

**MCERA RETIREMENT BOARD MEETING AGENDA**  
**THURSDAY, JANUARY 11, 2018**  
**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
3199 M STREET, MERCED, CA 95348

**Please turn your cell phone, beeper or other electronic device to non-audible mode and please refrain from using them during the Board meeting.**

**CALL TO ORDER: 8:15 A.M.**

- ROLL CALL.
- APPROVAL OF MINUTES – December 21, 2017.

**PUBLIC COMMENT**

Members of the public may comment on any item under the Board's jurisdiction. Matters presented under this item will not be discussed or acted upon by the Board at this time. For agenda items, the public may make comments at the time the item comes up for Board consideration. Persons addressing the Board will be limited to a maximum of five (5) minutes in total. Please state your name for the record.

**CLOSED SESSION**

As provided in the Ralph M. Brown Act, Government Code sections 54950 et seq., the Board may meet in closed session with members of its staff, county employees and its attorneys. These sessions are not open to the public and may not be attended by members of the public. The matters the Board will meet on in closed session are identified below. Any public reports of action taken in the closed session will be made in accordance with Government Code sections 54957.1.

**(1) DISABILITY RETIREMENT APPLICATIONS: PERSONNEL EXCEPTION**

(Govt. Code § § 54957, 31532; Cal Const. art. I, § 1)

1. Informal Hearing
  - a. Jay Abrams
  - b. Denise Bustamante
2. Formal Hearing
  - a. Kissy Ward
3. Disability update
  - a. Elizabeth Arroyo
  - b. Andrea Clark
  - c. Jason Estep
  - d. Savahana Garcia
  - e. Rosa M. Guzman-Hernandez
  - f. Linda Ramirez
  - g. Trudy Winder

**RETURN TO OPEN SESSION**

Report on action taken in closed session.

## **CONSENT CALENDAR**

Consent matters are expected to be routine and may be acted upon, without discussion, as one unit. If an item is taken off the Consent Calendar for discussion, it will be heard as the last item(s) of the Board Action/Discussion as appropriate.

### **RETIREMENTS:** Pursuant to Govt. Code § 31663.25 or § 31672

All items of earnable compensation for service or disability retirements listed below are in compliance with the pay code schedule approved by the Board of Retirement. The retirement is authorized; however, administrative adjustments may be necessary to alter the amount due to: audit, late arrival of data, court order, etc.

a. Kanabay, James	HSA	9 Yrs. Svc.	Eff. 12/22/2017
b. Kaisersatt, Amy	Public Health	23 Yrs. Svc.	Eff. 12/23/2017
c. Morris, Robert	DWI	21 Yrs. Svc.	Eff. 12/28/2017
d. Marks, Catherine	Cooperative Ext.	26 Yrs. Svc.	Eff. 01/06/2018

YTD fiscal year 2017/2018 retirees: 064

YTD fiscal year 2016/2017 retirees: 082

YTD fiscal year 2015/2016 retirees: 065

**REFUND OF SERVICE PURCHASE:** None

**DEATH BENEFIT:** None

**MONTHLY BUDGET REPORT:** Submitted

## **REGULAR CALENDAR**

### **BOARD ACTION<sup>1</sup>/DISCUSSION**

Pursuant to Govt. Code § 31594 and MCERA's Investment Objectives & Policy Statement due diligence analysis requirement: (unless otherwise noted)

1. Discussion and possible action to elect or ratify MCERA Board Chair seat – Vice Chair
2. Discussion and possible approval of June 30, 2017 Actuarial Valuation for MCERA - Cheiron
3. Appointment of Ad Hoc Budget Committee for FY 2018/2019 to review draft budget - Chair
4. Review calendar of any training sessions and authorize expenditures for Trustees and Plan Administrator. Pursuant to Govt. Code § 31522.8 and MCERA's Trustees Education and Training Policy requirements. Examples of upcoming training and educational sessions:
  - a. CALAPRS General Assembly, March 3-6, 2018, Indian Wells, CA
  - b. CALAPRS Advanced Principles of Pension Management, March 28-30, 2018, Los Angeles, CA.
  - c. Cliffwater Client Conference, April 10, 2018, New York City, NY.
  - d. 2018 Pension Bridge, April 10-11, 2018, San Francisco, CA.
  - e. SACRS Spring Conference, May 15-18, 2018, Anaheim, CA.

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<sup>1</sup> "Action" means that the Board may dispose of any item by any action, including but not limited to the following acts: approve, disapprove, authorize, modify, defer, table, take no action, or receive and file.

## **INFORMATION ONLY**

1. Reminder; 700 Forms are due April 2, 2018.

## **ADJOURNMENT**

All supporting documentation is available for public review in the office of the Merced County Employees' Retirement Association, 3199 "M" Street, Merced, California, 95348 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday.

**The Agenda is available online at [www.co.merced.ca.us/retirement](http://www.co.merced.ca.us/retirement)**

Any material related to an item on this Agenda submitted to the Merced County Employees' Retirement Association, after distribution of the Agenda packet is available for public inspection in the office of the Merced County Employees' Retirement Association.

Persons who require accommodation for a disability in order to review an agenda, or to participate in a meeting of the Merced County Employees' Retirement Association per the American Disabilities Act (ADA), may obtain assistance by requesting such accommodation in writing addressed to Merced County Employees' Association, 3199 "M" Street, Merced, CA 95348 or telephonically by calling (209) 726-2724. Any such request for accommodation should be made at least 48 hours prior to the scheduled meeting for which assistance is requested.

**MCERA RETIREMENT BOARD MEETING MINUTES**  
**THURSDAY, DECEMBER 21, 2017**  
**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
3199 M STREET, MERCED, CA 95348

**ROLL CALL: 8:15 A.M.**

**Board Members Present:** Darlene Ingersoll<sup>3</sup>, Ryan Paskin<sup>45</sup>, Karen Adams<sup>56</sup>, David Ness<sup>16</sup>, Scott Johnston<sup>2346</sup>, Ronald Kinchloe<sup>1234</sup> Al Peterson (arrived 8:16 am), Jerald O'Banion (arrived 8:19 am), Jason Goins and Samuel Spangler. **Counsel:** Forrest Hansen. **Staff:** Angelo Lamas, Bren Horrocks and Michelle Lee. **Other:** John Nicolini, Verus; Kathleen Barchick, Cliffwater.

**Absent:** None

- <sup>1</sup> Member of the Audit Committee
- <sup>2</sup> Member of the Budget Committee
- <sup>3</sup> Member of the Ad Hoc Special Assignment Committee
- <sup>4</sup> Member of the Investment Policy Ad Hoc Committee
- <sup>5</sup> Member of the Technology Ad Hoc Committee
- <sup>6</sup> Member of the Legislative Committee

APPROVAL OF MINUTES: December 07, 2017

**Motion to approve the December 07, 2017 amended meeting minutes.  
Peterson/O'Banion U/A (8-0)**

**PUBLIC COMMENT**

No public comment.

**CLOSED SESSION**

**DISCUSSION AND POSSIBLE ACTION REGARDING INVESTMENTS IN  
RECOMMENDED FUNDS, ROLL CALL VOTE REQUIRED.**

(Govt. Code § 54956.81)

1. Discussion and possible action of sale or purchase of one fund - Verus.

**RETURN TO OPEN SESSION**

**No reportable action in Closed Session. Staff was given direction.**

**REGULAR CALENDAR**

**BOARD ACTION<sup>1</sup>/DISCUSSION**

1. Presentation and discussion of the Quarterly Performance Report ending on September 30, 2017 – Cliffwater, LLC.  
Kathleen Barchick presented the Quarterly Performance Report ending on September 30, 2017.  
**No action required.**

<sup>1</sup> "Action" means that the Board may dispose of any item by any action, including but not limited to the following acts: approve, disapprove, authorize, modify, defer, table, take no action, or receive and file.

2. Presentation and discussion of the November 2017 Monthly Flash Investment Performance Report and market update with possible board action on any funds – Verus.  
John Nicolini presented the November 2017 Monthly Flash Investment Performance Report.  
**No action taken.**
3. Discussion and possible action on MCERA Cash Flow Matching Educational Presentation – Verus.  
John Nicolini provided an Educational Presentation on MCERA Cash Flow Matching.  
**No action required.**
4. Discussion and possible action on interest crediting rate to MCERA Reserve Accounts – Staff.  
Bren Horrocks, Fiscal Supervisor, provided a recommendation on interest crediting rate to MCERA Reserve Accounts.  
**Motion to approve semiannual interest crediting rate of 0.59% to be credited to the Active Member Reserves and 3.56% to Retiree and Employer Reserve balances, and amend agenda item to include the interest compounding formula.**  
**Kinchloe/Ness U/A (9-0)**
5. Presentation and possible action on Resolutions for Trustees Ingersoll, Kinchloe, Johnston for service to MCERA.  
Plan Administrator announced that an appointment for Seat 2 has been made due to having one candidate submission for the Seat. By election law this allows the one candidate to take position immediately. Darlene Ingersoll has been appointed to Seat 2 effective January 1, 2018. Trustee Ingersoll presented resolutions for Trustees Kinchloe and Johnston.  
**Motion to approve Resolutions for Trustees Kinchloe and Johnston.**  
**Paskin/Peterson U/A (9-0)**
6. Review calendar of any training sessions and authorize expenditures for trustees and plan administrator. Pursuant to Govt. Code § 31522.8 and MCERA's Trustees Education and Training Policy requirements. Examples of upcoming training and educational sessions:
  - a. CALAPRS General Assembly, March 3-6, 2018, Indian Wells, CA
  - b. CALAPRS Advanced Principles of Pension Management, March 28-30, 2018, Los Angeles, CA.
  - c. Cliffwater Client Conference, April 10, 2018, New York City, NY.
  - d. SACRS Spring Conference, May 15-18, 2018, Anaheim, CA.**No action taken.**

### **INFORMATION ONLY**

Plan Administrator stated that the federal tax plan UBIT (Unrelated Business Taxable Income) was removed from Federal Tax Bill and will not impact pension funds.

Plan Administrator reported that MCERA Bylaws were submitted to the Board of Supervisors to be placed on their January 9, 2018 agenda for Board approval.

**ADJOURNMENT**

The meeting adjourned at 10:20 A.M.

Respectfully submitted,

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Darlene Ingersoll, Chair

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Al Peterson, Secretary

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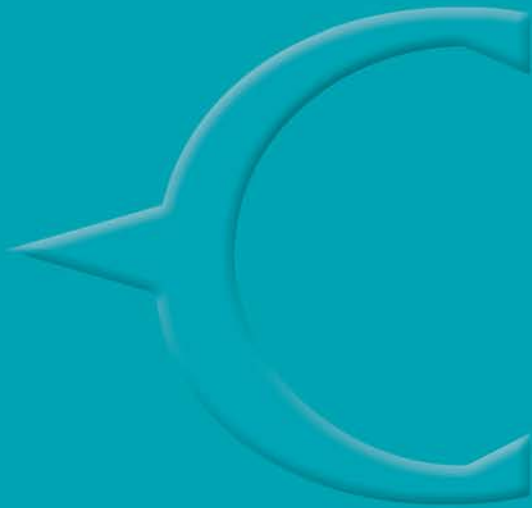
Date

Professional Service Budget		Adopted	Current Budget	Expended 12/2017	Expended YTD	Encumbrances	Bal Remaining	% Exp YTD
<b>21800 - Professional &amp; Special Services - Consultant and Management Fees</b>		<b>2,800,000.00</b>	<b>2,800,000.00</b>	<b>148,711.06</b>	<b>1,105,562.29</b>	<b>505.00</b>	<b>1,693,932.71</b>	<b>39%</b>
12/5/2017	2017-11 Cliffwater Consulting Fees			33,333.33				
12/7/2017	KKR Gil II - Q3 2016 - Q3 2017 Mgt Fees			59,882.00				
12/18/2017	SSgA - 2017-Q3 Mgt Fees			28,204.13				
12/29/2017	Nossaman - 2017-11 Gen PE & Inv Adv			100.80				
12/29/2017	Nossaman - 2017-11 Silver Point Capital Related Legal			5,888.70				
12/29/2017	Nossaman - 2017-11 Marshall Wace Related Legal			3,555.45				
12/29/2017	Nossaman - 2017-11 Winton Related Legal			120.60				
12/29/2017	Nossaman - 2017-11 ISO GIF II Related Legal			2,718.45				
12/29/2017	Nossaman - 2017-11 Carrick CP III Related Legal			4,240.80				
12/29/2017	Nossaman - 2017-11 Senator GOF Related Legal			1,683.00				
12/29/2017	Nossaman - 2017-11 EnCap Flatrock IV Related Legal			8,983.80				
Total 21800 - Professional & Special Services - Consultant and Management Fees				<b>148,711.06</b>				
<b>21802 - Professional &amp; Special Services - Actuarial Service</b>		<b>58,000.00</b>	<b>58,000.00</b>	<b>-</b>	<b>17,111.25</b>	<b>-</b>	<b>40,888.75</b>	<b>30%</b>
Total 21802 - Professional & Special Services - Actuarial Service				<b>-</b>				
<b>21812 - Prof &amp; Spec-Data Processing</b>		<b>175,463.00</b>	<b>175,463.00</b>	<b>5,146.01</b>	<b>54,396.48</b>	<b>-</b>	<b>121,066.52</b>	<b>31%</b>
12/22/2017	2017-11 IS Billing			5,146.01				
Total 21812 - Prof & Spec-Data Processing				<b>5,146.01</b>				
<b>21840 - Prof &amp; Spec Sv-Administrative Serv</b>		<b>103,000.00</b>	<b>103,000.00</b>	<b>51,385.08</b>	<b>55,349.48</b>	<b>-</b>	<b>47,650.52</b>	<b>54%</b>
12/1/2017	BNYM - JP Morgan Litigation - Custodial Fee			104.90				
12/1/2017	BNYM - Countrywide Financial Litigation - Custodial Fee			3.40				
12/1/2017	BNYM - Bear Stearns Litigation - Custodial Fee			0.54				
12/1/2017	BNYM - Earnest Partners - Countrywide Financial Litigation - Custodial Fee			0.15				
12/5/2017	2017-11 NT STIF Income - Custodial Fee			926.09				
12/22/2017	2017-11 Wire Fees			100.00				
12/29/2017	Northern Trust - 2017-Q3 & Q4 Custody Fees			50,250.00				
Total 21840 - Prof & Spec Sv-Administrative Serv				<b>51,385.08</b>				
<b>22350 - Spec Dept Exp-Software</b>		<b>208,000.00</b>	<b>208,000.00</b>	<b>14,519.00</b>	<b>122,372.18</b>	<b>-</b>	<b>85,627.82</b>	<b>59%</b>
12/7/2017	CPAS - 2018-01 Support			12,600.00				
12/7/2017	CPAS - 2017-01 Maint			1,919.00				
Total 22350 - Spec Dept Exp-Software				<b>14,519.00</b>				
<b>Total Professional Service Budget</b>		<b>3,344,463.00</b>	<b>3,344,463.00</b>	<b>219,761.15</b>	<b>1,354,791.68</b>	<b>505.00</b>	<b>1,989,166.32</b>	<b>41%</b>
Capital Asset Budget		Adopted	Current Budget	Expended 12/2017	Expended YTD	Encumbrances	Bal Remaining	% Exp YTD
<b>82167 - Board Room Audio Visual</b>		<b>10,000.00</b>	<b>10,000.00</b>	<b>-</b>	<b>9,939.14</b>	<b>-</b>	<b>60.86</b>	<b>99%</b>
Total 82167 - Board Room Audio Visual				<b>-</b>				
<b>Software Upgrade</b>		<b>120,000.00</b>	<b>120,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,000.00</b>	<b>0%</b>
Total Capital Asset Budget Budget				<b>-</b>	<b>9,939.14</b>	<b>-</b>	<b>120,060.86</b>	<b>8%</b>
Administrative Service Budget		Adopted	Current Budget	Expended 12/2017	Expended YTD	Encumbrances	Bal Remaining	% Exp YTD
<b>10110 - Salaries &amp; Wages</b>		<b>1,187,360.83</b>	<b>1,187,360.83</b>	<b>125,584.17</b>	<b>481,916.65</b>	<b>-</b>	<b>705,444.18</b>	<b>41%</b>
12/1/2017	Office payroll 10110-10360			38,502.62				
12/15/2017	Office payroll 10110-10360			48,870.16				
12/22/2017	2017-10 PARS			4.84				
12/27/2017	2017-08 PARS			5.41				
12/27/2017	2017-09 PARS			4.57				
12/29/2017	Office payroll 10110-10360			38,196.57				
Total 10110 - Salaries & Wages				<b>125,584.17</b>				
<b>20600 - Communications</b>		<b>5,050.00</b>	<b>5,050.00</b>	<b>342.81</b>	<b>1,742.45</b>	<b>-</b>	<b>3,307.55</b>	<b>35%</b>
12/7/2017	AT&T - 2017-11 Comm Chgs			133.76				
12/22/2017	2017-11 Comm Billing			209.05				
Total 20600 - Communications				<b>342.81</b>				
<b>20900 - Household Expense</b>		<b>9,700.00</b>	<b>9,700.00</b>	<b>190.33</b>	<b>3,630.06</b>	<b>-</b>	<b>6,069.94</b>	<b>37%</b>
12/18/2017	Bob's Pest Control - 2017-11 Svcs			40.00				
12/20/2017	ADT - 2018-Q1 Security Svcs			150.33				
Total 20900 - Household Expense				<b>190.33</b>				

