

Board of Trustees

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Date: June 24, 2024

To: Board of Trustees

From: Katie Girardi – Executive Director
Amy Burke – Deputy Director

Agenda Item 13: January 1, 2024 Actuarial Valuation and Pension Contribution Rates

Accompanying this memo are –

- **Presentation** – by Cheiron – Plan Actuary
- **Draft January 1, 2024 Annual Actuarial Valuation** prepared by Cheiron – the Plan Actuary - with additional supplementary tables of data.
- **Deferred Implementation Date** for rate increases and adjusted amounts of pension contribution rate increase as well as allocation of rate increases by class of Member (Miscellaneous, Probation, Safety).
- **Pension Contribution Rate Increase History – 2018-2024**

Recommendation:

It is recommended that the Board take the following actions:

1. Approve the January 1, 2024 Actuarial Valuation.
2. Approve the transfer of \$8,745,861 from the Current Reserve to the Retiree Reserve as recommended by Cheiron in the Reserves Comment of the Actuarial Valuation (page A-3).
3. Approve the recommendation of the Plan Actuary to increase the current level of County Appropriation and Employee Contribution rates such that a **Total Contribution Rate of 54.71% effective January 1, 2024 is received - an increase of 1.90%** over the current

52.81% Charged Rate of contributions as of January 1, 2024, as recommended by Cheiron in the Executive Summary section on page 2 of the attached Actuarial Valuation.

- a. This increase is subject to delayed implementation as may be requested by the Plan Sponsors, with adjustments to the rate calculated by Cheiron to account for the deferred implementation. In addition, this rate increase is the aggregate pension contribution rate increase for all classes of Members. Different contribution rate increases are recommended for Miscellaneous, Probation and Safety classes of Members due to their differing benefit formulas.
- b. **See the attached Deferred Implementation Date exhibit to this memo for the applicable pension contribution rate increases.**







Discussion:

Recommended Total Contribution Rate Increase = 1.90%

The valuation indicates an increase in the Total Required Contribution Rate (or Actuarially Determined Contributions (ADC)) from 52.81% to **54.71%** effective January 1, 2024 as shown in Table I-3 on page 7 of the attached 2024 Actuarial Valuation.

The sources of this increase in the ADC are discussed below and in Table I-4 on page 8 of the attached 2024 Actuarial Valuation. The increases shown below are expressed as a percentage of pay.

Remember, reducing the ADC has a positive impact and it will be represented as a negative number. Conversely, increasing the ADC has a negative impact and it will be represented as a positive number.

-  1. Actuarial investment gain – Contribution Impact = -0.18%
-  2. Tier 3 (PEPRA) new hires replacing Tier 1 and Tier 2 terminations – Contribution Impact = -0.38 % of pay
-  3. Effect of payroll growth being larger than expected which leads to more of the UAL being paid down – Contribution impact = -.56% of pay
-  4. Contribution timing lag due to delayed implementation of 2022 valuation rate increase – Contribution impact = + 0.05 % of pay
-  5. Demographic Experience loss was driven by salary increases for actives being above the assumed increases, more retirements and disabilities than expected, and COLA increases for Tier 1 employees being above the assumed rate. – Contribution impact = +.84% of pay
-  6. Changes in Actuarial Assumptions (every 2 years) – the primary driver of the cost impact was the incorporation of COLA banks into the projected benefit payments for Tier 1 members. Additional drivers included changes to the salary merit increases and retirement rates.

Pension Contribution Rate Increases – Deferred Implementation

Note that the actual Pension Contribution Rate increase depends on the implementation date chosen by the Plan Sponsors. The rate increase discussed above is as of January 1, 2024. For practical reasons, the actual change in contribution rates normally takes place on a deferred date – typically July 1st of the following year. This aids budget planning and payroll implementation. In the case of Deferred Implementation, the rate increases are adjusted upwards to make them actuarially equivalent to the rate needed January 1, 2024. For example, if the aggregate increase of 1.90% were to be implemented July 1, 2025, the aggregate increase would be **2.38%**

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

Funded Ratio and UAL

The valuation results also indicate that the funded ratio of the Plan – Actuarial Accrued Liabilities (AAL) vs. Actuarial Value of Assets (AVA) has declined from 64.1% in 2023 to **63.9%** in 2024. See Table I-2 on page 5 of the attached Actuarial Valuation for further detail on the sources of the decrease. The Unfunded Actuarial Liability (UAL) increased from \$942,631 in 2023 to **\$1,008,182** in 2024. See Table I-1 on page 4 of the attached Actuarial Valuation for the UAL.

Respectfully submitted,

San Luis Obispo County Pension Trust



2024 Actuarial Valuation Results

June 24, 2024

Anne D. Harper, FSA, EA, MAAA
Alice I. Alsberghe, ASA, EA, MAAA



2024 Actuarial Valuation Results

Changes Since Last Valuation

Assets

Historical Review

Projections



Assets

- Investment returns for 2023 were favorable
- 8.1% return on market value of assets
- 7.1% return on actuarial value of assets

Liabilities

- Actuarial liability experience resulted in a loss of approximately 1% of liabilities
- Primarily due to retirement experience, salary and COLA increases greater than expected

Assumptions

- Changes to actuarial assumptions following the experience study increased costs, driven by COLA and salary merit increase assumptions



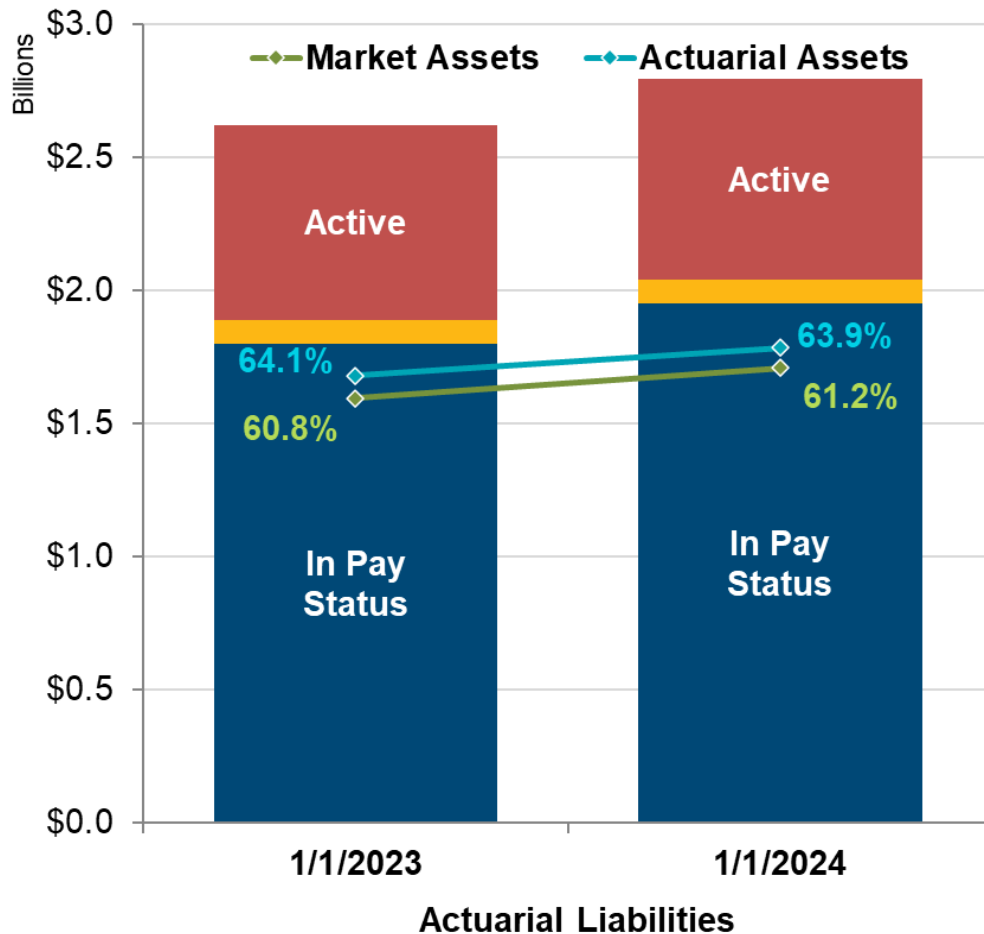
Should answer three questions:

- 1) Where are you now?
- 2) Where have you been?
- 3) Where are you going?

2024 Valuation Results

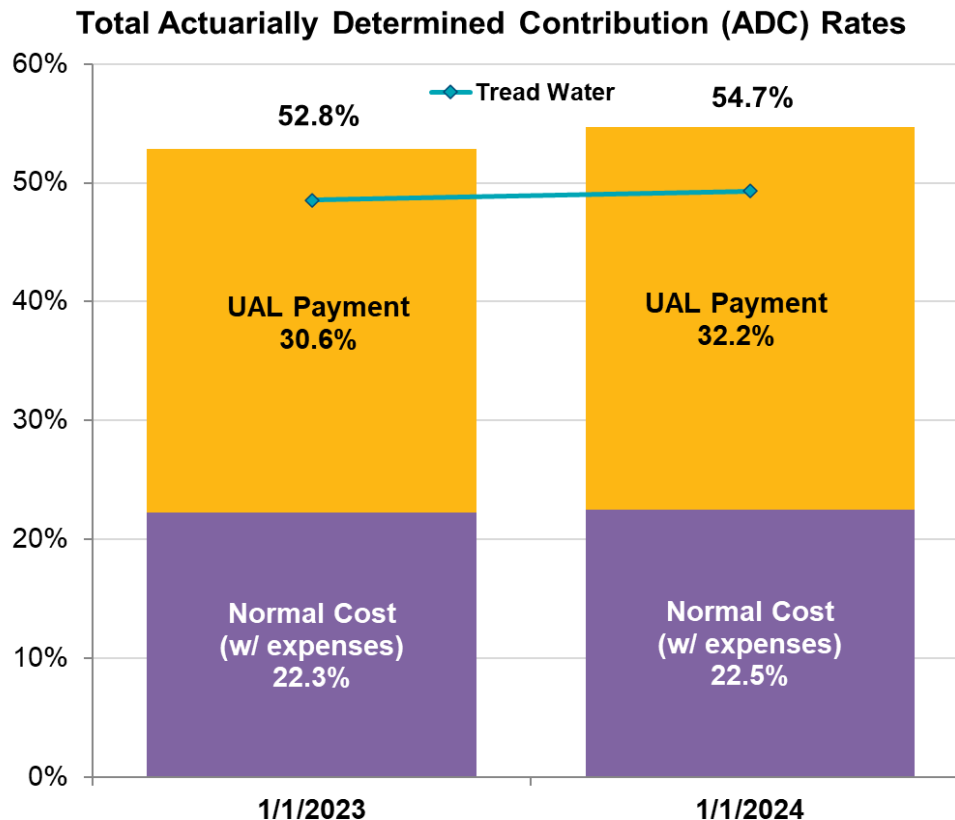


Funded Status



- Funded Ratios changed very little from last year
 - AVA basis: from 64.1% to 63.9%
 - MVA basis: from 60.8% to 61.2%
- Unfunded Actuarial Liabilities (UAL) Increased
 - AVA basis: from \$943 million to \$1,008 million
 - MVA basis: from \$1,028 million to \$1,084 million
- Members in pay status account for **70%** of the Actuarial Liability

2024 Valuation Results



- Increase in total ADC primarily due to increase in the UAL payment
- Contributions above the “Tread Water” line pay down principal on the UAL

2024 Valuation Results



Components of Actuarially Determined Contribution Rate and Reconciliation of Charged Rate

Valuation Date	January 1, 2023	January 1, 2024
Actuarially Determined Contribution Rate		
1. Gross Normal Cost	21.24%	21.32%
2. Member Contributions	<u>17.22%</u>	<u>16.69%</u>
3. Employer Normal Cost [(1) - (2)]	4.02%	4.63%
4. UAL Amortization Payment	<u>30.56%</u>	<u>32.21%</u>
5. Employer Contribution Rate [(3) + (4)]	34.58%	36.84%
6. Administrative Expenses	<u>1.01%</u>	<u>1.18%</u>
7. Total Actuarially Determined Contribution [(1) + (4) + (6)]	52.81%	54.71%
Reconciliation of Charged Rate		
8. Employer Charged Rate	32.76%	35.38%
9. Member Charged Rate	<u>16.98%</u>	<u>16.47%</u>
10. Total Charged Rate [(8) + (9)]	49.74%	51.85%
11. Increase to Charged Rate ¹	<u>2.59%</u>	<u>0.73%</u>
12. Total Charged Rate as of January 1 [(10) + (11)]	52.33%	52.58%
13. Difference in ADC and Charged Rate as of January 1 [(7) - (12)]	0.48%	2.13%

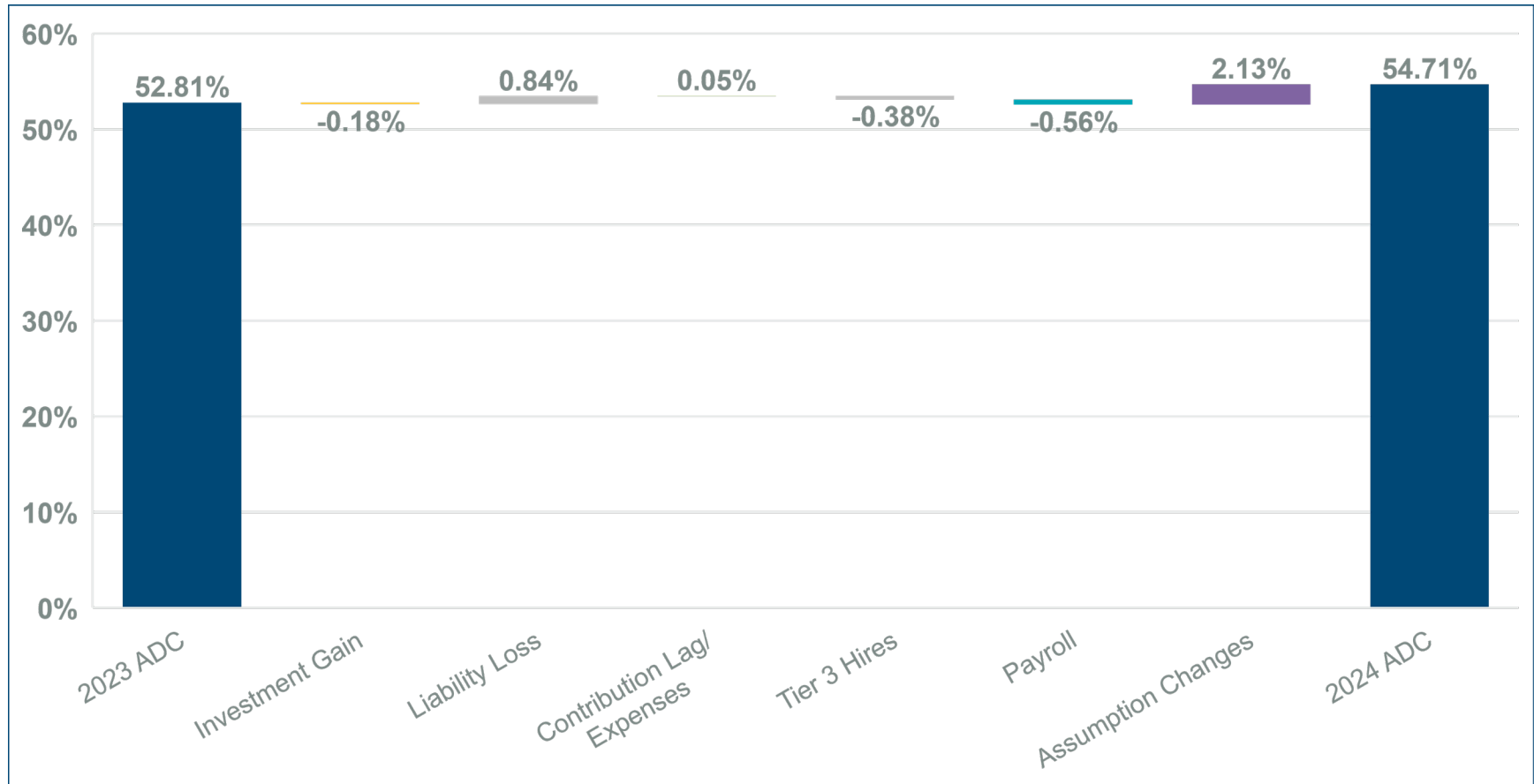
¹ Delayed Implementation of 2022 and 2023 ADC (for most employers) to July 1, 2023 and July 1, 2024, respectively

Changes in UAL Since Last Valuation

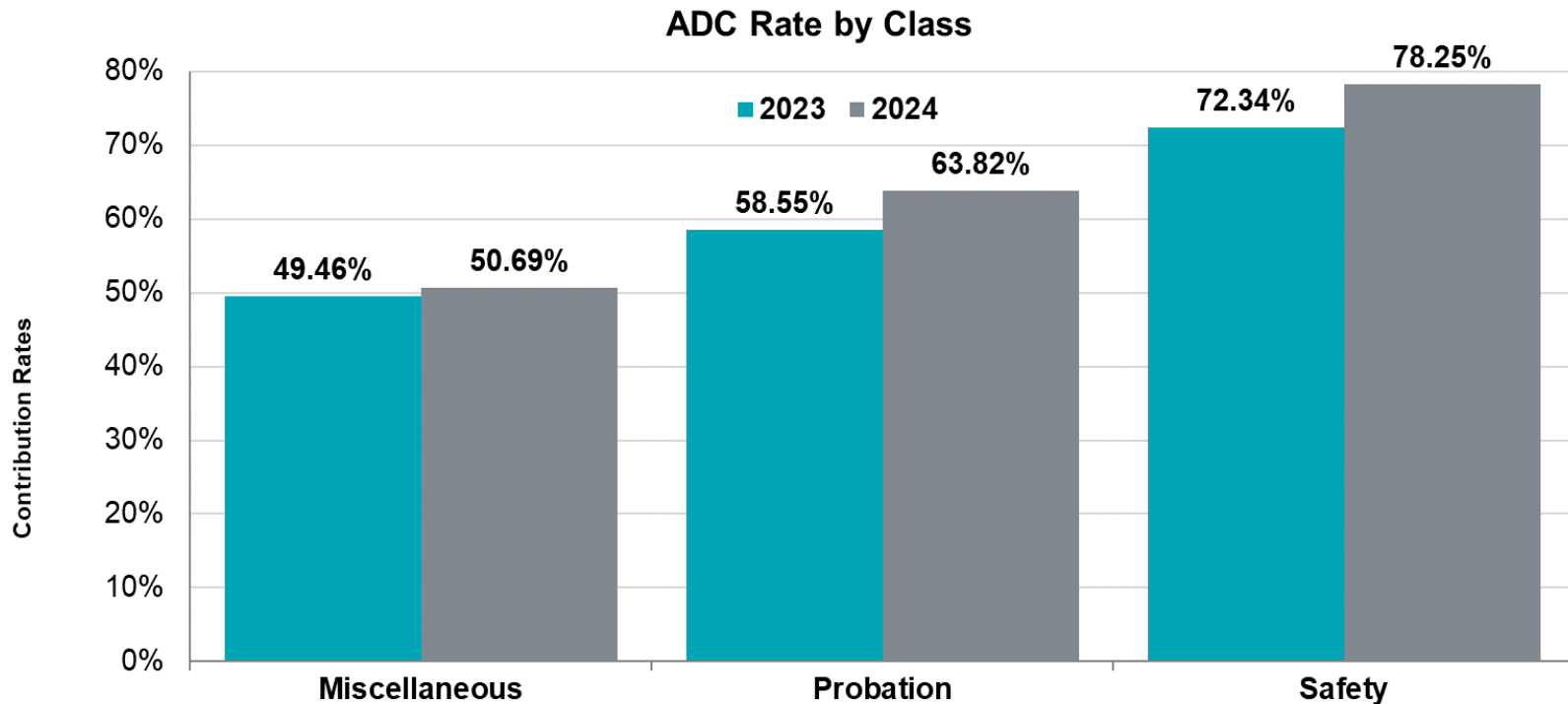


In millions

Changes in ADC Since Last Valuation

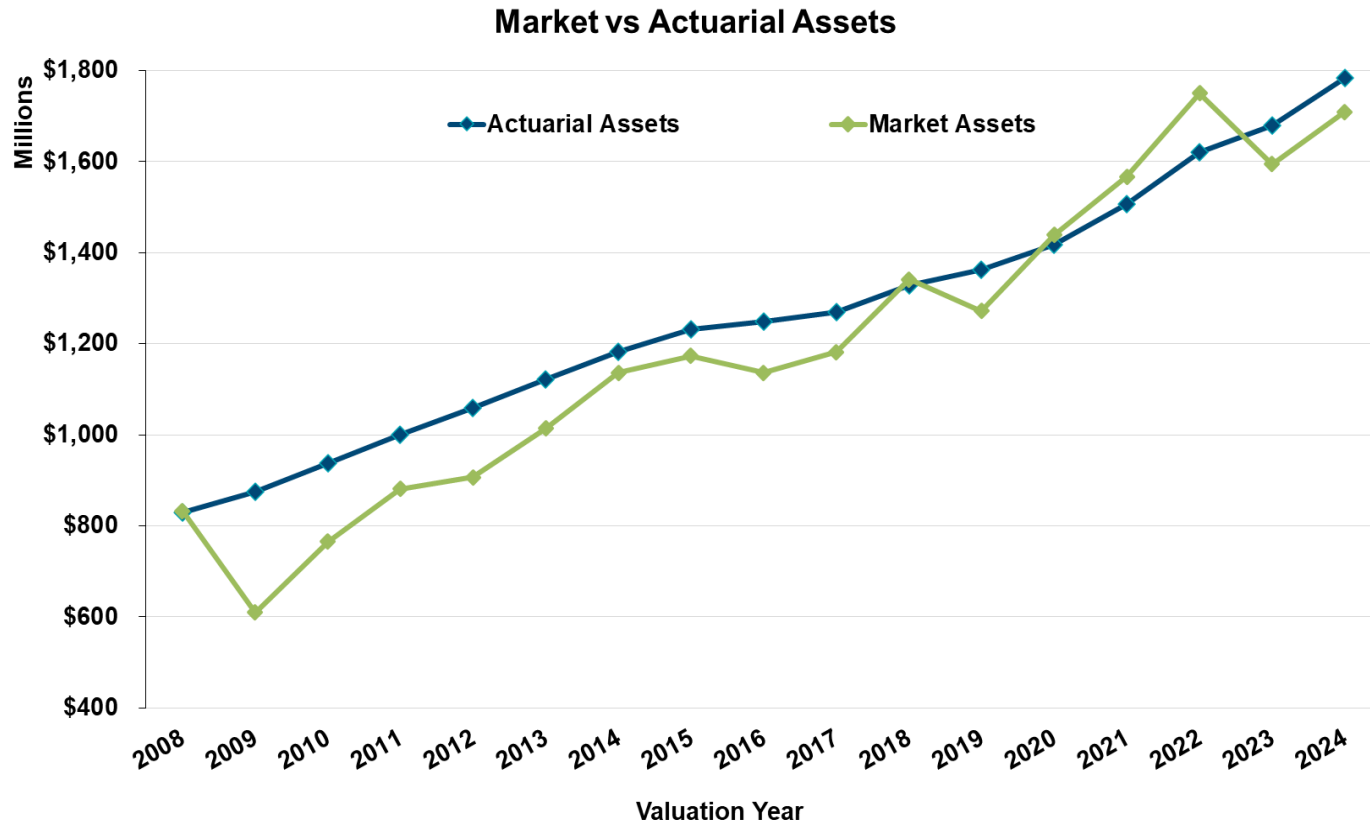


Changes By Class Since Last Valuation



- Increases in contribution rates for all Classes, primarily due to assumption changes

