



November 12, 2014
Agenda Item 12

October 31, 2014

Lou Ann Texeira
Contra Costa County Local Agency Formation Commission
651 Pine Street, 6th Floor
Martinez, CA 94553

Re: Actuarial Information Letters

Dear Lou Ann Texeira,

Enclosed is a copy of the *Five-Year Projection of Employer Contribution Rate Changes* as provided to us by Segal Consulting. This document is intended to provide an updated projection of estimated future contribution rate changes for CCCERA.

Please read the attached document closely. This projection will provide an estimate to employers of potential changes in contribution rates, based on the December 31, 2013 Actuarial Valuation. The projected changes are mainly due to the scheduled recognition of deferred gains and losses from the actuarial asset smoothing methodology.

Additional information regarding the Unfunded Actuarial Accrued Liability (UAAL) by employer, and reconciliations by cost group of both the change in UAAL and change in employer contribution rates will be provided to you when available.

Please review the enclosed information and call our office with any questions. We will be happy to discuss particulars with each individual employer.

Sincerely,

Kurt Schneider
Deputy Retirement Chief Executive Officer



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John W. Monroe, ASA, MAAA
Vice President & Associate Actuary
jmonroe@segalco.com

October 15, 2014

Mr. Kurt Schneider
Deputy Chief Executive Officer
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association
Five-Year Projection of Employer Contribution Rate Changes**

Dear Kurt:

As requested, we have updated our five-year projection of estimated employer contribution rate changes for CCCERA. This projection is derived from the December 31, 2013 actuarial valuation results. Key assumptions and methods are detailed below. **It is important to understand that these results are entirely dependent on those assumptions. Actual results as determined in future actuarial valuations will differ from these results. In particular, actual investment returns and actual salary levels different than assumed can have a significant impact on future contribution rates.**

Results

The estimated contribution rate changes shown on the next page apply to the recommended average employer contribution rate. For purposes of this projection, the rate changes that are reflected include the asset gains and losses that are funded as a level percentage of the Association's total active payroll base.

The changes in contribution rate are due to: (1) deferred gains from the actuarial asset smoothing methodology; (2) gains due to investment income earned on the difference between the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) (and losses when the opposite occurs); and (3) contribution gains which occur from delaying the implementation of new rates until 18 months after the actuarial valuation date.

The following table provides the year-to-year rate changes from each of the above components and the cumulative rate change over the five-year projection period. To obtain the estimated average employer contribution rate at each successive valuation date, these cumulative rate changes should be added to the rates developed from the December 31, 2013 valuation. These rate changes become effective 18 months following the actuarial valuation date shown in the table.

The rate changes shown below represent the average rate for the aggregate plan.

Rate Change Component	Valuation Date (12/31)				
	2014	2015	2016	2017	2018
(1) Deferred (Gains)/Losses	-1.82%	-1.28%	-0.94%	-0.94%	-0.32%
(2) (Gain)/Loss of Investment Income on Difference Between MVA and AVA	-0.41%	-0.26%	-0.16%	-0.09%	-0.02%
(3) 18-Month Rate Delay	<u>0.00%</u>	<u>-0.40%</u>	<u>-0.23%</u>	<u>-0.17%</u>	<u>-0.14%</u>
Incremental Rate Change	-2.23%	-1.94%	-1.33%	-1.20%	-0.48%
Cumulative Rate Change	-2.23%	-4.17%	-5.50%	-6.70%	-7.18%

The difference between these cumulative rate changes and those shown in our January 31, 2014 letter (i.e., previous five-year projection) are as follows:

	Valuation Date (12/31)				
	2013	2014	2015	2016	2017
Cumulative Rate Change From January 31, 2014 Letter	0.21%	-1.66%	-3.47%	-4.90%	-6.21%
Reflecting Actual Experience through 12/31/2013 and Changes in Demographic Assumptions	-6.24% ¹	-8.47%	-10.41%	-11.74%	-12.94%
Difference	-6.45%	-6.81%	-6.94%	-6.84%	-6.73%

These differences are mainly due to the inclusion of changes in leave cashout assumptions in the December 31, 2013 valuation. The differences also reflect actual experience from the December 31, 2013 valuation instead of projected experience that was part of the previous projection.

The average employer contribution rate as of the December 31, 2013 Actuarial Valuation is 43.58%, and based on the cumulative rate changes above is projected to progress as shown below.

	Valuation Date (12/31)				
	2014	2015	2016	2017	2018
Average Employer Contribution Rate	41.35%	39.41%	38.08%	36.88%	36.40%

¹ Actual change in the average employer contribution rate as shown on page 32 of the December 31, 2013 valuation.