Administrative Service Budget (Cont'd)	Adopted	Current Budget	Expended 12/2017	Expended YTD	Encumbrances	Bal Remaining	% Exp YTD
<b>21000 - Insurance-Other</b>	<b>85,000.00</b>	<b>85,000.00</b>	<b>-</b>	<b>79,999.00</b>	<b>-</b>	<b>5,001.00</b>	<b>94%</b>
Total 21000 - Insurance-Other			-				
<b>21001 - Insurance-General Liability</b>	<b>3,072.00</b>	<b>3,072.00</b>	<b>355.81</b>	<b>1,349.93</b>	<b>-</b>	<b>1,722.07</b>	<b>44%</b>
12/1/2017 General Liability			108.02				
12/15/2017 General Liability			140.54				
12/29/2017 General Liability			107.25				
Total 21001 - Insurance- General Liability			355.81				
<b>21200 - Maintenance-Equipment</b>	<b>4,634.60</b>	<b>4,634.60</b>	<b>170.01</b>	<b>2,089.37</b>	<b>-</b>	<b>2,545.23</b>	<b>45%</b>
12/28/2017 Spriggs - Bizhub Lease			170.01				
Total 21200 - Maintenance-Equipment			170.01				
<b>21301 - Maintenance Structure Improvement</b>	<b>12,000.00</b>	<b>12,000.00</b>	<b>409.21</b>	<b>10,085.25</b>	<b>-</b>	<b>1,914.75</b>	<b>84%</b>
12/4/2017 Yard Masters - 2017-11 Landscape Maint			300.00				
12/22/2017 2017-11 DPW Billing			109.21				
Total 21301 - Maintenance Structure Improvement			409.21				
<b>21500 - Membership</b>	<b>6,500.00</b>	<b>6,500.00</b>	<b>-</b>	<b>4,160.00</b>	<b>-</b>	<b>2,340.00</b>	<b>64%</b>
Total 21500 - Membership			-				
<b>21700 - Office Expense-General</b>	<b>11,000.00</b>	<b>11,000.00</b>	<b>496.42</b>	<b>3,549.34</b>	<b>-</b>	<b>7,450.66</b>	<b>32%</b>
12/20/2017 First Choice - 2017-11 Water Service			24.17				
12/20/2017 First Choice - 2017-11 Water Cooler Rental			7.00				
12/22/2017 Private Equity Book Update			252.15				
12/22/2017 2017-11 Stores Billing			213.10				
Total 21700 - Office Expense-General			496.42				
<b>21710 - Office Expense-Postage</b>	<b>15,750.00</b>	<b>15,750.00</b>	<b>986.20</b>	<b>5,174.71</b>	<b>-</b>	<b>10,575.29</b>	<b>33%</b>
12/22/2017 2017-11 IS Postage			888.41				
12/22/2017 2017-11 Mail Run			97.79				
Total 21710 - Office Expense-Postage			986.20				
<b>21805 - Prof &amp; Spec Service-Audits</b>	<b>55,000.00</b>	<b>55,000.00</b>	<b>-</b>	<b>38,630.44</b>	<b>-</b>	<b>16,369.56</b>	<b>70%</b>
Total 21805 - Prof & Spec Service-Audits			-				
<b>21808 - Prof &amp; Spec-BD Membership</b>	<b>12,000.00</b>	<b>12,000.00</b>	<b>400.00</b>	<b>4,000.00</b>	<b>1,000.00</b>	<b>7,000.00</b>	<b>33%</b>
12/4/2017 2017-11 - Bd Mtgs			100.00				
12/4/2017 2017-11 - Bd Mtgs			100.00				
12/4/2017 2017-11 - Bd Mtgs			100.00				
12/4/2017 2017-11 - Bd Mtgs			100.00				
Total 21808 - Prof & Spec-BD Membership Fee			400.00				
<b>21811 - Prof &amp; Spec-Court Reporters</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>-</b>	<b>1,390.00</b>	<b>-</b>	<b>610.00</b>	<b>70%</b>
Total 21811 - Prof & Spec-Court Reporters			-				
<b>21814 - Prof &amp; Spec -Medical Exams</b>	<b>25,000.00</b>	<b>25,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,000.00</b>	<b>0%</b>
Total 21814 - Prof & Spec -Medical Exams			-				
<b>21816 - Prof &amp; Spec -Medical Services</b>	<b>80,000.00</b>	<b>80,000.00</b>	<b>6,500.00</b>	<b>22,410.00</b>	<b>-</b>	<b>57,590.00</b>	<b>28%</b>
12/4/2017 NDE - Med Records Review			3,250.00				
12/20/2017 NDE - Med Records Review			3,250.00				
Total 21816 - Prof & Spec -Medical Services			6,500.00				
<b>21834 - Prof &amp; Spec -Legal Services</b>	<b>175,000.00</b>	<b>175,000.00</b>	<b>7,284.90</b>	<b>14,001.90</b>	<b>-</b>	<b>160,998.10</b>	<b>8%</b>
12/7/2017 PPC - 2017-11 Legal Svcs			265.00				
12/27/2017 RI - Abatement for Nossaman AB 197 Related Legal			(4,042.50)				
12/29/2017 Nossaman - 2017-11 Gen Adv & Couns			5,571.60				
12/29/2017 Nossaman - 2017-10 Gen Adv & Couns			51.80				
12/29/2017 Nossaman - 2017-11 AB 197 Related Legal			5,283.60				
12/29/2017 Nossaman - 2017-10 AB 197 Related Legal			155.40				
Total 21834 - Prof & Spec -Legal Services			7,284.90				



Administrative Service Budget (Cont'd)	Adopted	Current Budget	Expended 12/2017	Expended YTD	Encumbrances	Bal Remaining	% Exp YTD
21872 - Prof & Spec Sv - Investigations	1,000.00	1,000.00	-	-	-	1,000.00	0%
Total 21872 - Prof & Spec Sv - Investigations			-				
21900 - Publications & Legal Notices	700.00	700.00	-	-	-	700.00	0%
Total 21900 - Publications & Legal Notices			-				
22300 - Spec Dept Exp - Other	500.00	500.00	-	-	-	500.00	0%
Total 22300 - Spec Dept Exp - Other			-				
22327 - Spec Dept Exp-Cost Allocation	200,230.00	200,230.00	16,720.83	100,324.98	-	99,905.02	50%
12/5/2017 2017-12 Cost Allocation			16,720.83				
Total 22327 - Spec Dept Exp-Cost Allocation			16,720.83				
22500 - Transportation & Travel	800.00	800.00	-	75.44	-	724.56	9%
Total 22500 - Transportation & Travel			-				
22505 - Trans & Travel -Staff Development	4,000.00	4,000.00	-	-	-	4,000.00	0%
Total 22505 - Trans & Travel -Staff Development			-				
22515 - Trans & Travel -In State	55,000.00	55,000.00	3,215.12	11,432.04	-	43,567.96	21%
12/1/2017 SACRS 2017 Fall Conf - Travel Reimb			84.00				
12/5/2017 SACRS 2017 Fall Conf - Travel Reimb			300.22				
12/6/2017 SACRS 2017 Fall Conf - Travel Reimb			1,145.21				
12/13/2017 Nossaman Fiduciaries Forum - Travel Reimb			243.73				
12/18/2017 Nossaman Fiduciaries Forum - Travel Reimb			214.78				
12/22/2017 Nossaman Fiduciaries Forum - Travel Reimb			147.61				
12/22/2017 SACRS 2017 Fall Conf - Travel Reimb			179.24				
12/22/2017 2017-11 Concur Travel Chgs			739.59				
12/28/2017 Court Case Observation - Travel Reimb			160.74				
Total 22515 - Trans & Travel -In State			3,215.12				
22516 - Trans & Travel -Out of State	3,000.00	3,000.00	-	-	-	3,000.00	0%
Total 22516 - Trans & Travel -Out of State			-				
22527 - Trans & Travel- Car Allowance	14,000.00	14,000.00	1,384.65	5,769.38	-	8,230.62	41%
12/1/2017 Car Allowance			461.55				
12/15/2017 Car Allowance			461.55				
12/29/2017 Car Allowance			461.55				
Total 22527 - Trans & Travel- Car Allowance			1,384.65				
22600 - Utilities	12,000.00	12,000.00	757.08	5,735.45	-	6,264.55	48%
12/4/2017 PG&E - 2017-10 Gas & Electric Charges			425.69				
12/18/2017 City of Merced - 2017-10 Water, Sewer, & Garbage			331.39				
Total 22600 - Utilities			757.08				
<b>Total Administrative Service Budget</b>	<b>1,980,297.43</b>	<b>1,980,297.43</b>	<b>164,797.54</b>	<b>797,466.39</b>	<b>1,000.00</b>	<b>1,181,831.04</b>	<b>40%</b>
<b>Total MCERA</b>	<b>5,454,760.43</b>	<b>5,454,760.43</b>	<b>384,558.69</b>	<b>2,162,197.21</b>	<b>1,505.00</b>	<b>3,291,058.22</b>	<b>40%</b>



**Merced County  
Employees'  
Retirement Association**

**Actuarial Valuation  
as of June 30, 2017**

**Produced by Cheiron**

**January 2018**

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January 3, 2018

Retirement Board of Merced  
County Employees' Retirement Association  
3199 M Street  
Merced, CA 95348

Dear Members of the Board:

At your request, we have conducted an actuarial valuation of the Merced County Employees' Retirement Association (MCERA, the Fund, the Plan) as of June 30, 2017. This report contains information on the Plan's assets, liabilities, and discloses employer contribution levels. Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of MCERA. This report is for the use of the Retirement Board of MCERA and its auditors in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of this report is not an intended user and is considered a third party.

This report was prepared for the Retirement Board of MCERA for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this valuation report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

To the best of our knowledge, this report and its contents have 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. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Sincerely,  
Cheiron



Graham A. Schmidt, ASA, EA, FCA, MAAA  
Consulting Actuary



David Holland, FSA, FCA, MAAA, EA  
Consulting Actuary

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**FOREWORD**

Cheiron has performed the actuarial valuation of the Merced County Employees' Retirement Association as of June 30, 2017. The valuation is organized as follows:

- In Section I, the **Executive Summary**, we describe the purpose of an actuarial valuation, summarize the key results found in this valuation, and disclose important trends.
- The **Main Body** of the report presents details on the Plan's
  - Section II - Assets
  - Section III - Liabilities
  - Section IV - Contributions
  - Section V - Comprehensive Annual Financial Reporting Information
- In the **Appendices** we conclude our report with detailed information describing plan membership (Appendix A), actuarial assumptions and methods employed in the valuation (Appendix B), a summary of pertinent plan provisions (Appendix C), tables containing member contribution rates (Appendix D), and a glossary of key actuarial terms (Appendix E).

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

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

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**SECTION I – EXECUTIVE SUMMARY**

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

- The financial condition of the Plan,
- Past and expected trends in the financial progress of the Plan,
- Employer and employee contribution rates for Fiscal Year 2019, and,
- Information required by the GFOA for the Comprehensive Annual Financial Report.

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

**A. Valuation Basis**

This valuation determines the employer contributions for the fiscal year ending June 30, 2019. The Plan's funding policy is to collect contributions from the employers and employees equal to the sum of:

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

The Unfunded Actuarial Liability payment is determined as the amount needed to fund the outstanding Unfunded Actuarial Liability (UAL). The UAL as of June 30, 2013 is amortized over a closed 16-year period. Effective with the June 30, 2014 valuation, any new sources of UAL due to actuarial gains and losses or method changes are amortized over a closed 24-year period, with a five-year ramp up period at the beginning of the period, a four-year ramp down at the end of the period, and 15 years of level payments as a percentage of payroll between the ramping periods. Assumption changes will be amortized over a closed 22-year period, with a three-year ramp up period, two-year ramp down period, and 17 years of level payments as a percentage of payroll. This amortization method is similar to a traditional five or three year asset smoothing and a 20-year amortization period with level payments as a percentage of payroll. The Board also adopted a policy to replace the smoothed Actuarial Value of Assets with the Market Value of Assets for valuation purposes. These new amortization and funding policies in conjunction are a type of policy known as direct rate smoothing.

Experience studies are performed every three years. This valuation was performed on the basis of the economic and demographic assumptions and methods that were determined in the Actuarial Experience Study dated February 15, 2017. A summary of the assumptions and methods used in the current valuation is shown in Appendix B.

This valuation was prepared based on the Plan provisions shown in Appendix C. Employee contribution rates are shown in Appendix D. The rates for PEPRA members will be recomputed each year to be one-half of the total normal cost rate.

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017

SECTION I – EXECUTIVE SUMMARY

**Key Findings of this Valuation**

The following discussion summarizes the key results of the June 30, 2017 valuation and how they compare to the results from the June 30, 2016 valuation.

**Summary of Key Valuation Results**

Table I-1 summarizes the key results of the valuation with respect to assets, liabilities, and contributions.

Table I-1 Merced County Employees' Retirement Association Summary of Key Valuation Results (in millions)		
Valuation Date Fiscal Year End	June 30, 2017 2019	June 30, 2016 2018
Actuarial Liability	\$ 1,243.7	\$ 1,201.2
Market Value of Assets	<u>753.8</u>	<u>670.0</u>
Unfunded Actuarial Liability	\$ 490.0	\$ 531.2
Funded Ratio	60.6%	55.8%
Net Employer Contribution Rate	49.73%	50.58%

More discussion of the factors that affected these results can be found in the remainder of this section, but some key points are as follows:

- The employer contribution rate decreased from 50.58% to 49.73%.
- The Unfunded Actuarial Liability (UAL) is the excess of the Plan's Actuarial Liability over the Market Value of Assets. The Plan's UAL decreased from \$531.2 to \$490.0 million. This decrease in UAL was primarily due to investment gains from assets.
- The Plan's funded ratio, the ratio of market assets over Actuarial Liability, increased from 55.8% last year to 60.6% as of June 30, 2017.

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017

SECTION I – EXECUTIVE SUMMARY

**Plan Membership**

Table I-2 summarizes Plan membership as of June 30, 2017 and June 30, 2016. More detailed membership statistics are shown in Appendix A.

Table I-2				
Membership Total				
Item	June 30, 2017	June 30, 2016	% Change	
Actives	2,096	2,040	2.7%	
Deferred Members	788	735	7.2%	
Retired Members	2,263	2,234	1.3%	
Total Members	5,147	5,009	2.8%	
Active Member Payroll	\$ 129,624,256	\$ 123,018,313	5.4%	
Average Pay per Active	61,844	60,303	2.6%	

Some key points are as follows:

- Total Plan membership increased by 2.8%, mostly driven by the increase in active and deferred members. The active membership count increased by 2.7% and deferred membership increased by 7.2%.
- The pay figures reflect the annualized rate as of June 30, plus expected increases for the upcoming year. The average pay per active member increased by 2.6%.



**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**SECTION I – EXECUTIVE SUMMARY**

**Components of UAL Change between June 30, 2016 and June 30, 2017**

Table I-3 is a detailed reconciliation of the components that affected the UAL between June 30, 2016 and June 30, 2017.

<b>Table I-3 Change in Unfunded Actuarial Liability</b>	
<b>Experience</b>	<b>in millions</b>
Unfunded actuarial liability, 6/30/2016	\$ 531.2
Expected change in unfunded actuarial liability	\$ (12.1)
Unfunded decrease due to investment gains	(34.5)
Unfunded increase due to contributions less than expected (including impact of 12-month rate delay)	2.7
Unfunded increase due to liability loss	2.7
Unfunded increase due to assumption changes	<u>0.0</u>
Total change in unfunded actuarial liability	(41.2)
Unfunded actuarial liability, 6/30/2017	\$ 490.0

The Plan's UAL decreased from \$531.2 million as of June 30, 2016 to \$490.0 million as of June 30, 2017. As shown above, the largest contributing factor was investment gains. Contributions less than expected increased the UAL by \$2.7 million, largely resulting from 12-month delay in implementation of the contribution rates. There were losses on actuarial liabilities of \$2.7 million, most of which was from cost-of-living adjustments for retirees that were slightly higher than assumed.

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**SECTION I – EXECUTIVE SUMMARY**

**Employer Contribution Reconciliation**

Table I-4 is a detailed reconciliation between the Fiscal Year 2018 and Fiscal Year 2019 employer contribution rates, in total and by component.

Table I-4				
Employer Contribution Reconciliation				
Item	Total	Normal Cost	Amortization	Expenses
FYE 2018 Net Employer Contribution Rate	50.58%	9.31%	39.73%	1.54%
Expected Change due to phase-in	0.90%	0.00%	0.90%	0.00%
Change due to investment gain	-0.45%	0.00%	-0.45%	0.00%
Change due to contributions less than expected (including impact of 12-month rate delay)	0.04%	0.00%	0.04%	0.00%
Change due to PEPRA new hires	-0.25%	-0.25%	0.00%	0.00%
Change due to liability changes	-0.04%	-0.08%	0.04%	0.00%
Change due to effect of payroll on amort / expense	-1.05%	0.00%	-1.01%	-0.04%
Change due to change in assumptions	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total change	-0.85%	-0.33%	-0.48%	-0.04%
FYE 2019 Net Employer Contribution Rate	49.73%	8.98%	39.25%	1.50%

The employer contribution rate decreased from 50.58% for Fiscal Year 2018 to 49.73% for Fiscal Year 2019:

- The phase-in of the net UAL experience from the three years since the adoption of direct rate smoothing (based on a net gain in FYE 2014 and a net loss in FYE 2015 and FYE 2016, including assumption changes) increased the contribution rate by 0.90%. These net losses will continue to be phased-in over the next two years, resulting in similar increases in the employer UAL contribution rates. However, these increases are expected to be offset by reductions in the employer normal cost rates, as more PEPRA members enter the system.
- The investment gain for the current fiscal year decreased the current year contribution rate by 0.45% of pay. The assets of the Plan returned 12.40% (net of investment expenses) on a market basis, higher than the assumed rate of 7.25%. The amortization payment for the current year investment gains will continue to be phased-in over the next four years.
- Contributions less than expected increased the employer contribution rate by 0.04% of pay, largely due to the 12-month delay in implementation of the contribution rates.

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017

SECTION I – EXECUTIVE SUMMARY

- Demographic experience was favorable for a net decrease in cost of about 0.04% of pay, 0.08% of which was for changes in the employer normal cost, offset by 0.4% of which was for changes in the UAL amortization payment. As with the investment losses, the changes in the UAL payment will continue to be phased-in over the next four years. The replacement of legacy members by PEPRAs members further decreased the normal cost by about 0.25% of pay.
- An increase in the projected payroll more than expected decreased the employer contribution rate by 1.05% of pay, since it results in the Plan's Unfunded Actuarial Liability and administrative expenses being spread over a larger-than-anticipated payroll base.

**Plan Risk**

Active Member Payroll	\$	129,624,256
Assets (Market Value)		753,769,328
Ratio of Assets to Payroll		5.82
Ratio with 100% Funding		9.59

One of the most important measures of a plan's risk is the ratio of plan assets to payroll. The table above shows MCERA's assets as a percentage of active member payroll. This ratio indicates the sensitivity of the Plan to the returns earned on Plan assets. We note in the table that assets currently are more than five times covered payroll for the Plan; as funding improves and the Plan reaches 100% funding, the ratio of assets to payroll will increase to over nine times payroll, perhaps higher depending on the Plan's future demographic makeup.

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

On the other hand, consider the situation for MCERA. Suppose MCERA's assets lose 10% of their value in a year. Since they were assumed to earn 7.25%, there is an actuarial loss of 17.25% of plan assets. Based on the current ratio of assets to payroll (582%), that means the loss in assets is about 100% of active payroll (582% of the 17.25% loss). There is only one source of funding to make up for this loss: the employers. Consequently, barring future offsetting investment gains, the employers must make up the asset loss in future contributions. In this example of a one-year loss of 10%, this shortfall will eventually require an additional amortization payment in the vicinity of 8.2% of payroll once fully phased-in, if amortized over the Plan's 24-year schedule for gains and losses.

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017

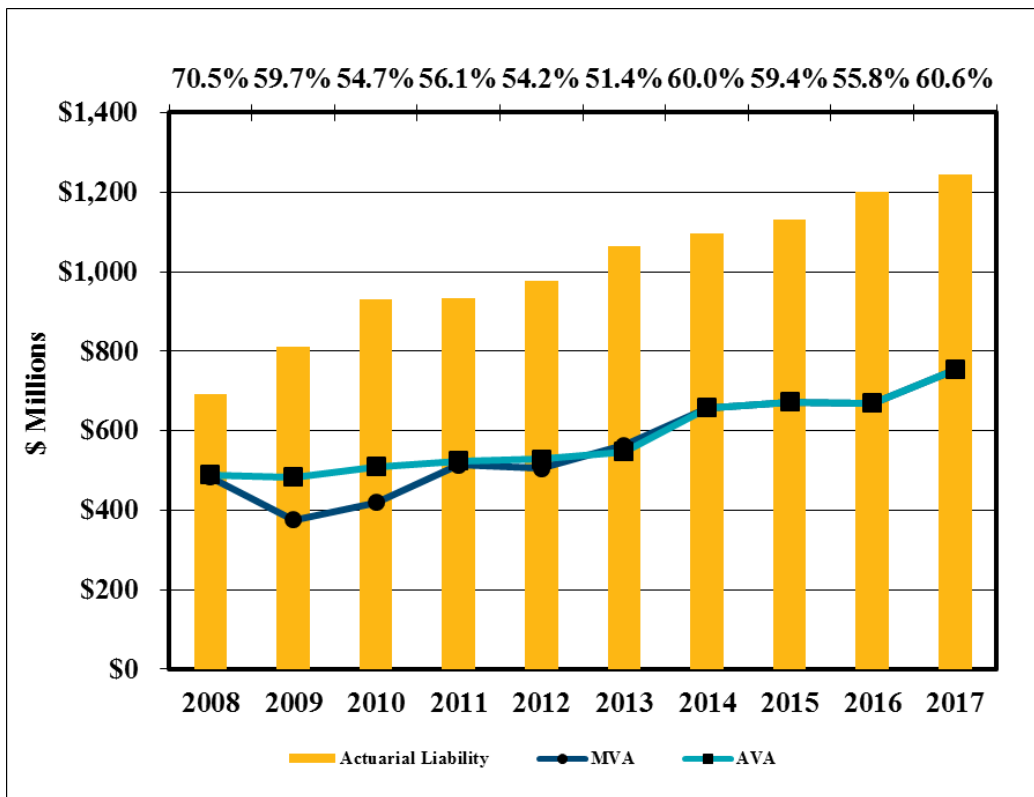
SECTION I – EXECUTIVE SUMMARY

Historical Trends

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the employer contribution, it is important to remember that each valuation is merely a snapshot in 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.