Comparison of Market Value and Actuarial Value of Assets

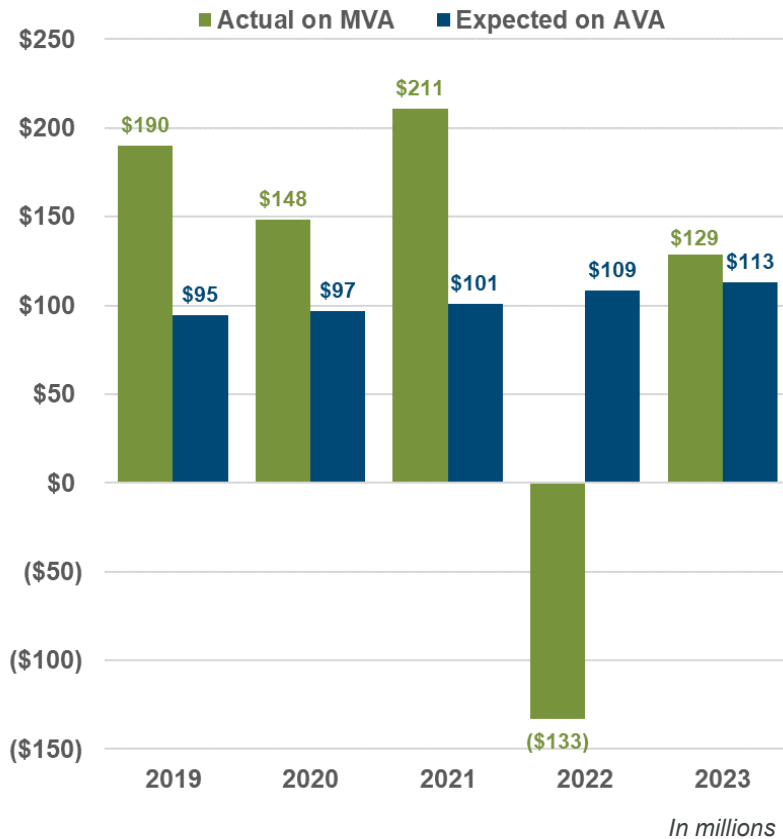


- Longer recognition of the 2008 investment losses shown from 2009 to 2018
- 2020 was the first year since 2007 when the market value of assets was above the actuarial value of assets

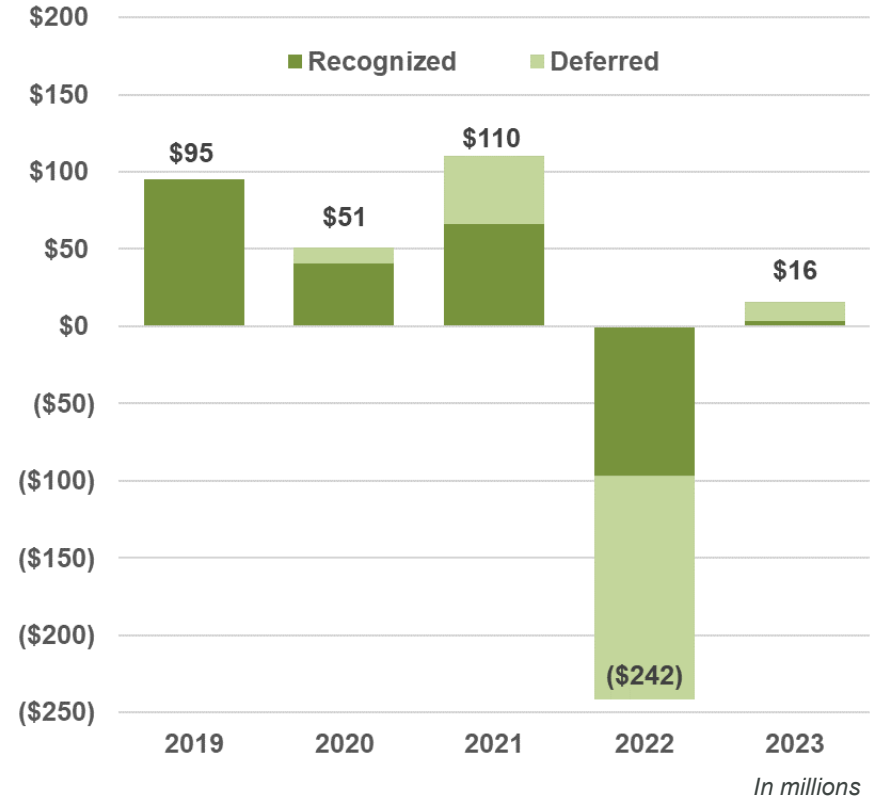
Development of Actuarial Value of Assets



Actual vs. Expected Investment Earnings

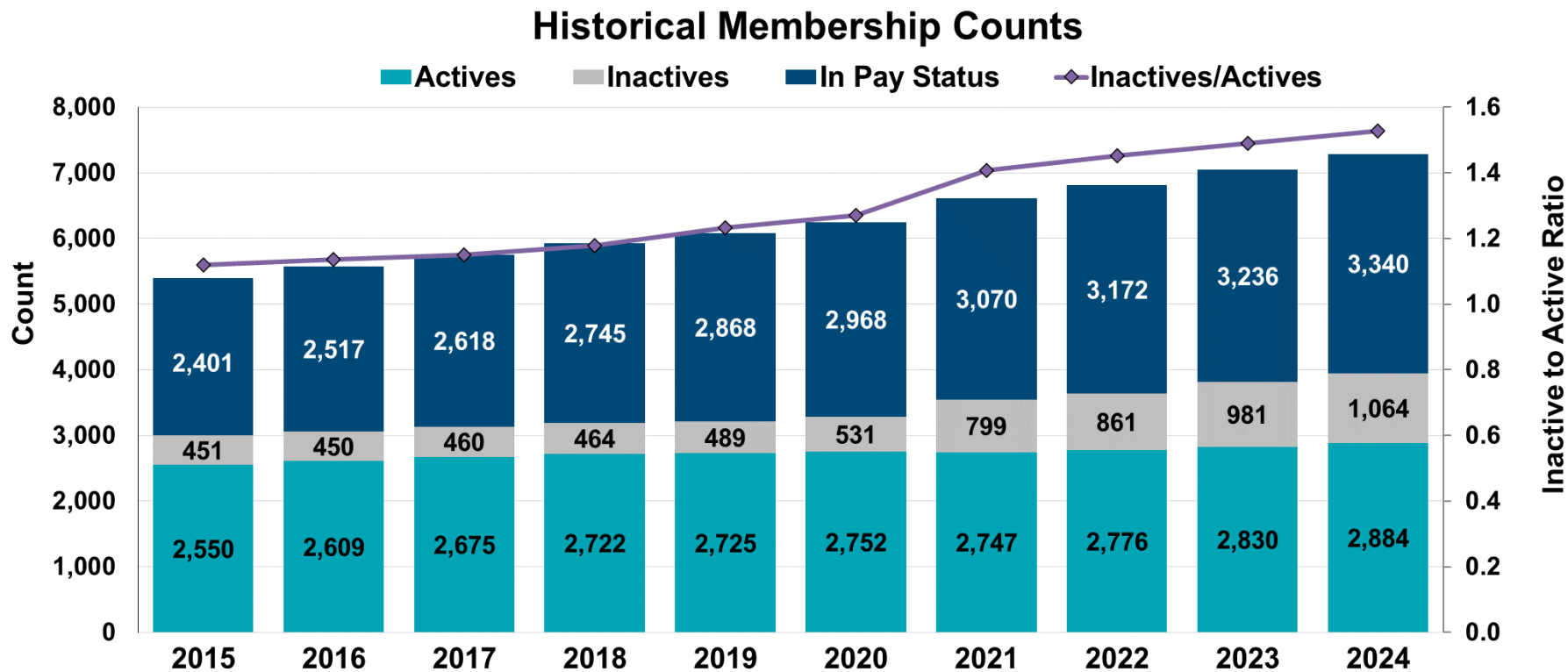


Recognized and Deferred Investment Gains and Losses





Historical Review - Membership

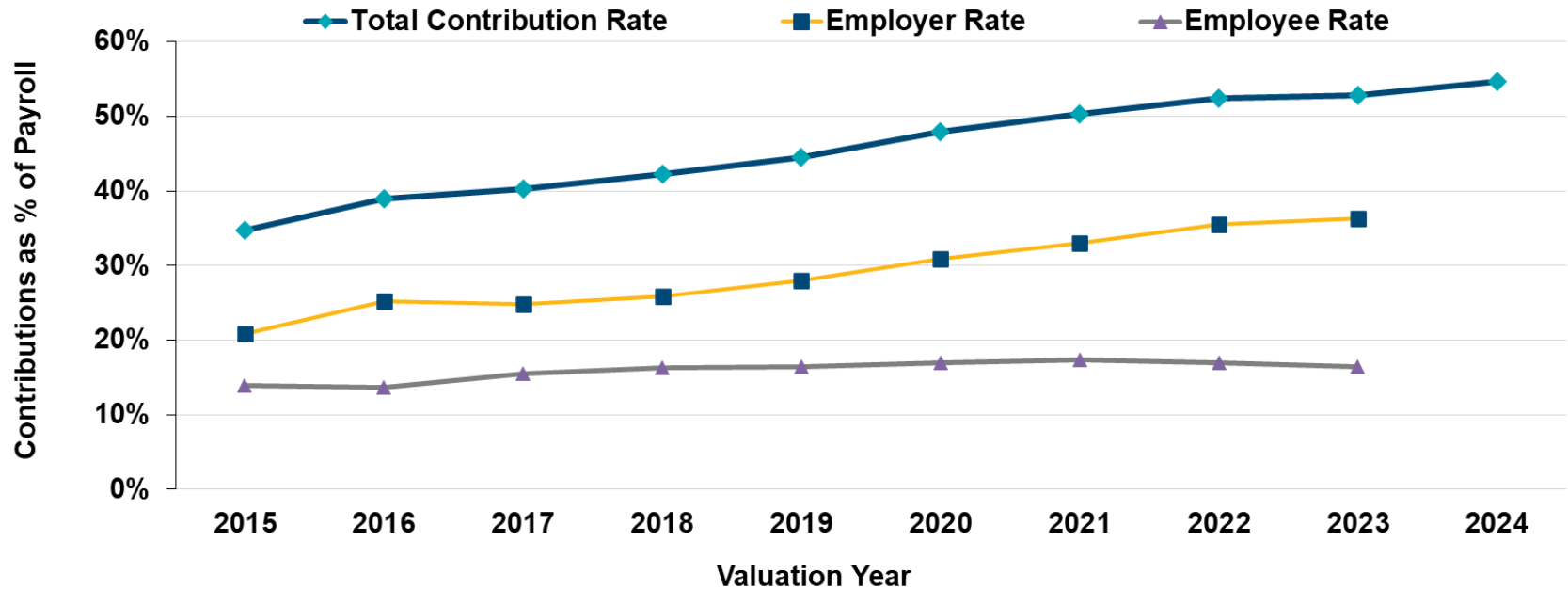


- The ratio of inactive to actives has steadily increased from 1.1 to 1.5
- Active membership increased by 13%; members in pay status increased by 39%
- Starting in 2021, inactive membership counts include non-vested members with employee contributions on account; 334 non-vested members in 2024

Historical Review - Contributions



Historical Contribution Rates

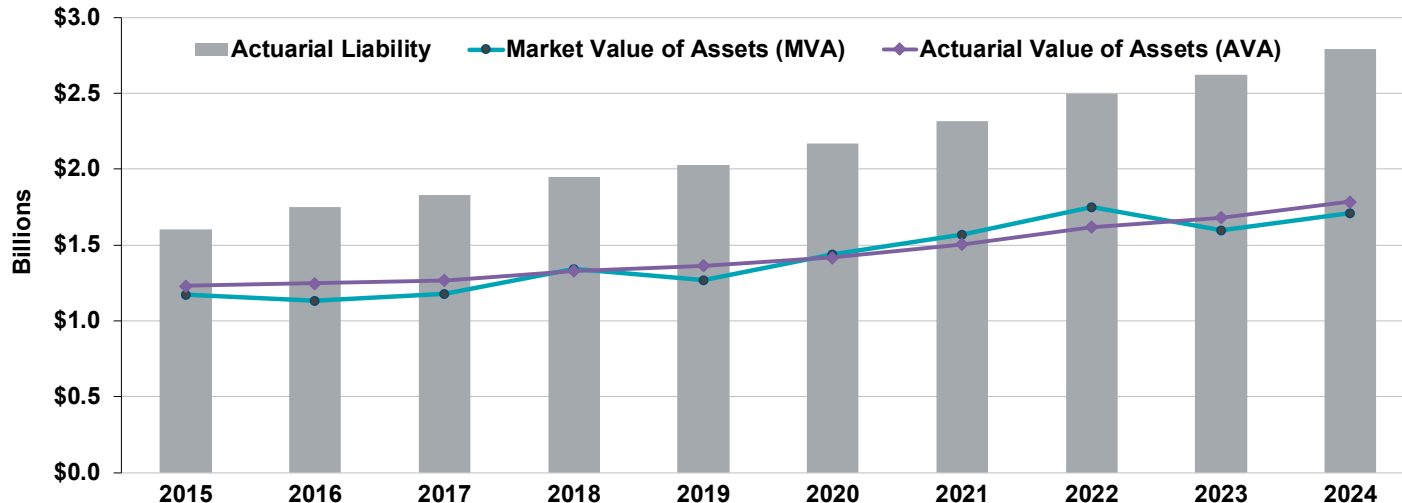


- Contribution rates have increased from 34.8% to 54.7%, primarily due to assumption changes, actuarial liability and asset losses
 - 20.8% to 36.4% for employers
 - 14.0% to 16.5% for employees

Historical Review – Funded Ratio



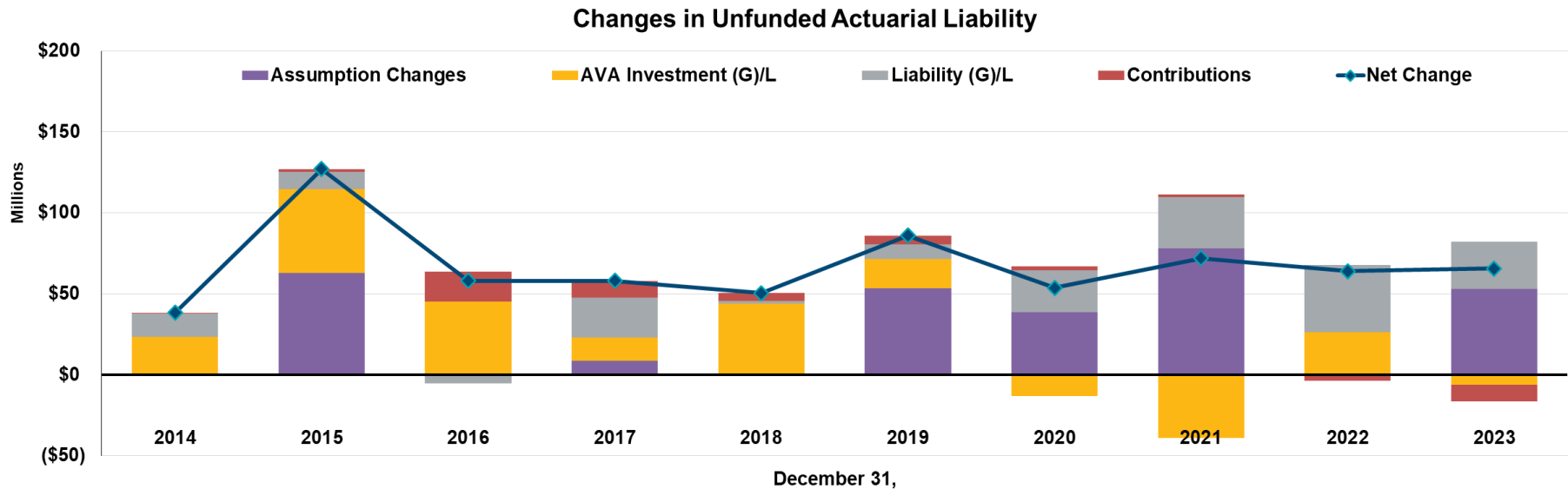
Assets and Liabilities



Funded Ratio (AVA)	76.7%	71.4%	69.4%	68.3%	67.1%	65.3%	65.1%	64.8%	64.1%	63.9%
UAL (Billions)	\$ 0.37	\$ 0.50	\$ 0.56	\$ 0.62	\$ 0.67	\$ 0.75	\$ 0.81	\$ 0.88	\$ 0.94	\$ 1.01

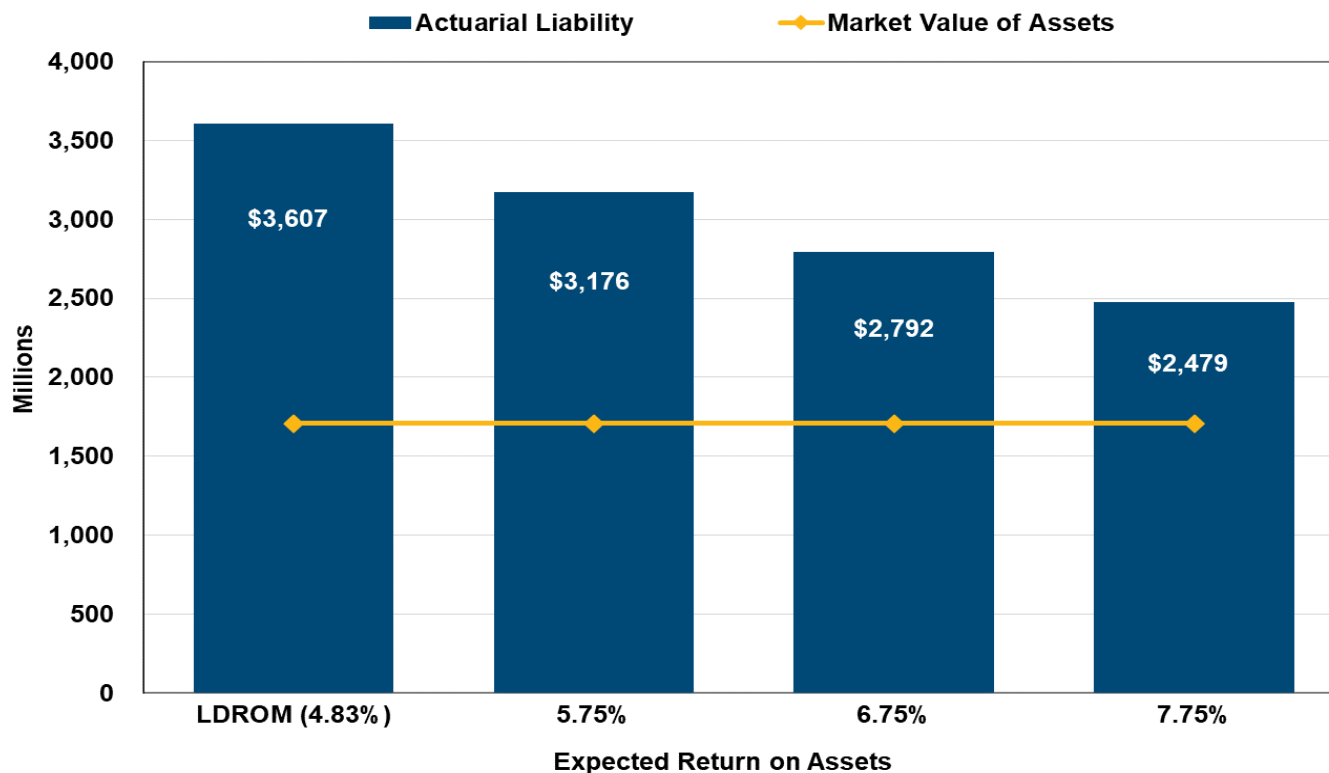
- Funded ratio has decreased from 76.7% in 2015 to 63.9% in 2024
 - Assumed rate of investment return decreased from 7.125% to 6.75%
 - Investment returns on both the smoothed assets (AVA) and market value of assets were 5.7%
- Assumption changes and liability losses are the primary reasons for the decrease in the funded ratio from 64.1% to 63.9% in 2024

Sources of Unfunded Actuarial Liability



- **Assumption Changes: \$294 million**
- **Liability Losses: \$184 million**
- **Investment Losses: \$163 million**
- **Contributions: \$32 million**

Low-Default-Risk Obligation Measure (LDRROM)



- Low-Default-Risk Obligation Measure (LDRROM) is the Actuarial Liability using a discount rate derived from low-default-risk fixed income securities.
- \$800 million difference between the valuation liability (6.75%) and LDRROM can be viewed as the expected savings from taking on investment risk or the cost of eliminating that risk from a diversified portfolio.