The rate change for an individual cost group or employer will vary depending primarily on the size of that group's assets and liabilities relative to its payroll. The ratio of the group's assets to payroll is sometimes referred to as the volatility index (VI). A higher VI results in more volatile contributions and can result from the following factors:

- More generous benefits
- More retirees
- Older workforce
- Shorter careers
- Issuance of Pension Obligation Bonds (POBs)

The attached exhibit shows the VI for CCCERA's cost groups along with the "relative VI" which is the VI for that specific cost group divided by the average VI for the aggregate plan. Using these ratios we have estimated the rate change due to these generally investment related net gains for each individual cost group by multiplying the rate changes shown above for the aggregate plan by the relative VI for each cost group. These estimated rate changes for each cost group are shown in the attached exhibit.

Note that because we have estimated the allocation of the rate changes across the cost groups, the actual rate changes by group may differ from those shown in the exhibit, even if the plan-wide average rate changes are close to those shown above.

Key Assumptions and Methods

The projection is based upon the following assumptions and methods:

- December 31, 2013 non-economic assumptions remain unchanged.
- December 31, 2013 retirement benefit formulas remain unchanged.
- December 31, 2013 1937 Act statutes remain unchanged.
- UAAL amortization method remains unchanged.
- December 31, 2013 economic assumptions remain unchanged, including the 7.25% investment earnings assumption.
- We have assumed that returns of 7.25% are actually earned on a market value basis for each of the next four years after 2013.
- Active payroll grows at 4.00% per annum.
- Deferred investment gains and losses are recognized per the asset smoothing schedule prepared by the Association as of December 31, 2013. They are funded as a level percentage of the Association's total active payroll base.

- Deferred investment gains are all applied directly to reduce the UAAL. Note that this assumption may not be entirely consistent with the details of the Board's Interest Crediting and Excess Earnings Policy.
- The VI used for these projections is based on the December 31, 2013 Actuarial Valuation and is assumed to stay constant during the projection period.
- All other actuarial assumptions used in the December 31, 2013 actuarial valuation are realized.
- No changes are made to actuarial methodologies, such as adjusting for the contribution rate delay in advance.
- The projections do not reflect any changes in the employer contribution rates that could result due to future changes in the demographics of CCCERA's active members or decreases in the employer contribution rates that might result from new hires going into the PEPRAs tiers.

Finally, we emphasize that projections, by their nature, are not a guarantee of future results. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

Unless otherwise noted, all of the above calculations are based on the December 31, 2013 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based. That valuation and these projections were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Sincerely,



John Monroe

AW/hy
Enclosure

Exhibit
Contra Costa County Employees' Retirement Association
Estimated Employer Rate Change by Cost Group (CG) Based on December 31, 2013 Valuation

	CG#1 & CG#2 Combined Enhanced General	CG#3 Enhanced CCC Sanitary District	CG#4 Enhanced Housing Authority	CG#5 Enhanced CCCFPD	CG#6 Non-Enhanced District
Market Value of Assets (MVA)*	\$3,605,456,649	\$225,446,520	\$42,610,363	\$41,544,308	\$5,277,311
Projected Payroll for 2014	\$503,763,828	\$27,178,589	\$5,033,671	\$3,662,987	\$792,280
Volatility Index (VI) = MVA/Payroll	7.16	8.30	8.47	11.34	6.66
Relative Volatility Index (VI) = CG VI / Total Plan VI	0.75	0.87	0.89	1.20	0.70
Estimated Incremental Rate Change as of 12/31/2014	-1.68%	-1.95%	-1.99%	-2.67%	-1.57%
Estimated Incremental Rate Change as of 12/31/2015	-1.46%	-1.70%	-1.73%	-2.32%	-1.36%
Estimated Incremental Rate Change as of 12/31/2016	-1.00%	-1.16%	-1.19%	-1.59%	-0.93%
Estimated Incremental Rate Change as of 12/31/2017	-0.91%	-1.05%	-1.07%	-1.44%	-0.84%
Estimated Incremental Rate Change as of 12/31/2018	-0.36%	-0.42%	-0.43%	-0.57%	-0.34%
Cumulative Rate Change as of 12/31/2014	-1.68%	-1.95%	-1.99%	-2.67%	-1.57%
Cumulative Rate Change as of 12/31/2015	-3.14%	-3.65%	-3.72%	-4.99%	-2.93%
Cumulative Rate Change as of 12/31/2016	-4.14%	-4.81%	-4.91%	-6.58%	-3.86%
Cumulative Rate Change as of 12/31/2017	-5.05%	-5.86%	-5.98%	-8.02%	-4.70%
Cumulative Rate Change as of 12/31/2018	-5.41%	-6.28%	-6.41%	-8.59%	-5.04%