Assets and Liabilities

The chart below compares the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) to the Actuarial Liabilities. The percentage shown at the top of each bar is the ratio of the Actuarial Value of Assets to the Actuarial Liability (the funded ratio). Beginning June 30, 2014, the Actuarial Value of Assets is equal to the Market Value, and thus the funded ratios shown in 2014 and after are based on the Market Value of Assets. The funded ratio has declined from 70.5% in 2008 to 60.6% as of June 30, 2017.

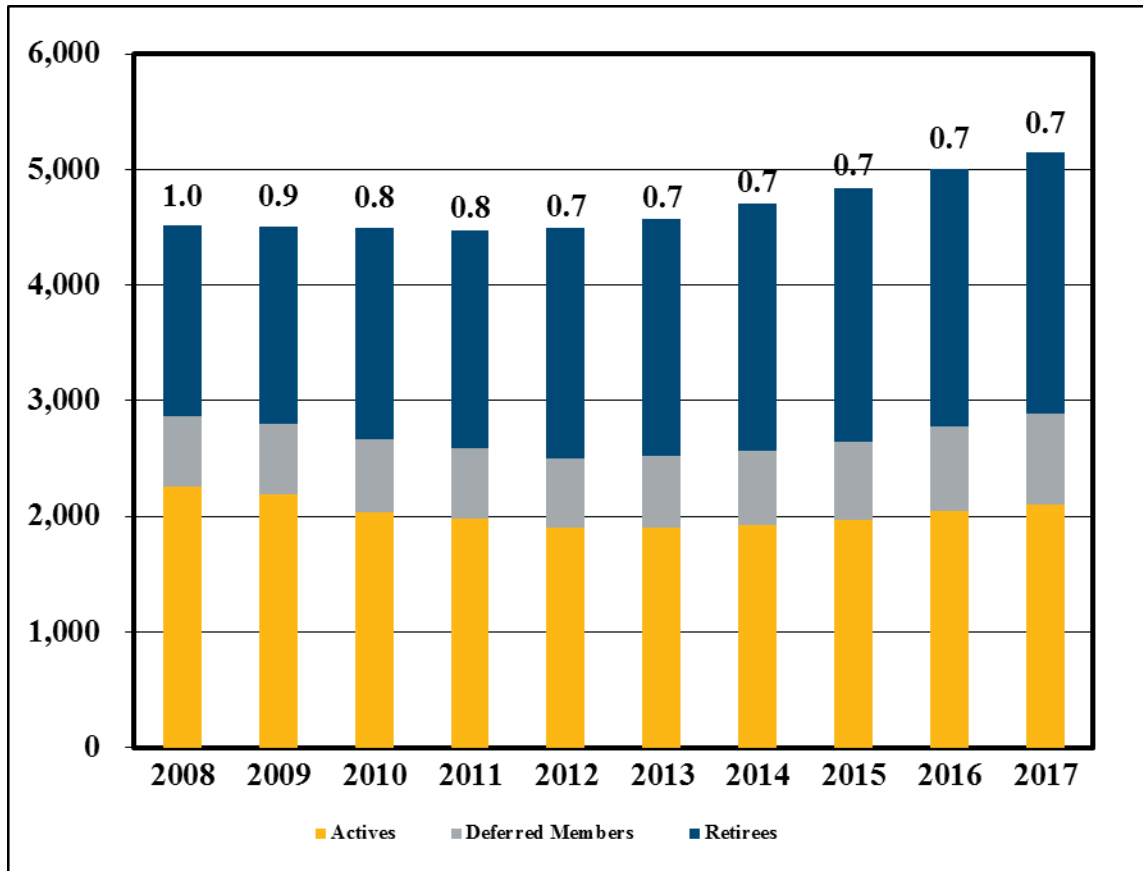


The extraordinary asset loss of 2008 adversely affected the funded ratio from 2009 to 2013. The 2014 funded ratio increased as a result of asset and liability gains in 2014, and as a result of resetting the Actuarial Value of Assets to the Market Value. The 2016 funded ratio decreased as a result of investment losses and losses from assumption changes. The 2017 funded ratio increased as a result of investment gains.

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017

SECTION I – EXECUTIVE SUMMARY

Participant Trends



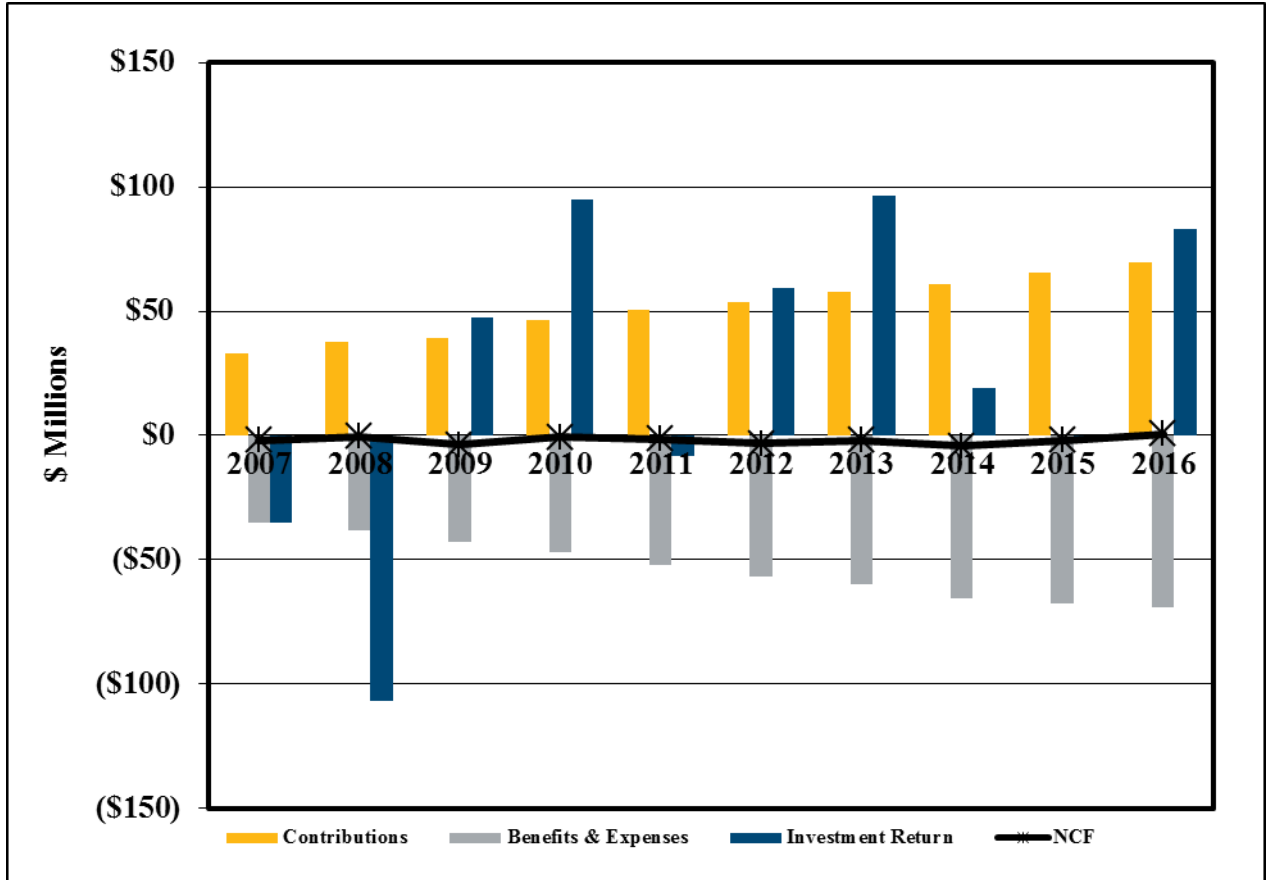
The chart above provides a measure for Plan maturity by comparing the ratio of active members to inactive members (retirees and deferred members). These ratios are given at the top of each bar. The active-to-inactive ratio has decreased from 2008 to 2017 indicating the ongoing maturation of the Plan. While this is neither good nor bad in itself, it does have implications for the risk profile of the Plan, as discussed under Table I-5 earlier in this section.

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017

SECTION I – EXECUTIVE SUMMARY

Cash Flows

The chart shows the Plan's cash flow (contribution less benefit payments). This is a critical measure, as it reflects the ability to have funds available to meet benefit payments without having to make difficult investment decisions, especially during volatile markets.



In the chart above, the contributions, outflows (benefit payments and expenses), and investment returns are shown as bars and the Plan's net cash flow (NCF) is shown as a black line. The NCF, which is equal to contributions less outflows, has been close to zero for the entire period shown. A plan in a significantly negative cash flow position magnifies the losses during a market decline hindering the Plan in its ability to absorb market fluctuations; however, this is not currently the case for MCERA.

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**SECTION I – EXECUTIVE SUMMARY**

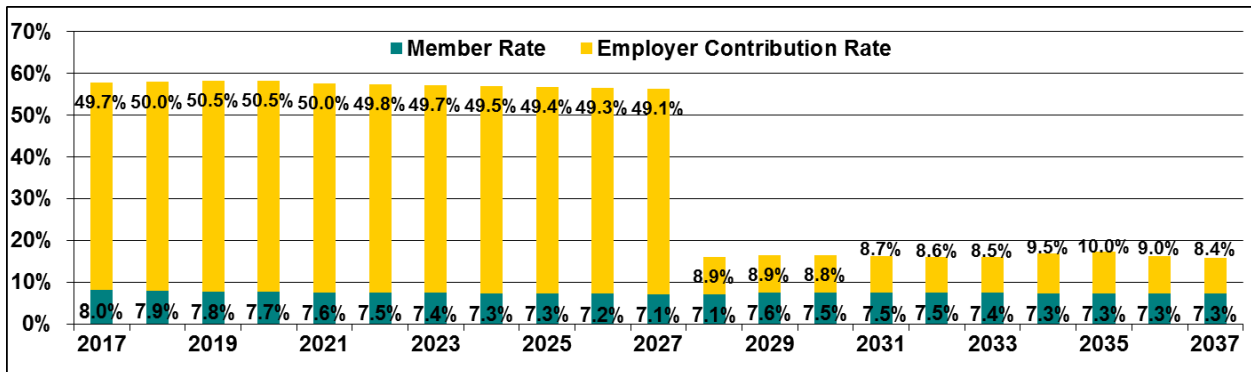
**Future Expected Financial Trends**

The analysis of projected financial trends is perhaps the most important component of this valuation. In this Section, we present our assessment of the implications of the June 30, 2017 valuation results in terms of contributions and benefit security (assets compared to liabilities). All the projections in this section are based on the current interest rate assumption of 7.25%. We have assumed increases in future pensionable payroll of 2.75% per year.

**Contribution Projections:**

The following graph shows the expected employer and member contribution rates based on actually achieving the 7.25% assumption each year for the next 20 years, which is clearly impossible.

**Projection of Employer and Member Contributions, 7.25% return each year**



The graph above shows employer contributions peaking at 50.5% in the June 30, 2019 valuation (for Fiscal Year 2021), decreasing slightly in the subsequent years, and then dropping off significantly in 2028 once the amortization of the bulk of the Unfunded Actuarial Liability is complete.

Note that the graph above does not forecast any actuarial gains or losses. Even relatively modest losses relative to the 7.25% assumed return could push the employer contribution rate further above 50% in the next few years.

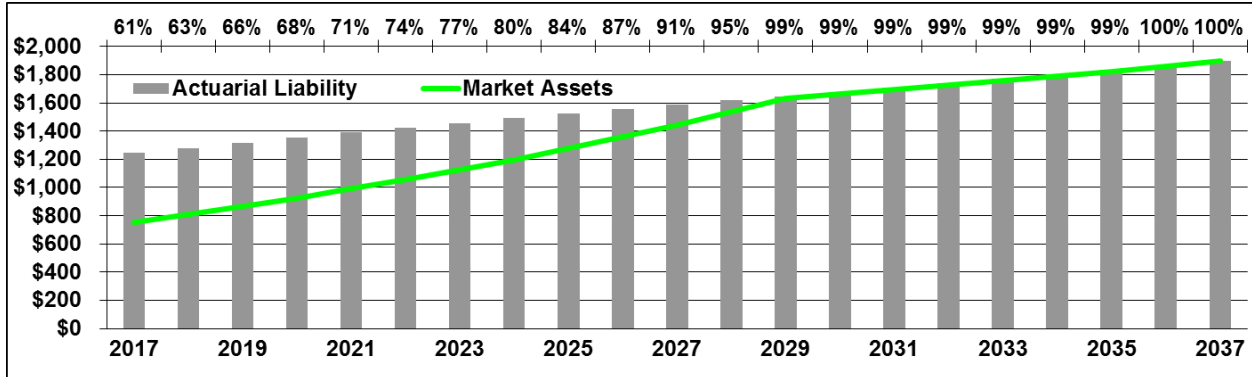
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
 ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017

SECTION I – EXECUTIVE SUMMARY

**Asset and Liability Projections:**

The graph shows the projection of assets and liabilities assuming that assets will earn the 7.25% assumption each year during the projection period. The percentages along the graph represent the funded ratio or status of the System.

**Projection of Assets and Liabilities, 7.25% return each year**



The graph shows that the projected funded status increases over the next 20 years to 100%, assuming the actuarial assumptions are achieved. However, as noted on the previous page, it is the actual return on plan assets that will determine the future funded status and contribution rates.



**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**SECTION II – ASSETS**

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

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

- **Disclosure** of Plan assets as of June 30, 2016 and June 30, 2017,
- Statement of the **changes** in market values during the year, and
- Historical **investment performance**.

As of June 30, 2014, an Actuarial Value of Assets distinct from the Market Value of Assets is no longer used in the calculations of the Unfunded Actuarial Liability or funded status due to the implementation of the new funding policy adopted by the Board on January 22, 2015. This policy change was made in conjunction with the new 24-year layered amortization of any unexpected changes in the Unfunded Actuarial Liability starting with the June 30, 2014 valuation. The calculation of the Actuarial Value of Assets is no longer shown in the valuation report, except to show the history of returns on the actuarial assets in Table II-3.

Also in prior valuations, a distinction was made between actuarial assets and valuation assets, with the latter reduced for non-valuation reserves, such as the Contingency Reserve. Since there are no such reserves as of June 30, 2016 and June 30, 2017, the two asset values are equal, and throughout this report we have used the term Market Value of Assets exclusively, except to show the history of returns on the valuation assets in Table II-3.

**Disclosure**

The market value represents “snap-shot” or “cash-out” values that provide the principal basis for measuring financial performance from one year to the next.

Table II-1 on the next page discloses and compares each asset value as of June 30, 2016 and June 30, 2017.

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**SECTION II – ASSETS**

Table II-1 Statement of Assets at Market Value		
Assets	June 30, 2017	June 30, 2016
<b>Cash and Short-Term Investments:</b>		
Cash invested with Merced County Treasurer	\$ 3,853,727	\$ 1,293,296
Cash invested with BNY Mellon	5,292,717	5,960,492
Other cash and cash equivalents with BNY Mellon	1,742,959	3,576,091
Securities lending collateral	-	4,972,033
Total Cash and Short-Term Investments	\$ 10,889,403	\$ 15,801,912
<b>Receivables:</b>		
Bond interest	\$ 704,271	\$ 640,636
Dividends	108,303	235,304
Contributions	1,512,670	3,557,195
Distributions	431,815	255,139
Securities sold	0	921,498
Other	5,124	6,450
Total Receivables	\$ 2,762,183	\$ 5,616,222
<b>Investments at Market Value:</b>		
U.S. government and agency obligations	\$ 67,194,200	\$ 63,790,914
Domestic fixed income	90,688,858	108,687,312
Common stocks (domestic)	40,925,272	39,432,005
Common stocks (index funds)	189,256,179	160,011,327
Common stocks (international)	82,898,638	138,263,801
Common stocks (international index funds)	107,338,378	18,259,912
Real estate	54,991,688	58,116,070
Alternative investments	105,322,608	70,181,549
Total Investments at Market Value	\$ 738,615,821	\$ 656,742,890
<b>Other Assets:</b>		
Prepaid expense	\$ 113,692	\$ 0
Capital assets, net of accumulated depreciation of \$855,247 and \$610,802 respectively	2,095,256	2,336,218
<b>Total Assets</b>	754,476,355	680,497,242
<b>Liabilities</b>		
Accounts payable	\$ 621,624	\$ 606,906
Securities lending obligation	0	4,972,033
Securities purchased	0	4,817,076
Unclaimed contributions	85,403	85,403
<b>Total Liabilities</b>	707,027	10,481,418
<b>Market Value of Assets</b>	<b>\$ 753,769,328</b>	<b>\$ 670,015,824</b>

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**SECTION II – ASSETS**

**Changes in Market Value**

The components of asset change are:

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

Table II-2 shows the components of change in the Market Value of Assets during 2016 and 2017.

Table II-2 Changes in Market Values		
	Fiscal Year ending <u>June 30, 2017</u>	Fiscal Year ending <u>June 30, 2016</u>
<b>Additions</b>		
Contributions:		
Employer	\$ 60,349,189	\$ 56,617,088
Plan members	9,384,621	9,042,663
Total Contributions	\$ 69,733,810	\$ 65,659,751
Investment Income/(Loss) from Investment Activities:		
Net appreciation/(depreciation) in fair value of investments	\$ 79,215,883	\$ (7,297,000)
Investment income	6,482,887	9,240,309
Other revenue	22,243	12,834
Less investment expenses	(2,631,692)	(2,361,966)
Total Investment Income/(Loss) from Investment Activities	\$ 83,089,321	\$ (405,823)
Securities Lending Income:		
Securities lending income	\$ (4,743)	\$ 12,721
Securities lending rebates	12,838	4,893
Total Securities Lending Income	\$ 8,095	\$ 17,614
Total Investment Income/(Loss)	\$ 83,097,416	\$ (388,209)
<b>Total Additions</b>	152,831,226	65,271,542
<b>Deductions</b>		
Benefits paid	\$ 66,116,108	\$ 63,928,672
Refunds of contributions	788,207	1,153,731
Administrative expense	1,966,898	2,416,563
Actuarial expense	206,509	76,121
401(h) distribution to County	0	0
<b>Total Deductions</b>	69,077,722	67,575,087
Net Increase/(Decrease)	\$ 83,753,504	\$ (2,303,545)
Market Value of Assets, Beginning of Year	670,015,824	672,319,369
<b>Market Value of Assets, End of Year</b>	<b>\$ 753,769,328</b>	<b>\$ 670,015,824</b>

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**SECTION II – ASSETS**

**Investment Performance**

The following table shows the historical annual asset returns on a market value and actuarial value basis, as well in the increase in the Consumer Price Index (CPI) since 1995. Beginning June 30, 2014, the Actuarial Value of Assets is equal to the Market Value of Assets, so the net returns are the same for FY 2015 onwards.