Projections



Current UAL Payment Schedule



Development of UAL Amortization Payment For the January 1, 2024 Actuarial Valuation

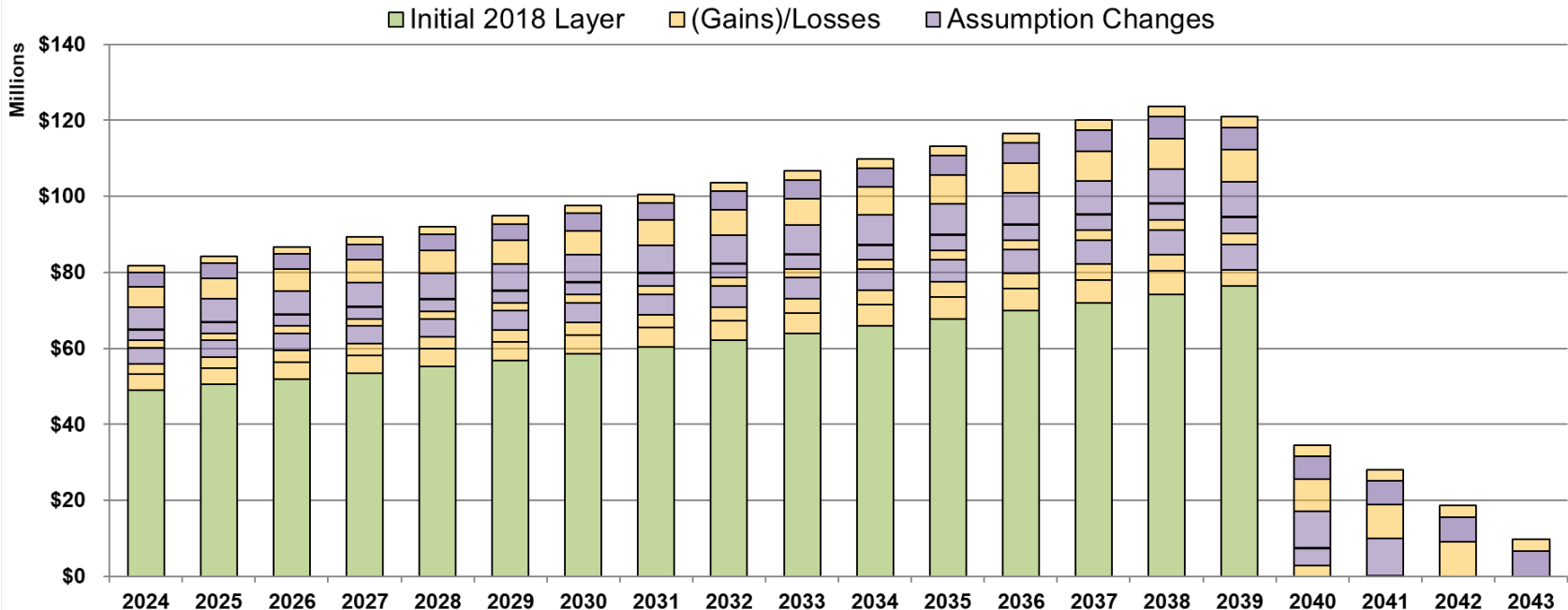
	Type of Base	Date Established	Initial Amount	Initial Amortization Years	January 1, 2024 Outstanding Balance	Remaining Amortization Years	Amortization Amount	% of Pay
1.	Remaining UAL ¹	1/1/2018	\$ 616,930,482	22	\$ 587,893,328	16	\$ 48,973,092	19.30%
2.	(Gain)/Loss Base	1/1/2019	50,735,419	20	47,642,955	15	4,165,190	1.64%
3.	Assumption Changes	1/1/2020	53,371,279	20	51,096,515	16	4,256,477	1.68%
4.	(Gain)/Loss Base	1/1/2020	35,467,272	20	33,955,605	16	2,828,593	1.11%
5.	Assumption Changes	1/1/2021	35,700,366	20	34,729,370	17	2,767,152	1.09%
6.	(Gain)/Loss Base	1/1/2021	23,219,142	20	22,587,615	17	1,799,726	0.71%
7.	Assumption Changes	1/1/2022	78,053,947	20	76,930,257	18	5,882,614	2.32%
8.	(Gain)/Loss Base	1/1/2022	1,916,630	20	1,889,037	18	144,449	0.06%
9.	(Gain)/Loss Base	1/1/2023	73,533,922	20	73,100,210	19	5,380,542	2.12%
10.	Assumption Changes	1/1/2024	52,791,922	20	52,791,922	20	3,750,322	1.48%
11.	(Gain)/Loss Base	1/1/2024	25,564,895	20	<u>25,564,895</u>	20	<u>1,816,122</u>	<u>0.72%</u>
	Total				\$ 1,008,181,709		\$ 81,764,279	32.21%

¹ The funding policy adopted as of January 1, 2010 was a 30-year closed amortization period for the entire Unfunded Actuarial Liability. As of January 1, 2019, any unexpected increase or decrease in the UAL is amortized as a separate 20-year closed layer.

Current UAL Payment Schedule

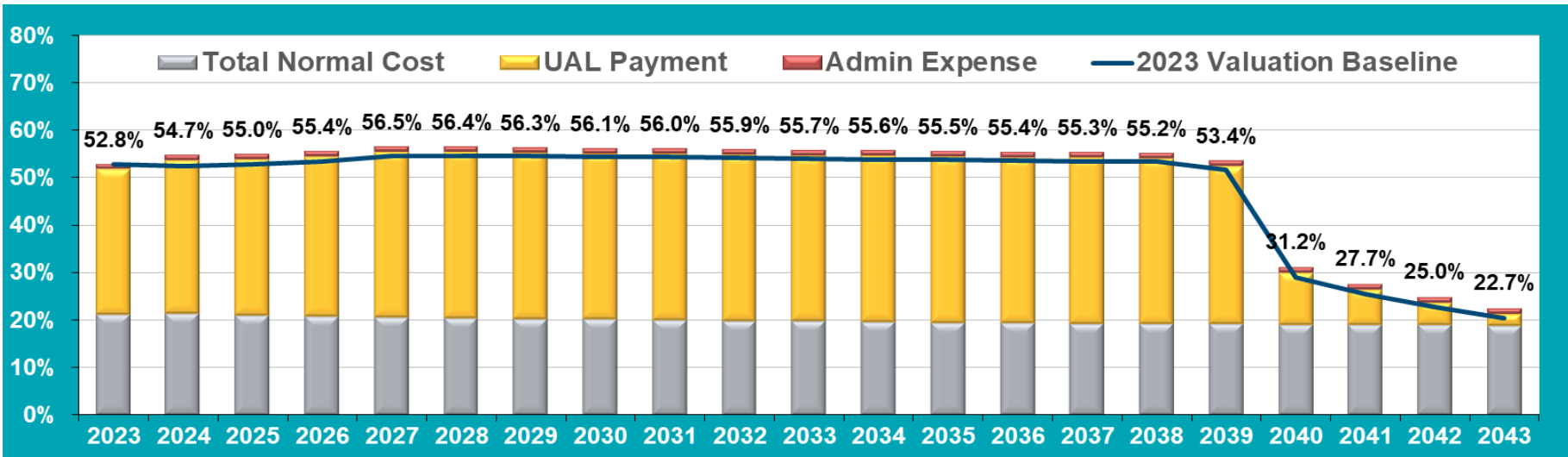


UAL Amortization Payments (in Dollars)



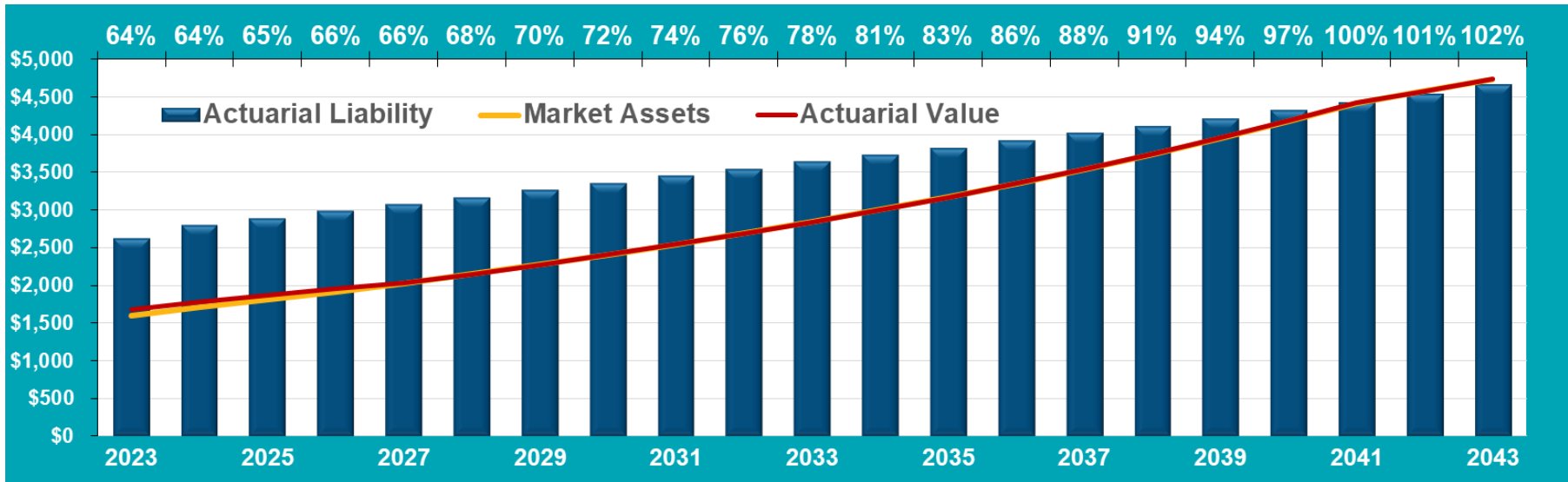
- Each individual UAL payment grows 3.0% per year (the same as assumed payroll growth)
- UAL payments as a percentage of pay are expected to remain level
- 2018 UAL layer is the largest portion of the UAL payment, with the last payment with the 2039 valuation

2024 Projections – Total Contribution Rate



- The Total Contribution (ADC) is projected to increase over the next few years
 - But reaches the peak of 56.5% in 2027 once the deferred losses from the 2023 valuation are fully recognized
- Pattern of future contributions driven by pattern of UAL payments
- Total Normal Cost rate declines very gradually over the projection period from 21.3% in 2024 to 19.0% in 2043 as new hires continue to enter the PEPRA Tier

2024 Projections – Funded Ratio



- SLOCPT is projected to make some funding progress over the next 3 years
- Recognition of the \$76 million deferred assets losses causes the slower progress
- More steady increases in the funded ratio starting in 2028
- Current funding policy is sufficient for SLOCPT to reach full funding before the end of the projection period shown





Summary of Key Valuation Results (in thousands)			
	January 1, 2023	January 1, 2024	Change
Membership			
Actives	2,830	2,884	1.9%
Retirees and Beneficiaries	3,236	3,340	3.2%
Inactives	<u>981</u>	<u>1,064</u>	8.5%
Total	7,047	7,288	3.4%
Total Projected Payroll	\$ 242,067,000	\$ 253,809,000	4.9%
Average Pay	\$ 85,536	\$ 88,006	2.9%
Funded Status			
Actuarial Liability	\$ 2,622,192	\$ 2,792,274	6.5%
Actuarial Value of Assets (AVA)	<u>1,679,561</u>	<u>1,784,092</u>	6.2%
Unfunded Actuarial Liability (UAL)	\$ 942,631	\$ 1,008,182	6.9%
Funding Ratio (AVA Basis)	64.1%	63.9%	-0.2%
Market Value of Assets (MVA)	\$ 1,594,492	\$ 1,708,463	7.1%
Unfunded Actuarial Liability (MVA Basis)	1,027,700	1,083,811	5.5%
Funding Ratio (MVA Basis)	60.8%	61.2%	0.4%
Actuarially Determined Contributions			
Total Normal Cost	21.24%	21.32%	0.08%
Administrative Expenses	1.01%	1.18%	0.17%
Unfunded Actuarial Liability Payment			
Interest	26.29%	26.81%	0.53%
Principal	<u>4.27%</u>	<u>5.40%</u>	<u>1.12%</u>
Total	30.56%	32.21%	1.65%
Total Actuarially Determined Contribution	52.81%	54.71%	1.90%

Required Disclosures



The purpose of this presentation is to discuss the results of the January 1, 2024 Actuarial Valuation of the San Luis Obispo County Pension Trust (SLOCPT). This presentation was prepared exclusively for the SLOCPT and its Board of Trustees for the purpose described herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

In preparing our presentation, we relied on information (some oral and some written) supplied by the SLOCPT. This information includes, but is not limited to, the 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. The actuarial assumptions, data and methods are shown in the actuarial valuation report as of January 1, 2024.

Future results may differ significantly from the current results and projections shown in this presentation due to such factors as the following: plan experience different from that anticipated by the assumptions; changes in assumptions; and changes in the plan provisions or applicable law.

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Deterministic projections in this presentation were developed using P-Scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Trust. P-Scan uses standard roll-forward techniques that implicitly assume a stable active population where PEPRA members replace legacy members and payroll is expected to grow by 3.00% each projection year. Projections also assume the return on the market value of assets is 6.75% each projection year, and all other assumptions are met.

This presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary

Alice I. Alsberghe, ASA, EA, MAAA
Consulting Actuary

San Luis Obispo County Pension Trust

Actuarial Valuation Report as of January 1, 2024

Produced by Cheiron

June 2024

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June 14, 2024

Board of Trustees
San Luis Obispo County Pension Trust
1000 Mill Street
San Luis Obispo, California 93408

Dear Members of the Board:

At your request, we have conducted an actuarial valuation of the San Luis Obispo County Pension Trust (SLOCPT, the Trust, the Fund, the Plan) as of January 1, 2024. This report contains information on the Trust's assets and liabilities and discloses employer and employee contribution levels. Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of SLOCPT. This report is for the use of the Board of Trustees and its auditors in preparing financial reports in accordance with applicable law and accounting requirements.

Cheiron's report was prepared solely for the Board of Trustees of San Luis Obispo County Pension Trust for the purposes described herein, except that the Plan auditor may rely on this report solely for the purpose of completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Sincerely,
Cheiron



Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary



Alice I. Alsberghe, ASA, EA, MAAA
Consulting Actuary

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

FOREWORD

Cheiron has performed the actuarial valuation of the San Luis Obispo County Pension Trust as of January 1, 2024. The valuation is organized as follows:

- In Section I, the **Executive Summary**, we describe the purpose of an actuarial valuation, summarize the key results found in this valuation and disclose important trends.
- The **Main Body** of the report presents details on the Trust's:
 - Section II – Disclosures Related to Risk
 - Section III – Assets
 - Section IV – Liabilities
 - Section V – Contributions
 - Section VI – Annual Comprehensive Financial Reporting Information
- In the **Appendices**, we conclude our report with the following detailed information:
 - Appendix A – Membership Information
 - Appendix B – Member Contribution Rates
 - Appendix C – Actuarial Assumptions and Methods
 - Appendix D – Summary of Plan Provisions
 - Appendix E – Glossary

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

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

Cheiron utilizes ProVal, an actuarial valuation application leased from Winklevoss Technologies (WinTech), to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this report. The deterministic and stochastic projections shown in this report were developed using R-scan, our proprietary stochastic projection tool for assessing probabilities of different outcomes. We have relied on Cheiron colleagues who developed the tool, and we have used the tool in accordance with its purpose.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

SECTION I – EXECUTIVE SUMMARY

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

- The funded status of the Trust,
- Past and expected trends in the funding progress of the Trust,
- Employer and employee contribution rates for Plan Year 2024,
- Information required by the GFOA for the Annual Comprehensive Financial Report, and
- An assessment and disclosure of key risks.

The information required under GASB standards Nos. 67 and 68 is included in a separate report, with the report for the Plan’s Fiscal Year Ending December 31, 2023, provided to SLOCPT in June 2024.

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

A. Valuation Basis

This valuation determines the total contributions required for the Plan Year beginning January 1, 2024.

The Trust’s funding policy is to collect contributions from the employers and employees, the Actuarially Determined Contribution (ADC), equal to the sum of:

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

The Unfunded Actuarial Liability payment is determined as the amount needed to fund the outstanding Unfunded Actuarial Liability (UAL). The UAL is amortized as a percentage of payroll of SLOCPT. The funding policy adopted as of January 1, 2010 was a 30-year closed amortization period for the entire Unfunded Actuarial Liability (16 years remaining as of January 1, 2024). Effective with the January 1, 2019 valuation, any new sources of UAL due to actuarial gains and losses, assumption changes, or method changes are amortized over a separate closed 20-year period.

Actuarial experience studies are performed every two years. This valuation was performed based on the economic and demographic assumptions and methods that were recommended in the Actuarial Experience Study performed by Cheiron as of December 31, 2023. These assumptions were adopted by the Board of Trustees at their May 20, 2024 Board meeting. A summary of the assumptions and methods used in the current valuation is shown in Appendix C.

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

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

SECTION I – EXECUTIVE SUMMARY

B. Key Findings of this Valuation

The key results of the January 1, 2024 actuarial valuation are as follows:

- The Actuarially Determined Contribution (ADC) rate (including both employer and employee portions) increased from 52.81% of payroll to 54.71% of payroll, an increase of 1.90% of payroll. The increase is primarily due to assumption changes from the experience study and to demographic experience losses, partially offset by the actuarial investment gain and the effect of payroll growth on the Unfunded Actuarial Liability payment as a percentage of pay.
- The changes to the assumptions increased the Actuarial Liability by \$52.8 million and the Actuarially Determined Contribution rate by 2.13% of payroll.
- During the plan year ending December 31, 2023, the return on the Market Value of Assets (MVA) was 8.1%, net of investment expenses and assuming mid-year cash flows, as compared to the 6.75% assumption. Based on the Actuarial Value of Assets (AVA), the Plan returned 7.1%, an actuarial asset gain of \$6.3 million. Only 20% of each year's actuarial investment gains or losses are recognized. There are \$76 million of net deferred actuarial asset losses as of January 1, 2024 that will be recognized over the next four years.
- The Trust's funded ratio, the ratio of Actuarial Value of Assets over Actuarial Liability prior to the changes in assumptions increased from 64.1% last year to 65.1%, due to the favorable asset experience. The impact of the assumption changes decreased the funded ratio to 63.9% as of January 1, 2024, an overall decrease of 0.2%.
- The ratio of Market Value of Assets over Actuarial Liability prior to the changes in assumptions increased from 60.8% last year to 62.4% due to the favorable asset experience. The impact of the assumption changes decreased the funded ratio to 61.2% as of January 1, 2024, an overall increase of 0.4%.
- The UAL is the excess of the Trust's Actuarial Liability over the Actuarial Value of Assets. The Trust experienced an increase in the UAL from \$942.6 million to \$1,008.2 million, an increase of \$65.6 million, primarily due to assumption changes and actuarial liability losses. Table I-2 in this report details the changes in UAL.
- The Actuarial Liability of the Trust increased more than expected. The actuarial liability experience losses were predominantly due to larger salary increases for actives and larger benefits for new retirees than expected. In addition, actual COLA increases for current retirees were larger than expected (3.0% for Tier 1 compared to the assumed increase of 2.75%), and there were more disabilities than expected. Consequently, the Trust experienced a net loss on the Actuarial Liability of \$29.4 million.

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- As of January 1, 2024, there were 2,884 active members with 1,947 covered under Tier 3 (AB 340, “PEPRA”). Tier 3 active member payroll comprises 61% of the total member payroll.

- **Reserves:** We recommend that the reserve for Retirees and Beneficiaries be updated to reflect the computed liability in the most recent valuation. With the Trust’s current accounting (the County pays for all COLA benefits), this can only be done for non-COLA benefits. The COLA reserve includes amounts attributable to current active and deferred vested members. According to the financial statements as of December 31, 2023, the reserve for Retirees and Beneficiaries is \$1,449,248,270. The non-COLA liabilities calculated were \$1,457,994,131. Accordingly, we recommend that the Trust transfer the difference of \$8,745,861 out of the Current Reserve and into the Retiree Reserve.

- **Pension Obligation Bond:** Total pension costs also include the debt financing related to the 2003 pension obligation bond of \$135 million. The annual debt financing payment for calendar year 2024 is approximately \$10.85 million, which is approximately 4.27% of active member payroll. When this percent is added to the actuarial valuation computed County appropriation rate of 38.02% (based on employers assuming all of the contribution rate increase for the January 1, 2024 valuation, including the administrative expenses), the total rate of 42.29% more accurately reflects total County pension costs.

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Below and on the following pages, we present Tables I-1, I-2, I-3, and I-4 which summarize the key results of the valuation with respect to SLOCPT assets, actuarial liabilities, Unfunded Actuarial Liability, funded ratios, contribution rates, and membership. The results are shown and compared for both the current and prior plan year.

Table I-1 Summary of Key Valuation Results (\$ in thousands)			
	January 1, 2023	January 1, 2024	Change
Membership			
Active Members	2,830	2,884	1.9%
Retirees and Beneficiaries	3,236	3,340	3.2%
Deferred Vesteds and Inactives	<u>981</u>	<u>1,064</u>	8.5%
Total	7,047	7,288	3.4%
Total Projected Payroll	\$ 242,067,000	\$ 253,809,000	4.9%
Average Pay	\$ 85,536	\$ 88,006	2.9%
Funded Status			
Actuarial Liability	\$ 2,622,192	\$ 2,792,274	6.5%
Actuarial Value of Assets (AVA)	<u>1,679,561</u>	<u>1,784,092</u>	6.2%
Unfunded Actuarial Liability (UAL)	\$ 942,632	\$ 1,008,182	6.9%
Funding Ratio (AVA Basis)	64.1%	63.9%	-0.2%
Market Value of Assets (MVA)	\$ 1,594,492	\$ 1,708,463	7.1%
Unfunded Actuarial Liability (MVA Basis)	1,027,700	1,083,811	5.5%
Funding Ratio (MVA Basis)	60.8%	61.2%	0.4%
Actuarially Determined Contributions			
Total Normal Cost	21.24%	21.32%	0.08%
Administrative Expenses	1.01%	1.18%	0.17%
Unfunded Actuarial Liability Payment			
Interest on UAL	26.29%	26.81%	0.53%
Principal	<u>4.27%</u>	<u>5.40%</u>	<u>1.12%</u>
Total UAL Payment	30.56%	32.21%	1.65%
Total Actuarially Determined Contribution	52.81%	54.71%	1.90%

The key results shown in Table I-1 indicate that total SLOCPT membership increased by 3.4%. The active membership increased by 1.9% while the number of members receiving monthly benefits increased by 3.2%. The number of inactive members not in pay status increased by 8.5%.

