% at 55 plan"). For example, a firefighter who began employment at age 25 and retired with 30 years of service credit and his final annual compensation was \$100,000, his retirement benefit is \$90,000 (30 years \* 3% \* \$100,000) or a monthly benefit of \$7,500.

Under a DB Plan, the City bears the risk of loss if investment returns are lower than expected, if SFERS is underfunded, if new benefit increases are added to the obligations without funds to support them, or if other actuarial assumptions are overly optimistic.

In contrast to a DB Plan is the Defined Contribution (DC) Plan, which is similar to an IRA or 401K Plan. The Defined Contribution Plan does not offer employees any guaranteed level of benefits. The level of benefits the employee receives upon retirement depends on the performance of his/her investment portfolio, as well as the level of contributions. The significant difference between the Defined Benefit Plan and the Defined Contribution Plan is that under the DC Plan the employee bears the risk of his/her investment not the City.

The ever increasing pension cost for the 52,164 active and retired members of SFERS is contributing to the City's fiscal crisis. San Francisco's present contribution rate to the pension fund is 4.99% of payroll. This contribution rate will increase to 9.49% in fiscal year 2009-10 and under unusual economic conditions may climb to 14.79% in fiscal 2011-12.<sup>3</sup> The employee's rate can remain constant at 7.5%.<sup>3</sup> This year the City will contribute approximately \$178 million to the pension fund. In the next fiscal year the City will contribute \$338 million, an increase of 90%. In just 3 years, the City's contribution is projected to be approximately \$520 million; an increase of 293%.<sup>4</sup> The Controllars projection is based in part on the recent actuary's report which illustrates how the City's contribution rate will be impacted in a volatile and recessionary economic environment<sup>3</sup>.

The Controller estimated that the \$15.8 billion investment fund (as of June 30, 2008) has declined in value by approximately 20% as of March 31, 2009. The full decline in the investment portfolio will not be disclosed until the fiscal yearend audit report is issued in September, 2009. The investment return combined with the employees' and the employer's contribution rates are major factors in the determination of how the pension liability is paid. In January, 2009, the SFERS Board recommended to the City the new employer contribution rate. For fiscal year 2009-10, the City's contribution rate increased from 4.99% to 9.49%.<sup>5</sup> The Retirement Board approved the rate without discussion and presented it to the City for adoption. The City is mandated by charter amendment to accept this new rate.

The Jury analyzed the impact of Proposition B passed by voters in June of 2008 which increased the years of service required to qualify for employer-funded retiree health benefits as well as increased retirement benefits, COLA (cost of living allowance) new City employees, certain employees of the School District, the Superior Court and the Community College District and miscellaneous employees to qualify for employer-funded retiree health benefits.

In the voter's pamphlet, the City Controller Edward Harrington indicated that the annual cost to the City will be approximately \$84 million for the next 20 years, dropping to an ongoing annual cost of approximately \$27 million. In order to partially pay for this increased retirement benefit, Proposition B froze wages

for some employees during the 2009-2010 fiscal years. According to the Controller, the wage freeze would save the City approximately \$35 million annually.

The cost to the City for the union's concession on a pay increase was a net cost to the retirement system of \$49 million for the next 20 years.

The full impact of Proposition B has yet to be estimated, and the City has only allocated \$500,000 to this trust. Government Accounting Standards Board (GASB 45)<sup>20</sup> does not require the City to actually fund the liability; rather it requires that the City start to record and report a portion of the liability each year.

The Superior Court and the Community College District have elected to self-administer their health plan obligations and not participate in the new trust established by the City.

The passage of Prop B was a small measure to curb the mounting unfunded health benefit liability that already exists for approximately 50,704 active employees and retirees. The City funds the current year portion due only, and not the accrued liability or total costs related to post employment health benefits. This type of funding is commonly referred to as "Pay as You Go" method. San Francisco engaged the Mercer Consulting Group to estimate the actuarial valuation of this liability. Mercer reported that if the City continued to have an unfunded plan, the projected liability would be approximately \$4 billion.<sup>13</sup> In the actuary's report, the pension obligation for the COLA adjustments that were approved by the voters in the passage of Proposition B in June 2008, resulted in a \$750 million future pension cost.<sup>3</sup> The Figure 10 shows the historical and projected contribution rates for both the City and employees. The employee contributions tend to remain static at approximately 7.5% while the Employer's contributions resemble a "Hockey Stick" with a projected increase to 14.8% in 2012.

The legacy of pension spiking in the Police and Fire Departments combined with the extraordinary future obligations to fund health care benefits should cause serious concerns by public officials. However, these concerns are perhaps confounded by the fact that everyone involved in pension negotiations as well implementing and monitoring the systems, is a member of the pension system. There is an apparent conflict of interest in nearly any effort on the part of public employees to reform pension practices.

## 2.1. Findings

- 2.1.1. The Jury has not found evidence that SFERS management has provided the oversight necessary to identify anomalies in pension payouts and to report the occurrences of pension spiking to the Retirement Board, the Mayor and the Board of Supervisors.
- 2.1.2. There are a number of cases of retiring employees placed into "Acting Assignments" or "Like Work Like Pay" for various period of time during the employees final year before retirement a period of 365 (or less) consecutive days for the purpose of increasing their final year's salary, which resulted in a significant increase to their pension benefit.
- 2.1.3. Police officers, who retired in 1998, are on average receiving 150% of their original retirement pension amount.
- 2.1.4. Firefighters, who retired in 1998, are on average receiving 153% of their original retirement pension amount.
- 2.1.5. There is a 116% increase in the benefits compensation for the average Firefighter retired in the past 10 years. (See Figure 6)
- 2.1.6. There is a 117% increase in the benefits compensation for the average Police Officer retired in the past 10 years (See Figure 5)
- 2.1.7. Of the 707 Firefighters who retired in the last 10 years, 115 are being paid a pension of over \$100,000 (See Figure 2.).
- 2.1.8. Of the 638 Police officers retired in the last 10 years, 39 are being paid a pension of over \$100,000 (See Figure 1.).
- 2.1.9. On average of individuals retiring since 1998, 26% of Firefighters and 22% of Police officers received an increase of over 10% that is attributable to some type of premium service pay, such as LWLP, temporary assignments, etc. (See Figure 7.)
- 2.1.10. As of the July 1 Cheiron Actuarial Evaluation there are 2,142 retired police officers, and 1,977 retired Firefighters. Their Data provided to us by SFERS shows that 707 Firefighters and 638 Police officers who retired during the years of 1998 to 2008. Of the total number approximately 23% all police officers and 46% of all Firefighters during this time frame did so, on disability.
- 2.1.11. We found several cases of Tier 1 (Old Plan)<sup>21</sup>retiring employees, who did not complete the required 365 consecutive day of service to be eligible for an increased retirement benefit. To date there has not been an adequate explanation of whether certain work schedules by these individuals were included in the Final Compensation used by SFERS to compute the employee's pension benefit.

## 2.2. Recommendations

- 2.2.1. A task force should be established to evaluate a change to a defined-contribution (DC) plan for all new employees of the City and County of San Francisco. By adopting a DC plan, the Mayor, BOS and SFERS can do more to restore credibility to the public pension plans than any other action they can take.
- 2.2.2. Pension Spiking should be prohibited altogether as an unfair and costly practice that benefits no one, except for the retiring employee.
- 2.2.3. An independent investigation of pension fund spiking should be initiated.
- 2.2.4. The Controller should undertake an audit of SFERS to include the reporting of work history and payroll data for the police and fire departments. In addition, the Controller should examine SFERS policies and practices regarding the determination of Final Compensation and the computation of pension benefits.
- 2.2.5. The Controller, Treasurer, and Executive Director of SFERS propose a long term solution to the OPEB \$4 billion unfunded liability that will ensure a prefunding alternative that will begin in the near term.



2.2.6.

POLICE OFFICERS WITH PENSIONS OVER \$100,000 IN LAST 10 YEARS (39)						
RANK LABEL	RANK	INITIAL PENSION AT TIME OF RETIREMENT	CURRENT PENSION BENEFIT	NUMBER OF INDIVIDUALS AT RANK	CURRENT AVERAGE BENEFIT	PERCENT INCREASE FORM ORIGINAL TO CURRENT
	0109	\$94,856.40	\$112,762.92	1	\$112,762.92	119%
	0111	\$104,544.00	\$117,330.72	1	\$117,330.72	112%
	0390	\$348,660.84	\$408,083.28	2	\$204,041.64	117%
	0395	\$97,158.00	\$111,481.44	1	\$111,481.44	115%
	0402	\$975,027.24	\$1,189,082.88	8	\$148,635.36	122%
	0488	\$114,737.52	\$133,266.12	1	\$133,266.12	116%
	0490	\$486,566.28	\$555,251.52	4	\$138,812.88	114%
	1237	\$93,106.80	\$103,252.20	1	\$103,252.20	111%
	1842	\$290,120.16	\$342,531.12	3	\$114,177.04	118%
	381	\$98,076.60	\$100,038.12	1	\$100,038.12	102%
	5177	\$92,987.52	\$100,510.20	1	\$100,510.20	108%
	8167	\$118,654.68	\$143,679.72	1	\$143,679.72	121%
	PTF	\$96,732.60	\$115,393.56	1	\$115,393.56	119%
	PTF15	\$105,714.60	\$132,563.76	1	\$132,563.76	125%
	Q 20	\$88,729.32	\$105,351.84	1	\$105,351.84	119%
CAPTAIN	Q 80	\$126,006.60	\$147,726.96	1	\$147,726.96	117%
CAPTAIN	Q 82	\$641,104.20	\$856,514.40	8	\$107,064.30	134%
	Q 90	\$181,683.72	\$234,351.96	2	\$117,175.98	129%

FIGURE 1. For the period 1998 to 2008 only. Prepared by the SFCGJ.

FIREFIGHTERS WITH PENSIONS OVER \$100,000 IN THE LAST 10 YEARS (115)						
CLASSIFICATION	RANK	INITIAL PENSION AT TIME OF RETIREMENT	CURRENT PENSION BENEFIT	NUMBER OF INDIVIDUALS AT RANK	CURRENT AVERAGE BENEFIT (current pension/ Number of Individuals )	PERCENT INCREASE FORM ORIGINAL TO CURRENT
	0140	\$251,664.12	\$337,808.40	2	\$168,904.20	134%
	0150	\$775,489.68	\$971,600.64	6	\$161,933.44	125%
	0742	\$128,895.60	\$143,425.68	1	\$143,425.68	111%
	1237	\$85,680.00	\$108,155.28	1	\$108,155.28	126%
	51F	\$430,875.48	\$536,590.56	5	\$107,318.11	125%
	761	\$122,459.04	\$132,366.00	1	\$132,366.00	108%
Lieutenant, BFP	H 22	\$432,439.20	\$509,366.52	5	\$101,873.30	118%
Lieutenant, BFI	H 24	\$187,026.48	\$226,550.64	2	\$113,275.32	121%
Captain	H 30	\$4,721,549.76	\$5,434,646.88	47	\$115,630.7	115%

					8	
Captain, Training	H 39	\$480,886.80	\$580,130.16	5	\$116,026.03	121%
Battalion Chief	H 40	\$3,495,865.80	\$4,250,503.20	34	\$125,014.80	122%
Asst. Chief	H 50	\$162,934.08	\$238,596.72	2	\$119,298.36	146%
Asst. Deputy Chief II	H 51	\$386,282.52	\$433,125.84	3	\$144,375.28	112%
	PTF30	\$90,575.64	\$104,738.16	1	\$104,738.16	116%

**FIGURE 2. For the period 1998 to 2008. Prepared by SFCGJ**

<b>% INCREASE IN PENSIONS FOR POLICE OFFICERS WHO RETIRED IN 1998</b>						
CLASSIFICATION	Rank	INITIAL PENSION AT TIME OF RETIREMENT	CURRENT PENSION BENEFIT	NUMBER OF INDIVIDUALS AT RANK	CURRENT AVERAGE BENEFIT (current pension/ Number of Individuals)	PERCENT INCREASE FROM ORIGINAL TO CURRENT
		\$32,929.44	\$40,173.60	1	\$40,173.60	122%
	0381	\$50,382.00	\$76,806.00	1	\$76,806.00	152%
	0382	\$142,785.48	\$217,681.08	3	\$72,560.36	152%
	51F	\$46,553.76	\$71,036.16	1	\$71,036.16	153%
	8213	\$54,378.00	\$81,762.36	1	\$81,762.36	150%
	8304	\$47,135.04	\$71,634.60	1	\$71,634.60	152%
OFFICER	Q 2	\$43,106.04	\$63,627.00	1	\$63,627.00	148%
OFFICER	Q 4	\$164,348.88	\$256,076.28	4	\$64,019.07	156%
SERGEANT	Q 52	\$148,924.92	\$211,966.92	3	\$70,655.64	142%
LIEUTENANT	Q 62	\$233,468.88	\$356,035.08	4	\$89,008.77	152%
<b>TOTAL</b>		<b>\$964,012</b>	<b>\$1,446,799</b>	<b>20</b>	<b>\$72,339</b>	<b>150%</b>

**FIGURE 3. 10 Year increase in pensions paid to police officers who retired in 1998. Prepared by SFCGJ.**

<b>% INCREASE IN PENSIONS FOR FIREFIGHTERS WHO RETIRED IN 1998</b>						
CLASSIFICATION	Rank	NUMBER OF INDIVIDUALS AT RANK	INITIAL PENSION AT TIME OF RETIREMENT	CURRENT PENSION BENEFIT	CURRENT AVERAGE BENEFIT (per individuals)	PERCENT INCREASE FROM ORIGINAL TO CURRENT
LIEUTENANT		10	\$478,236	\$734,712	\$73,464	154%
BATALION CHIEF		2	\$138,852	\$215,148	\$107,520	154%
FIREFIGHTER/PARAMEDIC		10	\$395,012	\$592,272	\$59,220	150%
INSPECTOR		1	\$48,204	\$74,784	\$74,784	155%
OTHER		1	\$94,464	\$144,396	\$144,396	153%
<b>TOTAL</b>		<b>24</b>	<b>\$1,154,786</b>	<b>\$1,761,312</b>	<b>\$91,876</b>	<b>153%</b>

**FIGURE 4. 10 Year increase in pensions paid to firefighters who retired in 1998. Prepared by SFCGJ**

**AVG. PENSION BY RANK FOR POLICE WHO RETIRED IN THE PAST 10 YEARS (636)**

RANK LABEL	RANK	SUM OF INITIAL RETIREMENT BENEFIT	SUM OF CURRENT RETIREMENT BEINFIT	MEMBERS	AVERAGE YEARLY RETIREMENT BENEFIT	PERCENT INCREASE FROM ORIGINAL RETIREMENT BENEFIT
		\$8,775,028.08	\$9,231,641.40	112	\$82,425.37	105%
	0109	\$94,856.40	\$112,762.92	1	\$112,762.92	119%
	0111	\$104,544.00	\$117,330.72	1	\$117,330.72	112%
	0114	\$51,795.00	\$70,074.84	1	\$70,074.84	135%
INSPECTOR						
R	0380	\$459,755.76	\$552,450.24	6	\$92,075.04	120%
	0381	\$104,535.00	\$154,906.68	2	\$77,453.34	148%
	0382	\$3,328,129.08	\$4,164,295.20	49	\$84,985.62	125%
	0390	\$348,660.84	\$408,083.28	2	\$204,041.64	117%
	0395	\$97,158.00	\$111,481.44	1	\$111,481.44	115%
	0402	\$975,027.24	\$1,189,082.88	8	\$148,635.36	122%
	0488	\$114,737.52	\$133,266.12	1	\$133,266.12	116%
	0490	\$486,566.28	\$555,251.52	4	\$138,812.88	114%
	1237	\$93,106.80	\$103,252.20	1	\$103,252.20	111%
	1368	\$54,522.00	\$75,965.76	1	\$75,965.76	139%
	1842	\$290,120.16	\$342,531.12	3	\$114,177.04	118%
	3280	\$76,198.68	\$80,042.16	1	\$80,042.16	105%
	337	\$49,806.00	\$69,391.92	1	\$69,391.92	139%
	380	\$97,435.44	\$97,435.44	1	\$97,435.44	100%
	381	\$98,076.60	\$100,038.12	1	\$100,038.12	102%
	382	\$738,539.16	\$795,976.68	9	\$88,441.85	108%
	402	\$71,571.60	\$85,183.20	1	\$85,183.20	119%
	5177	\$92,987.52	\$100,510.20	1	\$100,510.20	108%
	51F	\$46,553.76	\$71,036.16	1	\$71,036.16	153%
	5291	\$69,372.48	\$77,843.40	1	\$77,843.40	112%
	7366	\$28,099.56	\$28,661.52	1	\$28,661.52	102%
	8121	\$102,591.00	\$138,802.08	2	\$69,401.04	135%
	8146	\$144,025.20	\$180,465.48	2	\$90,232.74	125%
	8167	\$118,654.68	\$143,679.72	1	\$143,679.72	121%
	8213	\$677,876.52	\$928,981.08	12	\$77,415.09	137%
	8304	\$47,135.04	\$71,634.60	1	\$71,634.60	152%
	9175	\$86,527.80	\$95,669.40	1	\$95,669.40	111%
	9210	\$33,907.80	\$38,192.16	2	\$19,096.08	113%
	9212	\$60,120.00	\$81,271.20	1	\$81,271.20	135%
	9216	\$74,551.68	\$82,955.64	1	\$82,955.64	111%
	C351	\$241,661.16	\$289,641.84	3	\$96,547.28	120%
	PTF	\$96,732.60	\$115,393.56	1	\$115,393.56	119%
	PTF15	\$105,714.60	\$132,563.76	1	\$132,563.76	125%
OFFICER	Q 2	\$4,171,355.28	\$4,821,125.88	76	\$63,435.87	116%
OFFICER	Q 3	\$840,993.84	\$1,026,489.12	17	\$60,381.71	122%
OFFICER	Q 4	\$10,820,463.12	\$12,929,574.72	190	\$68,050.39	119%
	Q 20	\$88,729.32	\$105,351.84	1	\$105,351.84	119%
	Q 35	\$147,396.72	\$170,060.16	2	\$85,030.08	115%
SERGEANT	Q 50	\$584,272.08	\$708,360.96	9	\$78,706.77	121%
SERGEANT	Q 51	\$51,363.00	\$72,988.92	1	\$72,988.92	142%
SERGEANT	Q 52	\$3,232,862.40	\$3,903,425.52	53	\$73,649.54	121%
	Q 61	\$230,064.00	\$282,744.84	3	\$94,248.28	123%
LIEUTENANT						
T	Q 62	\$2,401,967.64	\$3,020,525.88	33	\$91,531.09	126%
	Q 63	\$46,490.04	\$51,730.68	1	\$51,730.68	111%
CAPTAIN	Q 80	\$126,006.60	\$147,726.96	1	\$147,726.96	117%

CAPTAIN	Q 82	\$641,104.20	\$856,514.40	8	\$107,064.30	134%
	Q 90	\$181,683.72	\$234,351.96	2	\$117,175.98	129%
Total		\$42,101,433	\$49,458,717	636	\$77,765	117%

FIGURE 5. Police who retired during 1998 to 2008. Prepared by SFCGJ.

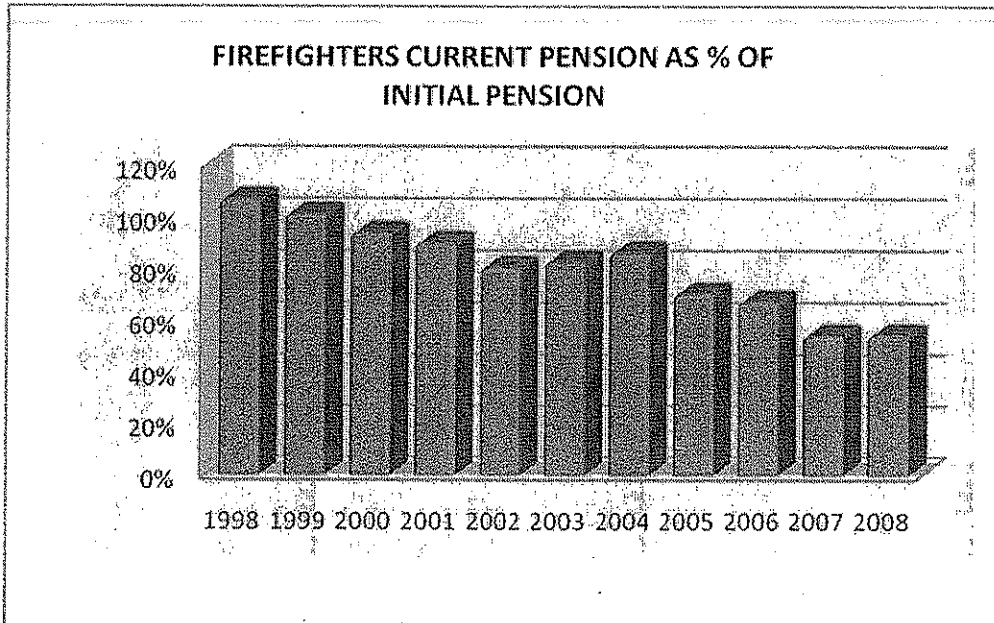
AVG. PENSIONS BY RANK FOR FIREFIGHTERS WHO RETIRED IN PAST 10 YEARS (707)						
RANK TITLE	RANK	INITIAL PENSION AT TIME OF RETIREMENT	CURRENT PENSION BENEFIT	NUMBER OF INDIVIDUALS AT RANK	CURRENT AVERAGE BENEFIT	PERCENT INCREASE FORM INITIAL TO CURRENT
		\$10,115,699.16	\$10,722,419.52	112	\$95,735.89	106%
	0140	\$251,664.12	\$337,808.40	2	\$168,904.20	134%
	0150	\$775,489.68	\$971,600.64	6	\$161,933.44	125%
	0742	\$128,895.60	\$143,425.68	1	\$143,425.68	111%
	0761	\$186,720.36	\$229,087.20	3	\$76,362.40	123%
	1237	\$85,680.00	\$108,155.28	1	\$108,155.28	126%
	2532	\$109,506.36	\$148,872.00	2	\$74,436.00	136%
	51F	\$430,875.48	\$536,590.56	5	\$107,318.11	125%
	71F	\$245,832.12	\$268,666.68	3	\$89,555.56	109%
	761	\$122,459.04	\$132,366.00	1	\$132,366.00	108%
Fire/Res Paramedic	H 1	\$686,505.36	\$808,868.16	17	\$47,580.48	118%
Firefighter/Paramedic	H 2	\$19,034,128.32	\$22,191,270.36	296	\$74,970.51	117%
Firefighter/Paramedic	H 3	\$872,704.44	\$971,774.40	17	\$57,163.20	111%
Inspector, BFP	H 4	\$973,896.84	\$1,174,059.84	13	\$90,312.30	121%
Investigator, BFI	H 6	\$440,861.40	\$534,987.84	6	\$89,164.64	121%
Incident Support Specialist	H 10	\$1,137,569.76	\$1,392,203.28	18	\$77,344.63	122%
Lieutenant	H 20	\$6,954,159.36	\$8,298,396.12	94	\$88,280.81	119%
Lieutenant, BFP	H 22	\$432,439.20	\$509,366.52	5	\$101,873.30	118%
Lieutenant, BFI	H 24	\$187,026.48	\$226,550.64	2	\$113,275.32	121%
Lieutenant, Training	H 28	\$271,744.68	\$337,880.04	4	\$84,470.01	124%
Special Services Officer	H 29	\$31,523.52	\$48,376.20	1	\$48,376.20	153%
Captain	H 30	\$4,721,549.76	\$5,434,646.88	47	\$115,630.78	115%
Fire/Paramedic Captain	H 33	\$205,101.72	\$238,753.08	3	\$79,584.36	116%
Captain, Training	H 39	\$480,886.80	\$580,130.16	5	\$116,026.03	121%
Battalion Chief	H 40	\$3,495,865.80	\$4,250,503.20	34	\$125,014.80	122%
Section Chief, EMS	H 43	\$70,472.64	\$81,520.08	1	\$81,520.08	116%
Asst. Chief	H 50	\$162,934.08	\$238,596.72	2	\$119,298.36	146%
Asst. Deputy Chief II	H 51	\$386,282.52	\$433,125.84	3	\$144,375.28	112%
	PTF15	\$63,703.80	\$78,773.76	1	\$78,773.76	124%
	PTF30	\$90,575.64	\$104,738.16	1	\$104,738.16	116%
<b>TOTALS</b>		<b>\$53,152,754</b>	<b>\$61,533,513</b>	<b>706</b>	<b>\$87,157</b>	<b>116%</b>

FIGURE 6. Firefighters who retired during 1998 to 2008. Prepared by SFCGJ.

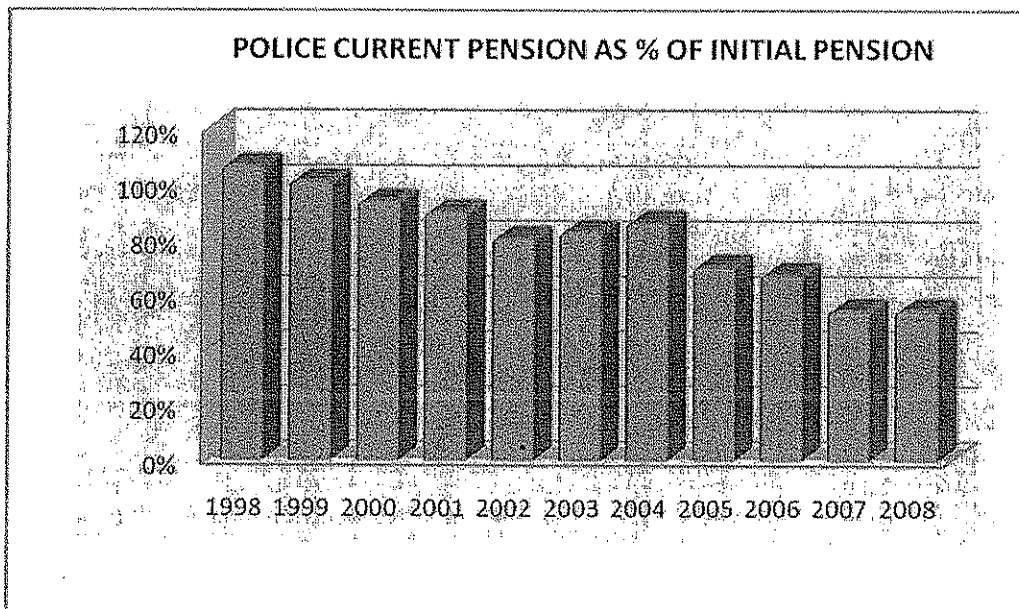
RETIRED SAFETY WITH OVER 10% INCREASE IN COVERED EARNINGS							
	TOTAL POPULATION	UNDER 10%	10% - 20%	20% - 25%	25% - 30%	OVER 30%	TOTAL OVER 10%
POLICE							
RAW NUMBER	628	485	52	25	27	39	143

PERCENT		77%	8%	4%	4%	6%		22%
<b>FIRE</b>								
RAW NUMBER	698	533	98	45	6	16		165
PERCENT		76%	14%	6%	1%	2%		24%

**FIGURE 7** The % increase represents the member's gross pay that is included when calculating contributions over regular pay. Prepared by SFCGJ.



**FIGURE 8** Current pensions as a percent of initial pensions. Prepared by SFCGJ.



**FIGURE 9** Current pensions as a percent of initial pensions. Prepared by SFCGJ.

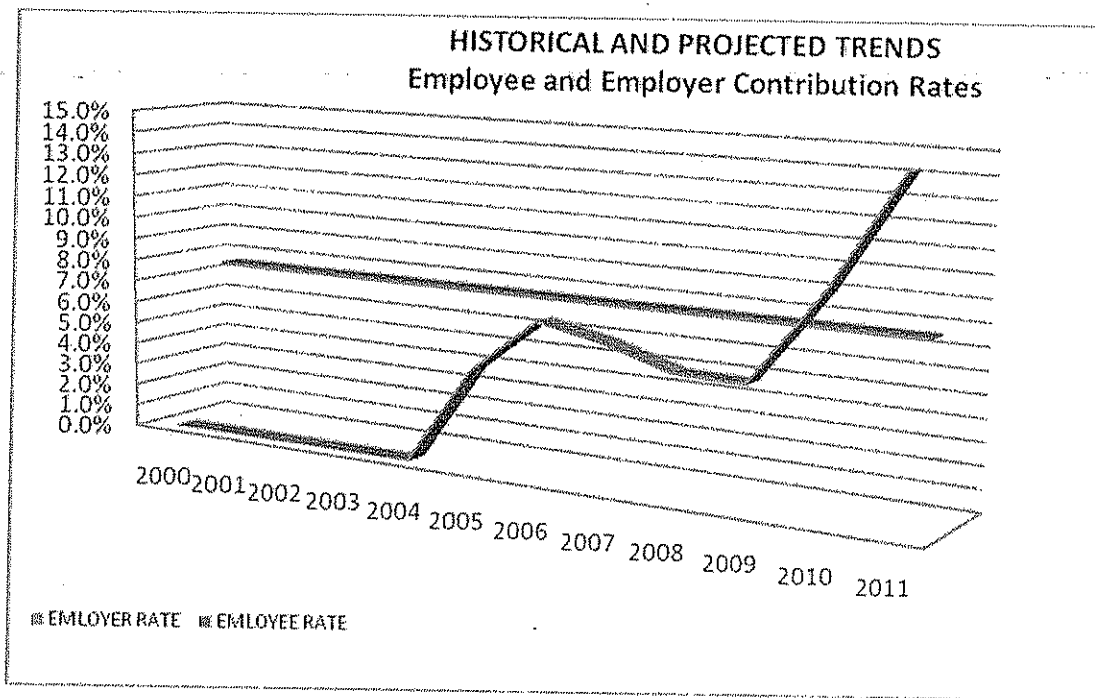


Figure 10 Contribution rates for Employees and Employer into the SFERS pension fund. Year 2011 is a projected rate. Prepared by SFCGJ.

### 3. Data Inconsistencies

The flow of information to SFERS begins with data being entered by the departments into their own systems. Some of these systems are manual and some are automated. Care is taken to make sure accurate data goes to the individual payroll departments in order to produce an accurate payroll check for every individual. The files are then filtered and the information is forwarded to SFERS. Some of the information going to SFERS is in database form, and some is transmitted as a PDF file, which in essence is a picture of reports generated in other departments. SFERS staff then maintains its own database of information it needs for determining pension data. The pension calculation and verifications performed by SFERS team of pension Analysts is extremely involved due to the complexities of the numerous MOU's between the City and the individual unions. SFERS has no manuals that describe how a pension calculation is to be performed. Pension Analysts rely on institutional knowledge of senior members of the staff to learn how to compute a final pension amount for any given individual. Since these calculations are very complex, the analysts check each other's work, and rely on many sources of data.

#### 3.1. Findings

3.1.1. During the course of the investigation the Jury had the opportunity to examine various reports and databases. All of them in one way or

another feed the SFERS system which then computes the final pension benefits for retired individuals. SFERS has no up-to-date procedure or training manual for teaching new analysts how to determine the correct pension amount, and relies on Senior Pension Analysts to assist in resolving issues.

- 3.1.2. SFERS maintains its own database, uses paper and report images files (PDF) to check the calculations, and has assured us that the data which we found to be inconsistent is not used in any calculations. However the Jury finds that since some of the data is entered manually in various systems, an entry error would be easily propagated without being found. This in the Jury's opinion can lead to errors in the data used by SFERS to determine pensions. SFERS maintains a staff of approximately 20 Senior Analysts to determine the accuracy of final benefits, due in their words the "complexity of the task".

## **3.2. Recommendations**

- 3.2.1. The City should undertake an audit of the data initiating with time sheets, and payroll history files of the police and fire departments, and terminating with the process of establishing a pension amount due a retiree.
- 3.2.2. SFERS should become fully automated. This billion dollar agency should not rely on old paper copies of reports to determine correctness of pensions. An integrated data collection system should exist between all agencies feeding data to SFERS.
- 3.2.3. Since the determination of pension benefits is a complex process the need for automation becomes more critical. SFERS should provide its Analysts with a manual of standard procedures and methods for determining every possible variation of an individual's pension amount. We find that this lack of a manual can lead to different analysts computing a different amount of pension for the same individual.

## **4. DROP (Deferred Retirement Option Program)**

Officers participating in DROP would continue to receive their regular pay and benefits. DROP participants would begin accumulating their regular retirement payments, frozen at the level that the officer had earned upon entry into DROP. These payments would be placed in a tax deferred DROP account maintained by the City's Retirement system. At the end of the DROP period, officers would begin receiving their regular monthly retirement payment, as well as their retirement benefits that had accumulated in their DROP account, in a lump



sum. An officer can earn a salary and a retirement pension at the same time from the same employer, a practice some call "double dipping". For example, a 55-year-old police officer who enters the program while earning \$100,000 annually could receive a lump sum of \$225,000 after three years. The Proposition provides that the City should not incur any overall cost increase due to the creation and operation of the DROP. This Charter amendment requires periodic evaluation by the City of the costs of the program to ensure its cost neutrality.

## **4.1. Findings**

- 4.1.1. The Controllers report stated that this program would be cost neutral to the City however, in a letter to the Director of Elections dated October 26<sup>th</sup> 2007, SFERS management wrote that: "While the initiative states that the program shall be cost neutral, no cost analysis is to be conducted until April 15<sup>th</sup> 2011. In other words the cost to administer the program has not been determined and the systems necessary to run it, have not been developed. If the Board of Supervisors determines not to extend the DROP based on this cost analysis no further DROP elections will be allowed".<sup>17</sup>
- 4.1.2. To date approximately 80%-85% of systems required for DROP calculations and accounting have been completed<sup>17</sup>.
- 4.1.3. There 464 officers eligible for DROP as of July 7<sup>th</sup> 2009. As of the writing of this report there are 55 officers enrolled in the program, however costs to SFERS or the City have not been determined, and no special Account has been set up as stipulated in the proposition.
- 4.1.4. Of the 55 officers enrolled in the program all but 4 have a pension benefit of over \$90,000/year. The average pension compensation amount is \$105,000 per year.
- 4.1.5. If all 55 individuals leave DROP after the maximum 3 year period, SFERS will pay a lump sum of over \$17 million (approximately \$300,000 per individual).
- 4.1.6. A law enacted in California, allows the 20 county systems that operate under DROP. Former Gov. Gray Davis vetoed four state and local DROP bills in 2000-2002, citing the increased cost to the state.

## **4.2. Recommendations**

- 4.2.1. The City and SFERS should complete all systems required to properly calculate and perform accounting functions for DROP.

- 4.2.2. The City and SFERS should determine the actual cost of running the program, to determine if the DROP program is economically viable at this point.
- 4.2.3. SFERS, the City, and the SFPD should not enroll additional individuals into DROP until all necessary systems to monitor and calculate are fully functional, and the costs to run the program are computed and finalized.

## 5. Findings, Recommendations and Required Responses

RESPONDENT	FINDINGS										
	2.1.1	2.1.2	2.1.3	2.1.4	2.1.5	2.1.6	2.1.7	2.1.8	2.1.9	2.1.10	2.1.11
SFERS	X	X							X	X	X
SFFD		X		X	X		X		X	X	X
SFPD		X	X			X		X	X	X	X
SUPERVISORS	X										
CONTROLLER									X		X
MAYOR	X										

RESPONDENT	FINDINGS										
	3.1.1	3.1.2	4.1.1	4.1.2	4.1.3	4.1.4	4.1.5	4.1.6			
SFERS	X	X	X	X	X	X	X	X			
SFFD											
SFPD			X		X	X	X	X			
SUPERVISORS			X								
CONTROLLER			X		X	X	X	X			
MAYOR			X								

RESPONDENT	RECOMMENDATIONS									
	2.2.1	2.2.2	2.2.3	2.2.4	2.2.5	3.2.1	3.2.2	3.2.3	4.2.3	
SFERS	X				X		X	X	X	
SFFD		X	X							
SFPD		X	X							
SUPERVISORS	X	X	X							
CONTROLLER	X	X	X	X	X	X				X
MAYOR	X	X	X		X		X			

RESPONDENT	RECOMMENDATIONS									
	4.2.1	4.2.2	4.2.3							
SFERS	X	X	X							
SFFD										
SFPD	X	X	X							
SUPERVISORS		X								
CONTROLLER	X	X								



## 6. End Notes

1. Roger Lowenstein, *While America Aged*, The Penguin Press, New York, 2008
2. Philip LaVelle, "New board for pension has tough task ahead", *San Diego Union Tribune*, April 14, 2005
3. Appendix D. Actuarial Report prepared by Cheiron Consulting as of July 1, 2008, and presented to the SFERS Retirement Board on January 13, 2009. See page 23, Table IV-2, SFERS Development of the Total Propositions Rate as of July 1, 2008 (FY 2010).
4. Appendix F. Controller's Pension and Retiree Health Subsidy Analysis, FY 05-06 to FY11-12
5. See Figure 10 for the historical and projected increase in CCSF Employer Contribution Rates.
6. Task force created against pension fund abuse (*Global Pensions* May 5<sup>th</sup> 2009). Thirty-six attorney general's offices are set to create a multi-state task force to explore pension fund abuse across the country, New York State attorney general Andrew Cuomo has said, "The task force is intended to enable states to share vital information to prosecute wrongdoing and facilitate nationwide reform. The task force will allow us to have a unified, efficient method for gathering information as we fight to combat corruption and restore transparency and integrity to public pension funds."
7. Appendix A. Methodology for this investigation.
8. Present value calculation for SFFD was \$107 million and SFPD was \$24 million. See Appendix A. Methodology for a present value example.
9. A Lieutenant was temporarily assigned to a rank of Battalion Chief during the course of the last year of before his retirement. This action was authorized by the Fire Chief and sanctioned under the Memorandum of Understanding (MOU) between the City and the San Francisco Firefighters Union (Local 798) dated July 1, 2007 to June 30, 2011. As a result of being assigned to Battalion Chief, the Lieutenant contributed a onetime amount of \$1,915 into the pension fund during his last year of employment. This payment increased his pension amount by \$25,542 per year. The effect of the "spike" was to increase his pension by 22% a year over the pension amount that he would have received at the rank of Lieutenant. The value of a \$25,542 increase over his actuarial lifetime (29.6 years) was calculated to be \$296,000. If one deducts his original contribution and the contribution the City made to the fund, the liability incurred by the City and the active members of the SFERS was \$293,000. The above example was based on the actual retirement record of a 52 year old Fire Lieutenant, who started his career in 1981 and worked for 26.5 years for the Fire department.
10. The practice permitted an officer making \$88,000/year in his final year of service to retire at an initial pension of \$110,000/year, due to an assignment

- that allowed him to earn a rate of \$111,000/year for the last 3 months prior to retirement. Cost of living and other increases in his pension benefits have boosted his current retirement pay to \$113,000. This pension benefit is 121% higher than it would have been if he retired without any change in rank.
11. Email received from SFERS Deputy Director. Final Compensation is defined in Charter citations A8.595-1 and A8.559-1 for "Old Plan" members and A8.596-1 and A8.585-1 for "New Plan" members. There are specific Safety Pay Types that are included/excluded in Final Compensation as outlined in a final judgment to a lawsuit won by SFERS in the Superior Court. We found the Pay Type of "WDO" – Work Day Off was not indicated as a pay type to be included in Final Compensation. We contacted the Executive Director and the Deputy Director of SFERS for an explanation of why the WDO pay type was included in the determination of this employee's Final Compensation and the resulting increase in his retirement benefit. The Executive Director and the Deputy Director have not responded to our specific inquiry.
  12. Email dated June 19, 2009 from SFERS Deputy Director SFERS.
  13. Appendix E. The Mercer Actuarial Valuation report on unfunded retirement health benefits.
  14. State of California, Funding Pensions & Retiree Health Care for Public Employees- A Report of the Post-Employment Benefits Commission, 2008.
  15. SFERS Annual Reports – 2003 to 2008.
  16. Dave Umhoefer, "Pension Twist Costs County Millions", Journal Sentinel Watchdog Report, Milwaukee County, July 29, 2007.
  17. **Email From Deputy Director SFERS, July 24, 2009**
    - o "The policies regarding the DROP program have been developed and implemented (see DROP booklet previously provided). The systems for calculation and accounting for DROP are approximately 80 to 85% complete.
  18. SFCGJ Internal Analysis 55 DROP members deferred compensation provided by SFERS.
  19. People's Advocate Research Report, "30 Ways to Spike your Pension."
  20. Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (Issued 6/04)
  21. SFERS administers a 2 tier benefit system. Employees who became plan members before 11/2/1976 are said to be Old Plan members while Employees who became members after 11/2/1976 are said to be New Plan member. Each of the plans have had subsequent voter approved Charter Amendments.

## Appendix A. Methodology

### 1. DATA

As of July 1, 2008, the total Fire and Police non-active members was 4,118, consisting of 1,977 Fire and 2,141 police retirees. Our analysis focused on the 707 Fire and 638 Police retirees, who retired during the period January 1, 1998 to December 31, 2008.

The data utilized in this report were obtained from a number of different sources. The Jury obtained data files from SFERS that contained work and pension information that was used by SFERS to compute the retiree's pension benefit. The data file was exported into an Excel file for our review and analysis. The data file layout is included in the Appendix B.

The Jury also obtained from the Police and Fire DHR records on retirees' work history in order to determine the duration and type of work assigned to the retirees in their final year of employment. The work history records were reviewed in conjunction with the analysis of the SFERS data to determine any unusual increases in the retirees' "Covered Compensation" (the key element in the calculation of a retirees' pension benefit). The increases in compensation for job promotions were excluded in our analysis of pension "spiking." See Appendix D for Pension Glossary.

The Jury found 165 or 26% of all Fire retirees and 143 or 22% of all Police retirees retired with a 10% or greater increase in their "Covered Compensation" over their historical pay rate. See Figure 7. The Jury computed the present value of the pension spike to quantify the additional liability to fund that resulted from this practice.

The present value concept as it relates to pension cost is best understood by the example of parents saving for their child's college education. Most parents know approximately, how big the college (or the pension) expense will be when it comes due. The question is how much they must put aside now to meet that expense. The answer is the present value of the future obligation. In our analysis of the present value of the pension spike, we used the same discount rate as the rate used in the latest SFERS actuarial valuation (i.e. 7.75%). See Appendix C for the Cheiron Actuarial Valuation dated July 1, 2008.

## 2. DATA VALIDITY

Data validity was checked using screen shots from the SFERS system to support the Jury's calculations.

- 2.1. Several iteration of data extraction was needed in order to correct extraction and data miss-matches and errors.
- 2.2. The final extraction was performed on Jan27th, 2009, and was certified as valid by SFERS.
- 2.3. Information was sorted in a manner that isolated individuals receiving an increase in compensation of more than 10% in any given year.

## 3. PROCESS

- 3.1. Files were analyzed using standard EXCEL formulas
- 3.2. No special codes or macros were used for data evaluation
- 3.3. Sorting was done using standard EXCEL functions such as the sort and filter.
- 3.4. Pivot tables were created to summarize the data in a format that was used in the Jury's analysis.

## 4. DATA ANALYSIS

- 4.1. Criteria for selection were agreed on with SFERS staff as follows
  - 4.1.1.1. An increase in salary of less than 10% over one year was deemed to be a "maximum ordinary raise"
  - 4.1.1.2. An increase of 10% or greater in any given year indicated some form of extraordinary increase or change in rank, or both.
- 4.2. SFCGJ analyzed the data looking for increases in salary of more than 10% in the three years prior to retirement.
- 4.3. Present Value calculations were done using Excel's PV function  $PV(\text{rate}, \text{nper}, \text{pmt}, \text{fv}, \text{type})$ , as described below
  - 4.3.1.1. Rate - is the discount rate per period. For example, SFERS actuary used a discount rate of 7.75%. This rate is converted into a monthly rate The monthly rate is calculated as  $7.75\%/12$ . You would enter  $7.75\%/12$  or  $.645$  into the formula as the rate.
  - 4.3.1.2. Nper is the total number of payment periods in an annuity. For example, the Jury used a life expectancy after retirement of 29.6 years, based on the average retirement age for Fire retirees was 54.1 years and 51.5 years for Police. You would enter  $29.6 * 12$  into the formula for nper.
  - 4.3.1.3. Pmt is the payment made each period and cannot change over the life of the annuity. The Jury calculated the payment for each retiree in the sample. The payment represents the difference in calculated pension amount with the spike and the calculated pension amount without the spike. The payment is



calculated on a monthly basis and entered into the PV function as a negative amount.

- 4.3.1.4. Fv is the future value, or a cash balance you want to attain after the last payment is made. If fv is omitted, it is assumed to be 0 (the future value of a loan, for example, is 0). Type is the number 0 or 1 and indicates when payments are due – beginning of the period or end of the period.



## Appendix B. Glossary



## Glossary of Retirement / Pen Admin Terms

The following is a list of terms commonly used in Retirement, Pension Administration or the SFERS Pension Admin System. This guide is a supplement to the SFERS Business Rules, Pension Admin User Manual and any procedural documentation produced by SFERS staff.

TERM	Definition
401(K) PLAN	A retirement savings plan that allows employees of for-profit corporations and non-profit organizations to reserve money for retirement on a pre-tax basis through a plan sponsored by their employer. The Federal government has created special tax advantages for contributions made into 401(k) plans, including, but not limited to, allowing contributions deducted directly from employee pay before taxes are calculated and allowing the earnings on funds in the employee's 401(k) account to grow tax-deferred until withdrawn at retirement.
403(B) PLAN	A tax-deferred retirement plan offered by nonprofit organizations, public schools, and municipal agencies. Generally, 403(b) plans follow 401(k) rules for contributions, rollovers, and withdrawals. Employees contribute to the plan via payroll deduction. Income taxes are deferred on the contributions and any plan earnings until the employee withdraws the funds. Withdrawals may begin without penalty at age 59, however become mandatory after age 70. Investment choices in 403(b) plans are typically more limited than 401(k) plans.
457(B) PLAN	The 457(b) plan is a non-qualified deferred compensation plan for states, counties, cities, agencies, and their political subdivisions or agencies. Deferred compensation is a contractual agreement between an organization and an employee wherein the organization makes an unsecured promise to defer the compensation of the employee to some future date for services currently performed by the employee. Annual contributions are made through salary deduction up to \$12,000 or 33 1/3% of salary, whichever is less. Distributions are made upon retirement, termination of employment, extreme financial hardship or at death to the named beneficiaries.
415(B) LIMITS	Section of IRS code that limits the annual benefit that can be accrued or paid to a participant under a defined benefit plan, the limit increases as the age at retirement increases.
415(E) LIMITS	Section of IRS code that limits the annual benefit that can be accrued or paid to a participant who is a member of both a defined benefit plan and a defined contribution plan with the same employers, the limit increases as the age at retirement increases. Section has subsequently been repealed.
100/3000	A benefit for the survivors of a retiree, which pays \$100 for every year of service up to \$3000.
1040 HOURS	By City Charter, an employee becomes eligible to join the Retirement System after completion of 1,040 hours of continuous employment.
6-MONTHS EARNABLE SALARY	A benefit for the survivor of an active member, which is a lump sum payment of what the member would have earned had she or he continued to work for 6 more months at the salary earned during the six months immediately preceding death.  Survivors of members who die within 121 days of separating also are eligible for this benefit.
ABATED DISABILITY	Abated disability is the termination of disability payments based on a re-evaluation of the claimed disability. If the member had retired on a Disability Retirement, the retirement would be terminated and the person reinstated as an active member of the Retirement System
ACCOUNT BALANCE	Current balance in the member's Retirement account. <i>Account Balance</i> includes member contributions, EPC (Employers Paid Contributions) , payments for shortage buybacks, completed non-shortage buybacks, and accrued interest.
ACTUARIAL GROUP	A designation on the year-end actuarial reports that identifies broad categories of employees.  Employees are categorized into groups as Safety, Trades and Miscellaneous based on a combination of benefit plan and/or primary job code.

TERM	Definition
ACTUARIAL ASSUMPTIONS	Assumptions as to the occurrence of future events affecting retirement costs, such as: mortality, withdrawal, disablement and retirement, changes in compensation and investment earnings.
ADJUSTMENTS	<p>When the Pen Admin System performs a benefit calculation, it goes through a number of predefined steps based on each plan's Business Rules. As it steps through each process, it stores the result of each calculation in a Function Result. Adjustments allows you to add additional values to selected Function Results. As an example, you can use the Adjustments page to add additional service to the benefit calculation.</p> <p>See <i>Function Results, Overrides</i></p>
ADJUSTED AMOUNT TO BUY	<p>The original cost of the buyback, including interest adjustments because of:</p> <ul style="list-style-type: none"> <li>• One or more delinquent payments</li> <li>• Over-the-counter payments</li> <li>• START DATE that differs from the COSTING DATE</li> </ul> <p>Buyback principal includes the original amount of the contributions withdrawn or not made, plus all the interest those contributions would have earned had they been in the Retirement System.</p>
AFTER-TAX CONTRIBUTION	Contributions on which the member has already paid federal and state income taxes. Withdrawn contributions are always repaid with after-tax dollars.
AGE FACTOR	Retirement calculations apply an actuarial age factor to allow for employee mortality.
ALTERNATE PAYEE	<p>A payee other than the originating member. Most common types of alternate payees are Beneficiaries and qualified domestic relations order (QDRO) payees.</p> <p>See <i>QDRO</i></p>
AMOUNT REPAID	The running total of dollars repaid to date on a buyback. The total includes both principal and interest.
AMOUNT TO BUY	See <i>Eligible to buy</i> .
AMOUNT TYPE	See <i>Transaction type</i> .
AMOUNTS WITHDRAWN	See <i>Withdrawn contributions</i> .
ANNUAL STATEMENT	Yearly statement sent to SFERS' membership showing account balance as of the fiscal year end as well as interest accrued and any open buyback opportunities.
AS-OF DATE	Pension Admin uses business rules that are effective-dated when it does a calculation. The As of Date allows you to select rules that were in effect at an earlier period. As an example, If you are reproducing a past estimate, this date ensures that you use the rules that were in effect at the time.

TERM	DEFINITION
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**ASSOCIATED PLAN** DTIS construct that determines how the Pension Admin System will use service and contributions when it performs a pension calculation.

Benefit Plan and Associated Plan are usually the same unless the member has bought service through a buyback.

FIRE PLANS		POLICE PLANS		MISCELLANEOUS PLANS	
Benefit Plan	Associated Plan	Benefit Plan	Associated Plan	Benefit Plan	Associated Plan
FN11	FN11	PN82	PN82	MN53	MN53
FN12	FN12	PN83	PN83	MO53	ON74 - Prior Service Associated with MO53
FN14	FN14	PN85	PN85	MN54	MN54
FO10	FO10	PO81	PO81	MN54	MN74 - Prior Service Associated with MN54
FO13	FO13	PO84	PO84	MO52	MO52
				MO52	MO74 - Prior Service Associated with MO52

There are additional system rules regarding the treatment of hourly time as well as miscellaneous time earned by uniformed members

**AVAILABLE MILITARY SERVICE** The number of years available for buyback for military service.

**AVAILABLE PRIOR SERVICE** The number of years available for buyback from prior service for the City.

**AVAILABLE PUBLIC SERVICE** The number of years available for buyback from prior public service.

**AVAILABLE REDEPOSIT** The number of years available for buyback as a redeposit of previously withdrawn service years.  
NOTE: Redeposit buybacks must be completed before any other buybacks begin.

**AVAILABLE SHORTAGE** The dollar amount available for buyback because the member made reduced rate contributions at any time during City service.

**AVERAGE MONTHLY COMPENSATION** One of the factors used to calculate member retirement benefits; it represents the member's highest average monthly salary over a specified time period as determined by retirement plan and governing city charter section.

Average monthly compensation for NEW plan members (both miscellaneous and uniformed plans) is derived by:

- Determining which period of three consecutive years has the highest total
- Dividing the highest three-year covered gross amount by 36.

Average monthly compensation for OLD plan members (both miscellaneous and uniformed plans) is derived from the single year with the highest annual gross.

**BALANCE** See *Account Balance, Regular Contributions + Interest, and Additional Contributions + Interest.*

**BANKRUPTCY DEDUCTION** See Deductions.

TERM	Definition
BARGAINING UNIT	<p>The group that negotiates salary and benefits on behalf of employees in one or more specific job classifications.</p> <p>Employees need not be members of the bargaining unit to be represented.</p> <p>Bargaining unit is one of the qualifiers that identify rates for contributions, EPC, City Match, COLA's and death benefits for groups of employees. Plan code, department, Union Code, and job class are other qualifiers that identify rates.</p> <p>Also see <i>Union</i> and <i>Union Code</i></p>
BCD	See <i>BENEFIT COMMENCEMENT DATE</i>
BENEFICIARY	<p>Beneficiaries may receive death and/or continuant benefits after a member dies. Members may name anyone as a beneficiary. Common beneficiaries are current or former spouses, minor or dependent children, dependent parents, domestic partners, or charities. A beneficiary may have a guardian or conservator. If the member's estate is the beneficiary, probate proceedings determine the ultimate recipients.</p> <p>Also see Continuant, Relationship</p>
BENEFICIARY STATUS	<p>A member may have multiple benefices and in some cases change benefices over the course of their career with the City and County of San Francisco. The Beneficiary Status indicates which beneficiaries are currently active. Valid values are :</p> <p style="text-align: center;">A = Active <span style="float: right;">I = Inactive</span></p>
BENEFIT COMMENCEMENT DATE (BCD)	Date the benefit will begin. In the case of a retiree, it is the day after the last day of work. In the case of a death beneficiary, it is the day after the date of death.



TERM	Definition
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**BENEFIT PLAN** The SFERS pension plan an employee is a member of. Pension Admin tracks Hours Worked for both SFERS and Non-SFERS Benefit plan participants (I.E. P103 Nurses)

	SFERS PLANS		NON SFERS PLANS
FO10	Active uniformed employees of the Fire Dept.who became members before 11/2/1976, and did not participate in the <i>buyout</i>	IS21	Temporary miscellaneous service performed by a Uniform member, ineligible to be bought back.
FN11	Active uniformed employees of the Fire Dept.who became members on or after 11/2/1976, and who retired before 12/20/1996. Plan FN11 is not set up for benefit calculations	IS22	Employment after retirement.
FN12	Active uniformed employees of the Fire Dept.who became members on or after 11/2/1976, and did <u>not</u> retire before 12/20/1996.	IS23	Ineligible Miscellaneous service.
MO52	Miscellaneous Old Plan – Misc. employees who became members before 11/2/1976.	XTRS 24	Non-City employment in a reciprocal plan
MN53	Miscellaneous New Plan members who retired on or before 11/7/2000. No benefits are calculated under this plan.	PARS 25	PARS miscellaneous employee for paraprofessionals working at SFUSD. Service is ineligible to buyback.
MN54	Miscellaneous employees who became members on or after 11/2/1976 and did <u>not</u> retire on or before 11/7/2000	STRS 69	STRS members at San Francisco Community College District
PO81	Active uniformed employees of the Police Dept who became members before 11/2/1976, and did not participate in the <i>buyout</i>	XTRS 70	Belt Railroad Retirement System members.
PN82	Active uniformed employees of the Police Dept. who became members on or after 11/2/1976, and who retired before 12/18/198. Plan PN82 is not set up for benefit calculations.	PERS 71	PERS miscellaneous employees, plan 70001 for former State Port employees and State Mental Health Department employees at full retirement without FICA benefits.
PN83	Active uniformed employees of the Police Dept.who became members on or after 11/2/1976, or and did <u>not</u> retire before 12/18/1998. This plan also covers Airport Police Officers who became Police New plan members on 12/27/97 and retained PERS membership for the period before 12/27/97.	PERS 72	PERS miscellaneous employees, plan 70002 for former State Port employees and State Mental Health Department employees at modified retirement with FICA benefits.
	<b>NON SFERS PLANS</b>		
STRS 73	STRS members at San Francisco Unified School District (SFUSD).		
PERS 75	PERS safety officers, plan 75001 for the Housing Authority Police and the Harbor Police.		
PERS 76	PERS safety officers, plan 77001 for County Sheriffs, Deputy Sheriffs & District Attorney Investigators in job class 8146 – 8150.		
PERS 77	PERS safety officers, plan 75101 for Airport Police and Institutional Police.		
PERS 78	PERS Municipal Court judges		
PERS 79	PERS Superior Court judges.		

**BIRTH DATE** See *Date of Birth*.

**BIWEEKLY HOURS** See *Hours biweekly*.

**BP** SFERS ' Benefit Payment System used to pay retirees and continuants before the implementation of Pension Admin. No longer used.

TERM	Definition
BUYBACK	<p>Transaction in which an employee purchases Retirement System service credit or pays unpaid contributions. Buyback opportunities are generated by:</p> <ul style="list-style-type: none"> <li>• Leaving City service, taking all accrued sums, and then later returning to City service and active membership (Redeposit Buyback).</li> <li>• Serving in a temporary status (Prior Service Buyback).</li> <li>• Making reduced contributions. (Shortage Buyback)</li> <li>• Qualifying military service (Military Service Buyback)</li> <li>• Qualifying Public service. (Public Service Buyback)</li> <li>• Serving in a labor organization or union (Union Rep Buyback )</li> </ul> <p>Buybacks must be paid either by lump-sum deposits or by scheduled payroll deductions. In either case, interest incurred on the buyback principal must be included in the total buyback cost.</p> <p>Buyback principal includes the original amount of the contributions withdrawn or not made, plus all the interest those contributions would have earned had they been in the Retirement System.</p> <p>Also see <i>Plus Pension contributions, Totals – All Accounts, Redeposit Buyback, Prior Service Buyback, Public Service Buyback, Military Service Buyback, and Shortage Buyback.</i></p>
BUYBACK AMOUNT	See <i>Deduction amount.</i>
BUYBACK AMOUNT TO BUY	See <i>Eligible to buy.</i>
BUYBACK BALANCE	<p>The amount of the buyback that is outstanding.</p> <p>This is the original amount of the buyback less any over-the-counter payments or payments made by payroll deduction.</p>
BUYBACK GOAL	See <i>Adjusted amount to buy.</i>
BUYBACK STATUS	The current status of the displayed buyback.
BUYBACK TYPE	See <i>Type of buyback.</i>
BUYOUT	<p>Incentive program developed by the City to encourage Safety plan members in the pre-1976 Old Plans to move to the post-1976 New Plan. The buyout incentive was a cash payment of \$2,500 per year of service up to 10 years and \$1,000 per year of service for additional service up to a maximum of \$40,000.</p> <p>Buyout participants were excluded from any subsequent plan improvements after 1981. Therefore additional legislation was introduced in 1999 that allowed the Buyout participants the opportunity to payback the buyback monies and become eligible for the subsequent plan improvements.</p>
BUYOUT STATUS	<p>In the Pension Admin System, a flag indication for the current status of the member's buyout.</p> <p>Valid Values are:</p> <ul style="list-style-type: none"> <li>• Buyout provisions</li> <li>• Enhanced with Actuarial Offset</li> <li>• New Full enhanced</li> </ul>
CAFETERIA PLAN	<p>A program of voluntary contributions to optional benefit programs that are offered to employees. Cafeteria plan contributions are made through payroll deductions. They are pre-tax dollars for income tax calculations, but are included in covered gross for calculating FICA and Retirement contributions.</p> <p>Contributions on cafeteria plan amounts can be made only at the full rate.</p>

TERM	Definition
CALC TYPE	<p>The type of calculation being run by Pension Admin.</p> <p>You can create the following calculations::</p> <ul style="list-style-type: none"> <li>• INDIVIDUAL - An individual calculation based on a single EMPLID</li> <li>• PREDEFINED GROUP - A predefined group of members based on a specific criteria (not used by SFERS)</li> <li>• PREDEFINED LISTS - A predefined lists of EmplID ( not used by SFERS)</li> </ul>
CALCULATION GROUP LIST	A list of employee whose benefit calculation will be run as a group rather than on an individual basis.
CALPERS	See <i>PERS</i>
CALSTRS	See <i>STRS</i>
CANCELLATION DATE	When setting up a Domestic Relations Order (DRO) – date it was determined the DRO is not qualified
CASH BALANCE PLAN	<p>A pension plan under which an employer credits a participant's account with a set percentage of his or her yearly compensation plus interest charges. A cash balance pension plan is a defined-benefit plan. As such, the plan's funding limits, funding requirements and investment risk are based on defined-benefit requirements: as changes in the portfolio do not affect the final benefits to be received by the participant upon retirement or termination, the company solely bears all ownership of profits and losses in the portfolio.</p> <p>Although the cash balance pension plan is a defined-benefit plan, unlike the regular defined-benefit plan, the cash balance plan is maintained on an individual account basis, much like a defined-contribution plan. The cash balance plan acts similar to a defined-contribution plan also because changes in the value of the participant's portfolio does not affect the yearly contribution</p>
CATCH UP CONTRIBUTION	<p>A type of retirement savings contribution that allows people over 50 to make additional contributions to their 401(k) and/or individual retirement accounts.</p> <p>The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) created this provision so that older individuals would be able to set aside enough savings for retirement.</p> <p>Originally, the ability to make catch-up contributions under EGTRRA was set to end at around 2011. However, the Pension Protection Act of 2006 made catch-up contributions and other pension-related provisions permanent.</p>
CATCH-UP INTEREST	<p>Interest the transaction amount would have earned had it been in the account when it should have been. Interest on the amount that posted as of a date <u>before</u> the Last Interest Date on the account.</p> <p>Catch-up interest is required when posting contributions associated with retroactive pay. It also is required whenever payroll posting or on-line transactions use effective dates that are out of sequence.</p> <p>You do not enter catch-up interest. The system automatically calculates and updates interest.</p> <p>The system does not post catch-up interest to a retired member's account for dates after the retirement date.</p>
CATEGORY TOTAL	<p>The sum of all the contributions and interest accrued during a specific period identified by a combination of plan code and sequence number. If the member leaves City service before retiring, she or he may withdraw the account category amount.</p> <p>Also known as the <i>Account Category Total</i>.</p>
CATEGORY TOTALS	See <i>Account category</i> .
CERTIFICATED EMPLOYEE	In the San Francisco Community College District, an employee who holds a teaching certificate and is employed as an instructor

TERM	Definition
CHANGE ROLL	<p>SFERS operations maintain an MS Excel spreadsheet of all new payment setups (retirement, death, dissolution, etc) as well as any adjustments or corrections. This spreadsheet is referred to as the Change Roll.</p> <p>The Pen Admin System produces a system report of all new payment set-ups; this is also referred to as the Change Roll.</p> <p>Both Change Rolls are reconciled as part of the SFERS Payment Process.</p>
CHILD SUPPORT SERVICES	<p>Social services agency within the City and County of San Francisco dedicated to the financial support of children.. Before processing a member's Retirement, Payroll is checked for possible liens, including those from Child Support services. Sometimes referred to as FSB ( Family Support Bureau)</p> <p><i>See FSB, Deductions and Offset.</i></p>

TERM	Definition
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**CITY CHARTER**

SFERS benefit plans are regulated by the San Francisco City & County Charter of 1932 and subsequent revisions & amendments. Retirement rules are set forth in Section A8.5xx (Employment Provisions) of the aforementioned charter.