	CG#7 & CG#9 Combined Enhanced County	CG#8 Enhanced CCCFPD/East CCCFPD	CG#10 Enhanced Moraga-Orinda FD	CG#11 Enhanced San Ramon Valley FD	CG#12 Non-Enhanced Rodeo-Hercules FPD
Market Value of Assets (MVA)*	\$1,328,915,458	\$765,494,415	\$137,366,526	\$266,969,844	\$24,203,441
Projected Payroll for 2014	\$81,981,398	\$31,375,742	\$7,513,564	\$16,508,097	\$1,618,755
Volatility Index (VI) = MVA/Payroll	16.21	24.40	18.28	16.17	14.95
Relative Volatility Index (VI) = CG VI / Total Plan VI	1.71	2.57	1.93	1.71	1.58
Estimated Incremental Rate Change as of 12/31/2014	-3.81%	-5.74%	-4.30%	-3.80%	-3.52%
Estimated Incremental Rate Change as of 12/31/2015	-3.32%	-4.99%	-3.74%	-3.31%	-3.06%
Estimated Incremental Rate Change as of 12/31/2016	-2.27%	-3.42%	-2.56%	-2.27%	-2.10%
Estimated Incremental Rate Change as of 12/31/2017	-2.05%	-3.09%	-2.31%	-2.05%	-1.89%
Estimated Incremental Rate Change as of 12/31/2018	-0.82%	-1.23%	-0.93%	-0.82%	-0.76%
Cumulative Rate Change as of 12/31/2014	-3.81%	-5.74%	-4.30%	-3.80%	-3.52%
Cumulative Rate Change as of 12/31/2015	-7.13%	-10.73%	-8.04%	-7.11%	-6.58%
Cumulative Rate Change as of 12/31/2016	-9.40%	-14.15%	-10.60%	-9.38%	-8.68%
Cumulative Rate Change as of 12/31/2017	-11.45%	-17.24%	-12.91%	-11.43%	-10.57%
Cumulative Rate Change as of 12/31/2018	-12.27%	-18.47%	-13.84%	-12.25%	-11.33%

Total Plan
\$6,443,284,836
\$679,428,911
9.48
1.00
-2.23%
-1.94%
-1.33%
-1.20%
-0.48%
-2.23%
-4.17%
-5.50%
-6.70%
-7.18%

* Excludes Post Retirement Death Benefit reserve.

These rates do not include any employer subvention of member contributions or any member subvention of employer contributions.



**CONTRA COSTA COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**

**CONTRIBUTION RATE PACKET FOR
JULY 1, 2015 THROUGH JUNE 30, 2016**

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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MEMORANDUM

Date: October 31, 2014

To: Interested Parties and Participating Employers

From: Kurt Schneider, Deputy Retirement Chief Executive Officer

Subject: Contribution Rates Effective July 1, 2015

At its October 8, 2014 meeting, the Retirement Board reviewed and accepted the actuary's valuation report for the year ending December 31, 2013 and adopted the recommended employer and employee contribution rates, which will become effective on July 1, 2015. A copy of the December 31, 2013 Actuarial Valuation can be found on CCCERA's website at www.cccera.org under the Actuarial Valuations link.

Enclosed are the rates to be used effective July 1, 2015 through June 30, 2016. Please note the following:

- ✓ **The rates are effective July 1, 2015 through June 30, 2016 and have not yet been adopted by the County Board of Supervisors.**
- ✓ **The rates are BEFORE ANY EMPLOYER SUBVENTION of the employee contribution.**
The rates quoted here are the employer required rates without taking into consideration any employer subvention of employee contributions. A convenient methodology for adding subvention is included for your use on page 11. Note that subvention is not always permitted for PEPRAs members.
- ✓ **The rates are BEFORE ANY INCREASE IN EMPLOYEE RATE to pay a portion of the employer contribution.**
If an employee's rate needs to be increased to pay a portion of the employer contribution, both employee and employer rates would need to be adjusted accordingly. A convenient methodology for adding subvention is included for your use on page 11.

Exhibit A

**CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GENERAL TIERS 1, 3, 4 and 5
EMPLOYER CONTRIBUTION RATES EFFECTIVE FOR JULY 1, 2015 THROUGH JUNE 30, 2016**

	Cost Group #1				Cost Group #2		Cost Group #3	Cost Group #4	Cost Group #5	Cost Group #6
	County	Moraga-Orinda Fire District	First 5	Districts without POB	County	Districts without POB	Central Contra Costa Sanitary District	Contra Costa Housing Authority	Contra Costa County Fire Protection District	Districts without POB
<u>BASIC Contribution Rates</u>										
Legacy Members* (Tier 1 and Tier 3)	24.94%	20.16%	22.68%	30.52%	24.73%	30.45%	41.95%	29.32%	23.93%	23.60%
PEPRA Members with 3% Maximum COLA** (Tier 4 and Tier 5)	21.43%	17.06%	19.20%	27.05%	20.49%	26.11%	37.89%	22.46%	22.08%	19.03%
PEPRA Members with 2% Maximum COLA** (Tier 4 and Tier 5)	21.00%	N/A	N/A	N/A	19.33%	24.95%	N/A	N/A	20.18%	N/A
<u>COLA Contribution Rates</u>										
Legacy Members* (Tier 1 and Tier 3)	8.53%	7.08%	7.08%	13.04%	8.43%	13.00%	18.63%	15.56%	11.14%	6.16%
PEPRA Members with 3% Maximum COLA** (Tier 4 and Tier 5)	8.04%	6.73%	6.61%	12.54%	7.56%	12.06%	17.85%	13.89%	11.35%	5.16%
PEPRA Members with 2% Maximum COLA** (Tier 4 and Tier 5)	6.62%	N/A	N/A	N/A	6.29%	10.79%	N/A	N/A	9.37%	N/A
<u>Refundability Factors</u>										
Legacy Members (Tier 1 and Tier 3)	0.9603	0.9603	0.9603	0.9603	0.9571	0.9571	0.9581	0.9560	0.9586	0.9546
PEPRA Members with 3% Maximum COLA (Tier 4 and Tier 5)	0.9693	0.9693	0.9693	0.9693	0.9650	0.9650	0.9650	0.9769	0.9646	0.9640
PEPRA Members with 2% Maximum COLA (Tier 4 and Tier 5)	0.9598	N/A	N/A	N/A	0.9725	0.9725	N/A	N/A	0.9598	N/A