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Table I-2 Change in Unfunded Actuarial Liability (UAL) (\$ in thousands)	
Unfunded Actuarial Liability, January 1, 2023	\$ 942,632
Expected change in Unfunded Actuarial Liability	(12,807)
Increase due to actuarial asset gain	(6,324)
Increase due to liability loss	29,435
Increase due to contribution timing delay and expenses	2,454
Increase due to assumption changes	52,792
Total UAL change	\$ 65,550
Unfunded Actuarial Liability, January 1, 2024	\$ 1,008,182

The Unfunded Actuarial Liability (UAL) for SLOCPT increased by \$65.6 million, from \$942.6 million to \$1,008.2 million. Table I-2 above presents the specific components of the change in the UAL.

- The expected decrease in the UAL of \$12.8 million is the amount of expected employer and employee contributions in excess of the benefits expected to be earned by active members during the year and the interest on the UAL.
- The actuarial asset gain of \$6.3 million is a result of the 7.1% return on the Actuarial Value of Assets, which is higher than the expected return of 6.75%.
- The liability experience loss increased the UAL by \$29.4 million. This liability experience loss was driven by salary increases for active members greater than assumed and larger benefits for new retirees than expected. In addition, the 3% COLA increases (as of April 1, 2023) for Tier 1 retirees (above the assumed COLA increase rate of 2.75%), as well as more disabilities than expected, also contributed to the liability experience loss.
- The contribution timing delay accounts for the difference between actual contributions received for the year ending December 31, 2023 and the expected contributions for the year based on the ADC rate from the January 1, 2023 actuarial valuation. The impact on the 2024 valuation is a loss of \$1.9 million.
- The assumed administrative expenses for the 2023 calendar year were \$2.5 million compared to the actual administrative expenses of \$3.1 million, which produced a slight loss of \$0.6 million.
- The assumption changes increased the UAL by \$52.8 million. The economic assumption changes increased the UAL by \$42.2 million while the demographic assumptions increased the UAL by \$10.6 million.

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Actuarially Determined Contribution Comparison

Table I-3 below compares the total contribution rate and its components from the prior year to the current year. The total Actuarially Determined Contribution rate increased by 1.90% for the January 1, 2024 valuation. The total increase is comprised of an increase of 0.08% in the gross normal cost, an increase of 1.65% in the amortization of the UAL, and an increase of 0.17% for the assumed administrative expenses.

Table I-3 Components of Actuarially Determined Contribution Rate and Reconciliation of Charged Rate			
Valuation Date	January 1, 2023	January 1, 2024	Change
Actuarially Determined Contribution Rate			
1. Gross Normal Cost	21.24%	21.32%	0.08%
2. Member Contributions	<u>17.22%</u>	<u>16.69%</u>	<u>-0.53%</u>
3. Employer Normal Cost [(1) - (2)]	4.02%	4.63%	0.61%
4. UAL Amortization Payment	<u>30.56%</u>	<u>32.21%</u>	<u>1.65%</u>
5. Employer Contribution Rate [(3) + (4)]	34.58%	36.84%	2.26%
6. Administrative Expenses	<u>1.01%</u>	<u>1.18%</u>	<u>0.17%</u>
7. Total Actuarially Determined Contribution [(1) + (4) + (6)]	52.81%	54.71%	1.90%
Reconciliation of Charged Rate			
8. Employer Charged Rate	32.76%	35.38%	2.62%
9. Member Charged Rate	<u>16.98%</u>	<u>16.47%</u>	<u>-0.51%</u>
10. Total Charged Rate [(8) + (9)]	49.74%	51.85%	2.11%
11. Increase to Charged Rate (based on prior valuation) ¹	<u>2.59%</u>	<u>0.73%</u>	<u>-1.86%</u>
12. Total Charged Rate as of January 1 [(10) + (11)]	52.33%	52.58%	0.25%
13. Recommended Rate Change as of January 1 [(7) - (12)]	0.48%	2.13%	1.65%

¹ The recommended rate increase as of January 1, 2023 was 0.48%. However, the rate increase will be implemented on July 1, 2024, except for APCD and the Courts who implemented on January 1, 2024; therefore, it was increased to 0.73%. The recommended rate increase as of January 1, 2022 was 2.31%. However, the rate increase was implemented on July 1, 2023; except for APCD and the Courts who implemented on January 1, 2023; therefore, it was increased to 2.59%.

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Table I-4 summarizes the change in the total employer and employee contribution rate from the last valuation by source.

Table I-4				
Actuarially Determined Contribution (ADC) Rate Reconciliation				
	Normal Cost	Administrative Expenses	UAL Payment	Total
Total ADC as of January 1, 2023	21.24%	1.01%	30.56%	52.81%
Actuarial investment gain	0.00%	0.00%	-0.18%	-0.18%
Tier 3 (PEPRA) new hires	-0.38%	0.00%	0.00%	-0.38%
Effect of payroll growth	0.00%	-0.02%	-0.54%	-0.56%
Contribution timing lag	0.00%	0.00%	0.05%	0.05%
Demographic experience	-0.01%	0.00%	0.85%	0.84%
Assumption changes	<u>0.47%</u>	<u>0.19%</u>	<u>1.47%</u>	<u>2.13%</u>
Total Change	0.08%	0.17%	1.65%	1.90%
Total ADC as of January 1, 2024	21.32%	1.18%	32.21%	54.71%

The changes in the total employer and employee contribution rate compared to the January 1, 2024 valuation results are as follows:

- Asset experience produced an investment gain that decreased the contribution rate by 0.18% of pay. The actuarial assets of the Plan returned 7.1% (net of investment expenses) for the year ending December 31, 2023, which is higher than the assumed rate of 6.75%.
- Tier 3 (PEPRA) members now make up over 61% of active member payroll compared to 56% in the previous valuation. Tier 3 (PEPRA) member benefits are lower than the Tier 1 and Tier 2 members' benefits. When Tier 1 and Tier 2 members leave employment, they are replaced by Tier 3 members. The impact of this demographic shift is a lower overall normal cost rate for the Trust. For this valuation, the impact was a 0.38% decrease to the normal cost rate.
- Active member payroll, which is used to convert the amortized UAL payments to a percentage of payroll, was higher than expected by about \$4.5 million. The expected payroll growth rate is 3.00% while the actual payroll growth during 2023 was about 4.9%. As a result, the UAL payments, as well as administrative expenses, are spread over a larger payroll base than expected, and the contribution rate, as a percentage of payroll, decreased by 0.56%.

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- When actual contributions made to the Plan differ from expectations, there is an actuarial gain or loss. There are two primary reasons why contributions can deviate from expectations:
 - The actuarial valuation process assumes any change in the contribution rate occurs on January 1 of the valuation year. Even though calculations are performed to adjust the contributions for delayed implementation, there are “unadjusted” contributions made from January 1 to the implementation date of the contribution rate increases.
 - When payroll growth is more or less than anticipated, all else being equal, contributions will be more or less than anticipated.

The recommended rate increase as of January 1, 2023 was 0.48%. However, the employers (except for APCD and the Courts who implemented the increase on January 1, 2024) adopted to implement the increase effective July 1, 2024 with an adjusted increase of 0.73% due to the delay. This contribution timing delay, or deferred implementation of the contribution rate increase, partially offset by more contributions coming into the Trust due to the higher payroll resulted in a net increase to the contribution rate of 0.05% of payroll.

- Demographic experience, or liability experience, was unfavorable and increased the contribution rate by 0.84% of pay. The demographic experience of the Plan includes retirement, death, disability, and termination experience, as well as other factors such as changes in benefits and pay amounts. The liability experience loss was driven by salary increases for actives above the assumed increases. In addition, COLA increases (as of April 1, 2023) for Tier 1 retirees of 3.0%, above the assumed COLA increase rate of 2.75%, as well as more retirements and disabilities than expected contributed to the demographic experience loss.
- The changes in demographic and economic assumptions increased the contribution rate by 2.13% of payroll. The primary drivers of the cost impact was the incorporation of COLA banks into projected benefit payments for Tier 1 retirees. The drivers of the demographic assumption cost impact were changes to the salary merit increases and retirement rates. More detail on the impact of the individual assumption changes can be found in the actuarial experience study report.

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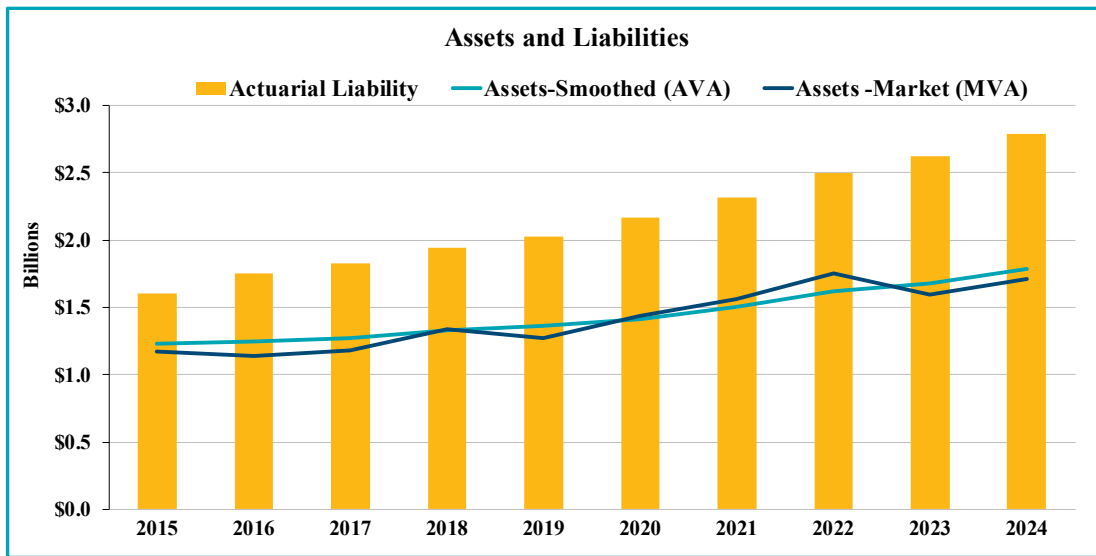
C. Historical Trends

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the Actuarially Determined Contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is important to judge a current year’s valuation result relative to historical trends, as well as trends expected into the future.

Assets and Liabilities

The chart below compares the Actuarial Liability, as gold bars, to the assets at both market value (MVA, blue line) and smoothed value (AVA, teal line). The percentages shown in the table below the graph are the ratios of the assets to the Actuarial Liability (the funded ratio) as of the valuation date at the beginning of the year. The funded ratio on an AVA basis has decreased from 77% in 2015 to 64% in 2024, as a result of assumption changes, and both actuarial liability and asset losses.

The funded ratio on an MVA basis has decreased from 73% to 61% during that same period. During this period, the average annual rate of return on an MVA basis (5.7%) is the same as the average annual return on an AVA basis (5.7%). The AVA returns are relatively stable, despite the overall market fluctuations, whereas the MVA is more volatile.



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Average Annual Return
Funded Ratio (AVA)	77%	71%	69%	68%	67%	65%	65%	65%	64%	64%	5.7%
Rate of Return* (AVA)	5.3%	3.0%	3.5%	6.0%	3.7%	5.7%	7.9%	9.4%	5.1%	7.1%	5.7%
Funded Ratio (MVA)	73%	65%	65%	69%	63%	66%	68%	70%	61%	61%	
Rate of Return* (MVA)	4.6%	-1.4%	6.1%	14.9%	-3.7%	15.2%	10.4%	13.6%	-7.7%	8.1%	5.7%

* Rate of return for prior year ending 12/31

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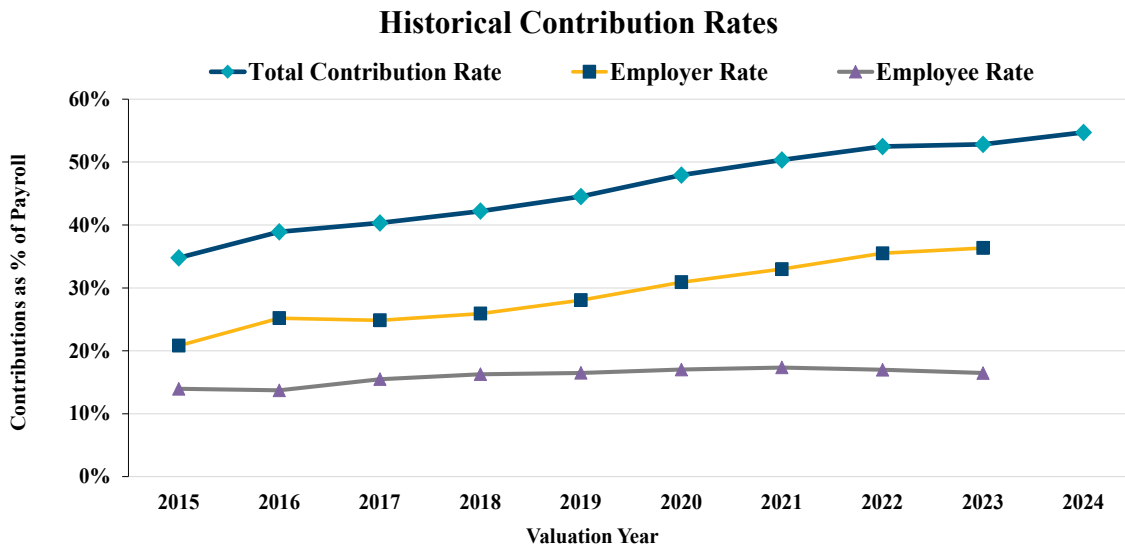
Contribution Trends

In the chart below, we present the historical trends for the SLOCPT contribution rates. The total contribution rate has increased during this period from approximately 35% to 55%. This increase is primarily due to the incremental discount rate decreases from 7.125% to 6.75% and other assumption changes during this period. There were also consistent investment losses on the actuarial value of assets from 2009 to 2020 and in 2023, with favorable experience in 2021, 2022 and 2024. The total contribution rate increased in 2024 due to assumption changes and demographic losses that were somewhat offset by the impact of the significant increase in payroll and its effect on the UAL payment rate as a percentage of pay.

The employer contribution rates have a similar pattern to the total contribution rates. The total contribution rate also includes the employee rate.

Over the period shown, individual employee contribution rates have increased. However, the aggregate average employee contribution for the Trust has partially offset this increase as Tier 3 (PEPRA) members with lower employee contributions continue to replace Tier 1 and Tier 2 members who have higher contributions rates.

Historically, the increase in the total contribution rate had generally been allocated equally between employers and employees. The allocation of rate increases is implemented and agreed to during the bargaining process between the Employers and their various Employment Groups, and therefore not determined by the Trust. Starting in 2019, employers have been allocated a larger portion of any contribution increase and in some cases the employee contributions have decreased.



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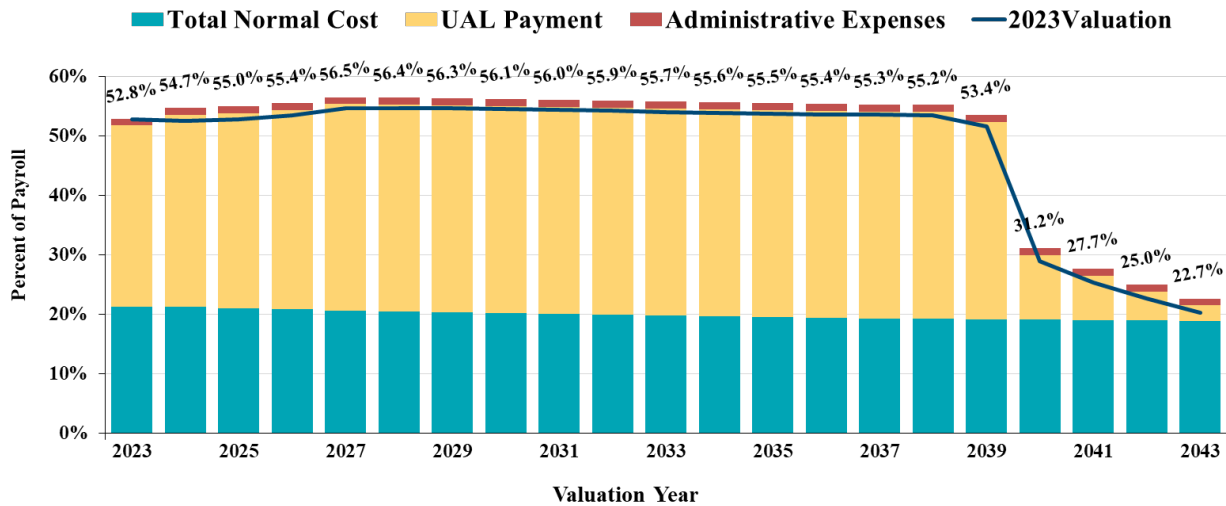
D. Future Expected Financial Trends

The analysis of projected financial trends is an important component of this valuation. All the projections in this section are based on the current investment return assumption of 6.75%. We have assumed future payroll increases of 3.00% per year. The projections also assume that all other actuarial assumptions are met each year.

Projection of Contributions

The following graph shows the expected total contribution rate, or Actuarially Determined Contribution (ADC), based on achieving the 6.75% assumption **each year** for the next 20 years. This scenario is highly unlikely; even if the Plan does achieve an **average** return of 6.75% over this period, the returns in each given year will certainly vary.

The total contribution rates shown at the top of the graph consist of the total normal cost, the UAL payment, and assumed administrative expenses (1.18% of payroll over the projection period.) The dark blue line represents the contribution rate projections based on the January 1, 2023 valuation.



The total contribution rate is approximately 54.7% of member payroll for the January 1, 2024 valuation. Over the next three years, there is an expected rate increase of approximately 1.8% to 56.5% in 2027, due to the recognition of net deferred investment losses. After 2027, there is a gradual decrease due to the gradual decrease in the normal cost rate (the teal bars) as Tier 3 active members, with lower benefits, continue to replace Tier 1 and Tier 2 active members.

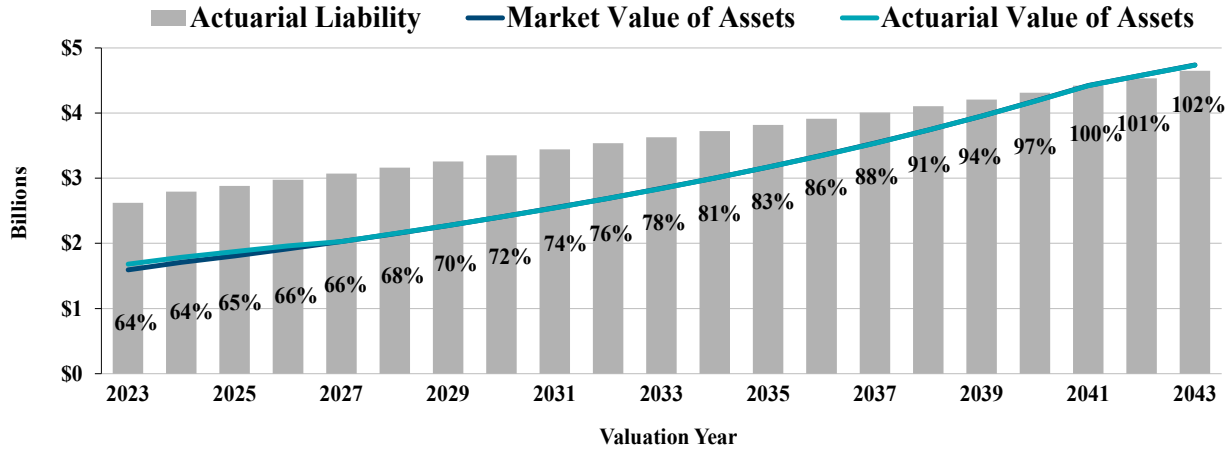
There is a decrease in the 2039 total contribution rate of almost 2.0% of payroll from 55.2% to 53.4% when the 2019 amortization layer for the actuarial loss is fully paid. Finally, the contribution rate is expected to drop significantly to 31.2% in 2040 when the largest amortization layer from 2018 is fully paid.

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Asset and Liability Projections:

In this section, we present our assessment of the implications of the January 1, 2024 valuation results in terms of benefit security (assets over liabilities). The following graph shows the projection of assets and liabilities assuming that assets will earn the 6.75% assumption each year during the projection period. The percentages along the graph represent the funded ratio or status of the Trust.



Over the next three years there is slower growth in the funding progress until the \$76 million in deferred asset losses is recognized. The projected funded ratio increases over the next 20 years and reaches 100% in 2041 assuming that all actuarial assumptions are achieved each year.

However, as above, it is the **actual** return on Trust assets that will determine the future funding status and contribution rate to the Trust.

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SECTION II – DISCLOSURES RELATED TO RISK

Actuarial valuations are based on a set of assumptions about future economic and demographic experience. These assumptions represent a reasonable estimate of future experience, but actual future experience will undoubtedly be different and may vary significantly. This section of the report is intended to identify the primary risks to the Plan, provide some background information about those risks, and provide an assessment of those risks.

Identification of Risks

The fundamental risk to a pension plan is that the contributions needed to pay the benefits become unaffordable. This is most likely to occur when the contributions needed to support the plan differ significantly from expectations. While there are a number of factors that could lead to contribution amounts deviating from expectations, we believe the primary risks are:

- Investment risk,
- Assumption change risk, and
- Contribution risk.

Other risks that we have not identified may also turn out to be important.

Investment Risk is the potential for investment returns to be different from expected. Lower investment returns than anticipated will increase the Unfunded Actuarial Liability necessitating higher contributions in the future unless there are other gains that offset these investment losses. The potential volatility of future investment returns is determined by the Plan's asset allocation and the affordability of the investment risk is determined by the amount of assets invested relative to the size of the plan sponsor or other contribution base.

Assumption change risk is the potential for the environment to change such that future valuation assumptions are different from the current assumptions. For example, declines in interest rates over the last three decades (which have recently reversed) resulted in higher investment returns for fixed income investments, but lower expected future returns necessitating either a change in investment policy, a reduction in discount rate, or some combination of the two. Assumption change risk is an extension of the other risks identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in environment when the current assumption is no longer reasonable.