Some of the major revisions to the Charter relative to SFERS plans and membership are listed below

8.514	Miscellaneous Plan members contribute to and are covered by the Social security System , 1959
8.508-1	School Teachers authorized to transfer to STRS , 1972
8.509	Miscellaneous employees who became members before 11/2/1976 ( Misc Old Plan)
8.587	Miscellaneous employees who became members on or after 11/2/1976 ( Misc New Plan)
8.505	Port employees authorized to remain members of CalPERS subsequent to the transfer of the Port of San Francisco from the State to the City, 1968
8.506	Sheriff's Deputies authorized transfer to CalPERS, 1968
8.506-2	Airport Police Officers were authorized transferred to CalPERS, 1984
8.506-2	Institutional Police Officers authorized transferred to CalPERS, 1985
8.506-2	District Attorney Investigators, Probation Officers were authorized transferred to CalPERS, 1986
8.506-2	Adult & Juvenile Probation Officers became CalPERS members for all prospective service rendered, 1990
8.506-3	Housing Authority Police were authorized transferred to CalPERS
8.586	Airport Police Officers became members of SFERS under City Charter Section 8.559 and 8.586 ( Police New Plan) – 1997
8.588	Paramedics were moved from Miscellaneous Plans under section 8.509 & 8.548 to Section 8.588 ( Fire New Plan) – 1998

8.559	Police officers who became members before 11/2/1976 and did not elect Prop. H benefits effective 1/1/2003
8.559-14 & 8.586	Police Officers who elected 1981 Prop F ( Buyout) Benefits
8.595	Police officers who became members before 11/2/1976 and elected Prop H benefits effective 1/1/2003
8.597	Police officers who became members before 11/2/1976 and were eligible for Prop H benefits effective 1/1/2003
8.585	Fire Fighters who became members before 11/2/1976 and did not elect Prop. H benefits effective 1/1/2003
8.585-14 & 8.588	Fire Fighters who elected 1981 Prop F ( Buyout) Benefits
8.596	Fire Fighters who became members before 11/2/1976 and elected Prop H benefits effective 1/1/2003
8.598	Fire Fighters who became members before 11/2/1976 and were eligible for Prop H benefits effective 1/1/2003

**CITY MATCH AMOUNT**

The amount the City contributes toward the member's retirement account is a percentage of the member's covered gross pay. The City match rate (percentage) is set by the Retirement plan.

When the system calculates that an account's City Match has been over or under paid, it posts the erroneous portion to the account's over/short record. Accounting uses the City Match Over/Short report to identify City Match amounts to collect from departments.

**CITY MATCH PAYMENT**

The amount of the over-the-counter payment to be allocated toward City Match. This occurs when labor organizations make contributions and City Match payments on behalf of City employees performing labor service.

TERM	Definition
CITY MATCH RATE	<p>The percentage of the member's covered gross salary that the City contributes to the member's Retirement account.</p> <p>The City match rate is set by Retirement plan.</p> <p>When the system calculates that an account's City Match has been over or under paid, it posts the erroneous portion to the account's over/short record.</p>
CITY START DATE	See <i>Start Date (City)</i> .
CLASSIFIED EMPLOYEE	In the San Francisco Community College District, an employee who holds a Community College job classification and is employed in a non - instructor capacity.
CLASSIFICATION	See <i>Job classification</i> .
COLA	Cost of Living Adjustments are periodic adjustments to the member's base pension benefit as determined by the Pension Plan Codes and the governing charter section
COLA RATE	The percentage of the member's base salary used to calculate the periodic Cost Of Living Adjustments. The percentage is set by Plan Code as determined by the City Charter or Charter amendments.
COLD STORAGE	Computer Output to Laser Disk is an on-line high-volume, high-speed data storage and retrieval technology that replaces microfiche.
<del>COMPTON HOURS</del>	The hours the employee claimed during the pay period as compensatory time off rather than as vacation time or paid overtime.
COMPANY	<p>Employees are grouped by company within the Pension Admin. System. Therefore, SFERS' Pension Admin System supports two companies:</p> <ul style="list-style-type: none"> <li>• EMP - Active Employees</li> <li>• RET - Retired Employees</li> </ul>
CONCURRENT TEACHER	<p>A flag indicating whether the member has retirement funds in the State Teachers Retirement System (STRS) as well as in the City Retirement System.</p> <p>Many teachers hold a full-time teaching job and also may teach night school. In this latter classification, they are categorized as "Hourly Adult" or Account 7 employees. In 1974, teachers had the opportunity to elect to transfer regular teaching credit to the State Teachers Retirement System (STRS). The elected funds either were transferred to the statewide system or left in the San Francisco system. Those teachers who transferred regular teaching service credit to STRS, but maintain an "Hourly Adult" account with the San Francisco System are "Concurrent Teachers" and are eligible for pensions from both systems.</p>
CONSERVATORSHIP	<p>A circumstance in which the court declares an individual unable to take care of legal matters and appoints another individual, known as a conservator, to do so.</p> <p>This may sometimes referred to as "LPS Conservatorship". The LPS stands for Lanterman, Petris and Short - the three senators who passed California's mental health conservatorship laws.</p>
CONTRIBUTION (STANDARD)	<p>Amount contributed to the member's Retirement account through regular contributions (either full or reduced, pre-tax, after-tax, or EPC), all completed buybacks, and active shortage buybacks, but not including interest.</p> <p><b>NOTE:</b> Active members who also work in a second position which is temporary (plan code MN74) must make contributions for the temporary position.</p> <p>Also see <i>After -tax contributions, employer paid contributions, pre-tax contributions, reduced rate contributions, and withdrawn contributions</i>.</p>
CONTRIBUTION / BUYBACK PAYMENT	The amount of the over-the-counter payment to be allocated toward either contributions or a buyback.

*Amended  
Payroll  
Account*

TERM	Definition
CONTRIBUTION + INTEREST	Total amount of the contributions <u>plus</u> the interest accrued on those contributions. Contributions include completed buybacks, active shortage buybacks, additional contributions, additional interest, and employer paid contributions (EPC).
CONTRIBUTION CHANGE DATE	The date the member selected the current contribution TYPE.
CONTRIBUTION INTEREST	See <i>Interest</i> .
CONTRIBUTION OWED TO RETIREMENT	<p>Result of inadequate payroll deductions for contributions. This involuntary debt must be paid before a member receives benefits. These uncollected amounts are not the same as SHORTAGE amounts, which are the result of the member making contributions at a reduced rate.</p> <p>The system updates contributions owed only in the category (membership period) totals. The system updates the over/short record when it updates contributions owed.</p>
CONTRIBUTION RATE	<p>Rate of the member's contribution to Retirement, which is a fixed percentage of the member's covered gross earnings. Members contribute to Retirement by payroll deduction. Both the City and the member contribute to the Retirement fund. The percentage the member and the City each contribute differs for each Retirement plan and/or union, bargaining unit, or job classification and may change from time to time.</p> <p>Miscellaneous members with membership dates before 11/2/76 contribute at one of 36 percentage rates, based on the member's age when joining the system. These rates are subject to change each fiscal year, based on actuarial valuation.</p> <p>Police and fire members with membership dates before 11/2/76 contribute at one of several percentage rates based on the member's age when joining the system. The City Charter sets the maximum rate.</p> <p>Miscellaneous, police, and fire members with membership dates after 11/2/76 contribute at a rate set by Charter.</p> <p>PERS members who also are safety members or who do not belong to the Social Security System contribute a percentage plus a flat fee for Survivor Benefit Coverage.</p> <p>PERS members who belong to the Social Security System deduct their Social Security contributions from their covered gross earnings before calculating Retirement contributions at the percentage in effect for their plans.</p> <p>PERS Judges Retirement members contribute at a rate set by Charter with an optional flat fee for the 1959 Survivors Benefit Plan.</p> <p>Also see <i>City Match amount</i> and <i>Employer Paid Contributions</i>.</p>

*Indexed to Charter*

*Union selected*

*Best one day*

CONTRIBUTION TYPE	Basis for calculating the member's contribution to the Retirement System. Valid Values are:																																	
	<table border="0"> <tr> <td>A - After Tax Contributions</td> <td>H Catchup Int on Addl</td> <td>P Six-Mo Earnable Comp</td> </tr> <tr> <td>B - Pre Tax Contributions</td> <td>I Rpd Prin AT Buyback</td> <td>Q City Match</td> </tr> <tr> <td>C - Employer Paid pre tax contributions</td> <td>J Rpd Int AT Buyback</td> <td>R Rollover Overpayment</td> </tr> <tr> <td>D - Additional Voluntary contributions (not used)</td> <td>K Int on Rpd Buyback</td> <td>AT ER Paid Contrib</td> </tr> <tr> <td>E Int on Contrib</td> <td>L Buyout</td> <td>T Rpd Prin PT Buyback</td> </tr> <tr> <td>F Int on Addl Contrib</td> <td>M Buyout Int</td> <td>U Rpd Int PT Buyback</td> </tr> <tr> <td>G Catchup Int</td> <td>N Catchup Int Buyout</td> <td>V Gilmore Shortage</td> </tr> <tr> <td></td> <td></td> <td>W Gilmore Shortage Int</td> </tr> <tr> <td></td> <td></td> <td>X Shortage</td> </tr> <tr> <td></td> <td></td> <td>Y Shortage Int</td> </tr> <tr> <td></td> <td></td> <td>Z Catchup Int Gilmore</td> </tr> </table>	A - After Tax Contributions	H Catchup Int on Addl	P Six-Mo Earnable Comp	B - Pre Tax Contributions	I Rpd Prin AT Buyback	Q City Match	C - Employer Paid pre tax contributions	J Rpd Int AT Buyback	R Rollover Overpayment	D - Additional Voluntary contributions (not used)	K Int on Rpd Buyback	AT ER Paid Contrib	E Int on Contrib	L Buyout	T Rpd Prin PT Buyback	F Int on Addl Contrib	M Buyout Int	U Rpd Int PT Buyback	G Catchup Int	N Catchup Int Buyout	V Gilmore Shortage			W Gilmore Shortage Int			X Shortage			Y Shortage Int			Z Catchup Int Gilmore
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		Z Catchup Int Gilmore																																

*Charter Mandated*

*Normal rate before buyback contributions*

TERM	Definition
COURT DOCUMENT ID	Docket Number, used in setting up DRO (Domestic Relations Order).
COVERED GROSS EARNINGS	<p>The amount of the member's gross pay that is included when calculating contributions the member should make to Retirement.</p> <p>Miscellaneous members with membership dates before 11/2/76 have regular paid overtime, and shift differential included in their covered gross earnings. Miscellaneous members with membership dates after 11/2/76 have only regular earnings included in their covered gross earnings. Members of PERS have only regular earnings included in their covered gross earnings.</p> <p>Skill differentials for serving in a bi-lingual position or performing word processing are not usually included in covered gross earnings.</p>
COVERED HOURS	Covered hours are the hours worked by the member and associated with covered gross earnings. They are consolidated by fiscal year and converted into service credits.
CREDITED SERVICE	See <i>Service credit</i> .
CROSSOVER DATA	Account information that relates to fiscal year other than the one in which it was posted.
CURRENT AMOUNT TO BUY	See <i>Adjusted amount to buy</i> .
DATE JOINED	When processing Domestic Relations Orders, refers to the date.....
DATE OF BIRTH	<p>The member's or the beneficiary's birth date.</p> <p>The member's birth date enters the Retirement System database with other personnel data posted from the Payroll System.</p> <p>If the member's birth date in the Retirement System differs from the date in the Payroll System, the Payroll System takes precedence, unless the date in the Payroll System is 00/00/00. A valid date in the Payroll System will override the date during payroll posting.</p> <p><b>If you change the date in the Retirement System, you should notify Payroll to make the same change.</b></p>
DATE OF DEATH	<p>The date the member, retiree, or beneficiary died.</p> <p>Also see <i>End date (membership)</i>.</p>
DATE OF DISSOLUTION	Date the member and the beneficiary were divorced or separated.
DEATH BENEFIT	See <i>100/3000</i> and <i>6-MONTHS EARNABLE SALARY</i>
DEATH DATE SOURCE	Entity advising SFERS of the death of a member or payee.
DEDUCTION AMOUNT (BUYBACKS)	The deduction required from each paycheck to complete the buyback and the number of pay periods the deduction must be taken.



TERM	Definition
DEDUCTION CODE	<p>After a payee has been created in Pension Admin, you may select amounts from warrants to be deducted from the gross pay amount on behalf of others.</p> <p>Common deductions are for tax withholding, garnishments, amounts owed to Retirement or other City departments, amounts owed to the Family Support Bureau (FSB), and rollover amounts.</p> <p>Valid Values in Pension Admin are:</p> <ul style="list-style-type: none"> <li>• <b>ROLL01</b> - Rollover to a valid tax deferred plan</li> <li>• <b>ROLL02</b> - Rollover to a valid tax deferred plan</li> <li>• <b>GARNSH</b> -Garnishment ( garnishment payee must be set-up before selecting this deduction code)</li> <li>• <b>OVR001</b> - Owed to retirement</li> <li>• <b>WRC001</b> _ Workers compensation</li> </ul> <p>If you enter a GARNSH or ROLL01 deduction, the system creates an institutional warrant.</p>
DEFERRED COMPENSATION AMOUNT	The deduction taken from each pay check as the contribution to the Deferred Compensation plan.
DEFINED BENEFIT PLAN	Employer-sponsored retirement plans where retirement benefits are calculated based on age, years of service and contributions and guarantee a specific retirement benefit.
DEFINED CONTRIBUTION PLAN	Retirement plans that may require specific rates of contribution, but that do not guarantee a specific retirement benefit.
DETERMINATION LETTER	A document issued by the IRS regarding the qualified status of a retirement plan. If a retirement plan is qualified, monies invested in the plan remain tax-deferred until they are distributed. A determination letter may be issued on the plan's initial qualification when the plan is first established, or when the plan is amended or terminated.
DEPARTMENT	<p>Code that identifies the department in which the employee works.</p> <p>Department is one of the qualifiers that identifies rates for contributions, EPC ( Employer Paid Contributions) , City Match, COLA's, and death benefits for groups of employees.</p>
DIRECT ROLL OVER	A distribution of eligible rollover assets from a qualified plan, 403(b) plan, or a governmental 457 plan to a Traditional IRA, qualified plan, 403(b) plan, or a governmental 457 plan; or a distribution from an IRA to a qualified plan, 403(b) plan or a governmental 457 plan.

TERM	Definition																								
DISABILITY RETIREMENT	<p>The two classifications of Disability Retirement are:</p> <ul style="list-style-type: none"> <li>• INDUSTRIAL DISABILITY – The debilitating injury occurred while on the job or as a result of the job</li> <li>• ORDINARY DISABILITY – The debilitating injury outside of the job and is not directly related to the job</li> </ul> <p>Disability retirement is available to employees whose health prevents them from working. Any employee who has met a minimum service requirement may qualify for ordinary disability retirement. Age has no bearing in disability retirement.</p> <p>Employees with certain job classifications, such as fire fighters and police officers, may qualify for industrial disability retirement if they are injured on the job, regardless of their service credit.</p> <p>Members on disability retirement receive a lifetime pension, health service benefits, and, under certain circumstances, benefits for their beneficiaries. The pension amount is usually a percentage of the employee's pay. The amount may be adjusted if approved by the Retirement Board.</p> <p>Abated disability is the termination of disability payments based on a re-evaluation of the claimed disability. If the member had retired on a Disability Retirement, the retirement would be terminated and the person reinstated as an active member of the Retirement System.</p>																								
DISPOSITION (OVER/SHORT)	<p>Resolution of an Over/Short condition within Pension Admin.</p> <p>Valid Values are:</p> <ul style="list-style-type: none"> <li>• Buyback – Amount of the over/short is applied to a buyback</li> <li>• Not Over/Short- Not a valid over/short. Amount is removed from account</li> <li>• Warrant- Amount is used to create a payment</li> <li>• Move- Amount is moved to a specific period</li> <li>• Payroll</li> </ul>																								
DISTRIBUTION %	Indicates what portion of the total distribution is represented by the warrant being issued to this payee																								
DISTRIBUTION CODE	<p>A code that appears on the 1099 to identify the reason for the payment to the payee.</p> <p>When the distribution code is 4b, then the DIST PCT (distribution percentage) field must be completed to appear on the 1099-R tax reporting form.</p> <table border="0"> <thead> <tr> <th>Code</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Early distribution - no known exception</td> </tr> <tr> <td>3</td> <td>Disability -early distribution, exceptions apply</td> </tr> <tr> <td>4</td> <td>Death</td> </tr> <tr> <td>7</td> <td>Normal distribution from plan</td> </tr> <tr> <td>8</td> <td>Excess contributions plus earnings/excess deferrals taxable in current year</td> </tr> <tr> <td>A</td> <td>10 year tax option</td> </tr> <tr> <td>B</td> <td>Death benefit exclusion</td> </tr> <tr> <td>D</td> <td>Excess contributions plus earnings/excess deferrals taxable 2 yrs before curr yr</td> </tr> <tr> <td>E</td> <td>Excess annual additions under section 415</td> </tr> <tr> <td>G</td> <td>Direct rollover to IRA</td> </tr> <tr> <td>H</td> <td>Direct rollover to qualified plan or tax sheltered annuity</td> </tr> </tbody> </table>	Code	Description	1	Early distribution - no known exception	3	Disability -early distribution, exceptions apply	4	Death	7	Normal distribution from plan	8	Excess contributions plus earnings/excess deferrals taxable in current year	A	10 year tax option	B	Death benefit exclusion	D	Excess contributions plus earnings/excess deferrals taxable 2 yrs before curr yr	E	Excess annual additions under section 415	G	Direct rollover to IRA	H	Direct rollover to qualified plan or tax sheltered annuity
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DRO	<p><b>Domestic Relations Order</b> - A court order used to allocate interests between divorced spouses in nonqualified pensions, usually state and municipal pensions, as compared to private retirement accounts like 401(k)'s. The term "qualified" means the retirement account is covered by or qualified under ERISA – a federal law dealing with employee benefits</p>																								

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DROP PLAN	<p><b>Deferred Retirement Option Plan</b> – A voluntary plan whereby an active member eligible for retirement contracts with the employer to defer receipt of their retirement allowance while continuing to work. A sum equal to their retirement allowance is deposited in a tax deferred plan. The member must participate for a minimum of 3 years and a maximum of 5 years. At the end of the contract period, the member retires with the years of service accrued when the agreement was entered into and begins receiving their monthly benefit. They will also be eligible for a lump-sum payment of the DROP Plan balance.</p>																												
EARLY RETIREMENT	<p>Usually a limited time offer where eligible employees are offered additional years of service and/or age in exchange for retiring at an earlier age</p>																												
EARNINGS	<p>See <i>Gross earnings</i> and <i>Covered gross earnings</i>.</p>																												
EARNINGS CODE	<p>Earnings Codes are used in the Pen Admin Payment Process – they track the type of earning being paid to the payee. Also referred to as Paycheck Earnings Code</p>																												
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EFFECTIVE DATE	<p>The date the displayed transaction affected the account.</p> <p>The effective date for account transactions is ALWAYS the same as the last interest date and MAY also be the date the account last received a payment, a contribution, or an adjustment.</p> <p>The effective date for the Reference Tables is the date the table data affected the system transactions. The system refers to the effective date when selecting values to use when calculating account balances.</p> <p>Also see <i>Last interest date</i>.</p>																												
EGTRRA	<p><b>Economic Growth and Tax Relief Reconciliation Act of 2001</b> – US Tax legislation that impacted qualified and retirement plan rules.</p>																												
ELIGIBLE FOR BUYBACK	<p>See <i>Un-credited service</i>.</p>																												
ELIGIBLE TO BUY	<p>The original cost of the buyback as of the date displayed on the screen.</p> <p>Buyback principal includes the original amount of the contributions withdrawn or not made, plus all the interest those contributions would have earned as of the last interest date had they been in the Retirement System.</p> <p>The actual cost of the buyback may differ from the original cost if delinquent payments cause extra interest to be added to the cost.</p>																												

Sub components  
 Pensions  
 Supplemental COLA  
 Basic COLA  
 Cost of living Adjs  
 (delivered forward plan)

June 30/00

TERM	Definition
EMPLID	<p>Employee ID - This is the key field used in Pension Administration and is made up of the originating members SS#.</p> <p>If there is an Alternate Payee, that payee's EMPLID is made up of the originating member's EMPLID plus a suffix of C (Continuant) or Q (QDRO)</p>
EMPLOYEE STATUS	<p>Employee's employment status within the Pen Admin System. Valid values are:</p> <ul style="list-style-type: none"> <li style="display: inline-block; width: 30%;">• On Leave</li> <li style="display: inline-block; width: 30%;">• Permanent</li> <li style="display: inline-block; width: 30%;">• Temporary</li> </ul>
EMPLOYER CONTRIBUTION	<p>See <i>City match amount</i> and <i>Employer paid contribution</i>.</p>
EMPLOYER PAID CONTRIBUTION (EPC)	<p>Employer Paid Contribution is a fully vested contribution made by the City and County of San Francisco on behalf of eligible employees and usually referred to as EPC.</p> <p>EPC is not the same as City Match amounts.</p> <p>EPC may replace some or all of the member's own regular contributions and cannot exceed the amount the member committed to contribute.</p> <p>EPC accrues interest and may be withdrawn under the rules that govern regular contributions the employee makes.</p> <p>EPC is included in the buyback amount for prior service or redeposit buybacks.</p> <p>Adjustments to EPC are initiated through payroll posting so that figures are accurate and consistent for the General Ledger, tax reporting, collecting from the City, and calculating interest.</p> <p>When Retirement receives correcting entries for EPC, the system credits interest as of the date the EPC <u>should</u> have been received, just as it does with retroactive pay.</p> <p>EPC that is "excess" because the member makes reduced rate contributions reduces the member's shortage.</p> <p>Usually payroll will not know of an imbalance in EPC that requires adjustment. You must notify them of the required correction.</p> <p>When recruits graduate in the middle of a pay period, the system generates over/short EPC balances, which must be corrected.</p>
EMPLOYMENT CATEGORY	<p>The employment category defines a member's work status.</p>
EMPLOYMENT PERIOD	<p>See <i>Sequence number</i>.</p>
EMPLOYMENT SEQUENCE	<p>See <i>Sequence number</i>.</p>
EMPLOYMENT STATUS	<p>Employment status qualifies employees for membership in the Retirement System.</p> <p>Note: Employment Status is not the same as Person Status.</p>
END DATE (EMPLOYMENT PERIOD)	<p>The last day of the employment period.</p> <p>Employment periods are identified by EMPLOYMENT PERIOD SEQUENCE NUMBERS.</p> <p>This is not the same as the END DATE of a service period that was in effect during an employment period.</p>

TERM	Definition
END DATE (MEMBERSHIP)	<p>The date the member left the Retirement System.</p> <p>The end date of membership depends on the reason the member leaves the Retirement System:</p> <p>If the member retires, the end date is the day before the retirement date, which is the first day of retirement.</p> <p>If the member separates, the end date is the separation date (but not necessarily the same as the withdrawal date.)</p> <p>If the member dies, the end date is the date of death.</p>
END DATE (PAYROLL)	<p>The date through which employees are paid. The end date is not the same as the processing date or the distribution date.</p> <p>Also see <i>Payroll dates</i>.</p>
END DATE (RETRO)	<p>Last day of the pay period associated with the retroactively applied pay or benefit.</p> <p>The system uses this date for reference when bringing interest up to date.</p>
END DATE (SERVICE HISTORY)	<p>The last date of any service period within an employment period. Service periods open and close with new START and END DATES whenever some element of the job definition changes, such as salary or job step.</p>
ENTRY DATE	<p>The date on which an employee [plan participant] enters the employer's retirement plan.</p>
EPC	<p>See <i>Employer paid contributions</i>.</p>
EPC ADJUSTMENT	<p>Members who pay some or all of their contributions with after-tax dollars receive a proportionate amount of EPC in after-tax dollars.</p> <p>Since Payroll cannot calculate the portion of EPC that should be after-tax, the Retirement posting programs perform the calculation, then feed the amounts back to Payroll to adjust for taxes withheld from the members' pay checks in the next pay run.</p>
EVENT DATE	<p>The date the member retires, effectively the member's last date of work.</p> <p>The Pen Admin calculation process uses this date to sum all service credits, earnings, age, and employee contributions to check the eligibility of retirement as of the event date.</p>
FAE	<p>See <i>Average Earnings, Final Average Earnings</i></p>
FEDERAL TAX	<p>Portion of a SFERS payment withheld for payment of Federal income tax.</p> <p>The Pen Admin System withholds 20% from U.S. residents and 30% from non-US residents.</p> <p>You may override the tax amount the system automatically calculates.</p> <p>The system makes no federal tax withholding on behalf of beneficiaries who were not married to the member, such as children, parents, friends, or estates since they are not eligible for rollovers.</p>
FICA	<p>A combination of contributions to OASDI and Medicare. Members who make FICA contributions are eligible to make reduced contributions to the Retirement System until they reach the FICA limit.</p> <p>After reaching the FICA limit, members must make full rather than reduced contributions.</p>
FICA AMOUNT	<p>The amount withheld from warrants for Social Security.</p>
FICA CONTRIBUTION	<p>The cumulative amount of FICA withheld from regular payroll amounts for the calendar year. Members who make FICA contributions are eligible to make reduced contributions to Retirement until they reach the FICA limit for the year.</p>
FICA EXEMPT	<p>The FICA exemption flag indicates whether the member is required to make FICA contributions.</p>
FICA PERCENTAGE	<p>The percentage of salary withheld as a contribution to OASDI and Medicare (FICA).</p>

TERM	Definition
FICA WAGES	<p>The total salary subject to withholding for FICA contributions.</p> <p>The following payroll deductions reduce the gross pay when calculating FICA but do NOT reduce gross pay when deriving the Contribution Amount :</p> <ul style="list-style-type: none"> <li>• Cafeteria plan</li> <li>• Deferred compensation</li> </ul> <p>The following pay types are subject to FICA, but do not reduce the Contribution Amount by the amount of the FICA:</p> <ul style="list-style-type: none"> <li>• Overtime</li> <li>• Health benefits for domestic partners</li> </ul> <p>Also see <i>Imputed pay</i> and <i>Non-FICA amount</i>.</p>
FINAL AVERAGE EARNINGS	<p>Member's highest average monthly salary over a specified time period as determined by retirement plan and governing city charter section.</p> <p>See <i>Average Earnings</i></p>
FISCAL MONTH	<p>The number that identifies the sequential order of the months in the fiscal year for each source of transactions.</p> <p>The PPSD, Community College, and School District months are derived from pay period end dates, so usually span two months. The fiscal month date for on-line transactions is always the last day of the calendar month.</p> <p>Month 0 is always the last day of the prior fiscal year (06/30/CCYY). Data with an effective date on or before this date belongs to the prior fiscal year.</p> <p>SFUSD often skips pay months, so may have 00/00/00 as a valid post-to-FAMIS date for some fiscal months.</p>
FISCAL YEAR	<p>A 12-month accounting period. The City's fiscal year is July 1 - June 30. When looking up information for a fiscal year, you specify the year in which the fiscal year ends. For example, fiscal year 2006 runs from July 1, 2005 - June 30, 2006.</p>
FLSA	<p>Fair Labor Standards Act – Federal law that establishes minimum wage, overtime pay, recordkeeping, and child labor standards affecting full-time and part-time workers in the private sector and in Federal, State, and local governments</p>
FROM DATE	<p>See <i>Start date (Buybacks)</i>.</p>
FSB	<p>Family Service Bureau – A social services agency within the City and County of San Francisco also referred to as Child Support Services. Before processing a member's Retirement, Payroll is checked for possible liens, including those from the FSB.</p> <p>Also see <i>Child Support Services, Deductions and Offset</i>.</p>
FUNCTION RESULT	<p>When the Pen Admin System performs a benefit calculation, it goes through a number of predefined steps based on each plan's Business Rules. As it steps through each process, it stores the result of each calculation in a Function Result. As an example, years of service are calculated and stored in a Function Result that will be used in determining the member's final benefit calculation.</p> <p>See <i>Adjustment, Overrides</i></p>
FUTURE ACTION	<p>The Pen Admin General Comments page has an Action Date Field – if the user enter a future date in that field the Pen Admin System places the comment in a Future Action report</p>
FY	<p>See <i>Fiscal year</i>.</p>
GARNISHMENT	<p>See <i>Deductions</i>.</p>

*[Handwritten mark]*

TERM	Definition
GARNISHMENT TYPE	<p>Under certain circumstances, a SFERS payee may have his payment off-set by a legal claim for monies owed. Valid Values are :</p> <ul style="list-style-type: none"> <li>• Chapter 13 Bankruptcy</li> <li>• Court Order</li> <li>• Controller's Warrant</li> <li>• Child Support</li> <li>• Federal Tax Levy</li> <li>• Spouse/Family Support</li> <li>• State Tax Levy</li> </ul>
GARNISHMENT STATUS	<p>The Pen Admin system allows SFERS to track the on-going status of a garnishment order once it has been received. Valid Values are:</p> <ul style="list-style-type: none"> <li>• Garnishment Request Approved</li> <li>• Garnishment Request Rejected</li> <li>• Garnishment Deduction Suspended</li> <li>• Garnishment Deduction Completed</li> <li>• Garnishment Request Received</li> </ul>
GILMORE PAYMENT	<p>When retirement benefits are allocated as part of a divorce settlement, the divorced spouse can begin to collect the allocated portion at age 50, regardless of whether the working spouse is retired.</p>
GILMORE STATUS	<p>A status within the Pen Admin System to indicate the current status of a Gilmore payment account. Valid values are :</p> <ul style="list-style-type: none"> <li>• Maxed Out</li> <li>• None</li> <li>• Ongoing</li> <li>• Retired</li> </ul>
GOAL AMOUNT	<p>The product of the Payroll Deduction Amount times Number of Pay Periods. This total incorporates the interest amortized over the life of the projected payroll deduction period.</p>
GRADUATION DATE	<p>The last day police and fire recruits belong to a miscellaneous plan and the day before they join a uniform plan. Also see <i>End date (membership)</i>.</p>
GROSS EARNINGS	<p>Amount paid to the member for the pay period consisting of <u>both</u> covered and non-covered salary.</p>
GROSS PAY RATE AMOUNT	<p>The hourly rate of pay. Hourly pay is the basis for calculating all City salaries.</p>
GROSS PAY RATE TYPE	<p>The unit of time used to calculate the employee's pay.</p>
GROUP	
GROUP CODE	
GUARDIAN NAME	<p>The name of a guardian or conservator if the beneficiary is a minor child or a dependent adult.</p>
HOLIDAYS	<p>Days the City's personnel departments recognize as holidays during the specified year. The Retirement System refers to the table of holidays when determining valid payroll dates and valid warrant issue dates.</p>
HOURS	<p>Hours the member worked during the pay period that counts toward qualification for retirement benefits. Members may not earn more than one (1.000) year's service credit during a fiscal year, regardless of the number of hours they work.</p>
HOURS BIWEEKLY	<p>The number of hours a particular salary schedule uses as the norm during a two-week pay period. The biweekly hours are used to calculate the hours per year an employee is expected to work. Hours worked is the basis for calculating a member's service credit.</p>

TERM	Definition
HOURS YEARLY	<p>The number of hours a particular salary schedule uses as the norm during an employment year (a fiscal year). The yearly hours are calculated from the hours an employee is expected to work during a biweekly pay period.</p> <p>Hours worked is the basis for calculating a member's service credit.</p>
IMPUTED PAY	<p>Benefits paid by others on behalf of the employee which the employee must treat as income by paying FICA. Such benefits are not necessarily included in the covered gross pay used to calculate the Retirement CONTRIBUTION AMOUNT.</p> <p>The following paid benefits (imputed pay) are subject to FICA, but do not reduce the CONTRIBUTION AMOUNT by the amount of the FICA:</p> <p>Health benefits for domestic partners</p> <p>Imputed pay is not displayed on any screen, but collected from payroll to use in calculating expected contributions.</p> <p>Also see <i>FICA wages, Non-FICA amount, and EPC adjustment</i>.</p>
INTEREST	<p>The total interest Retirement has paid into an account.</p> <p>The system tracks interest separately for:</p> <ul style="list-style-type: none"> <li>• Standard contributions (pre-tax, after-tax, and EPC)</li> <li>• Additional contributions</li> <li>• Buyback amounts (pre-tax and after tax)</li> <li>• Shortage amounts (interest that would have accrued had the member paid full rather than reduced contributions)</li> </ul> <p>All interest earned in any Retirement plan is tax deferred. Members pay no taxes on the earned interest until they withdraw it from the system.</p> <p>Interest that members pay or re-pay with buybacks can be either pre-tax or after tax and is tracked accordingly.</p> <p>Usually the System updates interest in two running totals:</p> <ul style="list-style-type: none"> <li>• Fiscal year-to-date (annual) total</li> <li>• Category (membership period) total</li> </ul> <p>Also see <i>Catch-up interest, Repaid interest, Regular interest, and Interest date for retro</i>.</p>
INTEREST AS OF (OR INTEREST DATE)	<p>See <i>Last interest date and Interest date of retro</i>.</p>
INTEREST DATE FOR RETRO	<p>Date from which the retroactive pay or benefit should earn interest. The system uses this date to bring interest up-to-date in the account on the retroactive amount.</p> <p>This data does not cause a payroll transaction to reject; therefore, you cannot modify this field on the CRF screen.</p>
INTEREST DATES FROM [AND] TO	<p>Displays the period for which the system calculated the interest displayed in the INTEREST ON UNPAID PRINCIPAL FIELD.</p> <p>The TO date is the date the first buyback payment is received. This may be <u>either</u> the:</p> <ul style="list-style-type: none"> <li>• Payroll period effective date</li> <li>• Date the lump sum payment was received</li> </ul> <p>Also see <i>Catch-up interest</i>.</p>
INTEREST PAID BY RETIREMENT ON REPAID BALANCE AS OF [MM/DD/CCYY]	<p>Interest Retirement paid on the amounts the member has paid against the buyback as of the displayed date. Both repaid principal and repaid interest earn Retirement-paid interest, regardless of whether the repayment was with pre-tax or after-tax dollars.</p> <p>Interest paid by Retirement is pre-tax and is maintained as a separate total in the system.</p>



TERM	Definition
INTEREST RATE	<p>The percentage the Retirement System uses to calculate interest earned on:</p> <ul style="list-style-type: none"> <li>• Standard contributions</li> <li>• Additional contributions</li> <li>• Shortage amounts (The interest that would have accrued had the member been paying full rather than reduced contributions)</li> <li>• Buyback amounts</li> </ul>
IRS FORM 8233	Exemption from Withholding on Compensation
IRS FORM W9	Request for Taxpayer Identification Number and Certification
IRS FORM 1042-S	Foreign Person's U.S. Source Income Subject to Withholding
IRS FORM 1099	Earnings statement used to for tax reporting. SFERS issues 1099 statements for all payees in a calendar year
IRS FORM W8-BEN	Certificate of Foreign Status of Beneficial Owner for U.S. Tax Withholding
JOB CLASSIFICATION	<p>A classification of City employment. Each position has defined duties and rates of pay. The employee moves through five or ten pay levels (steps) within each job classification while continuing service at the same job.</p> <p>The Job History page in Pension Admin displays the classification in which the member was working during the displayed employment period.</p>
JOB STEP	Code that identifies the employee's job step. Depending on the job classification, employees move through five pay levels (steps) or ten pay levels within each job classification while continuing service at the same job.
JOB TITLE	The title of the staff position with a specific job classification and a specific salary schedule.
JOINDER	A legal process wherein an unrelated third-party is brought into the proceedings: As an example, when a husband and wife are going through a divorce proceeding – one of the parties can issue a joinder bringing SFERS into the proceedings
LABOR SERVICE BUYBACK	A labor service buyback is available to members with qualifying service in a union or labor organization. Members formally request this type of buyback, then Retirement analysts determine whether the labor service meets the City's qualifications for this type of buyback.
LAST INTEREST DATE	<p>The date interest was last credited to the member's Retirement account. This includes the interest Retirement has paid on a buyback's repaid balance.</p> <p>The system updates interest on the account whenever it posts:</p> <ul style="list-style-type: none"> <li>• Data from Payroll</li> <li>• OTC payments</li> <li>• Adjustments you make on-line for data maintenance</li> <li>• Reversals of payroll data, OTC receipts, or data maintenance</li> <li>• Retroactive pay</li> <li>• Payroll adjustments</li> </ul> <p>The system credit interest on retroactive pay and on the corrections to EPC it receives via payroll adjustments as of the date the pay or EPC should have been received.</p> <p>The system does not post catch-up interest to a retired member's account for dates after the retirement date.</p> <p>Also see <i>Effective date</i> and <i>Run interest date</i>.</p>
LAST NAME	See <i>Name</i> .

TERM	Definition
LAST PAYMENT DATE	Last date a payment was received for the displayed buyback. This last payment may have been received via: <ul style="list-style-type: none"> <li>• Payroll deduction</li> <li>• Over the counter as a cash payment</li> <li>• Data maintenance as an adjustment</li> </ul>
LEGAL CONDITION FLAG	A code that identifies the lien or other legal condition impeding the account. Valid Values are: <ol style="list-style-type: none"> <li>1. Owe Tax Lien</li> <li>2. Owe City</li> <li>3. Owe FSB</li> <li>4. Owe Ex</li> <li>5. Other</li> </ol>
LIFE EXPECTANCY	<ol style="list-style-type: none"> <li>1. The age until which a person is expected to live.</li> <li>2. The remaining number of years an individual is expected to live, based on IRS issued life expectancy tables. The life expectancy, for required minimum distribution (RMD) calculation purposes, is determined by the current age of the individual.</li> </ol> <p>See <i>RMD</i></p>
LUMP SUM DISTRIBUTION	One time payment of account balance to either the member, beneficiary or an institution because of termination of employment, death or member election..
MANUAL CHECK	A pension payment issued outside of the Pen Admin System either because of the complexity of the case or timing of the payment. See <i>Warrant</i>
MARITAL STATUS	The member's marital status.. Valid values are : <ul style="list-style-type: none"> <li>• Divorced</li> <li>• Separated</li> <li>• Married</li> <li>• Domestic Partner</li> <li>• Single</li> <li>• Widowed</li> </ul>
MARRIAGE DATE	The date the member married the beneficiary.
MATCH AMOUNT	See <i>City match amount</i> .
MATCH RATE	See <i>City match rate</i> .
MAXIMUM FICA CONTRIBUTION	See <i>FICA contribution</i> .
MAXIMUM FICA WAGES	See <i>FICA wages</i> .
MAXIMUM PAY RATE	See <i>Pay rate</i> .
MEDICARE AMOUNT	The deduction taken from each pay check as the contribution toward Medicare.
MEDICARE PERCENTAGE	The percentage of salary withheld as a contribution to the federal Medicare program.
MEMBER ACCOUNTING	SFERS ' Member Accounting System used to track member contributions and service before the implementation of Pension Admin. No longer used
MEMBERSHIP STATUS	The status of a specific membership periods. Members may have multiple membership periods, which may be open or closed.  The membership period status is updated by: Data posted from the payroll system.
MEMBERSHIP DATE	See <i>Start date (membership)</i> .
MEMBERSHIP END DATE	See <i>End date (membership)</i> .

TERM	Definition
MEMBERSHIP PERIOD	The time period during which City employment qualifies toward Retirement service credit. Also see <i>Sequence number</i> .
MAILING ADDRESS	Address where member receive mail. In most cases the member's home address is the mailing address. However, there may be instances where the member maintains a different address for mail receipt ( i.e. member is traveling and wishes to receive mail at a different address or member maintains a PO Box for mail receipt). The Pen Admin System allows you to denote a different mailing address for the member.
MESSAGE LOG	When a calculation or report request is submitted to Pension Admin the results of the steps are stored in a message log that can be used to trouble shoot if the job fails.
MILITARY SERVICE BUYBACK	A military service buyback is available to members with qualifying military service. Members formally request this type of buyback, then the Retirement analysts determine whether the military service meets the City's qualifications for this type of buyback.
NAME	The member, payee or the beneficiary first name, middle initial and last name.
NATIONAL ID	Generally accepted identification number used by the Pen Admin system. Valid values are : <ul style="list-style-type: none"> <li>• Member/Payee Social Security Number</li> <li>• Estate Tax ID</li> </ul>
NEW PLAN	SFERS administers a 2 tier benefit system. Employees who became plan members before 11/2/1976 are said to be Old Plan members while Employees who become plan members after 11/2/1976 are said to be New Plan members.  Within each plan there are separate plans for Fire, Police and Miscellaneous members.
NON-COVERED GROSS	Amount paid to the employee as overtime pay. Overtime is not included in a member's covered gross when calculating contributions or benefits.  Also see <i>Over-time hours</i> .
NON-FICA AMOUNT	The portion of the employee's total pay that is subject to Retirement withholding, but not to FICA withholding.  For example, cafeteria pay is subject to Retirement withholding, but not to FICA withholding.  Also see <i>FICA wages and Imputed pay</i> .
NON-TAXABLE OPTION-1 TOTAL	That portion of the Option-1 benefit amount that is not subject to withholding because it is based on after-tax contributions.  Also see <i>Taxable Option-1 total</i> .
OASDI	Old Age and Survivors Disability Insurance -- The official name for the Social Security program
OASDI PERCENTAGE	The percentage of salary withheld as a contribution to Social Security. It and MEDICARE comprise FICA.  Also see <i>FICA</i>
ODOC	On-line Document Storage facility used by SFERS .

**TERM**

**Definition**

**DOC DOCUMENT TYPE**

Member documents are electronically stored in on-line folders based on the member's status and the transaction type. Valid Values are:

ACTIVE FOLDER

RETIREMENT FOLDER

LEGAL FOLDER

- A1-Enrollment Packet
- A2-Demographic Changes
- A3-General Correspondence
- A4-Account Adjustments /Corrections
- A7-External reciprocity
- A8-Membership Termination Packet
- A9-Employment Status Changes
- A10-Counseling Information
- A11-Buyback and Internal Reciprocity
- A12-Retirement Application Cancelled/Denied

- R1-Retirement Packet
- R2-Demographic changes
- R3-General correspondence
- R4-Adjustment/Corrections
- R5-Tax Related Matters
- R6-Lost Warrant Affidavits

- L3-Correspondance
- L7-Liens,Levies,offsets
- L8-Other Benefit claims
- L9-Certificates
- L10-Marriage Dissolution
- L11-Settlemt Agreements

DEATH FOLDER

BENEFICIARY FOLDER

- D1-Death Packet
- D5-Tax related Matters
- D9-Death certificate

Change of Beneficiary form

PRIOR SERS MEMBER

- P3-Correspondance

CONTINUANT FOLDER

- C1-Continuation/QDRO Packet
- C2-Demographic Changes
- C3-Correspondance
- C4-Adjustments
- C5-Tax Related Matters
- C6-Lost warrant Affidavits

**OFFSET**

An amount withheld from amounts due to the member or other payee, representing liens or results of other legal action against the payee.

The San Francisco Administrative Code, Section 10.27-1 provides the general guidelines for offsets. When you specify deductions for offsets from a payee's warrant, the Retirement System automatically generates warrants for those deduction amounts, payable to the offset payees. The Retirement System automatically generates warrants for:

- Rollover institutions
- Family Support Bureau (FSB) (payable to the county sheriff)
- Garnishments (payable to the county sheriff)
- Workers' compensation (payable to the county sheriff)
- Bankruptcy (payable to the county sheriff).

**OLD PLAN**

SFERS administers a 2 tier benefit system. Employees who became plan members before 11/2/1976 are said to be Old Plan members while Employees who become plan members after 11/2/1976 are said to be New Plan members.

Within each plan there are separate plans for Fire, Police and Miscellaneous members and each of the plans have had subsequent voter approved Charter Amendments

*See Buyout, New Plan*

**OTC**

*See OVER THE COUNTER PAYMENT*

TERM	Definition
OPEB	See <i>OTHER POSTEMPLOYMENT BENEFITS</i>
OPTION-1	The Retirement OPTION-1 death benefit pays a lump sum to the retiree's survivors. The OPTION 1 benefit may, but need not, be used in conjunction with the 100/3000 Benefit.
OPTIONS	<p>A member may elect to receive a smaller retirement allowance by choosing an Optional Payment Plan in which one or more eligible dependents may receive either a lump sum or a continuation of a percentage of the member's allowance. Currently, the Retirement System has the following options:</p> <ul style="list-style-type: none"> <li>• <b>OPTION 1</b> pays a lump sum to survivors. If selected, the member designates one or more beneficiaries to receive option benefits and death benefits.</li> <li>• <b>OPTION 2</b> pays continuing benefits to survivors. If selected, the member designates one or more beneficiaries to receive option benefits and death benefits. Beneficiaries must be identified with a birth date and relationship code.</li> <li>• <b>OPTION 3</b> also pays continuing benefits to survivors. The member must provide the same information as in OPTION 2.</li> </ul> <p>Choosing one of the three options causes a reduction in the member's retirement benefit. The actual amount of the reduction is based on the beneficiary's age and marital status. Calculated amounts are based on actuarial tables.</p> <p>Retirees also may choose an unmodified plan that does not decrease retirement benefits. If members select this option, they still must designate one or more beneficiaries to receive death benefits.</p>
ORIGDEPBEN	Within Pen Admin System, the original dependent beneficiary
ORIGEMPLID	Within the Pen Admin System, the originating EmplID. When an alternative payee is set-up, the payee record uses the originating member's EmplID as the foundation for the new EmplID
ORIGINAL TRANSACTION BALANCE ( CHECK THIS!)	<p>The over/short record reflects how an amount added to or subtracted from the member's account differs from the amount the system expected. The ORIGINAL TRANSACTION BALANCE is the amount of that difference.</p> <p>Every transaction that the system perceives as creating an over/short condition appears on the <i>Over/Short Adjustments Detail</i> page with an amount in the ORIGINAL TRANSACTION BALANCE field. It remains on the screen until BOTH the following conditions are met:</p> <p>The UNRESOLVED TRANSACTION AMOUNT is 0.00 for at least 60 days</p> <p>Statements for the fiscal year that included the over/short condition have been sent to members</p> <p>Also see <i>Unresolved transaction amount</i>.</p>
OTHER POSTEMPLOYMENT BENEFITS (OPEB)	<p>Post employment benefits other than retirement benefits.</p> <p>Other post employment benefits include post employment healthcare benefits, regardless of the type of plan that provides them, and all post employment benefits provided separately from a retirement plan, excluding benefits defined as termination offers and benefits.</p>
OVER THE COUNTER PAYMENT (OTC)	Payment received by SFERS staff – usually for payment of all or part of a buyback
OTC PAYMENT SIMULATION	The amount of a projected over-the-counter payment and the payment date.
OUTSTANDING BALANCE	The portion of the adjusted amount to buy back that has not been repaid yet.

N/A

only. Heath Server Sys

TERM	Definition
OVER	<p>The positive difference between contributions the system <u>actually</u> received and what it <u>should have</u> received based on the business rules derived from a combination of labor contracts ( MOUs), job classifications and plan codes.</p> <p>Payroll posting, on-line adjustments, and over-the-counter payments all update the over/short record when necessary.</p>
OVERRIDES	<p>Within the Pension Admin System's benefit calculation process you can substitute your own values over the system calculated function results. As an example, if the system calculated years of service is incorrect, you can substitute your own values. Values you can override include the following :</p> <ul style="list-style-type: none"> <li>• Final Average Earnings</li> <li>• Service</li> <li>• Contributions</li> </ul> <p><i>See Adjustments, Function Results</i></p>
OVERTIME	<p>Miscellaneous members with membership dates before 11/2/76 have both regular and paid overtime earnings included in their covered gross earnings. Miscellaneous employees with membership dates after 11/2/76 have only regular earnings included in their covered gross earnings. Members of PERS have only regular earnings included in their covered gross earnings.</p>
OVER-TIME HOURS (OR OT HOURS)	<p>Hours worked during the pay period that exceed those that are designated for the job classification. For some plans, over-time hours are included in the Retirement calculations. Other plans do not include over-time hours.</p>
OWED TO RETIREMENT	<p><i>See Contribution owed to Retirement.</i></p>
P103	<p>Registered nurses hired on a per diem basis are not considered participants of the SFERS plans effective 1/1/1988. P103 refers to the SF DHR job class designation for per diem nurses.</p>
PARTICIPATION DATE	<p>The date the member started participation in a particular benefit plan.</p>
PAY	<p>The amount of the member's covered gross pay, which is the amount that is included when calculating contributions to the member's Retirement account.</p> <p>Also see <i>Gross earnings</i> and <i>Covered gross earnings</i>.</p>
PAY CALENDAR	<p>Payment schedule set-up and maintained by SFERS staff showing when monthly payments will be issued.</p> <p>In Pen Admin, payments are generated once a month and are payable at the beginning of the month. As an example, June payments are payable on June 1 and must be processed in May in order to be delivered to the payee by June 1. Therefore, the payroll system must be closed early enough to allow for validation and reconciliation of the pay sheets.</p> <p>SFERS operations publish a monthly close schedule (pay calendar) each year detailing when pay sheets are run.</p> <p>Pay Calendar information is also maintained within the Pen Admin System. .</p>
PAY CALCULATION	<p>In the Pension Admin System, the process whereby data created in the pay sheets is used to calculate a payee's gross and net payment as well as any deductions. Error reports are created during this process that must be corrected before moving on to the next step in the payment process (Pay Confirm)</p>
PAY CONFIRM	<p>Within the Pension Admin System, the process of verifying all payments, adjustments, taxes, deductions, garnishments and reversals have been properly recorded and reconciled for a specific pay period and are ready for actual posting and payment</p>
PAY FREQUENCY	<p>The schedule on which payees are paid (monthly for Pen Admin.)</p>

TERM	Definition
PAY PERIOD END DATE	<p>The system receives the pay period end date from the Payroll Systems. It uses the date to determine the pay period start date, which in turn, determines the effective date for the following plan code constants:</p> <ul style="list-style-type: none"> <li>• Employee contribution rate</li> <li>• Employer contribution rate (EPC)</li> <li>• City Match percent</li> <li>• Death benefit for active members</li> <li>• Cost of Living Adjustment (COLA) rate</li> </ul>
PAY PERIOD END DATE	See <i>End date (payroll)</i> .
PAY PERIODS PER YEAR	<p>Since bi-weekly pay periods fall on specific days of the week, the number of pay periods in a year varies slightly from year to year. Some years have 26.000 biweekly pay periods. Most years have 26 plus some fraction more.</p> <p>The Retirement System uses the number of pay periods in the year to calculate the amount of service credit earned during that specific year.</p>
PAY LINE	<p>Refers to a single line of payee data within the Paysheet.</p> <p>See <i>Pay Sheet</i></p>
PAY RATE	See <i>Gross pay rate amount</i> .
PAY SHEET	<p>Before automated data processing, payroll departments used sheets of ruled paper to compile the information required to calculate pay and produce paychecks for the employees scheduled to be paid within a given pay period. These were called paysheets, and each horizontal row of data on the paysheet, typically representing one employee, was called a line or payline.</p> <p>The Pension Admin System uses the same metaphors in its payment process. Thus, a paysheet in Pension Admin refers to the process whereby pertinent payroll data is pulled from the various database tables.</p>
PAY TYPE	<p>An indication of why the pay was credited to the employee.</p> <p>Also see <i>Imputed pay</i> and <i>EPC adjustment</i>.</p>
PAYEE ADJUSTMENT SCHEDULE	Pen Admin Page where adjustments to on-going payments are made ( i.e. COLA adjustments)
PAYEE	Person or institution receiving a benefit payment from SFERS. While most payments are generated via the Pen Admin System; payments may also be issued via a Controller's warrant.
PAYROLL CROSS REFERENCE	<p>A search function within the Pen Admin System that allows the user to enter a member's EmplID and review all employee record numbers and related payroll systems and payroll IDs associated to the EmplID</p> <p>See <i>Employee Record Number</i></p>
PAYEE MANUAL SCHEDULE	<p>A page within the Pension Admin System that allows the manual set-up of an ongoing pension payment or COLA adjustment.</p> <p>See <i>Payee Payment Schedule</i></p>
PAYEE NAME	The name of the person or institution who will receive a payment from the Pen Admin System or a manual warrant from the Controller's office.
PAYEE PAYMENT SCHEDULE	A page within the Pension Admin System that allows the set-up of a regular pension payment where the payment amounts are derived from a system pension calculation.

*Supplant*      *Managers Compensation*      *Prof*  
*not pre-fund*

TERM	Definition
PAYEE TYPE	<p>The reason the payee qualifies for payment. Valid values are</p> <ul style="list-style-type: none"> <li>• Active Member</li> <li>• Continuant</li> <li>• Dissolution Payee, Lifetime</li> <li>• Dissolution Payee, Stop at Member's death</li> <li>• Retiree</li> </ul>
PAYEE PAYMENT SCHEDULE	Pen Admin page where on-going pension payments are setup after Pension Calculation
PAYMENT DATE	See <i>Warrant date</i> .
PAYMENT TYPE	<p>The reason for the specific payment; usually related to the Payee Type.</p> <p>Valid Values are:</p> <ul style="list-style-type: none"> <li>• Active Death</li> <li>• Active Termination</li> <li>• Contribution Adjustment (?)</li> <li>• Pension</li> <li>• Retiree death</li> </ul>
PAYROLL ADJUSTMENTS	<p>Payroll adjustments occur for a number of reasons, including actions to :</p> <ul style="list-style-type: none"> <li>• Correct prior period earnings</li> <li>• Offset cancelled warrants</li> <li>• Offset refunds of taxes or other deductions</li> </ul>

The rules for determining if the adjustment earnings are included in covered gross earnings are the same as for normal pay. The employee's contribution rate is the one in effect during the period covered by the adjustment. For example:

If the adjustment is for a pay period when the employee was not a member, then no employee or City contribution is required.

If the adjustment is for a pay period in a prior fiscal year, then the employee contribution rate is what was in effect during that prior fiscal year.

If the adjustment is for a pay period in current fiscal year, then the current employee rate of contribution is applied.

The City contribution rate is applied to the covered adjustment earnings using the rate appropriate to the period in question.

The system posts payroll adjustments as transactions for the current fiscal year, regardless of the pay period that required the adjustment. The system updates account interest to accommodate the effect of the adjustment.

Since Retirement benefits are calculated based on the last 26 or 78 pay periods, adjusted earnings must be identified and reported for the specific pay periods that are affected.



TERM	Definition
PAYROLL DATES	<p>The payroll systems use three dates when processing payrolls:</p> <ul style="list-style-type: none"> <li>• Pay period end date</li> <li>• Payroll processing date</li> <li>• Payroll distribution date</li> </ul> <p>The dates are different for each of the payroll systems.</p> <p>The payroll processing date becomes the interest date in the Retirement System. The distribution date is the date the employees receive pay warrants. It has no bearing on Retirement System processing.</p> <p><b><u>PPSD and SFCCD</u></b></p> <p>End date = Alternate Fridays</p> <p>Processing date = 9 days after end date</p> <p><b><u>SFUSD – Classified</u></b></p> <p>End date = Alternate Tuesdays</p> <p>Processing date = 8 days after end date</p> <p><b><u>SFUSD - Certificated</u></b></p> <p>End date = 20th of each month</p> <p>Processing date = 10 days after end date</p> <p>SFUSD issues supplemental payrolls on the same schedule as regular payrolls to compensate classified and Certificated employees for weekend, extra-curricular, and summer school duties.</p> <p>Payroll adjustments are separate from the regular and supplemental payrolls. SFUSD usually adjusts both its systems once a month. PPSD and SFCCD usually make adjustments only once a year, near year-end, before preparing W-2 income reporting forms for employees.</p> <p>Retroactive payment adjustments also are separate from the regular and supplemental payrolls. Retroactive pay is posted as needed and usually affects only a few accounts.</p>
PAYROLL DEDUCTION	See <i>Deduction amount</i> and <i>Total of payroll Deductions</i> .
PAYROLL END DATE	See <i>End date (payroll)</i> .
PAYROLL ID	<p>The unique number that identifies the member in the PPSD, SFCCD, and SFUSD Classified and Certificated Payroll Systems. You cannot search for employee or member information by payroll ID in the on-line Retirement System.</p> <p>Employees with more than one job classification or who worked for the City before the current Payroll Systems were installed, may have more than one payroll ID. To preserve history, the Retirement System displays the 3- to 10-digit IDs from obsolete payroll systems.</p>
PAYROLL SYSTEM	<p>The identifier for the Payroll System that:</p> <ul style="list-style-type: none"> <li>• Pays the member</li> <li>• Deducts the member's retirement contributions from the member's pay check</li> <li>• Deducts buyback payments from the member's pay check</li> <li>• Provides employment information to the Retirement System</li> </ul> <p>The Retirement System collects service and contribution information from four separate City payroll systems:</p> <ul style="list-style-type: none"> <li>• PPSD City Payroll</li> <li>• Community College District Payroll</li> <li>• SFUSD Certificated Payroll (SF CRT)</li> <li>• SFUSD Classified Payroll (SFCLS)</li> </ul>

**TERM**

**Definition**

**PAYRUN**

**PAYRUN ID**

**PENSION STATUS**

Pension status codes describe plan participants using a three-letter code. The first letter of each of the three-letter codes categorize individuals as follows:

- A-Active Members
- T-Terminated Members
- R - Retired Members
- D - Disability Retirees (employees with a disability pension).
- B --Beneficiaries
- Q --QDRO Alternate Payees
- X --Deceased Participants

The remaining two letters in each status code provide more detail. All of the statuses except active employees and deceased participants combine with a common set of suffixes related to payment status:

- DF --Deferred Benefit
- PY --Receiving Payments
- ST -Payments Stopped

As an example a status of RPY indicates a retired member receiving payments while a status of RST indicates a retired member whose payments have been completed (death)

Valid Values are

Active and Terminated members	Retired members awaiting their first payment and retiree deaths.	Retired members who have started receiving payments.
APR—Active participant	RDF—Retired, deferred benefit	TST—Terminated, payment complete
AVS—Active, accrue vesting only	DDF—Disability retired, deferred benefit	TPY—Terminated, in pay status
ANS—Active, not accruing service	BDF—Beneficiary, deferred benefit	TDF—Terminated, deferred benefit
A70—Active, over age 70-1/2	QDF—QDRO payee, deferred benefit	RST—Retired, payment complete
TNV—Terminated, not vested	XBP—Deceased, with beneficiary	RPY—Retired, in pay status
TDF—Terminated, deferred benefit	XNB—Deceased, no benefit/beneficiary	RDF—Retired, deferred benefit
		DST—Disability retired, payment complete
		DPY—Disability retired, in pay status
		DDF—Disability retired, deferred benefit
		BST—Beneficiary, payment complete
		BPY—Beneficiary, in pay status
		BDF—Beneficiary, deferred benefit
		QST—QDRO payee, payment complete
		QPY—QDRO payee, in pay status
		QDF—QDRO payee, deferred benefit

**PERMANENT FUND**

In 1972, teachers at the San Francisco Unified School District and the San Francisco Community College district were allowed to transfer from SFERS to the California State Teachers Retirement System (CalSTRS) pursuant to changes in the State of California Education Code. Part of the transfer left.....