* For members in Social Security, the rate should only be applied to monthly compensation in excess of \$116.67.

* The rate should only be applied to compensation up to the annual IRC 401(a)(17) compensation limit.

** The rate should be applied to all compensation (whether or not in Social Security) up to the applicable annual GC 7522.10(d) compensation limit.

<u>Cost Group</u>	<u>Legacy Tier</u>	<u>PEPRA Tier</u>	<u>Employer Name</u>	<u>Cost Group</u>	<u>Legacy Tier</u>	<u>PEPRA Tier</u>	<u>Employer Name</u>
Cost Group #1	Tier 1 Enhanced (2% @ 55)	Tier 4 (2.5% @ 67)	County General LAFCO CC Mosquito & Vector Control District Bethel Island Municipal Improvement District First 5 - Children and Families Commission CCCERA Superior Court East Contra Costa Fire Protection District Moraga-Orinda Fire Protection District Rodeo-Hercules Fire Protection District San Ramon Valley Fire Protection District	Cost Group #3	Tier 1 Enhanced (2% @ 55)	Tier 4 (2.5% @ 67)	Central Contra Costa Sanitary District
				Cost Group #4	Tier 1 Enhanced (2% @ 55)	Tier 4 (2.5% @ 67)	Contra Costa Housing Authority
				Cost Group #5	Tier 1 Enhanced (2% @ 55)	Tier 4 (2.5% @ 67)	Contra Costa County Fire Protection District
				Cost Group #6	Tier 1 Non-enhanced (1.67% @ 55)	Tier 4 (2.5% @ 67)	Rodeo Sanitary District Byron Brentwood Cemetery District
Cost Group #2	Tier 3 Enhanced (2% @ 55)	Tier 5 (2.5% @ 67)	County General In-Home Supportive Services CC Mosquito & Vector Control District Superior Court				

Exhibit B

**CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SAFETY TIERS A, C, D and E
EMPLOYER CONTRIBUTION RATES EFFECTIVE FOR JULY 1, 2015 THROUGH JUNE 30, 2016**

	Cost Group #7	Cost Group #8		Cost Group #9	Cost Group #10	Cost Group #11	Cost Group #12
	County	Contra Costa County Fire Protection District	East Contra Costa Fire Protection District	County	Moraga-Orinda Fire Protection District	San Ramon Valley Fire Protection District	Rodeo-Hercules Fire Protection District
<u>BASIC Contribution Rates</u>							
Legacy Members* (Tier A and Tier C)	50.35%	43.12%	71.17%	48.14%	39.97%	57.39%	17.29%
PEPRA Members** (Tier D and Tier E)	43.83%	36.18%	64.23%	42.33%	32.38%	49.30%	12.99%
Monthly Contribution Towards UAAL							\$75,799
<u>COLA Contribution Rates</u>							
Legacy Members* (Tier A and Tier C)	30.01%	35.06%	56.45%	26.62%	31.06%	31.14%	5.91%
PEPRA Members** (Tier D and Tier E)	28.98%	33.91%	55.30%	26.17%	29.56%	29.44%	5.77%
Monthly Contribution Towards UAAL							\$48,987
<u>Refundability Factors</u>							
Legacy Members (Tier A and Tier C)	0.9741	0.9748	0.9748	0.9755	0.9765	0.9765	0.9754
PEPRA Members (Tier D and Tier E)	0.9784	0.9811	0.9811	0.9787	0.9828	0.9831	0.9828

* The rate should be applied to all compensation up to the IRC 401(a)(17) compensation limit.