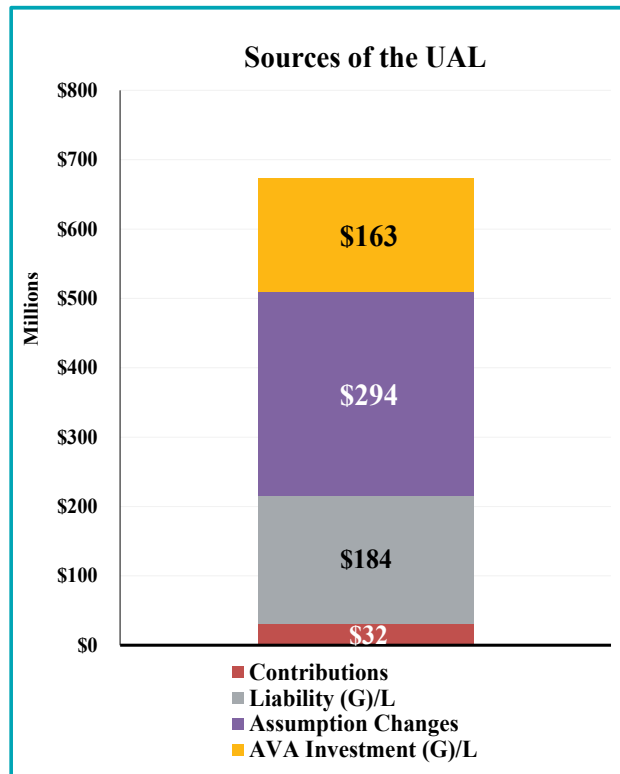
Contribution risk is the potential for actual future contributions to deviate from the expected future contributions. There are different sources of contribution risk such as the sponsor choosing to not make contributions in accordance with the funding policy. As another example, the contribution requirement might become a financial strain on the sponsor because of material changes in the contribution base (e.g., covered employees, covered payroll) that affects the amount of contributions the plan can collect.

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SECTION II – DISCLOSURES RELATED TO RISK

The chart below shows the components contributing to the Unfunded Actuarial Liability (UAL) from January 1, 2015 through January 1, 2024. Over the last 10 years, the UAL has increased by approximately \$672 million. The assumptions changes (purple bar) of \$294 million are the primary source in the UAL increase. The liability losses (gray bar) of \$184 million, the net investment losses (gold bar) of \$163 million on the Actuarial Value of Assets (AVA), and the contributions being less than the “tread water” level (red bar, defined later in this section) by \$32 million have also increased the UAL since January 1, 2015.

Chart II-1

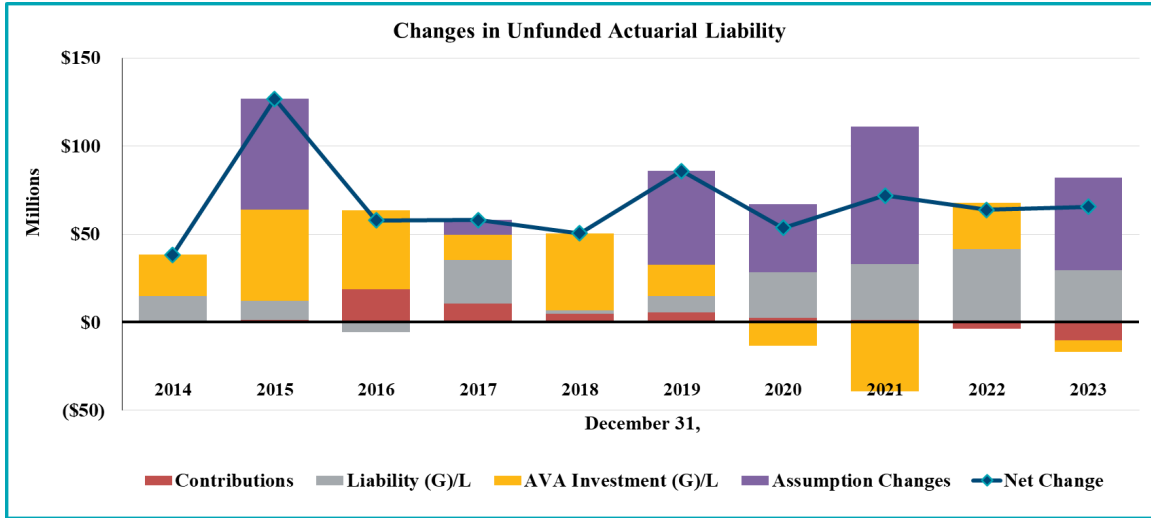


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SECTION II – DISCLOSURES RELATED TO RISK

Chart II-2 below details the annual sources of the UAL change (colored bars) for the Plan years ending December 31. The net UAL change for the year is represented by the blue diamonds.

Chart II-2



On a market value and an actuarial value basis, the average annual geometric rate of return over the 10-year period are both 5.7%. Actuarial asset losses were greater than the gains over the period, primarily due to the market performance in FYE 2015, 2018 and 2022 with actual returns of -1.4%, -3.7%, and -7.7% respectively, well below the assumed rate of return.

Over the same period, the assumed rate of return decreased from 7.125% to 6.75%. It is important to note that these changes reflected a downward revision to the estimate of future investment earnings and ultimately costs will be determined by actual investment earnings. The inflation assumption was increased in the January 1, 2022 valuation from 2.25% to 2.50% which affected assumed active member pay increases as well as the assumed COLA growth for retirees in Tier 1. The primary assumption change that had a significant impact on cost was incorporating the COLA banks for Tier 1 members into the projected benefit payments for the 2024 valuation.

Each year the UAL is expected to increase for benefits earned in the current year (the normal cost) and interest on the UAL. This expected increase is referred to as the tread water level. If contributions are greater than the tread water level, the UAL is expected to decrease. Conversely, if contributions are less than the tread water level, the UAL is expected to increase. The amortization policy (as well as the delayed implementation of contribution rate increases) can affect whether or not the contributions exceed the tread water level.

The UAL is expected to decrease next year, all else being equal, as some of the UAL payment is expected to pay off principal. Future expected decreases in the UAL will continue based on SLOCPT’s amortization policy.

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ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

SECTION II – DISCLOSURES RELATED TO RISK

Table II-1 below numerically summarizes the changes in the UAL for each year over the last 10 years ending December 31. These totals support our identification of investment returns and assumption changes, as a result of liability losses, as the primary risks to the Plan.

Table II-1

Changes in Unfunded Actuarial Liability (\$ in millions)											
December 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Assumed Rate of Return	7.25%	7.125%	7.125%	7.00%	7.00%	6.875%	6.75%	6.75%	6.75%	6.75%	
Source											
AVA (Gain)/Loss	\$ 23.3	\$ 51.8	\$ 44.9	\$ 14.3	\$ 43.7	\$ 17.9	\$ (13.5)	\$ (39.3)	\$ 26.0	\$ (6.3)	\$ 162.8
Liability (Gain)/Loss	14.3	10.8	(5.6)	24.7	1.7	9.0	26.1	31.7	41.6	29.4	\$ 183.7
Assumption Change	0.0	62.8	0.0	8.5	0.0	53.4	38.5	78.1	0.0	52.8	\$ 294.1
Contributions ¹	<u>0.6</u>	<u>1.5</u>	<u>18.6</u>	<u>10.5</u>	<u>5.0</u>	<u>5.6</u>	<u>2.4</u>	<u>1.5</u>	<u>(3.7)</u>	<u>(10.4)</u>	<u>31.6</u>
Total UAL Change	\$ 38.2	\$ 126.9	\$ 57.9	\$ 58.0	\$ 50.4	\$ 85.9	\$ 53.5	\$ 72.0	\$ 63.9	\$ 65.5	\$ 672.2

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

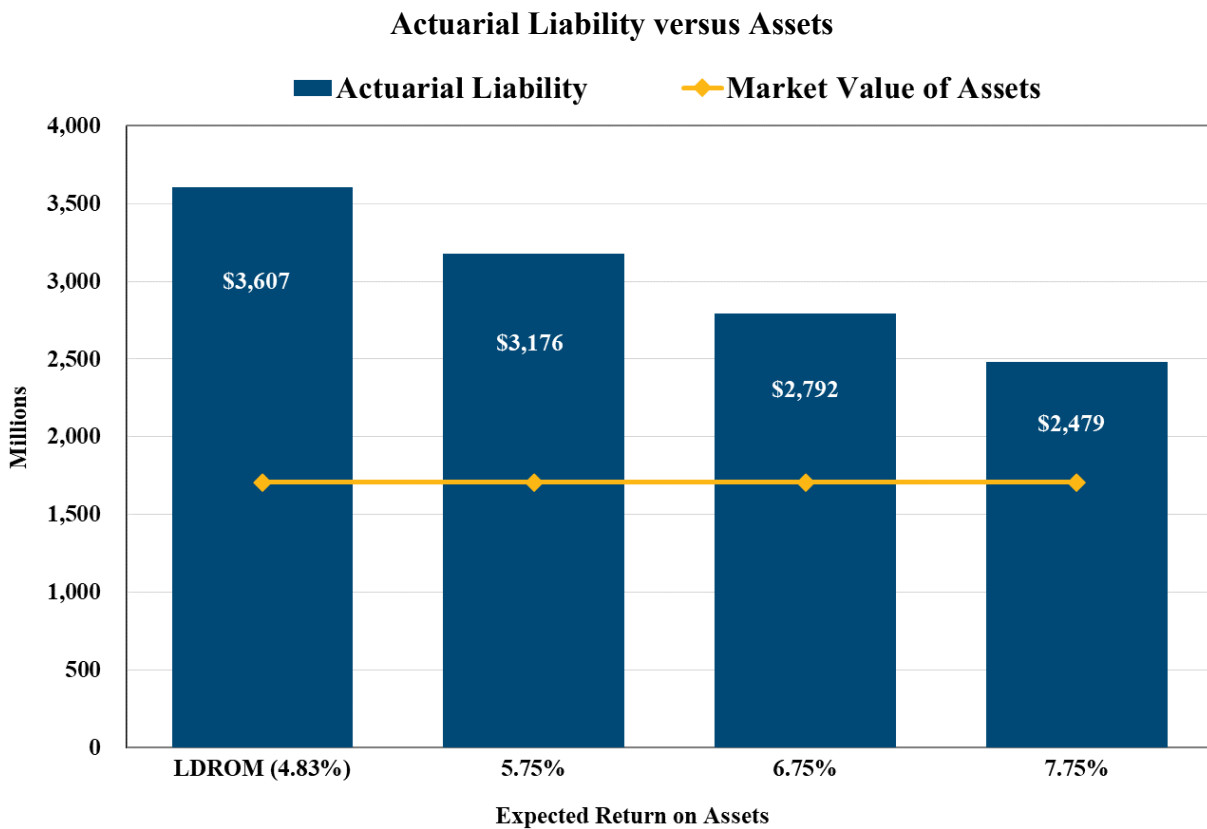
**SAN LUIS OBISPO COUNTY PENSION TRUST
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SECTION II – DISCLOSURES RELATED TO RISK

Assessing Costs and Risks

Sensitivity to Investment Returns

The chart below compares the Market Value of Assets (line) to the Actuarial Liabilities (bars) discounted at the current expected rate of return (6.75%) and at discount rates 100 basis points above and below the expected rate of return. In addition, we have added an additional measurement, the Low-Default-Risk Obligation Measure (LDROM), which is the Actuarial Liability using a discount rate derived from low-default-risk fixed income securities that approximately match the benefit payments of the plan.



If investments return 6.75% annually, the Plan would need approximately \$2.79 billion in assets today to pay the benefits associated with service earned to date, compared to current assets of \$1.71 billion. If investment returns are only 5.75%, the Plan would need approximately \$3.18 billion in assets today, and if investment returns are 7.75%, the Plan would need approximately \$2.48 billion in assets today.

SLOCPT invests in a diversified portfolio to achieve the best possible returns at an acceptable level of risk. SLOCPT’s average return over the last 15 years is 8.1%. Please refer to Table III-6 for the asset returns by year since 2006.

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SECTION II – DISCLOSURES RELATED TO RISK

The lowest risk portfolio for a pension plan would be composed entirely of low-default-risk fixed income securities whose cash flows match the benefit cash flows of the plan. However, such a portfolio would have a lower expected rate of return (4.83% as of December 31, 2023) than the diversified portfolio (6.75%). The Low-Default-Risk Obligation Measure (LDROM) represents what the Actuarial Liability would be if SLOCPT's assets were invested in such a portfolio. As of December 31, 2023, the LDROM is \$3.61 billion¹ compared to the Actuarial Liability of \$2.79 billion for SLOCPT. The \$0.82 billion difference can be viewed as the expected savings from taking on the investment risk of the diversified portfolio. Alternatively, it can be viewed as the potential cost of minimizing the investment risk.

If SLOCPT were to invest in the LDROM portfolio and not a diversified portfolio, the funded status would be lower, and expected contribution requirements would increase. The security of SLOCPT's pension benefits relies on the current assets, future investment earnings, and the ability and willingness of employers to make future contributions. If SLOCPT were to invest in the LDROM portfolio, it would not change current assets, but it could potentially reduce future investment earnings, potentially changing the level of reliance on future employer contributions. However, investing in an LDROM portfolio would generate more predictable future investment earnings and future contributions.

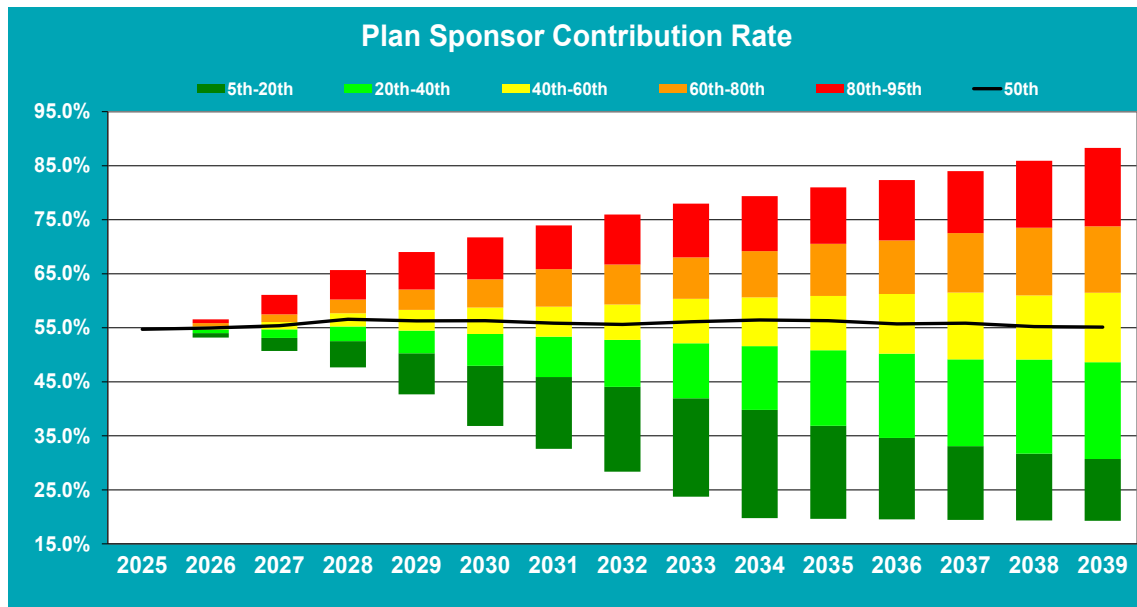
¹ Based on a discount rate equal to the December 31, 2023 FTSE Pension Liability Index of 4.83%, and all other assumptions and methods as used to calculate the Actuarial Liability.

SECTION II – DISCLOSURES RELATED TO RISK

Sensitivity to Investment Returns – Stochastic Projections

Stochastic projections serve to show the range of probable outcomes of various measurements. The graphs on this and the following page show the projected range of the contribution rate and of the funded ratio (i.e., the market assets divided by liabilities). The range in both scenarios is driven by the volatility of investment returns (assumed to be based on a 11.6% standard deviation of annual returns, as provided by the Plan’s investment consultant). The stochastic projections of investment returns are based on an assumption that each future year’s investment return is independent from all other years and is identically distributed according to a lognormal distribution. This assumption may result in an unrealistically wide range of compound investment returns over longer periods of time.

Stochastic Projection of Total Contributions as a Percent of Pay

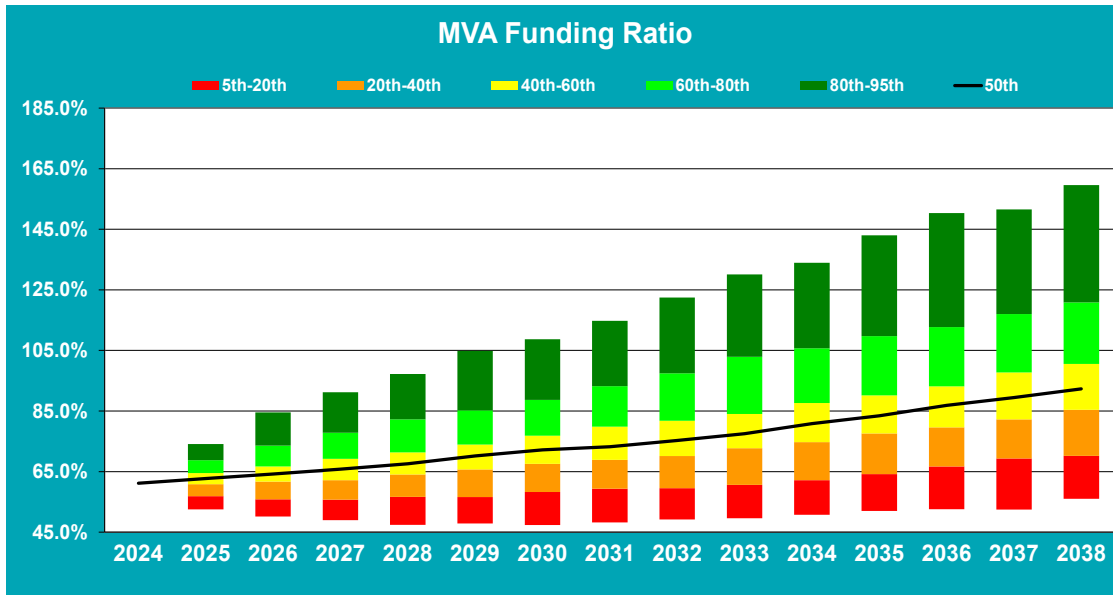


The stochastic projection of contributions as a percent of pay shows the probable range of future contribution rates. The baseline contribution rate (black line), which is based on the median of the simulations using an average return of 6.75% each year, aligns with the projections discussed in subsection D of the Executive Summary of this report. In the most pessimistic scenario shown, the 95th percentile, the projected contribution rate is approximately 88% of pay in 2039. Conversely, in the most optimistic scenario shown, the 5th percentile, the projected contribution rate declines to about 19% starting in 2036. In these projections, we assumed that the minimum contribution allowed is the total normal cost plus the assumed administrative expenses. However, under PEPPRA, if the Plan becomes extremely over-funded (above 120%), the contribution can drop below the normal cost plus assumed administrative expenses.

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SECTION II – DISCLOSURES RELATED TO RISK

Stochastic Projection of Funded Ratio on a Market Value of Assets Basis



The graph above shows the projection of the funded ratio based on the market value of assets. While the median funded ratio (black line) is projected to be approximately 92% at the end of the 15-year period shown here, there is a wide range of potential outcomes. Good investment returns have the likelihood of bringing the funded ratio well over 100%. Due to the sound funding policy of the Plan, even in scenarios with significant unfavorable investment returns, the Plan is projected to remain around 50% funded, as long as the Actuarially Determined Contributions continue to be made.

Contribution Risk

If contribution rates become a significant percentage of payroll, future salary increases, and the hiring of new members are potentially at risk. When member payroll growth stagnates or even declines, the dollar level of contributions made to the Plan also stagnates or declines since contributions are based on payroll levels.

There is also a risk of the contribution rates increasing when payroll decreases since the Plan’s funding policy amortizes the UAL as a level percentage of pay. This means that the UAL payments are designed to increase at the assumed payroll growth rate of 3.00%, so that the payment is expected to remain constant as a percentage of payroll. If payroll growth is less than the expected 3.00% or there is a decline in payroll, the UAL payments are spread over a smaller payroll base and the contribution rate as a percentage of pay increases, potentially making the Plan less affordable.

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SECTION II – DISCLOSURES RELATED TO RISK

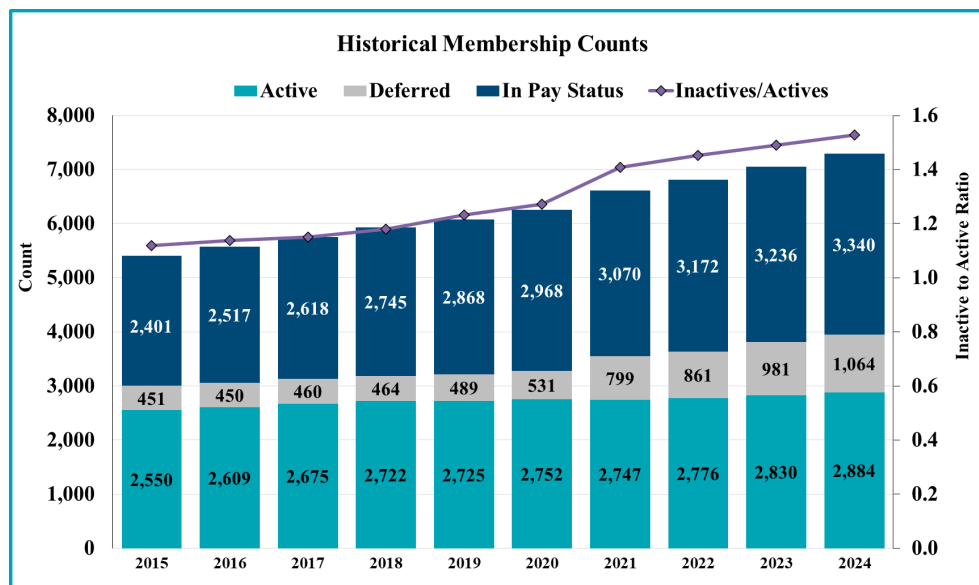
Plan Maturity Measures

The future financial condition of a mature pension plan is more sensitive to each of the risks identified above than a less mature plan. To assess each of these risks, it is important to understand the maturity of the plan and how it has changed over time.

Plan maturity can be measured in a variety of ways, but they all get at one basic dynamic – the larger the plan is compared to the contribution or revenue base that supports it; the more sensitive the plan will be to risk. The measures below have been selected as the most important in understanding the primary risks identified for a plan.

Inactives per Active (Support Ratio)

One simple measure of plan maturity is the ratio of the number of inactive members (those receiving benefits or those entitled to a deferred vested benefit or refund of contributions) to the number of active members. The Support Ratio is expected to increase gradually as a plan matures. The chart below shows the growth in the Support Ratio from 1.1 to 1.5 over the period. The number of active members has grown by around 13% for SLOCPT, while the number of inactive members, excluding non-vested members with contributions on account, has increased by almost 43%.