**PERIODIC PROCESS**

A Pen Admin System process designed to support a periodic SFERS reporting/business process. Included are such tasks as :

- Year End Tax Reporting
- COLA Processing
- Member Annual Statements
- 1040 Hour Notification
- Actuarial Valuation Files
- Quarterly Buyback Statements

**PERS**

Public Employees' Retirement System. State-wide public employee retirement system .The California system is also referred to as CalPERS

TERM	Definition
PERSON STATUS	<p>The current standing of the person within the Retirement System.</p> <p>The person status <u>usually</u> matches the most recent plan code status. The person status appears in the upper right corner of all Retirement System screens that display information about the member.</p> <p>Valid values are :</p> <ul style="list-style-type: none"> <li>• Active Member</li> <li>• Pending New Member</li> <li>• Reciprocal Member</li> <li>• Deceased</li> <li>• Prior Member</li> <li>• Retired</li> <li>• Non-Member</li> <li>• Prior Non-Member</li> <li>• Vested Prior Member</li> </ul> <p>Also see <i>Membership status</i>.</p>
PLAN CODE	<p>Identifies the Charter section and rules governing the benefits and administration of a member's account. Employees belong to one of several Retirement plans depending on their job classifications and their membership start dates.</p> <p>Plan code is the first level of qualifiers that identifies rates for contributions, EPC, City Match, COLA's and for death benefits. If no other qualifier appears on the Rate Constant Table (PLN screen), then the rates apply to all members of the Plan: Other qualifiers help pinpoint rates that may apply only to members of a Plan who also happen to be members of a particular department, union, bargaining unit, or job classification.</p>
PLAN ERD	<p>The Earliest Retirement Date allowed by specific plan rules. (Note: this is a PeopleSoft convention and is not used in SFERS Pen Admin.)</p>
PLAN NRD	<p>The Normal Retirement Date as defined by plan rules. (Note: this is a PeopleSoft convention and is not used in SFERS Pen Admin.)</p>
PLAN MEMBERS	<p>The individuals covered by the terms of a benefit plan. Plan membership generally includes employees in active service, terminated employees who have accumulated benefits but are not yet receiving them and retired employees and beneficiaries currently receiving benefits.</p>
PLAN STATUS	<p>Member's SFERS plan status within Pen Admin System.</p> <p>Valid values are :</p> <ul style="list-style-type: none"> <li>• <b>Closed</b> - No additional service or contributions will be recorded under this particular plan</li> <li>• <b>Vested</b> - Member is eligible for vesting retirement</li> <li>• <b>Open</b> - Plan is open and service and contribution can be accrued</li> <li>• <b>Withdrawn</b> - Member has left city employment and withdrawn their contributions</li> <li>• <b>Retired</b> - Member is retired. No additional service or contributions will be accrued</li> </ul>
PLAN SPONSOR	<p>An employer who establishes and maintains a qualified retirement plan.</p>
POST-TAX CONTRIBUTIONS	<p>See <i>After-tax contributions</i>.</p>
POST-TO-FAMIS-DATE	<p>The date that defines the accounting reporting period for each payroll system and for over-the-counter payments, which are on-line transactions. The G/L balancing reports refer to the post-to-FAMIS dates to match reporting periods in the system with reporting periods FAMIS uses for each payroll system.</p> <p>PPSD, SFUSD, and SFCCD are derived from pay period end dates. The post-to-FAMIS dates for on-line transactions (OTC) are always the last calendar day of the month.</p> <p>Month 0 is always the last day of the prior fiscal year (06/30/CCYY). Data with a date on or before this date belongs to the prior fiscal year.</p> <p>SFUSD often skips pay months, so may have 00/00/00 as a valid post-to-FAMIS date.</p>

TERM	Definition
PPSD	Payroll and Personnel Services Division-The payroll processing department for the City & county of San Francisco. The PPSD Payroll System provides the Retirement System with information about employment, earnings, and payroll deductions for contributions to Retirement.
PR ID	See <i>Payroll ID</i> .
PRE-TAX ADJUSTMENT	The amount of the adjustment to the member's pre-tax contributions.
PRE-TAX AMOUNT	The amount of the pre-tax contribution.
PRE-TAX CONTRIBUTION	<p>Retirement contributions can be deducted from the members' covered gross earnings before federal and state income taxes are calculated. Making pre-tax contributions lowers the employee's taxable income and current tax liability. Income taxes on Retirement contributions are deferred until after the member begins collecting a pension or withdraws the contributions. Tax on the earned interest is also deferred.</p> <p>Members may choose to defer taxes on all or on a portion of their contributions. The CONTRIBUTION TYPE reflects the member's choice. Any EPC the member receives is pre-tax or after-tax based on the commitment the member already had for pre-tax and after-tax contributions.</p> <p>The payroll abbreviation for pre-tax Retirement is PRTX RET. Corrections to pre-tax Retirement deductions are identified as PRTX COR.</p> <p>The pre-tax feature was implemented in 1990, in compliance with Section 414(h)(2) of the Internal Revenue Code.</p> <p>Also see <i>Taxable amount</i>.</p>
PRE-TAX GOAL	The total goal for any plus pension amounts, except for buybacks.
PRE-TAX RATE	The percentage on which the pre-tax contribution is calculated.
PRIOR SERVICE BUYBACK	<p>A prior service buyback is available to City employees wishing to buy Retirement service credit for an employment period that was not covered for Retirement. For example, employees in permanent positions may elect to buy Retirement credit for periods served as temporary employees. However, employees who worked simultaneously in both covered and non-covered positions can purchase service credit only for covered positions.</p> <p>Also see <i>Years of prior service</i>.</p>
PROCESS SCHEDULER	<p>Within the Pen Admin System, a page that allows you to submit your request for a report, letter or user generated process (i.e., retirement calculation). The Process Scheduler allows you to control :</p> <ul style="list-style-type: none"> <li>• When your report request is run</li> <li>• How the output is formatted</li> <li>• Who else has access to your report</li> </ul>
PUBLIC SERVICE BUYBACK	A public service buyback is available to members with qualifying public service. Members formally request this type of buyback, and then the Retirement analysts determine whether the job held meets the City's qualifications for this type of buyback.
QDRO	<p>Qualified Domestic Relations Order- A court order directed to a 'plan administrator or custodian allocating retirement benefits between spouses. QDROs often are used when one party has a large pension or 401K and when liquid assets are insufficient to 'even up,' i.e., pay cash to the party without or with smaller pension benefits.</p> <p>See <i>Alternate Payee, DRO</i></p>
QDRO DOLLAR AMOUNT	The amount the court order specifies as due and payable to the QDRO.

TERM	Definition
QSR DATE	<p>The Qualified Service Retirement date is the date at which the member may retire, having reached the minimum age and the minimum number of service years.</p> <p>The minimum age and minimum number of service years is determined by the retirement plan. Old plan members must attain age 50 with 25 years of service, new plan members must attain age 55 with 25 years of service.</p>
QUALIFIED RETIREMENT PLAN	<p>A retirement plan that meets requirements of the Internal Revenue Code and as a result, is eligible to receive certain tax benefits. These plans must be for the exclusive benefit of employees or their beneficiaries. There are two kinds of qualified plans: Defined-benefit plans and defined-contribution plans.</p> <p>SFERS plans are defined benefit plans. Some examples of defined-contribution plans are 401(k) plans, money-purchase pension plan and profit-sharing plans.</p>
RBA	See <i>Replacement Benefit Arraignment</i>
REASON CODE	In Pension Admin each action must have an associated reason. As an example, the retirement process must be associated with a specific reason code, such as Disability Retirement or Service Retirement
RECEIPT AMOUNT	<p>The amount of an over-the-counter payment.</p> <p>The minimum amount of the payment is the smaller of \$100 for principal and the associated interest OR the entire amount due.</p>
RECEIPT DATE	The date the receipt was issued for the lump sum over-the- counter payment.
RECEIPT NUMBER	The number that identifies the receipt given to the payee of a lump sum over the counter payment.
RECIPROCITY	<p>Reciprocity is a mutual exchange agreement between two retirement plans or systems. Under reciprocity, an employee retains benefit rights in one plan when moving to another. Reciprocity within SFERS plans became effective 4/1/93. Reciprocity between SFERS and PERS and systems having reciprocity with PERS became effective 7/29/88.</p> <p>Reciprocity dictates that service performed under a reciprocal prior plan receive benefits according to that plan. For Uniform members, reciprocity also dictates whether service in other, dissimilar plans may be purchased. Finally, reciprocity affects the formula for calculating the cost to buy back temporary Miscellaneous service.</p>
REJECTS MAINTENANCE	<p>The Pen Admin System activates a yes/no flag to indicate whether the account has payroll posting transactions in either the personnel or the financial reject file.</p> <p>You must post the reject transactions before you can close the account.</p>
REDEPOSIT BUYBACK	<p>A redeposit buyback is available to former employees who withdrew Retirement funds when leaving City service, then re-joined City service and the Retirement System. To fully reinstate a Retirement plan, the returning member must redeposit the amounts withdrawn at separation time, plus the interest which would have accrued had the separation not occurred. This redeposit may be made at any time before retirement.</p>

**TERM**

**Definition**

REDUCED RATE  
CONTRIBUTION FLAG-  
?????

An indicator that the member makes reduced rather than standard contributions.

Miscellaneous members may elect to reduce their contributions to the Retirement System by the OASDI portion of their FICA contributions. The portion of the FICA contribution that applies to Medicare cannot be applied to the reduction of the Retirement contribution.

Since the FICA rate and the portion attributable to Medicare and OASDI may change from year to year, the percentage of the FICA contribution that can be used to reduce the Retirement contribution may also change from year to year.

Once the member reaches the maximum FICA deduction for the year, no further Retirement reduction applies for the remainder of the year, since the member has no further FICA deductions. The member must make full contributions for the remainder of the year.

EPC contributed on behalf of the member cannot exceed the amount the member is committed to contribute. Therefore, if the member makes reduced contributions, the EPC amount cannot exceed the amount the member would contribute at the reduced rate.

Contributions on cafeteria plan amounts can be made only at the full rate.

Also see *Shortage*, *Shortage buyback*, and *Cafeteria plan*.

REGULAR  
CONTRIBUTION  
+ INTEREST

See *Contribution + Interest*.

REGULAR GROSS

See *Gross earnings*.

RELATIONSHIP

Within the Pen Admin System, the relationship of the third party is recorded when setting up a pension beneficiary or recording a death.

When setting up a pension beneficiary ,valid values are :

- Administrator
- Aunt
- Brother
- Child
- Daughter
- Deceased Beneficiary
- Deceased Spouse
- Dependent Child
- Dependent Parent
- Domestic Partner
- Estate
- ExSpouse
- Executor
- Father
- Friend
- Mother
- Nephew
- Niece
- Other
- Other Relative
- Sister
- Son
- Spouse
- Trustee
- Uncle
- Unknown

When setting up a death notifier, valid values are :

- Administrator
- Brother
- Daughter
- Domestic Partner
- Executor
- Father
- Friend
- Guardian
- Mother
- Other
- Other Relative
- Sister
- Son
- Spouse
- Trustee

REPAID INTEREST

The amount of interest the member has already paid against the displayed buyback.

Interest can be repaid with either pre-tax or after tax dollars. The system tracks these two totals separately.

REPAID PRINCIPAL

The amount of principal the member has already paid against the displayed buyback.

Buyback principal includes the original amount of the contributions withdrawn or not made, plus all the interest those contributions would have earned had they been in the Retirement System.

Principal can be repaid with either pre-tax or after tax dollars. The system tracks these two totals separately.

TERM	Definition
REPLACEMENT BENEFIT ARRAIGNMENT (RBA)	
REPORT MANAGER	Within the Pen Admin System, the Report Manager acts as a personal 'in-box' of reports the user is eligible to view, print and download.
REQUIRED MINIMUM DISTRIBUTION (RMD)	IRS regulation require a minimum distribution from qualified individual retirement accounts (IRAs) begin at age 70 ½.
RETIREMENT DATE	The first day of the member's retirement.  The retirement date is not the same as the separation date. Vested members may have separation dates and retirement dates that are several years apart. An employee who works until retirement separates on one date and begins retirement (has a retirement date) on the next day.
RETIREMENT HOURS	See <i>Service credit</i> .
RETIREMENT NUMBER	The Retirement number was a unique alpha numeric number assigned to each member in earlier versions of SFERS' s member accounting system  Note: The Pen Admin. System does not create or use the Retirement number. However, the system does store the obsolete Retirement Number for historical reasons only.
RETIREMENT OPTIONS	See <i>Options</i> .
RETIREMENT TYPE	The type of retirement the member plans to take. Valid values are:  <ul style="list-style-type: none"> <li>• Service Retirement</li> <li>• Industrial Disability</li> <li>• QDRO Alternate Payee</li> <li>• Vesting Retirement</li> <li>• Death</li> <li>• Ordinary Disability</li> <li>• Death in the Line of Duty</li> </ul>
RETRO END DATE	See <i>End date (retro)</i> .
RMA	Accounting designations for the SFERS' Member Accounting System.  <i>No longer in use.</i>
RMM	Accounting designations for the SFERS' Member Accounting System.  <i>No longer in use.</i>
ROLL DATE	See <i>Warrant date</i> .
ROLL ID AND TYPE	Reason the warrant was initiated or its disposition. The most common reasons for warrants to be issued from the Retirement System are:  <ul style="list-style-type: none"> <li>• Withdrawal of contributions</li> <li>• Refund of recruit contributions</li> <li>• Refund over deduction for contributions or buybacks</li> <li>• Refund of payments made against a cancelled or complete buyback</li> <li>• One-time payments to beneficiaries of active members or retirees</li> </ul>
ROLLOVER	Moving money from one tax-qualified plan to another qualified or individual retirement account in order to prevent immediate tax liability.
ROLLOVER DEDUCTION	See <i>Deductions</i> .

TERM	Definition
RUN INTEREST DATE	<p>Payroll posting date associated with a pay period end date through which interest is calculated on the contributions and added to the member's account.</p> <p>The date is different for each payroll source. Valid dates are the pay period end date, plus:</p> <ul style="list-style-type: none"> <li>• 9 days for PPSD</li> <li>• 9 days for SFCCD</li> <li>• 10 days for SFUSD Classified</li> <li>• 8 days for SFUSD Certificated</li> </ul> <p>The run interest date may not be the last interest date on the account.</p>
RUN CONTROL	<p>Within the Pen Admin System, each request to generate a report, letter or user maintained process like a retirement calculation must be identified by a unique identifier or run control.</p>
RUN CONTROL ID	<p>Within the Pen Admin System, a free-form name that identifies your request to the system when you are requesting a report, letter or running a user maintained process</p>
SALARY SCHEDULE	<p>The number that identifies a specific salary with its particular increments for each of the five pay levels (job steps).</p> <p>Payroll posting updates the salary reference tables.</p>
SALARY TYPE	<p>See <i>Gross pay rate type</i>.</p>
SCHOOL HOURLY	<p>An employee of the San Francisco Unified School District paid on an hourly basis</p>
SEPARATION	<p>The process conducted when a City employee leaves City service. During separation processing, Retirement determines whether the person is entitled to vest in the Retirement System, what amounts are due to the person, and what amounts should be sent to various parties for offsets. When separating, members may choose to leave their contributions with the Retirement System to qualify for reciprocity with another retirement system.</p>
SEPARATION DATE	<p>See <i>End date (employment period)</i>.</p>
SEPARATION NOTICE	<p>The separation notice is a single-page form sent to all City departments informing them of an employee's separation from City service. This serves as an invitation to submit potential offsets to amounts due to the employee to the Controller's Office for hearings and/or approval.</p>
SEQUENCE (TRANSACTION)(CHECK THIS!)	<p>Sequence number of the transaction.</p> <p>The first transaction for the account for the day is SEQ #1. The second transaction for the account for the day is SEQ #2. If interest and a contribution are credited on the same day, one transaction is SEQ #1; the other is SEQ #2.</p> <p>As an example, posting regular payroll, posting payroll adjustments, and posting on-line service adjustments may all occur on the same day. They would each display a different sequence number to indicate the order in which they affected the account.</p>
SERVICE /SHORTAGE AMOUNT	<p>The shortage amount or the cost of the service for the buyback being estimated.</p> <p>This value is set by the system; you cannot override it.</p>



TERM	Definition
SERVICE CREDIT	<p>The number of years the member spent in a job classification that counts toward qualification for Retirement benefits.</p> <p>Retirement benefits are based, in part, on service credit. Service credit is determined by comparing the member's total qualified hours paid (hours included in the covered gross earnings) to the total number of hours scheduled during the service year for the member's classification (i.e., 80 hours per pay period x the number of pay periods for a specific year; e.g., 26.0, 26.1, 26.6). If the hours paid are at least 10/12 of the hours scheduled, then the member receives 1.000 years of service credit. If more than 100% of the hours scheduled, then the member still receives 1.000 years of service credit. If less than 10/12, the member service credit is pro-rated. If they work 10 months in the year of retirement, they get credit only for the fraction of the year they work.</p> <p>Service in a reciprocal plan since 7/29/88 applies in calculating service credit.</p> <p>The same qualification rules apply to part-time employees and to full-time employees. Members receive a full year's service credit for any fiscal year in which the equivalent of 10 months' or more of full-time work is performed. If less than 10 months' work is performed in a fiscal year, the service credit applied is the fraction resulting from dividing the amount of the full-time equivalent of the work performed by 10 months.</p> <p>The Payroll Systems do not calculate the service credit, but do report the number of paid hours associated with regular earnings and the number of paid hours associated with overtime earnings. Payroll reports on every employee, whether or not a member, since members may purchase qualifying service credit after becoming a member.</p> <p>In addition, Payroll reports non-paid hours, such as leaves of absence, since they may affect membership continuation.</p>
SERVICE ELIGIBLE TO BUY	See <i>Eligible for buyback</i> .
SERVICE HISTORY	<p>The history of the employee's service with the City. An employee must become a member of a Retirement plan immediately following permanent status employment. Because employees can buy back eligible employment periods from when they were not members, the system tracks the service history for all City employees.</p>
SERVICE HOURS	See <i>Hours</i> .
SERVICE PERIOD	<p>A service period, with identifying START and END DATES, describes the elements of an employee's service, such as department, job step, or salary. An employee may have several service periods during a single employment period.</p> <p>When an element of the service period changes, such as the employee's pay rate amount, the on-line Retirement System displays a new period in the service history. The new service period has a new START DATE and new detail data.</p> <p>The service period is not the same as the EMPLOYMENT PERIOD SEQUENCE, which changes when the employment category or plan code changes.</p> <p>Also see <i>Employment period</i>.</p>
SERVICE RETIREMENT	<p>Member has met the minimum number of years of service and age as defined by the SFERS plan rules to retire under a service retirement calculation where years of service, final average earnings and age factor into the retirement benefit.</p>
SERVICE YEARS	See <i>Service credit</i> or <i>Service years to buy</i> .
SERVICE YEARS TO BUY	<p>Total years being bought back.</p> <p>This applies to all buyback types except shortage buybacks.</p>

TERM	Definition
SFUSD	<p>San Francisco Unified School District Payroll Systems provide employment and payroll information to the Retirement System.</p> <p>The two payroll systems in the school district are:</p> <ul style="list-style-type: none"> <li>• SFUSD Certificated Payroll System</li> <li>• SFUSD Classified Payroll System</li> </ul>
SHORT	<p>The negative difference between contributions the system <u>actually</u> received and what it <u>should have</u> received based on the business rules derived from a combination of labor contracts ( MOUs), job classifications and plan codes.</p> <p>Payroll posting, on-line adjustments, and over-the-counter payments all update the over/short record when necessary.</p>
SHORTAGE	<p>Total amount the member's Retirement account is short of what would have accrued during the employment period if full contributions were made rather than reduced contributions.</p> <p>Shortage affects the actuarial valuation of prospective Retirement pensions. Those making reduced contributions receive reduced benefits.</p> <p>Interest compounds on accumulated shortage, just as it does for accumulated contributions. This is the extra interest the account would have accrued had the member been making full rather than contributions.</p> <p>Members may choose to buy back shortage amounts. See <i>Shortage Buyback</i>.</p> <p>Usually the system updates shortage amounts in two running totals:</p> <ul style="list-style-type: none"> <li>• Fiscal year-to-date (annual) totals</li> <li>• Category (membership period) totals</li> </ul> <p>Also see <i>Reduced rate contribution flag</i>.</p>
SHORTAGE AT WITHDRAWAL	<p>Amount the member's Retirement account is short of what would have accrued during the employment period if full contributions were made rather than reduced contributions.</p> <p>Interest compounds on accumulated shortage, just as it does for accumulated contributions. This is the extra interest the account would have accrued had the member been making full rather than contributions. Shortage affects the actuarial valuation of prospective Retirement pensions. Those making reduced contributions receive reduced benefits.</p>
SHORTAGE BUYBACK	<p>A shortage buyback is available to members with account shortages from making reduced rate contributions. Shortages can be "bought back" to bring the contributions up to the full account amount. If the shortage is not made up before retirement, the Retirement allowance is reduced proportionately.</p>
SHORTAGE INTEREST	<p>See <i>Shortage and Interest</i>.</p>
SOCIAL SECURITY AMOUNT	<p>The deduction taken from each pay check as the contribution to Social Security.</p>
SOCIAL SECURITY NUMBER	<p>The Social Security number that identifies the member and the member's account.</p> <p>Also see <i>National ID</i>.</p>
SOURCE CODE	<p>See <i>Transaction source, Transaction source code, and Payroll system</i>.</p>
STANDARD BIWEEKLY HOURS	<p>See <i>Hours biweekly</i>.</p>
STANDARD YEARLY HOURS	<p>See <i>Hours yearly</i>.</p>

TERM	Definition
START DATE (BUYBACK FROM DATE)	<p>Date of the member's first buyback payment.</p> <p>This date is <u>either</u> the:</p> <ul style="list-style-type: none"> <li>• Payroll end date for the first pay period from which a buyback deduction was (will be) taken. The buyback's start date (From date) must be a valid pay period end date for the payroll system that pays the member.</li> <li>• Date the lump sum payment was received that initiated the buyback</li> </ul>
START DATE (EMPLOYMENT PERIOD)	Date the employment period began. EMPLOYMENT PERIOD SEQUENCE NUMBERS identify employment periods.
START DATE (MEMBERSHIP)	<p>The date the employee first is eligible to join the Retirement System. Membership in the Employees' Retirement System is automatic upon attaining permanent employment status or after working 1040 hours in a 12-month period as a temporary employee. The membership start date and the job classification determine the member's plan code.</p> <p>The MEMBERSHIP START DATE may differ from the EMPLOYMENT PERIOD START DATE, but must be the same as the START DATE for the employment period that qualified the employee for membership in the Retirement System.</p> <p>When a member is re-hired, the new membership date is the re-hire date. This is true even if the member has an active account because of not requesting a refund <u>OR</u> because the re-hire was within 8 weeks <u>and</u> before the refund was made.</p> <p>The system tracks the earliest date during City employment that an employee was eligible to join the Retirement System. If an employee leaves City employment but returns, the employee is entitled to purchase any service credit accrued during previous employment.</p>
START DATE (SERVICE PERIOD)	<p>Date the service period began within the employment period. Service periods open and close with new START and END DATES whenever some element of the job definition changes, such as salary or department.</p> <p>Also see <i>Service period</i>.</p>
START DEDUCTION DATE	<p>Date of the first payroll date to pay for the deduction.</p> <p>This date is the same as the BUYBACK START DATE if the member does not make a lump sum payment against the buyback.</p>
START WORK DATE	See <i>Start date (employment period) and Start date (service period)</i> .
STATUS FLAGS	<p>Accounts in the Pen Admin System may have special conditions that warrant additional processing or special processing. A status flag is used to indicate if an account has a special condition.</p> <p>Valid values are:</p> <ul style="list-style-type: none"> <li>• School Hourly</li> <li>• Other Ret. System</li> <li>• Legal Condition</li> <li>• Covered P103</li> <li>• Permanent Fund</li> <li>• Buyout Status</li> <li>• Concurrent Teacher</li> <li>• Deferred Comp</li> </ul>
STEP	See <i>Job step</i> .
STRS	State Teachers Retirement System.- A retirement system for school teachers
SURVIVING SPOUSE ELIGIBILITY	Plan rules that determine if a member's surviving spouse is eligible for a benefit continuation. Usually a set time period between marriage and benefit commencement.
TAX CODE	Code to identify the basis for the tax calculations.

TERM	Definition
TAX ENTITY	<p>The taxing authority for whom Retirement withholds and forwards taxes. Valid Values are:</p> <ul style="list-style-type: none"> <li>• \$U - Federal Income Tax</li> <li>• CA - California State Tax</li> </ul>
TAX EXCLUSION	The amount of death benefit that a beneficiary can accept tax-free.
TAX ID	See <i>Social Security number</i> .
TAX STATUS	See <i>Buyback Tax Status</i> .
TAXABLE AMOUNT	<p>The amount on which the member has NOT paid taxes. It includes pre-tax contributions, pre-tax EPC, standard interest, and interest on additional contributions. This total is included in the displayed total of CONTRIBUTIONS + INTEREST.</p> <p>Making pre-tax contributions lowers the member's taxable income and current tax liability by deferring the tax liability until the contributions are withdrawn. Interest is always a pre-tax addition to the member's account. (Re-paid interest is an after-tax amount, so is tracked with after-tax contributions.)</p> <p>Members may choose to defer taxes on all or a portion of their contributions. The CONTRIBUTION TYPE reflects the member's choice.</p>
TAXABLE OPTION-1 TOTAL	<p>The portion of the Option-1 payment that is subject to income tax withholding.</p> <p>The taxable amount is derived from the taxable portions of the total, such as pre-tax contributions, EPC, and interest.</p> <p>Also see <i>Non-taxable Option-1 total</i>.</p>
TERMINATION DATE	Date the employee left City and County of San Francisco service.
TERMINATION REASON	<p>The reason the employee is no longer in City service. Valid Values are:</p> <ul style="list-style-type: none"> <li>• Death</li> <li>• Retirement</li> <li>• Separation</li> </ul>
TOTAL - ALL ACCOUNTS	Total amount of contributions, EPC, and interest accrued throughout an entire career in City service.
TOTAL OVER/SHORT	The total amount over or short for each transaction type in an account.
TRANSACTION DATE	<p>The date the transaction occurred in the Retirement System or in the payroll system that provides data to the Retirement System.</p> <p>The transaction date is the pay period end date (when processing payroll deductions) or the receipt date (when processing over-the-counter payments or reversals of OTC payments).</p> <p>The transaction date is not necessarily the same as the effective date.</p>
TRANSACTION SOURCE	The method by which the account data entered the system, such as database maintenance or the payroll system.
TRANSACTION SOURCE CODE	The code that identifies the TRANSACTION SOURCE that is displayed on the screen.

TERM	Definition
TRANSACTION TYPE (OR AMOUNT TYPE)	<p>A category of funds that is a component of an account. Most pages that display account balances display separate totals for each account component or transaction type. Transaction types include:</p> <ul style="list-style-type: none"> <li>• Pre-tax contributions</li> <li>• Employer paid contributions</li> <li>• Shortage</li> <li>• City Match amount</li> <li>• Repaid interest (pre-tax or after tax)</li> <li>• Withdrawn interest</li> <li>• After tax contributions</li> <li>• Contribution interest</li> <li>• Shortage interest</li> <li>• Repaid principal (pre-tax or after tax)</li> <li>• Withdrawn contributions</li> </ul> <p>In addition, the system also tracks:</p> <ul style="list-style-type: none"> <li>• Service credit</li> <li>• Withdrawn service credit (eligible to buy)</li> </ul>
TYPE OF BUYBACK	The type of buyback being purchased.
TYPE OF EVENT	See <i>Activity type</i> .
TYPE OF PAYMENT	A code which indicates how an over-the-counter payment should be credited to an account.
TYPE OF TRANSACTION	See <i>Transaction type</i> .
TYPE OF WARRANT	See <i>Roll ID and type</i> .
UN-CREDITED SERVICE	<p>Number of years the member worked that are not included in service credit.</p> <p>The un-credited service may be eligible to buyback.</p>
UNION	Labor organization or association that represents groups of bargaining units, which in turn, represent employees in several job classifications in salary and benefit negotiations
UNION CODE	<p>Pen Admin system code that identifies the specific labor organizations.</p> <p>Union Code is one of the qualifiers that identify rates for contributions, EPC, City Match, COLA's, and death benefits for groups of employees. Plan code, department, bargaining unit, and job classification are other qualifiers that identify rates.</p> <p>Also see <i>Bargaining unit</i> and <i>Union</i>.</p>
UNION SERVICE BUYBACK	A member may purchase service credit for time worked as a full time union employee for a recognized labor organization while on leave from their regular position as a city employee.
UNPURCHASED SERVICE YEARS	See <i>Eligible for buyback</i> .
UNRESOLVED TRANSACTION AMOUNT	<p>The over/short record reflects how an amount added to or subtracted from the member's account differs from the amount the system expected. The Original Transaction Balance is the amount of that difference.</p> <p>The Unresolved Transaction Amount is that portion of the Original Transaction Amount that still differs from expectations.</p> <p>The UNRESOLVED AMOUNT changes when the system perceives another difference for the same transaction type (e.g., EPC or contributions). For example, Contribution transaction #1 has \$1500 as the ORIGINAL AMOUNT and as the UNRESOLVED AMOUNT. Contribution transaction #2 has an ORIGINAL AMOUNT of -\$1000, an UNRESOLVED AMOUNT of \$0.00 and changes the transaction #1 UNRESOLVED AMOUNT to \$500. Contribution transaction #3 has an ORIGINAL AMOUNT of -\$850, an UNRESOLVED AMOUNT of -\$350.00 and changes the transaction #1 UNRESOLVED AMOUNT to \$0.00</p> <p>Also see <i>Original transaction balance</i>.</p>

**TERM**

**Definition**

**VESTING**

All SFERS plans have a vesting point, usually after five years of service, after which members may leave their contributions with the plan regardless of whether they continue in City service. Vested contributions continue to accrue interest. Vested members receive a lifetime pension when they retire at any time after turning age 50.

- Members must decide to vest within 90 days of separation. Those who do not choose to vest must withdraw their contributions.
- Members who reach the vesting point, then retire have Vested Retired person status.
- Members who reach the vesting point, then leave City service, but leave their contributions with the plan have Vested Member person status and are eligible for retirement benefits.
- Members, who reach the vesting point and remain in City service, retain their Active person status.
- Vested members do not begin receiving benefits until they notify the Retirement System of their retirement.

**VESTING RETIREMENT**

If a member has accrued a minimum of 5 years of service and is at least 50 years old, he is eligible for a vesting retirement if he leaves city employment. The vesting retirement calculation uses the member's account balance and an actuarial age factor to determine the retirement benefit.

**WARRANT**

A payment issued by the City & County of San Francisco Controller's Office. SFERS staff may request a warrant be issued to a payee when they are unable to issue a payment via the Pen Admin System because of case complexity or payment timing issues.

See *Manual Check* and *Manual Warrant*

**WARRANT AMOUNT**

The net payable amount of the warrant, which is the gross payment amount less all deductions.

**WARRANT DATE**

The date confirmed warrants display as their issue date. The warrant date is printed on the warrant as the effective date. The warrant date is the withdrawal date, but is not necessarily the same as the separation date.

Warrants are actually printed before the warrant date.

**WARRANT NUMBER**

A unique number pre-printed on the warrant to identify it.

Warrants are financial instruments similar to checks that are normally issued by governmental bodies and guaranteed by incoming revenues. Payments by the City and County of San Francisco are always warrants rather than checks.

**WARRANT ROLL**

See *Roll type and ID* and *Warrant date*.

**WARRANT STATUS**

The status of the warrant.

**WARRANT TYPE**

See *Roll ID and type*.

**WILL VARIATION**

A law that allows spouses and children to contest a will if they are not adequately provided for.

**WITHDRAWAL DATE**

Date the member withdrew contributions and interest on the contributions.

Note : This need not be the same as the *Separation Date*.

TERM	Definition
WITHDRAWN CONTRIBUTION	<p>The amount the member withdrew when leaving City service.</p> <p>Contributions that are eligible to withdraw include all complete buybacks, active shortage buybacks, and employer paid contributions (EPC). Members may not withdraw the City's matching contributions.</p> <p>Members leaving City service may elect to withdraw contributions and the interest those contributions have earned.</p> <p>Contributions must be refunded to members who separate before reaching their plan's vesting point, unless they join a reciprocal system. Members who reach their plan's vesting point before they separate from the City may choose to vest.</p> <p>The system stores the withdrawn contributions totals for each account.</p>
WITHDRAWN SERVICE YEARS	See <i>Eligible for buyback</i> .
WITHHOLDING LIMITS	See <i>FICA contributions, FICA percentage, FICA wages, Medicare percentage, OASDI percentage, and Tax exclusion</i> .
YEARLY HOURS	See <i>Hours yearly</i> .
YEARS	See <i>Fiscal year or Service years</i>
YEARS OF PRIOR SERVICE	Service in positions not covered for Retirement, such as temporary positions. Members may choose, with some restrictions, to buyback uncovered prior service.
YEARS OF SERVICE CREDITED	See <i>Service credit</i> .
YEARS TO BUY	See <i>Eligible for buyback</i> .

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## **Glossary of Retirement/Pen Admin. Terms**



401(K) PLAN	1	CITY MATCH PAYMENT	9	ENTRY DATE	17
403(B) PLAN	1	CITY MATCH RATE	10	EPC	17
457(B) PLAN	1	CITY START DATE	10	EPC ADJUSTMENT	17
415(B) LIMITS	1	CLASSIFIED EMPLOYEE	10	EVENT DATE	17
415(E) LIMITS	1	CLASSIFICATION	10	FAE	17
100/3000	1	COLA	10	FEDERAL TAX	17
1040 HOURS	1	COLA RATE	10	FICA	17
6-MONTHS EARNABLE SALARY	1	COLD STORAGE	10	FICA AMOUNT	17
ABATED DISABILITY	1	COMP HOURS	10	FICA CONTRIBUTION	17
ACCOUNT BALANCE	1	COMPANY	10	FICA EXEMPT	17
ACTUARIAL GROUP	1	CONCURRENT TEACHER	10	FICA PERCENTAGE	17
ACTUARIAL ASSUMPTIONS	2	CONSERVATORSHIP	10	FICA WAGES	18
ADJUSTMENTS	2	CONTRIBUTION (STANDARD)	10	FINAL AVERAGE EARNINGS	18
ADJUSTED AMOUNT TO BUY	2	CONTRIBUTION / BUYBACK PAYMENT	10	FISCAL MONTH	18
AFTER-TAX CONTRIBUTION	2	CONTRIBUTION +INTEREST	11	FISCAL YEAR	18
AGE FACTOR	2	CONTRIBUTION CHANGE DATE	11	FLSA	18
ALTERNATE PAYEE	2	CONTRIBUTION INTEREST	11	FROM DATE	18
AMOUNT REPAID	2	CONTRIBUTION OWED TO RETIREMENT	11	FSB	18
AMOUNT TO BUY	2	CONTRIBUTION RATE	11	FUNCTION RESULT	18
AMOUNT TYPE	2	CONTRIBUTION TYPE	11	FUTURE ACTION	18
AMOUNTS WITHDRAWN	2	COURT DOCUMENT ID	12	FY	18
ANNUAL STATEMENT	2	COVERED GROSS EARNINGS	12	GARNISHMENT	18
AS-OF DATE	2	COVERED HOURS	12	GARNISHMENT TYPE	19
ASSOCIATED PLAN	3	CREDITED SERVICE	12	GARNISHMENT STATUS	19
AVAILABLE MILITARY SERVICE	3	CROSSOVER DATA	12	GILMORE PAYMENT	19
AVAILABLE PRIOR SERVICE	3	CURRENT AMOUNT TO BUY	12	GILMORE STATUS	19
AVAILABLE PUBLIC SERVICE	3	DATE JOINED	12	GOAL AMOUNT	19
AVAILABLE REDEPOSIT	3	DATE OF BIRTH	12	GRADUATION DATE	19
AVAILABLE SHORTAGE	3	DATE OF DEATH	12	GROSS EARNINGS	19
AVERAGE MONTHLY COMPENSATION	3	DATE OF DISSOLUTION	12	GROSS PAY RATE AMOUNT	19
BALANCE	3	DEATH BENEFIT	12	GROSS PAY RATE TYPE	19
BANKRUPTCY DEDUCTION	3	DEATH DATE SOURCE	12	GROUP	19
BARGAINING UNIT	4	DEDUCTION AMOUNT (BUYBACKS)	12	GROUP CODE	19
BCD	4	DEDUCTION CODE	13	GUARDIAN NAME	19
BENEFICIARY	4	DEFERRED COMPENSATION AMOUNT	13	HOLIDAYS	19
BENEFICIARY STATUS	4	DEFINED BENEFIT PLAN	13	HOURS	19
BENEFIT COMMENCEMENT DATE (BCD)	4	DEFINED CONTRIBUTION PLAN	13	HOURS BIWEEKLY	19
BENEFIT PLAN	5	DETERMINATION LETTER	13	HOURS YEARLY	20
BIRTH DATE	5	DEPARTMENT	13	IMPUTED PAY	20
BIWEEKLY HOURS	5	DIRECT ROLL OVER	13	INTEREST	20
BP	5	DISABILITY RETIREMENT	14	INTEREST AS OF	20
BUYBACK	6	DISPOSITION (OVER/SHORT)	14	(OR INTEREST DATE)	20
BUYBACK AMOUNT	6	DISTRIBUTION %	14	INTEREST DATE FOR RETRO	20
BUYBACK AMOUNT TO BUY	6	DISTRIBUTION CODE	14	INTEREST DATES FROM [AND] TO	20
BUYBACK BALANCE	6	DRO	14	INTEREST PAID BY RETIREMENT ON REPAID	20
BUYBACK GOAL	6	DROP PLAN	15	BALANCE AS OF [MM/DD/CCYY]	20
BUYBACK STATUS	6	EARLY RETIREMENT	15	INTEREST RATE	21
BUYBACK TYPE	6	EARNINGS	15	IRS FORM 8233	21
BUYOUT	6	EARNINGS CODE	15	IRS FORM W9	21
BUYOUT STATUS	6	EFFECTIVE DATE	15	IRS FORM 1042- s	21
CAFETERIA PLAN	6	EGTRRA	15	IRS FORM 1099	21
CALC TYPE	7	ELIGIBLE FOR BUYBACK	15	IRS FORM W8-BEN	21
CALCULATION GROUP LIST	7	ELIGIBLE TO BUY	15	JOB CLASSIFICATION	21
CALPERS	7	EMPLID	16	JOB STEP	21
CALSTRS	7	EMPLOYEE STATUS	16	JOB TITLE	21
CANCELLATION DATE	7	EMPLOYER CONTRIBUTION	16	JOINDER	21
CASH BALANCE PLAN	7	EMPLOYER PAID CONTRIBUTION (EPC)	16	LABOR SERVICE BUYBACK	21
CATCH UP CONTRIBUTION	7	EMPLOYMENT CATEGORY	16	LAST INTEREST DATE	21
CATCH-UP INTEREST	7	EMPLOYMENT PERIOD	16	LAST NAME	21
CATEGORY TOTAL	7	EMPLOYMENT SEQUENCE	16	LAST PAYMENT DATE	22
CATEGORY TOTALS	7	EMPLOYMENT STATUS	16	LEGAL CONDITION FLAG	22
CERTIFICATED EMPLOYEE	7	END DATE (EMPLOYMENT PERIOD)	16	LIFE EXPECTANCY	22
CHANGE ROLL	8	END DATE (MEMBERSHIP)	17	LUMP SUM DISTRIBUTION	22
CHILD SUPPORT SERVICES	8	END DATE (PAYROLL)	17	MANUAL CHECK	22
CITY CHARTER	9	END DATE (RETRO)	17	MARITAL STATUS	22
CITY MATCH AMOUNT	9	END DATE (SERVICE HISTORY)	17	MARRIAGE DATE	22

PEN ADMIN SYSTEM USER GUIDE

MATCH AMOUNT	22	PAYMENT TYPE	28	RUN INTEREST DATE	36
MATCH RATE	22	PAYROLL ADJUSTMENTS	28	RUN CONTROL	36
MAXIMUM FICA CONTRIBUTION	22	PAYROLL DATES	29	RUN CONTROL ID	36
MAXIMUM FICA WAGES	22	PAYROLL DEDUCTION	29	SALARY SCHEDULE	36
MAXIMUM PAY RATE	22	PAYROLL END DATE	29	SALARY TYPE	36
MEDICARE AMOUNT	22	PAYROLL ID	29	SCHOOL HOURLY	36
MEDICARE PERCENTAGE	22	PAYROLL SYSTEM	29	SEPARATION	36
MEMBER ACCOUNTING	22	PAYRUN	30	SEPARATION DATE	36
MEMBERSHIP STATUS	22	PAYRUN ID	30	SEPARATION NOTICE	36
MEMBERSHIP DATE	22	PENSION STATUS	30	SEQUENCE (TRANSACTION)(CHECK THIS!)	36
MEMBERSHIP END DATE	22	PERMANENT FUND	30	SERVICE /SHORTAGE AMOUNT	36
MEMBERSHIP PERIOD	23	PERIODIC PROCESS	30	SERVICE CREDIT	37
MAILING ADDRESS	23	PERS	30	SERVICE ELIGIBLE TO BUY	37
MESSAGE LOG	23	PERSON STATUS	31	SERVICE HISTORY	37
MILITARY SERVICE BUYBACK	23	PLAN CODE	31	SERVICE HOURS	37
NAME	23	PLAN ERD	31	SERVICE PERIOD	37
NATIONAL ID	23	PLAN NRD	31	SERVICE RETIREMENT	37
NEW PLAN	23	PLAN MEMBERS	31	SERVICE YEARS	37
NON-COVERED GROSS	23	PLAN STATUS	31	SERVICE YEARS TO BUY	37
NON-FICA AMOUNT	23	PLAN SPONSOR	31	SFUSD	38
NON-TAXABLE OPTION-1 TOTAL	23	POST-TAX CONTRIBUTIONS	31	SHORT	38
OASDI	23	POST-TO-FAMIS-DATE	31	SHORTAGE	38
OASDI PERCENTAGE	23	PPSD	32	SHORTAGE AT WITHDRAWAL	38
ODOC	23	Pr ID	32	SHORTAGE BUYBACK	38
ODOC DOCUMENT TYPE	24	PRE-TAX ADJUSTMENT	32	SHORTAGE INTEREST	38
OFFSET	24	PRE-TAX AMOUNT	32	SOCIAL SECURITY AMOUNT	38
OLD PLAN	24	PRE-TAX CONTRIBUTION	32	SOCIAL SECURITY NUMBER	38
OTC	24	PRE-TAX GOAL	32	SOURCE CODE	38
OPEB	25	PRE-TAX RATE	32	STANDARD BIWEEKLY HOURS	38
OPTION-1	25	PRIOR SERVICE BUYBACK	32	STANDARD YEARLY HOURS	38
OPTIONS	25	PROCESS SCHEDULER	32	START DATE (BUYBACK FROM DATE)	39
ORIGDEPBN	25	PUBLIC SERVICE BUYBACK	32	START DATE (EMPLOYMENT PERIOD)	39
ORIGEMPLID	25	QDRO	32	START DATE (MEMBERSHIP)	39
ORIGINAL TRANSACTION BALANCE ( CHECK THIS!)	25	QDRO DOLLAR AMOUNT	32	START DATE (SERVICE PERIOD)	39
OTHER POSTEMPLOYMENT BENEFITS (OPEB)	25	QSR DATE	33	START DEDUCTION DATE	39
OVER THE COUNTER PAYMENT (OTC)	25	QUALIFIED RETIREMENT PLAN	33	START WORK DATE	39
OTC PAYMENT SIMULATION	25	RBA	33	STATUS FLAGS	39
OUTSTANDING BALANCE	25	REASON CODE	33	STEP	39
OVER	26	RECEIPT AMOUNT	33	STRS	39
OVERRIDES	26	RECEIPT DATE	33	SURVIVING SPOUSE ELIGIBILITY	39
OVERTIME	26	RECEIPT NUMBER	33	TAX CODE	39
OVER-TIME HOURS (OR OT HOURS)	26	RECIPROCITY	33	TAX ENTITY	40
OWED TO RETIREMENT	26	REJECTS MAINTENANCE	33	TAX EXCLUSION	40
P103	26	REDEPOSIT BUYBACK	33	TAX ID	40
PARTICIPATION DATE	26	REDUCED RATE CONTRIBUTION FLAG-?????	34	TAX STATUS	40
PAY	26	REGULAR CONTRIBUTION	34	TAXABLE AMOUNT	40
PAY CALENDAR	26	+ INTEREST	34	TAXABLE OPTION-1 TOTAL	40
PAY CALCULATION	26	REGULAR GROSS	34	TERMINATION DATE	40
PAY CONFIRM	26	RELATIONSHIP	34	TERMINATION REASON	40
PAY FREQUENCY	26	REPAID INTEREST	34	TOTAL - ALL ACCOUNTS	40
PAY PERIOD END DATE	27	REPAID PRINCIPAL	34	TOTAL OVER/SHORT	40
PAY PERIOD END DATE	27	REPLACEMENT BENEFIT ARRAIGNMENT (RBA)	35	TRANSACTION DATE	40
PAY PERIODS PER YEAR	27	REPORT MANAGER	35	TRANSACTION SOURCE	40
PAY LINE	27	REQUIRED MINIMUM DISTRIBUTION (RMD)	35	TRANSACTION SOURCE CODE	40
PAY RATE	27	RETIREMENT DATE	35	TRANSACTION TYPE	41
PAY SHEET	27	RETIREMENT HOURS	35	(OR AMOUNT TYPE)	41
PAY TYPE	27	RETIREMENT NUMBER	35	TYPE OF BUYBACK	41
PAYEE ADJUSTMENT SCHEDULE	27	RETIREMENT OPTIONS	35	TYPE OF EVENT	41
PAYEE	27	RETIREMENT TYPE	35	TYPE OF PAYMENT	41
PAYROLL CROSS REFERENCE	27	RETRO END DATE	35	TYPE OF TRANSACTION	41
PAYEE MANUAL SCHEDULE	27	RMA	35	TYPE OF WARRANT	41
PAYEE NAME	27	RMM	35	UN-CREDITED SERVICE	41
PAYEE PAYMENT SCHEDULE	27	ROLL DATE	35	UNION	41
PAYEE TYPE	28	ROLL ID AND TYPE	35	UNION CODE	41
PAYEE PAYMENT SCHEDULE	28	ROLLOVER	35	UNION SERVICE BUYBACK	41
PAYMENT DATE	28	ROLLOVER DEDUCTION	35	UNPURCHASED SERVICE YEARS	41

GLOSSARY OF RETIREMENT / PEN ADMIN TERMS

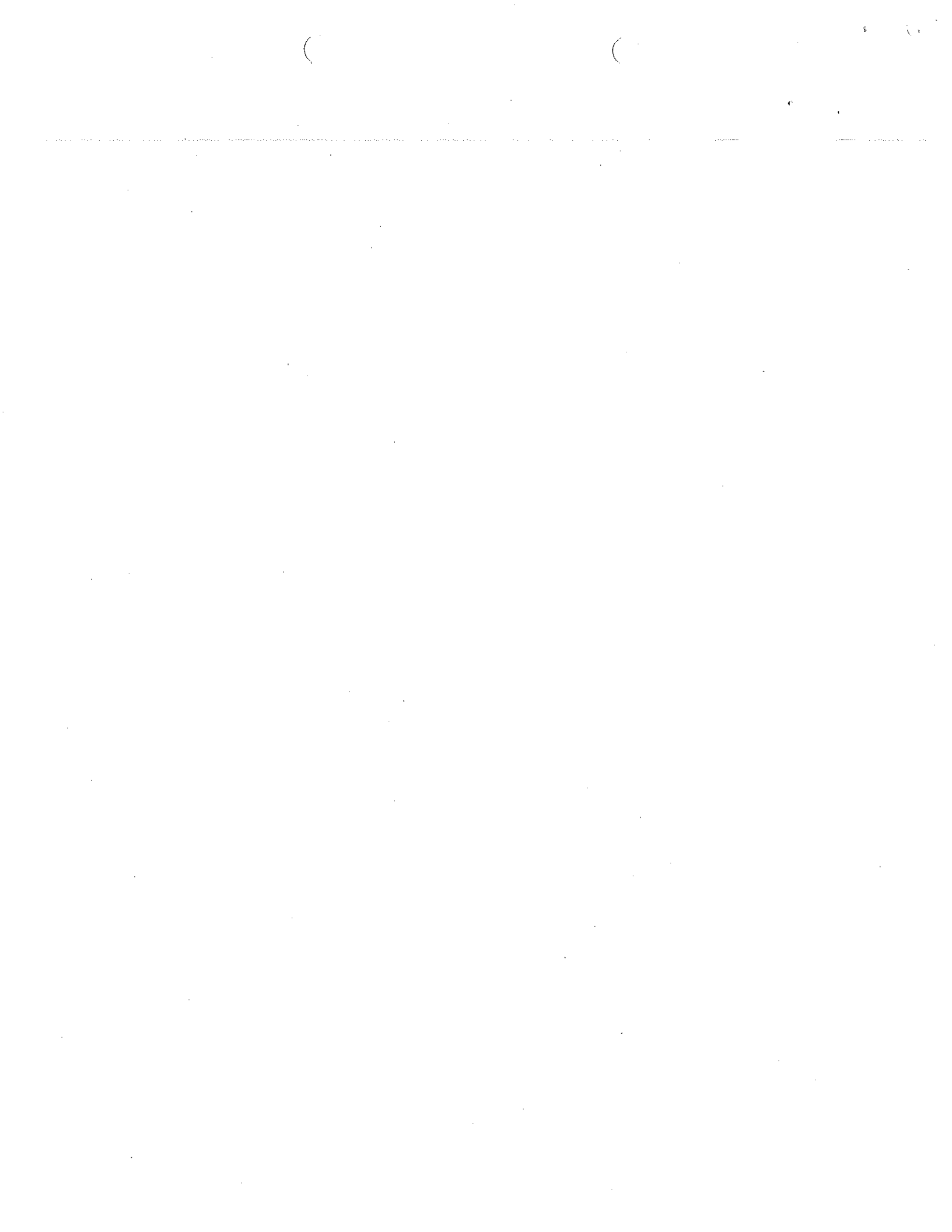
UNRESOLVED TRANSACTION AMOUNT	41
VESTING	42
VESTING RETIREMENT	42
WARRANT	42
WARRANT AMOUNT	42
WARRANT DATE	42
WARRANT NUMBER	42
WARRANT ROLL	42
WARRANT STATUS	42
WARRANT TYPE	42
WILL VARIATION	42
WITHDRAWAL DATE	42
WITHDRAWN CONTRIBUTION	43
WITHDRAWN SERVICE YEARS	43
WITHHOLDING LIMITS	43
YEARLY HOURS	43
YEARS	43
YEARS OF PRIOR SERVICE	43
YEARS OF SERVICE CREDITED	43
YEARS TO BUY	43

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**APPENDIX C. ACTUARY'S PRESENTATION TO THE RETIREMENT BOARD JAN. 13, 2009**



**City and County of San Francisco  
Employees' Retirement System**

**July 1, 2008  
Actuarial Valuation**

**Produced by Cheiron**

## Table of Contents

Letter of Transmittal .....	i
Section I – Board Summary .....	1
Section II – Assets .....	15
Section III – Liabilities .....	18
Section IV – Contributions .....	21
Section V – Accounting Statement Information .....	24
Appendix A – Membership Information .....	29
Appendix B – Actuarial Assumptions and Methods .....	58
Appendix C – Summary of Plan Provisions .....	71
Appendix D – Glossary of Terms .....	95



LETTER OF TRANSMITTAL

January 6, 2009

Retirement Board of the City and County of  
 San Francisco Employees' Retirement System  
 c/o Ms. Clare M. Murphy, Executive Director  
 30 Van Ness Avenue, Suite 3000  
 San Francisco, CA 94102

Dear Members of the Board:

At your request, we performed the July 1, 2008 actuarial valuation of the City and County of San Francisco Employees' Retirement System (SFERS). The valuation results with respect to SFERS are contained in this report. Please note that as this represents Cheiron's first valuation of the SFERS. All results in this valuation pertaining to July 1, 2007 were produced by the former actuary Towers and presented in their July 1, 2007 valuation report. However, in the transition process Cheiron did replicate and reconcile the prior valuation results within industry specific tolerances.

The table below presents the key results of the 2008 valuation for the SFERS.

<b>Table I-1</b>		
<b>City and County of San Francisco Employees' Retirement System</b>		
Valuation Date	July 1, 2008	July 1, 2007*
Unfunded Actuarial Liability/(Surplus)	\$(582.6) mil.	\$(1,387.9) mil.
Funding Ratio	103.8%	110.2%
Net Employer Contribution Rate	9.49%	4.99%

\*July 1, 2007 numbers completed by prior actuary

- Unfunded Actuarial Liability (UAL)/Surplus:** SFERS' surplus has decreased by \$805.3 million. The primary cause of this increase is the inclusion of the following benefit changes under Proposition B; (i) increased retirement accrual factors for miscellaneous plan members (resulting in an additional change in retirement rates to recognize the increased benefit), and (ii) COLA for all new plan members (police, fire, and miscellaneous) changed from a 2.0% simple COLA to a 2.0% compound COLA. The results also reflect the change in investment assumption from 8.00% to 7.75%.
- Funding Ratio:** This is the ratio of system assets to actuarial liabilities which for SFERS declined since the last valuation by 6.4%.
- Net Employer Contribution Rate:** Represents the recommended contribution rate to be made by the Employer as a percent of covered payroll. The increase of 4.5% primarily reflects the increased cost of benefits under Proposition B. The rate is also impacted by the decrease in the investment assumption from 8.00% to 7.75%

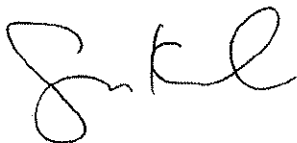
More details on the plan experience for the past year, including the changes listed above and their impact on these July 1, 2008 valuation results can be found in our report which follows.



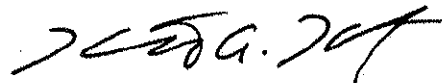
In conclusion, we certify that, to the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. As such, it reflects the actuary's responsibility under Section 5.8 of ASOP No. 4 "for assessing the implications of the overall results, in terms of short- and long-range benefit security and expected cost progression." In preparing our report, we relied without audit, on information supplied by SFERS' staff. This information includes, but is not limited to, plan provisions, employee data, and financial information.

Finally, it's important to note that this valuation, which was prepared using census data and financial information as of July 1, 2008, does not reflect any subsequent changes in the membership profile and decline in the investment markets. The next valuation will reflect those changes including the still to be determined membership and investment experience through July 1, 2009.

Sincerely,  
Cheiron



Gene Kalwarski, FSA, FCA, EA, MAAA  
Consulting Actuary



Ken Kent, FSA, FCA, EA, MAAA  
Consulting Actuary

## SECTION I BOARD SUMMARY

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

- The financial condition of the City and County of San Francisco Employees' Retirement System (SFERS),
- Past and expected trends in the financial condition of SFERS,
- The Employer's contribution rate for Fiscal Year 2010, and
- Information required by the Governmental Accounting Standards Board (GASB).

In this Section, we present a summary of the principal valuation results. This includes the basis upon which the July 1, 2008 valuation was completed and an examination of the current financial condition of SFERS. In addition, we present a review of the key historical trends followed by the projected financial outlook for SFERS.

### A. Valuation Basis

SFERS funding policy is comprised of contributions equal to the sum of normal cost under the Entry Age Normal Cost Method, plus amortization of changes in the unfunded actuarial liabilities over various periods not to exceed 20 years.

Changes since the last actuarial valuation that are included in this years results are as follows:

- Benefits changes passed in June of 2008 under Proposition B which include:
  - Increased retirement accrual factors for miscellaneous plan members (resulting in an additional change in retirement rates to recognize the increased benefit).
  - Basic COLA for all new plan members (police, fire, and miscellaneous) changed from a 2.0% simple COLA to a 2.0% compound COLA.
  - The changes to the Supplemental COLA which take effect July 1, 2009 and therefore will not impact valuation results until the next valuation.
- The change in plan actuary resulted in minor differences in the interpretations of plan provisions and in the valuation of liabilities. These differences are disclosed in Section III - *Liabilities* and in Appendix B - *Actuarial Assumptions and Methods*.
- A decrease in the long term investment/discount rate from 8.00% to 7.75%, which was approved by the Board in November 2008.
- Reflection of the new Deferred Retirement Option Program (DROP) which for this valuation has no impact on the liabilities or costs since there is insufficient experience to evaluate its impact.

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

**SECTION I  
 BOARD SUMMARY**

**B. Current Financial Condition of SFERS**

On the following pages, we summarize the key results of the July 1, 2008 valuation and how they compare to the results from the July 1, 2007 valuation.

1. SFERS Membership:

As shown in Table I-2 below, total membership in SFERS increased from 2007 to 2008 by 3.1%. Active membership increased 1.5% and total payroll increased by 3.4%. Finally, the average pay per active member increased by 1.9%. This increase is less than the assumed payroll inflation of 4.5%.

Table I-2 City and County of San Francisco Employees' Retirement System Membership Total			
Item	July 1, 2008	July 1, 2007*	% Change
Active Counts	30,650	30,190	1.5%
Terminated Vested	4,746	3,870	22.6%
Disabled	2,630	2,615	0.6%
Retirees	15,147	14,766	2.6%
Beneficiaries	3,737	3,735	0.1%
<b>Total SFERS Members</b>	<b>56,910</b>	<b>55,176</b>	<b>3.1%</b>
Active Member Payroll	\$ 2,457,196,188	\$ 2,376,221,000	3.4%
Average Pay per Active Member	80,170	78,709	1.9%

\*July 1, 2007 numbers completed by prior actuary

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**SECTION I  
BOARD SUMMARY**

2. SFERS Assets and Liabilities

Table I-3 presents a comparison between the July 1, 2008 and July 1, 2007 SFERS assets, liabilities, UAL, and funding ratios.

The key results shown in Table I-3 indicate that the total actuarial liability increased 13.4% (reflecting the increase due to Proposition B and the change in the investment assumption) and the market value of assets decreased by 6.6%. SFERS employs an asset smoothing method which dampens market volatility. For this year the smoothed value of assets (called the actuarial value of assets) increased by 6.8%. Finally, SFERS' surplus (actuarial value of assets less actuarial liabilities) decreased from \$1.39 billion to \$0.58 billion, resulting in a decreased in the funding ratio from 110.2% to 103.8%.

<b>Table I-3</b>			
<b>City and County of San Francisco Employees' Retirement System</b>			
<b>Assets &amp; Liabilities</b>			
<b>(in millions)</b>			
<b>Item</b>	<b>July 1, 2008</b>	<b>July 1, 2007*</b>	<b>% Change</b>
Actives	\$ 7,055.2	\$ 5,900.3	19.6%
Terminated Vested	290.1	217.5	33.4%
Disabled	1,493.6	1,381.1	8.1%
Retirees	5,740.1	5,295.4	8.4%
Beneficiaries	779.8	747.1	4.4%
<b>Total Actuarial Liability</b>	<b>\$ 15,358.8</b>	<b>\$ 13,541.4</b>	<b>13.4%</b>
Market Value Assets	\$ 15,833.3	\$ 16,952.0	-6.6%
Actuarial Value Assets	15,941.4	14,929.3	6.8%
<b>Unfunded Actuarial Liability</b>	<b>\$ (582.6)</b>	<b>\$ (1,387.9)</b>	<b>-58.0%</b>
<b>Funding Ratio - Actuarial Value</b>	<b>103.8%</b>	<b>110.2%</b>	<b>-6.4%</b>

\*July 1, 2007 numbers completed by prior actuary

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**SECTION I  
BOARD SUMMARY**

3. Components of Surplus decrease between July 1, 2007 and July 1, 2008:

As mentioned earlier the surplus declined this year by \$805.3 million; from a surplus of \$1,387.9 million to \$582.6 million. Table I-4 below presents the specific components of this change in the Surplus.

The key findings in Table I-4 are that the economic assumption change reduced the Surplus by \$433.3 million, Proposition B decreased the Surplus an additional \$750.2 million. Partially offsetting those decreases was an investment gain of \$216.7 million, a liability experience gain of \$122.6 million, and additional member contributions more than expected by \$15.4 million. The change in actuary to Cheiron resulted in an increase in the Surplus by \$12.2 million due to differences in measurement of liabilities.

	<b>Experience</b>	<b>in millions</b>	<b>% of Liabilities</b>
1.	Surplus increase due to investment gain	\$ 216.7	1.41%
2.	Surplus increase due to overall liability gain	122.6	0.80%
<b>Benefits</b>			
4.	Surplus decrease due to Proposition B	(750.2)	-4.88%
<b>Contributions</b>			
5.	Surplus increase due to contributions in excess of expected	15.4	0.10%
<b>Actuarial</b>			
6.	Surplus decrease due to change in economic assumption changes	(433.3)	-2.82%
7.	Surplus increase due to change in valuation of the liabilities	12.2	0.08%
<b>Total</b>			
7.	Total net overall change: sum 1 through 6	\$ (816.6)	-5.32%
8.	Expected change in Surplus	11.3	0.07%
9.	Total actual change in Surplus: 7 + 8	\$ (805.3)	-5.24%

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**SECTION I  
BOARD SUMMARY**

4. SFERS Contributions:

Table I-5 shows SFERS contribution for FY 2010 measured as a percent of membership payroll increased from 4.99% to 9.49%.