** The rate should be applied to all compensation up to the applicable annual GC 7522.10(d) compensation limit.

<u>Cost Group</u>	<u>Legacy Tier</u>	<u>PEPRA Tier</u>	<u>Employer Name</u>
Cost Group # 7	Tier A Enhanced (3% @ 50)	Tier D (2.7% @ 57)	County Safety (3% Maximum COLA)
Cost Group # 8	Tier A Enhanced (3% @ 50)	Tier D (2.7% @ 57)	Contra Costa County Fire Protection District East Contra Costa Fire Protection District
Cost Group # 9	Tier C Enhanced (3% @ 50)	Tier E (2.7% @ 57)	County Safety (2% Maximum COLA)
Cost Group # 10	Tier A Enhanced (3% @ 50)	Tier D (2.7% @ 57)	Moraga-Orinda Fire Protection District
Cost Group # 11	Tier A Enhanced (3% @ 50)	Tier D (2.7% @ 57)	San Ramon Valley Fire Protection District
Cost Group # 12	Tier A Non-enhanced (2% @ 50) Tier D (2.7% @ 57)		Rodeo Hercules Fire Protection District

Exhibit C
GENERAL TIER 1 - "1.67% @ 55" (Non-Enhanced)
Effective 7/1/15 - 6/30/16
Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
15	6.07%	2.85%	8.92%
16	6.15%	2.89%	9.04%
17	6.24%	2.93%	9.17%
18	6.33%	2.98%	9.31%
19	6.41%	3.01%	9.42%
20	6.50%	3.06%	9.56%
21	6.59%	3.10%	9.69%
22	6.69%	3.14%	9.83%
23	6.78%	3.19%	9.97%
24	6.87%	3.23%	10.10%
25	6.97%	3.28%	10.25%
26	7.06%	3.32%	10.38%
27	7.16%	3.37%	10.53%
28	7.26%	3.41%	10.67%
29	7.36%	3.46%	10.82%
30	7.46%	3.51%	10.97%
31	7.56%	3.55%	11.11%
32	7.67%	3.60%	11.27%
33	7.77%	3.65%	11.42%
34	7.88%	3.70%	11.58%
35	8.00%	3.76%	11.76%
36	8.11%	3.81%	11.92%
37	8.23%	3.87%	12.10%
38	8.34%	3.92%	12.26%
39	8.46%	3.98%	12.44%
40	8.59%	4.04%	12.63%
41	8.72%	4.10%	12.82%
42	8.85%	4.16%	13.01%
43	8.99%	4.23%	13.22%
44	9.13%	4.29%	13.42%
45	9.29%	4.37%	13.66%
46	9.47%	4.45%	13.92%
47	9.62%	4.52%	14.14%
48	9.80%	4.61%	14.41%
49	9.94%	4.67%	14.61%
50	10.11%	4.75%	14.86%
51	10.14%	4.77%	14.91%
52	10.20%	4.79%	14.99%
53	10.07%	4.73%	14.80%
54	9.70%	4.56%	14.26%
55	9.70%	4.56%	14.26%
56	9.70%	4.56%	14.26%
57	9.70%	4.56%	14.26%
58	9.70%	4.56%	14.26%
59	9.70%	4.56%	14.26%
60	9.70%	4.56%	14.26%
COLA Loading Factor:		47.00%	

***NOTE:** For members in Social Security, the rate should only be applied to monthly compensation in excess of \$116.67.
The rate should only be applied to compensation up to the annual IRC 401(a)(17) compensation limit.

Exhibit D
SAFETY TIER A - "2% @ 50" (Non-Enhanced)
Effective 7/1/15 - 6/30/16
Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
15	8.90%	5.32%	14.22%
16	8.90%	5.32%	14.22%
17	8.90%	5.32%	14.22%
18	8.90%	5.32%	14.22%
19	8.90%	5.32%	14.22%
20	8.90%	5.32%	14.22%
21	8.90%	5.32%	14.22%
22	9.02%	5.40%	14.42%
23	9.15%	5.47%	14.62%
24	9.27%	5.55%	14.82%
25	9.40%	5.62%	15.02%
26	9.53%	5.70%	15.23%
27	9.66%	5.78%	15.44%
28	9.80%	5.86%	15.66%
29	9.94%	5.95%	15.89%
30	10.07%	6.02%	16.09%
31	10.21%	6.11%	16.32%
32	10.36%	6.20%	16.56%
33	10.50%	6.28%	16.78%
34	10.66%	6.38%	17.04%
35	10.81%	6.47%	17.28%
36	10.98%	6.57%	17.55%
37	11.14%	6.67%	17.81%
38	11.31%	6.77%	18.08%
39	11.50%	6.88%	18.38%
40	11.70%	7.00%	18.70%
41	11.90%	7.12%	19.02%
42	12.13%	7.26%	19.39%
43	12.38%	7.41%	19.79%
44	12.65%	7.57%	20.22%
45	12.86%	7.69%	20.55%
46	12.86%	7.69%	20.55%
47	12.87%	7.70%	20.57%
48	12.80%	7.66%	20.46%
49	12.51%	7.48%	19.99%
50	12.51%	7.48%	19.99%
51	12.51%	7.48%	19.99%
52	12.51%	7.48%	19.99%
53	12.51%	7.48%	19.99%
54	12.51%	7.48%	19.99%
55	12.51%	7.48%	19.99%
56	12.51%	7.48%	19.99%
57	12.51%	7.48%	19.99%
58	12.51%	7.48%	19.99%
59	12.51%	7.48%	19.99%
60	12.51%	7.48%	19.99%
COLA Loading Factor:		59.83%	