Table II-3 Net Return on Assets vs. Increase in Consumer Price Index				
Year Ended June 30	Net Return at Market Value	Net Return at Actuarial Value	Net Return at Valuation Assets	Increase in Consumer Price Index <sup>1</sup>
1995		4.4%		3.0%
1996	9.8%	9.8%		2.8%
1997	16.7%	11.6%		2.3%
1998	13.9%	12.7%		1.7%
1999	10.0%	12.3%		2.0%
2000	9.1%	11.5%		3.7%
2001	-3.6%	8.6%		3.2%
2002	-5.6%	4.9%		1.1%
2003	4.6%	3.3%		2.1%
2004	12.6%	3.3%		3.3%
2005	8.7%	2.5%		2.5%
2006	7.6%	4.7%		4.3%
2007	16.3%	8.9%		2.7%
2008	-6.7%	1.2%		5.0%
2009	-22.1%	-4.9%	2.7%	-1.4%
2010	12.7%	7.0%	6.0%	1.1%
2011	22.6%	2.6%	2.7%	3.6%
2012	-1.6%	0.6%	1.0%	1.7%
2013	11.8%	3.8%	3.8%	1.8%
2014	17.1%	11.8%	11.8%	2.1%
2015	2.9%	2.9%	2.9%	0.1%
2016	-0.1%	-0.1%	-0.1%	1.0%
2017	12.4%	12.4%	12.4%	1.6%
<b>15-Year Compound Average</b>	<b>6.0%</b>	<b>3.9%</b>	<b>N/A</b>	<b>2.1%</b>
<b>10-Year Compound Average</b>	<b>4.1%</b>	<b>3.6%</b>	<b>N/A</b>	<b>1.6%</b>
<b>5-Year Compound Average</b>	<b>8.6%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>1.3%</b>

<sup>1</sup> Based on All Urban Consumers - U.S. City Average, June indices.

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION III – LIABILITIES**

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

- **Disclosure** of Plan liabilities at June 30, 2016 and June 30, 2017, and
- Plan liabilities by **tier** as of June 30, 2017.

**Disclosure**

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

- **Present Value of Future Benefits:** Used for measuring all future Plan obligations, represents the amount of money needed today to fully fund all benefits of the Plan 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:** Used for funding calculations, this liability is calculated taking the Present Value of Future Benefits and subtracting the present value of future Member Contributions and future Employer Normal Costs under an acceptable actuarial funding method. The method used for this Plan is called the **Entry Age Normal** (EAN) funding method.
- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Market Value of Assets.

Table III-1 on the following page discloses each of these liabilities for the current and prior valuations.

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION III – LIABILITIES**

<b>Table III-1</b>		
<b>Present Value of Future Benefits and Actuarial Liability</b>		
(in thousands)		
<b>Item</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
<b>Present Value of Future Benefits</b>		
Actives	\$ 511,961	\$ 493,837
Deferred Members	48,546	47,561
Retirees	712,554	688,324
Disabled	65,746	64,872
Beneficiaries	52,260	51,461
<b>Total MCERA</b>	<b>\$ 1,391,067</b>	<b>\$ 1,346,056</b>
<b>Actuarial Liability</b>		
Total Present Value of Benefits	\$ 1,391,067	\$ 1,346,056
Present Value of Future Normal Costs		
Employer Portion	75,768	75,422
Employee Portion	71,557	69,439
<b>Actuarial Liability</b>	<b>\$ 1,243,742</b>	<b>\$ 1,201,195</b>
Market Value of Assets	\$ 753,769	\$ 670,016
<b>Unfunded Actuarial Liability/(Surplus)</b>	<b>\$ 489,973</b>	<b>\$ 531,180</b>

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION III – LIABILITIES**

Table III-2 discloses the liabilities of the Plan as of June 30, 2017, split by tier.

Table III-2 Liabilities by Group as of June 30, 2017 (in thousands)												
Present Value of Future Benefits	General					Safety					All Total	
	Tier 1	Tier 2	Tier 3	Tier 4	Total	Tier 1	Tier 2	Tier 3	Tier 4	Total		
Actives	\$ 101,401	\$ 257,624	\$ 5,150	\$ 41,850	\$ 406,025	\$ 29,002	\$ 65,119	\$ 775	\$ 11,041	\$ 105,936	\$ 511,961	
Deferred Members	13,515	25,757	215	326	39,813	1,430	7,137	3	163	8,733	48,546	
Retirees	529,643	67,312	8	-	596,963	111,469	4,121	-	-	115,590	712,554	
Disabled	17,282	6,192	-	-	23,474	36,435	5,837	-	-	42,272	65,746	
Beneficiaries	32,136	2,024	-	-	34,159	17,509	592	-	-	18,101	52,260	
<b>Total</b>	<b>\$ 693,977</b>	<b>\$ 358,909</b>	<b>\$ 5,373</b>	<b>\$ 42,176</b>	<b>\$ 1,100,435</b>	<b>\$ 195,846</b>	<b>\$ 82,805</b>	<b>\$ 778</b>	<b>\$ 11,204</b>	<b>\$ 290,632</b>	<b>\$ 1,391,067</b>	
<b>Actuarial Liability</b>												
Actives	\$ 93,130	\$ 189,133	\$ 1,392	\$ 7,508	\$ 291,163	\$ 27,141	\$ 44,535	\$ 195	\$ 1,602	\$ 73,473	\$ 364,636	
Deferred Members	13,515	25,757	215	326	39,813	1,430	7,137	3	163	8,733	48,546	
Retirees	529,643	67,312	8	-	596,963	111,469	4,121	-	-	115,590	712,554	
Disabled	17,282	6,192	-	-	23,474	36,435	5,837	-	-	42,272	65,746	
Beneficiaries	32,136	2,024	-	-	34,159	17,509	592	-	-	18,101	52,260	
<b>Total</b>	<b>\$ 685,705</b>	<b>\$ 290,418</b>	<b>\$ 1,616</b>	<b>\$ 7,834</b>	<b>\$ 985,573</b>	<b>\$ 193,985</b>	<b>\$ 62,221</b>	<b>\$ 198</b>	<b>\$ 1,765</b>	<b>\$ 258,169</b>	<b>\$ 1,243,742</b>	

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**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 is needed to properly maintain the funding status of the Plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

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

The normal cost rate is determined in the following steps. First, an individual 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 member's expected future salary producing a normal cost rate that should remain relatively constant over a member's career.

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

Starting with the June 30, 2014 valuation, the Unfunded Actuarial Liability (UAL) is the difference between the EAN Actuarial Liability and the Market Value of Assets. The Unfunded Actuarial Liability payment is determined as the amount needed to fund the outstanding Unfunded Actuarial Liability as of June 30, 2013 over a closed period with 16 years remaining, as a level percentage of pay. Any subsequent unexpected change in the Unfunded Actuarial Liability after June 30, 2013 is amortized over 24 years (22 years for assumption changes) that includes a five-year phase-in/out (three years for assumption changes) of the payments/credits for each annual layer.

The administrative expenses are assumed to be \$2.255 million for the current Plan year, and are expected to increase by the inflation rate in future years. The administrative expenses are split between the employees and employers based on each group's share of the normal cost and UAL rates.



MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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SECTION IV – CONTRIBUTIONS

The tables below present the employer contribution rates for the Plan for this valuation.

Table IV-1 Development of the Net Employer Contribution Rate as of June 30, 2017 for FYE 2019		
	June 30, 2017	June 30, 2016
1. Total Normal Cost Rate	16.78%	17.29%
2. Member Contribution Rate <sup>1</sup>	<u>7.80%</u>	<u>7.98%</u>
3. Employer Normal Cost Rate (1-2)	8.98%	9.31%
4. UAL Amortization Rate	39.25%	39.73%
5. Administrative Expense Rate	1.50%	1.54%
6. Net Employer Contribution Rate (3+4+5)	49.73%	50.58%

<sup>1</sup> Not including member's share of administrative expenses.

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**SECTION IV – CONTRIBUTIONS**

Table IV-2 FYE 2019 Net Employer Contribution Rate by Group											
	General					Safety					All
	Tier 1	Tier 2	Tier 3	Tier 4	Total	Tier 1	Tier 2	Tier 3	Tier 4	Total	Total
<b>County</b>											
1. Total Normal Cost Rate	21.79%	17.13%	12.86%	11.44%	15.69%	29.69%	22.15%	21.91%	19.39%	22.34%	16.78%
2. Member Contribution Rate <sup>1</sup>	<u>10.39%</u>	<u>8.28%</u>	<u>5.49%</u>	<u>5.72%</u>	<u>7.61%</u>	<u>10.44%</u>	<u>8.17%</u>	<u>8.08%</u>	<u>9.69%</u>	<u>8.79%</u>	<u>7.80%</u>
3. Employer Normal Cost Rate (1-2)	11.40%	8.85%	7.37%	5.72%	8.08%	19.25%	13.98%	13.83%	9.70%	13.55%	8.98%
4. UAL Amortization Rate	37.37%	37.37%	37.37%	37.37%	37.37%	48.91%	48.91%	48.91%	48.91%	48.91%	39.25%
5. Administrative Expense Rate	<u>1.52%</u>	<u>1.44%</u>	<u>1.39%</u>	<u>1.34%</u>	<u>1.41%</u>	<u>2.12%</u>	<u>1.96%</u>	<u>1.95%</u>	<u>1.82%</u>	<u>1.94%</u>	<u>1.50%</u>
<b>6. Net Employer Contribution Rate (3+4+5)</b>	<b>50.29%</b>	<b>47.66%</b>	<b>46.13%</b>	<b>44.43%</b>	<b>46.86%</b>	<b>70.28%</b>	<b>64.85%</b>	<b>64.69%</b>	<b>60.43%</b>	<b>64.40%</b>	<b>49.73%</b>
<b>Cemetery District</b>											
1. Total Normal Cost Rate		13.71%									
2. Member Contribution Rate <sup>1</sup>		<u>6.37%</u>									
3. Employer Normal Cost Rate (1-2)		7.34%									
4. UAL Amortization Rate		37.37%									
5. Administrative Expense Rate		<u>1.39%</u>									
<b>6. Net Employer Contribution Rate (3+4+5)</b>		<b>46.10%</b>									

<sup>1</sup> Not including member's share of administrative expenses.

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**SECTION IV – CONTRIBUTIONS**

The assets of the Plan are allocated between the General and Safety groups based on their share of the liability for non-active members. If the assets of the Plan exceed the liabilities of the non-active members, the remaining assets are allocated between the General and Safety groups based on their share of the liabilities for active members.

<b>Table IV-3 Development of UAL Amortization Rates for FYE 2019</b>			
	<b>General</b>	<b>Safety</b>	<b>Total</b>
1. Unfunded Actuarial Liability (UAL)	\$ 390,166,840	\$ 99,805,902	\$ 489,972,742
2. UAL Amortization (see table IV-4)	\$ 40,518,454	\$ 10,364,748	\$ 50,883,202
3. Total Payroll	108,433,653	21,190,603	129,624,256
4. UAL Amortization Rate (2 divided by 3)	37.37%	48.91%	39.25%

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**SECTION IV – CONTRIBUTIONS**

Table IV-4 presents the calculation of the UAL payments for the System.

Table IV-4 Development of Amortization Payment For the June 30, 2017 Actuarial Valuation									
Type of Base	Date Established	Initial Amount	Initial Amortization Years	June 30, 2017 Outstanding Balance	Remaining Amortization Years	Current Phase In/Out Percentage	Amortization Amount	% of Pay	% of Pay After Phase-In
1. Initial UAL	6/30/2013	\$ 518,034,325	16	\$ 472,483,547	12	100%	\$ 51,055,833	39.39%	39.39%
2. (Gain)/Loss Base	6/30/2014	(71,384,203)	24	(80,815,365)	21	80%	(5,127,449)	-3.96%	-4.94%
3. (Gain)/Loss Base	6/30/2015	34,000,650	24	37,461,934	22	60%	1,775,536	1.37%	2.28%
4. (Gain)/Loss Base	6/30/2016	47,466,429	24	50,100,735	23	40%	1,601,372	1.24%	3.09%
5. (Gain)/Loss Assumption	6/30/2016	38,112,827	22	39,840,081	21	67%	2,055,615	1.59%	2.38%
6. (Gain)/Loss Base	6/30/2017	(29,098,191)	24	<u>(29,098,191)</u>	24	20%	<u>(477,705)</u>	<u>-0.37%</u>	<u>-1.84%</u>
<b>Total</b>				\$ 489,972,742			\$ 50,883,202	39.25%	40.35%

The single period equivalent amortization period – i.e. the length of time required to amortize the overall UAL as a level percentage of payroll based on the total current amortization payment – is approximately 13 years.

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

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

The GASB adopted Statement Nos. 67 and 68 replaced GASB Statement Nos. 25 and 27. GASB 67 is effective for periods beginning after June 15, 2013 (first effective for the fiscal year ending June 30, 2014 for the Plan) and GASB 68 is effective for fiscal years beginning after June 15, 2014 (first effective for the fiscal year ending June 30, 2015 for the Employer). The disclosures needed to satisfy the new GASB requirements can be found in the MCERA GASB 67/68 Report as of June 30, 2017.

In accordance with Governmental Finance Officers Association (GFOA) and their recommended checklist for Comprehensive Annual Financial Reports (CAFRSs), we continue to prepare the following disclosures:

*Analysis of Financial Experience*

This schedule shows the history of gains or losses arising from investment and liability sources, as well as non-recurring items.

*Solvency Test*

The solvency test shows the portion of actuarial liabilities for active member contributions, inactive members, and the employer financed portion of the active members that are covered by the Actuarial Value of Assets.

*Actuarial Balance Sheet*

The actuarial balance sheet shows the components of the actuarial liabilities of the Plan and the actuarial assets that are intended to satisfy those liabilities.

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

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

Table V-1										
Analysis of Financial Experience										
Gain (or Loss) in Actuarial Liability During Years Ended June 30										
Resulting from Differences Between Assumed Experience										
and Actual Experience										
(in thousands)										
Gain (or Loss) for Year Ending June 30										
Type of Activity	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Investment Income and Expenses	\$ 34,498	\$ (52,420)	\$ (31,459)	\$ 22,058	\$ (20,749)	\$ (40,054)	\$ (30,955)	\$ (16,151)	\$ (66,987)	\$ (48,840)
Combined Liability Experience	<u>(2,720)</u>	<u>8,327</u>	<u>5,096</u>	<u>12,533</u>	<u>(4,199)</u>	<u>(11,401)</u>	<u>13,824</u>	<u>(8,100)</u>	<u>(23,892)</u>	<u>14,186</u>
Gain (or Loss) During Year from Financial Experience	\$ 31,778	\$ (44,093)	\$ (26,363)	\$ 34,591	\$ (24,948)	\$ (51,455)	\$ (17,131)	\$ (24,251)	\$ (90,879)	\$ (34,654)
Non-Recurring Gain (or Loss) Items	<u>(2,679)</u>	<u>(41,488)</u>	<u>(7,636)</u>	<u>36,803</u>	<u>(49,294)</u>	<u>16,069</u>	<u>12,918</u>	<u>(63,410)</u>	<u>-</u>	<u>-</u>
Composite Gain (or Loss) During Year	\$ 29,099	\$ (85,581)	\$ (33,999)	\$ 71,394	\$ (74,242)	\$ (35,386)	\$ (4,213)	\$ (87,661)	\$ (90,879)	\$ (34,654)

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

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

<b>Table V-2 Solvency Test</b> (dollars in thousands)									
Valuation Date June 30,	(A)	(B)	(C)		Portion of Actuarial Liabilities Covered by Reported Assets				
	Active Member Contributions	Retirees And Beneficiaries	Remaining Active Members' Liabilities <sup>1</sup>	Reported Assets <sup>2</sup>	(A)	(B)	(C)		
2017	\$ 85,150	\$ 830,559	\$ 328,033	\$ 753,769	100%	81%	0%		
2016 <sup>3</sup>	81,880	804,658	314,657	670,016	100%	73%	0%		
2015	78,078	765,738	287,365	672,319	100%	78%	0%		
2014	75,582	739,428	281,231	657,325	100%	79%	0%		
2013 <sup>4</sup>	73,311	694,137	297,850	547,264	100%	68%	0%		
2012 <sup>5</sup>	66,407	632,319	276,882	528,728	100%	73%	0%		
2011 <sup>6</sup>	65,723	558,483	309,711	523,980	100%	82%	0%		
2010 <sup>7</sup>	64,917	532,695	333,220	509,561	100%	83%	0%		
2009	65,126	448,231	296,324	483,145	100%	93%	0%		
2008	66,865	370,764	254,623	488,347	100%	100%	20%		

<sup>1</sup> Includes deferred members.

<sup>2</sup> Actuarial Value of Assets. As of June 30, 2014, the Market Value of Assets is used.

<sup>3</sup> Reflects revised economic and demographic assumptions.

<sup>4</sup> Reflects revised economic and demographic assumptions.

<sup>5</sup> Reflects revised demographic assumptions.

<sup>6</sup> Reflects revised EAN methodology and economic assumptions.

<sup>7</sup> Reflects revised economic and demographic assumptions.

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

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

Table V-3 Actuarial Balance Sheet as of June 30, 2017	
<b>Assets</b>	
1. Market value of assets	\$ 753,769,328
2. Present value of future contributions by members	71,557,116
3. Present value of future employer contributions for normal cost	75,767,676
4. Present value of other future employer contributions (UAL)	489,972,742
<b>5. Total actuarial assets</b>	<b>\$ 1,391,066,862</b>
<b>Liabilities</b>	
6. Present value of retirement allowances payable to retired/disabled members and their survivors	\$ 830,559,495
7. Present value of service retirement allowances payable to presently active members and their survivors	448,048,558
8. Present value of allowances payable to current and future vested terminated and their survivors	83,221,813
9. Present value of disability retirement allowances payable to presently active members and their survivor	17,794,460
10. Present value of death benefits payable on behalf of presently active members	3,542,423
11. Present value of members' contributions to be returned upon withdrawal	7,900,113
12. Special Reserves	-
<b>13. Total actuarial liabilities</b>	<b>\$ 1,391,066,862</b>



**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**APPENDIX A – MEMBERSHIP INFORMATION**

<b>Summary of Participant Data (By Group) as of June 30, 2017</b>			
	<b>General</b>	<b>Safety</b>	<b>Total</b>
<b>Active Participants</b>			
Number	1,783	313	2,096
Average Age	43.66	38.84	42.94
Average Service	9.94	10.30	9.99
Average Pay	\$57,486	\$64,333	\$58,509
<b>Service Retired</b>			
Number	1,570	190	1,760
Average Age	70.39	65.20	69.83
Average Annual Total Benefit	\$31,404	\$44,115	\$32,776
<b>Beneficiaries &amp; QDROs</b>			
Number	253	67	320
Average Age	75.56	69.87	74.37
Average Annual Total Benefit	\$15,243	\$25,364	\$17,362
<b>Duty Disabled</b>			
Number	51	84	135
Average Age	68.67	63.25	65.29
Average Annual Total Benefit	\$26,296	\$33,815	\$30,975
<b>Non-Duty Disabled</b>			
Number	45	3	48
Average Age	68.40	62.72	68.04
Average Annual Total Benefit	\$15,774	\$21,666	\$16,143
<b>Total Receiving Benefits</b>			
Number	1,919	344	2,263
Average Age	70.98	65.61	70.16
Average Annual Total Benefit	\$28,771	\$37,752	\$30,136
<b>Terminated Vested</b>			
Number	245	44	289
Average Age	50.36	40.23	48.82
Average Service	10.55	9.73	10.43
<b>Transfers</b>			
Number	185	50	235
Average Age	50.93	43.21	49.29
Average Service	18.38	17.98	18.30
<b>Funds on Account</b>			
Number	226	38	264
Average Age	41.19	31.62	39.81
Average Service	1.55	1.14	1.49
<b>Total Deferred</b>			
Number	656	132	788
Average Age	47.36	38.88	45.94
Average Service	9.66	10.38	9.78

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**APPENDIX A – MEMBERSHIP INFORMATION**