<b>Table I-5</b>				
<b>City and County of San Francisco Employees' Retirement System – Contributions</b>				
Item	July 1, 2008	July 1, 2007*	%Change	
1. Gross Normal Cost %	18.16%	16.19%	1.97%	
2. Member Cost %	<u>7.50%</u>	<u>7.52%</u>	<u>-0.02%</u>	
3. Employer Normal Cost %	10.66%	8.67%	1.99%	
4. Amortization of Proposition UAL%	-7.03%	-7.55%	0.52%	
5. Amortization of Remaining UAL%	<u>5.41%</u>	<u>3.42%</u>	<u>1.99%</u>	
6. Total Employer Unfunded Liability Cost %	-1.62%	-4.13%	2.51%	
7. Expenses %	<u>0.45%</u>	<u>0.45%</u>	<u>0.00%</u>	
8. Net Employer Contribution Rate: (3 + 6 + 7)	<b>9.49%</b>	<b>4.99%</b>	<b>4.50%</b>	

\*July 1, 2007 numbers completed by prior actuary

Table I-6 shows sources for the change in the net employer contribution rate. The contribution rate increase is primarily attributable to the changes under Proposition B and the investment assumption change. Plan experience as well as the change in actuary offset the increase in the contribution rate by 1.30%.

<b>Table I-6</b>			
<b>City and County of San Francisco Employees' Retirement System</b>			
<b>Contribution Reconciliation</b>			
Item	Total	Normal Cost	Amortization
2007 Net Employer Contribution Rate*	4.99%	9.12%	-4.13%
Change due to experience and transition	-1.30%	-0.13%	-1.18%
Change due to benefit changes	3.26%	1.17%	2.08%
Change due to assumption changes	<u>2.55%</u>	<u>0.95%</u>	<u>1.60%</u>
2008 Net Employer Contribution Rate*	9.49%	11.11%	-1.62%

\*includes expenses

In Section IV of this report, we provide more detail on the development of this contribution rate.

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION**

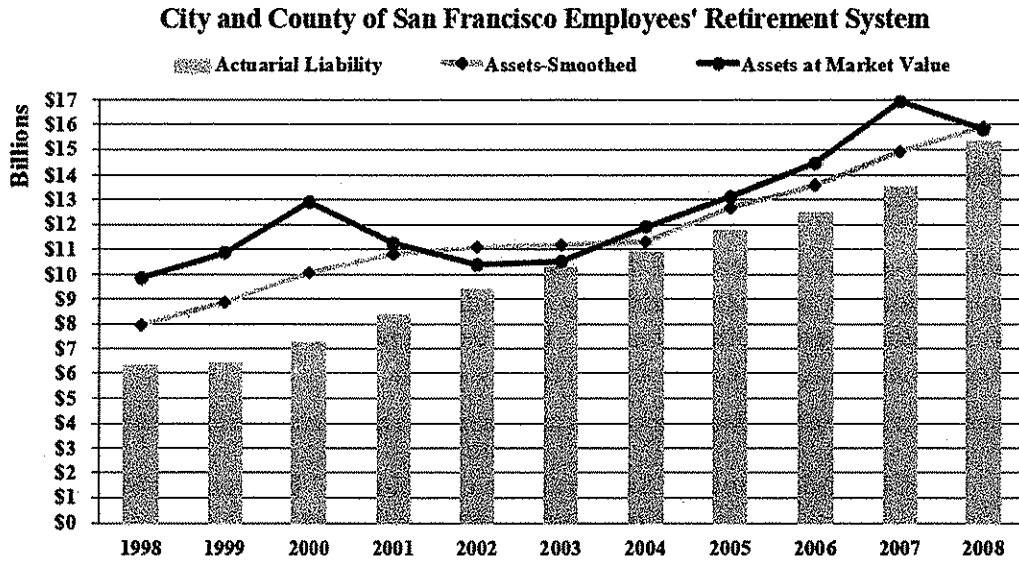
**SECTION I  
BOARD SUMMARY**

**C. Historical Trends**

Despite the fact that most of the attention given to the valuation is with respect to the most recently computed unfunded actuarial liability, funding ratio, and SFERS contribution rate, it is important to remember that each valuation is merely a snapshot of the long-term progress of a pension fund. It is more important to judge a current year's valuation result relative to historical trends, as well as trends expected into the future trends.

In the chart below, we present the historical trends for assets (both market and smoothed) versus actuarial liabilities, and also show the progress of SFERS' funding ratios since 1998.

**SFERS- Assets and Liabilities 1998-2008**



Funded Ratio	125.1%	137.8%	138.8%	129.0%	117.9%	109.0%	103.8%	107.6%	108.6%	110.2%	103.8%
UAL/(Surplus)	\$ (1.59)	\$ (2.43)	\$ (2.82)	\$ (2.43)	\$ (1.69)	\$ (0.92)	\$ (0.41)	\$ (0.89)	\$ (1.08)	\$ (1.39)	\$ (0.58)

The chart above indicates that from 1998 to 2000, SFERS maintained a strong and improving funding ratio. Then from 2000 to 2004, the funding ratio declined but remained in a surplus status with the low point being in 2004 at 103.8%. From 2004 to 2007, the ratio improved, primarily due to strong asset performance. In 2008, the ratio declined slightly primarily due to Proposition B and assumption changes.

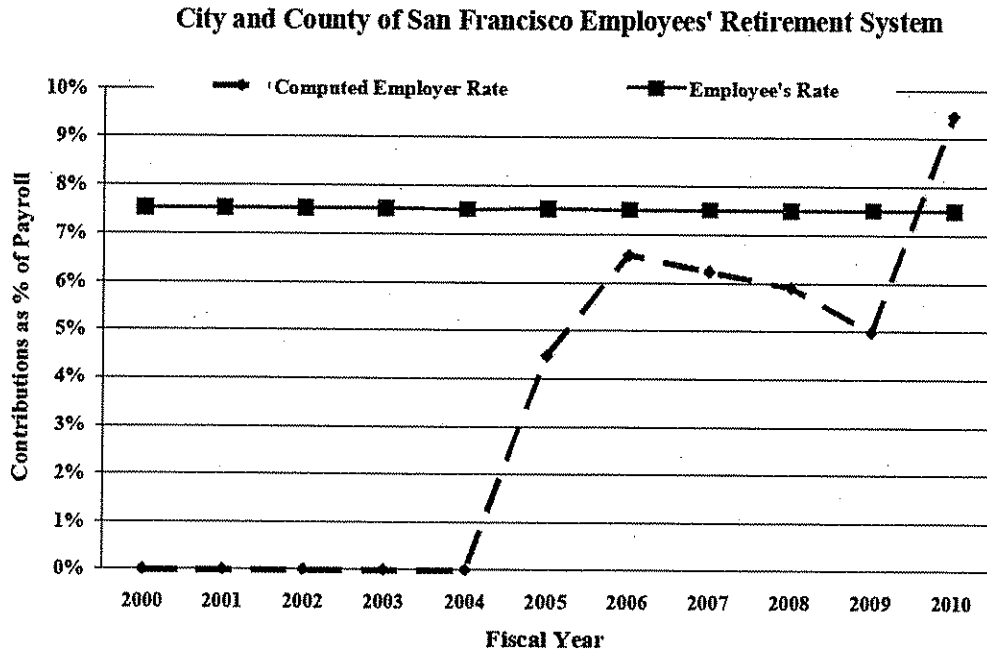


CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

SECTION I  
BOARD SUMMARY

In the chart below, we present the historical trends for SFERS' contribution rates since fiscal year 2000. All information shown prior to FY2010 was calculated by the prior actuary.

Employer and Member Contribution Rates 1998-2008



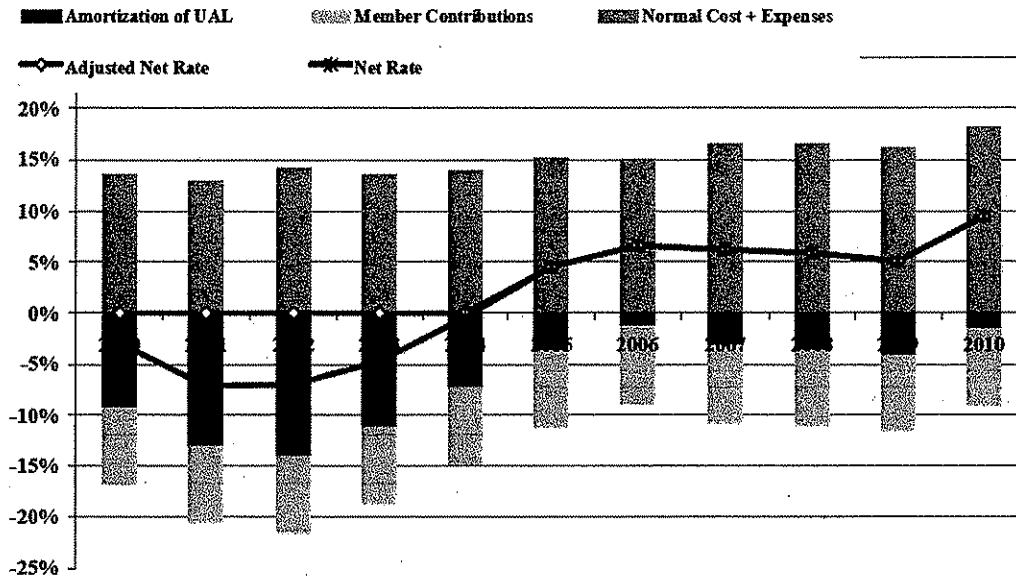
The key information in this chart is the increase in the Employer contribution rate since 2004. The dramatic increase scheduled fiscal year 2010 is primarily due to benefit changes under Proposition B

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION**

**SECTION I  
BOARD SUMMARY**

In the chart below, we show historical trends of SFERS' contribution rate components since fiscal year 2000, with a table below it showing the detail of the components of the contribution rates. All information shown prior to FY2010 was calculated by the prior actuary.

**City and County of San Francisco Employees' Retirement System**



**Historic Cost as a Percentage of Pay**

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Normal Cost + Expenses	13.94%	13.45%	14.57%	14.01%	14.42%	15.64%	15.51%	17.01%	17.05%	16.64%	18.61%
Amortization of UAL	-9.30%	-13.07%	-14.10%	-11.21%	-7.32%	-3.63%	-1.41%	-3.25%	-3.63%	-4.13%	-1.62%
Member Contributions	-7.54%	-7.53%	-7.53%	-7.53%	-7.52%	-7.53%	-7.52%	-7.52%	-7.51%	-7.52%	-7.50%
Net Rate	-2.90%	-7.15%	-7.06%	-4.73%	-0.42%	4.48%	6.58%	6.24%	5.91%	4.99%	9.49%
Adjusted Net Rate	0.00%	0.00%	0.00%	0.00%	0.00%	4.48%	6.58%	6.24%	5.91%	4.99%	9.49%

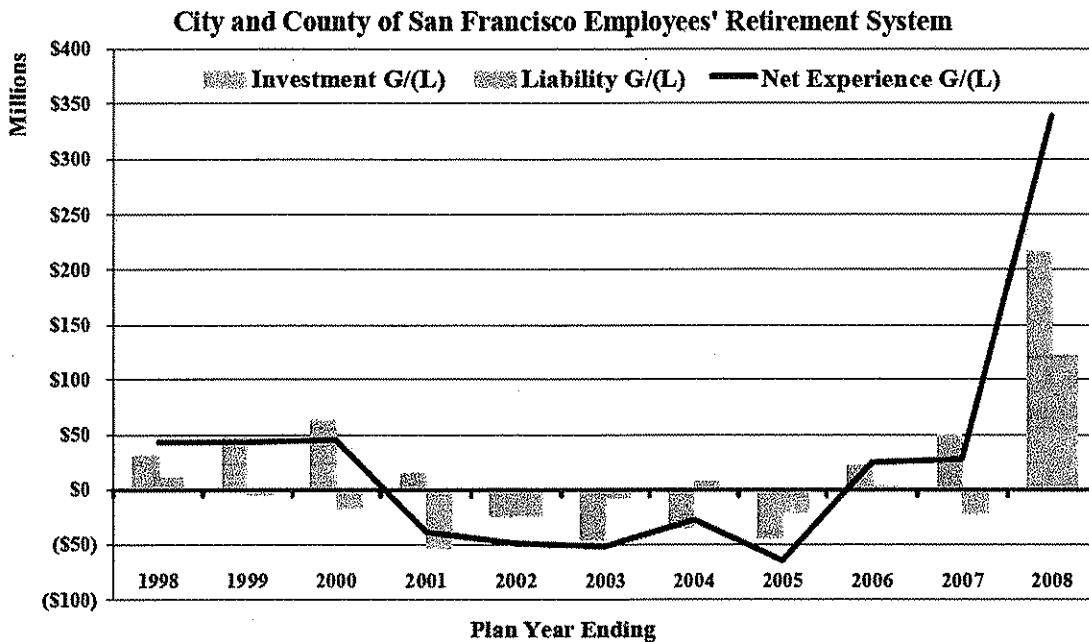
The key information above is that the normal cost as a percent of payroll has been increasing gradually from fiscal year 2000 to fiscal year 2010. The amortization of the UAL as a percent of pay decreased for the periods of fiscal year 2000 to fiscal year 2002 and fiscal year 2006 to fiscal year 2009. The chart demonstrates how the total annual cost is offset by member contribution and amortization of surplus assets over actuarial liabilities causing the net cost to be negative and the adjusted rate to be zero, as the surplus declines as in 2005 and 2006 the Employer contribution rates have increased. This contribution rate volatility can be expected for a system that is near or more than fully funded.

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

SECTION I  
BOARD SUMMARY

The next chart below presents the pattern of SFERS' annual gains and losses, broken into the investment and liability components. The chart does not include any changes in the system's assets and liabilities attributable to changes to methods, procedures or assumptions.

**SFERS Historical Gain/(Loss) 1998-2008**



The key insights from this chart are:

- Investment gains (gold bars) from 1998 through 2000 were offset by investment losses from 2001 through 2005. From 2006 to 2008, there were positive investment trends, with a significant investment gain in 2008.
- On the liability side, from 1999 to 2007 there was a pattern of liability losses, with the exception small gains in 2004 and 2006. In 2008 the system experienced a relatively large liability gain.

**SECTION I  
 BOARD SUMMARY**

**D. Projected Financial Trends**

Our analysis of SFERS projected financial trends is an important part of this valuation. In this Section, we present our assessment of the implications of the July 1, 2008 valuation results on the future outlook for SFERS in terms of benefit security (assets over liabilities) and the SFERS expected cost progression.

In the charts that follow, we project SFERS' assets and liabilities, the pay down of UAL, and the Employer contributions as a percent of payroll on two different bases:

- 1) Assuming 7.75% returns each and every year, and
- 2) Assuming returns shown in the table below. These are rates of return that vary each year but over the projection period equals on average the assumed 7.75% return. We do this because SFERS' returns will never be level each and every year.

<b>July 1,</b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
<b>Return</b>	<b>-14.00%</b>	<b>8.00%</b>	<b>6.00%</b>	<b>9.00%</b>	<b>13.00%</b>	<b>15.00%</b>	<b>9.00%</b>	<b>7.00%</b>	<b>10.00%</b>	<b>6.00%</b>

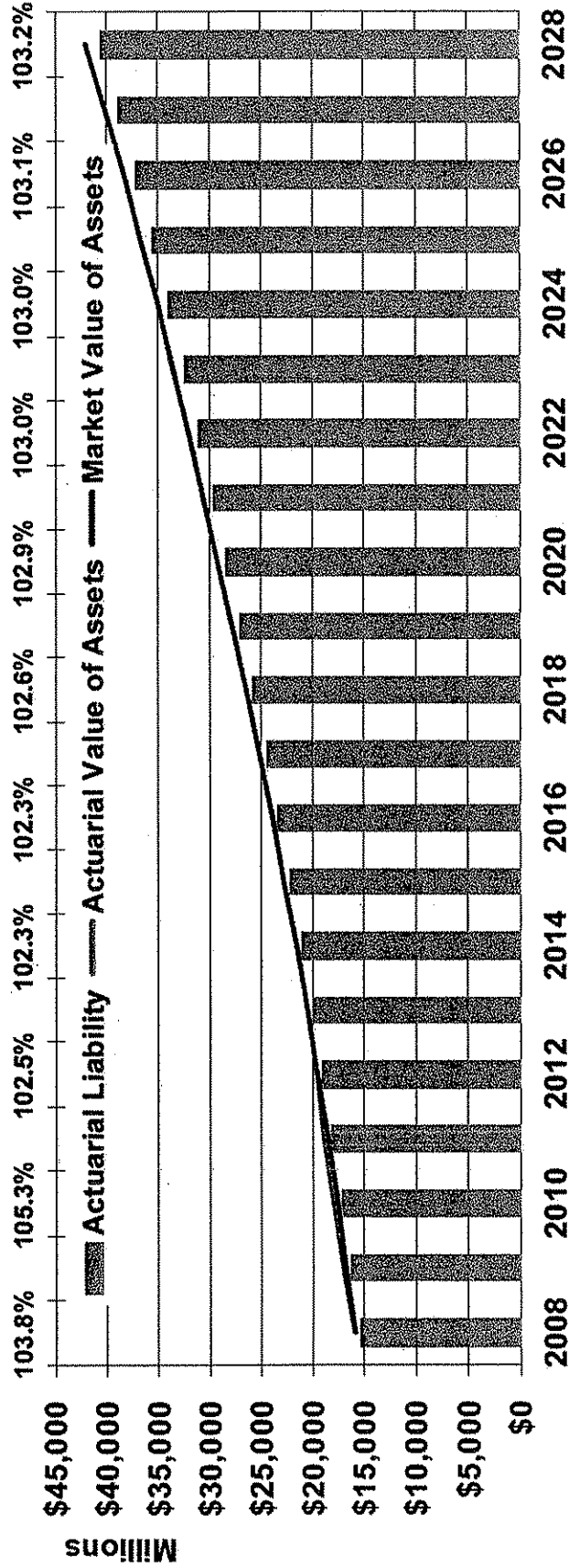
<b>July 1,</b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2026</u></b>	<b><u>2027</u></b>
<b>Return</b>	<b>8.00%</b>	<b>12.00%</b>	<b>16.00%</b>	<b>7.00%</b>	<b>4.00%</b>	<b>-3.00%</b>	<b>10.00%</b>	<b>18.00%</b>	<b>4.00%</b>	<b>10.00%</b>

SECTION I  
 BOARD SUMMARY

Projection Set 1: Assets and Liabilities - SFERS

The two charts below show asset measures (green and gold lines) compared to liabilities (grey bars). At the top of each chart is the progression of SFERS funding ratios. The most revealing insight from these two charts is how varying investment returns impact SFERS' funding ratios.

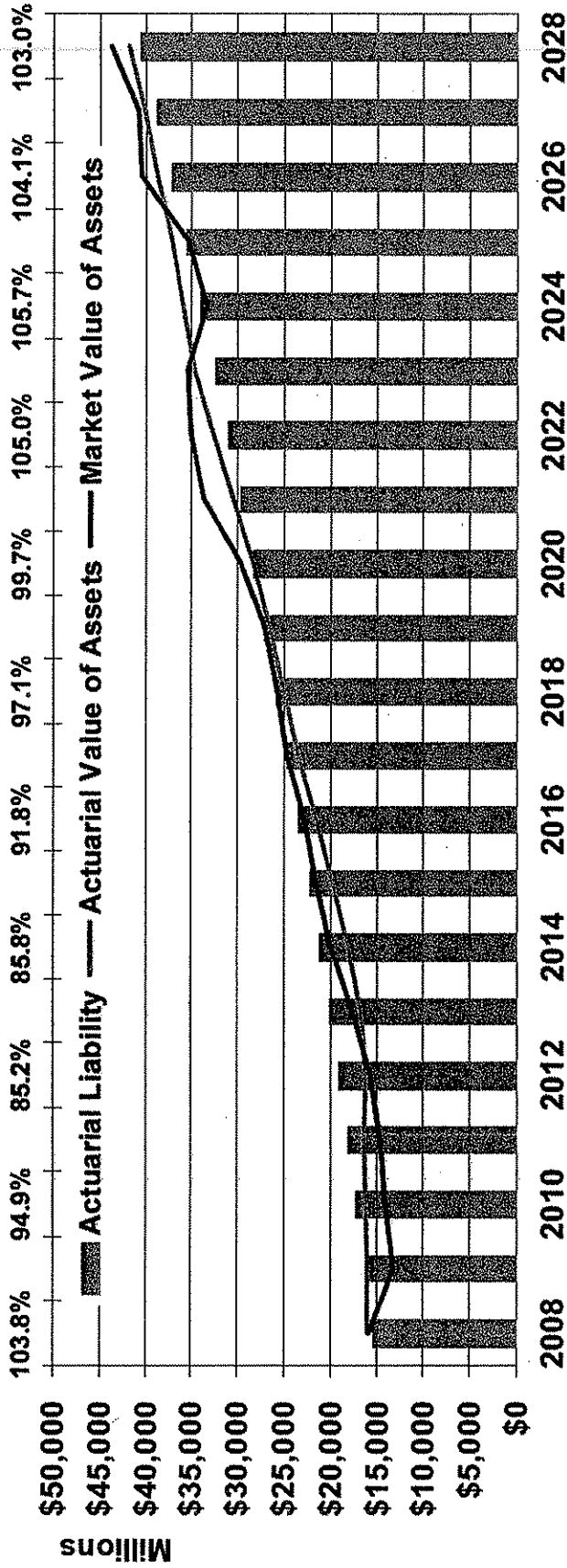
Chart 1: Projection of Assets and Liabilities, 7.75% return each year



CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

SECTION I  
 BOARD SUMMARY

Chart 2: Projection of Assets and Liabilities, varying returns averaging 7.75%

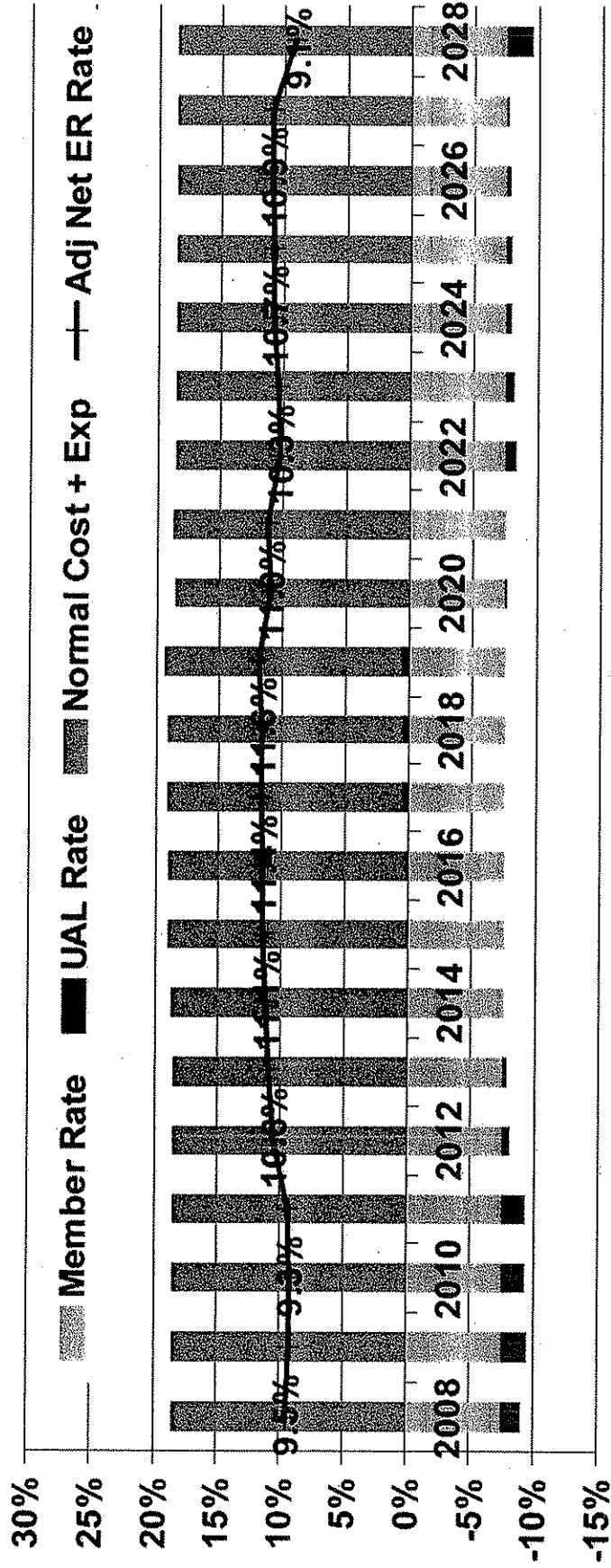


SECTION I  
 BOARD SUMMARY

Projection Set 3: Projected Employer Contribution Rate

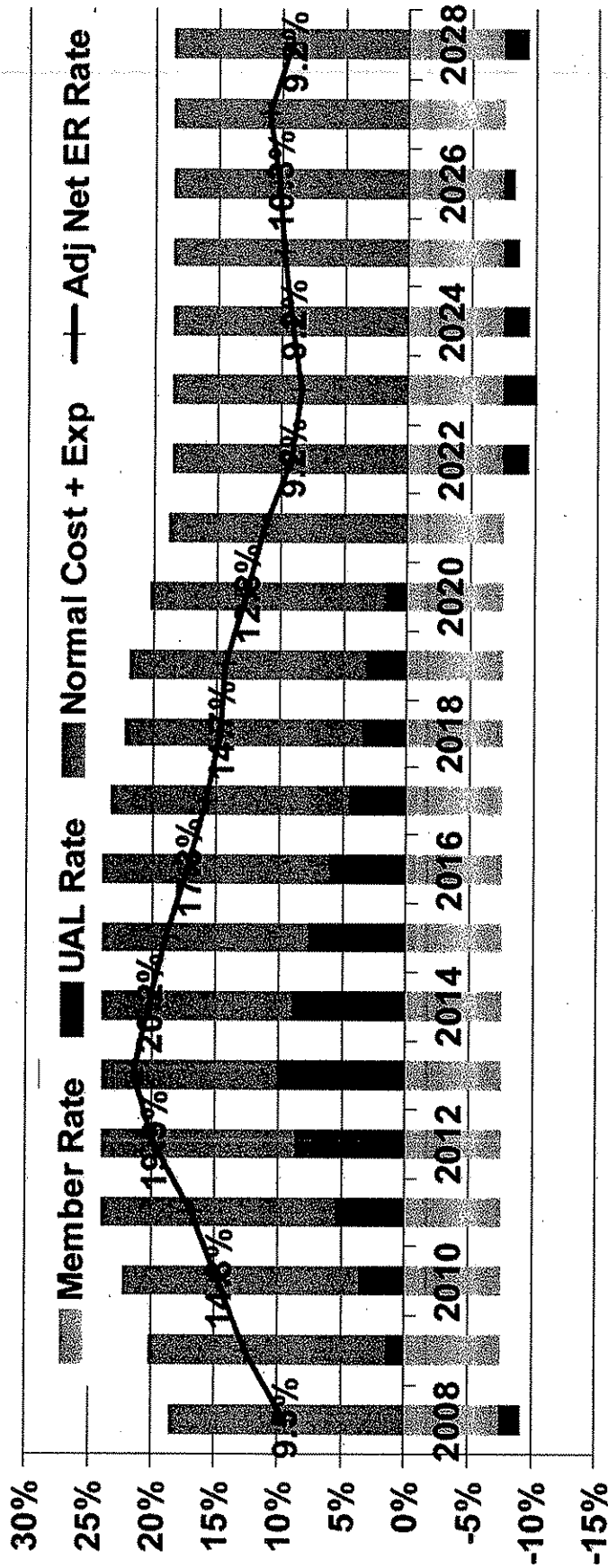
As seen on the charts to the below, varying returns will also have a significant impact on the actuarially computed Employer contribution rate.

Chart 1: 7.75% return each year



SECTION I  
 BOARD SUMMARY

Chart 2: varving returns averaging 7.75%





**SECTION II  
ASSETS**

SFERS uses and discloses two different asset measurements which are presented in this Section of the report: market value and actuarial value of assets. The market value represents, as of the valuation date, the value of the assets if they were liquidated on that date. The actuarial value of assets is a value that attempts to smooth annual investment return performance over multiple years to reduce investment volatility, and is used in determining SFERS' contribution rates.

On the following pages we present detailed information on SFERS' assets:

- Statement of cash flows during the year by membership group,
- Development of the actuarial value of assets,
- Discussion of investment performance for the year.

<b>Table II-1</b>				
<b>SFERS – Change in Market Value of Assets from 2007-2008</b>				
(in thousands)				
<b>Item</b>	<b>Police</b>	<b>Fire</b>	<b>Miscellaneous</b>	<b>Total</b>
1. Market Value as of 7/1/2007	\$3,492,056	\$2,811,696	\$10,648,292	\$16,952,044
2. Additions				
a. Employers' contributions for 2007-2008	13,114	9,398	111,535	134,046
b. Members' contributions for 2007-2008	<u>16,836</u>	<u>12,097</u>	<u>156,203</u>	<u>185,136</u>
c. Total Additions: (2a + 2b)	\$29,950	\$21,495	\$267,738	\$319,183
3. Net Investment Income for 2007-2008	(152,421)	(122,067)	(460,944)	(735,432)
4. Benefits and Administrative Expenses	(124,505)	(132,201)	(445,785)	(702,492)
5. Net Increase/(Decrease): (2c + 3 + 4)	<u>\$(246,976)</u>	<u>\$(232,774)</u>	<u>\$(638,991)</u>	<u>\$(1,118,741)</u>
6. Market Value as of 7/1/2008: (1 + 5)	<b>\$3,245,080</b>	<b>\$2,578,922</b>	<b>\$10,009,301</b>	<b>\$15,833,303</b>

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**SECTION II  
ASSETS**

**A. Actuarial Value of Assets**

To determine on-going funding requirements, most pension funds utilize an actuarial value of assets that differs from the market value of assets. The actuarial value of assets represents an asset value based on averaging or smoothing year-to-year market value returns for purposes of reducing the resulting volatility on contributions.

The actuarial value is calculated by recognizing 20% of each of the prior four years of actual investment experience relative the expected return (8.0%) on the actuarial asset value. The expected return on market assets is determined using the Fund's actual cash flows and the actuarial rate of interest. The balance of the actual investment experience is recognized in a similar fashion in future years. (See Appendix B.2 for further explanation of the asset valuation method).

<b>Table II-2</b>				
<b>SFERS – Development of Actuarial Value of Assets for 7/1/2008</b>				
(in thousands)				
Item	Police	Fire	Miscellaneous	Total
1. Actuarial Value as of 7/1/2007	\$3,129,469	\$2,501,834	\$9,297,984	\$14,929,287
2. Non-Investment Cash Flow for 2007-2008	(94,555)	(110,707)	(178,047)	(383,309)
3. Expected Return in 2007-2008	246,648	195,804	736,854	1,179,306
Expected Actuarial Value as of 7/1/2008:				
4. (1 + 2 + 3)	\$3,281,562	\$2,586,931	\$9,856,791	\$15,725,283
5. Actual Return in 2007-2008	(152,421)	(122,067)	(460,944)	(735,432)
6. Actual Return Above Expected in 2007-2008	(399,069)	(317,871)	(1,197,798)	(1,914,737)
7. Recognition of Returns Above Expected				
a. 2007-2008	(79,814)	(63,574)	(239,560)	(382,947)
b. 2006-2007	72,455	58,212	213,821	344,487
c. 2005-2006	28,694	23,339	83,642	135,676
d. 2004-2005	25,243	20,874	72,774	118,891
e. 2003-2004	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
f. Total: (7a + 7b + 7c + 7d + 7e)	<u>\$46,577</u>	<u>\$38,852</u>	<u>\$130,677</u>	<u>\$216,107</u>
8. Actuarial Value as of 7/1/2008: (4 + 7f)	<u>\$3,328,139</u>	<u>\$2,625,783</u>	<u>\$9,987,468</u>	<u>\$15,941,390</u>

**SECTION II**  
**ASSETS**

**B. Investment Performance**

The market value of assets internal rate of return, net of expenses, was -4.44% for the year ending July 1, 2008 based on SFERS return determination. This is compared to an assumed return of 8.00%.

On an actuarial value of assets basis, the return for the year ending July 1, 2008 was 9.47%. This return produced an overall SFERS investment gain of \$216.7 million for the year ending July 1, 2008.

**SECTION III  
LIABILITIES**

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

- Disclosure of liabilities at July 1, 2007 and July 1, 2008, and
- Statement of changes in the unfunded actuarial liabilities during the year.
- Schedule of amortization amounts of the unfunded actuarial liability portion of the annual cost

**A. Disclosure**

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the purpose for which the figures are ultimately used.

- **Present Value of all Future Benefits:** Used for measuring all future SFERS obligations, represents the amount of money needed today to fully pay off all benefits of SFERS both earned as of the valuation date and those to be earned in the future by current plan participants, under the current Plan provisions.
- **Actuarial Liability-Entry Age Normal (EAN):** Used for determining employer contributions and GASB accounting disclosures. This liability is calculated taking the present value of all future benefits and subtracting the present value of future member contributions and future employer normal costs as determined under the EAN actuarial funding method.
- **Present Value of Accrued Benefits:** Disclosed in Section V of this report for accounting statement purposes (FASB 35). This liability represents the present value of future benefits payable to all plan participants if the plan were terminated as of the valuation date, and future accruals and contributions stopped.

Table III-1 on the following page discloses the first two of these liabilities for the current and prior year valuations. By subtracting the actuarial value of assets from the actuarial liability the net surplus or an unfunded actuarial liability (UAL) is determined.

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**SECTION III  
LIABILITIES**

Item	July 1, 2008	July 1, 2007*
<b>Present Value of Future Benefits</b>		
Actives	\$ 11,621,278	\$ 9,735,105
Terminated Vested	290,154	217,550
Disabled	1,493,591	1,381,123
Retirees	5,740,108	5,295,384
Beneficiaries	<u>779,757</u>	<u>747,074</u>
<b>Total SFERS</b>	<b>\$ 19,924,888</b>	<b>\$ 17,376,237</b>
<b>Actuarial Liability</b>		
Total Present Value of Benefits	\$ 19,924,888	\$ 17,376,237
Present Value of Future Normal Costs		
Employer Portion	2,682,394	1,952,165
Employee Portion	<u>1,883,670</u>	<u>1,882,683</u>
<b>Actuarial Liability</b>	<b>\$ 15,358,824</b>	<b>\$ 13,541,388</b>
Actuarial Value of Assets	\$ 15,941,390	\$ 14,929,287
<b>Unfunded Actuarial Liability/(Surplus)</b>	<b>\$ (582,566)</b>	<b>\$ (1,387,899)</b>

\*July 1, 2007 numbers completed by prior actuary

Table III-2 shows actuarial liability as of July 1, 2008 for each of the Miscellaneous, Police, and Fire members of SFERS.

Item	July 1, 2008 Police	July 1, 2008 Fire	July 1, 2008 Miscellaneous
<b>Present Value of Future Benefits</b>			
Actives	\$ 1,797,129	\$ 1,289,790	\$ 8,534,359
Terminated Vested	14,006	8,394	267,754
Disabled	430,546	745,923	317,122
Retirees	998,391	837,478	3,904,240
Beneficiaries	<u>262,628</u>	<u>209,703</u>	<u>307,425</u>
<b>Total SFERS</b>	<b>\$ 3,502,700</b>	<b>\$ 3,091,288</b>	<b>\$ 13,330,900</b>
<b>Actuarial Liability</b>			
Actives	\$ 1,137,955	\$ 771,249	\$ 5,146,011
Terminated Vested	14,006	8,394	267,754
Disabled	430,546	745,923	317,122
Retirees	998,391	837,478	3,904,240
Beneficiaries	<u>262,628</u>	<u>209,703</u>	<u>307,425</u>
<b>Total SFERS</b>	<b>\$ 2,843,525</b>	<b>\$ 2,572,746</b>	<b>\$ 9,942,552</b>

**SECTION III  
 LIABILITIES**

**B. Changes in Unfunded Actuarial Liabilities**

The UAL of any retirement plan is expected to change at each subsequent valuation for a variety of reasons. In each valuation, we will report on those elements of change in the UAL that have particular significance or could potentially affect the long-term financial outlook of a retirement plan. Below we present key changes in liabilities since the last valuation.

<b>Table III-3</b>	
<b>SFERS – Development of 2008 Experience Gain/(Loss)</b>	
(in millions)	
Item	Cost
1. Unfunded Actuarial Liability/(Surplus) at July 1, 2007	\$(1,387.9)
2. Middle of year actuarial liability payment	95.9
3. Interest to end of year on 1 and 2	<u>(107.3)</u>
4. Expected Unfunded Actuarial Liability at July 1, 2008 (1+2+3)	\$(1,399.3)
5. Actual Unfunded Liability at July 1, 2008	\$(582.6)
6. Difference: (4 - 5)	\$(816.7)
7. Portion of difference (6) due to actuarial assumption changes	\$ (433.3)
8. Portion of difference (6) due to benefit changes from Prop B	\$ (750.2)
9. Portion of difference (6) due to change in actuarial measurement of the liabilities	12.2
10. Portion of difference (6) due to contributions more than expected	15.4
11. Portion of difference (6) due to experience Gain/(Loss)	339.2
a) portion of (11) due to investment experience	216.7
b) portion of (11) due to liability experience	122.6

## SECTION IV 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 needed to achieve and maintain an appropriate funded status of a plan. Typically, the actuarial process will use an actuarial funding method that will result in a pattern of contributions that are both stable and predictable.

The actuarial funding methodology employed is the Entry Age Normal actuarial funding method. Under this method, there are two components to the total contribution: the normal cost, and the unfunded actuarial liability contribution. The normal cost rate is determined by taking the value, as of entry age into the plan, of each member's projected future benefits. This value is then divided by the value, also at entry age, of the each member's expected future salary. The normal cost rate is multiplied by current salary to determine each member's normal cost. Finally, the normal cost is reduced by the member contribution to produce the employer normal cost. The difference between the EAN actuarial liability and the actuarial value of assets is the unfunded actuarial liability. The UAL is made up of unamortized prior Charter amendments, plus the impact of accumulated experience, assumption and method changes and Supplemental COLA costs.

Table IV-1 on the following page shows how the Employer's contribution rate for FY 2010 is developed. The methodology and assumptions used are in full compliance with the parameters set in GASB Statement No. 25 for purposes of determining the annual required contribution (ARC).

Table IV-2 provides the payment schedules to amortize the changes to the actuarial liability as a result of changes to the Charter over 20 years with the net unfunded liability representing the accumulated experience gains/losses, cost of Supplemental COLA or changes in the assumptions or methods over 15 years. All amortizations are determined on a level percent of pay basis which means that for the duration of the amortization schedule the payment amount increases each year at the assumed wage inflation rate of 4.5%. The balance of the unfunded liability this year reflects the increase in actuarial liabilities due to the interest assumption change from 8.0% to 7.75%. As partial offset the finance charge portion of the amortization payments has been reduced as a function of the interest assumption change

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

SECTION IV  
 CONTRIBUTIONS

Table IV-1  
 City and County of San Francisco Employees' Retirement System  
 Development of the Net Employer Contribution Rate as of July 1, 2008 (FY 2010)  
 (dollars in millions)

	July 1, 2008			July 1, 2007*
	Police	Fire	Miscellaneous	COMPOSITE
1. Total Normal Cost Rate	24.77%	30.50%	16.43%	16.19%
2. Member Contribution Rate	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.52%</u>
3. Employer Normal Cost Rate (1-2)	17.27%	23.00%	8.93%	8.67%
4. a. UAL - Proposition balance as of 7/1/2008	\$ 215.9	\$ 209.1	\$ 1,024.7	\$ 728.1
b. Remaining balance of 7/1/2008 UAL	<u>(700.5)</u>	<u>(262.2)</u>	<u>(1,069.6)</u>	<u>(2,116.0)</u>
c. Net UAL - as of 7/1/2008	\$ (484.6)	\$ (53.1)	\$ (44.9)	\$ (582.6)
5. a. Amortization of 4.a., Proposition UAL	8.38%	11.74%	4.57%	3.42%
b. Amortization of 4.b., Remaining UAL	<u>-25.38%</u>	<u>-13.67%</u>	<u>-4.41%</u>	<u>-7.55%</u>
c. Amortization of Net UAL (5a + 5b)	-17.00%	-1.93%	0.15%	-4.13%
6. Expense Load	0.45%	0.45%	0.45%	0.45%
7. Net Employer Contribution Rate (3 + 5c + 6)	0.73%	21.52%	9.53%	4.99%

\* July 1, 2007 numbers completed by prior actuary



CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

SECTION IV  
 CONTRIBUTIONS

Table IV-2  
 City and County of San Francisco Employees' Retirement System  
 Development of the Total Propositions Rate as of July 1, 2008 (FY 2010)

Item	Remaining Period	Police			Fire			Miscellaneous			Total	
		Outstanding Balance	Total Amortization	Total As a % of Pay	Outstanding Balance	Total Amortization	Total As a % of Pay	Outstanding Balance	Total Amortization	Total As a % of Pay	Outstanding Balance	Total Amortization
1991 Prop A - Misc ERP Window	3	\$0	\$0	0.00%	\$0	\$0	0.00%	\$37,950	\$13,240	0.64%	\$37,950	\$13,240
1992 Prop F - Retiree BR Increase	4	106	29	0.01%	61	16	0.01%	17,819	4,733	0.23%	17,986	4,778
1994 Prop H - Domestic Partners	6	3,352	622	0.27%	3,735	690	0.42%	5,646	1,030	0.05%	12,732	2,342
1996 Prop C - Retiree Benefits	8	179	26	0.01%	71	10	0.01%	32,528	4,584	0.22%	32,778	4,620
1996 Prop D - New Fire Ret BRs	8	0	0	0.00%	13,680	1,954	1.20%	0	0	0.00%	13,680	1,954
1998 Prop A - New Police Ret BRs	10	31,019	3,668	1.56%	0	0	0.00%	0	0	0.00%	31,019	3,668
1998 Prop C - Paramedics BRs	10	0	0	0.00%	6,425	756	0.46%	0	0	0.00%	6,425	756
2000 Prop C - New Misc Ret BRs	12	0	0	0.00%	0	0	0.00%	254,923	25,386	1.23%	254,923	25,386
6.25% Credited Interest on EE ctrbs	14	77	7	0.00%	19	2	0.00%	10,698	940	0.05%	10,794	948
2002 Prop H - Safety Ret BRs	14	136,315	12,204	5.20%	144,847	12,905	7.92%	0	0	0.00%	281,162	25,109
5.0% Credited Interest on EE ctrbs	16	(513)	(41)	-0.02%	(244)	(20)	-0.01%	(46,982)	(3,714)	-0.18%	(47,739)	(3,775)
2004 Prop E - New Safety LOD BRs	17	5,996	461	0.20%	8,417	644	0.40%	0	0	0.00%	14,413	1,106
2003 Prop F - Misc 3+3 Early Ret BRs	17	0	0	0.00%	0	0	0.00%	18,108	1,366	0.07%	18,108	1,366
Liability of 2003 Prop F (extended) - Misc 3+3 Early Ret BRs	18	0	0	0.00%	0	0	0.00%	10,481	757	0.04%	10,481	757
Liability of 2003 Prop F (extended) - Misc 3+3 Early Ret BRs	19	0	0	0.00%	0	0	0.00%	4,703	327	0.02%	4,703	327
2008 Prop B - New Misc Ret BRs and Compound COLA	20	39,338	2,682	1.14%	32,090	2,177	1.34%	678,794	45,389	2.20%	750,222	50,248
<b>Total of Propositions</b>		<b>\$215,868</b>	<b>\$19,658</b>	<b>8.38%</b>	<b>\$209,101</b>	<b>\$19,136</b>	<b>11.74%</b>	<b>\$1,024,669</b>	<b>\$94,038</b>	<b>4.57%</b>	<b>\$1,440,638</b>	<b>\$132,832</b>

**SECTION V**  
**ACCOUNTING STATEMENT INFORMATION**

Statement No. 35 of the Financial Accounting Standards Board (FASB) requires the disclosure of certain information regarding funding status. Statement No. 25 of the Governmental Accounting Standards Board (GASB) establishes standards for disclosure of pension information by public employee retirement systems and governmental employers in notes to financial statements and supplementary information.

The FASB No. 35 Basis disclosure provides a "snap shot" view of how system assets at market value compare to liabilities if contributions stopped and accrued benefit claims had to be satisfied.

The GASB No. 25 Basis disclosure presents the actuarial liability computed for funding purposes to the actuarial value of assets to determine a funded ratio (i.e. the EAN liability).

Both the present value of accrued benefits (FASB No. 35 Basis) and the actuarial liability (GASB No. 25 Basis) are determined assuming that participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions. Liabilities are discounted at the assumed valuation interest rate of 7.75% per annum.

FASB Statement No. 35 specifies that a comparison of the present value of accrued (accumulated) benefits to the market value of the assets as of the valuation date must be provided. GASB Statement No. 25 requires the actuarial liability be compared with the actuarial value of assets for funding purposes. The relevant amounts as of July 1, 2007 and July 1, 2008 are presented in Table V-1.

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**SECTION V**  
**ACCOUNTING STATEMENT INFORMATION**

<b>Table V-1</b>			
<b>San Francisco Employees' Retirement System</b>			
(in thousands)			
Item	July 1, 2008	July 1, 2007*	% Change
<b>GASB No. 25 Basis</b>			
1. Actuarial Liabilities			
a. Members Currently Receiving Payments	\$ 8,013,456	\$ 7,423,580	7.9%
b. Vested Terminated and Inactive Members	290,154	217,550	33.4%
c. Active Members	<u>7,055,214</u>	<u>5,900,257</u>	<u>19.6%</u>
d. Total Actuarial Liability	\$ 15,358,824	\$ 13,541,388	13.4%
2. Actuarial Value of Assets	\$ 15,941,390	\$ 14,929,287	6.8%
3. Unfunded Actuarial Liability	\$ (582,566)	\$ (1,387,899)	-58.0%
4. Ratio of Actuarial Value of Assets to Actuarial Liability (2)/(1)(d)	103.79%	110.25%	-6.4%
<b>FASB No. 35 Basis</b>			
1. Present Value of Benefits Accrued and Vested to Date			
a. Members Currently Receiving Payments	\$ 8,013,456	N/A	N/A
b. Vested Terminated and Inactive Members	290,154	N/A	N/A
c. Active Members	<u>5,479,729</u>	<u>N/A</u>	<u>N/A</u>
d. Total PVAB	\$ 13,783,339	N/A	N/A
2. Assets at Market Value	\$ 15,833,303	\$ 16,952,044	-6.6%
3. Unfunded Present Value of Accrued Benefits, But Not Less Than Zero	\$ -	N/A	N/A
4. Ratio of Assets to Value of Benefits (2)/(1)(d)	114.87%	N/A	N/A

\*July 1, 2007 numbers completed by prior actuary

**SECTION V  
ACCOUNTING STATEMENT INFORMATION**

Tables V-2 through V-4 are exhibits for use in SFERS' Comprehensive Annual Financial Report (CAFR). The Government Finance Officers Association (GFOA) recommends showing at least 6 years of experience in each of these exhibits. Table V-2 shows the Notes to Required Supplementary Information. Table V-3 presents an analysis of financial experience for the valuation year, and Table V-4 presents the Solvency Test which shows the portion of actuarial liability covered by assets.

**Table V-2  
San Francisco Employees' Retirement System  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The information presented in the required supplementary schedules to the Financial Section of the CAFR was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	July 1, 2008								
Actuarial funding method	Entry Age Normal								
Amortization method	Rolling								
Remaining amortization period	15 or 20 years depending upon the source								
Asset valuation method	5 year smoothing of return over or under expected returns								
Actuarial assumptions:									
Investment rate of return	7.75%								
Projected salary increases due to inflation <sup>1</sup>	4.50%								
Cost-of-living adjustments	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Old Plans – Police and Fire, post 7/1/75 DOR</td> <td style="width: 40%; text-align: right;">4.5% per year</td> </tr> <tr> <td>Old Plans – Police and Fire, pre 7/1/75 DOR</td> <td style="text-align: right;">3.0% per year</td> </tr> <tr> <td>Old Plans – Miscellaneous</td> <td style="text-align: right;">2.0% per year</td> </tr> <tr> <td>New Plans – Police, Fire, and Miscellaneous</td> <td style="text-align: right;">2.0% per year</td> </tr> </table>	Old Plans – Police and Fire, post 7/1/75 DOR	4.5% per year	Old Plans – Police and Fire, pre 7/1/75 DOR	3.0% per year	Old Plans – Miscellaneous	2.0% per year	New Plans – Police, Fire, and Miscellaneous	2.0% per year
Old Plans – Police and Fire, post 7/1/75 DOR	4.5% per year								
Old Plans – Police and Fire, pre 7/1/75 DOR	3.0% per year								
Old Plans – Miscellaneous	2.0% per year								
New Plans – Police, Fire, and Miscellaneous	2.0% per year								

The actuarial assumptions used have been recommended by the actuary and adopted by SFERS Board based on the most recent review of SFERS' experience, completed in 2008.

The rate of employer contributions to SFERS is composed of the normal cost and amortization of the unfunded actuarial liability. The normal cost is a level percent of payroll cost which, along with the member contributions, will pay for projected benefits at retirement for the average plan participant. The actuarial liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial liability.

<sup>1</sup> Additional merit salary increases of 0.70% to 21.00% based on a participant's years of service, and membership group are also assumed. These increases are not used in the amortization of SFERS' UAL.

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

SECTION V  
 ACCOUNTING STATEMENT INFORMATION

<b>Table V-3</b> <b>San Francisco Employees' Retirement System</b> <b>ANALYSIS OF FINANCIAL EXPERIENCE</b> <b>Gain (or Loss) in Actuarial Liability During Years Ended July 1</b> <b>Resulting from Differences Between Assumed Experience</b> <b>and Actual Experience</b> (\$ in thousands)		
		<i>Gain (or Loss) for Year ending July 1, 2008</i>
<b>Type of Activity</b>		
Investment Income	\$	216,709
Combined Liability Experience		<u>122,569</u>
Gain (or Loss) During Year from Financial Experience	\$	339,278
Non-Recurring Gain (or Loss) Items		<u>(1,155,958)</u>
Composite Gain (or Loss) During Year	\$	(816,680)

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

**SECTION V**  
**ACCOUNTING STATEMENT INFORMATION**

<p align="center"><b>Table V-4</b>  <b>San Francisco Employees' Retirement System</b>  <b>GASB SOLVENCY TEST</b>  <b>Actuarial Liabilities For</b>  <b>(\$ in thousands)</b></p>							
Valuation Date	(A) Active Member Contributions	(B) Retirees And Beneficiaries	(C) Remaining Active Members' Liabilities	Reported Assets <sup>1</sup>	Portion of Actuarial Liabilities Covered by Reported Assets		
					(A)	(B)	(C)
July 1, <sup>3</sup>							
2008 <sup>2</sup>	\$ 2,411,027	\$ 8,013,456	\$ 4,934,341	\$ 15,941,390	100%	100%	100%
2007	\$ 2,251,564	\$ 7,423,580	\$ 3,866,243	\$ 14,929,287	100%	100%	100%

<sup>1</sup> Actuarial Value of Assets

<sup>2</sup> Reflects revised economic assumptions and Prop B changes

<sup>3</sup> July 1, 2007 and prior year numbers calculated by prior actuary

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**APPENDIX A  
MEMBERSHIP INFORMATION**

<b>Table A-1</b>			
<b>City and County of San Francisco Employees' Retirement System</b>			
<b>Active Member Data - Total System</b>			
	<b>July 1, 2008</b>	<b>July 1, 2007*</b>	<b>% Change</b>
<b>Total</b>			
Count	30,650	30,190	1.5%
Average Current Age	47.4	47.5	-0.2%
Average Service	11.9	12.2	-2.1%
Annual Pensionable Earnings	\$ 2,457,196,188	\$ 2,376,221,000	3.4%
Average Pensionable Earnings	\$ 80,170	\$ 78,709	1.9%

<b>Table A-2</b>			
<b>City and County of San Francisco Employees' Retirement System</b>			
<b>Active Member Data - Police Only</b>			
	<b>July 1, 2008</b>	<b>July 1, 2007*</b>	<b>% Change</b>
<b>Total</b>			
Count	2,243	2,091	7.3%
Average Current Age	43.1	43.9	-1.9%
Average Service	15.1	16.1	-6.4%
Annual Pensionable Earnings	\$ 234,633,311	\$ 212,561,000	10.4%
Average Pensionable Earnings	\$ 104,607	\$ 101,655	2.9%
<b>Old</b>			
Count	37	51	-27.5%
Average Current Age	60.3	59.2	2.0%
Average Service	37.2	36.1	2.9%
Annual Pensionable Earnings	\$ 4,870,374	\$ 6,183,000	-21.2%
Average Pensionable Earnings	\$ 131,632	\$ 121,235	8.6%
<b>New</b>			
Count	2,206	2,040	8.1%
Average Current Age	42.8	43.6	-1.7%
Average Service	14.7	15.6	-5.7%
Annual Pensionable Earnings	\$ 229,762,937	206,378,000	11.3%
Average Pensionable Earnings	\$ 104,154	101,166	3.0%

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**APPENDIX A**  
**MEMBERSHIP INFORMATION**

<b>Table A-3</b>			
<b>City and County of San Francisco Employees' Retirement System</b>			
<b>Active Member Data - Fire Only</b>			
	<b>July 1, 2008</b>	<b>July 1, 2007*</b>	<b>% Change</b>
<b>Total</b>			
Count	1,529	1,491	2.5%
Average Current Age	43.6	43.7	-0.3%
Average Service	13.7	14.1	-2.9%
Annual Pensionable Earnings	\$ 162,975,058	\$ 155,468,000	4.8%
Average Pensionable Earnings	\$ 106,589	\$ 104,271	2.2%
<b>Old</b>			
Count	17	28	-39.3%
Average Current Age	60.9	59.3	2.9%
Average Service	36.3	31.9	13.9%
Annual Pensionable Earnings	\$ 2,532,164	\$ 4,010,000	-36.9%
Average Pensionable Earnings	\$ 148,951	\$ 143,214	4.0%
<b>New</b>			
Count	1,512	1,463	3.3%
Average Current Age	43.4	43.5	0.0%
Average Service	13.4	13.7	-2.4%
Annual Pensionable Earnings	\$ 160,442,894	\$ 151,458,000	5.9%
Average Pensionable Earnings	\$ 106,113	\$ 103,526	2.5%

<b>Table A-4</b>			
<b>City and County of San Francisco Employees' Retirement System</b>			
<b>Active Member Data - Miscellaneous Only</b>			
	<b>July 1, 2008</b>	<b>July 1, 2007*</b>	<b>% Change</b>
<b>Total</b>			
Count	26,878	26,608	1.0%
Average Current Age	47.9	47.8	0.2%
Average Service	11.6	11.6	-0.7%
Annual Pensionable Earnings	\$ 2,059,587,819	\$ 2,008,192,000	2.6%
Average Pensionable Earnings	\$ 76,627	\$ 75,473	1.5%
<b>Old</b>			
Count	598	690	-13.3%
Average Current Age	61.0	61.6	-1.0%
Average Service	34.9	27.0	29.0%
Annual Pensionable Earnings	\$ 55,268,515	\$ 62,249,000	-11.2%
Average Pensionable Earnings	\$ 92,422	\$ 90,216	2.4%
<b>New</b>			
Count	26,280	25,918	1.4%
Average Current Age	47.6	47.5	0.4%
Average Service	11.0	11.2	-1.8%
Annual Pensionable Earnings	\$ 2,004,319,304	\$ 1,945,943,000	3.0%
Average Pensionable Earnings	\$ 76,268	\$ 75,081	1.6%



CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**APPENDIX A  
MEMBERSHIP INFORMATION**

Table A-5 City and County of San Francisco Employees' Retirement System Non-Active Member Data - Total System						
	Count			Average Age		
	July 1, 2008	July 1, 2007*	% Change	July 1, 2008	July 1, 2007*	% Change
<b>Total</b>						
Retired	15,147	14,822	2.2%	70.0	70.0	0.1%
Disabled	2,630	2,559	2.8%	66.2	66.1	0.2%
Beneficiaries	3,737	3,735	0.1%	76.9	76.8	0.2%
Payee Total	21,514	21,116	1.9%	70.8	70.7	0.1%
Inactives	4,748	3,870	22.7%	47.9	47.8	0.3%

Table A-6 City and County of San Francisco Employees' Retirement System Non-Active Member Data - Total System						
	Total Annual Benefit**			Average Annual Benefit**		
	July 1, 2008	July 1, 2007*	% Change	July 1, 2008	July 1, 2007*	% Change
<b>Total</b>						
Retired	\$ 498,014,844	\$ 495,584,259	0.5%	\$ 32,879	\$ 33,436	-1.7%
Disabled	108,615,485	104,720,894	3.7%	41,299	40,923	0.9%
Beneficiaries	85,211,726	83,604,455	1.9%	22,802	22,384	1.9%
Payee Total	\$ 691,842,055	\$ 683,909,608	1.2%	\$ 32,158	\$ 32,388	-0.7%
Inactives	\$ 122,649,248	n/a	n/a	\$ 25,832	n/a	n/a

\* For Deferred Vested employees, total contribution balance with interest is displayed

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**APPENDIX A  
MEMBERSHIP INFORMATION**

	Count			Average Age		
	July 1, 2008	July 1, 2007*	%Change	July 1, 2008	July 1, 2007*	%Change
<b>Total</b>						
Retired	1,046	1,044	0.2%	67.4	67.3	0.1%
Disabled	517	489	5.7%	67.2	67.2	0.1%
Beneficiaries	578	581	-0.5%	75.8	75.5	0.3%
Payee Total	2,141	2,114	1.3%	69.6	69.5	0.1%
Inactives	122	93	31.2%	44.4	44.2	0.4%
<b>Old</b>						
Retired	768	806	-4.7%	70.1	69.5	0.8%
Disabled	396	387	2.3%	70.9	70.4	0.6%
Beneficiaries	543	549	-1.1%	77.0	76.7	0.4%
Payee Total	1,707	1,742	-2.0%	72.5	72.0	0.7%
Inactives	-	-	0.0%	-	-	0.0%
<b>New</b>						
Retired	278	238	16.8%	60.0	59.9	0.2%
Disabled	121	102	18.6%	55.4	55.0	0.7%
Beneficiaries	35	32	9.4%	55.8	54.8	1.8%
Payee Total	434	372	16.7%	58.4	58.1	0.4%
Inactives	122	93	31.2%	44.4	44.2	0.4%

	Total Annual Benefit**			Average Annual Benefit**		
	July 1, 2008	July 1, 2007*	%Change	July 1, 2008	July 1, 2007*	%Change
<b>Total</b>						
Retired	\$ 70,781,854	\$ 68,370,361	3.5%	\$ 67,669	\$ 65,489	3.3%
Disabled	28,917,673	26,808,606	7.9%	55,934	54,823	2.0%
Beneficiaries	25,878,272	25,171,369	2.8%	44,772	43,324	3.3%
Payee Total	\$ 125,577,799	\$ 120,350,336	4.3%	\$ 58,654	\$ 56,930	3.0%
Inactives	\$ 4,962,319	\$ -	n/a	\$ 40,675	n/a	n/a
<b>Old</b>						
Retired	\$ 56,540,773	\$ 56,798,663	-0.5%	\$ 73,621	\$ 70,470	4.5%
Disabled	22,103,794	21,257,039	4.0%	55,818	54,928	1.6%
Beneficiaries	24,430,797	23,809,164	2.6%	44,992	43,368	3.7%
Payee Total	\$ 103,075,363	\$ 101,864,866	1.2%	\$ 60,384	\$ 58,476	3.3%
Inactives	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
<b>New</b>						
Retired	\$ 14,241,081	\$ 11,571,698	23.1%	\$ 51,227	\$ 48,621	5.4%
Disabled	6,813,880	5,551,567	22.7%	56,313	54,427	3.5%
Beneficiaries	1,447,475	1,362,205	6.3%	41,356	42,569	-2.8%
Payee Total	\$ 22,502,436	\$ 18,485,470	21.7%	\$ 51,849	\$ 49,692	4.3%
Inactives	\$ 4,962,319	n/a	n/a	\$ 40,675	n/a	n/a

\* For Deferred Vested employees, total contribution balance with interest is displayed

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**APPENDIX A  
MEMBERSHIP INFORMATION**

	Count			Average Age		
	July 1, 2008	July 1, 2007*	% Change	July 1, 2008	July 1, 2007*	% Change
<b>Total</b>						
Retired	789	802	-1.6%	67.3	67.1	0.3%
Disabled	722	693	4.2%	68.3	68.3	-0.1%
Beneficiaries	466	467	-0.2%	78.5	77.9	0.7%
Payee Total	1,977	1,962	0.8%	70.3	70.1	0.2%
Inactives	63	45	40.0%	43.4	42.4	2.4%
<b>Old</b>						
Retired	590	627	-5.9%	70.0	69.4	0.9%
Disabled	584	577	1.2%	70.9	70.8	0.2%
Beneficiaries	444	447	-0.7%	79.6	79.1	0.6%
Payee Total	1,618	1,651	-2.0%	73.0	72.5	0.6%
Inactives	3	2	50.0%	68.7	61.5	11.7%
<b>New</b>						
Retired	199	175	13.7%	59.4	59.0	0.7%
Disabled	138	116	19.0%	57.1	56.1	1.7%
Beneficiaries	22	20	10.0%	55.9	51.4	8.8%
Payee Total	359	311	15.4%	58.3	57.4	1.5%
Inactives	60	43	39.5%	42.2	41.5	1.5%