¹Deferred Membership counts include non-vested members with contributions on account starting on January 1, 2021. January 1, 2023 and January 1, 2024 Deferred Membership counts include 309 and 334 non-vested members with contributions on account, respectively.

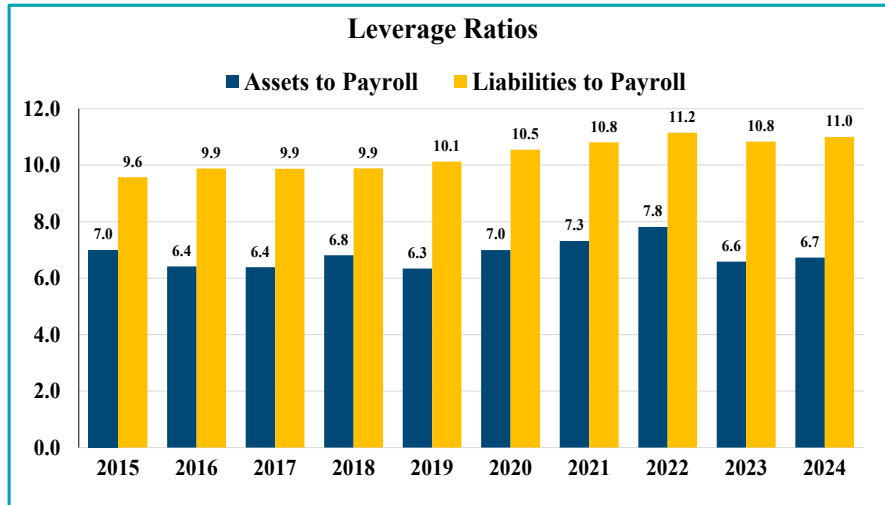
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SECTION II – DISCLOSURES RELATED TO RISK

Leverage Ratios

Leverage or volatility ratios measure the size of a plan compared to its revenue base more directly. The asset leverage ratio is simply the Market Value of Assets divided by active member payroll and indicates the sensitivity of the Plan to investment returns. The liability leverage ratio is the ratio of a plan’s Actuarial Liability to active member payroll and indicates the sensitivity of the Plan to assumption changes or demographic experience.

The chart below shows the historical leverage ratios of the Plan. Both leverage ratios have gradually increased since 2015. The liabilities to payroll ratio increased in 2024 due to assumption changes which increased SLOCPT’s Actuarial Liability. The assets to payroll ratio increased slightly due to the favorable asset performance based on the Market Value of Assets.



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

As the Plan becomes better funded, the asset leverage ratio will increase, and if it was 100% funded, the asset leverage ratio would be 11.0 times payroll, or the Actuarial Liability (AL) leverage ratio.

The asset leverage ratio of 6.7 means that if the Plan’s assets lose 10% of their value, which is a 16.75% actuarial loss compared to the expected return of 6.75%, the loss would be equivalent to 112% of payroll (16.75% times 6.7). Based on the current amortization policy and economic assumptions, the contribution rate would ultimately increase by about 8% of payroll (after full recognition of the asset loss in the actuarial value of assets).

More Detailed Assessment

While a more detailed assessment is always valuable to enhance the understanding of the risks identified above, we believe the scenarios illustrated above cover the primary risks facing the Plan at this time. We would be happy to provide the Board with a more in-depth analysis at their request.

**SAN LUIS OBISPO COUNTY PENSION TRUST
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SECTION III – ASSETS

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

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

- **Disclosure** of Trust assets as of January 1, 2023 and January 1, 2024,
- Statement of the **changes** in market values during the year,
- Development of investment rate of return for the Market Value of Assets and the Actuarial Value of Assets,
- Development of the Actuarial Value of Assets, and
- An allocation of the assets between the **valuation subgroups**.

Disclosure

There are two types of asset values disclosed in this value, the Market Value of Assets and the Actuarial Value of Assets. The market value represents a “snap-shot” or “cash-out” value, which provides the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not as suitable for long-term planning as the Actuarial Value of Assets. The Actuarial Value of Assets reflects smoothing of annual investment returns in order to mitigate any wide fluctuations in overall investment returns.

Table III-1 on the next page discloses and compares the asset values as of January 1, 2023 and January 1, 2024.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

SECTION III – ASSETS

Table III-1 Statement of Assets at Market Value		
	January 1, 2023	January 1, 2024
Cash and Cash Equivalents	\$ 84,236,612	\$ 94,663,552
Receivables	1,611,636	10,361,040
Equities	575,255,268	556,965,508
Bonds	399,852,554	362,925,977
Mortgages	2,829,116	0
Alternative Investments	313,798,079	464,485,423
Real Estate	252,831,097	215,012,264
Other	5,798,274	5,160,423
	<u>\$ 1,636,212,636</u>	<u>\$ 1,709,574,187</u>
Liabilities	(41,720,561)	(1,111,032)
Market Value of Assets	\$ 1,594,492,075	\$ 1,708,463,155
Reserves		
Member Deposit	\$ 429,540,342	\$ 444,418,287
Appropriation	39,135,470	70,560,368
Retired Members	1,366,339,705	1,449,248,270
Cost of Living	461,544,911	471,477,929
Contingency	(1,202,377,724)	(1,297,702,064)
Market Value Adjustments	500,309,371	570,460,364
Total Reserves	\$ 1,594,492,075	\$ 1,708,463,155

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

SECTION III – ASSETS

Changes in Market Value

The components of asset change are:

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

Table III-2 below shows the components of change in the Market Value of Assets during the fiscal years ending December 31, 2022 and December 31, 2023.

Table III-2		
Changes in Market Value of Assets		
	December 31, 2022	December 31, 2023
Beginning of Year	\$ 1,749,962,789	\$ 1,594,492,075
Revenues		
Contributions		
Employer Contributions	\$ 72,095,657	\$ 83,915,907
Member Contributions	39,229,067	40,825,665
Total Contributions	\$ 111,324,724	\$ 124,741,572
Prefunding Discount Amortization	\$ (1,485,140)	\$ (1,165,372)
Net Investment Income		
Interest	\$ 2,674,764	\$ 2,515,435
Dividends	6,814,654	13,478,948
Real Estate Income	0	0
Realized and Unrealized	(138,985,835)	115,730,548
Other Income	47,067	37,664
Investment Expenses	(3,569,887)	(3,114,287)
Net Investment Income	\$ (133,019,237)	\$ 128,648,308
Total Revenues	\$ (23,179,653)	\$ 252,224,508
Disbursements		
Benefits Payments		
Monthly Benefit Payments	\$ 124,133,519	\$ 131,872,003
Refunds of Member Contributions	3,401,763	3,238,619
Death Benefits	1,858,601	57,597
Total Benefit Payments	\$ 129,393,883	\$ 135,168,219
Administrative Expenses	2,897,178	3,085,209
Total Disbursements	\$ 132,291,061	\$ 138,253,428
Net Increase / (Decrease)	(155,470,714)	113,971,080
End of Year	\$ 1,594,492,075	\$ 1,708,463,155

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

SECTION III – ASSETS

Tables III-3 below shows the development of the actuarial investment gains or losses as well as the actual rates of returns on both the AVA and MVA. The calculations are based on the assumption that the assumed rate of investment return is net of investment expenses.

Table III-3 Development of Investment Returns		
	Market Value	Actuarial Value
1) Assets as of January 1, 2023	\$ 1,594,492,075	\$ 1,679,560,652
a) Contributions	124,741,572	124,741,572
b) Prefunding Discount Amortization	(1,165,372)	(1,165,372)
c) Benefits Paid	(135,168,219)	(135,168,219)
d) Administrative Expenses	(3,085,209)	(3,085,209)
e) Expected Investment Earnings at 6.75%	<u>107,100,973</u>	<u>112,843,102</u>
2) Expected Value of Assets as of January 1, 2024	\$ 1,686,915,820	\$ 1,777,726,526
3) Actual Value of Assets as of January 1, 2024	\$ 1,708,463,155	\$ 1,784,092,484
4) Actuarial Investment Gain/(Loss) [(3) - (2)]	\$ 21,547,335	\$ 6,365,958
5) Change in excludable assets for AVA	<u>\$ -</u>	<u>\$ (41,721)</u>
6) Net Actuarial Investment Gain/(Loss) [(4) + (5)]	\$ 21,547,335	\$ 6,324,237
7) Actual Investment Earnings [(1e) + (6)]	\$ 128,648,308	\$ 119,167,339
8) Actual Rate of Return as of December 31, 2023 <i>(net of investment expenses only)</i>	8.1%	7.1%
9) Ratio of Actuarial Value of Assets to Market Value		104%

**SAN LUIS OBISPO COUNTY PENSION TRUST
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SECTION III – ASSETS

Development of Actuarial Value of Assets

Tables III-4 below shows the development of the Actuarial Value of Assets under the five-year smoothing method for the Trust.

Table III-4 Development of Actuarial Value of Assets for January 1, 2024		
1)	Actuarial Value of Assets as of 1/1/2023	\$ 1,679,560,652
2)	Non-Investment Cash Flow for FYE 2023	(14,677,228)
3)	Expected Return for FYE 2023	<u>112,843,102</u>
4)	Expected Actuarial Value of Assets as of 1/1/2024 [(1) +(2) +(3)]	\$ 1,777,726,526
5)	Actual Return on Market Value as of FYE 2023	\$ 128,648,308
6)	Actual Return Below Expected in 2023: (5) - (3)	\$ 15,805,206
7)	Recognition of Returns Above / (Below) Expected	
	December 31, 2023 (20% of 6.)	\$ 3,161,041
	December 31, 2022 (20% of -241,529,555)	(48,305,911)
	December 31, 2021 (20% of 110,287,770)	22,057,554
	December 31, 2020 (20% of 51,601,739)	10,320,348
	December 31, 2019 (20% of 95,456,027)	<u>19,091,205</u>
	Total Recognition of Returns for 1/1/2024	\$ 6,324,237
8)	Preliminary Actuarial Value of Assets as of 1/1/2024 [(4) + (7)]	\$ 1,784,050,763
9)	Excludable Assets: Additional Annuity Reserve	
	Beginning of Year	\$ 1,708,593
	End of Year	<u>1,666,872</u>
	Change in Excludable Assets	\$ (41,721)
10)	Final Actuarial Value of Assets as of 1/1/2024 [(8) - (9)]	\$ 1,784,092,484

**SAN LUIS OBISPO COUNTY PENSION TRUST
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SECTION III – ASSETS

Allocation of Assets by Class

The following table shows the allocation of the Actuarial Value of Assets between the three Classes (Miscellaneous, Probation, and Safety). The assets are allocated to each Class based on an equalization of each group’s funded ratio to the total funded ratio of SLOCPT. The Actuarial Value of Assets is used to calculate each subgroups’ UAL and the resulting amortization payment.

Table III-5 Allocation of Assets by Class for January 1, 2024				
	Miscellaneous	Probation	Safety	Total SLOCPT
Valuation Assets as of December 31, 2022	\$ 1,292,531,662	\$ 74,811,263	\$ 312,217,727	\$ 1,679,560,652
Valuation Assets as of December 31, 2023				1,784,092,484
Funded Ratio	63.9%	63.9%	63.9%	63.9%
Actuarial Liability	\$ 2,142,517,426	\$ 126,264,348	\$ 523,492,419	\$ 2,792,274,193
Allocation of Assets to Equalize Funded Ratios	76,405,975	5,863,935	22,261,921	104,531,832
Valuation Assets as of December 31, 2023	\$ 1,368,937,637	\$ 80,675,198	\$ 334,479,648	\$ 1,784,092,484

**SAN LUIS OBISPO COUNTY PENSION TRUST
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SECTION III – ASSETS

Historical Investment Performance

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

Table III-6 Net Return on Market Value and Actuarial Value of Assets		
Year Ended December 31	Net Return on Market Value	Net Return on Actuarial Value
2006	11.1%	7.8%
2007	4.8%	8.4%
2008	-28.0%	3.8%
2009	23.5%	5.7%
2010	14.3%	6.0%
2011	2.7%	5.5%
2012	12.0%	6.2%
2013	13.1%	6.2%
2014	4.6%	5.3%
2015	-1.4%	3.0%
2016	6.1%	3.5%
2017	14.9%	6.0%
2018	-3.7%	3.7%
2019	15.2%	5.7%
2020	10.4%	7.9%
2021	13.6%	9.4%
2022	-7.7%	5.1%
2023	8.1%	7.1%
Geometric Average		
5-Year	7.6%	7.0%
10-Year	5.7%	5.7%
15-Year	8.1%	5.7%

Returns are net of investment expenses starting in 2021.

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

SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024

SECTION IV – LIABILITIES

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

- **Disclosure** of Trust liabilities at January 1, 2023 and January 1, 2024;
- Statement of **changes** in these liabilities during the year.

Disclosure

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

- **Present Value of Future Benefits:** Used for measuring all future Trust obligations; the obligations of the Trust earned as of the valuation date and those to be earned in the future by current Plan participants, under the current Trust provisions.
- **Actuarial Liability:** Used for funding calculations, this liability is calculated taking the Present Value of Future Benefits and subtracting the present value of future Member and future Employer Normal Cost Contributions under an acceptable actuarial funding method. The method used for this Trust is called the **Entry Age Normal** (EAN) funding method.
- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

Table IV-1 on the following page discloses each of these liabilities for the current and prior valuations. With respect to each disclosure, a subtraction of the appropriate value of Plan assets yields, for each respective type, a **net surplus**, or an **Unfunded Actuarial Liability**.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

SECTION IV – LIABILITIES

Table IV-1					
Present Value of Future Benefits and Actuarial Liability					
(\$ in thousands)					
	Miscellaneous	Probation	Safety	January 1, 2024 Total	January 1, 2023 Total
Present Value of Benefits					
Actives	\$ 907,345	\$ 76,193	\$ 183,921	\$ 1,167,459	\$ 1,133,881
Terminated Vested	77,377	3,762	9,016	90,155	89,254
Retirees	1,386,279	64,629	329,904	1,780,812	1,646,413
Disabled	23,163	3,527	62,618	89,308	79,767
Beneficiaries	57,703	3,206	18,504	79,412	74,721
Total Present Value of Benefits	\$ 2,451,867	\$ 151,317	\$ 603,963	\$ 3,207,146	\$ 3,024,036
Actuarial Liability					
Total Present Value of Benefits	\$ 2,451,867	\$ 151,317	\$ 603,963	\$ 3,207,146	\$ 3,024,036
Present Value of Future Normal Costs	309,349	25,052	80,470	414,872	401,844
Actuarial Liability	\$ 2,142,517	\$ 126,264	\$ 523,492	\$ 2,792,274	\$ 2,622,192
Actuarial Value of Assets	\$ 1,368,938	\$ 80,675	\$ 334,479	\$ 1,784,092	\$ 1,679,561
Funded Ratio	63.9%	63.9%	63.9%	63.9%	64.1%
Unfunded Actuarial Liability/(Surplus)	\$ 773,579	\$ 45,589	\$ 189,013	\$ 1,008,182	\$ 942,632

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

SECTION IV – LIABILITIES

Changes in Liabilities

Each of the liabilities disclosed in the prior tables are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments changing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method

Unfunded liabilities will change because of all of the above, and also due to changes in Trust assets resulting from:

- Contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure Plan assets

Table IV-2 Development of 2024 Experience Gain/(Loss) (\$ in thousands)	
1. Unfunded Actuarial Liability (UAL) at January 1, 2023	\$ 942,632
2. Middle of year actuarial liability payment	(73,979)
3. Interest to end of year on 1 and 2	61,172
4. Assumption Changes	<u>52,792</u>
5. Expected UAL at January 1, 2024 (1+2+3+4)	\$ 982,617
6. Actual Unfunded Liability at January 1, 2024	<u>1,008,182</u>
7. Net Gain/(Loss): (5 - 6)	\$ (25,565)
8. Portion of net Gain/(Loss) due to:	
a. Actuarial investment gain	\$ 6,324
b. Active member salary increases more than expected	(8,605)
c. Contribution implementation delay	(1,913)
d. Disability experience	(2,940)
e. Retirement experience	(7,826)
f. Termination experience	(430)
g. Inactive mortality loss	(923)
h. Retiree COLA increases more than expected	(4,461)
i. Other experience	<u>(4,791)</u>
Total Gain/(Loss)	\$ (25,565)

**SAN LUIS OBISPO COUNTY PENSION TRUST
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SECTION V – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Trust. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

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

The normal cost rate is determined in the following steps. First, an individual normal cost rate is determined by taking the value of each member's projected future benefits as of the member's entry age into the Trust. This value is then divided by the value of the member's expected future salary, also at entry age, producing a normal cost rate that should remain relatively constant over a member's career.

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

The Unfunded Actuarial Liability (UAL) is the difference between the EAN Actuarial Liability and the Actuarial Value of Assets. Effective with the January 1, 2018 valuation, the UAL as of January 1, 2018 is amortized over a closed period (16 years remaining as of January 1, 2024) as a percentage of payroll. Effective with the January 1, 2019 valuation, any new source of UAL due to actuarial gains and losses, assumption changes, or method changes is amortized over a separate closed 20-year period as a percentage of payroll. This is referred to as layered amortization.

The table on the following page presents the calculation of the contribution rates for the Trust for this valuation and compares the total contribution rate with the prior year rate. The tables on the following pages contain more details on the calculation of the UAL amortization payments, as well as details on the calculation of the contribution rates for each group and tier.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

SECTION V – CONTRIBUTIONS

The table below presents the calculation of the UAL payments of the Trust as a dollar amount and as a percentage of pay under the amortization policy. The total UAL payment of the Trust is 32.21% as a percentage of pay.

**Table V-1
Development of Amortization Payment
For the January 1, 2024 Actuarial Valuation**

	Type of Base	Date Established	Initial Amount	Initial Amortization Years	January 1, 2024 Outstanding Balance	Remaining Amortization Years	Amortization Amount	% of Pay
1.	Remaining UAL ¹	1/1/2018	\$ 616,930,482	22	\$ 587,893,328	16	\$ 48,973,092	19.30%
2.	(Gain)/Loss Base	1/1/2019	50,735,419	20	47,642,955	15	4,165,190	1.64%
3.	Assumption Changes	1/1/2020	53,371,279	20	51,096,515	16	4,256,477	1.68%
4.	(Gain)/Loss Base	1/1/2020	35,467,272	20	33,955,605	16	2,828,593	1.11%
5.	Assumption Changes	1/1/2021	35,700,366	20	34,729,370	17	2,767,152	1.09%
6.	(Gain)/Loss Base	1/1/2021	23,219,142	20	22,587,615	17	1,799,726	0.71%
7.	Assumption Changes	1/1/2022	78,053,947	20	76,930,257	18	5,882,614	2.32%
8.	(Gain)/Loss Base	1/1/2022	1,916,630	20	1,889,037	18	144,449	0.06%
9.	(Gain)/Loss Base	1/1/2023	73,533,922	20	73,100,210	19	5,380,542	2.12%
10.	Assumption Changes	1/1/2024	52,791,922	20	52,791,922	20	3,750,322	1.48%
11.	(Gain)/Loss Base	1/1/2024	25,564,895	20	<u>25,564,895</u>	20	<u>1,816,122</u>	0.72%
	Total				\$ 1,008,181,709		\$ 81,764,279	32.21%

¹ The funding policy adopted as of January 1, 2010 was a 30-year closed amortization period for the entire Unfunded Actuarial Liability. As of January 1, 2019, any unexpected increase or decrease in the UAL is amortized as a separate 20-year closed layer.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

SECTION V – CONTRIBUTIONS

Table V-2 shows the calculations of the contribution rates for each Class, as well as a comparison to the prior year rates.

Table V-2			
Actuarially Determined Contribution (ADC) Rate and Unfunded Actuarial Liability (UAL) by Class			
	January 1, 2023	January 1, 2024	Change
MISCELLANEOUS			
Total Normal Cost	20.03%	19.84%	-0.19%
Administrative Expenses	1.01%	1.18%	0.17%
UAL Amortization	<u>28.42%</u>	<u>29.67%</u>	<u>1.25%</u>
Total Miscellaneous ADC	49.46%	50.69%	1.23%
UAL attributable to Miscellaneous	\$725,416,712	\$773,579,789	6.6%
Projected Payroll	\$200,347,680	\$211,445,790	5.5%
PROBATION			
Total Normal Cost	26.56%	27.65%	1.09%
Administrative Expenses	1.01%	1.18%	0.17%
UAL Amortization	<u>30.98%</u>	<u>34.99%</u>	<u>4.01%</u>
Total Probation ADC	58.55%	63.82%	5.27%
UAL attributable to Probation	\$41,986,856	\$45,589,150	8.6%
Projected Payroll	\$10,636,267	\$10,566,546	-0.7%
SAFETY			
Total Normal Cost	27.09%	28.86%	1.77%
Administrative Expenses	1.01%	1.18%	0.17%
UAL Amortization	<u>44.24%</u>	<u>48.21%</u>	<u>3.97%</u>
Total Safety ADC	72.34%	78.25%	5.91%
UAL attributable to Safety	\$175,228,169	\$189,012,771	7.9%
Projected Payroll	\$31,083,332	\$31,796,565	2.3%
TOTAL			
Total Normal Cost	21.24%	21.32%	0.08%
Administrative Expenses	1.01%	1.18%	0.17%
UAL Amortization	<u>30.56%</u>	<u>32.21%</u>	<u>1.65%</u>
Total SLOCPT ADC	52.81%	54.71%	1.90%
Total Unfunded Actuarial Liability	\$942,631,737	\$1,008,181,709	7.0%
Projected Payroll	\$242,067,279	\$253,808,901	4.9%

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

SECTION V – CONTRIBUTIONS

Tables V-3 and V-4 show the calculations of the normal cost rates for each Class and Tier, as well as the elements of normal cost.