Summary of Participant Data (General) as of June 30, 2017					
	General Tier 1	General Tier 2	General Tier 3	General Tier 4	General Total
<b>Active Participants</b>					
Number	130	947	50	656	1,783
Average Age	55.52	47.31	39.62	36.34	43.66
Average Service	25.45	13.41	8.64	1.95	9.94
Average Pay	\$81,269	\$61,004	\$65,247	\$47,103	\$57,486
<b>Service Retired</b>					
Number	1,250	318	2	N/A	1,570
Average Age	71.46	66.25	60.29	N/A	70.39
Average Annual Total Benefit	\$34,576	\$19,131	\$253	N/A	\$31,404
<b>Beneficiaries &amp; QDROs</b>					
Number	233	20	N/A	N/A	253
Average Age	77.01	58.60	N/A	N/A	75.56
Average Annual Total Benefit	\$15,756	\$9,269	N/A	N/A	\$15,243
<b>Duty Disabled</b>					
Number	37	14	N/A	N/A	51
Average Age	72.11	59.57	N/A	N/A	68.67
Average Annual Total Benefit	\$26,526	\$25,687	N/A	N/A	\$26,296
<b>Non-Duty Disabled</b>					
Number	32	13	N/A	N/A	45
Average Age	71.93	59.70	N/A	N/A	68.40
Average Annual Total Benefit	\$16,899	\$13,005	N/A	N/A	\$15,774
<b>Total Receiving Benefits</b>					
Number	1,552	365	2	N/A	1,919
Average Age	72.32	65.34	60.29	N/A	70.98
Average Annual Total Benefit	\$31,194	\$18,624	\$253	N/A	\$28,771
<b>Terminated Vested</b>					
Number	62	173	9	1	245
Average Age	58.60	47.66	45.12	54.01	50.36
Average Service	10.86	10.23	14.89	8.65	10.55
<b>Transfers</b>					
Number	42	141	N/A	2	185
Average Age	57.42	49.06	N/A	46.68	50.93
Average Service	29.00	15.42	N/A	4.30	18.38
<b>Funds on Account</b>					
Number	11	95	8	112	226
Average Age	62.96	44.76	33.09	36.60	41.19
Average Service	2.98	1.93	1.86	1.07	1.55
<b>Total Deferred</b>					
Number	115	409	17	115	656
Average Age	58.59	47.47	39.46	36.93	47.36
Average Service	16.73	10.09	8.76	1.19	9.66

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**APPENDIX A – MEMBERSHIP INFORMATION**

Summary of Participant Data (Safety) as of June 30, 2017					
	Safety Tier 1	Safety Tier 2	Safety Tier 3	Safety Tier 4	Safety Total
<b>Active Participants</b>					
Number	28	188	5	92	313
Average Age	50.78	40.90	37.21	31.08	38.84
Average Service	24.46	12.35	8.74	1.89	10.30
Average Pay	\$88,265	\$67,561	\$65,301	\$50,402	\$64,333
<b>Service Retired</b>					
Number	175	15	N/A	N/A	190
Average Age	65.64	60.10	N/A	N/A	65.20
Average Annual Total Benefit	\$45,947	\$22,752	N/A	N/A	\$44,115
<b>Beneficiaries &amp; QDROs</b>					
Number	65	2	N/A	N/A	67
Average Age	70.74	41.37	N/A	N/A	69.87
Average Annual Total Benefit	\$25,463	\$22,169	N/A	N/A	\$25,364
<b>Duty Disabled</b>					
Number	68	16	N/A	N/A	84
Average Age	65.54	53.50	N/A	N/A	63.25
Average Annual Total Benefit	\$35,322	\$27,410	N/A	N/A	\$33,815
<b>Non-Duty Disabled</b>					
Number	2	1	N/A	N/A	3
Average Age	59.19	69.78	N/A	N/A	62.72
Average Annual Total Benefit	\$22,921	\$19,156	N/A	N/A	\$21,666
<b>Total Receiving Benefits</b>					
Number	310	34	N/A	N/A	344
Average Age	66.64	56.18	N/A	N/A	65.61
Average Annual Total Benefit	\$39,172	\$24,804	N/A	N/A	\$37,752
<b>Terminated Vested</b>					
Number	2	41	N/A	1	44
Average Age	56.60	39.71	N/A	28.98	40.23
Average Service	12.67	9.62	N/A	8.26	9.73
<b>Transfers</b>					
Number	9	40	N/A	1	50
Average Age	51.81	41.67	N/A	27.10	43.21
Average Service	29.10	15.83	N/A	4.02	17.98
<b>Funds on Account</b>					
Number	N/A	8	2	28	38
Average Age	N/A	38.41	28.60	29.89	31.62
Average Service	N/A	1.46	0.39	1.10	1.14
<b>Total Deferred</b>					
Number	11	89	2	30	132
Average Age	52.68	40.47	28.60	29.77	38.88
Average Service	26.11	11.68	0.39	1.44	10.38

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**APPENDIX A – MEMBERSHIP INFORMATION**

	Change in Plan Membership: Total								Total
	Actives	Transfers	Non-Vested Terminations	Vested Terminations	Non - Duty Disabled	Duty Disabled	Retired	Beneficiaries & QDROs	
<b>July 1, 2016</b>	<b>2,040</b>	<b>258</b>	<b>202</b>	<b>275</b>	<b>51</b>	<b>136</b>	<b>1,720</b>	<b>327</b>	<b>5,009</b>
New Entrants	243	0	0	0	0	0	0	0	243
Rehires	8	(3)	(4)	(1)	0	0	0	0	0
Duty Disabilities	(2)	0	0	(1)	0	3	0	0	0
Non-Duty Disabilities	(1)	0	0	0	1	0	0	0	0
Retirements	(44)	(16)	0	(19)	0	0	79	0	0
Dual Service Retirements	0	0	0	0	0	0	0	0	0
Vested Terminations	(42)	(3)	0	45	0	0	0	0	0
Transfers	(1)	3	(1)	(1)	0	0	0	0	0
Non-Vested Terminations									
with Funds on Account	(55)	(3)	88	0	0	0	0	0	30
Withdrawals Paid	(49)	(1)	(20)	(10)	0	0	0	0	(80)
Died, With Beneficiary	0	0	0	0	(2)	(3)	(13)	18	0
Died, Without Beneficiary	(1)	0	0	0	(2)	(2)	(26)	0	(31)
Beneficiary Deaths	0	0	0	0	0	0	0	(26)	(26)
Domestic Relations Orders	0	0	0	0	0	0	0	0	0
Data Corrections	0	0	(1)	1	0	1	0	1	2
<b>July 1, 2017</b>	<b>2,096</b>	<b>235</b>	<b>264</b>	<b>289</b>	<b>48</b>	<b>135</b>	<b>1,760</b>	<b>320</b>	<b>5,147</b>

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**APPENDIX A – MEMBERSHIP INFORMATION**

	Change in Plan Membership: General								Total
	Actives	Transfers	Non-Vested Terminations	Vested Terminations	Non - Duty Disabled	Duty Disabled	Retired	Beneficiaries & QDROs	
<b>July 1, 2016</b>	<b>1,729</b>	<b>202</b>	<b>173</b>	<b>244</b>	<b>48</b>	<b>54</b>	<b>1,531</b>	<b>260</b>	<b>4,241</b>
New Entrants	210	0	0	0	0	0	0	0	210
Rehires	7	(2)	(4)	(1)	0	0	0	0	0
Duty Disabilities	(1)	0	0	(1)	0	2	0	0	0
Non-Duty Disabilities	(1)	0	0		1	0	0	0	0
Retirements	(40)	(13)		(19)	0	0	72	0	0
Dual Service Retirements	0	0	0	0	0	0	0	0	0
Vested Terminations	(31)	(1)	0	32	0	0	0	0	0
Transfers	(1)	3	(1)	(1)	0	0	0	0	0
Non-Vested Terminations									
with Funds on Account	(45)	(3)	77	0	0	0	0	0	29
Withdrawals Paid	(43)	(1)	(19)	(9)	0	0	0	0	(72)
Died, With Beneficiary	0	0	0	0	(2)	(3)	(11)	16	0
Died, Without Beneficiary	(1)	0	0	0	(2)	(2)	(23)	0	(28)
Beneficiary Deaths	0	0	0	0	0	0	0	(24)	(24)
Domestic Relations Orders	0	0	0	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0	1	1	2
<b>July 1, 2017</b>	<b>1,783</b>	<b>185</b>	<b>226</b>	<b>245</b>	<b>45</b>	<b>51</b>	<b>1,570</b>	<b>253</b>	<b>4,358</b>

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**APPENDIX A – MEMBERSHIP INFORMATION**

Change in Plan Membership: Safety									
	Actives	Transfers	Non-Vested Terminations	Vested Terminations	Non - Duty Disabled	Duty Disabled	Retired	Beneficiaries & QDROs	Total
<b>July 1, 2016</b>	<b>311</b>	<b>56</b>	<b>29</b>	<b>31</b>	<b>3</b>	<b>82</b>	<b>189</b>	<b>67</b>	<b>768</b>
New Entrants	33	0	0	0	0	0	0	0	33
Rehires	1	(1)		0	0	0	0	0	0
Duty Disabilities	(1)	0	0	0	0	1	0	0	0
Non-Duty Disabilities	0	0	0	0	0	0	0	0	0
Retirements	(4)	(3)	0	0	0	0	7	0	0
Dual Service Retirements	0	0	0	0	0	0	0	0	0
Vested Terminations	(11)	(2)	0	13	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Non-Vested Terminations with Funds on Account	(10)		11	0	0	0	0	0	1
Withdrawals Paid	(6)	0	(1)	(1)	0	0	0	0	(8)
Died, With Beneficiary	0	0	0	0	0		(2)	2	0
Died, Without Beneficiary	0	0	0	0	0	0	(3)	0	(3)
Beneficiary Deaths	0	0	0	0	0	0	0	(2)	(2)
Domestic Relations Orders	0	0	0	0	0	0	0	0	0
Data Corrections	0	0	(1)	1	0	1	(1)	0	0
<b>July 1, 2017</b>	<b>313</b>	<b>50</b>	<b>38</b>	<b>44</b>	<b>3</b>	<b>84</b>	<b>190</b>	<b>67</b>	<b>789</b>

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**APPENDIX A – MEMBERSHIP INFORMATION**

Active Member Data by Plan					
Valuation at Year End	Plan Type	Member Count	Annual Payroll	Average Annual Salary	Average Salary Increase
<b>2008</b>	General	1,921	\$92,116,000	\$47,952	7.75%
	Safety	339	\$17,137,000	\$50,552	5.20%
	<b>Total</b>	<b>2,260</b>	<b>\$109,253,000</b>	<b>\$48,342</b>	<b>7.41%</b>
<b>2009</b>	General	1,848	\$99,266,589	\$53,716	12.02%
	Safety	342	\$19,363,697	\$56,619	12.00%
	<b>Total</b>	<b>2,190</b>	<b>\$118,630,286</b>	<b>\$54,169</b>	<b>12.05%</b>
<b>2010</b>	General	1,708	\$94,915,436	\$55,571	3.45%
	Safety	330	\$19,692,515	\$59,674	5.40%
	<b>Total</b>	<b>2,038</b>	<b>\$114,607,951</b>	<b>\$56,235</b>	<b>3.81%</b>
<b>2011</b>	General	1,659	\$94,976,978	\$57,250	3.02%
	Safety	321	\$19,768,859	\$61,585	3.20%
	<b>Total</b>	<b>1,980</b>	<b>\$114,745,837</b>	<b>\$57,954</b>	<b>3.06%</b>
<b>2012</b>	General	1,596	\$90,706,280	\$56,834	-0.73%
	Safety	305	\$19,145,091	\$62,771	1.93%
	<b>Total</b>	<b>1,901</b>	<b>\$109,851,371</b>	<b>\$57,786</b>	<b>-0.29%</b>
<b>2013</b>	General	1,604	\$91,737,348	\$57,193	0.63%
	Safety	295	\$18,699,145	\$63,387	0.98%
	<b>Total</b>	<b>1,899</b>	<b>\$110,436,493</b>	<b>\$58,154</b>	<b>0.64%</b>
<b>2014</b>	General	1,624	\$91,704,083	\$56,468	-1.27%
	Safety	300	\$18,620,870	\$62,070	-2.08%
	<b>Total</b>	<b>1,924</b>	<b>\$110,324,953</b>	<b>\$57,341</b>	<b>-1.40%</b>
<b>2015</b>	General	1,664	\$93,938,857	\$56,454	-0.02%
	Safety	298	\$18,397,233	\$61,736	-0.54%
	<b>Total</b>	<b>1,962</b>	<b>\$112,336,090</b>	<b>\$57,256</b>	<b>-0.15%</b>
<b>2016</b>	General	1,729	\$97,337,917	\$56,297	-0.28%
	Safety	311	\$19,394,922	\$62,363	1.02%
	<b>Total</b>	<b>2,040</b>	<b>\$116,732,839</b>	<b>\$57,222</b>	<b>-0.06%</b>
<b>2017</b>	General	1,783	\$102,498,328	\$57,486	2.11%
	Safety	313	\$20,136,322	\$64,333	3.16%
	<b>Total</b>	<b>2,096</b>	<b>\$122,634,651</b>	<b>\$58,509</b>	<b>2.25%</b>

Payroll figures represent active members' annualized pay rates on June 30.

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**APPENDIX A – MEMBERSHIP INFORMATION**

Fiscal Year	Beginning of Year	Added During Year	Retirants and Beneficiaries Added to and Removed from Retiree Payroll				Annual Retirement Payroll (in 000s)	Total Allowance Percentage Increase	Average Annual Allowance	Average Allowance Percentage Increase
			Allowances Added	Removed During Year	Allowances Removed	End of Year				
2005	1,441	109	2,445,000	49	450,000	1,501	24,867,000	9.16%	16,567	4.80%
2006	1,477	98	2,007,000	53	785,000	1,522	27,297,000	9.77%	16,836	1.62%
2007	1,521	136	4,419,000	38	560,000	1,619	31,823,000	16.58%	17,947	6.60%
2008	1,620	105	2,757,000	67	902,000	1,658	34,603,000	8.74%	19,644	9.46%
2009	1,658	105	3,402,523	52	812,828	1,711	37,747,525	9.09%	22,062	12.31%
2010	1,711	171	6,097,956	56	981,465	1,826	43,653,374	15.65%	23,907	8.36%
2011	1,826	103	2,627,234	44	781,283	1,885	46,116,686	5.64%	24,465	2.34%
2012	1,885	175	6,484,652	64	960,185	1,996	52,887,845	14.68%	26,497	8.31%
2013	1,996	103	3,028,612	49	855,980	2,050	56,048,022	5.98%	27,340	3.18%
2014	2,050	116	3,950,045	31	590,636	2,135	60,297,112	7.58%	28,242	3.30%
2015	2,135	100	2,508,828	35	720,242	2,200	63,254,229	4.90%	28,752	1.80%
2016	2,200	68	1,716,361	34	946,189	2,234	65,505,679	3.56%	29,322	1.98%
2017	2,234	85	2,177,246	56	1,022,708	2,263	68,197,823	4.11%	30,136	2.78%



**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**APPENDIX A – MEMBERSHIP INFORMATION**

**GENERAL**

**Count**

Age	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 & up		
Under 20	0	0	0	0	0	0	0	0	0	0	0	0
20 to 25	12	9	0	0	0	0	0	0	0	0	0	21
25 to 29	71	105	13	0	0	0	0	0	0	0	0	189
30 to 34	44	124	48	22	0	0	0	0	0	0	0	238
35 to 39	43	103	55	83	30	0	0	0	0	0	0	314
40 to 44	17	62	36	64	63	12	0	0	0	0	0	254
45 to 49	10	31	35	38	57	28	11	0	0	0	0	210
50 to 54	4	21	20	44	56	29	19	7	0	0	0	200
55 to 59	4	20	20	45	61	31	27	12	1	0	0	221
60 to 64	5	10	9	25	36	12	6	3	0	0	0	106
65 to 69	0	1	4	4	6	4	3	1	1	0	0	24
70 & up	0	1	1	2	1	0	1	0	0	0	0	6
<b>Total</b>	<b>210</b>	<b>487</b>	<b>241</b>	<b>327</b>	<b>310</b>	<b>116</b>	<b>67</b>	<b>23</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1,783</b>

**Compensation**

Age	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 & up		
Under 20	0	0	0	0	0	0	0	0	0	0	0	0
20 to 25	37,572	37,742	0	0	0	0	0	0	0	0	0	37,645
25 to 29	39,063	43,947	54,951	0	0	0	0	0	0	0	0	42,869
30 to 34	43,491	49,819	55,054	49,926	0	0	0	0	0	0	0	49,715
35 to 39	42,821	47,843	58,248	63,270	59,678	0	0	0	0	0	0	54,186
40 to 44	49,174	47,854	56,763	67,492	65,051	70,392	0	0	0	0	0	59,483
45 to 49	49,803	61,349	58,468	59,926	63,400	67,658	63,304	0	0	0	0	61,562
50 to 54	51,813	54,001	59,056	58,822	69,298	63,439	77,847	79,041	0	0	0	64,317
55 to 59	55,146	57,194	64,676	55,150	62,503	73,350	69,102	85,584	54,962	0	0	64,136
60 to 64	84,873	81,621	66,911	60,176	62,862	86,050	93,348	59,933	0	0	0	69,648
65 to 69	0	32,456	113,118	47,913	55,859	125,596	95,757	97,241	88,677	0	0	82,804
70 & up	0	44,304	31,156	49,930	37,156	0	102,367	0	0	0	0	52,474
<b>Total</b>	<b>43,645</b>	<b>49,485</b>	<b>58,966</b>	<b>60,588</b>	<b>63,971</b>	<b>72,308</b>	<b>74,491</b>	<b>80,754</b>	<b>71,819</b>	<b>0</b>	<b>0</b>	<b>57,486</b>

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**APPENDIX A – MEMBERSHIP INFORMATION**

**SAFETY**

**Count**

Age	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 & up		
Under 20	0	0	0	0	0	0	0	0	0	0	0	0
20 to 25	7	5	0	0	0	0	0	0	0	0	0	12
25 to 29	15	25	2	0	0	0	0	0	0	0	0	42
30 to 34	4	15	18	15	0	0	0	0	0	0	0	52
35 to 39	2	14	20	38	7	0	0	0	0	0	0	81
40 to 44	1	1	10	18	17	2	0	0	0	0	0	49
45 to 49	0	3	3	6	12	11	7	0	0	0	0	42
50 to 54	1	0	4	2	6	5	5	1	0	0	0	24
55 to 59	1	1	4	0	0	1	1	2	0	0	0	10
60 to 64	0	0	0	0	0	0	0	0	0	0	0	0
65 to 69	0	0	1	0	0	0	0	0	0	0	0	1
70 & up	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>31</b>	<b>64</b>	<b>62</b>	<b>79</b>	<b>42</b>	<b>19</b>	<b>13</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>313</b>

**Compensation**

Age	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 & up		
Under 20	0	0	0	0	0	0	0	0	0	0	0	0
20 to 25	44,256	42,372	0	0	0	0	0	0	0	0	0	43,471
25 to 29	46,850	50,570	70,099	0	0	0	0	0	0	0	0	50,171
30 to 34	42,312	51,828	65,559	64,799	0	0	0	0	0	0	0	59,591
35 to 39	50,482	52,480	62,827	63,851	71,242	0	0	0	0	0	0	61,941
40 to 44	55,765	56,265	69,024	68,439	78,288	82,596	0	0	0	0	0	72,046
45 to 49	0	58,569	60,602	62,449	72,698	75,508	89,460	0	0	0	0	72,890
50 to 54	78,998	0	58,917	77,011	72,352	85,636	86,696	80,617	0	0	0	76,878
55 to 59	61,526	98,967	72,878	0	0	59,384	68,808	128,918	0	0	0	83,803
60 to 64	0	0	0	0	0	0	0	0	0	0	0	0
65 to 69	0	0	116,757	0	0	0	0	0	0	0	0	116,757
70 & up	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>47,711</b>	<b>51,862</b>	<b>66,012</b>	<b>65,303</b>	<b>74,668</b>	<b>78,071</b>	<b>86,808</b>	<b>112,818</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>64,333</b>

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**APPENDIX A – MEMBERSHIP INFORMATION**