	Total Annual Benefit**			Average Annual Benefit**		
	July 1, 2008	July 1, 2007*	% Change	July 1, 2008	July 1, 2007*	% Change
<b>Total</b>						
Retired	\$ 59,595,538	\$ 59,403,674	0.3%	\$ 75,533	\$ 74,069	2.0%
Disabled	50,164,872	48,264,320	3.9%	69,480	69,645	-0.2%
Beneficiaries	22,985,499	22,722,083	1.2%	49,325	48,655	1.4%
Payee Total	\$ 132,745,909	\$ 130,390,077	1.8%	\$ 67,145	\$ 66,458	1.0%
Inactives	\$ 3,385,072	n/a	n/a	\$ 53,731	n/a	n/a
<b>Old</b>						
Retired	\$ 44,740,957	\$ 46,666,377	-4.1%	\$ 75,832	\$ 74,428	1.9%
Disabled	41,994,416	41,443,138	1.3%	71,908	71,825	0.1%
Beneficiaries	22,110,217	21,932,591	0.8%	49,798	49,066	1.5%
Payee Total	\$ 108,845,590	\$ 110,042,106	-1.1%	\$ 67,272	\$ 66,652	0.9%
Inactives	\$ 56,964	n/a	n/a	\$ 18,988	n/a	n/a
<b>New</b>						
Retired	\$ 14,854,581	\$ 12,737,297	16.6%	\$ 74,646	\$ 72,785	2.6%
Disabled	8,170,456	6,821,182	19.8%	59,206	58,803	0.7%
Beneficiaries	875,283	789,492	10.9%	39,786	39,475	0.8%
Payee Total	\$ 23,900,319	\$ 20,347,971	17.5%	\$ 66,575	\$ 65,428	1.8%
Inactives	\$ 3,328,108	n/a	n/a	\$ 55,468	n/a	n/a

\* For Deferred Vested employees, total contribution balance with interest is displayed

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**APPENDIX A**  
**MEMBERSHIP INFORMATION**

	Count			Average Age		
	July 1, 2008	July 1, 2007*	% Change	July 1, 2008	July 1, 2007*	% Change
<b>Total</b>						
Retired	13,312	12,976	2.6%	70.4	70.4	0.0%
Disabled	1,391	1,377	1.0%	64.8	64.6	0.3%
Beneficiaries	2,693	2,687	0.2%	76.9	76.9	0.0%
Payee Total	17,396	17,040	2.1%	70.9	70.9	0.0%
Inactives	4,563	2,985	52.9%	48.1	49.3	-2.5%
<b>Old</b>						
Retired	6,481	6,687	-3.1%	74.7	74.3	0.5%
Disabled	660	692	-4.6%	72.2	71.7	0.7%
Beneficiaries	2,198	2,242	-2.0%	79.0	78.8	0.2%
Payee Total	9,339	9,621	-2.9%	75.5	75.2	0.4%
Inactives	296	262	13.0%	68.9	69.7	-1.2%
<b>New</b>						
Retired	6,831	6,289	8.6%	66.3	66.2	0.2%
Disabled	731	685	6.7%	58.1	57.4	1.2%
Beneficiaries	495	445	11.2%	67.7	67.1	0.8%
Payee Total	8,057	7,419	8.6%	65.7	65.4	0.4%
Inactives	4,267	2,723	56.7%	46.7	47.4	-1.5%

	Total Annual Benefit**			Average Annual Benefit**		
	July 1, 2008	July 1, 2007*	% Change	July 1, 2008	July 1, 2007*	% Change
<b>Total</b>						
Retired	\$ 367,637,453	\$ 367,810,224	0.0%	\$ 27,617	\$ 28,345	-2.6%
Disabled	29,532,939	29,647,968	-0.4%	21,231	21,531	-1.4%
Beneficiaries	36,347,954	35,711,003	1.8%	13,497	13,290	1.6%
Payee Total	\$ 433,518,346	\$ 433,169,195	0.1%	\$ 24,921	\$ 25,421	-2.0%
Inactives	\$ 114,301,858	n/a	n/a	\$ 25,050	n/a	n/a
<b>Old</b>						
Retired	\$ 229,925,982	\$ 236,636,988	-2.8%	\$ 35,477	\$ 35,388	0.3%
Disabled	14,180,139	14,914,464	-4.9%	21,485	21,553	-0.3%
Beneficiaries	31,368,843	31,341,815	0.1%	14,272	13,979	2.1%
Payee Total	\$ 275,474,964	\$ 282,893,267	-2.6%	\$ 29,497	\$ 29,404	0.3%
Inactives	\$ 3,830,615	n/a	n/a	\$ 12,941	n/a	n/a
<b>New</b>						
Retired	\$ 137,711,471	\$ 131,173,236	5.0%	\$ 20,160	\$ 20,858	-3.3%
Disabled	15,352,800	14,733,504	4.2%	21,002	21,509	-2.4%
Beneficiaries	4,979,112	4,369,188	14.0%	10,059	9,818	2.4%
Payee Total	\$ 158,043,382	\$ 150,275,928	5.2%	\$ 19,616	\$ 20,256	-3.2%
Inactives	\$ 110,471,243	n/a	n/a	\$ 25,890	n/a	n/a

\* For Deferred Vested employees, total contribution balance with interest is displayed

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-13  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008

Age	Total System										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	201	130										331
25 to 29	491	812	127	1								1,431
30 to 34	425	1,028	683	101								2,237
35 to 39	395	1,053	1,253	655	87	1						3,444
40 to 44	301	816	1,418	973	374	90	1					4,173
45 to 49	251	754	1,291	1,019	892	660	205	1				5,073
50 to 54	187	592	1,166	847	870	1,053	650	147	3			5,493
55 to 59	127	413	816	689	708	894	633	418	102	1		4,821
60 to 64	34	183	436	368	383	476	323	274	33	11		2,641
65 to 69	11	36	126	112	131	117	62	57	39	25		716
70 and up	6	16	29	37	57	63	39	18	14	9		288
Total Count	2,449	5,833	7,345	4,802	3,702	3,354	1,913	915	291	46		30,650

Table A-14  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008

Age	Total System										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	\$ 58,262	\$ 57,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,929
25 to 29	63,945	66,337	79,604	53,368								66,685
30 to 34	68,032	72,718	79,003	78,770								74,021
35 to 39	68,495	75,500	80,916	89,172	96,303	101,104						79,800
40 to 44	68,863	73,272	78,243	83,511	88,094	88,907	105,212					81,268
45 to 49	66,343	74,680	75,724	83,449	88,695	88,695	96,252	72,645				81,558
50 to 54	65,689	72,400	73,473	78,283	84,553	89,776	104,585	101,604	75,010			83,189
55 to 59	70,849	70,445	74,873	78,751	82,118	84,596	96,296	99,371	105,499	118,961		83,492
60 to 64	65,931	74,326	75,835	77,888	77,102	81,553	82,735	93,909	97,873	104,977		80,647
65 to 69	69,028	81,484	71,687	72,827	74,937	73,530	80,636	82,230	99,449	91,907		77,045
70 and up	50,765	78,468	61,270	32,744	37,361	21,479	70,976	88,265	98,475	9,104		74,704
Avg. Salary	\$ 66,297	\$ 72,249	\$ 76,779	\$ 82,985	\$ 85,607	\$ 86,085	\$ 93,714	\$ 96,779	\$ 100,551	\$ 95,831		\$ 80,170

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-15  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 Total Police

Age	Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	
Under 25	5	28									33
25 to 29	19	129	33								181
30 to 34	10	93	113	19							235
35 to 39	9	58	127	155	16						365
40 to 44	3	23	89	165	109	10					399
45 to 49	1	6	27	92	66	98	85				375
50 to 54		2	8	36	37	67	190	57			397
55 to 59	2	1	1	24	10	21	76	54	23		212
60 to 64				3	4	5	7	4	10		36
65 to 69				1	1			2			7
70 and up								1			5
<b>Total Count</b>	<b>49</b>	<b>340</b>	<b>399</b>	<b>497</b>	<b>243</b>	<b>199</b>	<b>358</b>	<b>118</b>	<b>33</b>		<b>2,243</b>

Table A-16  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 Total Police

Age	Average Salary										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	
Under 25	\$ 76,532	\$ 76,845									\$ 76,797
25 to 29	76,532	78,822	95,977								81,709
30 to 34	78,540	80,479	95,125	99,711							90,917
35 to 39	78,966	82,574	97,336	104,865	115,025						98,510
40 to 44	82,841	82,194	97,999	104,743	110,334	110,708					103,559
45 to 49	76,532	80,933	100,082	102,604	111,065	112,179	121,770				110,342
50 to 54		82,069	103,492	108,033	109,334	113,311	120,134	127,874			117,448
55 to 59	102,443	76,356	109,841	116,446	106,479	113,807	117,539	120,228	127,835		117,953
60 to 64			104,124	113,355	114,078	121,729	112,916	113,084	141,704	137,349	122,966
65 to 69				103,386				121,401		128,239	122,735
70 and up					114,421			126,909		139,726	123,383
<b>Avg. Salary</b>	<b>\$ 78,588</b>	<b>\$ 80,030</b>	<b>\$ 98,236</b>	<b>\$ 105,081</b>	<b>\$ 110,836</b>	<b>\$ 112,768</b>	<b>\$ 119,830</b>	<b>\$ 123,756</b>	<b>\$ 132,037</b>	<b>\$ 131,054</b>	<b>\$ 104,607</b>

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

**Table A-17**  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 Old Police

Age	Years of Service <sup>1</sup>										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	
Under 25	-	-	-	-	-	-	-	-	-	-	-
25 to 29	-	-	-	-	-	-	-	-	-	-	-
30 to 34	-	-	-	-	-	-	-	-	-	-	-
35 to 39	-	-	-	-	-	-	-	-	-	-	-
40 to 44	-	-	-	-	-	-	-	-	-	-	-
45 to 49	-	-	-	-	-	-	-	-	-	-	-
50 to 54	-	-	-	-	-	-	-	-	-	-	-
55 to 59	-	-	-	-	-	-	-	4	16	-	20
60 to 64	-	-	-	-	-	-	-	1	8	2	11
65 to 69	-	-	-	-	-	-	-	1	-	3	4
70 and up	-	-	-	-	-	-	-	1	-	1	2
<b>Total Count</b>	-	-	-	-	-	-	-	7	24	6	37

**Table A-18**  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 Old Police

Age	Average Salary										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	
Under 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25 to 29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30 to 34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35 to 39	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40 to 44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45 to 49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50 to 54	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55 to 59	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,571	\$ 130,827	\$ -	\$ 128,375
60 to 64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,677	\$ 138,993	\$ 137,349	\$ 136,663
65 to 69	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,051	\$ -	\$ 138,622	\$ 135,729
70 and up	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,909	\$ -	\$ 129,776	\$ 128,319
<b>Avg. Salary</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,703	\$ 133,549	\$ 136,715	\$ 131,632

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-19  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 New Police

Age	Years of Service <sup>1</sup>										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	
Under 25	3	28	-	-	-	-	-	-	-	-	31
25 to 29	19	129	33	-	-	-	-	-	-	-	181
30 to 34	10	93	113	19	-	-	-	-	-	-	235
35 to 39	9	58	127	155	16	-	-	-	-	-	365
40 to 44	3	23	39	163	109	10	-	-	-	-	309
45 to 49	1	6	27	92	66	98	85	-	-	-	375
50 to 54	-	2	1	16	37	67	100	57	-	-	397
55 to 59	2	1	1	24	10	21	76	50	7	-	192
60 to 64	-	-	-	5	4	3	7	3	2	-	25
65 to 69	-	-	-	1	-	-	-	1	-	1	3
70 and up	-	-	-	-	-	-	-	-	-	-	1
Total Count	49	340	399	497	243	199	358	111	9	1	2,206

Table A-20  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 New Police

Age	Average Salary										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	
Under 25	\$ 76,532	\$ 76,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,797
25 to 29	76,532	78,822	95,977	-	-	-	-	-	-	-	81,709
30 to 34	78,540	80,479	99,135	59,711	-	-	-	-	-	-	91,817
35 to 39	78,966	82,574	97,336	104,865	115,025	-	-	-	-	-	98,510
40 to 44	78,841	82,198	97,989	104,743	110,834	110,708	-	-	-	-	103,359
45 to 49	76,532	80,933	100,082	102,604	111,065	112,179	121,770	-	-	-	110,342
50 to 54	-	82,069	103,492	108,093	109,334	113,211	120,194	127,874	-	-	117,348
55 to 59	102,443	76,356	109,841	116,446	106,479	113,807	117,539	120,361	120,996	-	116,867
60 to 64	-	-	104,324	113,353	114,073	121,729	112,916	111,386	132,349	-	116,939
65 to 69	-	-	-	103,386	-	-	-	115,752	-	97,089	105,409
70 and up	-	-	-	103,386	114,421	-	-	-	-	-	114,421
Avg. Salary	\$ 78,588	\$ 80,030	\$ 98,236	\$ 105,081	\$ 110,836	\$ 112,768	\$ 119,830	\$ 123,949	\$ 128,008	\$ 97,089	\$ 104,154



CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-21  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008

Age	Years of Service											Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	Total	
Under 25	4	3	-	-	-	-	-	-	-	-	-	7
25 to 29	11	47	15	-	-	-	-	-	-	-	-	73
30 to 34	9	65	65	9	-	-	-	-	-	-	-	128
35 to 39	4	47	126	89	17	1	-	-	-	-	-	284
40 to 44	1	28	114	170	103	5	-	-	-	-	-	363
45 to 49	1	9	65	58	125	26	3	-	-	-	-	287
50 to 54	1	3	21	17	57	31	81	11	-	-	-	222
55 to 59	-	1	-	8	21	15	67	24	4	-	-	140
60 to 64	-	-	-	-	-	-	3	7	3	-	-	13
65 to 69	-	-	-	-	-	-	-	-	1	-	-	1
70 and up	-	-	-	-	-	-	-	-	-	-	-	3
Total Count	31	183	408	292	327	79	156	42	9	2	-	1,529

Table A-22  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008

Age	Average Salary											Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	Total	
Under 25	\$ 60,249	\$ 60,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,249
25 to 29	\$ 62,682	\$ 81,552	\$ 95,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,580
30 to 34	\$ 78,780	\$ 83,674	\$ 100,219	\$ 100,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,933
35 to 39	\$ 80,242	\$ 86,810	\$ 100,630	\$ 103,525	\$ 114,004	\$ 101,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,766
40 to 44	\$ 80,242	\$ 83,224	\$ 100,162	\$ 107,145	\$ 114,463	\$ 116,350	\$ 100,764	\$ -	\$ -	\$ -	\$ -	\$ 103,254
45 to 49	\$ 60,249	\$ 89,293	\$ 101,560	\$ 107,444	\$ 112,097	\$ 120,896	\$ 127,095	\$ -	\$ -	\$ -	\$ -	\$ 118,207
50 to 54	\$ 80,242	\$ 101,142	\$ 104,209	\$ 106,192	\$ 114,817	\$ 119,783	\$ 126,316	\$ 139,040	\$ 141,265	\$ -	\$ -	\$ 124,086
55 to 59	\$ -	\$ 47,025	\$ -	\$ 106,351	\$ 110,201	\$ 125,050	\$ 119,221	\$ 140,447	\$ 141,998	\$ -	\$ -	\$ 129,741
60 to 64	\$ -	\$ -	\$ 101,092	\$ 108,357	\$ 116,084	\$ 134,115	\$ 119,221	\$ 140,447	\$ 141,998	\$ -	\$ -	\$ 135,488
65 to 69	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,238	\$ -	\$ -	\$ 133,160	\$ 167,066	\$ -	\$ 135,488
70 and up	\$ -	\$ -	\$ 120,981	\$ -	\$ -	\$ -	\$ -	\$ 189,622	\$ 189,622	\$ -	\$ -	\$ 166,755
Avg. Salary	\$ 70,304	\$ 83,950	\$ 100,630	\$ 105,817	\$ 113,233	\$ 120,877	\$ 125,078	\$ 136,146	\$ 145,982	\$ 178,361	\$ 106,589	\$ 106,589

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-23  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 Old Fire

Age	Years of Service <sup>1</sup>										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	-	-	-	-	-	-	-	-	-	-	-	-
25 to 29	-	-	-	-	-	-	-	-	-	-	-	-
30 to 34	-	-	-	-	-	-	-	-	-	-	-	-
35 to 39	-	-	-	-	-	-	-	-	-	-	-	-
40 to 44	-	-	-	-	-	-	-	-	-	-	-	-
45 to 49	-	-	-	-	-	-	-	-	-	-	-	-
50 to 54	-	-	-	-	-	-	-	-	-	-	-	-
55 to 59	-	-	-	-	-	-	-	6	1	-	-	7
60 to 64	-	-	-	-	-	-	-	4	3	-	-	7
65 to 69	-	-	-	-	-	-	-	-	-	-	1	1
70 and up	-	-	-	-	-	-	-	-	-	-	-	-
Total Count	-	-	-	-	-	-	-	10	5	2	-	17

Table A-24  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 Old Fire

Age	Average Salary										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
25 to 29	-	-	-	-	-	-	-	-	-	-	-	-
30 to 34	-	-	-	-	-	-	-	-	-	-	-	-
35 to 39	-	-	-	-	-	-	-	-	-	-	-	-
40 to 44	-	-	-	-	-	-	-	-	-	-	-	-
45 to 49	-	-	-	-	-	-	-	-	-	-	-	-
50 to 54	-	-	-	-	-	-	-	-	-	-	-	-
55 to 59	-	-	-	-	-	-	-	141,352	165,201	-	-	144,759
60 to 64	-	-	-	-	-	-	-	136,627	141,998	-	-	138,929
65 to 69	-	-	-	-	-	-	-	-	-	-	167,066	167,066
70 and up	-	-	-	-	-	-	-	-	-	-	189,657	189,657
Avg. Salary	\$	\$	\$	\$	\$	\$	\$	\$ 139,462	\$ 156,164	\$ 178,361	\$ 148,951	\$ 148,951

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-25  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 New Hire

Age	Years of Service <sup>1</sup>										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	
Under 25	4	3	-	-	-	-	-	-	-	-	7
25 to 29	11	47	15	-	-	-	-	-	-	-	73
30 to 34	9	45	65	9	-	-	-	-	-	-	128
35 to 39	4	47	126	89	17	1	-	-	-	-	284
40 to 44	1	28	111	110	105	5	-	-	-	-	363
45 to 49	1	9	65	58	125	26	3	-	-	-	287
50 to 54	1	3	21	17	57	31	81	11	-	-	222
55 to 59	-	1	-	8	21	15	67	18	3	-	133
60 to 64	-	-	1	1	1	1	5	3	-	-	12
65 to 69	-	-	-	-	1	-	-	-	1	-	2
70 and up	-	-	-	-	-	-	-	-	-	1	1
Total Count	31	183	408	292	327	79	156	32	4	-	1,512

Table A-26  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 New Hire

Age	Average Salary										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	
Under 25	\$ 60,249	\$ 80,249	\$ 95,526	\$ 100,280	\$ 104,444	\$ 108,525	\$ 112,097	\$ 115,350	\$ 118,287	\$ 120,981	\$ 60,249
25 to 29	\$ 62,682	\$ 81,552	\$ 95,526	\$ 100,280	\$ 104,444	\$ 108,525	\$ 112,097	\$ 115,350	\$ 118,287	\$ 120,981	\$ 81,580
30 to 34	\$ 78,580	\$ 82,874	\$ 100,219	\$ 100,280	\$ 104,444	\$ 108,525	\$ 112,097	\$ 115,350	\$ 118,287	\$ 120,981	\$ 92,533
35 to 39	\$ 80,242	\$ 86,810	\$ 100,630	\$ 103,525	\$ 107,145	\$ 111,465	\$ 116,350	\$ 120,896	\$ 125,095	\$ 129,287	\$ 99,766
40 to 44	\$ 80,242	\$ 85,524	\$ 100,162	\$ 107,145	\$ 114,465	\$ 120,896	\$ 127,095	\$ 133,287	\$ 139,481	\$ 145,674	\$ 105,454
45 to 49	\$ 60,249	\$ 89,293	\$ 101,560	\$ 107,444	\$ 112,097	\$ 116,764	\$ 121,431	\$ 126,098	\$ 130,765	\$ 135,432	\$ 108,553
50 to 54	\$ 80,242	\$ 101,142	\$ 104,309	\$ 106,192	\$ 108,075	\$ 110,000	\$ 112,000	\$ 114,000	\$ 116,000	\$ 118,000	\$ 118,207
55 to 59	-	\$ 47,025	-	\$ 106,351	\$ 110,201	\$ 114,050	\$ 117,900	\$ 121,750	\$ 125,600	\$ 129,450	\$ 122,998
60 to 64	-	-	\$ 101,092	\$ 108,557	\$ 116,021	\$ 123,486	\$ 130,951	\$ 138,416	\$ 145,881	\$ 153,346	\$ 124,381
65 to 69	-	-	-	-	\$ 106,238	-	-	-	\$ 133,160	-	\$ 119,699
70 and up	-	-	-	-	\$ 120,981	-	-	-	-	-	\$ 120,981
Avg. Salary	\$ 70,304	\$ 83,950	\$ 100,630	\$ 105,817	\$ 113,233	\$ 120,877	\$ 125,078	\$ 135,110	\$ 133,255	\$ -	\$ 106,113

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-27  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 Total Miscellaneous

Age	Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	
Under 25	192	99									291
25 to 29	461	636	79	1							1,177
30 to 34	406	890	505	73							1,874
35 to 39	382	948	1,000	411	54						2,795
40 to 44	297	763	1,215	698	360	73	1				3,411
45 to 49	249	739	1,199	869	701	536	117	1			4,411
50 to 54	186	587	1,137	794	776	553	359	76			4,876
55 to 59	125	411	815	657	677	858	510	340	75	1	4,469
60 to 64	54	183	334	362	378	472	311	263	120	9	2,586
65 to 69	11	36	126	111	130	117	62	55	38	20	706
70 and up	6	16	23	37	56	63	39	17	13	7	282
Total Count	2,369	5,310	6,538	4,013	3,132	3,076	1,399	755	249	37	26,878

Table A-28  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 Total Miscellaneous

Age	Average Salary										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	
Under 25	\$ 57,744	\$ 51,833									\$ 55,733
25 to 29	63,456	62,681	69,741	53,368							63,450
30 to 34	67,590	71,803	71,773	70,668							70,637
35 to 39	68,125	74,506	76,347	80,145	85,183						75,328
40 to 44	65,724	72,553	74,739	81,736	84,490	84,171	108,212				76,086
45 to 49	66,327	74,452	73,774	79,820	83,174	82,840	77,598	72,645			77,355
50 to 54	65,610	72,220	72,699	77,803	81,177	87,153	91,471	79,100	75,010		78,803
55 to 59	70,344	70,487	74,830	77,038	80,887	83,174	89,346	93,259	96,742	118,961	80,585
60 to 64	65,931	74,326	73,703	77,314	76,604	81,187	81,459	92,378	93,117	97,661	79,697
65 to 69	69,028	81,484	71,687	72,552	74,696	73,530	80,636	80,805	98,562	80,882	76,344
70 and up	50,765	75,368	59,138	72,744	76,700	71,479	70,976	85,991	91,463	74,079	73,203
Avg. Salary	\$ 65,991	\$ 71,348	\$ 73,981	\$ 78,587	\$ 80,766	\$ 83,466	\$ 86,269	\$ 90,372	\$ 94,735	\$ 84,706	\$ 76,627

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-29  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 Old Miscellaneous

Age	Years of Service <sup>1</sup>										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	-	-	-	-	-	-	-	-	-	-	-	-
25 to 29	-	-	-	-	-	-	-	-	-	-	-	-
30 to 34	-	-	-	-	-	-	-	-	-	-	-	-
35 to 39	-	-	-	-	-	-	-	-	-	-	-	-
40 to 44	-	-	-	-	-	-	-	-	-	-	-	-
45 to 49	-	-	-	-	-	-	-	-	-	-	-	-
50 to 54	-	-	-	-	-	-	-	-	-	-	-	-
55 to 59	-	-	-	-	-	1	8	142	71	2	19	223
60 to 64	-	-	-	-	-	6	5	117	113	5	9	250
65 to 69	-	-	-	-	-	-	1	21	35	20	77	77
70 and up	-	-	-	-	-	1	-	8	13	7	26	26
Total Count	-	-	-	-	-	8	14	305	234	37	598	598

Table A-30  
 City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 Old Miscellaneous

Age	Average Salary										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25 to 29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30 to 34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35 to 39	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40 to 44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45 to 49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50 to 54	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55 to 59	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,929	\$ 63,345	\$ 94,397	\$ 97,903	\$ 118,961	\$ 73,949	\$ 94,395
60 to 64	\$ -	\$ -	\$ -	\$ -	\$ 72,888	\$ 80,571	\$ 97,353	\$ 93,607	\$ 97,661	\$ 97,661	\$ 94,748	\$ 94,748
65 to 69	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,853	\$ 80,747	\$ 98,101	\$ 80,882	\$ 88,386	\$ 88,386	\$ 88,386
70 and up	\$ -	\$ -	\$ -	\$ -	\$ 47,025	\$ 70,156	\$ 91,463	\$ 74,079	\$ 80,022	\$ 80,022	\$ 80,022	\$ 80,022
Avg. Salary	\$ -	\$ -	\$ -	\$ -	\$ 69,145	\$ 69,176	\$ 92,945	\$ 95,148	\$ 84,706	\$ 92,422	\$ 92,422	\$ 92,422

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-31

City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 New Miscellaneous

Age	Years of Service <sup>1</sup>											Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	192	99										291
25 to 29	461	636	79	1								1,177
30 to 34	406	890	505	73								1,874
35 to 39	382	948	1,000	411	54							2,795
40 to 44	297	765	825	698	360	75						3,441
45 to 49	249	739	1,199	869	701	536	117	1				4,411
50 to 54	186	587	1,137	794	776	555	359	62				4,857
55 to 59	125	411	815	657	677	857	502	198	4			4,246
60 to 64	54	183	431	362	378	466	506	146	7			2,336
65 to 69	11	36	126	111	130	117	61	34	3			629
70 and up	6	16	28	37	36	62	39	9				253
<b>Total Count</b>	<b>2,369</b>	<b>5,310</b>	<b>6,538</b>	<b>4,013</b>	<b>3,132</b>	<b>3,068</b>	<b>1,385</b>	<b>450</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>26,280</b>

Table A-32

City and County of San Francisco Employees' Retirement System  
 Distribution of Active Members as of July 1, 2008  
 New Miscellaneous

Age	Average Salary Years of Service <sup>1</sup>											Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up		
Under 25	\$ 57,744	\$ 51,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,733
25 to 29	\$ 63,456	\$ 62,681	\$ 69,741	\$ 53,368	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,450
30 to 34	\$ 67,540	\$ 71,403	\$ 71,773	\$ 70,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,637
35 to 39	\$ 68,125	\$ 74,506	\$ 76,347	\$ 80,145	\$ 85,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,328
40 to 44	\$ 68,724	\$ 72,555	\$ 74,739	\$ 81,736	\$ 83,490	\$ 84,371	\$ 105,212	\$ -	\$ -	\$ -	\$ -	\$ 76,086
45 to 49	\$ 66,327	\$ 74,452	\$ 73,774	\$ 79,820	\$ 83,174	\$ 82,840	\$ 77,598	\$ 72,645	\$ -	\$ -	\$ -	\$ 77,355
50 to 54	\$ 65,610	\$ 82,220	\$ 72,699	\$ 77,408	\$ 83,377	\$ 82,158	\$ 91,471	\$ 79,956	\$ 111,610	\$ -	\$ -	\$ 78,822
55 to 59	\$ 70,344	\$ 70,487	\$ 74,830	\$ 77,038	\$ 80,887	\$ 83,191	\$ 89,760	\$ 92,442	\$ 76,135	\$ -	\$ -	\$ 79,860
60 to 64	\$ 65,923	\$ 74,925	\$ 75,703	\$ 77,314	\$ 76,608	\$ 81,294	\$ 81,474	\$ 88,339	\$ 85,213	\$ -	\$ -	\$ 78,086
65 to 69	\$ 69,028	\$ 81,484	\$ 71,687	\$ 72,552	\$ 74,696	\$ 73,530	\$ 80,993	\$ 80,841	\$ 103,942	\$ -	\$ -	\$ 74,870
70 and up	\$ 50,765	\$ 78,468	\$ 59,138	\$ 72,744	\$ 76,700	\$ 71,873	\$ 70,976	\$ 99,534	\$ -	\$ -	\$ -	\$ 72,422
<b>Avg. Salary</b>	<b>\$ 65,991</b>	<b>\$ 71,348</b>	<b>\$ 73,981</b>	<b>\$ 78,587</b>	<b>\$ 80,766</b>	<b>\$ 83,503</b>	<b>\$ 86,441</b>	<b>\$ 88,629</b>	<b>\$ 88,298</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 76,268</b>



CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-33  
 City and County of San Francisco Employees' Retirement System  
 Retirees, Disabled, and Beneficiaries by Attained Age and Benefit Effective Date  
 Total System

Benefit Effective	Age											Total
	Under 50	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 and up		
pre-1989	3	3	27	63	152	238	307	944	973	658	3,568	
1989	-	2	10	11	17	61	84	170	65	13	433	
1990	2	2	6	17	32	85	119	157	47	14	481	
1991	2	1	6	9	44	75	125	140	45	17	464	
1992	1	2	7	26	188	425	550	275	72	19	1,565	
1993	-	3	5	16	72	49	48	39	35	17	284	
1994	1	9	9	30	90	67	86	58	29	16	395	
1995	1	6	13	43	121	101	120	51	33	20	509	
1996	3	5	25	82	106	141	126	67	30	14	601	
1997	7	7	20	92	151	165	108	49	31	13	643	
1998	8	20	27	153	173	223	134	45	42	17	842	
1999	3	10	40	129	172	195	119	52	33	18	771	
2000	6	18	90	176	187	211	96	47	20	17	868	
2001	15	25	110	245	301	254	106	49	27	11	1,143	
2002	15	20	131	210	311	196	61	45	38	14	1,041	
2003	22	34	205	312	299	176	73	34	27	12	1,194	
2004	27	44	238	307	315	163	54	57	38	8	1,251	
2005	21	146	324	396	385	148	76	37	30	14	1,577	
2006	24	186	307	370	253	95	41	49	26	11	1,362	
2007	28	184	318	450	229	95	54	55	23	6	1,442	
2008	15	200	264	288	133	59	42	38	35	8	1,080	
Total	206	927	2,182	3,425	3,731	3,222	2,729	2,458	1,697	937	21,514	

Average Age at Retirement/Disability 57.7  
 Average Current Age 70.7  
 Average Annual Pension \$ 32,158

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-34  
 City and County of San Francisco Employees' Retirement System  
 Retirees, Disabled, and Beneficiaries by Attained Age and Benefit Effective Date  
 Total Police

Benefit Effective	Age													Total
	Under 50	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 and up	90 and up	90 and up	90 and up	
Pre-1989	2	2	16	33	51	72	149	182	80	56	56	56	643	
1989	-	2	6	1	5	18	9	4	4	1	1	1	50	
1990	1	2	2	3	4	17	9	3	4	4	4	4	45	
1991	-	1	2	3	8	20	6	4	2	1	1	1	47	
1992	1	1	1	2	14	12	7	2	-	-	-	-	41	
1993	-	1	1	3	20	7	1	3	4	3	3	3	43	
1994	-	2	1	3	20	10	9	2	4	-	-	-	51	
1995	-	-	1	7	34	13	4	1	5	2	2	2	67	
1996	1	4	4	16	16	4	3	8	5	2	2	2	59	
1997	-	2	2	20	22	10	2	5	3	-	-	-	66	
1998	1	3	6	16	12	11	8	3	1	2	2	2	63	
1999	1	1	3	18	11	7	3	5	3	-	-	-	52	
2000	1	6	12	41	13	8	6	7	4	1	1	1	99	
2001	3	4	16	35	21	7	10	6	1	-	-	-	103	
2002	3	3	15	32	9	6	3	3	4	2	2	2	82	
2003	-	5	26	44	16	11	3	7	2	1	1	1	115	
2004	5	2	37	32	10	6	4	7	5	1	1	1	109	
2005	2	13	26	27	16	5	7	2	3	1	1	1	102	
2006	6	16	34	14	6	5	6	5	5	1	1	1	98	
2007	5	16	39	16	5	6	8	8	3	1	1	1	107	
2008	5	25	36	13	5	5	5	3	2	-	-	-	99	
T total	36	108	286	379	318	260	262	272	144	76	76	76	2,141	

Average Age at Retirement/Disability 51.5  
 Average Current Age 69.6  
 Average Annual Pension \$ 58,654





CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-35  
 City and County of San Francisco Employees' Retirement System  
 Retirees, Disabled, and Beneficiaries by Attained Age and Benefit Effective Date  
 Old Police

Benefit Effective	Age													Total
	Under 50	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 and up				
Pre-1989	2	1	13	29	50	66	146	182	80	56	56	43	625	
1989	-	-	4	1	4	17	8	4	4	1	1	1	43	
1990	-	-	1	1	4	16	9	3	4	-	-	-	38	
1991	-	1	1	3	7	20	6	4	2	1	1	1	45	
1992	-	-	1	2	13	12	7	2	-	1	1	1	38	
1993	-	-	-	1	17	7	1	3	4	3	3	3	36	
1994	-	-	-	1	18	10	8	2	4	4	4	4	49	
1995	-	-	1	5	29	12	4	1	5	2	2	2	59	
1996	-	-	3	9	12	4	3	7	5	1	1	1	44	
1997	-	1	1	15	21	9	2	5	3	-	-	-	57	
1998	-	1	3	14	10	10	8	3	1	2	2	2	52	
1999	-	-	3	17	8	6	3	5	3	-	-	-	45	
2000	-	3	5	27	11	5	6	7	4	1	1	1	69	
2001	1	1	13	28	17	5	10	6	1	-	-	-	82	
2002	1	-	8	26	7	6	3	5	4	2	2	2	62	
2003	-	3	15	35	14	10	3	7	2	1	1	1	90	
2004	1	-	22	22	7	6	4	7	3	1	1	1	75	
2005	-	2	12	13	13	5	7	2	3	1	1	1	58	
2006	-	1	17	9	3	4	5	5	5	1	1	1	80	
2007	1	3	17	8	3	6	8	8	3	1	1	1	58	
2008	1	5	9	4	4	5	5	5	2	-	-	-	38	
Total	7	22	149	270	272	241	256	271	144	75	75	75	1,707	

Average Age at Retirement/Disability 51.6  
 Average Current Age 72.5  
 Average Annual Pension \$ 60,384

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-36  
 City and County of San Francisco Employees' Retirement System  
 Retirees, Disabled, and Beneficiaries by Attained Age and Benefit Effective Date  
 New Police

Benefit Effective	Age													Total
	Under 50	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 and up				
Pre-1989	-	1	3	4	1	6	3	-	-	-	-	-	-	18
1989	-	2	2	-	1	1	1	-	-	-	-	-	-	7
1990	1	2	1	2	-	1	-	-	-	-	-	-	-	7
1991	-	-	1	-	1	-	-	-	-	-	-	-	-	2
1992	1	1	-	-	1	-	-	-	-	-	-	-	-	3
1993	-	1	1	2	3	-	-	-	-	-	-	-	-	7
1994	-	2	1	2	2	1	1	-	-	-	-	-	-	8
1995	-	-	-	2	5	1	-	-	-	-	-	-	-	8
1996	-	1	1	7	4	-	-	1	-	-	-	-	-	15
1997	-	1	1	5	1	1	-	-	-	-	-	-	-	9
1998	1	2	3	2	2	1	1	-	-	-	-	-	-	11
1999	1	1	-	1	3	1	-	-	-	-	-	-	-	7
2000	1	3	7	14	2	3	-	-	-	-	-	-	-	30
2001	2	3	3	7	4	2	-	-	-	-	-	-	-	21
2002	2	3	7	6	2	-	-	-	-	-	-	-	-	20
2003	-	2	11	9	2	1	-	-	-	-	-	-	-	25
2004	4	2	15	10	3	-	-	-	-	-	-	-	-	34
2005	2	11	14	14	3	-	-	-	-	-	-	-	-	44
2006	6	15	17	5	3	1	1	-	-	-	-	-	-	48
2007	4	13	22	8	2	-	-	-	-	-	-	-	-	49
2008	4	20	27	9	1	-	-	-	-	-	-	-	-	61
Total	29	86	137	109	46	19	6	1	-	-	-	-	-	434

Average Age at Retirement/Disability 51.5  
 Average Current Age 58.3  
 Average Annual Pension \$ 51,849

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-37  
 City and County of San Francisco Employees' Retirement System  
 Retirees, Disabled, and Beneficiaries by Attained Age and Benefit Effective Date

Benefit Effective	Age													Total
	Under 50	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 and up	90 and up	Total		
Pre-1989	-	-	2	7	19	29	92	141	119	71	-	480		
1989	-	-	2	3	3	4	5	4	3	-	-	24		
1990	-	-	-	4	7	16	14	4	3	4	-	52		
1991	-	-	2	2	10	10	6	7	4	4	-	45		
1992	-	-	1	2	16	10	9	5	1	4	-	48		
1993	-	-	2	2	16	9	9	7	3	4	-	52		
1994	-	2	2	4	12	12	4	2	3	3	-	44		
1995	-	-	2	4	25	14	3	3	4	1	-	56		
1996	-	1	4	8	14	12	3	7	1	2	-	52		
1997	2	1	1	6	24	5	4	5	1	2	-	51		
1998	2	1	3	24	23	13	6	2	7	2	-	83		
1999	-	-	4	18	21	11	1	2	5	1	-	63		
2000	-	3	7	24	20	6	4	2	1	2	-	69		
2001	4	4	5	42	32	10	3	3	3	2	-	108		
2002	3	2	9	23	20	2	2	5	4	1	-	71		
2003	10	3	20	79	27	4	3	3	3	2	-	154		
2004	5	3	24	55	13	1	-	6	1	2	-	110		
2005	4	4	36	27	8	3	4	6	4	1	-	97		
2006	3	11	53	21	7	4	3	6	4	2	-	114		
2007	3	16	61	26	1	-	2	11	3	-	-	123		
2008	1	6	32	13	2	5	3	10	6	3	-	81		
Total	37	57	272	394	320	180	180	241	183	113	-	1,977		

Average Age at Retirement/Disability 54.1  
 Average Current Age 70.3  
 Average Annual Pension \$ 67,145



CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-38  
 City and County of San Francisco Employees' Retirement System  
 Retirees, Disabled, and Beneficiaries by Attained Age and Benefit Effective Date  
 Old Fire

Benefit Effective	Age													Total
	Under 50	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 and up	91	92	93	
pre-1989	-	-	1	7	17	26	4	4	141	92	119	71	474	
1989	-	-	-	3	3	4	4	4	4	5	3	-	22	
1990	-	-	-	3	6	16	3	4	4	14	3	4	50	
1991	-	-	2	1	8	10	6	6	6	4	4	3	40	
1992	-	-	-	2	15	10	4	4	4	9	1	4	45	
1993	-	-	1	2	16	9	3	7	3	3	4	4	51	
1994	-	-	1	4	11	12	4	2	2	4	3	3	40	
1995	-	-	2	3	24	14	3	3	3	4	1	1	54	
1996	-	1	4	7	12	7	3	7	7	2	2	2	49	
1997	1	-	1	5	22	5	4	5	5	1	1	2	46	
1998	1	1	1	22	19	13	6	2	2	7	2	2	74	
1999	-	-	4	17	21	10	1	2	2	5	1	1	61	
2000	-	2	4	21	14	5	4	2	2	1	2	2	55	
2001	1	1	4	35	26	9	3	3	3	3	2	2	87	
2002	1	1	7	15	19	2	2	3	3	4	1	1	57	
2003	2	1	14	62	22	3	3	3	3	3	2	2	115	
2004	-	-	14	46	12	1	-	6	6	1	2	2	82	
2005	-	1	21	19	6	3	4	6	6	4	1	1	65	
2006	1	-	33	13	4	4	3	6	6	4	2	2	70	
2007	-	2	12	10	1	-	2	11	11	3	-	-	41	
2008	-	-	7	5	1	5	3	10	10	6	3	3	40	
T total	7	10	133	302	279	173	180	239	183	112	112	112	1,618	

Average Age at Retirement/Disability 54.5  
 Average Current Age 73.0  
 Average Annual Pension \$ 67,272

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-39  
 City and County of San Francisco Employees' Retirement System  
 Retirees, Disabled, and Beneficiaries by Attained Age and Benefit Effective Date  
 New Hire

Benefit Effective	Age											Total
	Under 50	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 and up		
pre-1989	-	-	1	-	-	3	-	-	-	-	-	6
1989	-	-	2	-	-	-	-	-	-	-	-	2
1990	-	-	-	1	1	-	-	-	-	-	-	2
1991	-	-	-	1	2	-	-	1	-	-	1	5
1992	-	-	1	-	1	-	-	1	-	-	-	3
1993	-	-	1	-	-	-	-	-	-	-	-	1
1994	-	2	1	-	1	-	-	-	-	-	-	4
1995	-	-	-	1	1	-	-	-	-	-	-	2
1996	-	-	-	1	2	-	-	-	-	-	-	3
1997	1	1	-	1	2	-	-	-	-	-	-	5
1998	1	-	2	2	4	-	-	-	-	-	-	9
1999	-	-	-	1	-	1	-	-	-	-	-	2
2000	-	1	3	3	6	1	-	-	-	-	-	14
2001	3	3	1	7	6	1	-	-	-	-	-	21
2002	2	1	2	8	1	-	-	-	-	-	-	14
2003	8	2	6	17	5	1	-	-	-	-	-	39
2004	5	3	10	9	1	-	-	-	-	-	-	28
2005	4	3	15	8	2	-	-	-	-	-	-	32
2006	2	11	20	8	3	-	-	-	-	-	-	44
2007	3	14	49	16	-	-	-	-	-	-	-	82
2008	1	6	25	8	1	-	-	-	-	-	-	41
Total	30	47	139	92	41	7	-	2	-	-	1	359

Average Age at Retirement/Disability 52.6  
 Average Current Age 58.3  
 Average Annual Pension \$ 66,575

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-40  
 City and County of San Francisco Employees' Retirement System  
 Retirees, Disabled, and Beneficiaries by Attained Age and Benefit Effective Date  
 Total Miscellaneous

Benefit Effective	Age													Total
	Under 50	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 and up	90 and up		Total	
1989	1	1	9	23	82	137	266	531	774	531	531	531	2,445	
1989	-	-	2	7	9	39	70	162	58	12	12	12	359	
1990	1	-	4	10	21	52	96	150	40	10	10	10	384	
1991	2	-	2	4	26	45	113	129	39	12	12	12	372	
1992	-	1	5	22	158	403	534	268	71	14	14	14	1,476	
1993	-	2	2	11	36	33	38	29	28	10	10	10	189	
1994	1	5	6	23	58	45	73	54	22	13	13	13	300	
1995	1	6	10	32	62	74	113	47	24	17	17	17	386	
1996	5	3	17	38	76	125	120	52	24	10	10	10	490	
1997	5	4	17	66	105	150	102	39	27	11	11	11	526	
1998	5	16	18	113	138	199	120	40	34	13	13	13	696	
1999	2	9	33	93	140	177	115	45	25	17	17	17	656	
2000	3	9	71	111	154	197	86	38	15	14	14	14	700	
2001	8	17	89	168	248	237	93	40	23	9	9	9	932	
2002	9	15	107	155	282	188	56	35	30	11	11	11	888	
2003	12	26	159	189	256	161	67	24	22	9	9	9	925	
2004	17	39	177	220	292	156	50	44	32	5	5	5	1,032	
2005	15	129	262	342	361	140	65	29	23	12	12	12	1,378	
2006	15	139	220	333	240	86	32	38	17	8	8	8	1,150	
2007	20	152	218	408	223	89	44	36	17	5	5	5	1,212	
2008	9	169	196	262	126	49	34	25	25	5	5	5	900	
Total	133	762	1,624	2,652	3,093	2,782	2,287	1,945	1,370	748	748	748	17,396	

Average Age at Retirement/Disability 58.9  
 Average Current Age 70.9  
 Average Annual Pension \$ 24,921



CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-41  
 City and County of San Francisco Employees' Retirement System  
 Retirees, Disabled, and Beneficiaries by Attained Age and Benefit Effective Date  
 Old Miscellaneous

Benefit Effective	Age													Total
	Under 50	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 and up	526	526	526	
pre-1989	1	1	7	22	81	126	259	605	744	526	526	526	2,370	
1989	-	-	1	4	8	34	66	134	41	11	11	11	299	
1990	1	-	3	7	18	42	82	123	29	9	9	9	314	
1991	2	-	2	3	17	31	97	98	30	10	10	10	290	
1992	-	1	2	20	142	372	419	162	49	11	11	11	1,178	
1993	-	-	1	5	23	20	26	20	24	10	10	10	129	
1994	1	1	4	13	34	35	48	35	21	13	13	13	205	
1995	-	1	2	16	40	54	67	18	22	16	16	16	236	
1996	2	-	5	23	49	77	58	31	19	10	10	10	274	
1997	-	-	3	23	65	85	38	25	20	11	11	11	270	
1998	1	3	8	41	93	133	39	19	30	12	12	12	379	
1999	1	3	11	33	78	91	43	30	21	14	14	14	325	
2000	2	2	15	40	92	86	41	26	13	13	13	13	330	
2001	2	4	17	62	137	92	27	25	19	9	9	9	394	
2002	2	3	15	62	146	62	23	20	25	11	11	11	369	
2003	4	4	33	77	116	40	35	15	19	9	9	9	352	
2004	-	2	34	85	100	44	18	31	26	5	5	5	343	
2005	1	6	46	116	127	34	24	20	20	12	12	12	406	
2006	2	5	38	129	62	33	18	29	16	8	8	8	340	
2007	2	5	39	125	50	29	36	25	15	5	5	5	331	
2008	1	3	33	60	28	14	20	20	20	4	4	4	203	
Total	25	44	319	966	1,506	1,534	1,484	1,509	1,223	729	729	729	9,339	

Average Age at Retirement/Disability 58.9  
 Average Current Age 75.5  
 Average Annual Pension \$ 29,497

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

APPENDIX A  
 MEMBERSHIP INFORMATION

Table A-42  
 City and County of San Francisco Employees' Retirement System  
 Retirees, Disabled, and Beneficiaries by Attained Age and Benefit Effective Date  
 New Miscellaneous

Benefit Effective	Age														Total
	Under 50	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	90 and up					
pre-1989	-	-	2	1	1	11	7	18	30	5	75				
1989	-	-	1	3	1	5	4	28	17	1	60				
1990	2	-	1	3	3	10	14	27	11	1	70				
1991	-	-	-	1	9	14	16	31	9	2	82				
1992	-	-	3	2	16	31	115	106	22	3	298				
1993	-	2	1	6	13	13	12	9	4	-	60				
1994	-	4	2	10	24	10	25	19	1	-	95				
1995	1	5	8	16	22	20	46	29	2	1	150				
1996	3	3	12	35	27	48	62	21	5	-	216				
1997	5	4	14	43	40	65	64	14	7	-	256				
1998	4	13	10	72	45	66	81	21	4	1	317				
1999	1	6	22	60	62	86	72	15	4	3	331				
2000	3	7	56	71	62	111	45	12	2	1	370				
2001	6	13	72	106	111	145	66	15	4	-	538				
2002	7	12	92	93	136	126	35	15	5	-	519				
2003	8	22	126	112	140	121	32	9	3	-	573				
2004	17	37	143	135	192	112	32	13	6	-	687				
2005	14	123	216	226	234	106	41	9	3	-	972				
2006	13	154	182	206	178	53	14	9	1	-	810				
2007	18	147	179	283	173	60	8	11	2	-	881				
2008	8	166	163	202	98	35	14	3	5	1	697				
Total	108	718	1,305	1,686	1,587	1,248	803	436	147	19	8,057				

Average Age at Retirement/Disability 58.9  
 Average Current Age 65.7  
 Average Annual Pension \$ 19,616

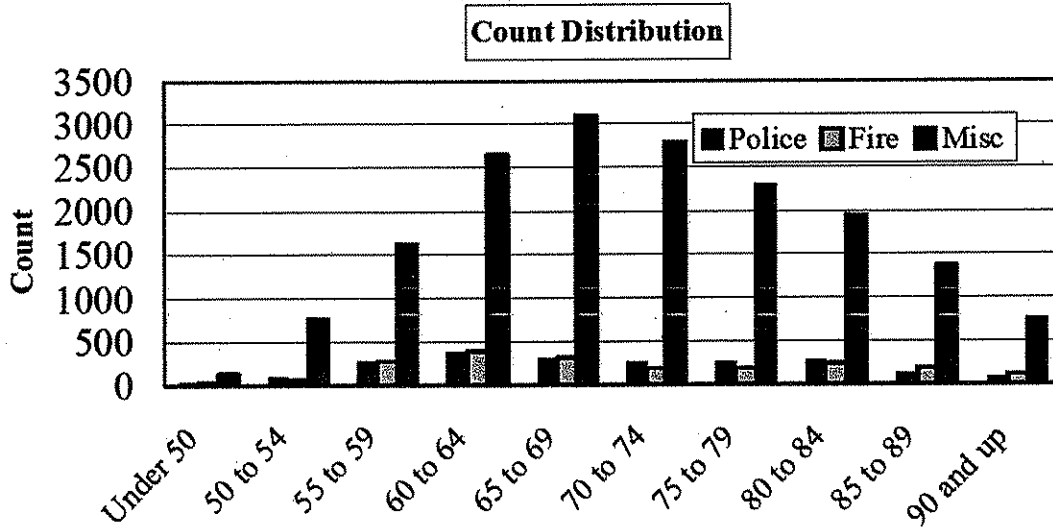


**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION**

**APPENDIX A  
MEMBERSHIP INFORMATION**

<b>Age</b>	<b>Count</b>			<b>Total</b>
	<b>Police</b>	<b>Fire</b>	<b>Misc</b>	
Under 50	36	37	133	206
50 to 54	108	57	762	927
55 to 59	286	272	1,624	2,182
60 to 64	379	394	2,652	3,425
65 to 69	318	320	3,093	3,731
70 to 74	260	180	2,782	3,222
75 to 79	262	180	2,287	2,729
80 to 84	272	241	1,945	2,458
85 to 89	144	183	1,370	1,697
90 and up	76	113	748	937
<b>Total</b>	<b>2,141</b>	<b>1,977</b>	<b>17,396</b>	<b>21,514</b>

**Chart A-1**



**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION**

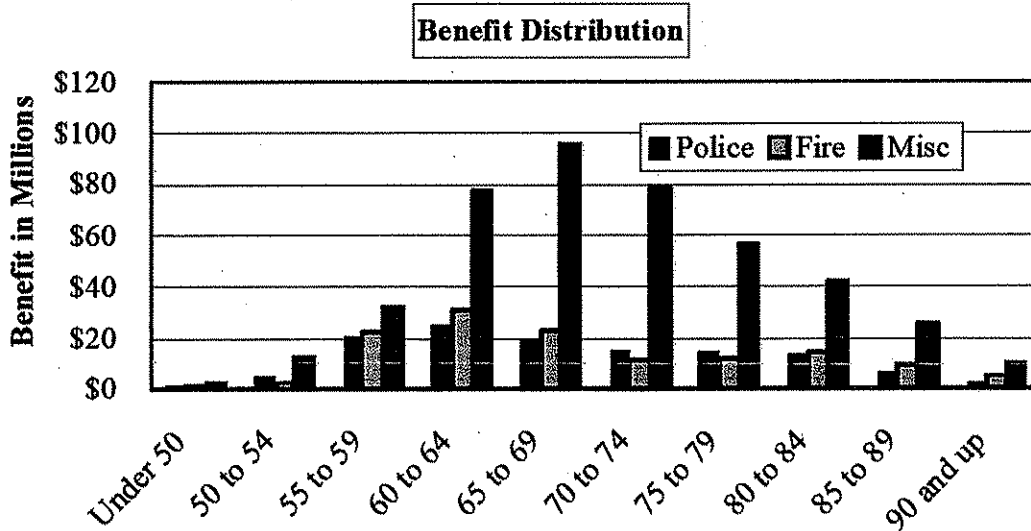
**APPENDIX A  
MEMBERSHIP INFORMATION**

**Table A-44  
City and County of SFERS  
Distribution of Retirees, Disabled Members,  
and Beneficiaries as of July 1, 2008**

**Annual Benefit**

<b>Age</b>	<b>Police</b>	<b>Fire</b>	<b>Misc</b>	<b>Total</b>
Under 50	\$ 1,598,066	\$ 1,529,190	\$ 2,601,566	\$ 5,728,821
50 to 54	5,373,360	2,865,343	12,591,411	20,830,114
55 to 59	20,595,817	22,051,851	32,126,003	74,773,671
60 to 64	25,447,647	30,994,973	77,543,851	133,986,471
65 to 69	19,667,029	22,887,529	95,883,584	138,438,141
70 to 74	14,957,472	11,611,327	78,388,169	104,956,967
75 to 79	14,446,142	12,065,929	56,605,656	83,117,727
80 to 84	13,967,316	14,490,223	42,173,252	70,630,791
85 to 89	6,663,613	9,323,950	25,443,547	41,431,110
90 and up	2,861,340	4,925,594	10,161,307	17,948,241
<b>Total</b>	<b>\$ 125,577,799</b>	<b>\$ 132,745,909</b>	<b>\$433,518,346</b>	<b>691,842,055</b>

**Chart A-2**



APPENDIX A  
MEMBERSHIP INFORMATION

**Data Assumptions and Methods**

In preparing our data, we relied without audit on information supplied by the SFERS staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. Our methodology for obtaining the data used for the valuation is based upon the following assumptions and practices:

- Service for members on the "Active" data file was calculated using the field "Yrs Svc". Service buyback that has been paid for is included in the "Yrs Svc" field. Service buyback that is under contract, but not paid in full, as of the valuation date will be assumed to be paid in full and this service will be reflected in the projected benefit. An adjusted date of hire is retroactively calculated from the valuation date.
- Valuation Salary will be "Covered Pay" for members hired before the beginning of the previous plan year and "Calculated Pay", which is an annualized pay rate, for new hires. A minimum of \$45,000 is used for all active members. Then an increase of 4.5% based on the wage increase assumption is applied.
- For accounts having duplicate records based on Social Security Number in the "Active" data file, the records are added together for fields "Cvd Pay", "Contribs", "Interest", "Shortage", "Short Int" and "Yrs Svc". The other data in the record is determined by the record which is considered open ("Plan Stat" = "O") with the most recent "Membership Date".
- Records on the "Active" data file are considered to be Active if they have a status of "AM" which means active, no "Job End Date" or the "Job End Date" is after 6/30/2008, and do not have a retiree record and their "Cvd Pay" is greater than \$0.
- Records on the "Active" data file are considered to be Inactive if they have a status of "VM", which means vested or they have a status of "AM" but their "Job End Date" is prior to 6/30/2008, or their "Cvd Pay" is \$0.
- Records on the "Retiree" file are considered in pay status if their benefit is not suspended or terminated.
- Members may retire and receive benefits from multiple Plans (e.g. - a police officer can have two benefits, one for the service during the academy training which is considered the Miscellaneous group and a second benefit for all other service as a police officer). We will value each member's blended benefit individually. This will result in the counts being slightly higher than actual counts due to people having more than one benefit payable from multiple plans.
- We assume any member found in last year's "Retiree" file and not in this year's file has deceased without a beneficiary and should be removed from the valuation data.
- We assume all deceased members with payments continuing to a beneficiary have already been accounted for in the "Retiree" file.

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

**APPENDIX B  
 ACTUARIAL ASSUMPTIONS AND METHODS**

**A. Actuarial Assumptions**

**1. Investment Return Assumption**

SFERS' assets are assumed to earn 7.75% net of expenses.

**2. Inflation Rate**

An inflation assumption for wage increase rate of 4.50% compounded annually is used for projecting the total annual payroll growth for amortization of the UAL. The Consumer Price Index assumption of 3.5% was used and represents the difference between the investment return rate and the assumed real rate of return.

**3. Interest Credited to Member Contributions**

5.00%, compounded annually.

**4. Salary Increase Rate**

Inflation component                      4.50%

The additional merit component:

<b>Table B-1 Salary Merit Increases</b>						
<b>Year of Service</b>	<b>Police</b>	<b>Fire</b>	<b>Muni</b>	<b>Craft Workers</b>	<b>Misc. Females</b>	<b>Misc. Males</b>
1	13.5%	21.0%	13.0%	5.0%	5.00%	5.25%
2	5.0	5.0	8.0	2.0	4.00	4.25
3	5.0	5.0	1.0	2.0	4.00	3.50
4	1.0	1.0	0.0	2.0	3.50	3.50
5	1.0	1.0	0.0	1.5	2.50	3.25
6	1.0	1.0	0.0	1.0	2.25	2.75
7	1.0	1.0	0.0	1.0	2.25	2.50
8	1.0	1.0	0.0	0.8	2.00	2.25
9	1.0	1.0	0.0	0.7	1.75	2.25
10	1.0	1.0	0.0	0.7	1.50	2.25
11	1.0	1.0	0.0	0.7	1.00	2.25
12	1.0	1.0	0.0	0.7	1.00	1.75
13	1.0	1.0	0.0	0.7	1.00	1.75
14	1.0	1.0	0.0	0.7	1.00	1.75
15 & over	1.0	1.0	0.0	0.7	0.90	1.00

**APPENDIX B  
 ACTUARIAL ASSUMPTIONS AND METHODS**

For those expected as service retirement, extra covered wages in the last year before retirement are assumed to be as follows:

	Old Plan	New Plan
Craft Workers	8.0%	5.0%
Male Miscellaneous	3.0%	2.0%

**5. Administration Expense Assumption**

There is a 0.45% of Payroll assumption included in the normal costs rates for administrative expenses.

**6. Cost-of-Living Increase in Benefits\***

Old Plans - Police and Fire, post-7/1/75 DOR 4.50% per year  
 Old Plans - Police and Fire, pre-7/1/75 DOR 3.00% per year  
 Old Plans - Miscellaneous 2.00% per year  
 New Plans - Police, Fire and Miscellaneous 2.00% per year

\* No supplemental COLA was adopted by the Board as of July 1, 2008.

**7. Member Refunds**

The rates of refund of contribution for terminated vested members are presented in Table B-2 below.

Age	Old Plans Police & Fire	New Plans Police & Fire	Miscellaneous
Under 25	100%	100%	100%
25	100	80	95
30	90	80	65
35	80	65	60
40	60	50	50
45	40	40	40
50 and above	0	0	0

**APPENDIX B  
 ACTUARIAL ASSUMPTIONS AND METHODS**

**8. Family Composition**

Family Composition (including assumption for Domestic Partners, 1994 Proposition H).

(i) Percentage Married	<u>Old Plan</u>	<u>New Plan</u>
Police and Fire Males	90%	85%
Police and Fire Females	48	42
Miscellaneous Males	80	80
Miscellaneous Females	48	48
(ii) Age Difference		
Wives assumed to be three years younger than husbands (and then spouse assumed to be an additional year younger in order to value continuance to children and dependent parents).		

**9. Rates of Withdrawal/Termination**

Sample rates of withdrawal/termination are show in the following Table B-3.

Years of Service	Police	Fire	Muni	Craft Workers
0	0.1000	0.0400	0.1000	0.0700
1	0.0400	0.0150	0.0250	0.0300
2	0.0200	0.0100	0.0250	0.0300
3	0.0200	0.0100	0.0250	0.0300
4	0.0200	0.0100	0.0250	0.0300
5	0.0100	0.0100	0.0400	0.0300
6	0.0100	0.0300	0.0250	0.0300
7	0.0100	0.0250	0.0250	0.0250
8	0.0100	0.0100	0.0250	0.0250
9	0.0100	0.0100	0.0250	0.0200
10	0.0100	0.0100	0.0250	0.0200
11	0.0100	0.0050	0.0250	0.0150
12	0.0100	0.0050	0.0250	0.0150
13	0.0100	0.0050	0.0250	0.0100
14	0.0100	0.0050	0.0250	0.0100
15	0.0100	0.0050	0.0250	0.0100
16	0.0050	0.0050	0.0250	0.0100
17	0.0050	0.0050	0.0250	0.0100
18	0.0050	0.0020	0.0250	0.0100
19	0.0050	0.0010	0.0250	0.0100
20	0.0050	0.0005	0.0250	0.0100
21	0.0000	0.0000	0.0250	0.0100
22	0.0000	0.0000	0.0000	0.0100
23	0.0000	0.0000	0.0000	0.0000

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

**APPENDIX B  
 ACTUARIAL ASSUMPTIONS AND METHODS**

Table B-3 (continued)						
Rate of Withdrawal						
Years of Service						
Age	<u>0</u>		<u>3</u>		<u>5+</u>	
	Misc. Females	Misc. Males	Misc. Females	Misc. Males	Misc. Females	Misc. Males
20	0.1500	0.1500	0.1500	0.1000	0.1000	0.1000
25	0.1500	0.1500	0.0750	0.1000	0.0500	0.0650
30	0.1250	0.1500	0.0750	0.0700	0.0500	0.0650
35	0.1250	0.1000	0.0750	0.0700	0.0300	0.0250
40	0.1000	0.1000	0.0500	0.0500	0.0300	0.0250
45	0.1000	0.1000	0.0250	0.0500	0.0250	0.0250
50	0.1500	0.1000	0.0250	0.0500	0.0250	0.0250
55	0.1500	0.1000	0.0250	0.0250	0.0250	0.0250
60	0.0750	0.2000	0.0250	0.0250	0.0250	0.0250
65	0.0750	0.2000	0.0250	0.0250	0.0250	0.0250
69	0.0750	0.2000	0.0250	0.0250	0.0000	0.0000

30% of terminating employees are assumed to subsequently work for a reciprocal employer and receive 4.50% pay increases per year.