***NOTE:** The rate should be applied to all compensation up to the IRC 401(a)(17) compensation limit.

Exhibit E
GENERAL TIER 1 - "2% @ 55" (Enhanced)
Effective 7/1/15 - 6/30/16
Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
15	5.31%	3.05%	8.36%
16	5.39%	3.10%	8.49%
17	5.47%	3.14%	8.61%
18	5.54%	3.18%	8.72%
19	5.62%	3.23%	8.85%
20	5.70%	3.27%	8.97%
21	5.78%	3.32%	9.10%
22	5.86%	3.37%	9.23%
23	5.94%	3.41%	9.35%
24	6.02%	3.46%	9.48%
25	6.11%	3.51%	9.62%
26	6.19%	3.55%	9.74%
27	6.28%	3.61%	9.89%
28	6.37%	3.66%	10.03%
29	6.45%	3.70%	10.15%
30	6.54%	3.76%	10.30%
31	6.63%	3.81%	10.44%
32	6.72%	3.86%	10.58%
33	6.82%	3.92%	10.74%
34	6.91%	3.97%	10.88%
35	7.01%	4.03%	11.04%
36	7.10%	4.08%	11.18%
37	7.20%	4.13%	11.33%
38	7.30%	4.19%	11.49%
39	7.40%	4.25%	11.65%
40	7.51%	4.31%	11.82%
41	7.61%	4.37%	11.98%
42	7.73%	4.44%	12.17%
43	7.83%	4.50%	12.33%
44	7.95%	4.57%	12.52%
45	8.07%	4.63%	12.70%
46	8.19%	4.70%	12.89%
47	8.31%	4.77%	13.08%
48	8.44%	4.85%	13.29%
49	8.58%	4.93%	13.51%
50	8.73%	5.01%	13.74%
51	8.90%	5.11%	14.01%
52	9.04%	5.19%	14.23%
53	9.20%	5.28%	14.48%
54	9.34%	5.36%	14.70%
55	9.49%	5.45%	14.94%
56	9.52%	5.47%	14.99%
57	9.58%	5.50%	15.08%
58	9.45%	5.43%	14.88%
59	9.11%	5.23%	14.34%
60	9.11%	5.23%	14.34%
COLA Loading Factor:		57.43%	

***NOTE:** For members in Social Security, the rate should only be applied to monthly compensation in excess of \$116.67.
The rate should only be applied to compensation up to the annual IRC 401(a)(17) compensation limit.

Exhibit F
GENERAL TIER 3 - "2% @ 55" (Enhanced)
Effective 7/1/15 - 6/30/16
Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
15	5.31%	2.67%	7.98%
16	5.39%	2.71%	8.10%
17	5.47%	2.75%	8.22%
18	5.54%	2.79%	8.33%
19	5.62%	2.83%	8.45%
20	5.70%	2.87%	8.57%
21	5.78%	2.91%	8.69%
22	5.86%	2.95%	8.81%
23	5.94%	2.99%	8.93%
24	6.02%	3.03%	9.05%
25	6.11%	3.07%	9.18%
26	6.19%	3.11%	9.30%
27	6.28%	3.16%	9.44%
28	6.37%	3.21%	9.58%
29	6.45%	3.25%	9.70%
30	6.54%	3.29%	9.83%
31	6.63%	3.34%	9.97%
32	6.72%	3.38%	10.10%
33	6.82%	3.43%	10.25%
34	6.91%	3.48%	10.39%
35	7.01%	3.53%	10.54%
36	7.10%	3.57%	10.67%
37	7.20%	3.62%	10.82%
38	7.30%	3.67%	10.97%
39	7.40%	3.72%	11.12%
40	7.51%	3.78%	11.29%
41	7.61%	3.83%	11.44%
42	7.73%	3.89%	11.62%
43	7.83%	3.94%	11.77%
44	7.95%	4.00%	11.95%
45	8.07%	4.06%	12.13%
46	8.19%	4.12%	12.31%
47	8.31%	4.18%	12.49%
48	8.44%	4.25%	12.69%
49	8.58%	4.32%	12.90%
50	8.73%	4.39%	13.12%
51	8.90%	4.48%	13.38%
52	9.04%	4.55%	13.59%
53	9.20%	4.63%	13.83%
54	9.34%	4.70%	14.04%
55	9.49%	4.78%	14.27%
56	9.52%	4.79%	14.31%
57	9.58%	4.82%	14.40%
58	9.45%	4.76%	14.21%
59	9.11%	4.58%	13.69%
60	9.11%	4.58%	13.69%
COLA Loading Factor:		50.32%	

***NOTE:** For members in Social Security, the rate should only be applied to monthly compensation in excess of \$116.67.
The rate should only be applied to compensation up to the annual IRC 401(a)(17) compensation limit.