Current Age	Service Retired Benefits					
	<u>General</u>		<u>Safety</u>		<u>Total</u>	
	Number	Annual Average Benefit	Number	Annual Average Benefit	Number	Annual Average Benefit
0-24	0	\$0	0	\$0	0	\$0
25-29	0	\$0	0	\$0	0	\$0
30-34	0	\$0	0	\$0	0	\$0
35-39	0	\$0	0	\$0	0	\$0
40-44	0	\$0	0	\$0	0	\$0
45-49	0	\$0	4	\$53,030	4	\$53,030
50-54	24	\$22,316	22	\$48,057	46	\$34,627
55-59	129	\$29,591	32	\$42,516	161	\$32,160
60-64	286	\$36,086	33	\$45,079	319	\$37,016
65-69	391	\$35,961	48	\$48,657	439	\$37,349
70-74	326	\$31,332	28	\$34,789	354	\$31,605
75-79	197	\$26,884	14	\$40,097	211	\$27,761
80-84	110	\$24,949	4	\$46,008	114	\$25,688
85-89	70	\$22,911	4	\$37,802	74	\$23,716
90-94	23	\$22,410	1	\$58,213	24	\$23,902
95+	14	\$13,974	0	\$0	14	\$13,974
<b>All Ages</b>	<b>1,570</b>	<b>\$31,404</b>	<b>190</b>	<b>\$44,115</b>	<b>1,760</b>	<b>\$32,776</b>

Current Age	Duty Disabled Benefits					
	<u>General</u>		<u>Safety</u>		<u>Total</u>	
	Number	Annual Average Benefit	Number	Annual Average Benefit	Number	Annual Average Benefit
0-24	0	\$0	0	\$0	0	\$0
25-29	0	\$0	0	\$0	0	\$0
30-34	0	\$0	0	\$0	0	\$0
35-39	0	\$0	2	\$19,531	2	\$19,531
40-44	1	\$42,779	3	\$28,317	4	\$31,933
45-49	2	\$26,593	4	\$42,737	6	\$37,356
50-54	1	\$50,797	9	\$34,318	10	\$35,966
55-59	7	\$23,324	8	\$40,214	15	\$32,332
60-64	5	\$24,323	18	\$28,143	23	\$27,313
65-69	14	\$28,150	16	\$36,907	30	\$32,820
70-74	7	\$21,019	14	\$33,795	21	\$29,536
75-79	5	\$28,413	10	\$34,472	15	\$32,453
80-84	6	\$19,073	0	\$0	6	\$19,073
85-89	2	\$23,435	0	\$0	2	\$23,435
90-94	1	\$64,836	0	\$0	1	\$64,836
95+	0	\$0	0	\$0	0	\$0
<b>All Ages</b>	<b>51</b>	<b>\$26,296</b>	<b>84</b>	<b>\$33,815</b>	<b>135</b>	<b>\$30,975</b>

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Non-Duty Disabled Benefits						
Current Age	General		Safety		Total	
	Number	Annual Average Benefit	Number	Annual Average Benefit	Number	Annual Average Benefit
	0-24	0	\$0	0	\$0	0
25-20	0	\$0	0	\$0	0	\$0
30-34	0	\$0	0	\$0	0	\$0
35-39	0	\$0	0	\$0	0	\$0
40-44	1	\$15,431	0	\$0	1	\$15,431
45-49	1	\$15,021	1	\$28,802	2	\$21,912
50-54	2	\$15,927	0	\$0	2	\$15,927
55-59	8	\$18,129	0	\$0	8	\$18,129
60-64	6	\$15,719	0	\$0	6	\$15,719
65-69	7	\$15,954	1	\$19,156	8	\$16,354
70-74	8	\$12,321	1	\$17,040	9	\$12,845
75-79	4	\$16,333	0	\$0	4	\$16,333
80-84	5	\$18,691	0	\$0	5	\$18,691
85-89	3	\$13,053	0	\$0	3	\$13,053
90-94	0	\$0	0	\$0	0	\$0
95+	0	\$0	0	\$0	0	\$0
<b>All Ages</b>	<b>45</b>	<b>\$15,774</b>	<b>3</b>	<b>\$21,666</b>	<b>48</b>	<b>\$16,142</b>

Surviving Beneficiary & QDRO Benefits						
Current Age	General		Safety		Total	
	Number	Annual Average Benefit	Number	Annual Average Benefit	Number	Annual Average Benefit
	0-24	1	\$14,577	0	\$0	1
25-29	1	\$1,348	0	\$0	1	\$1,348
30-34	1	\$12,809	0	\$0	1	\$12,809
35-39	1	\$11,926	1	\$36,028	2	\$23,977
40-44	5	\$8,229	1	\$43,103	6	\$14,042
45-49	3	\$4,983	3	\$6,683	6	\$5,833
50-54	7	\$8,000	2	\$4,761	9	\$7,280
55-59	15	\$11,367	6	\$10,625	21	\$11,155
60-64	17	\$14,259	5	\$22,721	22	\$16,182
65-69	28	\$24,399	12	\$36,443	40	\$28,012
70-74	23	\$16,480	15	\$23,136	38	\$19,107
75-79	43	\$14,015	10	\$30,999	53	\$17,219
80-84	38	\$15,294	7	\$27,580	45	\$17,205
85-89	36	\$13,016	4	\$25,046	40	\$14,219
90-94	28	\$16,997	1	\$25,777	29	\$17,299
95+	6	\$16,720	0	\$0	6	\$16,720
<b>All Ages</b>	<b>253</b>	<b>\$15,243</b>	<b>67</b>	<b>\$25,364</b>	<b>320</b>	<b>\$17,362</b>

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**APPENDIX B -- STATEMENT OF CURRENT ACTUARIAL  
ASSUMPTIONS AND METHODS**

The assumptions and methods used in the actuarial valuation reflect the results of an Experience Study performed by Cheiron covering the period from July 1, 2013 through June 30, 2016 and adopted by the Board. More details on the rationale for the demographic and economic assumptions can be found in the Experience Analysis dated February 15, 2017.

**A. Actuarial Assumptions**

**1. Rate of Return**

Assets are assumed to earn 7.25% net of investment expenses.

**2. Administrative Expenses**

Administrative expenses are assumed to be \$2.255 million for the next year to be allocated between the employer and employees based on each group's share of the non-expense related contributions. Administrative expenses in future years are expected to increase with the Consumer Price Index (CPI).

**3. Cost of Living**

The cost of living as measured by the Consumer Price Index (CPI) will increase at the rate of 2.50% per year.

**4. Post Retirement COLA**

Benefits are assumed to increase after retirement at the rate of 2.40% per year for Tier 1 members.

**5. Increases in Pay**

Wage inflation component: 2.75%

Additional longevity and promotion component:

Years of Service	General	Safety
0-1	7.00%	7.50%
2-3	5.00%	5.00%
4	5.00%	3.00%
5	3.00%	1.50%
6-9	2.00%	1.50%
10-14	1.50%	1.00%
15-19	1.00%	1.00%
20+	0.50%	0.50%

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017

APPENDIX B -- STATEMENT OF CURRENT ACTUARIAL  
ASSUMPTIONS AND METHODS

**6. Final Average Compensation Load**

None

**7. Family Composition**

50% of female General members, 70% of male General members and 90% of Safety members are assumed to be married at retirement. Male members are assumed to be three years older than their spouses and female members are assumed to be two years younger than their spouses.

**8. Rates of Mortality**

Mortality rates for actives, retirees, disabled members, beneficiaries, terminated vesteds, and reciprocal transfers are based on the sex-distinct employee and annuitant CalPERS mortality tables as described below. Future mortality improvements are reflected by applying the SOA MP-2016 projection scale on a generational basis from the base year of 2009.

Category	Base Mortality Table
Healthy Annuitant	CalPERS 2009 Healthy Annuitant Mortality Table
Disabled Annuitant	CalPERS 2009 Industrial Disability Mortality Table
Healthy Non-Annuitant	CalPERS 2009 Non-Industrial Employees Mortality Table
Actives, Line of Duty (Safety only)	CalPERS 2009 Industrial Employees Mortality Table

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**9. Rates of Termination**

Sample rates of termination<sup>1</sup> are shown in the following table.

Years of Service	General Male	General Female	Safety
0	22.5%	12.0%	20.8%
5	8.2%	7.5%	4.6%
10	4.5%	3.6%	4.6%
15	4.5%	3.0%	2.5%
20	4.5%	3.0%	0.0%
25	4.5%	3.0%	0.0%
30	0.0%	0.0%	0.0%

<sup>1</sup> Termination rates do not apply once a member is eligible for retirement.

There are three types of terminations: withdrawals, reciprocal transfers, and vested terminations. Rates of withdrawal apply to active Members who terminate their employment and withdraw their member contributions, forfeiting entitlement to future Plan benefits. Rates of reciprocal transfer are for members who leave their member contributions on deposit and engage in employment covered by a pension plan with a reciprocal relationship with MCERA. Finally, rates of vested termination apply to active Members who terminate their employment and leave their member contributions on deposit with the Plan.

The table below shows the percentages of total terminations falling into these categories.

	Years of Service				
	General			Safety	
	0 - 4	5 - 14	15+	0 - 4	5+
Withdrawals	90.0%	40.0%	10.0%	90.0%	30.0%
Transfers	10.0%	10.0%	10.0%	10.0%	25.0%
Vested Terminations	0.0%	50.0%	80.0%	0%	45.0%

Vested terminated General Members are assumed to begin receiving benefits at age 59; vested terminated Safety Members are assumed to begin receiving benefits at age 53. Future reciprocal transfer General members are assumed to begin receiving benefits at age 61; future reciprocal transfer safety members are assumed to begin receiving benefits at age 55. Current reciprocal transfer members are assumed to begin receiving benefits based on the probabilities of retirement applied to the active members.

Future reciprocal transfers' pay growth is assumed to be 3.25% while employed by a reciprocal employer. Current reciprocal transfers' pay growth is assumed to increase according to the assumptions applied to the active members until the assumed retirement age.

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**10. Rates of Service-Connected Disability**

Sample service-connected disability rates of active participants are provided in the table.

Age	Safety	General	
	All	Male	Female
20	0.0000%	0.0027%	0.0040%
25	0.0825%	0.0053%	0.0075%
30	0.2380%	0.0133%	0.0115%
35	0.3940%	0.0240%	0.0150%
40	0.5500%	0.0320%	0.0190%
45	0.7060%	0.0480%	0.0340%
50	0.9230%	0.0640%	0.0600%
55	2.3925%	0.0800%	0.1050%
60	3.0120%	0.1120%	0.1575%
65	3.6385%	0.0000%	0.0000%

**11. Rates of Non Service-Connected Disability**

Sample non service-connected disability rates of active participants are provided in the table. Rates are applied once members have at least five years of service.

Age	Safety	General	
	All	Male	Female
20	0.0050%	0.0000%	0.0000%
25	0.0050%	0.0267%	0.0033%
30	0.0100%	0.0533%	0.0067%
35	0.0150%	0.0533%	0.0100%
40	0.0200%	0.0867%	0.0133%
45	0.0250%	0.1267%	0.0300%
50	0.0400%	0.1600%	0.0600%
55	0.0650%	0.2133%	0.0933%
60	0.1000%	0.2800%	0.1533%
65	0.1000%	0.0000%	0.0000%



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**12. Rates of Retirement**

Rates of retirement are based on age and service according to the following table.

		General Male			General Female			Safety		
		Years of Service			Years of Service			Years of Service		
Age	10 – 19	20 – 29	30+	10 – 19	20 – 29	30+	Age	10 – 19	20+	
50	5.00%	10.00%	7.50%	2.50%	7.50%	25.00%	40	0.00%	3.10%	
51	5.00%	10.00%	7.50%	2.50%	7.50%	25.00%	41	0.00%	3.10%	
52	5.00%	10.00%	15.00%	5.00%	12.50%	25.00%	42	0.00%	3.10%	
53	5.00%	10.00%	15.00%	5.00%	12.50%	25.00%	43	0.00%	3.10%	
54	5.00%	10.00%	15.00%	5.00%	12.50%	25.00%	44	0.00%	3.10%	
55	10.00%	12.50%	27.00%	12.00%	25.00%	35.00%	45	0.00%	7.60%	
56	10.00%	12.50%	22.50%	8.50%	25.00%	35.00%	46	0.00%	7.60%	
57	10.00%	12.50%	22.50%	8.50%	25.00%	35.00%	47	0.00%	7.60%	
58	10.00%	12.50%	22.50%	8.50%	25.00%	35.00%	48	0.00%	7.60%	
59	10.00%	12.50%	22.50%	10.00%	30.00%	35.00%	49	0.00%	7.60%	
60	20.00%	25.00%	37.50%	15.00%	30.00%	35.00%	50	15.00%	32.90%	
61	20.00%	25.00%	37.50%	27.50%	40.00%	45.00%	51	12.80%	32.90%	
62	20.00%	25.00%	37.50%	27.50%	40.00%	45.00%	52	12.80%	32.90%	
63	20.00%	25.00%	37.50%	27.50%	40.00%	45.00%	53	12.80%	32.90%	
64	20.00%	25.00%	37.50%	27.50%	40.00%	45.00%	54	12.80%	32.90%	
65	35.00%	50.00%	40.00%	40.00%	50.00%	50.00%	55	25.00%	32.90%	
66	35.00%	50.00%	45.00%	45.00%	50.00%	50.00%	56	25.00%	32.90%	
67	35.00%	50.00%	50.00%	50.00%	50.00%	50.00%	57	25.00%	32.90%	
68	35.00%	50.00%	60.00%	60.00%	60.00%	60.00%	58	25.00%	32.90%	
69	35.00%	50.00%	80.00%	80.00%	80.00%	80.00%	59	25.00%	32.90%	
70+	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	60	100.00%	100.00%	

**13. Changes Since Last Valuation**

The assumed administrative expenses has increased from \$2.20 million to \$2.255 million.

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**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 UAL (or Surplus Funding) is amortized as a percentage of the projected salaries of present and future members of MCERA. Effective with the June 30, 2013 valuation, the UAL as of June 30, 2013 is amortized over a closed 16-year period. Effective with the June 30, 2014 valuation, any new sources of UAL due to actuarial gains and losses or method changes is amortized over a closed 24-year period, with five-year ramp up period at the beginning of the period, a four-year ramp down at the end of the period, and 15 years of level payments as a percentage of payroll. Assumption changes will be amortized over a closed 22-year period, with a three-year ramp up period, two-year ramp down period, and 17 years of level payments as a percentage of payroll. This method is a type of direct rate smoothing method.

**2. Asset Valuation Method**

As of June 30, 2014, the Market Value of Assets is used to determine the System's UAL.

**3. Changes Since Last Valuation**

None

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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APPENDIX C – SUMMARY OF PLAN PROVISIONS

A. Definitions

**Compensation:** Compensation means the cash remuneration for services paid by the employer. It includes base pay and certain differential, incentive, and special pay allowances defined by the Board of Retirement. Overtime is excluded, with the exception of overtime paid under the Fair Labor Standards Act that is regular and recurring.

PEPRA: For members joining the Plan on and after January 1, 2013 (Tier 4 Members), only pensionable compensation up to the Social Security Taxable Wage Base (\$113,700 for 2013) will count for computing Plan benefits and employee contributions and employer contributions for those participating in Social Security. For those not participating in Social Security, the compensation cap is 120% of the Taxable Wage Base (\$136,440 for 2013.) In future years, the cap on pensionable compensation will increase with the increase in the CPI-U, rather than the increase in the Taxable Wage Base. In addition, it is possible that some sources of compensation, such as any payments deemed to be terminal or special pays, may be excluded from benefit and contribution computations for Tier 4 Members.

**Credited Service:** In general, Credited Service is earned for the period during which Member Contributions are paid. One year of service credit is earned for each 2,080 hours worked (not including overtime), not to exceed one year of service per year.

Temporary service for which the Member was not credited, or service for which the Member withdrew his or her Member Contributions, may be purchased by paying or repaying the Member Contributions with interest. The categories of services for which credit may be purchased are listed below:

**Prior Part-Time Service:** If a Member worked for an employer within the Association on a part-time or 'extra help' basis before his membership in the Retirement Association, the Member may buyback this service.

**Intermittent Part-Time Service.**

**Prior Full-Time Service:** Member may buyback full-time service that may have been cashed out upon termination.

**Leave of Absence (Including Absence with State Disability or Worker's Compensation):** No unpaid leave of absence can be bought back except for absence due to medical reasons up to one year.

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**Public Service:** Members may purchase service credit for prior service in the following public agencies: Federal Civil Service, Military Service, and some public employers in California. This service is only eligible for purchase when the Board of Supervisors opens the window for purchase.

**Military Time:** Members who resign or obtain a leave of absence to enter the military may purchase service credit for the period of military service. Members must re-enter employment within one year of terminating military service to be eligible to purchase service.

At retirement, Members have the option to convert 100% of sick leave time into retirement years of service credit. Unrepresented Management and Unit 7 will instead have some or all of their sick leave contributed to the Post Employment Health Plan.

**Final**

**Compensation:** For Tier 1 Members, Final Compensation means the highest average Compensation earned during any 26 consecutive pay periods of the Member's employment. For Tier 2 and Tier 3 Members, Final Compensation means the highest average Compensation earned during any 78 consecutive pay periods of the Member's employment.

The following compensation may be included in the Final Compensation computation:

- Loyalty Bonus
- Up to 160 hours of vacation payoff
- Sick Leave sold back during 25<sup>th</sup> pay period
- Vacation sold back during 25<sup>th</sup> pay period (management only)

**PEPRA:** For Tier 4 Members, highest average Compensation will be based on the highest 36 consecutive months of the Member's employment.

**General Member:** Any Member who is not a Safety Member is a General Member.

**Public Service:** During designated periods of time authorized by the County Board of Supervisors, Members may elect to purchase Public Service for time spent while employed in another recognized public agency. The public agency must have a reciprocal agreement with the Plan or be one of several specified municipalities, counties, special districts, or State and Federal agencies. Public Service cannot be purchased if it is used for eligibility for another pension.

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The cost to purchase Public Service is twice the Member Contributions and interest applicable for the period of time purchased. Public Service is used to compute benefits, but does not count toward eligibility for benefits or vesting.

Safety Member: Any sworn Member engaged in law enforcement or as a probation officer is a Safety Member.

**B. Membership**

Eligibility: All full-time and variable-shift permanent employees of Merced County and other participating employers become Members on their first date of service. Membership is mandatory; only elected officials and those entering employment at age 60 or older who are not reciprocal members of another system may choose not to participate.

PEPRA: A New Member is any Member joining the Plan for the first time on or after January 1, 2013. Employees who transfer from and are eligible for reciprocity with another public employer will not be Tier 4 Members if their service in the reciprocal system was under a pre-PEPRA tier. Employees who were Members of MCERA prior to January 1, 2013, experienced a break in service of more than six months, and then were re-employed by a *different* MCERA-participating employer on or after January 1, 2013 will be considered Tier 4 Members for all subsequent service.

Member

Contributions: Each Member contributes a percentage of Compensation to the Plan through a pre-tax payroll deduction. The percentage contributed depends on the Member's age upon joining the Plan. Complete Rates are shown in Appendix D.

Members covered by Social Security have their contributions reduced by one-third on the first \$161.54 of biweekly Compensation. General Members who joined the Plan prior to March 7, 1973, and who have earned 30 years of Credited Service do not contribute; Safety Members do not contribute after earning 30 years of Credited Service.

PEPRA: Tier 4 Members must contribute half of the normal cost of the Plan. Contributions for these Members will be based on the Normal Cost associated with their benefits; General and Safety members will pay different Rates.

Tier 4 Members will pay a single contribution rate, not a rate based on entry age. All Tier 4 Members are expected to continue contributing after earning 30 years of service.

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Interest is credited semi-annually to each Member's accumulated contributions. The crediting rate is set by the Board, and will fluctuate between zero and two percent less than the assumed rate of return (currently 7.25% - 2.00% = 5.25%), based in part on the investment earnings during that period.

**C. Service Retirement:**

Eligibility: Tier 1 General Members are eligible to retire at age 50 if they have earned 10 years of Credited Service. Tier 1 General Members hired prior to December 31, 1978, may retire upon reaching age 65 with no service requirement.