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**APPENDIX B  
ACTUARIAL ASSUMPTIONS AND METHODS**

**10. Rates of Disability**

Disability rates of active participants are provided in Table B-4

Table B-4 Active Disability Rates						
Age	Police*	Fire*	Muni	Craft Workers	Misc Females	Misc. Males
20	0.0000	0.0001	0.0000	0.0000	0.0000	0.0000
21	0.0000	0.0001	0.0000	0.0000	0.0000	0.0000
22	0.0001	0.0001	0.0000	0.0000	0.0000	0.0000
23	0.0001	0.0002	0.0000	0.0000	0.0000	0.0000
24	0.0002	0.0002	0.0000	0.0000	0.0000	0.0000
25	0.0002	0.0003	0.0000	0.0000	0.0000	0.0000
26	0.0003	0.0003	0.0000	0.0000	0.0000	0.0000
27	0.0003	0.0004	0.0000	0.0000	0.0000	0.0000
28	0.0004	0.0004	0.0000	0.0000	0.0000	0.0000
29	0.0004	0.0005	0.0000	0.0000	0.0000	0.0000
30	0.0005	0.0006	0.0001	0.0001	0.0002	0.0001
31	0.0006	0.0007	0.0002	0.0002	0.0004	0.0003
32	0.0007	0.0008	0.0003	0.0003	0.0006	0.0005
33	0.0008	0.0009	0.0004	0.0004	0.0008	0.0007
34	0.0009	0.0010	0.0005	0.0005	0.0010	0.0009
35	0.0009	0.0015	0.0006	0.0006	0.0015	0.0012
36	0.0010	0.0020	0.0007	0.0007	0.0017	0.0014
37	0.0010	0.0030	0.0008	0.0008	0.0019	0.0016
38	0.0011	0.0045	0.0009	0.0009	0.0021	0.0018
39	0.0011	0.0060	0.0010	0.0010	0.0023	0.0020
40	0.0012	0.0070	0.0011	0.0012	0.0025	0.0023
41	0.0012	0.0090	0.0012	0.0014	0.0030	0.0026
42	0.0013	0.0100	0.0013	0.0016	0.0033	0.0029
43	0.0013	0.0110	0.0014	0.0018	0.0036	0.0030
44	0.0013	0.0120	0.0015	0.0020	0.0050	0.0031
45	0.0010	0.0050	0.0017	0.0024	0.0060	0.0032
46	0.0010	0.0060	0.0020	0.0027	0.0060	0.0033
47	0.0011	0.0070	0.0023	0.0030	0.0070	0.0034
48	0.0011	0.0080	0.0027	0.0040	0.0070	0.0035
49	0.0012	0.0090	0.0030	0.0050	0.0070	0.0036
50	0.0160	0.0100	0.0080	0.0060	0.0060	0.0037
51	0.0160	0.0150	0.0120	0.0062	0.0065	0.0038
52	0.0180	0.0200	0.0150	0.0065	0.0070	0.0042
53	0.0180	0.0250	0.0180	0.0068	0.0072	0.0047
54	0.0180	0.0350	0.0200	0.0070	0.0075	0.0050
55	0.0300	0.0500	0.0180	0.0200	0.0100	0.0055
56	0.0380	0.0800	0.0150	0.0200	0.0090	0.0060
57	0.0420	0.1000	0.0120	0.0180	0.0080	0.0070
58	0.0460	0.1200	0.0100	0.0150	0.0050	0.0080
59	0.0500	0.1300	0.0005	0.0100	0.0030	0.0090
60	0.0008	0.1300				
61	0.0007	0.1400				
62	0.0005	0.1400				
63	0.0003	0.1500				
64	0.0002	0.1500				
65	0.0000	0.0000				

\*For Police and Fire, 100% assumed duty.



**APPENDIX B  
 ACTUARIAL ASSUMPTIONS AND METHODS**

Level of duty disability benefits (if projected to be disabled before service retirement eligibility)	
Police	55% of pay
Fire	60% of pay

**11. Rates of Mortality for Active Lives**

Mortality rates for actives, retirees, beneficiaries, terminated vested and reciprocals are based on the sex distinct 1994 Group Annuity Mortality Tables with not net backs. 25% of safety deaths are assumed to be service related.

<b>Table B-5</b>				
Retired and Disabled Life Mortality Rates				
Active, Reciprocal, Vested Term and Service Retirees				
For Safety, 25% of deaths are assumed eligible for line of duty death benefits				
Age	Death Per Thousand		Life Expectancy	
	Male	Female	Male	Female
50	2.58	1.43	30.7	34.9
55	4.43	2.29	26.2	30.2
60	7.98	4.44	21.9	25.6
65	14.54	8.64	17.9	21.3
70	23.73	13.73	14.3	17.3
75	37.21	22.69	11.2	13.6
80	62.03	39.40	8.4	10.4
85	97.24	67.74	6.2	7.6
90	152.93	116.27	4.5	5.4

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**APPENDIX B  
ACTUARIAL ASSUMPTIONS AND METHODS**

**12. Rates of Mortality for Retired Disabled Lives**

For Safety, all disabilities are assumed due to line of duty and therefore all death benefits of disabled members are assumed to generate duty death benefits. Table B-6 provides a sample of the mortality rates of members are disability retirement

<b>Table B-6</b>									
<u>Age</u>	<u>Deaths Per Thousand</u>				<u>New Life Expectancy</u>				
	<u>Safety</u>		<u>Miscellaneous</u>		<u>Safety</u>		<u>Miscellaneous</u>		
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	
25	0.5	0.7	7.5	5.4	53.9	50.0	40.4	46.9	
30	0.7	1.0	7.7	5.7	49.1	45.2	36.8	43.1	
35	1.1	1.5	8.0	6.0	44.3	40.5	33.2	39.3	
40	1.7	2.6	8.7	6.3	39.5	35.8	29.5	35.5	
45	2.8	3.8	10.6	7.6	34.9	31.3	25.8	31.6	
50	4.0	5.4	14.6	10.0	30.5	27.0	22.2	27.8	
55	5.9	8.9	21.2	13.4	26.1	22.8	19.0	24.3	
60	9.8	14.5	28.7	17.1	22.0	18.9	16.1	21.0	
65	16.3	24.0	36.2	21.6	18.2	15.5	13.5	17.8	
70	26.1	36.1	46.7	27.1	14.8	12.5	10.9	14.8	
75	38.9	53.1	65.5	36.9	11.9	9.8	8.6	11.8	
80	57.7	80.9	94.8	55.2	9.4	7.6	6.5	9.1	

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**APPENDIX B  
ACTUARIAL ASSUMPTIONS AND METHODS**

**13. Rates of Retirement**

Rates of retirement are based on age according to the following Table B-7. Old safety plan members are assumed to retire immediately.

<b>Table B-7</b>						
<b>New Plan Safety and Non-Safety Members</b>						
<u>Age</u>	<u>New Police</u>	<u>New Fire</u>	<u>Muni</u>	<u>Craft</u>	<u>Misc. Females</u>	<u>Misc. Male</u>
50	0.0586	0.0200	0.0700	0.0300	0.0300	0.0200
51	0.0300	0.0200	0.0250	0.0200	0.0200	0.0200
52	0.0300	0.0200	0.0250	0.0200	0.0200	0.0200
53	0.0300	0.0200	0.0250	0.0300	0.0200	0.0200
54	0.0300	0.0200	0.0250	0.0300	0.0300	0.0450
55	0.1000	0.1000	0.0600	0.0400	0.0300	0.0450
56	0.1000	0.1000	0.0250	0.0400	0.0500	0.0450
57	0.1200	0.2000	0.0250	0.0400	0.0600	0.0450
58	0.1200	0.2000	0.1000	0.0275	0.0300	0.0225
59	0.1200	0.2000	0.1500	0.0275	0.0300	0.0500
60	0.3500	0.2000	0.2000	0.1000	0.1100	0.0700
61	0.2500	0.4000	0.1000	0.1300	0.1100	0.0900
62	0.2500	0.3500	0.3500	0.2500	0.1500	0.2300
63	0.2500	0.3000	0.0750	0.1300	0.1300	0.1500
64	0.2500	0.3000	0.1500	0.1300	0.1500	0.1500
65	1.0000	1.0000	0.2500	0.1500	0.1500	0.1500
66	1.0000	1.0000	0.2500	0.1500	0.1500	0.1500
67	1.0000	1.0000	0.2500	0.1500	0.1500	0.1500
68	1.0000	1.0000	0.2500	0.1500	0.1500	0.1500
69	1.0000	1.0000	0.2500	0.1500	0.1500	0.1500
70 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

**APPENDIX B**  
**ACTUARIAL ASSUMPTIONS AND METHODS**

**14. Deferred Retirement Option Program (DROP)**

Effective July 1, 2008 new police plan members may be eligible to enter a DROP. Based on the current plan design and lack of experience data it is assumed for this valuation that the introduction of the DROP will have no impact on the retirement rates for this group of participants.

**15. Deferred Member Benefit**

The benefit was estimated based on information provided by SFERS staff. The data used to value the estimated deferred benefit were date of birth, date of hire, date of termination, and last pay. Based on the data provided, service credit, highest average salary, and deferred retirement age were estimated. The estimates were used to compute the retirement benefit, upon which the liabilities are based. For those members without sufficient data or service, accumulated member contribution balances, with interest, were used as the actuarial accrued liability.

**16. Other**

The contribution requirements and benefit values of a plan are calculated by applying actuarial assumptions to the benefit provisions and member information, using the actuarial funding methods described in the following section.

Actual experience of SFERS will not coincide exactly with assumed experiences, regardless of the choice of the assumptions, the skill of the actuary or the precision of the many calculations made. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments to the computed contribution rate. From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends, but not random year-to-year fluctuations.

**APPENDIX B**  
**ACTUARIAL ASSUMPTIONS AND METHODS**

**B. Actuarial Methods**

**1. Actuarial Funding Method**

The Entry Age Normal actuarial funding method was used for active employees, whereby the normal cost is computed as the level annual percentage of pay required to fund the retirement benefits between each member's date of hire and assumed retirement. The actuarial liability is the difference between the present value of future benefits and the present value of future normal cost. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

The unfunded actuarial accrued liabilities due to net actuarial gains and losses, Supplemental COLAs and assumption changes are amortized as a level percentage of payroll over a 15-year period beginning with the valuation date. Additional liabilities generated by Charter amendments and Board-approved changes in the credited interest rate on member contribution accounts are amortized as a level percentage of payroll over a 20-year period beginning with the year the amendment is first reflected in the valuation.

**2. Asset Valuation Method**

For the purposes of determining the Employer's contribution to SFERS, we use an actuarial value of assets. The asset adjustment method dampens the volatility in asset values that could occur because of the fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process. Assets are assumed to be used exclusively for the provision of retirement benefits and expenses.

The actuarial value of assets is calculated by adjusting the market value on the valuation date, less the following percentages of prior years' market returns above (below) the expected (8%) return on the actuarial value of assets:

- 80% of the prior year
- 60% of the second prior year
- 40% of the third prior year
- 20% of the fourth prior year.

This asset smoothing method started with the market value as of July 1, 2004.

The value is then allocated among Police, Fire and Miscellaneous Plans according to the method described on Section II.

**CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION**

**APPENDIX B  
ACTUARIAL ASSUMPTIONS AND METHODS**

**3. Changes Since Last Valuation**

As was stated in this report, there have been changes in actuarial assumptions since the July 1, 2007 actuarial valuation:

- The discount rate assumption was lowered from 8.00% to 7.75%.
- Proposition B became effective for the 7/1/2008 valuation report. The changes to the plan for Proposition B are all combined for purposes of amortizing the change in the unfunded actuarial liability. These changes are as follows:
  - Service retirement accrual factors for all miscellaneous members have been increased from 2.0% at age 60 and above. The factors are now 2.1% (Age 60), 2.2% (Age 61), and 2.3% (Age 62 and above).
  - Retirement rates were changed for miscellaneous members (split by municipal, craft, and miscellaneous male and females) between the ages of 58-64 to reflect i) participants approaching age 60 delaying retirement as a result of the benefit formula increases, and ii) retirement for participants who have reached 65 and hit the maximum benefit percentage are assumed to retire immediately.
  - The annual post-retirement COLA provision for all new police, fire, and miscellaneous members was changed from a 2.0% simple COLA (based on initial benefit) to a 2.0% compound COLA (based on previous year benefit).

Also the following minor changes were made in the valuation of benefits based on differences in Cheiron's interpretation of the System's provisions to better represent the obligation over the methods used by the prior actuary.

<b>Subject/Issue</b>	<b>PLAN</b>	<b>TOWER'S METHOD</b>	<b>CHEIRON'S METHOD</b>
<b>Service retirement eligibility</b>	<b>New Police and Fire</b>	<b>Using age 50 with 25 years of service for eligibility</b>	<b>Use age 50 with 5 years of service for eligibility</b>
<b>Deferred vested benefit</b>	<b>New Police and Fire</b>	<b>If member has 5 or more years of service, value a lump sum equal to: 2 x employee contributions with interest.</b>	<b>If member has 5 or more years of service, value the annuity benefit with COLA. Benefit equal to: Age Multiplier x Svc x FAE</b>

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES RETIREMENT SYSTEM  
JULY 1, 2008 ACTUARIAL VALUATION

**APPENDIX B  
ACTUARIAL ASSUMPTIONS AND METHODS**

<b>Subject/Issue</b>	<b>PLAN</b>	<b>TOWER'S METHOD</b>	<b>CHEIRON'S METHOD</b>
<b>Deferred vested benefit</b>	<b>Misc groups</b>	<b>If member has 5 or more years of service, value a lump sum equal to: 2 x employee contributions with interest</b>	<b>If a member has 5 or more years of service, value the annuity benefit with COLA. Benefit equal to: 2 x employee contributions with interest annuitized</b>
<b>Disability benefits when eligible to retire</b>	<b>All</b>	<b>Value the cost of the service retirement benefit if disability occurs following service retirement eligibility</b>	<b>Value the greater of the disability benefit and service retirement benefit once eligible to retire</b>
<b>Re-calculation of benefit for disabled members once they reach the QSR date</b>	<b>New Police &amp; Fire (old P&amp;F members are all past age 50 with 25 yrs svc)</b>	<b>Did not value the cost of the benefit when member reaches his QSR Date</b>	<b>Value the cost of the re-calculated benefit when member reaches his QSR Date</b>
<b>Option 1 Survivor Benefits</b>	<b>ALL</b>	<b>No adjustment made to the survivor benefit, data provided by SFERS includes only the Modified Benefit</b>	<b>Adjustment will be made to survivor benefit based on the SFERS operating factors Table 9, the factors used to convert the Unmodified Benefit to the Option 1 Benefit</b>
<b>Buybacks/Purchase Service</b>	<b>ALL</b>	<b>Potential service available for purchase was added to actual plan service. However, service purchased and currently under contract not added to plan service. Plan liabilities were offset with cost of potential purchases</b>	<b>Add service currently under contract for buyback to plan service. Add outstanding balance of the cost of service purchase contract to assets</b>
<b>Employee Contributions Shortages</b>	<b>Misc groups</b>	<b>Assume 100% of shortages with interest paid at valuation date. All shortage amounts were added to employee contribution balances. Liabilities were offset by the total shortage plus interest</b>	<b>Annuitize the shortage amount including interest using plan actuarial equivalent factors and subtract from plan benefits</b>

CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES RETIREMENT SYSTEM  
 JULY 1, 2008 ACTUARIAL VALUATION

**APPENDIX B  
 ACTUARIAL ASSUMPTIONS AND METHODS**

Subject/Issue	PLAN	TOWER'S METHOD	CHEIRON'S METHOD
<p align="center"><b>Determining member status for active and inactive employees on the Active data file</b></p>	<p align="center">All</p>	<p>If a participant's service is less than 1/2 length of participation (val date - date of participation), pay=\$0, Schedule &lt; "I", valued as an inactive member</p>	<p>If a member has \$0 pay, they are deemed inactive. If the member has less than 5 yrs of service their liability is a lump sum benefit equal to their employee contributions with interest. If the member has 5 or more years of service then the liability is a deferred benefit payable at retirement age</p>
<p align="center"><b>Valuation Pay</b></p>	<p align="center">All</p>	<p>Compensation data from client is increased based on specific salary merit assumption by group and service (Table B-1) plus wage inflation of 4.5% for each individual. Compensation before increase is a minimum of \$45,000</p>	<p>Compensation data from client is increased by the wage inflation of 4.5% for each individual. Compensation before increase is a minimum of \$45,000</p>



APPENDIX C  
SUMMARY OF PLAN PROVISIONS

**I. Police and Fire Members – Charter Sections 8.559 (Police) and 8.585 (Fire)**

**1. Membership Requirement**

Police Officers and Firefighters who became members before November 2, 1976 and retired on or before December 31, 2002 without electing membership in another Section.

**2. Final Compensation**

Monthly salary earnable at the final rank held at termination date, or monthly salary at next lower rank if final rank held for less than one year.

**3. Credited Service**

One year of service credit is given for each fiscal year with 10 or more full months worked. A partial year (fraction with the numerator equal to months including partial months, and the denominator equal to 10) is given for each fiscal year with less than 10 full months worked.

**4. Member Contributions**

a. Member:

7.0% of salary, excluding overtime and most premium pay. These contributions earn interest at 5.0% per year, compounded annually.

b. Employer:

The Employer contributes the remaining amounts necessary to maintain the soundness of the Retirement System.

**5. Service Retirement**

**Eligibility**

Age 50 with 25 years of credited service.

**Benefit - Member**

55% of Final Compensation plus an additional 4% of Final Compensation for each year of credited service in excess of 25 years, subject to a maximum of 75% of Final Compensation.

**Benefit - Survivor**

75% of the service retirement benefit paid to a qualified survivor.

APPENDIX C  
SUMMARY OF PLAN PROVISIONS

6. Non-Industrial Disability

Eligibility

10 years of credited service.

Benefit - Member

*At least 10 but less than 25 years of credited service:*

1.5% of Final Compensation for each year of credited service between 10 and 25 years, subject to a minimum of 33.3% and a maximum of 75% of Final Compensation.

*At least 25 years of credited service:*

55% of Final Compensation plus an additional 4% of Final Compensation for each year of credited service in excess of 25 years, subject to a maximum of 75% of Final Compensation.

Benefit - Survivor

75% of the disability retirement benefit paid to a qualified survivor.

7. Industrial Disability

Eligibility

No age or service requirement.

Benefit - Member

*If Not Eligible for Service Retirement:*

Final Compensation times a percentage of disability, subject to a minimum of 50% and a maximum of 90%, as determined by the Workers' Compensation Appeals Board. Once the member becomes eligible for service retirement, assuming that member earned service and salary increases during the period of disability, the benefit is recalculated using the service and salary rate for the current rank held. The recalculated benefit is based on a minimum of 55% of Final Compensation.

*If Eligible for Service Retirement:*

55% of Final Compensation plus an additional 4% of Final Compensation for each year of credited service in excess of 25 years, subject to a maximum of 75% of Final Compensation.

APPENDIX C  
SUMMARY OF PLAN PROVISIONS

**Benefit - Survivor**

*If Not Eligible for Service Retirement:*

100% of the disability retirement benefit paid to a qualified survivor. Once the member would have become eligible for service retirement, assuming that member earned service and salary increases from the date of disability to the eligible service retirement date, the benefit is recalculated at 100% of the service retirement benefit, using the service and salary at the eligible service retirement date, not less than 55% of Final Compensation.

*If Eligible for Service Retirement:*

100% of the disability retirement benefit paid to a qualified survivor, not less than 55% of Final Compensation.

**8. Death while an Active Employee**

*If Death is due to a Non-Work-Related Cause:*

- a. Less than 10 Years of Credited Service, or No Qualified Survivor – Lump sum benefit equal to the accumulated refund all of employee contributions with interest, plus six months salary to a designated beneficiary.
- b. At least 10 but less than 25 years of Credited Service – Monthly continuation allowance to a qualified survivor equal to the non-industrial disability benefit the member would have been entitled to on the date of death, subject to a minimum of 33.3% of compensation at the time of death.
- c. At Least 25 Years of Credited Service but Less than Age 50 – Monthly continuation allowance to a qualified survivor equal to 75% of the monthly service retirement benefit the member would have received had the member been age 50 and retired on the date of death.
- d. Eligible for Service Retirement – Monthly continuation allowance to a qualified survivor equal to 75% of the monthly service retirement benefit the member would have received had the member been retired on the date of death.

*If Death is due to a Work-Related Cause:*

- a. No Qualified Survivor – Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months salary to a designated beneficiary. If the death is of a violent nature, an additional lump sum equivalent benefit equal to 12 months salary is payable.
- b. Qualified Survivor and Not Eligible for Service Retirement – Monthly continuation allowance to a qualified survivor equal to the salary at the date of death. Once the member would have become eligible for service retirement, assuming that member earned service and salary increases from the date of death to the eligible service retirement date, the benefit is recalculated at 100% of the service retirement benefit,

**APPENDIX C  
SUMMARY OF PLAN PROVISIONS**

using the service and salary at the eligible service retirement date, such allowance shall not be less than 55% of Final Compensation.

- c. Qualified Survivor and Eligible for Service Retirement – Monthly continuation allowance to a qualified survivor equal to 100% of the monthly service retirement benefit the member would have received had the member been retired on the date of death, but such allowance shall not be less than 55% of Final Compensation.

**9. Withdrawal Benefits**

*Less than five years of credited service:*

Lump sum benefit equal to the accumulated employee contributions with interest.

*Five or more years of credited service:*

The member may choose one of the following:

- a. Lump sum benefit equal to the accumulated employee contributions with interest.
- b. Retirement benefit first payable at age 50 equal to 55% of Final Compensation at termination, multiplied by a service fraction, the numerator being the credited service of the member at termination, and a denominator of 25. Cost-of-living adjustments are prorated if the member's accrued service is less than 25 years. COLA will be multiplied by a fraction where the denominator is 25 and the numerator is equal to service at date of termination.

**10. Additional Post-retirement Death Benefit**

A death benefit payable as a lump sum equal to \$100 for each full year of credited service, subject to a maximum of \$3,000, will be paid to a qualified survivor upon the member's death.

**11. Post-retirement Cost-of-Living Benefit**

*Basic*

Monthly benefits are adjusted by 50% of the actual dollar increase or decrease in the salary rank or position the member's Final Compensation used to calculate the monthly benefit was based on. A member's monthly benefit will never decrease below its original amount.

*Supplemental*

Effective July 1 of each fiscal year, if there are sufficient "excess" investment earnings on the Retirement fund for the previous fiscal year-end, the adjustment could be increased to 3.5% of that member's current monthly benefit less the amount of the Basic COLA above. If "excess" earnings are insufficient to fund a 3.5% increase, then to the extent of "excess" earnings, benefits are increased in increments of .5% up to a maximum of 3.5%.

APPENDIX C  
SUMMARY OF PLAN PROVISIONS

**II. Police and Fire Members – Charter Sections 8.595 (Police) and 8.596 (Fire)**

**1. Membership Requirement**

Active members on November 5, 2002 in Section 8.559 (Police) or Section 8.585 (Fire) who had elected to switch to Section 8.595 (Police) or Section 8.596 (Fire) by December 31, 2002.

**2. Final Compensation**

Monthly salary earnable at the final rank held at termination date, or monthly salary at next lower rank if final rank held for less than one year.

**3. Credited Service**

One year of service credit is given for each fiscal year with 10 or more full months worked. A partial year (fraction with the numerator equal to months including partial months, and the denominator equal to 10) is given for each fiscal year with less than 10 full months worked.

**4. Member Contributions**

a. Member:

7.0% of salary, excluding overtime and most premium pay. These contributions earn interest at 5.0% per year, compounded annually.

b. Employer:

The Employer contributes the remaining amounts necessary to maintain the soundness of the Retirement System.

**5. Service Retirement**

**Eligibility**

Age 50 with 25 years of credited service.

**APPENDIX C**  
**SUMMARY OF PLAN PROVISIONS**

**Benefit – Member**

A specified percent of Final Compensation based on the member's age at retirement (factors shown in Table C-1 below) for each year of credited service, subject to a maximum of 90% of Final Compensation.

<b>Retirement Age</b>	<b>Retirement Factors</b>
50	2.40%
51	2.52%
52	2.64%
53	2.76%
54	2.88%
55 or above	3.00%

**Benefit – Survivor**

75% of the service retirement benefit paid to a qualified survivor.

**6. Non-Industrial Disability**

**Eligibility**

10 years of credited service.

**Benefit – Member**

*At least 10 but less than 25 years of credited service:*

1.5% of Final Compensation for each year of credited service between 10 and 25 years, subject to a minimum of 33.3% and a maximum of 90% of Final Compensation.

*At least 25 years of credited service:*

A specified percent of Final Compensation based on the member's age at the date of disability (factors shown in Table C-1 above, age 50 factor is used if member is less than 50 at date of disability) for each year of credited service, subject to a maximum of 90% of Final Compensation.

**Benefit – Survivor**

75% of the disability retirement benefit paid to a qualified survivor.

APPENDIX C  
SUMMARY OF PLAN PROVISIONS

7. Industrial Disability

Eligibility

No age or service requirement.

Benefit – Member

*If Not Eligible for Service Retirement:*

Final Compensation times a percentage of disability, subject to a minimum of 50% and a maximum of 90%, as determined by the Workers' Compensation Appeals Board. Once the member becomes eligible for service retirement, assuming that member earned service and salary increases during the period of disability, the benefit is recalculated using the service and salary rate for the current rank held. The recalculated benefit is based on a minimum of 55% of Final Compensation.

*If Eligible for Service Retirement:*

A specified percent of Final Compensation based on the member's age at the date of disability (factors shown in Table C-1 above) for each year of credited service, subject to a maximum of 90% of Final Compensation, but not less than 55% of Final Compensation.

Benefit – Survivor

*If Not Eligible for Service Retirement:*

100% of the disability retirement benefit paid to a qualified survivor. Once the member would have become eligible for service retirement, assuming that member earned service and salary increases from the date of disability to the eligible service retirement date, the benefit is recalculated at 100% of the service retirement benefit, using the service and salary at the eligible service retirement date, but not less than 55% of Final Compensation.

*If Eligible for Service Retirement:*

100% of the disability retirement benefit paid to a qualified survivor, not less than 55% of Final Compensation.

8. Death while an Active Employee

*If Death is due to a Non-Work-Related Cause:*

- a. Less than 10 Years of Credited Service, or No Qualified Survivor – Lump sum benefit equal to the accumulated refund all of employee contributions with interest, plus six months salary to a designated beneficiary.
- b. At least 10 but less than 25 years of Credited Service – Monthly continuation allowance to a qualified survivor equal to the non-industrial disability benefit the

APPENDIX C  
SUMMARY OF PLAN PROVISIONS

member would have been entitled to on the date of death, subject to a minimum of 33.3% of compensation at the time of death.

- c. At Least 25 Years of Credited Service but Less than Age 50 – Monthly continuation allowance to a qualified survivor equal to 75% of the monthly service retirement benefit the member would have received had the member been age 50 and retired on the date of death.
- d. Eligible for Service Retirement – Monthly continuation allowance to a qualified survivor equal to 75% of the monthly service retirement benefit the member would have received had the member been retired on the date of death.

*If Death is due to a Work-Related Cause:*

- a. No Qualified Survivor – Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months salary to a designated beneficiary. If the death is of a violent nature, an additional lump sum equivalent benefit equal to 12 months salary is payable.
- b. Qualified Survivor and Not Eligible for Service Retirement – Monthly continuation allowance to a qualified survivor equal to the salary at the date of death. Once the member would have become eligible for service retirement, assuming that member earned service and salary increases from the date of death to the eligible service retirement date, the benefit is recalculated at 100% of the service retirement benefit, using the service and salary at the eligible service retirement date, such allowance shall not be less than 55% of Final Compensation.
- c. Qualified Survivor and Eligible for Service Retirement – Monthly continuation allowance to a qualified survivor equal to 100% of the monthly service retirement benefit the member would have received had the member been retired on the date of death, not less than 55% of Final Compensation.

**9. Withdrawal Benefits**

*Less than five years of credited service:*

Lump sum benefit equal to the accumulated employee contributions with interest.

*Five or more years of credited service:*

The member may choose one of the following:

- a. Lump sum benefit equal to the accumulated employee contributions with interest.
- b. A specified percent of Final Compensation at termination based on the member's age at retirement (factors shown in Table C-1 above) for each year of credited service, subject to a maximum of 90% of Final Compensation. Cost-of-living adjustments are prorated if the member's accrued service is less than 25 years. COLA will be multiplied by a fraction where the denominator is 25 and the numerator is equal to service at date of termination, payable at age 50.



APPENDIX C  
SUMMARY OF PLAN PROVISIONS

**10. Additional Post-retirement Death Benefit**

A death benefit payable as a lump sum equal to \$100 for each full year of credited service, subject to a maximum of \$3,000, will be paid to a qualified survivor upon the member's death.

**11. Post-retirement Cost-of-Living Benefit**

*Basic*

Monthly benefits are adjusted by 50% of the actual dollar increase or decrease in the salary rank or position the member's Final Compensation used to calculate the monthly benefit was based on. A member's monthly benefit will never decrease below its original amount.

*Supplemental*

Effective July 1 of each fiscal year, if there are sufficient "excess" investment earnings on the Retirement fund for the previous fiscal year-end, the adjustment could be increased to 3.5% of that member's current monthly benefit less the amount of the Basic COLA above. If "excess" earnings are insufficient to fund a 3.5% increase, then to the extent of "excess" earnings, benefits are increased in increments of .5% up to a maximum of 3.5%.

APPENDIX C  
SUMMARY OF PLAN PROVISIONS

III. Police and Fire Members – Charter Sections 8.586 (Police) and 8.588 (Fire)

1. Membership Requirement

Police Officers and Firefighters who became members on or after November 2, 1976.

2. Final Compensation

Average monthly total compensation earnable during any 12 months of credited service which average compensation is the highest.

*(Pre 1998 – 3 year average of monthly compensation)*

3. Credited Service

One year of service credit is given for each fiscal year with 10 or more full months worked. A partial year (fraction with the numerator equal to months including partial months, and the denominator equal to 10) is given for each fiscal year with less than 10 full months worked.

4. Member Contributions

a. Member:

7.5% of salary, excluding overtime and most premium pay. These contributions earn interest at 5.0% per year, compounded annually.

b. Employer:

The Employer contributes the remaining amounts necessary to maintain the soundness of the Retirement System.

5. Service Retirement

Eligibility

Age 50 with 5 years of credited service. *(Pre 1998 – 50 with 25 years of credited service)*

Benefit – Member

The monthly service retirement benefit is the greater of i) and ii) below, subject to a maximum of 75% of Final Compensation *(Pre 1998 – 70%)*

- i) 2% of Final Compensation for each of the first 25 years of service plus an additional 3% of Average Compensation for each year of credited service in excess of 25 years; *(Pre 1998 – benefit is calculated under i) only);*

APPENDIX C  
 SUMMARY OF PLAN PROVISIONS

- ii) A specified percent of Final Compensation based on the member's age at retirement (factors shown in Table C-2 below) for each year of credited service.

Retirement Age	Retirement Factors
50	2.00%
51	2.14%
52	2.28%
53	2.42%
54	2.56%
55 or above	2.70%

**Benefit - Survivor**

50% of the service retirement benefit paid to a qualified survivor.

**6. Non-Industrial Disability**

**Eligibility**

10 years of credited service.

**Benefit – Member**

1.5% of Average Compensation for each year of credited service, subject to a minimum of 33.3% of 75% of Final Compensation.

**Benefit - Survivor**

50% of the disability retirement benefit paid to a qualified survivor

**7. Industrial Disability**

**Eligibility**

No age or service requirement.

**Benefit – Member**

*Less than age 50 with 25 Years of Service:*

Final Compensation times a percentage of disability, subject to a minimum of 50% and a maximum of 90%, as determined by the Workers' Compensation Appeals Board. Once the member becomes eligible for service retirement, assuming that member earned service and salary increases during the period of disability, the benefit is recalculated

APPENDIX C  
SUMMARY OF PLAN PROVISIONS

using the service and salary rate for the current rank held. The recalculated benefit is based on a minimum of 50% of Final Compensation.

*Age 50 with 25 Years of Service:*

The retirement allowance, but not less than 50% of Final Compensation.

**Benefit - Survivor**

75% of the disability retirement benefit paid to a qualified survivor

**8. Death while an Active Employee**

*If Death is Due to a Non-Work-Related Cause:*

- a. Less than 10 Years of Credited Service, or No Qualified Survivor – Lump sum benefit equal to the accumulated refund all of employee contributions with interest, plus six months salary to a designated beneficiary.
- b. At least 10 but less than 25 years of Credited Service – Monthly continuation allowance to a qualified survivor equal to the non-industrial disability benefit the member would have been entitled to on the date of death, subject to a minimum of 33.3% of Average Compensation at the time of death.
- c. At Least 25 Years of Credited Service but Less than Age 50 – Monthly continuation allowance to a qualified survivor equal to 50% of the monthly service retirement benefit the member would have received had the member been age 50 and retired on the date of death.
- d. Age 50 with 25 Years of Credited Service – Monthly continuation allowance to a qualified survivor equal to 50% of the monthly service retirement benefit the member would have received had the member been retired on the date of death.

*If Death is Due to a Work-Related Cause:*

- a. No Qualified Survivor – Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months salary to a designated beneficiary. If the death is of a violent nature, an additional lump sum equivalent benefit equal to 12 months salary is payable.
- b. Qualified Survivor and Less than Age 50 with 25 Years of Service – Monthly continuation allowance to a qualified survivor equal to 100% (*Pre 1998 – 75%*) of Final Compensation at the date of death. Once the member would have become eligible for service retirement, assuming that member earned service and salary increases from the date of death to the eligible service retirement date, the benefit is recalculated at 100% of the service retirement benefit, using the service and salary at the eligible service retirement date, such allowance shall not be less than 50% of Final Compensation.

**APPENDIX C**  
**SUMMARY OF PLAN PROVISIONS**

- c. Qualified Survivor and Age 50 with 25 Years of Service – Monthly continuation allowance to a qualified survivor equal to 100% (*Pre 1998 – 75%*) of the monthly service retirement benefit the member would have received had the member been retired on the date of death, not less than 50% of Final Compensation.

**9. Withdrawal Benefits**

*Less than five years of credited service:*

Lump sum benefit equal to the accumulated employee contributions with interest.

*Five or more years of credited service:*

The member may choose one of the following:

- a. Lump sum benefit equal to the accumulated refund all of employee contributions with interest.
- b. Retirement benefit first payable at age 50 equal to 2% of Final Compensation at termination for each year of credited service of the member at the date of termination.

**10. Additional Post-retirement Death Benefit**

A death benefit payable as a lump sum equal to \$100 for each full year of credited service, subject to a maximum of \$3,000, will be paid to a qualified survivor upon the member's death.

**11. Post-retirement Cost-of-Living Benefit**

***Basic***

Monthly benefits are increased or decreased each July 1 by a maximum of 2% per year of the initial monthly benefit. A member's monthly benefit will never decrease below its original amount. Effective July 1, 2009, monthly benefits are increased or decreased by a maximum of 2% of the prior year's monthly benefit.

***Supplemental***

Effective July 1 of each fiscal year, if there are sufficient "excess" investment earnings on the Retirement fund for the previous fiscal year-end, the adjustment could be increased to 3.5% of that member's current monthly benefit less the amount of the Basic COLA above. If "excess" earnings are insufficient to fund a 3.5% increase, then to the extent of "excess" earnings, benefits are increased in increments of .5% up to a maximum of 3.5%.

**APPENDIX C**  
**SUMMARY OF PLAN PROVISIONS**

**IV. Police and Fire Members – Charter Sections 8.597 (Police) and 8.598 (Fire)**

**1. Membership Requirement**

Active members on January 1, 2003 in Section 8.586 (Police) or Section 8.588 (Fire) who had elected to switch to Section 8.597 (Police) or Section 8.598 (Fire) by December 31, 2002; or new members becoming active on or after January 1, 2003 in Section 8.597 (Police) or Section 8.598 (Fire).

**2. Final Compensation**

Average monthly total compensation earnable during any 12 months of credited service which average compensation is the highest.

**3. Credited Service**

One year of service credit is given for each fiscal year with 10 or more full months worked. A partial year (fraction with the numerator equal to months including partial months, and the denominator equal to 10) is given for each fiscal year with less than 10 full months worked.

**4. Member Contributions**

a. Member:

7.5% of salary, excluding overtime and most premium pay. These contributions earn interest at 5.0% per year, compounded annually.

b. Employer:

The Employer contributes the remaining amounts necessary to maintain the soundness of the Retirement System.

**5. Service Retirement**

**Eligibility**

Age 50 with five years of credited service.

APPENDIX C  
SUMMARY OF PLAN PROVISIONS

**Benefit - Member**

A specified percent of Final Compensation based on the member's age at retirement (factors shown in Table C-3 below) for each year of credited service, subject to a maximum of 90% of Final Compensation.

<b>Retirement Age</b>	<b>Retirement Factors</b>
50	2.40%
51	2.52%
52	2.64%
53	2.76%
54	2.88%
55 or above	3.00%

**Benefit - Survivor**

50% of the service retirement benefit paid to a qualified survivor.

**6. Non-Industrial Disability**

**Eligibility**

10 years of credited service.

**Benefit - Member**

1.5% of Final Compensation for each year of credited service, subject to a minimum of 33.3% and a maximum of 90% of Final Compensation.

**Benefit - Survivor**

50% of the disability retirement benefit paid to a qualified survivor.

**7. Industrial Disability**

**Eligibility**

No age or service requirement.

APPENDIX C  
SUMMARY OF PLAN PROVISIONS

**Benefit – Member**

*Less than Age 50 with 25 Years of Service:*

Average Final Compensation times a percentage of disability, subject to a minimum of 50% and a maximum of 90%, as determined by the Workers' Compensation Appeals Board. Once the member is 50 years old with 25 years of service, assuming that member earned service and salary increases during the period of disability, the benefit is recalculated using the service and salary rate for the current rank held. The recalculated benefit is a minimum of 50% of Final Compensation, but not to exceed 90% of Final Compensation.

*Age 50 with 25 Years of Service:*

A specified percent of Average Final Compensation based on the member's age at the date of disability (factors shown in Table C-2 above) for each year of credited service, not less than 50% of Final Compensation, but not to exceed 90% of Final Compensation.

**Benefit - Survivor**

*If Not Eligible for Service Retirement:*

75% of the disability retirement benefit paid to a qualified survivor. Once the member would have become eligible for service retirement, assuming that member earned service and salary increases from the date of disability to the eligible service retirement date, the benefit is recalculated at 100% of the retirement benefit, using the service and salary at the eligible service retirement date, not less than 50% of Final Compensation.

*If Eligible for Service Retirement:*

75% of the disability retirement benefit paid to a qualified survivor, not less than 50% of Final Compensation.

**8. Death while an Active Employee**

*If Death is due to a Non-Work-Related Cause:*

- a. Less than 10 Years of Credited Service, or No Qualified Survivor – Lump sum benefit equal to the accumulated refund all of employee contributions with interest, plus six months salary to a designated beneficiary.
- b. At least 10 but less than 25 years of Credited Service – Monthly continuation allowance to a qualified survivor equal to the non-industrial disability benefit the member would have been entitled to on the date of death, subject to a minimum of 33.3% of compensation at the time of death.
- c. At Least 25 Years of Credited Service but Less than Age 50 – Monthly continuation allowance to a qualified survivor equal to 50% of the monthly service retirement benefit the member would have received had the member been age 50 and retired on the date of death.



APPENDIX C  
SUMMARY OF PLAN PROVISIONS

- d. Age 50 with 25 Years of Service – Monthly continuation allowance to a qualified survivor equal to 50% of the monthly service retirement benefit the member would have received had the member been retired on the date of death.

*If Death is due to a Work-Related Cause:*

- a. No Qualified Survivor – Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months salary to a designated beneficiary.
- b. Qualified Survivor and Less than Age 50 and 25 Years of Service – Monthly continuation allowance to a qualified survivor equal to the compensation at the date of death. Once the member would have completed 25 years of service and attained age 50, assuming that the member earned service and salary increases from the date of death to the said date, the benefit is recalculated at 100% of the service retirement benefit. The recalculated benefit is a minimum of 50% of Final Compensation, but not to exceed 90% of Final Compensation.
- c. Qualified Survivor and Age 50 with 25 Years of Service – Monthly continuation allowance to a qualified survivor equal to 100% of the monthly service retirement benefit the member would have received had the member been retired on the date of death, not less than 50% of Final Compensation.

**9. Withdrawal Benefits**

*Less than five years of credited service:*

Lump sum benefit equal to the accumulated employee contributions with interest.

*Five or more years of credited service:*

The member may choose one of the following:

- a. Lump sum benefit equal to the accumulated refund all of employee contributions with interest.
- b. A specified percent of Final Compensation at termination based on the member's age at retirement (factors shown in Table C-2 above) for each year of credited service, subject to a maximum of 90% of Final Compensation, payable at age 50.

**10. Additional Post-retirement Death Benefit**

A death benefit payable as a lump sum equal to \$100 for each full year of credited service, subject to a maximum of \$3,000, will be paid to a qualified survivor upon the member's death.

**APPENDIX C**  
**SUMMARY OF PLAN PROVISIONS**

**11. Post-retirement Cost-of-Living Benefit**

*Basic*

Monthly benefits are adjusted each July 1 by the accumulated change in the Consumer Price Index to the nearest 1%, with a maximum increase or decrease of 2% per year of the initial monthly benefit. A member's monthly benefit will never decrease below its original amount.

Effective July 1, 2009, monthly benefits are increased or decreased by a maximum of 2% of the prior year's monthly benefit.

*Supplemental*

Effective July 1 of each fiscal year, if there are sufficient "excess" investment earnings on the Retirement fund for the previous fiscal year-end, the adjustment could be increased to 3.5% of that member's current monthly benefit less the amount of the Basic COLA above. If "excess" earnings are insufficient to fund a 3.5% increase, then to the extent of "excess" earnings, benefits are increased in increments of .5% up to a maximum of 3.5%.

**V. Miscellaneous Members – Charter Section 8.509**

**1. Membership Requirement**

Employees and Officers, other than Police Officers or Firefighters, who became members before November 2, 1976 and continued as a member without interruption.

**2. Average Final Compensation**

Average monthly compensation earned during any year of credited service which average compensation is the highest.

**3. Credited Service**

One year of service credit is given for each fiscal year with 10 or more full months worked. A partial year (fraction with the numerator equal to months including partial months, and the denominator equal to 10) is given for each fiscal year with less than 10 full months worked. (Exception: in the year of retirement, the denominator in the fraction is equal to 12).

**4. Member Contributions**

a. Member:

8.0% of salary, excluding overtime and most premium pay. These contributions earn interest at 5.0% per year, compounded annually.

APPENDIX C  
 SUMMARY OF PLAN PROVISIONS

If the member elects Social Security, the contributions to the System may be reduced by the amount contributed to Social Security (excluding the Medicare portion). Retirement benefits are actuarially reduced.

b. Employer:

The Employer contributes the remaining amounts necessary to maintain the soundness of the Retirement System.

5. Service Retirement

Eligibility

Age 50 with 20 years of credited service, or age 60 with 10 years of credited service.

Benefit - Member

The monthly service retirement benefit is the greater of i) and ii) below, subject to a maximum of 75% of Average Final Compensation.

- i) A specified percent of Average Final Compensation based on the member's age at retirement (factors shown in Table C-4 below) for each year of credited service, effective January 11, 2009.

Retirement Age	Retirement Factors	Retirement Age	Retirement Factors
50	1.0%	57	1.7%
51	1.1%	58	1.8%
52	1.2%	59	1.9%
53	1.3%	60	2.1%
54	1.4%	61	2.2%
55	1.5%	62 or above	2.3%
56	1.6%		

- ii) The actuarial equivalent of twice the member's accumulated contributions with interest.

Benefit - Survivor

50% of the service retirement benefit paid to a qualified survivor.

APPENDIX C  
SUMMARY OF PLAN PROVISIONS

**6. Disability**

**Eligibility**

10 years of credited service.

**Benefit - Member**

1.8% of Average Final Compensation for each year of credited service, maximum of 75% of Average Final Compensation. If the benefit is less than 40% of Average Final Compensation, additional credited service had the member worked to age 60 can be added to the current credited service, in order to adjust the benefit to 40% of Average Final Compensation.

**Benefit - Survivor**

50% of the disability retirement benefit paid to a qualified survivor.

**7. Death while an Active Employee**

*If Not Eligible for Service Retirement:*

Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months salary to a designated beneficiary. If the death is job-related, an additional lump sum equivalent benefit equal to 12 months salary is payable.

*If Eligible for Service Retirement:*

A qualified spouse may elect i) or ii) below:

- i) Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months salary to a designated beneficiary.
- ii) A benefit equal to 50% of the service retirement benefit the member would have received had the member retired for service on the date of death.

**8. Withdrawal Benefits**

*Less than ten years of credited service or less than \$1,000 in accumulated contributions:*  
Lump sum benefit equal to the accumulated employee contributions with interest.

*Ten or more years of credited service or accumulated contributions exceeding \$1,000:*

The member may choose one of the following:

- i) Lump sum benefit equal to the accumulated refund all of employee contributions with interest.
- ii) A deferred retirement benefit payable on or after age 50 equal to the actuarial equivalent of twice the member's accumulated contributions with interest as of the retirement date.

**APPENDIX C**  
**SUMMARY OF PLAN PROVISIONS**

**9. Additional Post-retirement Death Benefit**

A death benefit payable as a lump sum equal to \$100 for each full year of credited service, subject to a maximum of \$3,000, will be paid to a qualified survivor upon the member's death.

**10. Post-retirement Cost-of-Living Benefit**

*Basic*

Monthly benefits are adjusted each July 1 by the accumulated change in the Consumer Price Index to the nearest 1%, with a maximum increase or decrease of 2% per year of the initial monthly benefit. A member's monthly benefit will never decrease below its original amount.

Effective July 1, 2009, monthly benefits are increased or decreased by a maximum of 2% of the prior year's monthly benefit.

*Supplemental*

Effective July 1 of each fiscal year, if there are sufficient "excess" investment earnings on the Retirement fund for the previous fiscal year-end, the adjustment could be increased to 3.5% of that member's current monthly benefit less the amount of the Basic COLA above. If "excess" earnings are insufficient to fund a 3.5% increase, then to the extent of "excess" earnings, benefits are increased in increments of .5% up to a maximum of 3.5%.

**VI. Miscellaneous Members – Charter Section 8.587**

**1. Membership Requirement**

Active Employees and Officers, other than Police Officers or Firefighters, who were members under Section A8.584, and members under A8.587 whose accumulated contributions were in the retirement fund on November 7, 2000 and were not retired. After November 7, 2000, all full time employees, certified Civil Service employees, or temporary employees who work more than 1,040 hours in any 12-month period; excluding all Police Officers and Firefighters.

**2. Average Final Compensation**

Average monthly compensation earned during any year of credited service which average compensation is the highest.

**APPENDIX C  
 SUMMARY OF PLAN PROVISIONS**

**3. Credited Service**

One year of service credit is given for each fiscal year with 10 or more full months worked. A partial year (fraction with the numerator equal to months including partial months, and the denominator equal to 10) is given for each fiscal year with less than 10 full months worked.

**4. Member Contributions**

a. Member:

7.5% of salary, excluding overtime and most premium pay. These contributions earn interest at 5.0% per year, compounded annually.

b. Employer:

The Employer contributes the remaining amounts necessary to maintain the soundness of the Retirement System.

**5. Service Retirement**

**Eligibility**

Age 50 with 20 years of credited service, or age 60 with 10 years of credited service.

**Benefit - Member**

The monthly service retirement benefit is the greater of i) and ii) below:

- i) A specified percent of Average Final Compensation based on the member's age at retirement (factors shown in Table C-5 below) for each year of credited service, subject to a maximum of 75% of Average Final Compensation, effective date January 11, 2009.

Table C-5 City and County of San Francisco Employees' Retirement System Sections 8.584 and 8.587 Member Service Retirement Factors			
Retirement Age	Retirement Factors	Retirement Age	Retirement Factors
50	1.0%	57	1.7%
51	1.1%	58	1.8%
52	1.2%	59	1.9%
53	1.3%	60	2.1%
54	1.4%	61	2.2%
55	1.5%	62 or above	2.3%
56	1.6%		

APPENDIX C  
SUMMARY OF PLAN PROVISIONS

- ii) The actuarial equivalent of twice the member's accumulated contributions with interest.

**Benefit - Survivor**

50% of the service retirement benefit paid to a qualified survivor.

**6. Disability**

**Eligibility**

10 years of credited service.

**Benefit - Member**

1.8% of Average Final Compensation for each year of credited service, maximum of 75% of Average Final Compensation. If the benefit is less than 40% of Average Final Compensation, additional credited service had the member worked to age 60 can be added to the current credited service, in order to adjust the benefit up to 40% of Average Final Compensation.

**Benefit - Survivor**

50% of the disability retirement benefit paid to a qualified survivor.

**7. Death while an Active Employee**

*If Not Eligible for Service Retirement:*

Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months salary to a designated beneficiary. If the death is job-related, an additional lump sum equivalent benefit equal to 12 months salary is payable.

*If Eligible for Service Retirement:*

A qualified spouse may elect i) or ii) below:

- i) Lump sum benefit equal to the accumulated refund of all employee contributions with interest, plus six months salary to a designated beneficiary.
- ii) A benefit equal to 50% of the service retirement benefit the member would have received had the member retired for service on the date of death.

**8. Withdrawal Benefits**

*Less than five years of credited service:*

Lump sum benefit equal to the accumulated refund all of employee contributions with interest.

**APPENDIX C**  
**SUMMARY OF PLAN PROVISIONS**

*Five or more years of credited service:*

The member may choose one of the following:

- i) Lump sum benefit equal to the accumulated refund all of employee contributions with interest.
- ii) A deferred retirement benefit payable on or after age 50 equal to the actuarial equivalent of twice the member's accumulated contributions with interest as of the retirement date.

**9. Additional Post-retirement Death Benefit**

A death benefit payable as a lump sum equal to \$100 for each full year of credited service, subject to a maximum of \$3,000, will be paid to a qualified survivor upon the member's death.

**10. Post-retirement Cost-of-Living Benefit**

Monthly benefits are adjusted each July 1 by the accumulated change in the Consumer Price Index to the nearest 1%, with a maximum increase or decrease of 2% per year of the initial monthly benefit. A member's monthly benefit will never decrease below its original amount.

Effective July 1, 2009, monthly benefits are increased or decreased by a maximum of 2% of the prior year's monthly benefit.

***Supplemental***

Effective July 1 of each fiscal year, if there are sufficient "excess" investment earnings on the Retirement fund for the previous fiscal year-end, the adjustment could be increased to 3.5% of that member's current monthly benefit less the amount of the Basic COLA above. If "excess" earnings are insufficient to fund a 3.5% increase, then to the extent of "excess" earnings, benefits are increased in increments of .5% up to a maximum of 3.5%.

**Note:** The summary of major plan provisions is designed to outline principal plan benefits. If the SFERS staff should find the plan summary not in accordance with the actual provisions, the actuary should immediately be alerted so the proper provisions are valued.



**APPENDIX D  
GLOSSARY OF TERMS**

**1. Actuarial Liability**

The Actuarial Liability is the difference between the present value of all future system benefits and the present value of total future normal costs. This is also referred to by some actuaries as the "accrued liability" or "actuarial liability".

**2. Actuarial Assumptions**

Estimates of future experience with respect to rates of mortality, disability, turnover, retirement rate or rates of investment income and salary increases. Actuarial assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

**3. Accrued Service**

Service credited under the System which was rendered before the date of the actuarial valuation.

**4. Actuarial Equivalent**

A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

**5. Actuarial Funding Method**

A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of a retirement system benefit between future normal cost and actuarial accrued liability. Sometimes referred to as the "actuarial funding method".

**6. Actuarial Gain (Loss)**

The difference between actual experience and actuarial assumption anticipated experience during the period between two actuarial valuation dates.

**7. Actuarial Present Value**

The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment.

**APPENDIX D  
GLOSSARY OF TERMS**

**8. Amortization**

Paying off an interest-discounted amount with periodic payments of interest and principal— as opposed to paying off with a lump sum payment.

**9. Annual Required Contribution (ARC) under GASB 25**

The Governmental Accounting Standards Board (GASB) Statement No. 25 defines the Plan Sponsor's "Annual Required Contribution" (ARC) that must be disclosed annually. The SFERS Employer computed contribution rate for FY 2010 meets the parameters of GASB 25.

**10. Normal Cost**

The actuarial present value of retirement system benefits allocated to the current year by the actuarial funding method.

**11. Set back/Set forward**

Set back is a period of years that a standard published table (i.e. mortality) is referenced backwards in age. For instance, if the set back period is 2 years and the participant's age is currently 40, then the table value for age 38 is used from the standard published table. It is the opposite for set forward. A system would use set backs or set forwards to compensate for mortality experience in their work force.

**12. Unfunded Actuarial Liability (UAL)**

The unfunded actuarial liability represents the difference between actuarial liability and valuation assets. This value is sometimes referred to as "unfunded actuarial accrued liability".

Most retirement systems have unfunded actuarial liabilities. They typically arise each time new benefits are added and each time experience losses are realized.

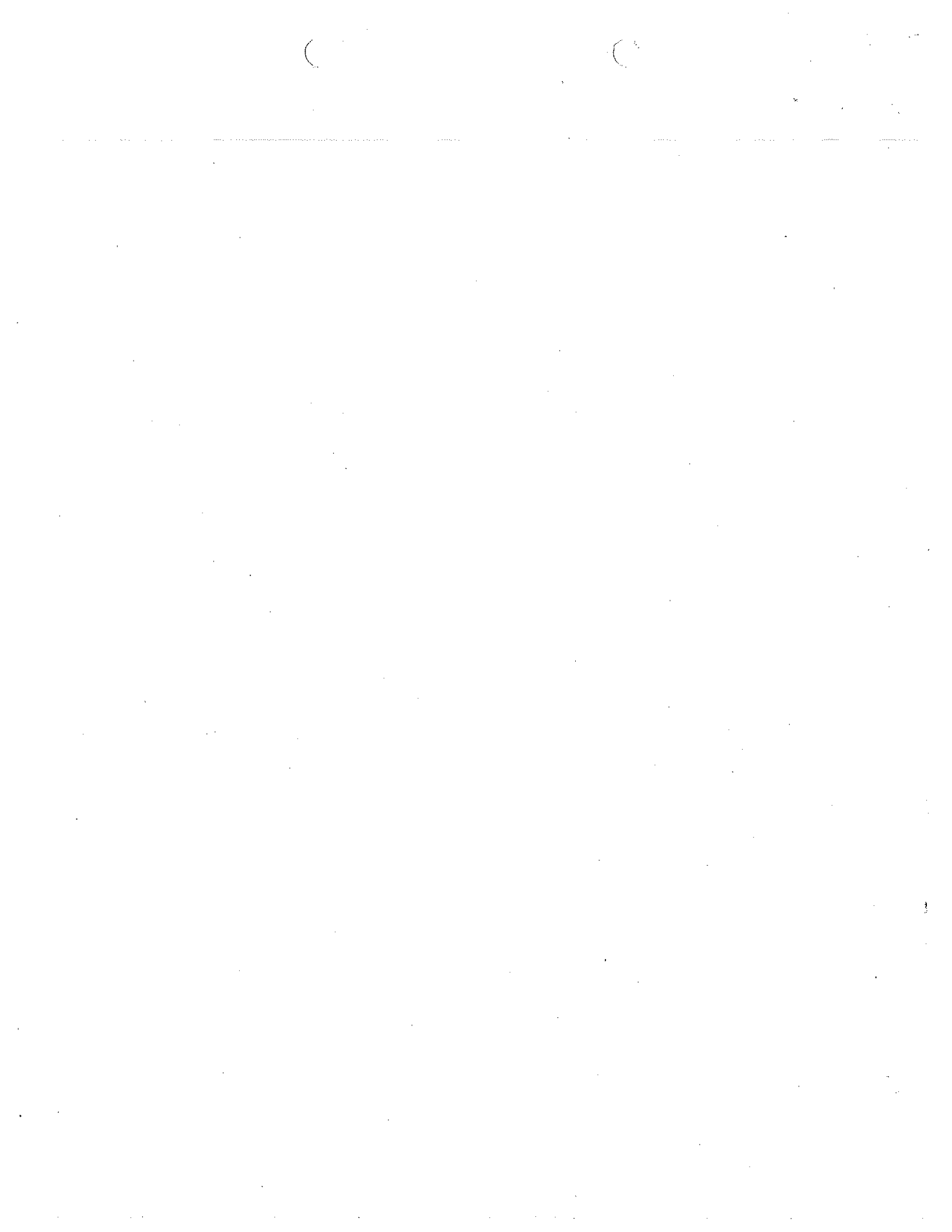
The existence of unfunded actuarial accrued liability is not in itself an indicator of poor funding. Also, unfunded actuarial liabilities do not represent a debt that is payable today. What is important is the ability of the plan sponsor to amortize the unfunded actuarial liability and the trend in its amount (after due allowance for devaluation of the dollar).

Pension and Retiree Health Subsidy Analysis, FY 05-06 to FY 11-12 (projected)  
 Response to Civil Grand Jury Request, 5/14/09  
 Prepared by San Francisco Controller's Office, Budget and Analysis Division, contact: Leo Levenson, Leo.Levenson@sfgov.org

	FY 05-06 Actuals	FY 06-07 Actuals	FY 07-08 Actuals	FY 08-09 Est	FY 09-10 Projected	FY 10-11 Projected	FY 11-12 Projected
<b>SFERS Employer Contribution Rate</b>	6.58%	6.24%	5.91%	4.99%	9.49%	11.98%	14.79%
<b>SFERS Employee Pick-up Rate</b>	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
<b>PERS Rate</b>	20.85%	18.82%	18.07%	17.48%	18.13%	20.62%	23.43%
<b>SFERS Employer Contribution Amount</b>	All funds 116,881,079	123,777,701	125,507,816	108,442,757	206,353,849	258,727,863	317,832,675
<b>SFERS Employee Contribution paid by CCSF (for those labor agreements where CCSF picks up the employee share)</b>	All-funds 41,970,980	63,206,296	66,052,313	69,316,628	131,901,414	165,378,893	203,158,698
<b>CCSF Contributions to PERS</b>	All-Funds 158,852,059	186,983,997	191,560,129	177,759,385	338,255,263	424,106,756	520,991,313
<b>PERS Employer Contribution</b>	All-Funds 16,004,765	15,932,637	15,619,183	17,965,085	18,486,961	20,501,644	22,775,242
<b>Combined Total SFERS and PERS</b>	All-Funds 174,856,824	202,916,634	207,179,312	195,724,470	356,742,223	444,608,400	543,766,615
<b>Retiree Health Subsidy</b>	All-Funds 121,778,051	128,327,225	138,339,664	120,704,501	128,056,398	141,711,414	154,875,860
<b>Retiree Health Subsidy Projected Increase (Actuarial growth)</b>					6.67%	11.62%	10.04%
<b>CCSF All-Funds Operating Budget</b>	FY 05-06 5,084,763,030	FY 06-07 5,427,293,805	FY 07-08 5,781,339,377	FY 08-09 6,159,459,732			
<b>CCSF Pension Contributions as % of Operating Budget</b>	3.4%	3.7%	3.6%	3.2%			
<b>Retiree Health Subsidy as % of Operating Budget</b>	2.4%	2.4%	2.4%	2.0%			
<b>CCSF All-Funds Salaries Budget</b>	1,985,798,133	2,271,780,743	2,427,935,519	2,541,186,562			
<b>CCSF Pension Contributions as % Salaries</b>	8.8%	8.9%	8.5%	7.7%			
<b>Retiree Health Subsidy as % Salaries</b>	6.1%	5.6%	5.7%	4.7%			

**Notes**

1. SFERS rate for FY 09-10 and forward includes estimated 3.55% attributable to Proposition B retirement enhancements passed by voters on 6/3/2008
2. "All-Funds" represents both General Fund supported costs and those of self-supporting enterprise departments such as the Airport, Port, Public Utilities Commission, etc.
3. The Retiree Health Subsidy projection for FY 10-11 to FY 11-12 based on SFERS consultant scenario provided to their Board on 1/29/09 that would accommodate a potential 20% decline in retirement assets in FY 2008-09 followed by 7.75% growth in successive years



## Appendix D. CHEIRON'S ACTUARIAL VALUATION AS OF JULY 1, 2008

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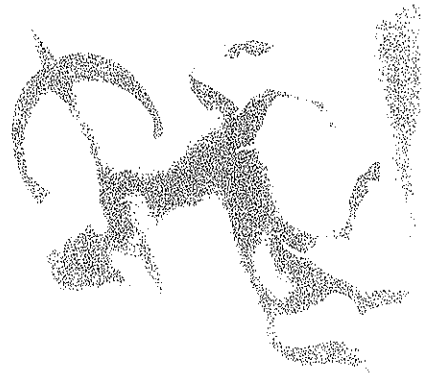
**CHEIRON**

CLASSIC VALUES. INNOVATIVE ADVICE

**Presentation to the  
Retirement Board of the  
City and County of San Francisco  
Employees' Retirement System  
July 1, 2008  
Actuarial Valuation**

Presentation Date January 13, 2009

By Gene Kalwarski, FSA, FCA  
Ken Kent, FSA, FCA



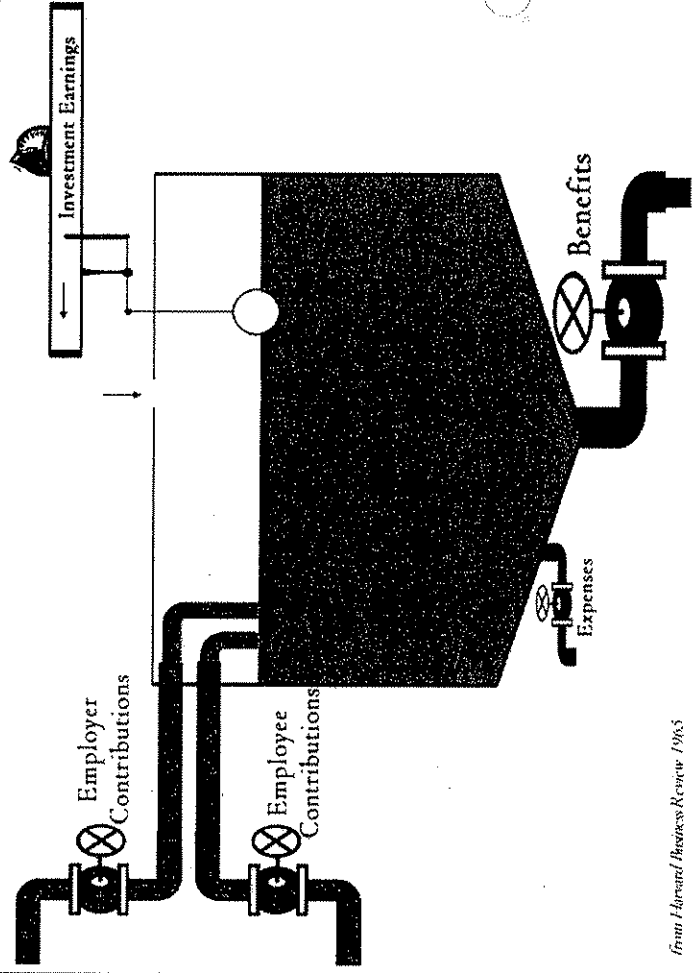
# Topics

- The Actuarial Valuation Process
- SFERS 2008 Actuarial Valuation
  - ▶ Report Contents
  - ▶ Key 2008 Results
  - ▶ Reconciliation with 2007 Results
  - ▶ Historical Trends
  - ▶ Stress Testing the Future
- Closing Remarks



# The Actuarial Valuation Process In General

1. Collect information
  - Participant data
  - Plan provisions
  - Financial
2. Apply assumptions
  - Demographic
  - Economic
3. Project all future benefit payments
4. Determine a present value of the benefits
5. Compare to assets
6. Calculate employer contribution



from *Advanced Business Review* 1963



# The Actuarial Valuation Process

## Timing

The July 1, 2008 valuation results are used to determine the Fiscal Year 2010 Net Employer Contribution Rate.