Exhibit G
SAFETY TIER A - "3% @ 50" (Enhanced)
Effective 7/1/15 - 6/30/16
Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
15	8.90%	6.61%	15.51%
16	8.90%	6.61%	15.51%
17	8.90%	6.61%	15.51%
18	8.90%	6.61%	15.51%
19	8.90%	6.61%	15.51%
20	8.90%	6.61%	15.51%
21	8.90%	6.61%	15.51%
22	9.02%	6.70%	15.72%
23	9.15%	6.80%	15.95%
24	9.27%	6.89%	16.16%
25	9.40%	6.99%	16.39%
26	9.53%	7.08%	16.61%
27	9.66%	7.18%	16.84%
28	9.80%	7.28%	17.08%
29	9.94%	7.39%	17.33%
30	10.07%	7.48%	17.55%
31	10.21%	7.59%	17.80%
32	10.36%	7.70%	18.06%
33	10.50%	7.80%	18.30%
34	10.66%	7.92%	18.58%
35	10.81%	8.03%	18.84%
36	10.98%	8.16%	19.14%
37	11.14%	8.28%	19.42%
38	11.31%	8.41%	19.72%
39	11.50%	8.55%	20.05%
40	11.70%	8.70%	20.40%
41	11.90%	8.84%	20.74%
42	12.13%	9.02%	21.15%
43	12.38%	9.20%	21.58%
44	12.65%	9.40%	22.05%
45	12.86%	9.56%	22.42%
46	12.86%	9.56%	22.42%
47	12.87%	9.56%	22.43%
48	12.80%	9.51%	22.31%
49	12.51%	9.30%	21.81%
50	12.51%	9.30%	21.81%
51	12.51%	9.30%	21.81%
52	12.51%	9.30%	21.81%
53	12.51%	9.30%	21.81%
54	12.51%	9.30%	21.81%
55	12.51%	9.30%	21.81%
56	12.51%	9.30%	21.81%
57	12.51%	9.30%	21.81%
58	12.51%	9.30%	21.81%
59	12.51%	9.30%	21.81%
60	12.51%	9.30%	21.81%
COLA Loading Factor:		74.32%	

***NOTE:** The rate should be applied to all compensation up to the IRC 401(a)(17) compensation limit.

Exhibit H
SAFETY TIER C - "3% @ 50" (Enhanced)
Effective 7/1/15 - 6/30/16
Expressed as a Percentage of Monthly Payroll*

<u>Entry Age</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
15	8.50%	3.55%	12.05%
16	8.50%	3.55%	12.05%
17	8.50%	3.55%	12.05%
18	8.50%	3.55%	12.05%
19	8.50%	3.55%	12.05%
20	8.50%	3.55%	12.05%
21	8.50%	3.55%	12.05%
22	8.62%	3.60%	12.22%
23	8.74%	3.65%	12.39%
24	8.86%	3.70%	12.56%
25	8.98%	3.75%	12.73%
26	9.11%	3.80%	12.91%
27	9.23%	3.85%	13.08%
28	9.36%	3.91%	13.27%
29	9.49%	3.96%	13.45%
30	9.62%	4.01%	13.63%
31	9.76%	4.07%	13.83%
32	9.90%	4.13%	14.03%
33	10.04%	4.19%	14.23%
34	10.18%	4.25%	14.43%
35	10.33%	4.31%	14.64%
36	10.49%	4.38%	14.87%
37	10.64%	4.44%	15.08%
38	10.81%	4.51%	15.32%
39	10.99%	4.59%	15.58%
40	11.17%	4.66%	15.83%
41	11.38%	4.75%	16.13%
42	11.57%	4.83%	16.40%
43	11.76%	4.91%	16.67%
44	11.87%	4.95%	16.82%
45	11.89%	4.96%	16.85%
46	11.80%	4.92%	16.72%
47	11.51%	4.80%	16.31%
48	11.90%	4.97%	16.87%
49	12.51%	5.22%	17.73%
50	12.51%	5.22%	17.73%
51	12.51%	5.22%	17.73%
52	12.51%	5.22%	17.73%
53	12.51%	5.22%	17.73%
54	12.51%	5.22%	17.73%
55	12.51%	5.22%	17.73%
56	12.51%	5.22%	17.73%
57	12.51%	5.22%	17.73%
58	12.51%	5.22%	17.73%
59	12.51%	5.22%	17.73%
60	12.51%	5.22%	17.73%
COLA Loading Factor:		41.73%	