Tier 2 and Tier 3 General Members are eligible to retire at age 55 if they have earned 10 years of Credited Service or upon reaching age 70 with no service requirement.

Alternatively, all Tier 1, 2 and 3 General Members are eligible to retire at any age after having earned 30 years of Credited Service, or upon reaching age 70 with no service requirement.

Safety Members are eligible to retire at age 50 if they have earned 10 years of Credited Service. Alternatively, Safety Members are eligible to retire at any age after having earned 20 years of Credited Service, or upon reaching age 70 with no service requirement. All Tier 1, 2, and 3 Safety Members hired prior to December 31, 1978, may retire upon reaching age 65 with no service requirement.

PEPRA: Tier 4 General Members are eligible to retire upon attaining age 52 and completing five or more years of service. Tier 4 Safety Members are eligible to retire upon attaining age 50 and completing five or more years of service. Tier 4 Members are eligible to retire, regardless of service, after attaining age 70.

Benefit Amount: The Service Retirement Benefit payable to the Member is equal to the Member's Final Compensation multiplied by credited service, the benefit factor from Table 1, and the age factor from Table 2 corresponding to the Member's code section. The appropriate code sections for each group are listed in Table 1. For General Members in the Merced County Cemetery District and those in Deferred Inactive Reciprocity status prior to March 15, 2005, benefits are calculated using the formula in Government Code Section 31676.11 or 31676.1.

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**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

For Tiers 1, 2 and 3, the percentage of Final Compensation may not exceed 100%. For those members integrated with Social Security, Retirement Benefits based on the first \$350 of monthly Final Average Compensation are reduced by one-third.

**Table 1:**

Group	Open or Closed	FAP	Max COLA	Code Section	Description	Top Retirement Factor Age	Benefit Factor
General Tier 1	Closed	1	3	31676.17	3% at 60	60	2.00%
General Tier 2	Closed	3	0	31676.17	3% at 60	60	2.00%
General Tier 2 (Cemetery)	Closed	3	0	31676.11	2% at 58 1/2	65	1.67%
General Tier 3	Closed	3	0	31676.1	2.43% at 65	65	1.67%
General Tier 4	Open	3	0	7522.20(a)	PEPRA	67	1.00%
Safety Tier 1	Closed	1	3	31664.1	3% at 50	50	3.00%
Safety Tier 2	Closed	3	0	31664.1	3% at 50	50	3.00%
Safety Tier 3	Closed	3	0	31664	2% at 50	55	2.00%
Safety Tier 4	Open	3	0	7522.25(d)	PEPRA	57	1.00%

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

**Table 2:**

Age	General 3% @ 60 CERL: 31676.17	General 2% @ 58 1/2 CERL: 31676.11	General 2.43% @ 65 CERL: 31676.1	General PEPRA GC: 7522.20(a)	Safety 3% @ 50 CERL: 31664.1	Safety 2% @ 50 CERL: 31664	Safety PEPRA GC: 7522.25(d)
41	N/A	N/A	N/A	N/A	0.6258	0.6258	N/A
42	N/A	N/A	N/A	N/A	0.6625	0.6625	N/A
43	N/A	N/A	N/A	N/A	0.7004	0.7004	N/A
44	N/A	N/A	N/A	N/A	0.7397	0.7397	N/A
45	N/A	N/A	N/A	N/A	0.7805	0.7805	N/A
46	N/A	N/A	N/A	N/A	0.8226	0.8226	N/A
47	N/A	N/A	N/A	N/A	0.8678	0.8678	N/A
48	N/A	N/A	N/A	N/A	0.9085	0.9085	N/A
49	N/A	N/A	N/A	N/A	0.9522	0.9522	N/A
50	1.0000	0.7454	0.7091	N/A	1.0000	1.0000	2.0000
51	1.0500	0.7882	0.7457	N/A	1.0000	1.0516	2.1000
52	1.1000	0.8346	0.7816	1.0000	1.0000	1.1078	2.2000
53	1.1500	0.8850	0.8181	1.1000	1.0000	1.1692	2.3000
54	1.2000	0.9399	0.8556	1.2000	1.0000	1.2366	2.4000
55	1.2500	1.0000	0.8954	1.3000	1.0000	1.3099	2.5000
56	1.3000	1.0447	0.9382	1.4000	1.0000	1.3099	2.6000
57	1.3500	1.1048	0.9846	1.5000	1.0000	1.3099	2.7000
58	1.4000	1.1686	1.0350	1.6000	1.0000	1.3099	2.7000
59	1.4500	1.2365	1.0899	1.7000	1.0000	1.3099	2.7000
60	1.5000	1.3093	1.1500	1.8000	1.0000	1.3099	2.7000
61	1.5000	1.3608	1.1947	1.9000	1.0000	1.3099	2.7000
62	1.5000	1.4123	1.2548	2.0000	1.0000	1.3099	2.7000
63	1.5000	1.4638	1.3186	2.1000	1.0000	1.3099	2.7000
64	1.5000	1.5153	1.3865	2.2000	1.0000	1.3099	2.7000
65	1.5000	1.5668	1.4593	2.3000	1.0000	1.3099	2.7000
66	1.5000	1.5668	1.4593	2.4000	1.0000	1.3099	2.7000
67	1.5000	1.5668	1.4593	2.5000	1.0000	1.3099	2.7000

Form of Benefit: The Service Retirement Benefit will be paid monthly beginning at retirement and for the life of the Member. If the member selects the unmodified benefit form, in the event of the Member's death 60% of the benefit will continue for the life of the Member's eligible spouse, domestic partner, or to the age of majority of dependent minor children if there is no eligible spouse or domestic partner. To be eligible to receive this benefit, a surviving spouse or domestic partner must be married or state-registered at least one year prior to retirement. In the event there is no eligible surviving spouse, domestic partner, or minor children, any unpaid remainder of the Member's accumulated contributions will be paid to the Member's designated beneficiary.

Actuarially equivalent optional benefit forms are also available.



MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

Annually on April 1, Tier 1 benefits are increased to reflect increases in the CPI for the San Francisco Bay Area. Annual increases may not exceed 3%, but CPI increases in excess of 3% are “banked” and used for future increases when the CPI increases by less than 3%.

A lump sum benefit of \$3,000 will be payable upon the death of a retired member.

**D. Service-Connected Disability**

**Eligibility:** Members are eligible for Service-Connected Disability Retirement benefits at any age if they are permanently disabled as a result of injuries or illness sustained in the line of duty.

**Benefit Amount:** The Service-Connected Disability Retirement Benefit payable to Members is equal to the greater of 50% of their Final Compensation or – if the Member is eligible at disability for a Service Retirement Benefit – the Service Retirement Benefit accrued on the date of disability.

Members who return to work at a different position with lower pay may receive a Supplemental Disability Allowance that, when added to their new pay, may bring the Member’s total income up to the current pay for his or her position at the time of disability. The Supplemental Disability Allowance may not exceed the Service-Connected Disability Retirement benefit.

**Form of Benefit:** The Service-Connected Disability Retirement Benefit will be paid monthly beginning at the effective date of disability retirement and for the life of the Member; in the event of the Member’s death, 100% of the benefit will continue for the life of the Member’s eligible spouse, domestic partner, or to the age of majority of dependent minor children if there is no eligible spouse or domestic partner. In the event there is no eligible surviving spouse, domestic partner, or minor children, any unpaid remainder of the Member’s accumulated contributions will be paid to the Member’s designated beneficiary.

Actuarially equivalent optional benefit forms are also available.

Annually on April 1, Tier 1 benefits are increased to reflect increases in the CPI for the San Francisco Bay Area. Annual increases may not exceed 3%, but CPI increases in excess of 3% are “banked” and used for future increases when the CPI increases by less than 3%.

A lump sum benefit of \$3,000 will be payable upon the death of a retired member.

**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

**E. Non Service-Connected Disability**

**Eligibility:** Members are eligible for Non Service-Connected Disability Retirement benefits if they are permanently disabled at any age after earning five years of Credited Service or after becoming eligible for a deferred vested benefit.

**Benefit Amount:** The Non Service-Connected Disability Retirement Benefit payable to General Members is equal to the greatest of:

- 1.5% of Final Compensation at disability multiplied by years of Credited Service at disability,
- 1.5% of Final Compensation at disability multiplied by years of Credited Service projected to age 65, but not to exceed one-third of Final Compensation or,
- If the Member is eligible at disability for a Service Retirement Benefit, the Service Retirement Benefit accrued on the date of disability.

The Non Service-Connected Disability Retirement Benefit payable to Safety Members is equal to the greatest of:

- 1.8% of Final Compensation at disability multiplied by years of Credited Service at disability,
- 1.8% of Final Compensation at disability multiplied by years of Credited Service projected to age 55, but not to exceed one-third of Final Compensation or,
- If the Member is eligible at disability for a Service Retirement Benefit, the Service Retirement Benefit accrued on the date of disability.

Members who return to work at a different position with lower pay may receive a Supplemental Disability Allowance that, when added to their new pay, may bring the Member's total income up to the current pay for his or her position at the time of disability. The Supplemental Disability Allowance may not exceed the Non Service-Connected Disability Retirement benefit.

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

Form of Benefit: The Non Service-Connected Disability Retirement Benefit will be paid monthly beginning at the effective date of disability retirement, and for the life of the Member; in the event of the Member's death, 60% of the benefit will continue for the life of the Member's eligible spouse, domestic partner, or to the age of majority of dependent minor children if there is no spouse. In the event there is no eligible surviving spouse, domestic partner, or minor children, any unpaid remainder of the Member's accumulated contributions will be paid to the Member's designated beneficiary.

Actuarially equivalent optional benefit forms are also available.

Annually on April 1, Tier 1 benefits are increased to reflect increases in the CPI for the San Francisco Bay Area. Annual increases may not exceed 3%, but CPI increases in excess of 3% are "banked" and used for future increases when the CPI increases by less than 3%.

A lump sum benefit of \$3,000 will be payable upon the death of a retired member.

**F. Service-Connected Death**

Eligibility: A Member's survivors are eligible to receive Service-Connected Death benefits if the Member's death resulted from injury or illness sustained in connection with the Member's duties.

Benefit Amount: The Service-Connected Death benefit payable to an eligible surviving spouse, domestic partner, or minor children will be 50% of the Member's Final Compensation.

Furthermore, for Safety Members only, there will be an additional lump sum benefit of 12 months of pay at the time of death. An additional benefit of 25% of the above basic benefit will be paid for the first minor child, 15% for the second, and 10% for the third.

Form of Benefit: The Service-Connected Death Benefit will be paid monthly beginning at the Member's death and for the life of the eligible surviving spouse, domestic partner, or to the age of majority of dependent minor children if there is no eligible surviving spouse or domestic partner.

Annually on April 1, Tier 1 benefits are increased to reflect increases in the CPI for the San Francisco Bay Area. Annual increases may not exceed 3%, but CPI increases in excess of 3% are "banked" and used for future increases when the CPI increases by less than 3%.

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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APPENDIX C – SUMMARY OF PLAN PROVISIONS

**G. Non Service-Connected Death**

**Eligibility:** A Member's survivors are eligible to receive Non Service-Connected Death benefits if the Member's death arose from causes unrelated to the Member's duties.

**Benefit Amount:** In the event the Member had earned fewer than five years of Credited Service and has no or insufficient reciprocity service from another system, the Non Service-Connected Death benefit will be a refund of the Member's accumulated contributions with interest plus a payment of one month of Final Compensation for each year of Credited Service, not to exceed six months.

In the event the Member had earned five or more years of Credited Service, the Non Service-Connected Death benefit payable to an eligible surviving spouse, domestic partner, or minor children will be 60% of the amount the Member would have received as a Non Service-Connected Disability Retirement Benefit on the date of death.

**Form of Benefit:** For Members who had earned fewer than five years of Credited Service at death, the benefit will be paid as a lump sum.

For Members with five or more years of Credited Service, the Non Service-Connected Death Benefit will be paid monthly beginning at the Member's death and for the life of the eligible surviving spouse, domestic partner, or to the age of majority of dependent minor children if there is no eligible spouse or domestic partner.

Annually on April 1, Tier 1 benefits are increased to reflect increases in the CPI for the San Francisco Bay Area. Annual increases may not exceed 3%, but CPI increases in excess of 3% are "banked" and used for future increases when the CPI increases by less than 3%.

**H. Withdrawal Benefit:**

**Eligibility:** A Member is eligible for a Withdrawal Benefit upon termination of employment.

**Benefit Amount:** The Withdrawal Benefit is a refund of the Member's accumulated Contributions with interest. Upon receipt of the Withdrawal Benefit, the Member forfeits all Credited Service.

**Form of Benefit:** The Withdrawal Benefit is paid in a lump sum upon election by the Member.

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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APPENDIX C – SUMMARY OF PLAN PROVISIONS

**I. Deferred Vested Benefit:**

Eligibility: A Member is eligible for a Deferred Vested Benefit upon termination of employment after earning five years of Credited Service, including reciprocity service from another system. The Member must leave his or her Member Contributions with interest on deposit with the Plan.

Benefit Amount: The Deferred Vested Benefit is computed in the same manner as the Service Retirement Benefit, but it is based on Credited Service and Final Compensation on the date of termination.

Form of Benefit: The Deferred Vested Benefit will be paid monthly beginning at retirement and for the life of the Member; in the event of the Member's death, 60% of the benefit will continue for the life of the Member's eligible surviving spouse, domestic partner, or to the age of majority of dependent minor children if there is no eligible surviving spouse or domestic partner. In the event there is no eligible surviving spouse, domestic partner, or minor children, any unpaid remainder of the Member's accumulated contributions will be paid to the Member's designated beneficiary.

Actuarially equivalent optional benefit forms are also available.

Annually on April 1, Tier 1 benefits are increased to reflect increases in the CPI for the San Francisco Bay Area. Annual increases may not exceed 3%, but CPI increases in excess of 3% are "banked" and used for future increases when the CPI increases by less than 3%.

A lump sum benefit of \$3,000 will be payable upon the death of a retired member.

**J. Reciprocal Benefit:**

Eligibility: A Member is eligible for a Reciprocal Benefit upon termination of employment and entry, within a specified period of time, into another retirement system recognized as a reciprocal system by the Plan. In addition, the Member must leave his or her Member Contributions with interest on deposit with the Plan.

Benefit Amount: The Reciprocal Benefit is computed in the same manner as the Service Retirement Benefit, but it is based on Credited Service on the date of termination and Final Compensation on the date of retirement; Final Compensation is based on the highest of the Compensation earned under this Plan or the reciprocal plan.

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**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

Form of Benefit: The Reciprocal Benefit will be paid monthly beginning at retirement and for the life of the Member; in the event of the Member's death, 60% of the benefit will continue for the life of the Member's eligible surviving spouse, domestic partner, or to the age of majority of dependent minor children if there is no eligible surviving spouse or domestic partner. In the event there is no eligible surviving spouse, domestic partner, or minor children, any unpaid remainder of the Member's accumulated contributions will be paid to the Member's designated beneficiary.

Actuarially equivalent optional benefit forms are also available.

Annually on April 1, Tier 1 benefits are increased to reflect increases in the CPI for the San Francisco Bay Area. Annual increases may not exceed 3%, but CPI increases in excess of 3% are "banked" and used for future increases when the CPI increases by less than 3%.

A lump sum benefit may be payable upon the death of a retired Member by the last system under which the Member's service was covered.

**K. Changes Since Last Valuation**

None

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**APPENDIX D – MEMBER CONTRIBUTION RATES**

**Contribution Rates**

Employee contribution Rates vary by member Group and Tier. For non-PEPRA members, the Rates were most recently updated in 2016, following an experience study covering the period July 1, 2013 – June 30, 2016. The rates were updated again for the current valuation to reflect the decrease in the administrative expense load from 3.13% to 3.08%. For PEPRA members, the Rates were also re-computed, in accordance with the requirement that employees pay half of the total normal cost rate from the actuarial valuation.

Non-PEPRA Members

- The basic Rates are determined based on Government Code Section 31621.8 for General Tier 1 and Tier 2 members (31621.1 for Tier 2 members under benefit section 31676.11), 31621 for General Tier 3 members, and Section 31639.25 for Safety members. The COLA Rates for members in Tier 1 are determined based on 50% of the normal cost associated with the expected COLA benefits, including joint and survivor benefits, determined for each individual entry age.
- The Rates are determined based on an interest rate of 7.25% per annum, an average salary increase of 2.75% per year (plus service-based increases for merit/longevity), and the CalPERS 2009 Healthy Annuitants & Employees, projected using Projection Scale MP-2016 to 2037. The Rates are blended based on a male/female weighting of 30% male / 70% female for General members, and 70% male / 30% female for Safety members.
- Effective with the June 30, 2013 valuation, an administrative expense load was added to the Rates. The expense load added this year is 3.08%. This load was determined to account for the employees' share of the \$2.255 million administrative expense assumption, assuming the employer and employees would share administrative expenses in proportion to their overall share of the contributions. The 3.08% load produces an average increase in the employee Rates of approximately 0.24% of payroll.

PEPRA Members

- Employee contribution Rates are equal to half of the total normal cost rate from the actuarial valuation, determined separately for General and Safety. Due to the passage of SB13, contribution Rates for PEPRA members are not rounded, and will be recomputed each year.
- The same 3.08% load for administrative expenses was applied to the PEPRA Rates.