# Report Contents

- Letter of Transmittal
- Section I – Board Summary
- Section II – Assets
- Section III – Liabilities
- Section IV – Contributions
- Section V – Accounting Statement Information
- Appendix A – Membership Information
- Appendix B – Actuarial Assumptions and Methods
- Appendix C – Summary of Plan Provisions
- Appendix D – Glossary of Terms

# Key 2008 Results

Table I-1

## City and County of San Francisco Employees' Retirement System

Valuation Date	July 1, 2008	July 1, 2007*
Unfunded Actuarial Liability/(Surplus)	\$(582.6) mil.	\$(1,387.9) mil.
Funding Ratio	103.8%	110.2%
Net Employer Contribution Rate	9.49%	4.99%

\*July 1, 2007 numbers completed by prior actuary

# Changes Since Last Valuation Surplus

Table I-4

## City and County of San Francisco Employees' Retirement System - Decrease in Surplus

	in millions	% of Liabilities
<b>Experience</b>		
1. Surplus increase due to investment gain	\$ 216.7	1.41%
2. Surplus increase due to overall liability gain	122.6	0.80%
<b>Benefits</b>		
4. Surplus decrease due to Proposition B	(750.2)	-4.88%
<b>Contributions</b>		
5. Surplus increase due to contributions in excess of expected	15.4	0.10%
<b>Actuarial</b>		
6. Surplus decrease due to change in economic assumption changes	(433.3)	-2.82%
7. Surplus increase due to change in valuation of the liabilities	12.2	0.08%
<b>Total</b>		
7. Total net overall change: sum 1 through 6	\$ (816.6)	-5.32%
8. Expected change in Surplus	11.3	0.07%
9. Total actual change in Surplus: 7 + 8	\$ (805.3)	-5.24%

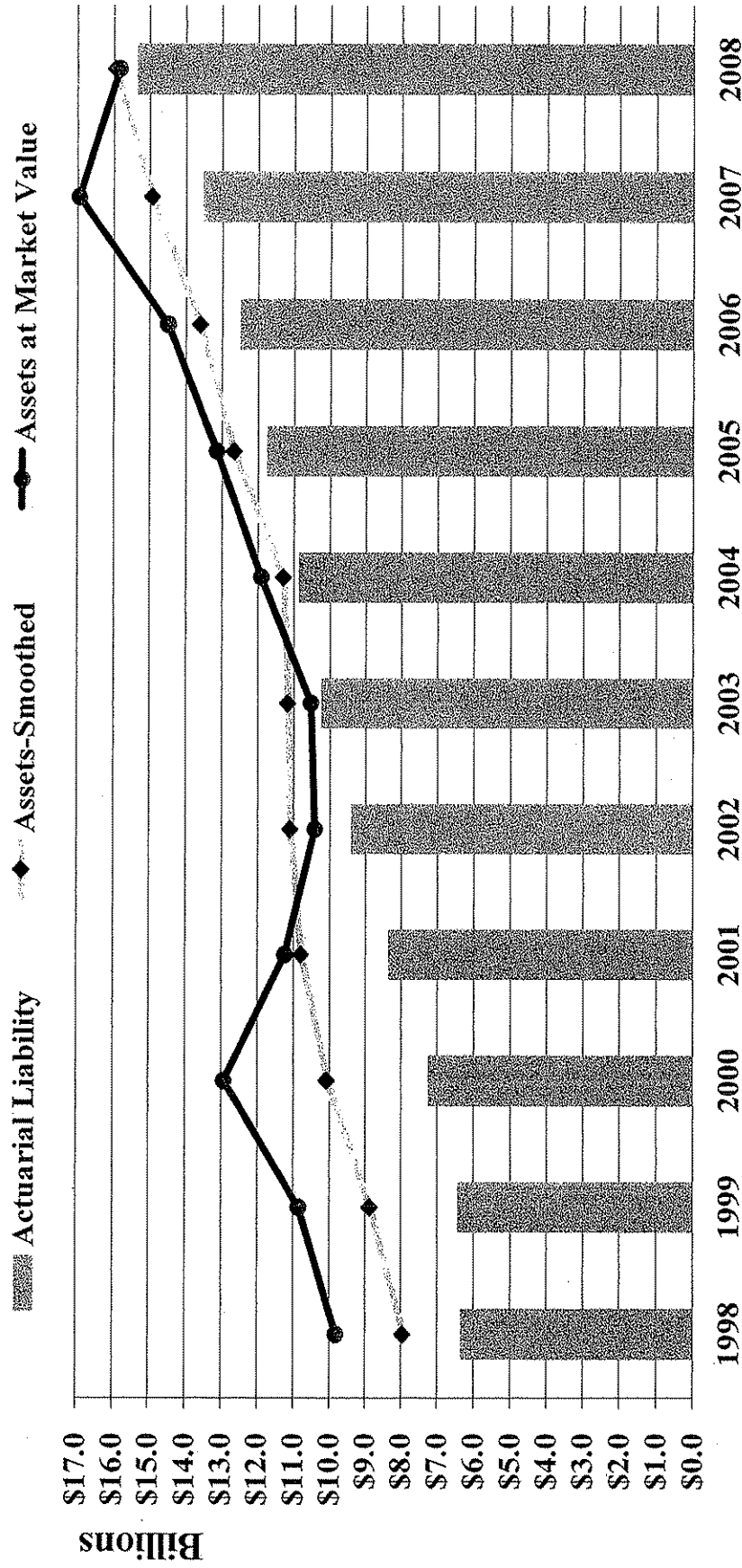
# Changes Since Last Valuation Net Employer Contribution Rate

Table I-6  
City and County of San Francisco Employees' Retirement System  
Contribution Reconciliation

Item	Total	Normal Cost	Amortization
2007 Net Employer Contribution Rate*	4.99%	9.12%	-4.13%
Change due to experience and transition	-1.30%	-0.13%	-1.18%
Change due to benefit changes	3.26%	1.17%	2.08%
Change due to assumption changes	<u>2.55%</u>	<u>0.95%</u>	<u>1.60%</u>
2008 Net Employer Contribution Rate*	9.49%	11.11%	-1.62%

\*includes expenses

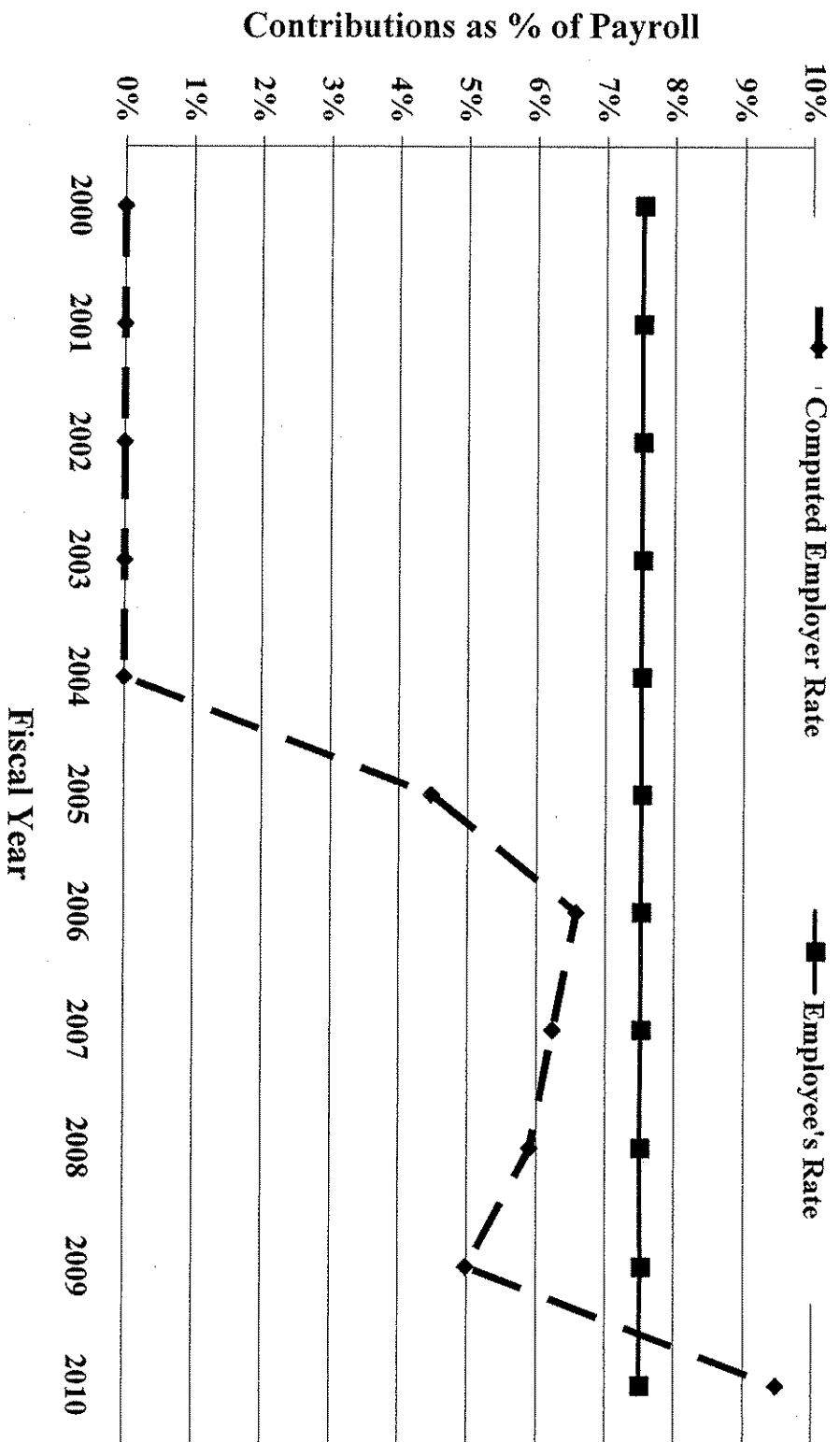
# Historical Trends Assets and Liabilities



Year	Funded Ratio	UAL/(Surplus)
1998	125.1%	\$ (1.59)
1999	137.8%	\$ (2.43)
2000	138.8%	\$ (2.82)
2001	129.0%	\$ (2.43)
2002	117.9%	\$ (1.69)
2003	109.0%	\$ (0.92)
2004	103.8%	\$ (0.41)
2005	107.6%	\$ (0.89)
2006	108.6%	\$ (1.08)
2007	110.2%	\$ (1.39)
2008	103.8%	\$ (0.58)



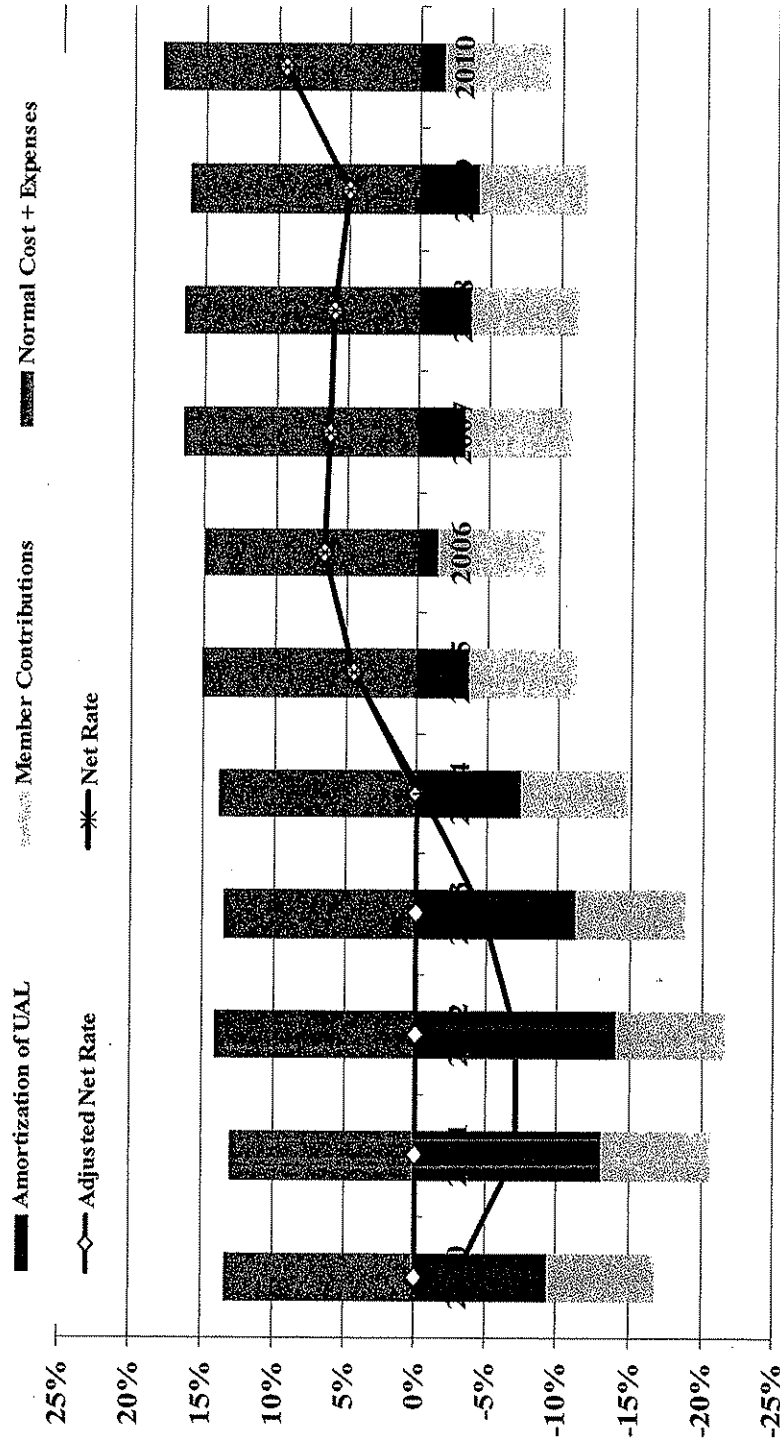
# Historical Trends Contribution Rates





# Historical Trends Contribution Rate Detail

City and County of San Francisco Employees' Retirement System

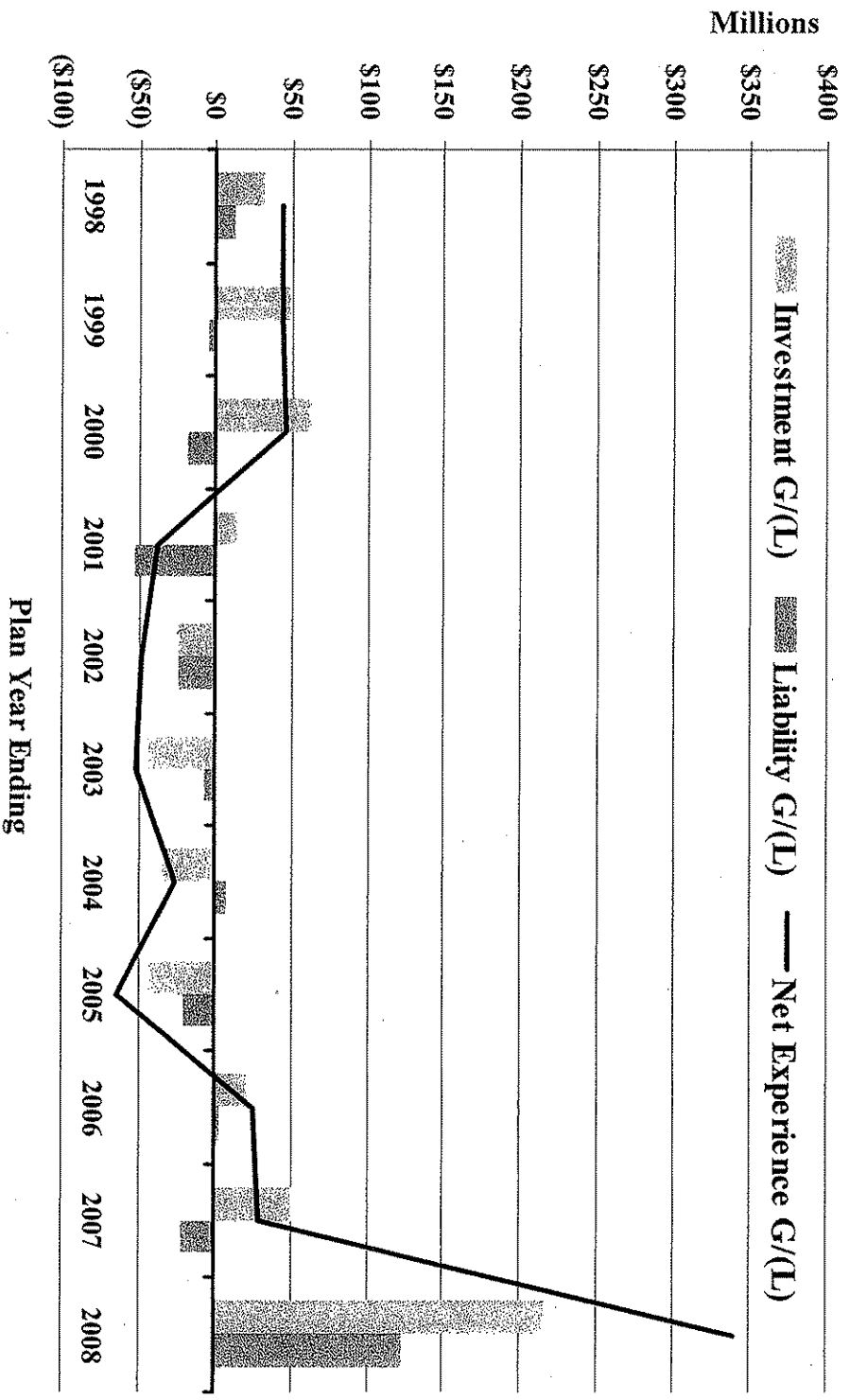


Historic Cost as a Percentage of Pay

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Normal Cost + Expenses	13.94%	13.45%	14.57%	14.01%	14.42%	15.64%	15.51%	17.01%	17.05%	16.64%	18.61%
Amortization of UAL	-9.30%	-13.07%	-14.10%	-11.21%	-7.32%	-3.63%	-1.41%	-3.25%	-3.63%	-4.13%	-1.62%
Member Contributions	-7.54%	-7.53%	-7.53%	-7.53%	-7.52%	-7.53%	-7.52%	-7.52%	-7.51%	-7.52%	-7.50%
Net Rate	-2.90%	-7.15%	-7.06%	-4.73%	-0.42%	4.48%	6.58%	6.24%	5.91%	4.99%	9.49%
Adjusted Net Rate	0.00%	0.00%	0.00%	0.00%	0.00%	4.48%	6.58%	6.24%	5.91%	4.99%	9.49%

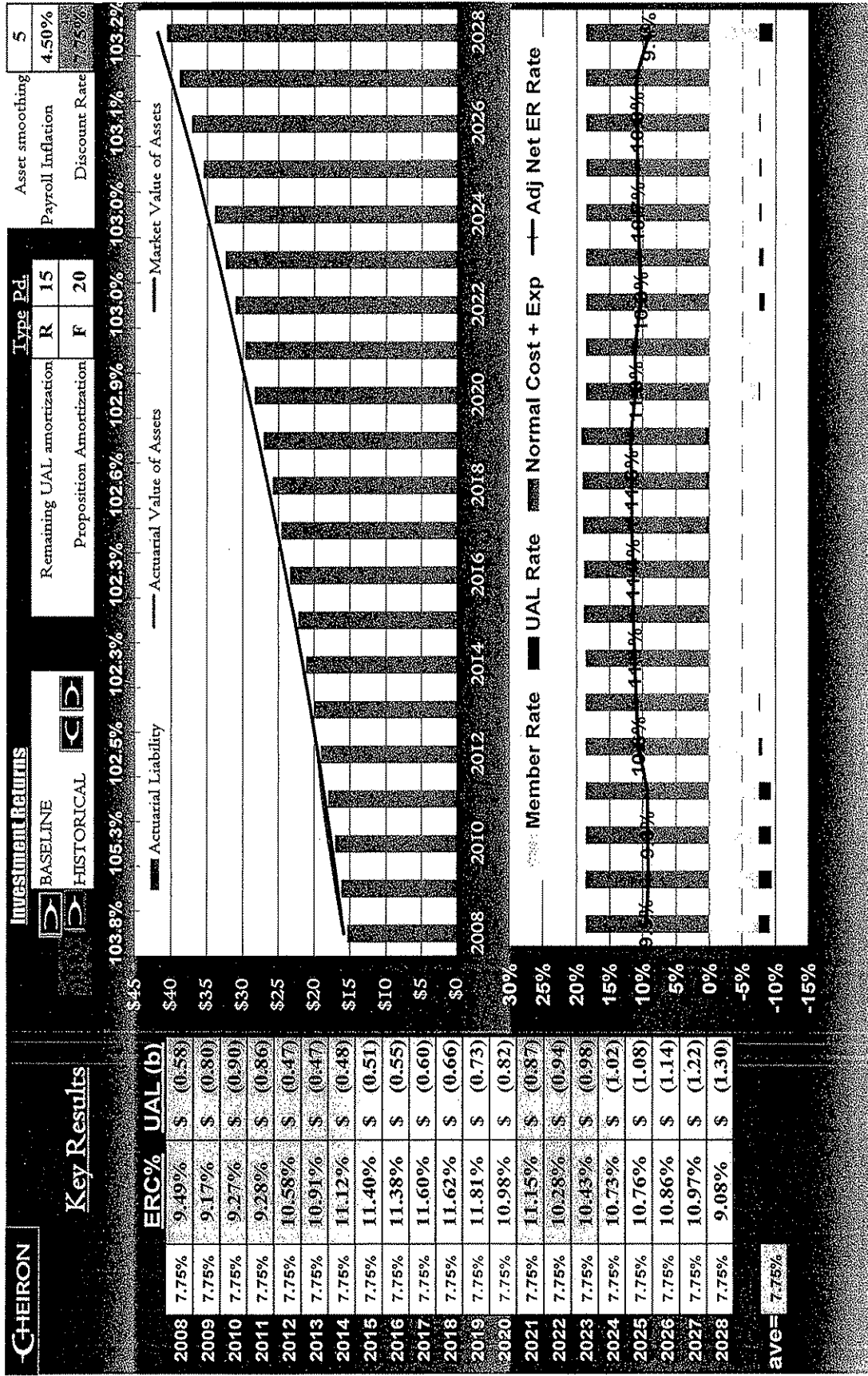


# Historical Trends Experience Gains and Losses





# Stress Testing the Future



# Closing Remarks

- For the past decade, SFERS has experienced funding ratios in excess of 100%; however, the current valuation has the lowest funding ratio over that period
- In recent years, SFERS' contribution rates have been increasing, with the 2008 (FY 2010) results being the highest over that period
- We caution the Board not to overreact, on either positive or negative experience
  - Actuarial valuations are just a snapshot of the financial status of a retirement plan taken on one day
  - A public retirement system's focus should be the long-term
  - Undue focus on the short-term results can lead to poor decisions that may hurt a plan in the long run
- Due to investment climate, July 1, 2009 (FY 2011) will be most challenging and these extraordinary times will mandate some discussion in the coming months



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**APPENDIX E. CONTROLLER'S REPORT ON PENSION AND RETIREE HEALTH SUBSIDY  
ANALYSIS**

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Pension and Retiree Health Subsidy Analysis, FY 05-06 to FY 11-12 (projected)  
 Response to Civil Grand Jury Request, 5/14/09

Prepared by San Francisco Controller's Office, Budget and Analysis Division, contact: Leo Levenson, Leo.Levenson@sfgov.org

	FY 05-06 Actuals	FY 06-07 Actuals	FY 07-08 Actuals	FY 08-09 Bgt	FY 09-10 Projected	FY 10-11 Projected	FY 11-12 Projected
SFERS Employer Contribution Rate	6.58%	6.24%	5.91%	4.99%	9.49%	11.98%	14.79%
SFERS Employee Pick-up Rate	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
PERS Rate	20.85%	18.82%	18.07%	17.48%	18.13%	20.62%	23.43%
SFERS Employer Contribution Amount	All funds 116,881,079	123,777,701	125,507,816	108,442,757	206,353,849	258,727,863	317,832,675
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Combined Total SFERS and PERS	All-Funds 174,856,824	202,916,634	207,179,312	195,724,470	356,742,223	444,608,400	543,766,615
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Notes

1. SFERS rate for FY 09-10 and forward includes estimated 3.55% attributable to Proposition B retirement enhancements passed by voters on 6/3/2008
2. "All-Funds" represents both General Fund supported costs and those of self-supporting enterprise departments such as the Airport, Port, Public Utilities Commission, etc.
3. The Retiree Health Subsidy projection for FY 10-11 to FY 11-12 based on SFERS consultant scenario provided to their Board on 1/29/09 that would accommodate a potential 20% decline in retirement assets in FY 2008-09 followed by 7.75% growth in successive years

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## Appendix F. SFERS Letter to Director of Elections

City and County of San Francisco



San Francisco City and County  
Employees' Retirement System  
Office of The Executive Director

October 26, 2007

Mr. John Arntz  
Director of Elections  
City Hall, Room 48  
1 Dr. Carlton B. Goodlett Place,  
San Francisco, CA 94102

Dear Mr. Arntz:

In response to your letter of September 6, 2007 regarding a proposed initiative Charter Amendment for the February 2008 ballot the Retirement System has prepared the following analysis.

The initiative Charter amendment entitled "Deferred Retirement Option Program" (DROP) will require the Retirement System to work with the Board of Supervisors to enact the legislation required by the initiative and then to educate, counsel and implement the decisions of qualified police officers regarding DROP.

The DROP will be available to all San Francisco police officers who have attained 50 years of age and have completed at least 25 years of service in the following police officer ranks:

1. Police Officer (Q2, Q3, Q4) for up to 36 months;
2. Police Inspector (0380, 0381, 0382) and Police Sergeant (Q50, Q51, Q52) for up to 24 months;  
and
3. Police Lieutenant (Q60, Q61, Q62) and Police Captain (Q80, Q81, Q82) for up to 12 months.

Qualified officers will have the individual choice to freeze the calculation of their retirement SFERS benefit and to continue to work with full wages and all benefits (with the exception of enhancing their frozen retirement benefits). During the period of an officer's employment while in DROP, the Retirement System will accrue the officer's retirement benefit in a tax deferred account for distribution at the conclusion of the officer's chosen DROP period.

Under the provisions of the DROP, the Retirement System will be required to develop new benefit calculation and accounting systems to administer the program as well as significant policies and procedures to address the consequences of the death, disability or termination of employment of police officers in the DROP program. This will require a significant dedication of time and resources by senior management staff, as well as the development of appropriate accounting, counseling and educational systems and materials at a cost that cannot be estimated at this time. Further the Retirement System will be required to track the benefits which would have been payable, but for the DROP, and the costs of administration in order to conduct the cost analysis defined in Section A8.909 of the initiative.

The following table identifies the number of police officers who are or will be meet the age and service requirements of the DROP based on data as of June 30, 2007:

(415) 487-7020

30 Van Ness Avenue, Suite 3000

San Francisco, CA 94102

ELIGIBLE POLICE OFFICERS	AS OF 7/1/08	AS OF 7/1/09	AS OF 7/1/10	AS OF 7/1/11	TOTALS
GROUP 1: Q2 - Q4	198	32	34	23	287
GROUP 2: 0380-0382 Q50-Q52	183	29	30	28	270
GROUP 3: Q60-Q62 Q80-Q82	19	3	1	0	23
<b>TOTALS:</b>	<b>400</b>	<b>64</b>	<b>65</b>	<b>51</b>	<b>580</b>

While the initiative states that the program shall be cost neutral, no cost analysis is to be conducted until April 15, 2011. If the Board of Supervisors determines not to extend the DROP based on this cost analysis, no further DROP elections will be allowed; however, police officers who have elected DROP prior to the non-renewal are allowed to complete the DROP as it existed at the time of their election. The impact of this provision is that the DROP if enacted will extend for Group 1 officers until June 2014 and for Group 2 until June 2013 and Group 3 until June 2012.

The Retirement System will be required to resolve tax compliance questions raised by the proposed initiative, establish forms, rules and regulations and assist in the drafting of required ordinances to be presented to the Board of Supervisors as a result of the enactment of this proposal.

The cost of DROP to the Retirement System cannot be determined at this time due to the voluntary nature of the individual choices which may be made by up to 580 police officers regarding electing to DROP and the duration of DROP as well as the uncertainty of death, disability and termination events and impacts and unknown future salaries.

The proposed DROP initiative does enact provisions that are not consistent with a basic principle of San Francisco's retirement plans; namely, police officers will be active employees (while not accruing increased retirement benefits) at the same time a retirement allowances will be accruing for distribution, effectively making the member both active and retired at the same time.

The Retirement System staff will attend the Ballot Simplification Committee meeting scheduled to be held at 9:00 AM on October 26, 2007, as we were notified yesterday. However, I will also need to attend a previously scheduled meeting at 10:00 AM that morning.

Very truly yours,



Clare M. Murphy,  
Executive Director

**Appendix G. MERCER ACTUARIAL VALUATION OF HEALTH BENEFITS AS OF JULY  
1, 2006**



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November, 2007

# **City and County of San Francisco**

Post-Retirement Benefit Valuation Report

Under GASB 45 as of July 1, 2006

## **MERCER**



MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

Consulting. Outsourcing. Investments.

## Contents

Section I: Report Highlights .....	1
Section II: Certification .....	3
Section IV: Supplemental Information.....	10
Section V: Plan Assets .....	11
Section VI: Participant Data .....	12
Section VII: Actuarial Basis.....	15



## Section I: Report Highlights

Mercer has prepared this report for City and County of San Francisco ("City") to:

- Present the results of the valuation of the post-retirement health benefits provided by the City as of July 1, 2006,
- Provide information that may be used by the City to report their annual required contribution for the fiscal year ending June 30, 2008, and
- Provide reporting information that may be used for financial statements, government agencies and other interested parties pursuant to Government Accounting Standards Board Statement No. 45 (GASB 45).

## Summary of Principal Results

The following table summarizes the primary results of the valuation which are discussed further below.

	<b>Unfunded</b>	<b>Funded</b>
Discount Rate	4.50%	8.00%
Payroll (beginning of year)	\$2,021,384,946	\$2,021,384,946
Unfunded Actuarial Accrued Liability (UAAL)	\$4,036,324,359	\$2,618,932,029
Normal Cost Rate	12.3%	5.6%
UAAL Amortization Rate	6.6%	6.8%
Annual Required Contribution (ARC) Rate	18.9%	12.4%

Most governmental employers have been accounting for post-retirement health benefits on a pay-as-you-go basis. However, effective for the fiscal year beginning July 1, 2007, the City, like other large governmental entities, must comply with the requirements of GASB 45.

This valuation is intended to provide the City with the information necessary to complete the disclosures for the fiscal year ending June 30, 2008 depending on specific decisions made by the City. GASB 45 permits the use of a valuation that is up to 24 months prior to the beginning of the first fiscal year for which the valuation provides the ARC. The City currently uses a valuation 12 months prior to the beginning of the fiscal year for reporting liabilities of the San Francisco Employees' Retirement System (SFERS) under GASB Statement No. 27. This valuation has been prepared assuming the City adopts the same policy for retiree healthcare valuations under GASB 45.

Although no trust has been established to pre-fund the retiree healthcare benefits, we understand the City is currently exploring pre-funding options and intends to establish a trust with an investment policy similar to that of the SFERS. This valuation has been prepared both assuming such a trust is established and the full ARC is contributed (Funded) and assuming no trust is established (Unfunded). If the City partially funds the ARC or develops an investment policy different from that used for SFERS, the results in this report may not be appropriate for GASB 45 reporting purposes.

## Section I: Report Highlights *(continued)*

### Funding Methods and Assumptions

In general, the same methods and assumptions used for SFERS have been adopted for this valuation, including use of the Entry Age Normal cost method. However, the unfunded actuarial accrued liability is amortized over a period of 30 years as a level percentage of payroll (as opposed to 15 years for SFERS).

The discount rate is to be selected as the estimated long-term investment return on the investments that are expected to be used to finance the payment of benefits. For funded plans, the considerations in selecting this rate would be similar to selecting the funding interest rate for a pension plan, and based on discussions with the City, we have used the same discount rate as SFERS essentially assuming that assets are invested similarly. However, for unfunded plans, the discount rate should be determined with reference to the employer's general assets. Since unrestricted general assets are invested in short-term fixed income securities, the City has adopted an assumption of 4.50%. If the plan is partially funded, a blended discount rate should be used, and since we have not produced results on a blended basis, some modification of this report would be necessary.

All actuarial assumptions and plan provisions valued are summarized in the Actuarial Basis section.

### Annual Required Contribution

The basic annual expense recognized under GASB 45 is called the Annual Required Contribution (ARC), even though there is no requirement to fund this amount. The ARC depends on the actuarial cost method selected and typically consists of the normal cost plus amortization of the Unfunded Actuarial Accrued Liability (UAAL). The ARC is expressed as a percentage of covered payroll. The dollar amount of the ARC should be determined based on the actual covered payroll for the fiscal year.

The difference between the amounts required to be recognized and the amounts contributed (including benefits paid from general assets) is accumulated as the Net OPEB<sup>1</sup> Obligation (NOO). The annual OPEB cost reported as an expense in the employer's financial statements is equal to the ARC plus an adjustment related to any outstanding NOO.

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<sup>1</sup> Other Post-Employment Benefits

## Section II: Certification

We have prepared an actuarial valuation of the City and County of San Francisco post-retirement healthcare plan as of July 1, 2006, to enable the City to comply with the accounting requirements under Statement of Governmental Accounting Standards No. 45 for the fiscal year ending June 30, 2008. The results of the valuation set forth in this report reflect our understanding of the substantive plan as of July 1, 2006.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures using an actuarial cost method which we believe is appropriate. In our opinion, the actuarial assumptions selected by the City and County of San Francisco based upon our recommendations are reasonable estimates of the future experience of the plan. To the extent that actual experience differs from the assumptions, or to the extent that plan provisions as actually administered are different from those summarized herein, the results presented in this report will differ. This report fully and fairly discloses the actuarial position of the plan.

### Data

The valuation is based upon membership data as of July 1, 2006 and claims data through March, 2007, furnished by the City and summarized in this report without further audit. This data would customarily not be verified by a plan's actuary. We have reviewed the data for internal consistency and reasonableness and have no reason to doubt its substantial accuracy. Assumptions and estimates were used for missing or incomplete data in consultation with the City.

The valuation is also based upon the substantive plan as described by the City and County of San Francisco and summarized in this report. The City is solely responsible for the validity and completeness of this information.


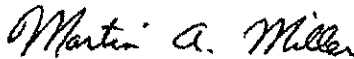
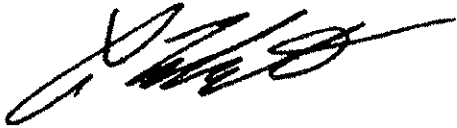
### Accounting Results

The calculations reported herein are consistent with our understanding of the provisions of Government Accounting Standards Board (GASB) Statements Number 43 and 45. Actuarial computations under Statements of Governmental Accounting Standards are for purposes of fulfilling governmental employer accounting requirements. Computations for other purposes may differ significantly from the results shown in this report.

## Section II: Certification (continued)

### Professional Qualifications

We are available to answer any questions on this material, or to provide explanations or further details, as may be appropriate. Collectively, the undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

	November 14, 2007
William R. Hallmark, ASA, MAAA	Date
	November 14, 2007
Martin A. Miller, FSA	Date
	November 14, 2007
Xavier Erhart, ASA	Date
Mercer 3 Embarcadero Center, Suite 1500 San Francisco, CA 94111-4015 415 743 8700	

## Section III: Valuation Results

### Calculation of Annual Required Contribution (ARC)

Benefit Obligations and Amortization Payment	Unfunded	Funded
1. Discount Rate	4.5%	8.0%
2. Actuarial Accrued Liability		
a. Retirees	\$ 1,363,349,535	\$ 927,855,742
b. Disabled Retirees	308,881,885	206,772,635
c. Surviving Spouses	160,869,674	113,995,028
d. Vested Separated Participants	475,097,356	231,425,047
e. Active Employees	1,728,125,909	1,138,883,577
<b>f. Total</b>	<b>\$ 4,036,324,359</b>	<b>\$ 2,618,932,029</b>
3. Assets	0	0
4. Unfunded actuarial accrued liability (UAAL) (2.f. – 3.)	4,036,324,359	2,618,932,029
5. Amortization factor based on 30 years (level % of pay)	30.000	19.372
6. Amortization payment at beginning of year	134,544,145	135,190,762

Calculation of ARC	Unfunded	Funded
1. Amortization payment at beginning of year	\$ 134,544,145	\$ 135,190,762
2. Normal cost at beginning of year	248,231,153	111,061,966
3. Interest on 1. and 2. to middle of year	8,612,444	9,850,109
4. Annual Required Contribution (middle of year) (1. + 2. + 3.)	391,387,742	256,102,837
5. Annual covered payroll (adjusted to middle of year)	2,066,866,108	2,066,866,108
6. ARC as a percent of covered payroll (middle of year) (4. / 5.)	18.94%	12.39%

Census Data	Covered Members as of July 1, 2006
1. Retirees	11,068
2. Disabled Retirees	2,179
3. Spouses of Retired Employees	4,940
4. Surviving Spouses	2,289
5. Vested Separated Participants*	1,946
6. Active employees	<u>28,282</u>
7. Total	<b>50,704</b>

\* Includes members with reciprocity agreements.

## Section III: Valuation Results *(continued)*

### Sensitivity Results

<b>Summary of Key Valuation Results</b>		<b>Unfunded</b>	<b>Funded</b>
1.	Actuarial Accrued Liability (AAL) at beginning of year	\$ 4,036,324,359	\$ 2,618,932,029
2.	Normal Cost (NC) at beginning of year	248,231,153	111,061,966
3.	Annual Required Contribution (ARC) at middle of year	391,387,742	256,102,837
<b>Valuation Results with +1% Trend</b>		<b>Unfunded</b>	<b>Funded</b>
1.	Actuarial Accrued Liability (AAL) at beginning of year	\$ 4,872,780,575	\$ 3,037,509,027
2.	Normal Cost (NC) at beginning of year	313,418,871	134,250,777
3.	Annual Required Contribution (ARC) at middle of year	486,551,400	302,690,670
4.	AAL Percent Difference	20.7%	16.0%
5.	NC Percent Difference	26.3%	20.9%
6.	ARC Percent Difference	24.3%	18.2%
<b>Valuation Results with -1% Trend</b>		<b>Unfunded</b>	<b>Funded</b>
1.	Actuarial Accrued Liability (AAL) at beginning of year	\$ 3,387,468,339	\$ 2,280,865,063
2.	Normal Cost (NC) at beginning of year	199,818,518	93,154,640
3.	Annual Required Contribution (ARC) at middle of year	319,770,647	219,329,960
4.	AAL Percent Difference	(16.1)%	(12.9)%
5.	NC Percent Difference	(19.5)%	(16.1)%
6.	ARC Percent Difference	(18.3)%	(14.4)%

## Section III: Valuation Results *(continued)*

### Projected Benefit Payments

The table below shows the projected benefit payments assuming no new entrants and all valuation assumptions realized.

<b>Fiscal Year</b>	<b>Projected Benefit Payments</b>
2006-07	106,747,023
2007-08	120,588,156
2008-09	135,499,282
2009-10	151,471,755
2010-11	169,072,747
2011-12	186,041,405
2012-13	203,538,518
2013-14	219,991,438
2014-15	236,776,420
2015-16	253,956,282
2016-17	271,223,543
2017-18	289,197,082
2018-19	308,217,707
2019-20	327,197,109
2020-21	347,099,275
2021-22	366,737,005
2022-23	386,523,081
2023-24	407,201,216
2024-25	427,572,130
2025-26	446,724,256
2026-27	466,328,301
2027-28	485,013,509
2028-29	502,729,221
2029-30	519,290,415
2030-31	533,951,478
2031-32	548,119,888
2032-33	560,736,672
2033-34	570,215,730
2034-35	577,149,043
2035-36	582,551,143

### Section III: Valuation Results *(continued)*

#### Development of Annual OPEB Cost and Net OPEB Obligation

The table below develops the Annual OPEB Cost and the Net OPEB Obligation based on projected payroll for the fiscal year ending June 30, 2008. The actual amounts will need to be revised to reflect actual payroll, actual benefit payments, and actual contributions to a trust.

<b>Annual OPEB Cost for fiscal year ending June 30, 2008</b>	<b>Unfunded</b>	<b>Funded</b>
Annual Required Contribution (ARC) Rate	18.94%	12.39%
Estimated Payroll for Fiscal Year (adjusted to middle of year)	\$2,159,875,083	\$2,159,875,083
Estimated Annual Required Contribution	\$409,080,341	\$267,608,523
Interest on Net OPEB Obligation	0	0
Adjustment to ARC	0	0
<b>Estimated Annual OPEB Cost</b>	<b>\$409,080,341</b>	<b>\$267,608,523</b>
Estimated Contributions	110,082,811	267,608,523
<b>Increase in Net OPEB Obligation</b>	<b>\$298,997,530</b>	<b>\$0</b>
Net OPEB Obligation, beginning of year	0	0
<b>Estimated Net OPEB Obligation, end of year</b>	<b>\$298,997,530</b>	<b>\$0</b>



### Section III: Valuation Results *(continued)*

#### Schedule of Funding Progress

The table below shows the Schedule of Funding Progress on a funded and unfunded basis. This schedule is required to be disclosed (on the appropriate basis) as a part of the Required Supplementary Information in the City's notes to its financial statements. Because this is the first valuation under GASB 45, there is no historical information provided. In the future, information from the three most recent valuations will be presented.

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
		(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
Unfunded	7/1/2006	\$0	\$4,036,324	\$4,036,324	0.0%	\$2,066,866	195.3%
Funded	7/1/2006	\$0	\$2,618,932	\$2,618,932	0.0%	\$2,066,866	126.7%

*Amounts in thousands*

## Section IV: Supplemental Information

The remainder of the report includes information supporting the results presented in the previous section.

- **Plan assets**
- **Participant data** presents and describes the participant data used in the valuation.
- **Actuarial basis** describes the plan provisions, as well as the methods and assumptions used to value the plan. The valuation is based on the premise that the plan is ongoing.

## Section V: Plan Assets

### *Summary of Assets*

There are no assets as of the valuation date.

## Section VI: Participant Data

### *Distribution of Active Participants as of July 1, 2006*

<b>Age</b>	<b>0-4</b>	<b>5-9</b>	<b>10-14</b>	<b>15-19</b>	<b>20-24</b>	<b>25-29</b>	<b>30-34</b>	<b>35+</b>	<b>Total</b>
Under 20	7								7
20-24	84	8	16						108
25-29	619	202	75						896
30-34	840	727	297	47	1				1,912
35-39	915	1,388	743	299	38				3,383
40-44	721	1,355	1,012	714	314	16			4,132
45-49	564	1,151	904	1,021	914	345	6		4,905
50-54	455	989	717	936	999	871	220	24	5,211
55-59	308	697	561	678	782	843	552	166	4,587
60-64	129	329	298	333	323	361	279	158	2,210
65-69	29	85	118	113	83	85	61	66	640
70+	9	17	55	45	47	30	19	39	261
<b>Total</b>	<b>4,680</b>	<b>6,948</b>	<b>4,796</b>	<b>4,186</b>	<b>3,501</b>	<b>2,551</b>	<b>1,137</b>	<b>453</b>	<b>28,282</b>

Average Age: 47.2

Average Years of Service: 14.1

## Section VI: Participant Data (continued)

### Statistics for Active Participants

	Police	Fire	Muni	Craft	Misc.	Total
<b>As of July 1, 2006</b>						
▪ Fully eligible	1,923	1,391	1,776	3,132	15,350	23,572
▪ Not fully eligible	243	218	290	550	3,379	4,680
▪ Average age	43.3	43.5	48.8	49.2	47.5	47.2
▪ Average service	16.7	14.5	12.7	14.5	13.8	14.1
▪ Average salary	91,941	74,206	55,302	66,733	71,964	71,723
<b>Females</b>						
▪ Fully eligible	324	201	453	213	8,720	9,911
▪ Not fully eligible	37	30	70	61	2,007	2,205
▪ Average age	42.6	40.6	46.3	46.5	47.0	46.7
▪ Average service	15.6	10.6	11.7	12.6	13.8	13.7
▪ Average salary	92,265	75,000	55,281	59,745	70,132	70,008
<b>Males</b>						
▪ Fully eligible	1,599	1,190	1,323	2,919	6,630	13,661
▪ Not fully eligible	206	188	220	489	1,372	2,475
▪ Average age	43.5	44.0	49.6	49.4	48.1	47.7
▪ Average service	16.9	15.1	13.1	14.6	13.8	14.4
▪ Average salary	91,876	74,073	55,309	67,295	74,420	73,011

Average Salary representing 2006/2007 Rate of Pay

**Section VI: Participant Data (continued)**

**Distribution of Inactive Participants as of July 1, 2006**

Age	Status Group					Total
	Healthy Retiree	Disabled Retiree	Spouse of Retiree	Surviving Spouses	Vested Separated	
Under 40	0	8	43	7	463	521
40 - 44	0	33	54	10	383	480
45 - 49	0	76	174	20	451	721
50 - 54	380	162	396	46	322	1,306
55 - 59	1,220	331	779	114	196	2,640
60 - 64	1,944	468	996	158	75	3,641
65 - 69	2,183	362	823	199	32	3,599
70 - 74	1,821	222	647	268	14	2,972
75 - 79	1,417	210	478	381	4	2,490
80 - 84	1,131	184	372	462	3	2,152
85 - 89	651	97	144	396	3	1,291
90 - 94	267	21	30	180	0	498
95+	54	5	4	48	0	111
<b>Total</b>	<b>11,068</b>	<b>2,179</b>	<b>4,940</b>	<b>2,289</b>	<b>1,946</b>	<b>22,422</b>

**Statistics for Inactive Participants Over Age 65**

	Number			Average Age		
	Not Eligible for Medicare	Eligible for Medicare	Total	Not Eligible for Medicare	Eligible for Medicare	Total
<b>As of July 1, 2006</b>						
Retirees	226	6,856	7,082	71.1	75.3	75.2
Disabled retirees	46	969	1,015	72.7	75.1	74.9
Spouses of retirees	188	2,127	2,315	69.5	74.4	74.0
Surviving spouses	32	1,861	1,893	76.3	80.3	80.2
<b>Total</b>	<b>492</b>	<b>11,813</b>	<b>12,305</b>	<b>71.0</b>	<b>75.9</b>	<b>75.7</b>

## Section VII: Actuarial Basis

### Accounting Actuarial Cost Method and Policies

**Actuarial cost method:** Liabilities shown in this report are computed using the Entry Age Normal Cost method allocated as a level percent of pay from the date of hire to decrement age.

**Unfunded Actuarial Liability amortization method:** UAL is amortized as a level percentage of payroll over a period of 30 years.

**Census data:** We have used participant data as supplied by the City. This information would not customarily be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy. Assumptions and estimates were made for incomplete or missing data in consultation with the City.

**Participants included:** The plan sponsor provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities.

**Funding policy:** The post-retirement medical plan's benefits are currently funded on a pay-as-you-go basis. The city funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide post-retirement benefits.

## Section VII: Actuarial Basis (continued)

### Summary of Actuarial Assumptions

The following assumptions were used in valuing the liabilities and benefits under the plan.

<i>Discount rate</i>	4.50% per annum assuming an unfunded plan						
	8.00% per annum assuming a trust funded plan						
<i>Payroll growth</i>	4.50% per annum						
<i>Salary merit increase</i>	<b>Years of Service</b>	<b>Police</b>	<b>Fire</b>	<b>Muni</b>	<b>Craft</b>	<b>Misc. Females</b>	<b>Misc. Males</b>
	1	13.50%	21.00%	13.00%	5.00%	5.00%	5.25%
	2	5.00	5.00	8.00	2.00	4.00	4.25
	3	5.00	5.00	1.00	2.00	4.00	3.50
	4	1.00	1.00	0.00	2.00	3.50	3.50
	5	1.00	1.00	0.00	1.50	2.50	3.25
	6	1.00	1.00	0.00	1.00	2.25	2.75
	7	1.00	1.00	0.00	1.00	2.25	2.50
	8	1.00	1.00	0.00	0.80	2.00	2.25
	9	1.00	1.00	0.00	0.70	1.75	2.25
	10	1.00	1.00	0.00	0.70	1.50	2.25
	11	1.00	1.00	0.00	0.70	1.00	2.25
	12	1.00	1.00	0.00	0.70	1.00	1.75
	13	1.00	1.00	0.00	0.70	1.00	1.75
	14	1.00	1.00	0.00	0.70	1.00	1.75
	15 & Over	1.00	1.00	0.00	0.70	0.90	1.00



**Section VII: Actuarial Basis** *(continued)*

**Summary of Actuarial Assumptions** *(continued)*

*Health care cost trend rates*

The trend rates of incurred claims represent the rate of increase in employer claim payments:

<b>Years</b>	<b>Non-Medicare (All Plans)</b>	<b>Medicare (All Plans)</b>	<b>Pharmacy (City Plan)</b>	<b>Medicare Part B</b>
2006-07	8.5%	9.5%	9.5%	8.5%
2007-08	8.0	9.0	9.0	8.0
2008-09	7.5	8.5	8.5	7.5
2009-10	7.0	8.0	8.0	7.0
2010-11	6.5	7.5	7.5	6.5
2011-12	6.0	7.0	7.0	6.0
2012-13	5.5	6.5	6.5	5.5
2013-14	5.0	6.0	6.0	5.5
2014-15	5.0	5.5	5.5	5.5
2015-16+	5.0	5.0	5.0	5.5

*Health care cost trend rates (continued)*

The trend rates of incurred claims represent the rate of increase in employer claim payments:

<b>Years</b>	<b>Vision</b>	<b>Admin. Cost</b>	<b>10-County Amount</b>
2006-07	3.0%	4.5%	7.5%
2007-08	3.0	4.5	7.0
2008-09	3.0	4.5	6.5
2009-10	3.0	4.5	6.0
2010-11	3.0	4.5	5.5
2011-12	3.0	4.5	5.0
2012-13	3.0	4.5	5.0
2013-14	3.0	4.5	5.0
2014-15	3.0	4.5	5.0
2015-16+	3.0	4.5	5.0

**Section VII: Actuarial Basis (continued)**

**Summary of Actuarial Assumptions (continued)**

<i>Base year per capita plan costs</i>	Base year per capita plan costs for 2006-2007 were developed by Mercer. Costs were developed at age 65 as shown below:			
	<b>Plan</b>	<b>Medical</b>	<b>Pharmacy</b>	<b>Expense</b>
	City Health Plan (Non-Medicare)	10,523	3,203	424
	City Health Plan (Medicare)	1,144	1,629	304
	<b>Plan</b>	<b>Kaiser</b>	<b>PacifiCare</b>	<b>Blue Shield</b>
	Other Plan (Non-Medicare)	6,499	7,466	6,110
	Other Plans (Medicare)	2,995	2,473	3,499
	Expense (Other Plans)	6	6	6
	Vision (All Plans)	46	46	46
<i>Aging</i>	For medical and Rx annual increases	<b>Age of Employee / Retiree / Dependent</b>	<b>Annual Cost Increment in One Year</b>	
		40-44	2.10% per year	
		45-49	3.80% per year	
		50-54	4.00% per year	
		55-59	3.80% per year	
		60-64	4.10% per year	
		65-69	2.50% per year	
		70-74	2.00% per year	
		75-79	1.30% per year	
		80-84	0.60% per year	
		85-89	0.30% per year	
		90 and above	0.00% per year	

**Section VII: Actuarial Basis (continued)**

**Summary of Actuarial Assumptions (continued)**

*Per capita retiree contributions*

Contributions are determined in accordance with formulae set out in the Plan Provisions subsection. The following table shows the starting values that served as a basis for projecting contributions into the future.

Plan Year Ending June 30, 2007

<b>Cost</b>	<b>City Plan</b>	<b>Kaiser</b>
Total Active Employee Cost	\$588	\$368
10-County Average	\$366	\$366
Dependent Cost	\$552	\$368

<b>Cost</b>	<b>PacifiCare</b>	<b>Blue Shield</b>
Total Active Employee Cost	\$395	\$354
10-County Average	\$366	\$366
Dependent Cost	\$395	\$354

*Mortality, healthy lives*

Mortality rates for healthy lives are based on the 1994 Group Annuity Mortality Table. Rates at sample ages are shown below:

<b>Age</b>	<b>Male</b>	<b>Female</b>
25	0.00066%	0.00029%
30	0.00080	0.00035
35	0.00085	0.00048
40	0.00107	0.00071
45	0.00158	0.00097
50	0.00258	0.00143
55	0.00443	0.00229
60	0.00798	0.00444
65	0.01454	0.00864
70	0.02373	0.01373
75	0.03721	0.02269
80	0.06203	0.03940
85	0.09724	0.06774
90	0.15293	0.11627
95	0.23361	0.18621
100	0.31724	0.27643

**Section VII: Actuarial Basis (continued)**

**Summary of Actuarial Assumptions (continued)**

*Disabled mortality* Rates at sample ages are shown below:

Age	Miscellaneous		Safety	
	Male	Female	Male	Female
25	0.00752%	0.00536%	0.00050%	0.00070%
30	0.00773	0.00566	0.00070	0.00100
35	0.00796	0.00595	0.00110	0.00150
40	0.00865	0.00625	0.00170	0.00260
45	0.01059	0.00757	0.00280	0.00380
50	0.01459	0.01004	0.00400	0.00540
55	0.02115	0.01337	0.00590	0.00890
60	0.02870	0.01713	0.00980	0.01450
65	0.03617	0.02157	0.01630	0.02400
70	0.04673	0.02709	0.02610	0.03610
75	0.06552	0.03687	0.03890	0.05310
80	0.09481	0.05517	0.05770	0.08090
85	0.14041	0.08560	0.08620	0.11070
90	0.20793	0.13494	0.11790	0.16000
95	0.30792	0.21273	0.17520	0.25150
100	0.45599	0.33538	0.27510	0.39500

*Withdrawal* Rates at sample ages are shown below:

Service	Fire	Police	Craft	Muni	Safety
0	0.0400%	0.0100%	0.0700%	0.1000%	0.1072%
1	0.0150	0.0400	0.0300	0.0250	0.0841
2	0.0100	0.0200	0.0300	0.0250	0.0609
3	0.0100	0.0200	0.0300	0.0250	0.0470
4	0.0100	0.0200	0.0300	0.0250	0.0445
5	0.0100	0.0100	0.0300	0.0400	0.0421
10	0.0100	0.0100	0.0200	0.0250	0.0300
15	0.0050	0.0100	0.0100	0.0250	0.0178
20	0.0005	0.0050	0.0100	0.0250	0.0096
25	0.0000	0.0000	0.0000	0.0000	0.0053
30	0.0000	0.0000	0.0000	0.0000	0.0036

**Section VII: Actuarial Basis (continued)**

**Summary of Actuarial Assumptions (continued)**

*Withdrawal (continued)* Rates of termination for Miscellaneous employees vary by age and service. Rates at sample ages are shown below:

<b>Less than 1 Year of Service</b>		
<b>Age</b>	<b>Male</b>	<b>Female</b>
25	0.1500%	0.1500%
30	0.1500	0.1250
35	0.1000	0.1250
40	0.1000	0.1000
45	0.1000	0.1000
50	0.1000	0.1500
55	0.1000	0.1500
60	0.2000	0.0750
65	0.2000	0.0750

*Withdrawal (continued)* Rates of termination for Miscellaneous employees vary by age and service. Rates at sample ages are shown below:

<b>3 Years' Service</b>		
<b>Age</b>	<b>Male</b>	<b>Female</b>
25	0.1000%	0.0750%
30	0.0700	0.0750
35	0.0700	0.0750
40	0.0500	0.0500
45	0.0500	0.0250
50	0.0500	0.0250
55	0.0250	0.0250
60	0.0250	0.0250
65	0.0250	0.0250

<b>5 or More Years' Service</b>		
<b>Age</b>	<b>Male</b>	<b>Female</b>
25	0.0650%	0.0500%
30	0.0650	0.0500
35	0.0250	0.0300
40	0.0250	0.0300
45	0.0250	0.0250
50	0.0250	0.0250
55	0.0250	0.0250
60	0.0250	0.0250
65	0.0250	0.0250

**Section VII: Actuarial Basis (continued)**

**Summary of Actuarial Assumptions (continued)**

*Disability incidence* Rates at sample ages are shown below:

Age	Fire	Police	Craft	Muni	Miscellaneous	
					Male	Female
25	0.0003%	0.0002%	0.0000%	0.0000%	0.0000%	0.0000%
30	0.0006	0.0005	0.0001	0.0001	0.0001	0.0002
35	0.0015	0.0009	0.0006	0.0006	0.0012	0.0015
40	0.0070	0.0012	0.0012	0.0011	0.0023	0.0025
45	0.0050	0.0010	0.0024	0.0017	0.0032	0.0060
50	0.0100	0.0160	0.0060	0.0080	0.0037	0.0060
55	0.0500	0.0300	0.0200	0.0180	0.0055	0.0100
60	0.1300	0.0008	0.0000	0.0000	0.0000	0.0000
65	0.0000	0.0000	0.0000	0.0000		
70	0.0000	0.0000	0.0000	0.0000		
75	0.0000	0.0000	0.0000	0.0000		
80	0.0000	0.0000	0.0000	0.0000		

*Retirement* Sample rates are as follows:

Age	Fire	Police	Craft	Muni	Miscellaneous	
					Male	Female
50	0.0200%	0.0300%	0.0300%	0.0700%	0.0200%	0.0300%
51	0.0200	0.0300	0.0200	0.0250	0.0200	0.0200
52	0.0200	0.0300	0.0200	0.0250	0.0200	0.0200
53	0.0200	0.0300	0.0300	0.0250	0.0200	0.0200
54	0.0200	0.0300	0.0300	0.0250	0.0450	0.0300
55	0.1000	0.1000	0.0400	0.0600	0.0450	0.0300
56	0.1000	0.1000	0.0400	0.0250	0.0450	0.0500
57	0.2000	0.1200	0.0400	0.0250	0.0450	0.0600
58	0.2000	0.1200	0.0550	0.1500	0.0450	0.0600
59	0.2000	0.1200	0.0550	0.2000	0.1000	0.0600
60	0.2000	0.3500	0.1500	0.2500	0.1200	0.1600
61	0.4000	0.2500	0.1800	0.1500	0.1400	0.1600
62	0.3500	0.2500	0.3000	0.4000	0.2800	0.2000
63	0.3000	0.2500	0.1800	0.1250	0.2000	0.1800
64	0.3000	0.2500	0.1800	0.2000	0.2000	0.2000
65	1.0000	1.0000	0.1500	0.2500	0.1500	0.1500

## Section VII: Actuarial Basis *(continued)*

### Summary of Actuarial Assumptions *(continued)*

<i>Spouse/partner coverage</i>		
<ul style="list-style-type: none"> <li>Percentage married and assumed to elect spouse or partner coverage at retirement. Actual Spouse data is used for current retirees.</li> </ul>	Males.....	50%
	Females .....	20%
<ul style="list-style-type: none"> <li>Age difference of spouses</li> </ul>	Males are assumed to be 3 years older than females.	
<hr/>		
<i>Eligible dependents</i>	Spouses, children, and/or domestic partners are eligible for the plan. Upon death of a covered retiree, coverage can be continued for the spouse or domestic partner.	
<hr/>		
<i>Plan participation</i>	94 % of future retirees are assumed to elect a medical plan at retirement with the following frequencies:	
	<b>Plan</b>	<b>&lt;65</b>
	<hr/>	<hr/>
	City Health Plan	10%
	Blue Shield	40
	PacifiCare	10
	Kaiser	40
	<hr/>	<hr/>
	<b>≥ 65</b>	<hr/>
	City Health Plan	10%
	Blue Shield	40
	PacifiCare	10
	Kaiser	40
	<hr/>	<hr/>
<i>Administrative expenses</i>	Administrative expense is included in the claims cost.	
<i>Stop Loss</i>	N/A	
<i>Medicare Eligibility</i>	For those currently under age 65, 95% are assumed to become eligible for Medicare upon attainment of age 65. Actual data is used for those currently over age 65.	
<i>Federal Part D subsidy</i>	Federal subsidy of qualified Part D Plans (PDPs) is reflected in the per capita cost of these plans. This subsidy is shared between the City and retirees. Anticipated federal RDS subsidy payments are also shared with retirees in the form of reductions in contributions. RDS subsidy payments are not reflected as offsets against City costs or liabilities for purposes of the valuation.	