Table V-3				
Normal Cost by Tier as of January 1, 2024				
	Tier 1	Tier 2	Tier 3	Total
MISCELLANEOUS				
Member Paid Contributions ¹	13.75%	5.80%	13.62%	12.44%
Employer Paid Member Contributions	8.18%	9.05%	0.00%	3.56%
Employer Normal Cost	<u>3.31%</u>	<u>5.53%</u>	<u>3.81%</u>	<u>3.85%</u>
Total Normal Cost	25.24%	20.37%	17.43%	19.84%
COLA portion of Normal Cost	6.17%	3.67%	3.07%	3.97%
PROBATION				
Member Paid Contributions ¹	19.82%	N/A	17.20%	18.75%
Employer Paid Member Contributions	6.31%	N/A	0.00%	3.72%
Employer Normal Cost	<u>4.77%</u>	<u>N/A</u>	<u>5.80%</u>	<u>5.18%</u>
Total Normal Cost	30.91%	N/A	23.00%	27.65%
COLA portion of Normal Cost	8.16%	N/A	4.48%	6.64%
SAFETY				
Member Paid Contributions ¹	15.61%	9.72%	13.85%	13.57%
Employer Paid Member Contributions	6.50%	6.38%	0.00%	2.71%
Employer Normal Cost	<u>11.80%</u>	<u>14.80%</u>	<u>12.26%</u>	<u>12.58%</u>
Total Normal Cost	33.90%	30.90%	26.11%	28.86%
COLA portion of Normal Cost	9.66%	6.27%	5.36%	6.58%
TOTAL				
Member Paid Contributions ¹	14.46%	6.58%	13.75%	12.85%
Employer Paid Member Contributions	7.86%	8.52%	0.00%	3.45%
Employer Normal Cost	<u>4.39%</u>	<u>7.41%</u>	<u>4.89%</u>	<u>5.01%</u>
Total Normal Cost	26.71%	22.51%	18.64%	21.32%
COLA portion of Normal Cost	6.74%	4.19%	3.38%	4.41%

¹ Weighted-average of all active members in group. Excludes the portion of Employer Paid for Member Contributions ("pick-ups") for applicable bargaining units.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

SECTION V – CONTRIBUTIONS

**Table V-4
Elements of Normal Cost by Tier as of January 1, 2024**

	Tier 1	Tier 2	Tier 3	Total
MISCELLANEOUS				
Service Retirement	18.77%	17.04%	13.56%	15.33%
Vesting	3.21%	1.42%	1.80%	2.14%
Death-in-Service	0.19%	0.17%	0.15%	0.16%
Disability	0.29%	0.21%	0.21%	0.23%
Refunds	<u>2.78%</u>	<u>1.52%</u>	<u>1.71%</u>	<u>1.98%</u>
Total Normal Cost	25.24%	20.37%	17.43%	19.84%
PROBATION				
Service Retirement	21.15%	N/A	15.52%	18.83%
Vesting	3.39%	N/A	2.11%	2.87%
Death-in-Service	0.22%	N/A	0.19%	0.21%
Disability	3.59%	N/A	3.68%	3.63%
Refunds	<u>2.56%</u>	<u>N/A</u>	<u>1.49%</u>	<u>2.12%</u>
Total Normal Cost	30.91%	N/A	23.00%	27.65%
SAFETY				
Service Retirement	23.20%	20.03%	16.40%	18.70%
Vesting	3.46%	2.27%	2.22%	2.53%
Death-in-Service	0.48%	0.55%	0.51%	0.51%
Disability	4.54%	6.63%	5.69%	5.57%
Refunds	<u>2.22%</u>	<u>1.42%</u>	<u>1.29%</u>	<u>1.54%</u>
Total Normal Cost	33.90%	30.90%	26.11%	28.86%
TOTAL				
Service Retirement	19.47%	17.65%	13.96%	15.90%
Vesting	3.26%	1.60%	1.86%	2.22%
Death-in-Service	0.22%	0.25%	0.20%	0.21%
Disability	1.06%	1.52%	0.97%	1.05%
Refunds	<u>2.70%</u>	<u>1.50%</u>	<u>1.65%</u>	<u>1.93%</u>
Total Normal Cost	26.71%	22.51%	18.64%	21.32%

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

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

The disclosures needed to satisfy the GASB requirements can be found in the SLOCPT GASB 67/68 Report as of December 31, 2023.

In accordance with Government Finance Officers Association (GFOA) and its recommended checklist for Annual Comprehensive Financial Reports, the Schedule of Funding Progress, and the Schedule of Funded Liabilities by Type (formerly known as the Solvency Test) disclosures are included below.

Table VI-1 on the following page shows the Schedule of Funding Progress for the Plan.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

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

Table VI-1 Schedule of Funding Progress (\$ in thousands)						
Valuation Date	Actuarial Value of Assets ¹	Actuarial Liability	Unfunded Actuarial Liability (UAL)	Funded Ratio	Covered Payroll	UAL as a % of Covered Payroll
12/31/2014	\$ 1,231,474	\$ 1,605,591	\$ 374,117	76.7%	\$ 167,695	223.1%
12/31/2015	1,248,328	1,686,497	438,169	74.0%	177,004	247.5%
12/31/2015 ²	1,248,328	1,749,342	501,014	71.4%	177,004	283.1%
12/31/2016	1,268,405	1,827,342	558,937	69.4%	185,020	302.1%
12/31/2017	1,328,750	1,937,173	608,423	68.6%	196,848	309.1%
12/31/2017 ²	1,328,750	1,945,681	616,931	68.3%	196,848	313.4%
12/31/2018	1,362,562	2,029,929	667,367	67.1%	200,537	332.8%
12/31/2019	1,416,763	2,116,700	699,937	66.9%	205,694	340.3%
12/31/2019 ²	1,416,763	2,170,071	753,308	65.3%	205,694	366.2%
12/31/2020	1,506,270	2,277,428	771,158	66.1%	214,044	360.3%
12/31/2020 ²	1,506,270	2,313,128	806,858	65.1%	214,044	377.0%
12/31/2021	1,619,357	2,420,054	800,696	66.9%	224,010	357.4%
12/31/2021 ²	1,619,357	2,498,108	878,750	64.8%	224,010	392.3%
12/31/2022	1,679,561	2,622,192	942,631	64.1%	242,067	389.4%
12/31/2023	1,784,092	2,739,482	955,390	65.1%	253,809	376.4%
12/31/2023 ²	1,784,092	2,792,274	1,008,182	63.9%	253,809	397.2%

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

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

12/31/2014	5,295,316	12/31/2019	2,598,886
12/31/2015	4,362,000	12/31/2020	2,265,799
12/31/2016	3,961,371	12/31/2021	1,869,784
12/31/2017	3,267,574	12/31/2022	1,708,593
12/31/2018	2,784,819	12/31/2023	1,666,872

² Reflects assumption changes.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

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

Table VI-2 below shows the Schedule of Funded Liabilities by Type, which shows the portion of actuarial liabilities that are covered by the Actuarial Value of Assets.

Table VI-2							
Schedule of Funded Liabilities by Type							
Valuation Date January 1,	(A)	(B)	(C)	Reported Assets	Portion of Actuarial Liabilities Covered by Reported Assets		
	Active Member Contributions	Retirees, Beneficiaries, and Term Vested	Remaining Active Members' Liabilities		(A)	(B)	(C)
2015	\$ 281,229,850	\$ 1,007,167,130	\$ 317,194,229	\$ 1,231,473,577	100%	94%	0%
2016	293,285,939	1,121,011,613	335,044,713	1,248,327,560	100%	85%	0%
2017	302,137,773	1,199,445,618	325,758,923	1,268,404,900	100%	81%	0%
2018	306,814,143	1,318,568,176	320,298,192	1,328,750,029	100%	78%	0%
2019	311,516,344	1,415,752,372	302,660,596	1,362,561,581	100%	74%	0%
2020	326,803,590	1,532,378,294	310,889,599	1,416,762,603	100%	71%	0%
2021	335,230,574	1,674,114,715	303,782,771	1,506,269,826	100%	70%	0%
2022	347,561,004	1,805,886,262	344,660,494	1,619,357,406	100%	70%	0%
2023	362,911,900	1,890,155,570	369,124,919	1,679,560,652	100%	70%	0%
2024	371,028,004	2,039,686,696	381,559,493	1,784,092,484	100%	69%	0%

Amounts for January 1, 2020 and earlier were calculated by the prior actuary.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the Trust staff as of January 1, 2024. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Reconciliation of Membership Since Prior Valuation

Membership Data Reconciliation								
	Active	Terminated Non-Vested	Terminated Vested	Disabled	Retired	DROP	Beneficiary	Total
As of January 1, 2023	2,830	309	672	155	2,753	68	260	7,047
New Entrants	421							421
Returned to Work	16	(9)	(7)					0
Industrial Disabilities	(7)		(1)	8				0
Ordinary Disabilities	(2)			2				0
Retirements	(95)		(30)		152	(27)		0
DROP	(19)					19		0
Vested Terminations	(76)		76					0
Reciprocal Terminations	(16)	(9)	25					0
Non-Vested Terminations	(93)	93						0
Deceased With Beneficiaries Payable				(1)	(18)		19	0
Deceased Without Beneficiary				(1)	(36)			(37)
Beneficiary Deaths							(15)	(15)
Benefits Stopped Not Due to Death								0
Domestic Relations Orders			2		2			4
Refund of Contributions	(75)	(54)	(9)					(138)
Data Adjustments		4	2					6
As of January 1, 2024	2,884	334	730	163	2,853	60	264	7,288

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Active Members as of January 1, 2024

San Luis Obispo County Pension Trust Valuation Data Comparison - Actives				
	January 1, 2023	January 1, 2024	Change	
<i>Total Actives</i>				
Count	2,830	2,884		1.9 %
Average Age	43.9	43.4		(0.5)
Average Service	8.3	8.1		(0.2)
Total Salaries	\$ 242,067,280	\$ 253,808,901		4.9 %
Average Salaries	\$ 85,536	\$ 88,006		2.9 %
<i>Miscellaneous Members</i>				
Count	2,408	2,466		2.4 %
Average Age	44.7	44.1		(0.5)
Average Service	8.2	8.0		(0.2)
Total Salaries	\$ 200,347,680	\$ 211,445,790		5.5 %
Average Salaries	\$ 83,201	\$ 85,744		3.1 %
<i>Probation Members</i>				
Count	122	118		(3.3)%
Average Age	40.4	40.2		(0.2)
Average Service	10.7	10.6		(0.1)
Total Salaries	\$ 10,636,267	\$ 10,566,546		(0.7)%
Average Salaries	\$ 87,183	\$ 89,547		2.7 %
<i>Safety Members</i>				
Count	300	300		0.0 %
Average Age	38.8	38.4		(0.4)
Average Service	8.3	7.9		(0.4)
Total Salaries	\$ 31,083,333	\$ 31,796,565		2.3 %
Average Salaries	\$ 103,611	\$ 105,989		2.3 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Active Members by Tier as of January 1, 2024

San Luis Obispo County Pension Trust Valuation Data Comparison - Actives by Tier (Total Salaries in thousands)		January 1, 2023	January 1, 2024	Change
<i>Total Actives</i>				
<i>Total</i>	Count	2,830	2,884	1.9 %
	Total Salaries	242,067	253,809	4.9 %
<i>Tier 1</i>	Count	783	684	(12.6)%
	Total Salaries	78,607	71,419	(9.1)%
<i>Tier 2</i>	Count	268	253	(5.6)%
	Total Salaries	27,614	27,178	(1.6)%
<i>Tier 3</i>	Count	1,779	1,947	9.4 %
	Total Salaries	135,846	155,212	14.3 %
<i>Miscellaneous Members</i>				
<i>Total</i>	Count	2,408	2,466	2.4 %
	Total Salaries	200,348	211,446	5.5 %
<i>Tier 1</i>	Count	636	560	(11.9)%
	Total Salaries	62,465	57,314	(8.2)%
<i>Tier 2</i>	Count	222	208	(6.3)%
	Total Salaries	22,314	21,711	(2.7)%
<i>Tier 3</i>	Count	1,550	1,698	9.5 %
	Total Salaries	115,568	132,420	14.6 %
<i>Probation Members</i>				
<i>Total</i>	Count	122	118	(3.3)%
	Total Salaries	10,636	10,567	(0.6)%
<i>Tier 1</i>	Count	67	60	(10.4)%
	Total Salaries	6,702	6,234	(7.0)%
<i>Tier 2</i>	Count	-	-	0.0 %
	Total Salaries	-	-	0.0 %
<i>Tier 3</i>	Count	55	58	5.5 %
	Total Salaries	3,934	4,333	10.1 %
<i>Safety Members</i>				
<i>Total</i>	Count	300	300	0.0 %
	Total Salaries	31,083	31,797	2.3 %
<i>Tier 1</i>	Count	80	64	(20.0)%
	Total Salaries	9,439	7,871	(16.6)%
<i>Tier 2</i>	Count	46	45	(2.2)%
	Total Salaries	5,300	5,466	3.1 %
<i>Tier 3</i>	Count	174	191	9.8 %
	Total Salaries	16,344	18,459	12.9 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Deferred Vested Members as of January 1, 2024

San Luis Obispo County Pension Trust Valuation Data Comparison - Terminated Vested			
	January 1, 2023	January 1, 2024	Change
<i>All Terminated Vesteds</i>			
<i>Deferred</i>			
Count	503	544	8.2 %
Average Age	48.3	48.0	(0.3)
Average Age at Termination	40.9	40.8	(0.1)
Average Service	9.7	9.5	(0.2)
Member Contributions	\$ 60,366,160	\$ 66,732,423	10.5 %
Average Contribution Balance	\$ 120,012	\$ 122,670	2.2 %
<i>Reciprocal</i>			
Count	169	186	10.1 %
Average Age	43.6	43.1	(0.5)
Average Age at Termination	34.8	34.9	0.1
Average Service	3.3	3.1	(0.2)
Member Contributions	\$ 3,563,424	\$ 3,883,830	9.0 %
Average Contribution Balance	\$ 21,085	\$ 20,881	(1.0)%
<i>Total</i>			
Count	672	730	8.6 %
Average Age	47.1	46.8	(0.3)
Average Age at Termination	39.3	39.3	-
Average Service	8.1	7.9	(0.2)
Member Contributions	\$ 63,929,583	\$ 70,616,254	10.5 %
Average Contribution Balance	\$ 95,133	\$ 96,735	1.7 %
<i>Miscellaneous Terminated Vesteds</i>			
<i>Deferred</i>			
Count	440	477	8.4 %
Average Age	49.0	48.7	(0.3)
Average Age at Termination	41.5	41.4	(0.1)
Average Service	9.6	9.4	(0.2)
Member Contributions	\$ 51,642,229	\$ 57,058,383	10.5 %
Average Contribution Balance	\$ 117,369	\$ 119,619	1.9 %
<i>Reciprocal</i>			
Count	156	172	10.3 %
Average Age	43.6	43.0	(0.6)
Average Age at Termination	35.0	35.0	-
Average Service	3.3	3.1	(0.2)
Member Contributions	\$ 3,225,927	\$ 3,495,946	8.4 %
Average Contribution Balance	\$ 20,679	\$ 20,325	(1.7)%
<i>Total Miscellaneous</i>			
Count	596	649	8.9 %
Average Age	47.6	47.2	(0.4)
Average Age at Termination	39.8	39.7	(0.1)
Average Service	8.0	7.7	(0.3)
Member Contributions	\$ 54,868,156	\$ 60,554,329	10.4 %
Average Contribution Balance	\$ 92,061	\$ 93,304	1.4 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX A – MEMBERSHIP INFORMATION

San Luis Obispo County Pension Trust Valuation Data Comparison - Terminated Vested (continued)			
	January 1, 2023	January 1, 2024	Change
<i>Probation Terminated Vesteds</i>			
<i>Deferred</i>			
Count	17	20	17.6 %
Average Age	42.9	41.5	(1.4)
Average Age at Termination	36.1	36.3	0.2
Average Service	9.6	9.9	0.3
Member Contributions	\$ 1,994,012	\$ 2,458,512	23.3 %
Average Contribution Balance	\$ 117,295	\$ 122,926	4.8 %
<i>Reciprocal</i>			
Count	6	6	0.0 %
Average Age	44.8	45.8	1.0
Average Age at Termination	31.7	31.7	-
Average Service	3.5	3.5	-
Member Contributions	\$ 170,984	\$ 188,270	10.1 %
Average Contribution Balance	\$ 28,497	\$ 31,378	10.1 %
<i>Total Probation</i>			
Count	23	26	13.0 %
Average Age	43.4	42.5	(0.9)
Average Age at Termination	34.9	35.2	0.3
Average Service	8.0	8.4	0.4
Member Contributions	\$ 2,164,996	\$ 2,646,782	22.3 %
Average Contribution Balance	\$ 94,130	\$ 101,799	8.1 %
<i>Safety Terminated Vesteds</i>			
<i>Deferred</i>			
Count	46	47	2.2 %
Average Age	44.2	44.2	-
Average Age at Termination	36.5	36.5	-
Average Service	10.1	9.8	(0.3)
Member Contributions	\$ 6,729,919	\$ 7,215,528	7.2 %
Average Contribution Balance	\$ 146,303	\$ 153,522	4.9 %
<i>Reciprocal</i>			
Count	7	8	14.3 %
Average Age	43.4	43.8	0.4
Average Age at Termination	34.4	34.9	0.5
Average Service	3.0	3.8	0.8
Member Contributions	\$ 166,512	\$ 199,615	19.9 %
Average Contribution Balance	\$ 23,787	\$ 24,952	4.9 %
<i>Total Safety</i>			
Count	53	55	3.8 %
Average Age	44.1	44.2	0.1
Average Age at Termination	36.2	36.3	0.1
Average Service	9.1	9.0	(0.1)
Member Contributions	\$ 6,896,431	\$ 7,415,143	7.5 %
Average Contribution Balance	\$ 130,121	\$ 134,821	3.6 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Retired Members as of January 1, 2024

San Luis Obispo County Pension Trust Valuation Data Comparison - Retirees					
	January 1, 2023		January 1, 2024		Change
<i>Total Retirees</i>					
Count	2,976		3,076		3.4 %
Average Age	70.3		70.5		0.2
Average Age at Retirement	58.7		58.7		-
Annual Benefit	\$	119,436,459	\$	127,695,228	6.9 %
Average Annual Benefit	\$	40,133	\$	41,513	3.4 %
<i>Miscellaneous Retirees</i>					
Count	2,538		2,611		2.9 %
Average Age	71.3		71.6		0.3
Average Age at Retirement	59.6		59.7		0.1
Annual Benefit	\$	93,750,484	\$	99,616,816	6.3 %
Average Annual Benefit	\$	36,939	\$	38,153	3.3 %
<i>Probation Retirees</i>					
Count	82		88		7.3 %
Average Age	67.4		67.6		0.2
Average Age at Retirement	55.8		55.9		0.1
Annual Benefit	\$	4,057,440	\$	4,513,604	11.2 %
Average Annual Benefit	\$	49,481	\$	51,291	3.7 %
<i>Safety Retirees</i>					
Count	356		377		5.9 %
Average Age	63.9		63.9		-
Average Age at Retirement	52.9		52.8		(0.1)
Annual Benefit	\$	21,628,535	\$	23,564,807	9.0 %
Average Annual Benefit	\$	60,754	\$	62,506	2.9 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Retired DROP Members as of January 1, 2024

San Luis Obispo County Pension Trust Valuation Data Comparison - DROP Retirees					
	January 1, 2023		January 1, 2024		Change
<i>Total DROP Retirees</i>					
Count	68		60		(11.8)%
Average Age	61.3		60.9		(0.4)
Average Age at Retirement	59.0		58.6		(0.4)
Annual Benefit	\$	4,983,306	\$	4,641,189	(6.9)%
Average Annual Benefit	\$	73,284	\$	77,353	5.6 %
<i>Miscellaneous DROP Retirees</i>					
Count	45		35		(22.2)%
Average Age	63.8		64.1		0.3
Average Age at Retirement	61.6		62.1		0.5
Annual Benefit	\$	3,072,744	\$	2,436,605	(20.7)%
Average Annual Benefit	\$	68,283	\$	69,617	2.0 %
<i>Probation DROP Retirees</i>					
Count	-		-		-
Average Age	-		-		-
Average Age at Retirement	-		-		-
Annual Benefit	-		-		-
Average Annual Benefit	-		-		-
<i>Safety DROP Retirees</i>					
Count	23		25		8.7 %
Average Age	56.4		56.3		(0.1)
Average Age at Retirement	53.9		53.7		(0.2)
Annual Benefit	\$	1,910,562	\$	2,204,584	15.4 %
Average Annual Benefit	\$	83,068	\$	88,183	6.2 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – New Retired Members as of January 1, 2024

San Luis Obispo County Pension Trust Valuation Data Comparison - New Retirees Only			
	January 1, 2023	January 1, 2024	Change
<i>Total Retirees</i>			
Count	139	164	18.0 %
Average Age at Retirement	59.2	59.6	0.4
Average Annual Benefit	\$ 43,112	\$ 42,805	(0.7)%
<i>Miscellaneous Retirees</i>			
Count	114	135	18.4 %
Average Age at Retirement	61.3	61.2	(0.1)
Average Annual Benefit	\$ 41,143	\$ 40,306	(2.0)%
<i>Probation Retirees</i>			
Count	5	7	40.0 %
Average Age at Retirement	57.2	58.6	1.4
Average Annual Benefit	\$ 46,678	\$ 59,605	27.7 %
<i>Safety Retirees</i>			
Count	20	22	10.0 %
Average Age at Retirement	47.4	50.3	2.9
Average Annual Benefit	\$ 53,445	\$ 52,796	(1.2)%

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Beneficiaries as of January 1, 2024

San Luis Obispo County Pension Trust Valuation Data Comparison - Beneficiaries				
		January 1, 2023	January 1, 2024	Change
<i>Total Beneficiaries</i>				
Count		260	264	1.5 %
Average Age		76.3	76.3	-
Annual Benefit	\$	6,945,322	\$ 7,323,751	5.4 %
Average Annual Benefit	\$	26,713	\$ 27,741	3.9 %
<i>Miscellaneous Beneficiaries</i>				
Count		215	220	2.3 %
Average Age		76.5	76.4	(0.1)
Annual Benefit	\$	5,117,219	\$ 5,444,973	6.4 %
Average Annual Benefit	\$	23,801	\$ 24,750	4.0 %
<i>Probation Beneficiaries</i>				
Count		7	8	14.3 %
Average Age		78.1	79.0	0.9
Annual Benefit	\$	271,990	\$ 341,561	25.6 %
Average Annual Benefit	\$	38,856	\$ 42,695	9.9 %
<i>Safety Beneficiaries</i>				
Count		38	36	(5.3)%
Average Age		75.0	75.2	0.2
Annual Benefit	\$	1,556,113	\$ 1,537,217	(1.2)%
Average Annual Benefit	\$	40,950	\$ 42,700	4.3 %

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX A – MEMBERSHIP INFORMATION