***NOTE:** The rate should be applied to all compensation up to the IRC 401(a)(17) compensation limit.

**Exhibit I
PEPRA Tiers**

Membership Date on or after January 1, 2013

Effective 7/1/15 - 6/30/16

Expressed as a Percentage of Monthly Payroll*

<u>General Tiers</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
Cost Group #1 – PEPRA Tier 4 (3% COLA)	8.68%	3.27%	11.95%
Cost Group #2 - PEPRA Tier 5 (2% COLA)	6.58%	1.52%	8.10%
Cost Group #2 - PEPRA Tier 5 (3%/4% COLA)	7.74%	2.79%	10.53%
Cost Group #3 - PEPRA Tier 4 (3% COLA)	9.20%	3.42%	12.62%
Cost Group #4 - PEPRA Tier 4 (3% COLA)	6.55%	2.45%	9.00%
Cost Group #5 - PEPRA Tier 4 (2% COLA)	8.25%	1.85%	10.10%
Cost Group #5 - PEPRA Tier 4 (3% COLA)	10.15%	3.83%	13.98%
Cost Group #6 - PEPRA Tier 4 (3% COLA)	8.25%	3.01%	11.26%
<u>Safety Tiers</u>	<u>Basic</u>	<u>COLA</u>	<u>Total</u>
Cost Group #7 - PEPRA Tier D	15.14%	6.36%	21.50%
Cost Group #8 - PEPRA Tier D	14.28%	6.24%	20.52%
Cost Group #9 - PEPRA Tier E	13.64%	3.55%	17.19%
Cost Group #10 - PEPRA Tier D	12.98%	5.73%	18.71%
Cost Group #11 - PEPRA Tier D	12.84%	5.70%	18.54%
Cost Group #12 - PEPRA Tier D	12.99%	5.77%	18.76%

<p>*NOTE: The rate should be applied to all compensation (whether or not in Social Security) up to the applicable annual Gov. Code 7522.10(d) compensation limit.</p>
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CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

SUBVENTION

All rates are shown as a percent of payroll.

Employee contribution rates vary depending upon their tier and age at entry. To compute the exact subvention percent for each employee, do the following:

Employee rate – Decrease the employee's rate by the subvention percent (i.e. 25%, 50%, etc.).

Employer rate – Increase the employer's rate by a **percent** of the employee's decrease using the applicable refundability factor (found on Exhibits A and B):

EXAMPLE FOR COST GROUP #3 LEGACY MEMBERS:

If the subvention percent is 25%, and
the employee's rate is 6.00%,

Employee rates should be decreased by 1.50% ($25\% \times 6.00\%$)
The employer rate should be increased by 1.4372% ($1.50\% \times 0.9581$)

Please note that for PEPRA members, subvention is generally not permitted. The standard under Gov. Code §7522.30(a) is that employees pay at least 50 percent of normal costs and that employers not pay any of the required employee contribution, but there are some exceptions. Gov. Code §7522.30(f) allows the terms (regarding the employee's required contribution) of a contract, including a memorandum of understanding, that is in effect on January 1, 2013, to continue through the length of a contract. This means that it is possible that an employer will subvent a portion of a PEPRA member's required contribution until the expiration date of the current contract, so long as it has been determined that the contract has been impaired.

CAUTION – these rates are for employer **subvention** of up to one-half the member contribution under Gov. Code §31581.1, NOT employer **pick-up** of employee contribution rates. When an employer subvents, the contribution subvented is not placed in the member's account and is therefore not available to the member as a refund. For this reason, the employer pays the contribution at a discount (i.e. "Refundability Factor").

Employer **pick-ups** of employee contributions are those made under Gov. Code §31581.2 and Internal Revenue Code §414 (h)(2) for the sole purpose of deferring income tax. These contributions are added to the member's account, are available to the member as a refund and are considered by CCCERA as part of the member's compensation for retirement purposes.

EMPLOYEE PAYMENT OF EMPLOYER COST

There are several reasons why the attached contribution rates may need to be adjusted to increase the employee portion including the following:

Gov. Code §31631 allows for members to pay all or part of the employer contributions.

Gov. Code §31639.95 allows for Safety members to pay a portion of the employer cost for the "3% at 50" enhanced benefit.

Gov. Code §7522.30(c) requires that an employee's contribution rate be at least equal to that of similarly situated employees.

Gov. Code §7522.30(e) allows the employee contributions to be more than one-half of the normal cost rate if the increase has been agreed to through the collective bargaining process.

If you need to increase the employee contribution rate for any reason, you will need to adjust both employee and employer rates as follows:

Employee rate – Increase the employee’s rate by the desired percent of payroll.

Employer rate – Decrease the employer’s rate by a **percent** of the cost-sharing percent of payroll using the applicable refundability factor:

EXAMPLE FOR COST GROUP #11 LEGACY MEMBERS:

If the required increase in the employee rate is 8.0%,

Employee rates should be increased by 8.0%.

The employer rate should be decreased by 7.812% ($8.0\% \times 0.9765$)

PREPAYMENT DISCOUNT FACTOR FOR 2015-16

Employer Contribution Prepayment Program & Discount Factor for 2015-16 is **0.9686**

If you are currently participating in the prepayment program and wish to continue, you do not need to do anything other than prepay the July 1, 2015 through June 30, 2016 contributions on or before July 31, 2015. If you wish to start participating, please contact the Accounting Division at the Retirement Office by March 31, 2015.

The discount factor is calculated assuming the prepayment will be received on July 31 in accordance with Gov. Code §31582(b) in lieu of 12 equal payments due at the end of each month in accordance with Gov. Code §31582(a). The discount factor for the fiscal year July 1, 2015 through June 30, 2016 will be **0.9686** based on the interest assumption of 7.25% per annum.