## Section VII: Actuarial Basis (continued)

### Claims Cost Development

Claims costs for the City Plan and the HMOs were developed differently. 2005/06 incurred claims experience of the City plan was converted into per capita claims costs and projected into 2006/07. Actual HMO premiums for 2006/07 were used as the basis for developing the HMO per capita claims costs, with adjustments for the addition of Pacificare and removal of Health Net. Only the per capita costs for medical and pharmacy benefits are further discussed, as the costs for vision benefits were taken directly from the 2006/07 rates for the vision plan.

**City Plan per capita claims costs:** Medical and pharmacy costs incurred in 2005/06 and paid through March 2007 were included. In that the payment period extended for nine months beyond the payment period, the claims were essentially complete, representing incurred costs not needing adjustment for claims incurred but not yet reported. These claims costs pertained to the entire City Plan, including claims costs for the San Francisco Unified School District and the Community College District.

These claims costs were related to counts of retirees and dependents to develop an average per capita incurred claims cost for an adult retiree/dependent. The counts pertained to the entire City Plan, including San Francisco Unified School District and the Community College District. This process was applied to non-Medicare claims cost experience and Medicare claims cost experience, with the retiree/dependent counts related to their corresponding costs.

The resulting per capita claims costs were then age-graded using counts taken from the censuses pertaining to this valuation (i.e., retirees and dependents from the San Francisco Unified School District and Community College District were not included).

Last, the age-graded per capita claims costs for non-Medicare and Medicare medical and pharmacy were projected into 2006/07 using a trend assumption of 10% (except that the trend assumption for non-Medicare medical was only 9%).

**HMO per capita claims costs:** For all of the HMOs in place in 2006/07, medical and pharmacy costs are aggregated in the premium rates. As such, they were treated as a single cost. To develop per capita claims costs for non-Medicare adults, the 2006/07 premiums for active employee only, first dependent of active employee, retiree without Medicare, and first dependent of retiree without Medicare were blended based upon the counts taken from the censuses pertaining to this valuation. The resulting costs were deemed to apply to active and non-Medicare adults (i.e., employees, retirees, and dependents). These costs were age-graded, again using the censuses pertaining to this valuation.

The process was replicated for the Medicare adult, except only retirees with Medicare and the first dependent of the retiree with Medicare were included.

The resulting per capita costs already pertained to 2006/07. With the exception of the Health Net costs, these costs were used in the valuation. In that Health Net replaced Pacificare for 2007/08, and because plan sponsors wanted to look ahead and reflect known changes, the effect of replacing Health Net with Pacificare was taken into account. Based upon an examination of the 2007/08 rate tables versus the 2006/07 rate tables, non-Medicare costs for Pacificare were assumed to be 90% of the corresponding Health Net costs. Similarly, Medicare costs for Pacificare were assumed to be 98% of the corresponding Health Net costs.



## **Section VII: Actuarial Basis** *(continued)*

### **Claims Cost Development** *(continued)*

Based upon an examination of the results of the 2007/08 open enrollment, taking into account the demographics of all the health plans, none of the costs of the other HMOs (nor the City Plan) required any adjustment owing to the introduction of Pacificare.

#### **Development of Healthcare Cost Trend Rates**

The trend assumptions selected for this valuation comply with Mercer's guidelines on retiree medical trend assumptions (Actuarial and Finance Steering Committee Guideline Standard of Practice #2A).

The trend assumptions are comprised of three elements: the initial trend rate, the ultimate trend rate, and the grade-down period. Trend rates exclude the expected impact of aging since this impact is explicitly reflected elsewhere in the valuation.

The initial trend rate is the expected increase in health care costs into the second year of the valuation (i.e., the first assumed annual increase in starting per capita rates). Initial rates are established separately for pre-Medicare medical claims, Medicare-eligible medical claims, prescription drug claims, and administrative expenses. These expected trend rates are based on market assessments and surveys and take into account actual historical experience, expected unit cost information, changes in utilization, plan design leveraging, cost shifting, and new technology. For valuation purposes, these trend rates are blended together based on a cost-weighted average basis.

The assumed ultimate trend rate and grade-down period are based on macroeconomic principles. These assumptions reflect assumed long term general information, nominal gross domestic product growth rates, and the excess of national health expenditures over other goods and services, and an adjustment for an assumed impact of population growth.

## Section VII: Actuarial Basis *(continued)*

### Plan Provisions

The following summary of plan provisions represents our understanding of the substantive plan;

<i>Eligibility</i>	The plan provides benefits to individuals who terminate service with the City through service retirement, disability retirement and vested termination.
<i>Covered groups</i>	Fire, police, and miscellaneous employees covered under the SFERS and CalPERS retirement plans; does not include employees of the San Francisco Unified School District and San Francisco Community College District, whose costs are covered by those two districts.
<i>Plans available</i>	PPO – City Health Plan (Self-insured) HMO – Kaiser, PacifiCare and Blue Shield (Fully-insured)
<i>Retirement date</i>	Age 50 with 5 years of service (service includes years accumulated under a reciprocity agreement)
<i>Service retirement</i>	Employees who retire from active status after attaining age 50 and completing 5 years of service can immediately commence medical benefits. Service includes reciprocity service.
<i>Vested termination</i>	Employees who complete 5 years of service at termination can immediately commence medical benefits when they retire after attaining age 50.
<i>Disability retirement</i>	Employees who become disabled due to duty-related disability and retire, can immediately commence medical benefits. Employees with 5 years of service, who become disabled due to non-duty-related disability and retire, can immediately commence medical benefits.
<i>Dependent eligibility</i>	Spouses and children of the retiree are eligible for the plan. Domestic partners of the retiree and their children are also eligible on the same basis as spouses and children.
<i>Survivor eligibility</i>	Upon the death of a covered retiree, coverage can continue for life to a spouse or domestic partner.

## Section VII: Actuarial Basis *(continued)*

### Plan Provisions

<i>Member contributions</i>	<p>The difference between the “total cost of coverage” and the “10-county survey amount” is the employee’s required contribution under the Charter.</p> <p>The “total cost of coverage” is equal to the City plan rate for retiree coverage or the HMO premium, as appropriate. However, with respect to non-Medicare coverage, the “total cost of coverage” for the retiree only is deemed to be the cost of coverage for an active employee. That is, the employer defrays any cost increment between the cost of the non-Medicare eligible retiree and the active employee.</p> <p>The “10-county survey amount” is a survey of the ten most populous counties in California to determine the average employer contribution made toward employee medical coverage.</p> <p>Non-Medicare eligible retirees are required to contribute to their own coverage 50% of the amount that an employee in the same health plan pays under the Charter, irrespective of any negotiated City contributions in addition to the 10-county survey amount. Medicare eligible retirees contribute to their own coverage 50% of the difference between the contribution for an active employee in the same health plan (under the Charter) and the Medicare Part B premium.</p> <p>Retirees contribute 50% of the cost of medical coverage for one dependent and 100% of the cost of coverage for any additional dependents. For dependents, the employer does not defray any cost increment between the cost of non-Medicare eligible dependents and the corresponding dependent of active employees.</p> <p>For the purposes of developing contributions, the rates are not adjusted to age-graded per capita costs as is done in the Claims Cost development.</p> <p>Surviving spouses and domestic partners of deceased retirees contribute the same amounts as retirees.</p> <p>For 2006/07, hypothetical contributions pertaining to PacifiCare were developed using the adjustments set out in the Claims Cost Development.</p>
<i>Vision benefits</i>	<p>All retirees covered under a City-sponsored medical plan receive vision benefits. The contributions calculated as described above take into account the cost of the vision benefits. Vision benefits for all retirees are administered by Vision Service Plan.</p>
<i>Dental benefits</i>	<p>Dental benefits are provided through three plan choices — Delta Dental, Delta PMI and Pacific Union. Retirees pay the full cost of dental coverage offered by the City for themselves and their dependents. Dental benefits have been excluded from the actuarial valuation.</p>
<i>Other post-retirement welfare benefits</i>	<p>None.</p>



## Appendix H. SFERS PAY RATE HISTORY RECORD LAYOUT

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**Pay Rate History Data  
Record Layout**

*Data Entry  
See Screen Shot*

Label on Excel File	Pic/Length	Comments
SSN	9(09)	
<b>Seq 1</b> Eff Date	9(08)	MMDDYYYY Effective Date of final salary rate change prior to retirement
<b>Seq 1</b> Job Code	X(05)	Member's Job Code at retirement
<b>Seq 1</b> Schedule	X(01)	F – full time, P – part time, S – school term , I – irregular
<b>Seq 1</b> Permanent/Temporary	X(01)	P – Permanent, T – Temporary
<b>Seq 1</b> DeptID		Member's department
<b>Seq 1</b> Step	9(02)	Job step
<b>Seq 1</b> Pay Rate	9(4)V9(4)	Hourly, daily or monthly rate
<b>Seq 1</b> Cmp Frq	X(01)	H – hourly, D – daily, M – monthly <i>Compensation System</i>
<b>Seq 1</b> Union Code		Employee organization representing the position
<b>Seq 2</b> Eff Date	9(08)V99	MMDDYYYY Effective Date of next most recent salary rate change
<b>Seq 2</b> Job Code	9(08)V99	See description above
<b>Seq 2</b> Schedule	9(08)V99	See description above
<b>Seq 2</b> Permanent/Temporary		See description above
<b>Seq 2</b> DeptID	9(08)V99	See description above
<b>Seq 2</b> Step	9(08)V99	See description above
<b>Seq 2</b> Pay Rate	9(02)V999	See description above
<b>Seq 2</b> Cmp Frq	9(02)V99	See description above
<b>Seq 2</b> Union Code		See description above
<b>Seq 3</b> Eff Date	9(08)	MMDDYYYY Effective Date of next most recent salary rate change
<b>Seq 3</b> Job Code		See description above
<b>Seq 3</b> Schedule		See description above
<b>Seq 3</b> Permanent/Temporary		See description above
<b>Seq 3</b> DeptID		See description above

**Pay Rate History Data  
Record Layout**

Label on Excel File	Pic/Length	Comments
Seq 3 Step		See description above
Seq 3 Pay Rate		See description above
Seq 3 Cmp Frq		See description above
Seq 3 Union Code		See description above
Seq 4 Eff Date		MMDDYYYY Effective Date of next most recent salary rate change
Seq 4 Job Code		See description above
Seq 4 Schedule		See description above
Seq 4 Permanent/Temporary		See description above
Seq 4 DeptID		See description above
Seq 4 Step		See description above
Seq 4 Pay Rate		See description above
Seq 4 Cmp Frq		See description above
Seq 4 Union Code		See description above
Seq 5 Eff Date		MMDDYYYY Effective Date of next most recent salary rate change
Seq 5 Job Code		See description above
Seq 5 Schedule		See description above
Seq 5 Permanent/Temporary		See description above
Seq 5 DeptID		See description above
Seq 5 Step		See description above
Seq 5 Pay Rate		See description above
Seq 5 Cmp Frq		See description above
Seq 5 Union Code		See description above
Seq 6 Eff Date		MMDDYYYY Effective Date of next most recent salary rate change
Seq 6 Job Code		See description above



## Pay Rate History Data Record Layout

Label on Excel File	Pic/Length	Comments
<b>Schedule</b>		
<b>Seq 6 Permanent/Temporary</b>		See description above
<b>Seq 6 DeptID</b>		See description above
<b>Seq 6 Step</b>		See description above
<b>Seq 6 Pay Rate</b>		See description above
<b>Seq 6 Cmp Frq</b>		See description above
<b>Seq 6 Union Code</b>		See description above
<b>Seq 7 Eff Date</b>		MMDDYYYY Effective Date of next most recent salary rate change
<b>Seq 7 Job Code</b>		See description above
<b>Seq 7 Schedule</b>		See description above
<b>Seq 7 Permanent/Temporary</b>		See description above
<b>Seq 7 DeptID</b>		See description above
<b>Seq 7 Step</b>		See description above
<b>Seq 7 Pay Rate</b>		See description above
<b>Seq 7 Cmp Frq</b>		See description above
<b>Seq 7 Union Code</b>		See description above
<b>Seq 8 Eff Date</b>		MMDDYYYY Effective Date of next most recent salary rate change
<b>Seq 8 Job Code</b>		See description above
<b>Seq 8 Schedule</b>		See description above
<b>Seq 8 Permanent/Temporary</b>		See description above
<b>Seq 8 DeptID</b>		See description above
<b>Seq 8 Step</b>		See description above
<b>Seq 8 Pay Rate</b>		See description above
<b>Seq 8 Cmp Frq</b>		See description above

**Pay Rate History Data  
Record Layout**

Label on Excel File	Pic/Length	Comments
<b>Union Code</b>		
<b>Seq 9 Eff Date</b>		MMDDYYYY Effective Date of next most recent salary rate change
<b>Seq 9 Job Code</b>		See description above
<b>Seq 9 Schedule</b>		See description above
<b>Seq 9 Permanent/Temporary</b>		See description above
<b>Seq 9 DeptID</b>		See description above
<b>Seq 9 Step</b>		See description above
<b>Seq 9 Pay Rate</b>		See description above
<b>Seq 9 Cmp Frq</b>		See description above
<b>Seq 9 Union Code</b>		See description above
<b>Seq 10 Eff Date</b>		MMDDYYYY Effective Date of next most recent salary rate change
<b>Seq 10 Job Code</b>		See description above
<b>Seq 10 Schedule</b>		See description above
<b>Seq 10 Permanent/Temporary</b>		See description above
<b>Seq 10 DeptID</b>		See description above
<b>Seq 10 Step</b>		See description above
<b>Seq 10 Pay Rate</b>		See description above
<b>Seq 10 Cmp Frq</b>		See description above
<b>Seq 10 Union Code</b>		See description above

X - ALPH  
 G - NUMERIC  
 (XX) NUMBER DIG. S  
 V - DECIMAL

9(3)V2 1079  
 Retired Member Data  
 Record Layout

1 - DIGIT PURCHASE / 2 DECEMBER  
 See Screen Shots

Label on Excel File	Pic/Length	Comments
SSN	9(09)	
Payee Type	X(01)	R - Retiree
Pmt Stat	X(01)	A - Active S - Suspended T - Terminated
Plan	X(04)	FN12 - Fire New FN14 - Fire New Prop H FO10 - Fire Old FO13 - Fire Old Prop H MN54 - Misc New MO52 - Misc Old PN82 - Police New (old) PN83 - Police New PN85 - Police New Prop H PO81 - Police Old PO84 - Police Old Prop H
Ret Date	9(08)	MMDDYYYY Effective Retirement Date
Ret Type	X(02)	ID - Industrial Disability OD - Ordinary Disability SR - Service Retired VR - Vested Retired
Charter	X(05)	Applicable Charter Section
Exit Dt	9(08)	MMDDYYYY For Retirees, date of death
Salary	9(08)V99	pension-amt + basic COLA + 3% COLA + \$3 COLA + interest + permanent fund
Final Comp *	9(08)V99	Member's Final Compensation used in retirement calculation
Pen Amt	9(08)V99	Member's initial pension amount
Current Pen Amt		Member's pension amount as of June 30, 2008
Basic COLA Screen Print	9(08)V99	Aggregate total of all Basic COLAs paid since retirement as of June 30, 2008
3% COLA Screen Print	9(08)V99	Aggregate total of all Supplemental COLAs paid since retirement as of June 30, 2008
Svc Credit	9(02)V999	Total credited service at retirement
Ret Age	9(02)V99	Member's age at retirement
Ret Age Factor		Age factor used to calculate Member's retirement
QSR Dt	<u>9(08)</u>	MMDDYYYY For ID retirees, the date at which they would have achieved at least 25 years of credited service and age 50 has Member not become disabled
		Retirement Age →



Office of the Mayor  
City & County of San Francisco



Gavin Newsom

September 14, 2009

The Honorable James J. McBride  
Presiding Judge  
Superior Court of California, County of San Francisco  
400 McAllister Street  
San Francisco, CA 94102

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BY OK

Dear Judge McBride:

I am pleased to present my response to the 2008-2009 Civil Grand Jury report, "Pensions, Beyond Our Ability to Pay". Specifically, I am responding to the Civil Grand Jury's findings and recommendations on pension issues and costs, retirement health benefits, purported data inconsistencies at the San Francisco Employees' Retirement System (SFERS), and the Police Deferred Retirement Option Program (DROP).

I do not believe that San Francisco is experiencing a "pension crisis" as indicated in the Civil Grand Jury report. SFERS is among the most well-funded public retirement systems in the country. As a result of the system's strong record of superior returns on investments, the City was not required to make employer contributions to its retirement system from 1996 to 2004. Between FY2008-09 and FY2009-10, the City's retirement contribution rate rose from 4.99 percent to 9.49 percent, as a result of the 2008 voter-approved initiative tied to reducing the City's unfunded health benefit liability and fluctuations in earnings. However, the current employer contribution rate remains significantly lower than most other California public plans, including the California public employees' retirement system (CalPERS).

With respect to City pay practices, the Civil Grand Jury suggests that an ongoing practice of "pension spiking" occurs within the Police and Fire Departments. However, I do not agree that this practice is occurring in the City. The City has established checks on employee acting assignments and pay, and the City Charter and ordinances determine pension calculations. Furthermore, the City has litigated successfully all cases of attempted "pension spiking".

The Civil Grand Jury also recommends evaluating a change from a defined benefits plan to a defined contribution plan for new employees. As established in the City Charter, SFERS is a defined benefits plan that pools investments to better withstand market fluctuations and includes certain safeguards, such as provisions for death and disability, which a defined contribution plan does not. As such, I believe that SFERS plan, as set in the Charter, provides a more secure investment strategy and better overall pension plan.

The Civil Grand Jury report also concludes that the City faces a projected \$4 billion unfunded liability for its other post-employment benefits (OPEB), specifically retiree health benefits. In 2008, San Francisco voters passed Proposition B to reduce the City's unfunded OPEB liability and require to contributions from new employees hired after January 10, 2009. This change is expected to reduce the City's OPEB unfunded liability by \$1 billion over the next 30 years. The City is considering similar prefunding contributions to the OPEB trust fund for existing employees and reviewing other options to plan for the OPEB liability. As such, I have asked city officials to review and recommend any changes to pension and benefits.

The Civil Grand Jury report's criticism of SFERS data management also warrants a brief discussion. SFERS receives information from multiple sources, with regular updates on payroll and service data. As such, SFERS has developed and maintained a fully integrated pension administration system. The report alleges that data inconsistencies exist; however, this finding cannot be substantiated. Indeed, the Civil Grand Jury report mentions that SFERS employees ensure information is treated appropriately and verified by other analysts.

Finally, I would like to address the Civil Grand Jury report's comments regarding the Police Deferred Retirement Option Program (DROP). In 2008, San Francisco voters approved this voluntary retirement program intended to retain experienced officers in certain critical divisions of the San Francisco Police Department. The City is required to conduct a fiscal analysis of the program by April 15, 2011, in time for the Board of Supervisors to consider reauthorization of the program.

The Mayor's Office response to the Civil Grand Jury's findings is as follows:

**Finding 2.1.1:** The Jury has not found evidence that SFERS management has provided the oversight necessary to identify anomalies in pension payouts and to report the occurrences of pension spiking to the Retirement Board, the Mayor and the Board of Supervisors.

**Response:**

Disagree. There is no evidence of anomalies in pension payouts. SFERS, as well as other City agencies, continually monitor pay for employees in accordance with the Municipal Code and City Charter. Please see the SFERS' response.

**Finding 4.1.1:** The Controllers report stated that this program would be cost neutral to the City however, in a letter to the Director of Elections dated October 26<sup>th</sup> 2007, SFERS management wrote that: "While the initiative states that the program shall be cost neutral, no cost analysis is to be conducted until April 15<sup>th</sup> 2011. In other words the cost to administer the program has not been determined and the systems necessary to run it have not been developed. If the Board of Supervisors determines not to extend the DROP based on this cost analysis no further DROP elections will be allowed."

**Response:**

Will be Implemented in the Future. An analysis of this program is set to occur by April 15, 2011. The Board of Supervisors will have an opportunity to review its fiscal analysis prior to any reauthorization of the program.

The Mayor's Office response to the Civil Grand Jury's recommendations is as follows:

**Recommendation 2.2.1:** A task force should be established to evaluate a change to a defined-contribution (DC) plan for all new employees of the City and County of San Francisco. By adopting a DC plan, the Mayor, BOS and SFERS can do more to restore credibility to the public pension plans than any other action they can take.

**Response:**

4. Disagree. Will Not Be Implemented. I believe the SFERS defined benefits plan offers a more secure investment strategy than a defined contributions plan as described above. Therefore, it is not necessary to establish a task force to evaluate a change in plans at this time.

**Recommendation 2.2.2:** Pension Spiking should be prohibited altogether as an unfair and costly practice that benefits no one, except for the retiring employee.

**Response:**

1. Agree. Recommendation Implemented. I concur that "pension spiking" is unfair and costly. However, I agree with the Controller's Office there does not appear to be evidence to support the conclusion that this practice is occurring in the City. Additionally, there are appropriate controls in place on acting assignments and pay practices and pension benefits in accordance with the Municipal Code and City Charter. Please refer to the SFERS' response.

**Recommendation 2.2.3:** An independent investigation of pension fund spiking should be initiated.

**Response:**

4. Disagree. Will Not be Implemented. I do not agree that an independent investigation into pension spiking is necessary, given there is not evidence to support the conclusion that this practice is occurring in the City.

**Recommendation 2.2.5:** The Controller, Treasurer, and Executive Director of SFERS propose a long term solution to the OPEB \$4 billion unfunded liability that will ensure a prefunding alternative that will begin in the near term.

**Response:**

3. Requires Further Analysis. Due to the passage of Proposition B, the City will require cost-sharing for new employees to reduce other post-employment benefits (OPEB) unfunded liability by \$1 billion during the next 30 years. The City plans to pursue other strategies to reduce the OPEB liability including prefunding contributions for existing employees.

**Recommendation 3.2.2:** SFERS should become fully automated. This billion dollar agency should not rely on old paper copies of reports to determine correctness of pensions. An integrated data collection system should exist between all agencies feeding data to SFERS.

**Response:**

3. Requires Further Analysis. SFERS has a fully integrated pension administration system. The department continues to work with other City agencies to integrate data collection. Please see the SFERS' response.

**Recommendation 4.2.2:** The City and SFERS should determine the actual cost of running the program, to determine if the DROP program is economically viable at this point.

**Response:**

2. Will be Implemented in the Future. Given that the program was recently implement and participation is voluntary, determining the actual cost of the program requires more information. An analysis of this

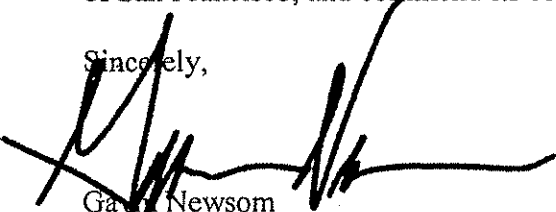
Mayor's Office Response to the Civil Grand Jury  
September 14, 2009

program is set to occur by April 15, 2011. The Board of Supervisors will have an opportunity to review its fiscal analysis prior to any reauthorization of the program.

Given continuing prudent management, I am confident that SFERS will continue to outpace other public pension plans, and its assets will remain protected.

In conclusion, I offer my thanks to the 2008-2009 Civil Grand Jury for its service to the City and County of San Francisco, and commend its commitment to improving the effectiveness of city government.

Sincerely,

A handwritten signature in black ink, appearing to be 'Gavin Newsom', written over a horizontal line.

Gavin Newsom  
Mayor




**CITY AND COUNTY OF SAN FRANCISCO**

**DATE:** September 14, 2009

**TO:** Honorable James J. McBride  
Presiding Judge of the Superior Court

**FROM:** Ben Rosenfield, Controller  
Joanne Hayes-White, Fire Chief  
George Gascón, Chief of Police  
Clare M. Murphy, Executive Director of the Employees' Retirement System

**SUBJECT:** CITY RESPONSE TO 2008-2009 CIVIL GRAND JURY REPORT:  
"PENSIONS, BEYOND OUR ABILITY TO PAY"

BY *OR*

2009 SEP 15 PM 2:02

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

In accordance with California Penal Code Section 933.05, the City submits its consolidated response to the above-referenced Civil Grand Jury Report as well as the attached individual responses to each finding and recommendation from the designated City entities and departments.

The Civil Grand Jury Report presents findings and recommendations in four areas related to the San Francisco Employees' Retirement System: 1) pension costs; 2) City pay practices that result in alleged "pension spiking"; 3) systems used by the City and SFERS to pay employees and calculate pension benefits; and 4) the Deferred Retirement Option Program.

Pension Costs. SFERS is among the most well-funded public retirement systems in the United States. As a result of SFERS' past record of superior long-term investment return, the City was not required to make any employer contributions to SFERS for the period 1996-2004 and the current required employer contribution rate (9.49%) to support the benefits approved by City voters is significantly lower than most other California public plans, including CalPERS. The benefits provided by SFERS, including the terms and conditions related to their payment, are set forth in the City Charter and changes to these benefits require voter approval.

As indicated in the Civil Grand Jury report, the City does not consider the increase in employer contributions to SFERS as a major issue with respect to the City's current financial situation and in no event a "pension crisis". On an on-going basis, City leadership considers how to manage retirement costs and benefits as part of its overall financial planning. The Civil Grand Jury's recommendation to establish a task force to evaluate pension costs is not required as these considerations are already occurring on a systematic basis. All pay practices negotiated through Memoranda of Understanding (MOU) with the various employee representative groups are approved by the Mayor and the Board of Supervisors prior to becoming effective. In addition, the Mayor and Board of Supervisors may make proposals regarding retirement benefits within the current legislative process to put before the voters. SFERS staff will continue to serve as a source of information, as requested, by City leadership in these considerations.

City Pay Practices. The City does not agree with the Civil Grand Jury that the practice of pension spiking is "institutionalized and on-going" within the City's Police and Fire Departments. There are appropriate controls on assignments, on pay, as well as on retirement calculations to insure that City employees are appropriately compensated and their pensions are determined in accordance with all applicable City Codes and the City Charter. SFERS has actively and successfully litigated all cases of attempted pension spiking activities, including class action lawsuits brought on behalf of active and retired Miscellaneous, Police and Fire Plan members and individual

members who sued SFERS to allow inclusion of additional components of pay in the calculation of final compensation.

In all cases reported by the Civil Grand Jury, all elements of pay included in the calculation of SFERS pension benefits are as provided by the City Charter and MOUs. For the pre-1976 SFERS Police and Fire Plans, "final compensation" is defined in the City Charter as "salary attached to the rank or position" held by the police officer or firefighter for at least one year immediately prior to his or her retirement.

The evidence of alleged pension spiking presented in the Civil Grand Jury report includes what they characterize as "anomalies in pension payouts". In particular, the Civil Grand Jury report characterizes Like Work Like Pay (LWLP) and temporary assignment pay as "premium service pay" which, when paid, artificially spike the employee's final compensation used to determine SFERS retirement benefits. The City does not agree with this characterization and points to City law and policy to distinguish these types of pay from "premium pay". Both the Police Department and the Fire Department have had extended periods over the past ten years in which no promotional examinations were conducted for various reasons. During these periods with no promotional examinations, both departments had to continue filling vacant positions in the officer ranks and, as provided in the City's Civil Service Commission and Department of Human Resources rules, policies and/or procedures and the applicable MOUs, the departments were only able to fill these vacancies by promotion using temporary appointments and/or LWLP assignments. In accordance with City Civil Service rules and the applicable MOUS, police officers or fire fighters who were promoted via temporary assignments and/or LWLP assignments are paid at the promotive rank in the same manner as if the employee was promoted using the promotional examination process. The increase in pay for these assignments represents wages paid for completion of the duties of the higher promotive rank. Accordingly, if a police officer or fire fighter was promoted to a higher rank using a temporary assignment or LWLP assignment and held that promotive rank for at least one year prior to retirement, the salary of the promotive rank would be used to calculate his or her SFERS pension benefits under City Charter provisions.

The Police and Fire Department's pay practices and late-career patterns of promotions and/or LWLP position assignments are analyzed by the SFERS consulting actuary at least every five years as it prepares its demographic experience study for the SFERS Retirement Board and are included in the actuarial assumptions used to determine benefit liability and employer contribution requirements. Over the long term, increased pension costs associated with the departments' pay practices and late-career promotion patterns are being funded by required contributions from employers and employees.

City Payroll and SFERS Retirement Administration Systems. The Controller's Office currently conducts a payroll audit program to ensure that employees are paid in accordance with applicable Civil Service Commission rules and MOU provisions. The pay practices listed in the Civil Grand Jury report may be audited in the normal course of the Controller's payroll audit program. The City is replacing its legacy payroll systems with an integrated Human Capital Management system identified as "eMerge" which is currently under development.

The Controller's Office includes SFERS as part of its annual risk assessment and considers whether to schedule internal audits for that agency as it does for any City department. SFERS has systems for quality control and audit testing, is relatively lower in risk order than many other City functions, and is not scheduled for an audit in FY 2009-2010 at this time. The Controller's Office could schedule an internal audit for SFERS in FY 2010-2011; however, that will be determined during its workplan and risk assessment process in Spring 2010.

SFERS has developed and maintains a fully integrated pension administration system (Oracle/PeopleSoft Pension Administration v.9). SFERS is a multi-employer system that receives payroll and service data from three separate sources (the City, SFUSD and SFCCD). The SFERS system validates covered compensation and contribution passed to SFERS by the three payroll systems. Systematic audits of covered pay and contributions are conducted at each pay cycle with programmed contribution adjustments as required. SFERS' Pension Administration system provides automated calculation of the majority of benefit calculations.

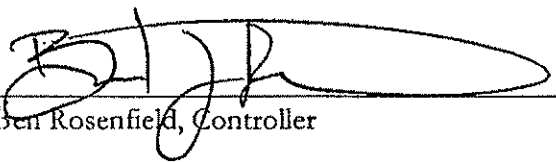
The Deferred Retirement Option Program. The City's Deferred Retirement Option Program was approved by City voters in 2008 after having been placed on the ballot via the initiative process, rather than through sponsorship by

the Mayor and/or Board of Supervisors. Since the initiative process bypasses normal legislative processes through the Board of Supervisors, no cost report was required by the Charter. On its face, the DROP initiative states that the DROP will be "cost neutral" to the City and no new costs will be imposed on the City as a consequence of police officers' participation in DROP. The DROP initiative also provides that a joint report prepared by the Controller and the SFERS consulting actuary documenting the net cost of DROP be submitted to the Board of Supervisors in 2011 – the final year of the initial three-year participation period for DROP. At that time, the Board of Supervisors is authorized to make a determination regarding extension of the DROP for an additional term, up to a maximum of three years, based on whether DROP has been cost-neutral to the City and has achieved the goals of the DROP initiative.

Although not directly related to City pensions, the Civil Grand Jury also provided a recommendation related to the City's OPEB liability. The Controller's Office already works with other City leadership to analyze, report on, and manage financial liability for the City, including the OPEB liability in accordance with GASB standards. If Proposition A (requiring specific long term financial planning) passes in November 2009, the Controller's Office will be undertaking additional analysis on this and other long-term financial liability issues. The City notes that a pre-funding alternative would not be the only option considered in planning for the OPEB liability.

Respectfully submitted,

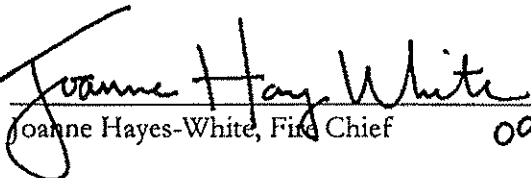
OFFICE OF THE CONTROLLER



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Ben Rosenfield, Controller

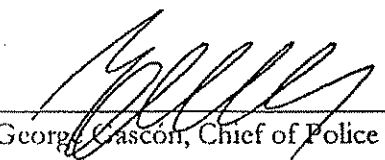
SAN FRANCISCO FIRE DEPARTMENT



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Joanne Hayes-White, Fire Chief 09/14/09

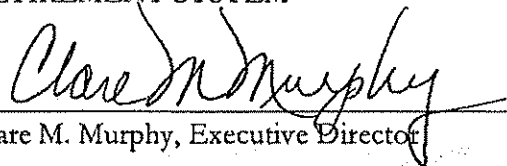
SAN FRANCISCO POLICE DEPARTMENT



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George Gascon, Chief of Police

SAN FRANCISCO EMPLOYEES'  
RETIREMENT SYSTEM



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Clare M. Murphy, Executive Director

Status of the Recommendations  
by the 2008-09 Civil Grand Jury

California Penal Code Sections 933.05(a) and (b) requires the responding party to report for each recommendation of the Civil Grand Jury one of the following actions:

1. Recommendation Implemented - Date Implemented - Summary of Implemented Action	2. Will Be Implemented in the Future - Anticipated Timeframe for Implementation	3. Requires Further Analysis - Explanation - Timeframe (Not to exceed six months from date of publication of grand jury report)	4. Will Not Be Implemented: Not Warranted or Not Reasonable - Explanation
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For each recommendation below, indicate one of the four actions you have taken or plan to take in the "Action Plan" column and provide the required explanation in the "2009 Response Text" column.

CGJ Year	Report Title	Recommendation or Finding Number	Recommendation or Finding Text	Response Required From	Action Plan	2009 Response Text
2008-09	Pensions Beyond Our Ability to Pay	F2.1.1	The Jury has not found evidence that SFERS management has provided the oversight necessary to identify anomalies in pension payouts and to report the occurrences of pension spiking to the Retirement Board, the Mayor and the Board of Supervisors.	Supervisors, Mayor, Retirement	This item is a finding - there will be no action plan in response.	RET: San Francisco Employee Retirement System (SFERS) has actively and successfully litigated all cases of attempted pension spiking by its members and reported the same to the Retirement Board. SFERS is not aware of any "anomalies in pension payouts" that the Civil Grand Jury (CGJ) is referencing - all elements of pay included in the calculation of SFERS pensions are as provided by City Charter and Memoranda of Understanding (MOUs).
2008-09	Pensions Beyond Our Ability to Pay	F2.1.2	There are a number of cases of retiring employees placed into "Acting Assignments" or "Like Work Like Pay" for various period of time during the employees final year before retirement a period of 365 (or less) consecutive days for the purpose of increasing their final year's salary, which resulted in a significant increase to their pension benefit.	Fire, Police, Retirement	This item is a finding - there will be no action plan in response.	POL: The Police Department is unable to endorse the accuracy of this finding. • RET: In each case identified by the CGJ, the member served and was paid in the rank upon which the pension was based for at least one year as required by City Charter, FIRE: Although it is true that there were retirees who received acting assignments or like work, like pay (LWLP) 365 days prior to retirement, it is not for the purpose of increasing their final year's salary to increase their pension benefit. The acting assignments and like work, like pay were legitimate temporary methods by which the Department filled vacancies in promotive ranks in the absence of promotional exams for approximately eight years.
2008-09	Pensions Beyond Our Ability to Pay	F2.1.3	Police officers, who retired in 1998, are on average receiving 150% of their original retirement pension amount.	Police	This item is a finding - there will be no action plan in response.	POL: The Police Department is unable to endorse the accuracy of this finding however we have discussed the underlying concern with the Retirement System. Please note the Retirement System's informational response on this issue: The increase in retirement pension amounts since 1998 is driven by the Charter-provided Cost of Living Adjustments (COLAs) that were paid each year since 1998: for New Plan police, retirees the annual COLA adjustment is up to a maximum of 3% increase of original pension amount in years when the 1% Supplemental COLA is payable and for Old Plan police retirees the annual COLA adjustment is either 50% of the percentage or dollar increase in base wages paid to active police members during the year.
2008-09	Pensions Beyond Our Ability to Pay	F2.1.4	Fighters, who retired in 1998, are on average receiving 153% of their original retirement pension amount.	Fire	This item is a finding - there will be no action plan in response.	FIRE: We have discussed this issue with the Retirement System and confirmed that, as noted in finding F2.1.3, the increase in retirement pension amounts since 1998 is driven by the Charter-provided COLAs that were paid each year since 1998: for New Plan fire retirees the annual COLA adjustment is up to a maximum of 3% increase of original pension amount in years when the 1% Supplemental COLA is payable and for Old Plan fire retirees the annual COLA adjustment is either 50% of the percentage or dollar increase in base wages paid to active fire members during the year.
2008-09	Pensions Beyond Our Ability to Pay	F2.1.5	There is a 116% increase in the benefits compensation for the average Firefighter retired in the past 10 years. (See Figure 6)	Fire	This item is a finding - there will be no action plan in response.	FIRE: The Fire Department confirmed with the Retirement System that this average increase is based on Charter-provided COLAs paid to the fire retirees over the 10-year period as described in the response to F2.1.4 above.
2008-09	Pensions Beyond Our Ability to Pay	F2.1.6	There is a 117% increase in the benefits compensation for the average Police Officer retired in the past 10 years (See Figure 5)	Police	This item is a finding - there will be no action plan in response.	POL: The Police Department is unable to endorse the accuracy of this finding however we have discussed the issue with the Retirement System and note that this average increase is based on Charter-provided COLAs paid to the police retirees over the 10-year period as described in the response to F2.1.3.

**Status of the Recommendations  
by the 2008-09 Civil Grand Jury**

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CGJ Year	Report Title	Recommendation or Finding Number	Recommendation or Finding Text	Response Required From	Action Plan	2009 Response Text
2008-09	Pensions Beyond Our Ability to Pay	F2.1.7	Of the 707 Firefighters who retired in the last 10 years, 115 are being paid a pension of over \$100,000 (See Figure 2.).	Fire	This item is a finding - there will be no action plan in response.	FIRE: Firefighters retiring at pensions over \$100,000 is attributable to established pay practices at the time of retirement or to negotiated enhancements to the contract.
2008-09	Pensions Beyond Our Ability to Pay	F2.1.8	Of the 638 Police officers retired in the last 10 years, 39 are being paid a pension of over \$100,000 (See Figure 1.).	Police	This item is a finding - there will be no action plan in response.	POL: The Police Department is unable to endorse the accuracy of this finding however we note that pensions over \$100,000 are attributable to established pay practices at the time of the retirement or to negotiated enhancements to the contract.
2008-09	Pensions Beyond Our Ability to Pay	F2.1.9	On average of individuals retiring since 1998, 26% of Firefighters and 22% of Police officers received an increase of over 10% that is attributable to some type of premium service pay, such as LWLP, temporary assignments, etc. (See Figure 7.)	Controller, Fire, Police, Retirement	This item is a finding - there will be no action plan in response.	FIRE, POL and CON: Our departments do not endorse the accuracy of this finding and direct readers to the information provided below by the Retirement System. * RET: LWLP and temporary assignment pay are not premium service pays. Only components of pay, including premium pay, attached to the rank are covered compensation for benefit calculation purposes. SFERS has successfully litigated its practice of including only pay components attached to the rank in the calculation of final compensation for benefit calculation purposes. The timing of changes in the City's pay practices for Fire and Police (e.g. creation of training and education pay, terrorism pay, etc.) impacts the final compensation for the more recent retirees to a greater extent than those who retired in the late 1990's.
2008-09	Pensions Beyond Our Ability to Pay	F2.1.10	As of the July 1 Cheiron Actuarial Evaluation there are 2,142 retired police officers, and 1,977 retired Firefighters. Their Data provided to us by SFERS shows that 707 Firefighters and 638 Police officers who retired during the years of 1998 to 2008. Of the total number approximately 23% all police officers and 46% of all Firefighters during this time frame did so, on disability.	Fire, Police, Retirement	This item is a finding - there will be no action plan in response.	FIRE, POL and RET: We have researched this matter and cannot confirm the CGJ's methodology for calculating the disability percentages in this Finding.
2008-09	Pensions Beyond Our Ability to Pay	F2.1.11	We found several cases of Tier 1 (Old Plan) <sup>21</sup> retiring employees, who did not complete the required 365 consecutive day of service to be eligible for an increased retirement benefit. To date there has not been an adequate explanation of whether certain work schedules by these individuals were included in the Final Compensation used by SFERS to compute the employee's pension benefit.	Controller, Fire, Police	This item is a finding - there will be no action plan in response.	CON: The Controller's Office is unable to endorse the accuracy of this finding. POL: The Department is unable to endorse the accuracy of this pension at the higher rank served the required 365 consecutive days at that rank. As the Fire Department previously explained to the members of the Civil Grand Jury, the 365 consecutive days of service pertains to regularly scheduled work days. This does not include a member's days off when he/she can work overtime at the lower rank without causing a break in service at the higher rank for retirement purposes. * RET: In each case identified by the CGJ, the member served and was paid in the rank upon which the pension was based for at least one year as required by City Charter. SFERS does not include "work schedules" in its calculation of final compensation used to determine the member's retirement allowance; SFERS uses actual covered pay received by the member to calculate benefit final compensation.

Status of the Recommendations  
by the 2008-09 Civil Grand Jury

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For each recommendation below, indicate one of the four actions you have taken or plan to take in the "Action Plan" column and provide the required explanation in the "2009 Response Text" column.

CGJ Year	Report Title	Recommendation or Finding Number	Recommendation or Finding Text	Response Required From	Action Plan	2009 Response Text
2008-09	Pensions Beyond Our Ability to Pay	F3.1.1	During the course of the investigation the jury had the opportunity to examine various reports and databases. All of them in one way or another feed the SFERS system which then computes the final pension benefits for retired individuals. SFERS has no up-to-date procedure or training manual for teaching new analysts how to determine the correct pension amount, and relies on Senior Pension Analysts to assist in resolving issues.	Retirement	This item is a finding there will be no action plan in response.	RET: SFERS maintains a Pension Administration system user manual that documents SFERS business rules and system procedures used in administering SFERS member accounts, including the calculation of retirement benefits. This on-line resource is used for staff training and reference and is available to all system users. SFERS provided the CGJ the glossary of terms section of this user manual at one of its first meetings with the CGJ. All benefit calculations are audited by senior pension analysts for quality control purposes.
2008-09	Pensions Beyond Our Ability to Pay	F3.1.2	SFERS maintains its own database, uses paper and report images files (PDF) to check the calculations, and has assured us that the data which we found to be inconsistent is not used in any calculations. However the jury finds that since some of the data is entered manually in various systems, an entry error would be easily propagated without being found. This in the jury's opinion can lead to errors in the data used by SFERS to determine pensions. SFERS maintains a staff of approximately 20 Senior Analysts to determine the accuracy of final benefits, due in their words the "complexity of the task".	Retirement	This item is a finding there will be no action plan in response.	RET: Basic demographic and job-related data is entered manually by staff when we set up a new member account. After that initial setup, all "data used by SFERS to determine pensions" is entered into the Pension Administration system via electronic file interface with the three payroll systems that feed demographic and financial data (service and pay data) for active SFERS members. SFERS does not manipulate or change payroll data received from any of the three payroll sources - all adjustments to member payroll that are requested by SFERS (e.g. contribution corrections) are driven back through the payroll interface protocol. None of the service or pay data is subject to any data entry errors by SFERS staff.
2008-09	Pensions Beyond Our Ability to Pay	F4.1.1	The Controller's report stated that this program would be cost neutral to the city however, in a letter to the Director of Elections dated October 26 <sup>th</sup> 2007, SFERS management wrote that: "While the initiative states that the program shall be cost neutral, no cost analysis is to be conducted until April 15 <sup>th</sup> 2011. In other words the cost to administer the program has not been determined and the systems necessary to run it, have not been developed. If the Board of Supervisors determines not to extend the DROP based on this cost analysis no further DROP elections will be allowed". <sup>17</sup>	Controller, Police, Supervisors, Mayor, Retirement	This item is a finding there will be no action plan in response.	POL: The Police Department is unable to endorse the accuracy of this finding. - CON: No response necessary. - RET: No costs can be determined for DROP due to the voluntary nature of elections to participate in DROP and the individual circumstances surrounding each decision to participate. The cost analysis to be conducted in April 2011 will be based on actual DROP elections. Note that the DROP plan was placed on the ballot through an initiative petition and therefore there was no formal actuarial cost report on the measure as would have been required for most changes to Retirement benefits.
2008-09	Pensions Beyond Our Ability to Pay	F4.1.2	To date approximately 80%-85% of systems required for DROP calculations and accounting have been completed <sup>17</sup> .	Retirement	This item is a finding there will be no action plan in response.	RET: All systems required for the administration of DROP including benefit calculation and accounting have been completed as of August 2009.

Status of the Recommendations  
by the 2008-09 Civil Grand Jury

California Penal Code Sections 933.05(a) and (b) requires the responding party to report for each recommendation of the Civil Grand Jury one of the following actions:

1. Recommendation Implemented - Data Implemented - Summary of Implemented Action	2. Will Be Implemented in the Future - Anticipated Timeline for Implementation	3. Requires Further Analysis - Explanation - Timeline (Not to exceed six months from date of publication of grand jury report)	4. Will Not Be Implemented: Not Warranted or Not Reasonable - Explanation
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CGJ Year	Report Title	Recommendation or Finding Number	Recommendation or Finding Text	Response Required From	Action Plan	2009 Response Text
2008-09	Pensions Beyond Our Ability to Pay	F4.1.3	There 464 officers eligible for DROP as of July 7 <sup>th</sup> 2009. As of the writing of this report there are 55 officers enrolled in the program, however costs to SFERS on the City have not been determined, and no special Account has been set up as stipulated in the proposition.	Controller, Police, Retirement	This item is a finding - there will be no action plan in response.	<b>POL:</b> The Police Department is unable to endorse the accuracy of this finding. <b>CON:</b> The Charter language authorizing the DROP requires an analysis of the program following its third year (by April 15, 2011) by the Controller and SFERS actuary. At that time, the Board of Supervisors is authorized to make determinations regarding the program by majority vote. The City has systems in place to properly calculate and perform accounting functions for the DROP as necessary at this time. <b>RET:</b> No costs can be determined for DROP due to the voluntary nature of elections to participate in DROP and the individual circumstances surrounding each decision to participate. The cost analysis to be conducted in April 2011 will be based on actual DROP elections. Individual Member DROP Accounts have been established since July 31, 2008 and semiannual DROP Account statements have been mailed to each DROP participant in February 2009 and August 2009.
2008-09	Pensions Beyond Our Ability to Pay	F4.1.4	Of the 55 officers enrolled in the program all but 4 have a pension benefit of over \$90,000/year. The average pension compensation amount is \$105,000 per year.	Controller, Police, Retirement	This item is a finding - there will be no action plan in response.	<b>POL, CON, RET:</b> We have discussed this finding and cannot confirm its accuracy, however we also note that the City does have multiple controls to ensure that pension benefits amounts are determined through pay practices that are approved and agreed to by the City and the Retirement System.
2008-09	Pensions Beyond Our Ability to Pay	F4.1.5	If all 55 individuals leave DROP after the maximum 3 year period, SFERS will pay a lump sum of over \$17 million (approximately \$300,000 per individual).	Controller, Police, Retirement	This item is a finding - there will be no action plan in response.	<b>POL:</b> The Police Department is unable to endorse the accuracy of this finding. <b>CON:</b> The Controller's Office has not confirmed the Civil Grand Jury's finding at this time. <b>RET:</b> SFERS cannot confirm the CGJ's methodology for calculating the \$17 million DROP payout. DROP participants are restricted by job classification to maximum participation terms ranging from 12 months to 36 months.
2008-09	Pensions Beyond Our Ability to Pay	F4.1.6	A law enacted in California, allows the 20 county systems that operate under DROP. Former Gov. Gray Davis vetoed four state and local DROP bills in 2000-2002, citing the increased cost to the state.	Controller, Police, Retirement	This item is a finding - there will be no action plan in response.	<b>POL:</b> The Police Department is unable to endorse the accuracy of this finding. <b>CON:</b> No response necessary. <b>RET:</b> Not applicable approved by City voters.
2008-09	Pensions Beyond Our Ability to Pay	R2.2.1	A task force should be established to evaluate a change to a defined-contribution (DC) plan for all new employees of the City and County of San Francisco. By adopting a DC plan, the Mayor, BOS and SFERS can do more to restore credibility to the public pension plans than any other action they can take.	Controller, Supervisors, Mayor, Retirement	4. Will Not Be Implemented	<b>CON:</b> City leadership may consider how to manage retirement costs and benefits as part of its overall financial planning, and the Mayor and Board of Supervisors may make proposals regarding retirement benefits within the current system to put before the voters. These considerations already occur through the City leadership and managers' review of pension costs and contribution rates and their financial impacts in the budget process and in other settings. Benefits, terms and conditions of SFERS are set in the Charter, and changes to them are a matter for voter approval. <b>RET:</b> As fiduciaries to SFERS members and trust, it would not be appropriate for a SFERS Retirement Board member or staff to serve on a task force designed to eliminate or replace SFERS. SFERS staff can serve as a source of information if requested by the task force.

**Status of the Recommendations  
by the 2008-09 Civil Grand Jury**

California Penal Code Sections 933.05(a) and (b) requires the responding party to report for each recommendation of the Civil Grand Jury one of the following actions:

1. Recommendation Implemented - Date Implemented - Summary of Implementation - Action	2. Will Be Implemented - Anticipated Timeframe for Implementation	3. Requires Further Analysis - Explanation - Anticipated Timeframe for publication of grand jury report	4. Will Not Be Implemented; Not Warranted or Not Reasonable - Explanation
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CGJ Year	Report Title	Recommendation or Finding Number	Recommendation or Finding Text	Response Required From	Action Plan	2009 Response Text
2008-09	Pensions Beyond Our Ability to Pay	R2.2.2	Pension Spiking should be prohibited altogether as an unfair and costly practice that benefits no one, except for the retiring employee.	Controller, Fire, Police, Supervisors, Mayor	1. Recommendation Implemented	<p><b>FIRE:</b> The prohibition of spiking has been in place in the City and County of San Francisco and the San Francisco Employees' Retirement System. The Fire Department does not engage in this prohibited practice.</p> <p><b>POL:</b> The Police Department does not countenance, nor is it aware of, any practice which is violative of existing law or contrary to the provisions of the Charter. Pensions are governed by the provisions of the City Charter and overseen by the San Francisco Employees Retirement System.</p> <p><b>CON:</b> The Controller's Office agrees that "pension spiking" is unfair and costly and should be prevented. There are controls on assignments, on pay and on retirement calculations to control the risk of "spiking" and insure that City employees are appropriately compensated and their pensions are determined in accordance with all applicable codes.</p>
2008-09	Pensions Beyond Our Ability to Pay	R2.2.3	An independent investigation of pension fund spiking should be initiated.	Controller, Fire, Police, Supervisors, Mayor	4. Will Not Be Implemented	<p><b>FIRE:</b> Independent investigation of pension fund spiking is not warranted because there are system-wide controls prohibiting such practice. The Fire Department does not engage in this prohibited practice.</p> <p><b>POL:</b> The Police Department looks to the expertise of the San Francisco Employees Retirement System for assistance in determining whether there is a factual basis to the assertion that irregularities have occurred. Until that time, any recommendation for an independent investigation is premature.</p> <p><b>CON:</b> As noted above, there are controls on assignments, on pay and on retirement calculations to insure that City employees are appropriately compensated and their pensions are determined in accordance with all applicable codes. See below for the Controller's overall approach to internal auditing for the Retirement System.</p>
2008-09	Pensions Beyond Our Ability to Pay	R2.2.4	The Controller should undertake an audit of SFERS to include the reporting of work history and payroll data for the police and fire departments. In addition, the Controller should examine SFERS policies and practices regarding the determination of Final Compensation and the computation of pension benefits.	Controller	3. Requires further analysis	<p><b>CON:</b> The Controller's Office includes SFERS as part of its annual risk assessment and considers whether to schedule internal audit(s) for that agency as it does for any city department. SFERS has systems for quality control and audit testing, is relatively lower in risk order than many other city functions, and is not scheduled for an audit in FY09-10 at this time. An internal audit for the Department could be scheduled in FY10-11 however that will be determined during our workplan and risk assessment process in the spring of 2010.</p>
2008-09	Pensions Beyond Our Ability to Pay	R2.2.5	The Controller, Treasurer, and Executive Director of SFERS propose a long term solution to the OPEB \$4 billion unfunded liability that will ensure a prefunding alternative that will begin in the near term.	Controller, Mayor, Retirement	3. Requires further analysis	<p><b>CON:</b> The Controller's Office already works with other City leadership to analyze, report on, and manage financial liability for the City, including the Other Post Employment Benefits (OPEB) liability in accordance with GASB standards. If Proposition A (requiring specific long term financial planning) passes in November 2009, the Controller's Office will be undertaking additional analysis on this and other long-term financial liability issues. We note that a pre-funding alternative would not be the only option considered in planning for the OPEB liability.</p> <p><b>RET:</b> The Controller, Treasurer and Executive Director of SFERS are currently standing members of the newly-created Retiree Health Care Trust Fund (RHCTF) Board; however, the RHCTF Board does not have the authority to propose solutions for funding of the OPEB liability to the City. The RHCTF Board's Charter mandate is to act as trustee for the RHCTF.</p>



**Status of the Recommendations  
by the 2008-09 Civil Grand Jury**

California Penal Code Sections 933.05(a) and (b) requires the responding party to report for each recommendation of the Civil Grand Jury one of the following actions:

1. Recommendation Implemented - Date Implemented - Summary of Implemented Action	2. Will Be Implemented in the Future - Anticipated Timeframe for Implementation	3. Requires Further Analysis - Explanation - Timeframe (Not to exceed six months from date of publication of grand jury report)	4. Will Not Be Implemented: Not Warranted or Not Reasonable - Explanation
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For each recommendation below, indicate one of the four actions you have taken or plan to take in the "Action Plan" column and provide the required explanation in the "2009 Response Text" column.

CGJ Year	Report Title	Recommendation or Finding Number	Recommendation or Finding Text	Response Required From	Action Plan	2009 Response Text
2008-09	Pensions Beyond Our Ability to Pay	R3.2.1	The City should undertake an audit of the data initiating with time sheets, and payroll history files of the police and fire departments, and terminating with the process of establishing a pension amount due a retiree.	Controller	1. Recommended Implemented	CON: The Controller's Office, as part of its payroll audit program, is currently engaged in an audit of pay practices at the Police Department, focusing on overtime. Other pay practices listed in the Civil Grand Jury report may be audited in the future as part of the payroll audit program.
2008-09	Pensions Beyond Our Ability to Pay	R3.2.2	SFERS should become fully automated. This billion dollar agency should not rely on old paper copies of reports to determine correctness of pensions. An integrated data collection system should exist between all agencies feeding data to SFERS.	Mayor, Retirement	3. Requires further analysis	RET: SFERS has developed and maintains a fully integrated pension administration system (Oracle/PeopleSoft Pension Administration v.9). SFERS is a multi-employer system that receives payroll and service data from three separate sources (the City, SFUSD and SFCCD). It will take an mutual agreement between SFERS and each of these business units as well as a dedication of resources on all sides to "integrate" payroll and service data collection which feeds into the SFERS Pension Administration system. Any integration effort will require programming of the review and quality assurance of any payroll data to be received into the SFERS Pension Administration system. To date, only the City has undertaken a systems project (Project eMerge) to fully integrate its personnel and payroll processing system and the evaluation of end-process interface requirements functions is included in the later phases of the project.
2008-09	Pensions Beyond Our Ability to Pay	R3.2.3	Since the determination of pension benefits is a complex process the need for automation becomes more critical. SFERS should provide its Analysts with a manual of standard procedures and methods for determining every possible variation of an individual's pension amount. We find that this lack of a manual can lead to different analysts computing a different amount of pension for the same individual	Retirement	1. Recommended Implemented	RET: SFERS maintains a Pension Administration system user manual that documents SFERS business rules and system procedures used in administering SFERS member accounts, including the calculation of retirement benefits. This on-line resource is used for staff training and reference and is available to all system users. SFERS provided the CGJ the glossary of terms section of this user manual at one of its first meetings with the CGJ. All benefit calculations are audited by senior pension analysts for quality control purposes.
2008-09	Pensions Beyond Our Ability to Pay	R4.2.1	The City and SFERS should complete all systems required to properly calculate and perform accounting functions for DROP.	Controller, Police, Retirement	1. Recommended Implemented	CON: The City has systems in place to properly calculate and perform accounting functions for the DROP as necessary at this time. POL: This is a matter outside the jurisdiction of the Police Department. It is best left to the City and the San Francisco Employees Retirement System to look at costs associated with the DROP program, (which was approved by the voters of the City and County of San Francisco). RET: All systems required to administer the DROP including for calculation of DROP benefits, accounting and reporting have been implemented. The final systems changes related to annual member reporting were completed in July 2009.

Status of the Recommendations  
by the 2008-09 Civil Grand Jury

California Penal Code Sections 933.05(a) and (b) requires the responding party to report for each recommendation of the Civil Grand Jury one of the following actions:

1. Recommendation Implemented - Date Implemented - Summary of Implemented Action	2. Will Be Implemented in the Future - Anticipated Timeframe for Implementation	3. Requires Further Analysis - Explanation - Timeframe (Not to exceed six months from date of publication of grand jury report)	4. Will Not Be Implemented: Not Warranted or Not Reasonable - Explanation
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For each recommendation below, indicate one of the four actions you have taken or plan to take in the "Action Plan" column and provide the required explanation in the "2009 Response Text" column.

CGJ Year	Report Title	Recommendation or Finding Number	Recommendation or Finding Text	Response Required From	Action Plan	2009 Response Text
2008-09	Pensions Beyond Our Ability to Pay	RA.2.2	The City and SFERS should determine the actual cost of running the program, to determine if the DROP program is economically viable at this point.	Controller, Police, Supervisors, Mayor, Retirement	2. Will be implemented in the future	<p>CON: The Charter language authorizing the DROP requires an analysis of the program following its third year (by April 15, 2011) by the Controller and SFERS actuary. At that time, the Board of Supervisors is authorized to make determinations regarding the program by majority vote.</p> <p>POL: This is a matter outside the jurisdiction of the Police Department. It is best left to the City and the San Francisco Employees Retirement System to look at costs associated with the DROP program, (which was approved by the voters of the City and County of San Francisco).</p> <p>RET: The Initiative passed by City voters in 2008 provides for a joint report prepared by the Controller and the SFERS consulting actuary documenting the net cost of the Program to be submitted to the Board of Supervisors not later than April 15, 2011</p>
2008-09	Pensions Beyond Our Ability to Pay	RA.2.3	SFERS, the City, and the SFPD should not enroll additional individuals into DROP until all necessary systems to monitor and calculate are fully functional, and the costs to run the program are computed and finalized.	Controller, Police, Retirement	4. Will Not Be Implemented	<p>CON: The DROP is a voter-approved element of the Retirement System. SFERS and the SFPD do not have the authority to prevent eligible individuals from enrolling. The Charter language authorizing the DROP requires an analysis of the program following its third year (by April 15, 2011) by the Controller and SFERS actuary. At that time, the Board of Supervisors is authorized to make determinations regarding the program by majority vote.</p> <p>POL: This is a matter outside the jurisdiction of the Police Department. It is best left to the City and the San Francisco Employees Retirement System to look at costs associated with the DROP program, (which was approved by the voters of the City and County of San Francisco).</p> <p>RET: The Charter mandates an initial three-year period (July 1, 2008 through June 30, 2011) during which eligible police officers may elect to participate in DROP. All systems required to administer the DROP have been implemented; the cost report to the Board of Supervisors will be submitted as required in 2011.</p>