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**APPENDIX D – MEMBER CONTRIBUTION RATES**

**Current Year Contribution Rates (General Non-PEPRA):**

Entry Age	Basic		Tier 1 COLA		Total		Tier 2 Basic		Tier 2 (Cemetery) Basic		Tier 3 Basic	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
16	4.32%	6.48%	1.04%	1.57%	5.36%	8.05%	4.20%	6.29%	3.50%	5.24%	2.94%	4.40%
17	4.32%	6.48%	1.04%	1.57%	5.36%	8.05%	4.20%	6.29%	3.50%	5.24%	2.94%	4.40%
18	4.32%	6.48%	1.04%	1.57%	5.36%	8.05%	4.20%	6.29%	3.50%	5.24%	2.94%	4.40%
19	4.32%	6.48%	1.04%	1.57%	5.36%	8.05%	4.20%	6.29%	3.50%	5.24%	2.94%	4.40%
20	4.32%	6.48%	1.04%	1.57%	5.36%	8.05%	4.20%	6.29%	3.50%	5.24%	2.94%	4.40%
21	4.43%	6.65%	1.09%	1.64%	5.52%	8.29%	4.30%	6.44%	3.58%	5.37%	3.01%	4.51%
22	4.55%	6.81%	1.13%	1.70%	5.68%	8.51%	4.40%	6.60%	3.67%	5.50%	3.08%	4.63%
23	4.65%	6.98%	1.19%	1.77%	5.84%	8.75%	4.50%	6.76%	3.75%	5.63%	3.16%	4.74%
24	4.77%	7.15%	1.23%	1.83%	6.00%	8.98%	4.62%	6.93%	3.85%	5.78%	3.24%	4.86%
25	4.89%	7.33%	1.27%	1.91%	6.16%	9.24%	4.73%	7.10%	3.94%	5.92%	3.32%	4.98%
26	5.01%	7.51%	1.32%	1.98%	6.33%	9.49%	4.86%	7.28%	4.05%	6.07%	3.40%	5.10%
27	5.13%	7.70%	1.37%	2.05%	6.50%	9.75%	4.97%	7.45%	4.14%	6.21%	3.48%	5.23%
28	5.26%	7.89%	1.41%	2.12%	6.67%	10.01%	5.09%	7.64%	4.24%	6.37%	3.57%	5.35%
29	5.39%	8.08%	1.47%	2.21%	6.86%	10.29%	5.23%	7.83%	4.36%	6.53%	3.66%	5.48%
30	5.53%	8.29%	1.52%	2.28%	7.05%	10.57%	5.35%	8.03%	4.46%	6.69%	3.74%	5.62%
31	5.67%	8.50%	1.57%	2.35%	7.24%	10.85%	5.49%	8.24%	4.58%	6.87%	3.84%	5.76%
32	5.81%	8.72%	1.62%	2.43%	7.43%	11.15%	5.63%	8.44%	4.69%	7.03%	3.94%	5.91%
33	5.97%	8.95%	1.67%	2.50%	7.64%	11.45%	5.76%	8.65%	4.80%	7.21%	4.03%	6.05%
34	6.11%	9.17%	1.72%	2.58%	7.83%	11.75%	5.90%	8.84%	4.92%	7.37%	4.13%	6.21%
35	6.25%	9.37%	1.77%	2.66%	8.02%	12.03%	6.02%	9.03%	5.02%	7.53%	4.24%	6.36%
36	6.38%	9.58%	1.82%	2.74%	8.20%	12.32%	6.15%	9.23%	5.13%	7.69%	4.35%	6.52%
37	6.52%	9.78%	1.89%	2.82%	8.41%	12.60%	6.29%	9.43%	5.24%	7.86%	4.46%	6.69%
38	6.67%	10.00%	1.94%	2.91%	8.61%	12.91%	6.42%	9.63%	5.35%	8.03%	4.57%	6.85%
39	6.81%	10.23%	1.99%	2.99%	8.80%	13.22%	6.55%	9.81%	5.46%	8.18%	4.67%	7.01%
40	6.94%	10.41%	2.03%	3.05%	8.97%	13.46%	6.66%	9.99%	5.55%	8.33%	4.77%	7.15%
41	7.07%	10.61%	2.05%	3.08%	9.12%	13.69%	6.79%	10.18%	5.66%	8.48%	4.88%	7.31%
42	7.21%	10.81%	2.07%	3.11%	9.28%	13.92%	6.92%	10.37%	5.77%	8.64%	4.98%	7.47%
43	7.35%	11.03%	2.09%	3.14%	9.44%	14.17%	7.04%	10.57%	5.87%	8.81%	5.08%	7.63%
44	7.50%	11.26%	2.11%	3.17%	9.61%	14.43%	7.16%	10.75%	5.97%	8.96%	5.18%	7.77%
45	7.63%	11.44%	2.13%	3.21%	9.76%	14.65%	7.29%	10.93%	6.08%	9.11%	5.28%	7.92%
46	7.76%	11.65%	2.14%	3.22%	9.90%	14.87%	7.41%	11.12%	6.18%	9.27%	5.37%	8.06%
47	7.92%	11.87%	2.15%	3.24%	10.07%	15.11%	7.54%	11.31%	6.28%	9.43%	5.47%	8.22%
48	8.09%	12.13%	2.17%	3.26%	10.26%	15.39%	7.61%	11.41%	6.34%	9.51%	5.58%	8.37%
49	8.22%	12.32%	2.19%	3.28%	10.41%	15.60%	7.62%	11.43%	6.35%	9.53%	5.68%	8.51%
50	8.19%	12.30%	2.20%	3.29%	10.39%	15.59%	7.62%	11.42%	6.35%	9.52%	5.77%	8.66%
51	8.19%	12.30%	2.17%	3.27%	10.36%	15.57%	7.58%	11.36%	6.32%	9.47%	5.88%	8.81%
52	8.22%	12.32%	2.13%	3.21%	10.35%	15.53%	7.49%	11.24%	6.24%	9.37%	5.97%	8.96%
53	8.11%	12.17%	2.09%	3.14%	10.20%	15.31%	7.74%	11.62%	6.45%	9.68%	6.02%	9.03%
54	8.01%	12.02%	2.05%	3.08%	10.06%	15.10%	8.01%	12.02%	6.68%	10.02%	6.04%	9.06%
55	7.95%	11.92%	2.01%	3.02%	9.96%	14.94%	8.05%	11.92%	6.63%	9.93%	6.03%	9.05%
56	7.87%	11.80%	1.95%	2.93%	9.82%	14.73%	7.87%	11.80%	6.56%	9.83%	6.00%	9.00%
57	7.79%	11.69%	1.89%	2.83%	9.68%	14.52%	7.79%	11.69%	6.49%	9.74%	5.94%	8.91%
58	7.70%	11.56%	1.82%	2.74%	9.52%	14.30%	7.70%	11.56%	6.42%	9.63%	6.13%	9.21%
59+	7.62%	11.42%	1.77%	2.66%	9.39%	14.08%	7.62%	11.42%	6.35%	9.52%	6.35%	9.52%





**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**APPENDIX D – MEMBER CONTRIBUTION RATES**

**Current Year Contribution Rates (Safety Non-PEPRA):**

Entry Age	Basic		Tier 1 COLA		Total		Tiers 2 and 3 Basic	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
20	4.88%	7.31%	1.99%	2.99%	6.87%	10.30%	4.72%	7.08%
21	5.00%	7.49%	2.05%	3.08%	7.05%	10.57%	4.83%	7.26%
22	5.11%	7.67%	2.12%	3.19%	7.23%	10.86%	4.96%	7.43%
23	5.24%	7.85%	2.19%	3.28%	7.43%	11.13%	5.08%	7.62%
24	5.37%	8.05%	2.26%	3.38%	7.63%	11.43%	5.20%	7.79%
25	5.49%	8.25%	2.32%	3.48%	7.81%	11.73%	5.33%	7.99%
26	5.63%	8.44%	2.38%	3.58%	8.01%	12.02%	5.45%	8.18%
27	5.77%	8.66%	2.44%	3.67%	8.21%	12.33%	5.59%	8.38%
28	5.91%	8.86%	2.50%	3.76%	8.41%	12.62%	5.72%	8.58%
29	6.06%	9.09%	2.57%	3.86%	8.63%	12.95%	5.84%	8.76%
30	6.17%	9.27%	2.63%	3.94%	8.80%	13.21%	5.96%	8.94%
31	6.31%	9.46%	2.66%	3.99%	8.97%	13.45%	6.08%	9.12%
32	6.43%	9.65%	2.69%	4.04%	9.12%	13.69%	6.20%	9.30%
33	6.57%	9.84%	2.73%	4.09%	9.30%	13.93%	6.33%	9.49%
34	6.70%	10.05%	2.78%	4.17%	9.48%	14.22%	6.46%	9.69%
35	6.83%	10.26%	2.85%	4.27%	9.68%	14.53%	6.59%	9.89%
36	6.98%	10.47%	2.93%	4.39%	9.91%	14.86%	6.73%	10.10%
37	7.13%	10.70%	3.02%	4.53%	10.15%	15.23%	6.88%	10.32%
38	7.29%	10.94%	3.10%	4.66%	10.39%	15.60%	7.02%	10.53%
39	7.46%	11.19%	3.21%	4.80%	10.67%	15.99%	7.16%	10.74%
40	7.60%	11.40%	3.31%	4.97%	10.91%	16.37%	7.29%	10.94%
41	7.75%	11.63%	3.33%	4.99%	11.08%	16.62%	7.43%	11.15%
42	7.92%	11.87%	3.36%	5.04%	11.28%	16.91%	7.60%	11.39%
43	8.09%	12.14%	3.41%	5.11%	11.50%	17.25%	7.73%	11.60%
44	8.31%	12.46%	3.46%	5.20%	11.77%	17.66%	7.81%	11.72%
45	8.44%	12.66%	3.54%	5.30%	11.98%	17.96%	7.83%	11.75%
46	8.44%	12.66%	3.58%	5.36%	12.02%	18.02%	7.78%	11.67%
47	8.46%	12.70%	3.63%	5.44%	12.09%	18.14%	7.69%	11.53%
48	8.34%	12.51%	3.70%	5.55%	12.04%	18.06%	7.95%	11.93%
49+	8.23%	12.34%	3.79%	5.69%	12.02%	18.03%	8.23%	12.34%

**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**APPENDIX D – MEMBER CONTRIBUTION RATES**

**Prior Year Contribution Rates (General Non-PEPRA):**

Entry Age	Basic		Tier 1 COLA		Total		Tier 2 Basic		Tier 2 (Cemetry) Basic		Tier 3 Basic	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
16	4.32%	6.49%	1.04%	1.57%	5.36%	8.06%	4.20%	6.29%	3.50%	5.24%	2.94%	4.40%
17	4.32%	6.49%	1.04%	1.57%	5.36%	8.06%	4.20%	6.29%	3.50%	5.24%	2.94%	4.40%
18	4.32%	6.49%	1.04%	1.57%	5.36%	8.06%	4.20%	6.29%	3.50%	5.24%	2.94%	4.40%
19	4.32%	6.49%	1.04%	1.57%	5.36%	8.06%	4.20%	6.29%	3.50%	5.24%	2.94%	4.40%
20	4.32%	6.49%	1.04%	1.57%	5.36%	8.06%	4.20%	6.29%	3.50%	5.24%	2.94%	4.40%
21	4.43%	6.65%	1.09%	1.64%	5.52%	8.29%	4.30%	6.45%	3.58%	5.38%	3.01%	4.52%
22	4.55%	6.82%	1.13%	1.70%	5.68%	8.52%	4.40%	6.60%	3.67%	5.50%	3.08%	4.63%
23	4.65%	6.98%	1.19%	1.77%	5.84%	8.75%	4.51%	6.77%	3.76%	5.64%	3.17%	4.74%
24	4.77%	7.16%	1.23%	1.84%	6.00%	9.00%	4.62%	6.93%	3.85%	5.78%	3.24%	4.86%
25	4.89%	7.33%	1.27%	1.91%	6.16%	9.24%	4.73%	7.11%	3.94%	5.93%	3.32%	4.98%
26	5.01%	7.52%	1.32%	1.98%	6.33%	9.50%	4.86%	7.28%	4.05%	6.07%	3.40%	5.10%
27	5.14%	7.70%	1.37%	2.05%	6.51%	9.75%	4.97%	7.46%	4.14%	6.22%	3.49%	5.23%
28	5.26%	7.89%	1.41%	2.12%	6.67%	10.01%	5.09%	7.64%	4.24%	6.37%	3.57%	5.35%
29	5.39%	8.09%	1.47%	2.21%	6.86%	10.30%	5.23%	7.84%	4.36%	6.53%	3.66%	5.49%
30	5.53%	8.29%	1.52%	2.28%	7.05%	10.57%	5.35%	8.03%	4.46%	6.69%	3.74%	5.62%
31	5.67%	8.51%	1.57%	2.35%	7.24%	10.86%	5.50%	8.24%	4.58%	6.87%	3.85%	5.76%
32	5.82%	8.72%	1.62%	2.43%	7.44%	11.15%	5.63%	8.45%	4.69%	7.04%	3.94%	5.91%
33	5.97%	8.95%	1.67%	2.51%	7.64%	11.46%	5.76%	8.65%	4.80%	7.21%	4.03%	6.05%
34	6.12%	9.18%	1.72%	2.58%	7.84%	11.76%	5.90%	8.85%	4.92%	7.38%	4.14%	6.21%
35	6.25%	9.37%	1.77%	2.66%	8.02%	12.03%	6.02%	9.03%	5.02%	7.53%	4.24%	6.36%
36	6.38%	9.58%	1.83%	2.74%	8.21%	12.32%	6.16%	9.23%	5.13%	7.69%	4.35%	6.53%
37	6.53%	9.79%	1.89%	2.83%	8.42%	12.62%	6.29%	9.44%	5.24%	7.87%	4.47%	6.69%
38	6.67%	10.00%	1.94%	2.91%	8.61%	12.91%	6.42%	9.63%	5.35%	8.03%	4.57%	6.86%
39	6.82%	10.23%	1.99%	2.99%	8.81%	13.22%	6.55%	9.82%	5.46%	8.18%	4.67%	7.01%
40	6.94%	10.42%	2.03%	3.05%	8.97%	13.47%	6.66%	9.99%	5.55%	8.33%	4.77%	7.16%
41	7.07%	10.61%	2.05%	3.08%	9.12%	13.69%	6.80%	10.19%	5.67%	8.49%	4.88%	7.31%
42	7.21%	10.82%	2.07%	3.11%	9.28%	13.93%	6.92%	10.37%	5.77%	8.64%	4.98%	7.48%
43	7.35%	11.03%	2.09%	3.15%	9.44%	14.18%	7.04%	10.57%	5.87%	8.81%	5.08%	7.63%
44	7.51%	11.26%	2.11%	3.18%	9.62%	14.44%	7.17%	10.76%	5.98%	8.97%	5.19%	7.78%
45	7.63%	11.45%	2.13%	3.21%	9.76%	14.66%	7.29%	10.93%	6.08%	9.11%	5.28%	7.92%
46	7.77%	11.65%	2.15%	3.22%	9.92%	14.87%	7.42%	11.13%	6.18%	9.28%	5.37%	8.06%
47	7.92%	11.88%	2.16%	3.24%	10.08%	15.12%	7.54%	11.31%	6.28%	9.43%	5.48%	8.22%
48	8.10%	12.14%	2.18%	3.26%	10.28%	15.40%	7.61%	11.42%	6.34%	9.52%	5.58%	8.37%
49	8.22%	12.32%	2.19%	3.28%	10.41%	15.60%	7.62%	11.44%	6.35%	9.53%	5.68%	8.52%
50	8.20%	12.30%	2.20%	3.29%	10.40%	15.59%	7.62%	11.43%	6.35%	9.53%	5.78%	8.66%
51	8.20%	12.30%	2.18%	3.27%	10.38%	15.57%	7.58%	11.36%	6.32%	9.47%	5.88%	8.82%
52	8.22%	12.32%	2.13%	3.21%	10.35%	15.53%	7.50%	11.24%	6.25%	9.37%	5.97%	8.96%
53	8.12%	12.18%	2.09%	3.15%	10.21%	15.33%	7.75%	11.62%	6.46%	9.68%	6.02%	9.03%
54	8.01%	12.02%	2.05%	3.08%	10.06%	15.10%	8.01%	12.02%	6.68%	10.02%	6.04%	9.07%
55	7.95%	11.92%	2.01%	3.02%	9.96%	14.94%	7.95%	11.92%	6.63%	9.93%	6.03%	9.05%
56	7.87%	11.81%	1.95%	2.93%	9.82%	14.74%	7.87%	11.81%	6.56%	9.84%	6.00%	9.00%
57	7.80%	11.69%	1.89%	2.84%	9.69%	14.53%	7.80%	11.69%	6.50%	9.74%	5.94%	8.91%
58	7.70%	11.56%	1.83%	2.74%	9.53%	14.30%	7.70%	11.56%	6.42%	9.63%	6.14%	9.21%
59+	7.62%	11.43%	1.77%	2.66%	9.39%	14.09%	7.62%	11.43%	6.35%	9.53%	6.35%	9.53%



**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**APPENDIX D – MEMBER CONTRIBUTION RATES**

**Prior Year Contribution Rates (Safety Non-PEPRA):**

Entry Age	Basic		Tier 1 COLA		Total		Tiers 2 and 3 Basic	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
	20	4.88%	7.31%	1.99%	2.99%	6.87%	10.30%	4.72%
21	5.00%	7.50%	2.05%	3.08%	7.05%	10.58%	4.84%	7.26%
22	5.12%	7.67%	2.12%	3.19%	7.24%	10.86%	4.96%	7.44%
23	5.24%	7.86%	2.19%	3.28%	7.43%	11.14%	5.08%	7.62%
24	5.37%	8.05%	2.26%	3.38%	7.63%	11.43%	5.20%	7.80%
25	5.50%	8.25%	2.32%	3.49%	7.82%	11.74%	5.33%	7.99%
26	5.63%	8.45%	2.38%	3.58%	8.01%	12.03%	5.46%	8.19%
27	5.78%	8.66%	2.44%	3.67%	8.22%	12.33%	5.59%	8.38%
28	5.91%	8.87%	2.51%	3.76%	8.42%	12.63%	5.72%	8.58%
29	6.06%	9.10%	2.57%	3.86%	8.63%	12.96%	5.85%	8.77%
30	6.18%	9.27%	2.63%	3.94%	8.81%	13.21%	5.96%	8.94%
31	6.31%	9.47%	2.66%	3.99%	8.97%	13.46%	6.08%	9.13%
32	6.44%	9.65%	2.69%	4.04%	9.13%	13.69%	6.20%	9.30%
33	6.57%	9.85%	2.73%	4.09%	9.30%	13.94%	6.33%	9.50%
34	6.70%	10.06%	2.78%	4.18%	9.48%	14.24%	6.47%	9.69%
35	6.84%	10.26%	2.85%	4.27%	9.69%	14.53%	6.59%	9.89%
36	6.98%	10.48%	2.93%	4.39%	9.91%	14.87%	6.73%	10.11%
37	7.14%	10.70%	3.02%	4.53%	10.16%	15.23%	6.88%	10.32%
38	7.29%	10.94%	3.10%	4.66%	10.39%	15.60%	7.02%	10.54%
39	7.47%	11.20%	3.21%	4.81%	10.68%	16.01%	7.17%	10.75%
40	7.60%	11.41%	3.31%	4.97%	10.91%	16.38%	7.29%	10.94%
41	7.76%	11.63%	3.33%	4.99%	11.09%	16.62%	7.44%	11.16%
42	7.92%	11.88%	3.36%	5.04%	11.28%	16.92%	7.60%	11.40%
43	8.10%	12.15%	3.41%	5.12%	11.51%	17.27%	7.73%	11.60%
44	8.31%	12.47%	3.47%	5.20%	11.78%	17.67%	7.82%	11.73%
45	8.45%	12.66%	3.54%	5.30%	11.99%	17.96%	7.84%	11.76%
46	8.45%	12.66%	3.58%	5.36%	12.03%	18.02%	7.79%	11.67%
47	8.47%	12.71%	3.63%	5.45%	12.10%	18.16%	7.69%	11.54%
48	8.34%	12.52%	3.70%	5.55%	12.04%	18.07%	7.95%	11.93%
49+	8.23%	12.34%	3.80%	5.69%	12.03%	18.03%	8.23%	12.34%



**MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2017**

**APPENDIX D – MEMBER CONTRIBUTION RATES**

**Current Year Contribution Rates (PEPRA):**

PEPRA Rates		
	General	Safety
	5.90%	9.99%
Assumptions:		
Interest	7.25%	
Salary	2017 Valuation Scale (service-based, includes inflation at 2.5%)	
Mortality	CalPERS 2009 tables, projected with MP-2016	
Other	Same as June 30, 2017 valuation (see Appendix B)	

**Prior Year Contribution Rates (PEPRA):**

PEPRA Rates		
	General	Safety
	5.93%	9.74%
Assumptions:		
Interest	7.25%	
Salary	2016 Valuation Scale (service-based, includes inflation at 2.5%)	
Mortality	CalPERS 2009 tables, projected with MP-2016	
Other	Same as June 30, 2016 valuation (see Appendix B)	

**APPENDIX E – GLOSSARY**

**1. Actuarial Assumptions**

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

**2. Actuarial Cost Method**

A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a Normal Cost and an Actuarial Liability.

**3. Actuarial Gain (Loss)**

The difference between actual experience and that expected based upon a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.

**4. Actuarial Liability**

The portion of the Actuarial Present Value of Projected Benefits which will not be paid by future Normal Costs. It represents the value of the past Normal Costs with interest to the valuation date.

**5. Actuarial Present Value (Present Value)**

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

**6. Actuarial Valuation**

The determination, as of a specified date, of the Normal Cost, Actuarial Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

**APPENDIX E – GLOSSARY**

**7. Actuarial Value of Assets**

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an Actuarial Valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values. No longer applicable as of the June 30, 2014 actuarial valuation.

**8. Actuarially Equivalent**

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

**9. Amortization Payment**

The portion of the pension plan contribution that is designed to pay interest and principal on the unfunded actuarial liability in order to pay for that liability in a given number of years.

**10. Entry Age Normal Actuarial Cost Method**

A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

**11. Funded Ratio**

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

**12. Normal Cost**

That portion of the Actuarial Present Value of pension plan benefits and expenses, which is allocated to a valuation year by the Actuarial Cost Method.

**13. Projected Benefits**

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

**14. Unfunded Actuarial Liability**

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



*Classic Values, Innovative Advice*