SLOCPT Membership – Total Benefits by Benefit Type as of January 1, 2024

San Luis Obispo County Pension Trust Total Benefits by Benefit Type		
Type of Benefit	Number	Annual Benefit Amount
<i>Service Retirement</i>		
Unmodified	1,194	\$44,065,068
Cash Refund	195	7,566,680
100% Continuance	879	41,510,671
50% Continuance	291	14,899,445
<i>Benefits Coordinated with Social Security</i>		
Unmodified	164	\$5,616,481
Cash Refund	49	1,649,321
100% Continuance	84	3,915,713
50% Continuance	57	2,738,294
<i>Total Service Retirement</i>	2,913	\$121,961,674
<i>Disability Retirement</i>		
Unmodified	93	\$3,213,513
Cash Refund	14	341,332
100% Continuance	46	1,824,841
50% Continuance	10	353,868
<i>Total Disability Retirement</i>	163	\$5,733,554
<i>Beneficiaries</i>	264	\$7,323,751
<i>Total Benefits</i>	3,340	\$135,018,978

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX A – MEMBERSHIP INFORMATION

Age & Service Distribution of Active Members by Count and Total Salary as of January 1, 2024

Age and Service Distribution for Active Members									
Attained Age	Years of Service as of January 1, 2024							Count	Payroll
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+		
< 25	76							76	\$ 4,687,521
25 - 29	244	16						260	17,546,073
30 - 34	263	139	6					408	31,577,112
35 - 39	187	162	62	9				420	36,538,685
40 - 44	166	134	74	74	16			464	42,559,872
45 - 49	96	79	66	65	52	8		366	35,574,048
50 - 54	74	71	34	58	42	25	2	306	29,828,223
55 - 59	69	57	34	45	49	36	11	301	29,305,918
60 - 64	48	34	33	29	25	19	8	196	18,118,409
65 - 69	14	22	15	7	7	3	2	70	6,580,970
70 +	4	6	4	2	1			17	1,492,071
Total	1,241	720	328	289	192	91	23	2,884	\$ 253,808,901

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

BU Entry Age	Member Contribution Rates														
	Miscellaneous - Tier 1														
	14,21,22	7a (LAFCO)	7c (LAFCO)	4	7,8,9,10,11,17	12	17c, 18	20	24,26,27,28	25	1,5,13	2	19	98	99
Other	Non-Court Management	Non-Court Management	Non-Court Management	Non-Court Management	Non-Court Management	Court Other	Court Other	Court Management	Court Management	Non-Court SLOCEA	Non-Court SLOCEA	Court SLOCEA	Non-Court SLOCEA	Non-Court Management	
18	15.15%	19.00%	16.83%	21.69%	21.19%	21.30%	22.14%	19.62%	20.99%	20.00%	20.88%	20.32%	19.14%	22.24%	22.55%
19	15.22%	19.07%	16.90%	21.76%	21.26%	21.37%	22.21%	19.69%	21.06%	20.07%	20.95%	20.39%	19.21%	22.31%	22.62%
20	15.29%	19.14%	16.97%	21.83%	21.33%	21.44%	22.28%	19.76%	21.13%	20.14%	21.02%	20.46%	19.28%	22.38%	22.69%
21	15.35%	19.20%	17.03%	21.89%	21.39%	21.50%	22.34%	19.82%	21.19%	20.20%	21.08%	20.52%	19.34%	22.44%	22.75%
22	15.37%	19.22%	17.05%	21.91%	21.41%	21.52%	22.36%	19.84%	21.21%	20.22%	21.10%	20.54%	19.36%	22.46%	22.77%
23	15.39%	19.24%	17.07%	21.93%	21.43%	21.54%	22.38%	19.86%	21.23%	20.24%	21.12%	20.56%	19.38%	22.48%	22.79%
24	15.42%	19.27%	17.10%	21.96%	21.46%	21.57%	22.41%	19.89%	21.26%	20.27%	21.15%	20.59%	19.41%	22.51%	22.82%
25	15.46%	19.31%	17.14%	22.00%	21.50%	21.61%	22.45%	19.93%	21.30%	20.31%	21.19%	20.63%	19.45%	22.55%	22.86%
26	15.51%	19.36%	17.19%	22.05%	21.55%	21.66%	22.50%	19.98%	21.35%	20.36%	21.24%	20.68%	19.50%	22.60%	22.91%
27	15.56%	19.41%	17.24%	22.10%	21.60%	21.71%	22.55%	20.03%	21.40%	20.41%	21.29%	20.73%	19.55%	22.65%	22.96%
28	15.62%	19.47%	17.30%	22.16%	21.66%	21.77%	22.61%	20.09%	21.46%	20.47%	21.35%	20.79%	19.61%	22.71%	23.02%
29	15.69%	19.54%	17.37%	22.23%	21.73%	21.84%	22.68%	20.16%	21.53%	20.54%	21.42%	20.86%	19.68%	22.78%	23.09%
30	15.76%	19.61%	17.44%	22.30%	21.80%	21.91%	22.75%	20.23%	21.60%	20.61%	21.49%	20.93%	19.75%	22.85%	23.16%
31	15.84%	19.69%	17.52%	22.38%	21.88%	21.99%	22.83%	20.31%	21.68%	20.69%	21.57%	21.01%	19.83%	22.93%	23.24%
32	15.93%	19.78%	17.61%	22.47%	21.97%	22.08%	22.92%	20.40%	21.77%	20.78%	21.66%	21.10%	19.92%	23.02%	23.33%
33	16.02%	19.87%	17.70%	22.56%	22.06%	22.17%	23.01%	20.49%	21.86%	20.87%	21.75%	21.19%	20.01%	23.11%	23.42%
34	16.12%	19.97%	17.80%	22.66%	22.16%	22.27%	23.11%	20.59%	21.96%	20.97%	21.85%	21.29%	20.11%	23.21%	23.52%
35	16.22%	20.07%	17.90%	22.76%	22.26%	22.37%	23.21%	20.69%	22.06%	21.07%	21.95%	21.39%	20.21%	23.31%	23.62%
36	16.32%	20.17%	18.00%	22.86%	22.36%	22.47%	23.31%	20.79%	22.16%	21.17%	22.05%	21.49%	20.31%	23.41%	23.72%
37	16.43%	20.28%	18.11%	22.97%	22.47%	22.58%	23.42%	20.90%	22.27%	21.28%	22.16%	21.60%	20.42%	23.52%	23.83%
38	16.54%	20.39%	18.22%	23.08%	22.58%	22.69%	23.53%	21.01%	22.38%	21.39%	22.27%	21.71%	20.53%	23.63%	23.94%
39	16.66%	20.51%	18.34%	23.20%	22.70%	22.81%	23.65%	21.13%	22.50%	21.51%	22.39%	21.83%	20.65%	23.75%	24.06%
40	16.78%	20.63%	18.46%	23.32%	22.82%	22.93%	23.77%	21.25%	22.62%	21.63%	22.51%	21.95%	20.77%	23.87%	24.18%
41	16.91%	20.76%	18.59%	23.45%	22.95%	23.06%	23.90%	21.38%	22.75%	21.76%	22.64%	22.08%	20.90%	24.00%	24.31%
42	17.04%	20.89%	18.72%	23.58%	23.08%	23.19%	24.03%	21.51%	22.88%	21.89%	22.77%	22.21%	21.03%	24.13%	24.44%
43	17.18%	21.03%	18.86%	23.72%	23.22%	23.33%	24.17%	21.65%	23.02%	22.03%	22.91%	22.35%	21.17%	24.27%	24.58%
44	17.32%	21.17%	19.00%	23.86%	23.36%	23.47%	24.31%	21.79%	23.16%	22.17%	23.05%	22.49%	21.31%	24.41%	24.72%
45	17.46%	21.31%	19.14%	24.00%	23.50%	23.61%	24.45%	21.93%	23.30%	22.31%	23.19%	22.63%	21.45%	24.55%	24.86%
46	17.61%	21.46%	19.29%	24.15%	23.65%	23.76%	24.60%	22.08%	23.45%	22.46%	23.34%	22.78%	21.60%	24.70%	25.01%
47	17.77%	21.62%	19.45%	24.31%	23.81%	23.92%	24.76%	22.24%	23.61%	22.62%	23.50%	22.94%	21.76%	24.86%	25.17%
48	17.93%	21.78%	19.61%	24.47%	23.97%	24.08%	24.92%	22.40%	23.77%	22.78%	23.66%	23.10%	21.92%	25.02%	25.33%
49	18.09%	21.94%	19.77%	24.63%	24.13%	24.24%	25.08%	22.56%	23.93%	22.94%	23.82%	23.26%	22.08%	25.18%	25.49%
50	18.26%	22.11%	19.94%	24.80%	24.30%	24.41%	25.25%	22.73%	24.10%	23.11%	23.99%	23.43%	22.25%	25.35%	25.66%
51	18.43%	22.28%	20.11%	24.97%	24.47%	24.58%	25.42%	22.90%	24.27%	23.28%	24.16%	23.60%	22.42%	25.52%	25.83%
52	18.60%	22.45%	20.28%	25.14%	24.64%	24.75%	25.59%	23.07%	24.44%	23.45%	24.33%	23.77%	22.59%	25.69%	26.00%
53	18.78%	22.63%	20.46%	25.32%	24.82%	24.93%	25.77%	23.25%	24.62%	23.63%	24.51%	23.95%	22.77%	25.87%	26.18%
54	18.96%	22.81%	20.64%	25.50%	25.00%	25.11%	25.95%	23.43%	24.80%	23.81%	24.69%	24.13%	22.95%	26.05%	26.36%
55	19.15%	23.00%	20.83%	25.69%	25.19%	25.30%	26.14%	23.62%	24.99%	24.00%	24.88%	24.32%	23.14%	26.24%	26.55%
56	19.34%	23.19%	21.02%	25.88%	25.38%	25.49%	26.33%	23.81%	25.18%	24.19%	25.07%	24.51%	23.33%	26.43%	26.74%
57	19.53%	23.38%	21.21%	26.07%	25.57%	25.68%	26.52%	24.00%	25.37%	24.38%	25.26%	24.70%	23.52%	26.62%	26.93%
58	19.73%	23.58%	21.41%	26.27%	25.77%	25.88%	26.72%	24.20%	25.57%	24.58%	25.46%	24.90%	23.72%	26.82%	27.13%
59+	19.93%	23.78%	21.61%	26.47%	25.97%	26.08%	26.92%	24.40%	25.77%	24.78%	25.66%	25.10%	23.92%	27.02%	27.33%



**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

Member Contribution Rates				
Probation - Tier 1				
BU Entry Age	7 Management	8 Management	9 Management	31,32 Non- Management
18	25.84%	25.84%	25.84%	25.43%
19	25.92%	25.92%	25.92%	25.51%
20	26.00%	26.00%	26.00%	25.59%
21	26.07%	26.07%	26.07%	25.66%
22	26.09%	26.09%	26.09%	25.68%
23	26.11%	26.11%	26.11%	25.70%
24	26.14%	26.14%	26.14%	25.73%
25	26.19%	26.19%	26.19%	25.78%
26	26.24%	26.24%	26.24%	25.83%
27	26.30%	26.30%	26.30%	25.89%
28	26.36%	26.36%	26.36%	25.95%
29	26.44%	26.44%	26.44%	26.03%
30	26.52%	26.52%	26.52%	26.11%
31	26.61%	26.61%	26.61%	26.20%
32	26.71%	26.71%	26.71%	26.30%
33	26.81%	26.81%	26.81%	26.40%
34	26.92%	26.92%	26.92%	26.51%
35	27.03%	27.03%	27.03%	26.62%
36	27.14%	27.14%	27.14%	26.73%
37	27.26%	27.26%	27.26%	26.85%
38	27.38%	27.38%	27.38%	26.97%
39	27.51%	27.51%	27.51%	27.10%
40	27.65%	27.65%	27.65%	27.24%
41	27.79%	27.79%	27.79%	27.38%
42	27.93%	27.93%	27.93%	27.52%
43	28.09%	28.09%	28.09%	27.68%
44	28.24%	28.24%	28.24%	27.83%
45	28.40%	28.40%	28.40%	27.99%
46	28.57%	28.57%	28.57%	28.16%
47	28.74%	28.74%	28.74%	28.33%
48	28.92%	28.92%	28.92%	28.51%
49	29.10%	29.10%	29.10%	28.69%
50	29.28%	29.28%	29.28%	28.87%
51	29.47%	29.47%	29.47%	29.06%
52	29.66%	29.66%	29.66%	29.25%
53	29.86%	29.86%	29.86%	29.45%
54	30.06%	30.06%	30.06%	29.65%
55	30.27%	30.27%	30.27%	29.86%
56	30.48%	30.48%	30.48%	30.07%
57	30.69%	30.69%	30.69%	30.28%
58	30.91%	30.91%	30.91%	30.50%
59+	31.13%	31.13%	31.13%	30.72%

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

Member Contribution Rates								
Safety - Tier 1								
BU Entry Age	6 Non- Management	3,14 Non- Management	27,28 Non- Management	7 Management	10 (Sheriff-Coroner) Management	15 (non-sworn) Management	15 (sworn) Management	16 (sworn) Management
18	22.12%	16.22%	22.35%	26.30%	30.95%	22.48%	27.23%	33.13%
19	22.23%	16.33%	22.46%	26.41%	31.06%	22.59%	27.34%	33.24%
20	22.34%	16.44%	22.57%	26.52%	31.17%	22.70%	27.45%	33.35%
21	22.45%	16.55%	22.68%	26.63%	31.28%	22.81%	27.56%	33.46%
22	22.56%	16.66%	22.79%	26.74%	31.39%	22.92%	27.67%	33.57%
23	22.68%	16.78%	22.91%	26.86%	31.51%	23.04%	27.79%	33.69%
24	22.80%	16.90%	23.03%	26.98%	31.63%	23.16%	27.91%	33.81%
25	22.92%	17.02%	23.15%	27.10%	31.75%	23.28%	28.03%	33.93%
26	23.04%	17.14%	23.27%	27.22%	31.87%	23.40%	28.15%	34.05%
27	23.16%	17.26%	23.39%	27.34%	31.99%	23.52%	28.27%	34.17%
28	23.28%	17.38%	23.51%	27.46%	32.11%	23.64%	28.39%	34.29%
29	23.40%	17.50%	23.63%	27.58%	32.23%	23.76%	28.51%	34.41%
30	23.52%	17.62%	23.75%	27.70%	32.35%	23.88%	28.63%	34.53%
31	23.64%	17.74%	23.87%	27.82%	32.47%	24.00%	28.75%	34.65%
32	23.76%	17.86%	23.99%	27.94%	32.59%	24.12%	28.87%	34.77%
33	23.88%	17.98%	24.11%	28.06%	32.71%	24.24%	28.99%	34.89%
34	24.00%	18.10%	24.23%	28.18%	32.83%	24.36%	29.11%	35.01%
35	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
36	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
37	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
38	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
39	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
40	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
41	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
42	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
43	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
44	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
45	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
46	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
47	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
48	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
49	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
50	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
51	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
52	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
53	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
54	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
55	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
56	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
57	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
58	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%
59+	24.12%	18.22%	24.35%	28.30%	32.95%	24.48%	29.23%	35.13%

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

BU Entry Age	Member Contribution Rates Tier 2													
	4	12	7 (LAFCO)	14, 21, 22	71 (RTA)	98, 99	all others	3, 14	6	7	15 (Non-Sworn)	15 (Sworn)	10, 16	27, 28
	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Safety	Safety	Safety	Safety	Safety	Safety	Safety
18	12.80%	12.41%	14.88%	6.76%	11.79%	13.66%	12.30%	10.45%	16.01%	18.53%	12.63%	13.32%	19.22%	12.88%
19	12.92%	12.53%	15.00%	6.88%	11.91%	13.78%	12.42%	10.80%	16.36%	18.88%	12.98%	13.72%	19.62%	13.28%
20	13.04%	12.65%	15.12%	7.00%	12.03%	13.90%	12.54%	11.15%	16.71%	19.23%	13.33%	14.12%	20.02%	13.68%
21	13.19%	12.80%	15.27%	7.15%	12.18%	14.05%	12.69%	11.50%	17.06%	19.58%	13.68%	14.52%	20.42%	14.08%
22	13.30%	12.91%	15.38%	7.26%	12.29%	14.16%	12.80%	11.85%	17.41%	19.93%	14.03%	14.92%	20.82%	14.48%
23	13.46%	13.07%	15.54%	7.42%	12.45%	14.32%	12.96%	12.20%	17.76%	20.28%	14.38%	15.32%	21.22%	14.88%
24	13.58%	13.19%	15.66%	7.54%	12.57%	14.44%	13.08%	12.55%	18.11%	20.63%	14.73%	15.73%	21.63%	15.29%
25	13.72%	13.33%	15.80%	7.68%	12.71%	14.58%	13.22%	12.90%	18.46%	20.98%	15.08%	16.13%	22.03%	15.69%
26	13.92%	13.53%	16.00%	7.88%	12.91%	14.78%	13.42%	13.25%	18.81%	21.33%	15.43%	16.53%	22.43%	16.09%
27	14.02%	13.63%	16.10%	7.98%	13.01%	14.88%	13.52%	13.60%	19.16%	21.68%	15.78%	16.93%	22.83%	16.49%
28	14.21%	13.82%	16.29%	8.17%	13.20%	15.07%	13.71%	13.95%	19.51%	22.03%	16.13%	17.33%	23.23%	16.89%
29	14.36%	13.97%	16.44%	8.32%	13.35%	15.22%	13.86%	14.30%	19.86%	22.38%	16.48%	17.73%	23.63%	17.29%
30	14.66%	14.27%	16.74%	8.62%	13.65%	15.52%	14.16%	14.65%	20.21%	22.73%	16.83%	18.13%	24.03%	17.69%
31	14.82%	14.43%	16.90%	8.78%	13.81%	15.68%	14.32%	15.00%	20.56%	23.08%	17.18%	18.53%	24.43%	18.09%
32	15.11%	14.72%	17.19%	9.07%	14.10%	15.97%	14.61%	15.35%	20.91%	23.43%	17.53%	18.94%	24.84%	18.50%
33	15.26%	14.87%	17.34%	9.22%	14.25%	16.12%	14.76%	15.70%	21.26%	23.78%	17.88%	19.34%	25.24%	18.90%
34	15.44%	15.05%	17.52%	9.40%	14.43%	16.30%	14.94%	16.05%	21.61%	24.13%	18.23%	19.74%	25.64%	19.30%
35	15.76%	15.37%	17.84%	9.72%	14.75%	16.62%	15.26%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
36	15.91%	15.52%	17.99%	9.87%	14.90%	16.77%	15.41%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
37	16.12%	15.73%	18.20%	10.08%	15.11%	16.98%	15.62%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
38	16.35%	15.96%	18.43%	10.31%	15.34%	17.21%	15.85%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
39	16.56%	16.17%	18.64%	10.52%	15.55%	17.42%	16.06%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
40	16.76%	16.37%	18.84%	10.72%	15.75%	17.62%	16.26%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
41	16.91%	16.52%	18.99%	10.87%	15.90%	17.77%	16.41%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
42	16.94%	16.55%	19.02%	10.90%	15.93%	17.80%	16.44%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
43	17.17%	16.78%	19.25%	11.13%	16.16%	18.03%	16.67%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
44	17.40%	17.01%	19.48%	11.36%	16.39%	18.26%	16.90%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
45	17.49%	17.10%	19.57%	11.45%	16.48%	18.35%	16.99%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
46	17.77%	17.38%	19.85%	11.73%	16.76%	18.63%	17.27%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
47	18.01%	17.62%	20.09%	11.97%	17.00%	18.87%	17.51%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
48	18.11%	17.72%	20.19%	12.07%	17.10%	18.97%	17.61%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
49	18.39%	18.00%	20.47%	12.35%	17.38%	19.25%	17.89%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
50	18.43%	18.04%	20.51%	12.39%	17.42%	19.29%	17.93%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
51	18.64%	18.25%	20.72%	12.60%	17.63%	19.50%	18.14%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
52	18.70%	18.31%	20.78%	12.66%	17.69%	19.56%	18.20%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
53	18.90%	18.51%	20.98%	12.86%	17.89%	19.76%	18.40%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
54	19.09%	18.70%	21.17%	13.05%	18.08%	19.95%	18.59%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
55	19.39%	19.00%	21.47%	13.35%	18.38%	20.25%	18.89%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
56	19.45%	19.06%	21.53%	13.41%	18.44%	20.31%	18.95%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
57	19.47%	19.08%	21.55%	13.43%	18.46%	20.33%	18.97%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
58	19.49%	19.10%	21.57%	13.45%	18.48%	20.35%	18.99%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
59	19.51%	19.12%	21.59%	13.47%	18.50%	20.37%	19.01%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
60	19.53%	19.14%	21.61%	13.49%	18.52%	20.39%	19.03%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
61	19.55%	19.16%	21.63%	13.51%	18.54%	20.41%	19.05%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%
62+	19.57%	19.18%	21.65%	13.53%	18.56%	20.43%	19.07%	16.40%	21.96%	24.48%	18.58%	20.14%	26.04%	19.70%



**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX B – MEMBERSHIP CONTRIBUTION RATES

		Member Contribution Rates																	
		Tier 3																	
BU Entry	7,8,9,10,11,17	1,2,5,13	4	17c,18,20	19,24,26,27,28	12	14,21,22	25	71 (RTA)	72 (RTA)	98,99	7 (LAFCO)	3,14	6	7,10,16	15 (Non-Sworn and Sworn)	27,28	7, 8, 9	31,32
Age	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Safety	Safety	Safety	Safety	Safety	Probation	Probation
18	9.22%	10.68%	10.18%	13.16%	13.24%	9.79%	5.14%	12.25%	6.17%	10.17%	11.04%	13.26%	9.25%	14.81%	15.87%	11.43%	10.99%	11.95%	14.19%
19	9.47%	10.93%	10.43%	13.41%	13.49%	10.04%	5.39%	12.50%	6.42%	10.42%	11.29%	13.51%	9.75%	15.31%	16.37%	11.93%	11.49%	12.20%	14.44%
20	9.47%	10.93%	10.43%	13.41%	13.49%	10.04%	5.39%	12.50%	6.42%	10.42%	11.29%	13.51%	10.00%	15.56%	16.62%	12.18%	11.74%	12.45%	14.69%
21	9.72%	11.18%	10.68%	13.66%	13.74%	10.29%	5.64%	12.75%	6.67%	10.67%	11.54%	13.76%	10.25%	15.81%	16.87%	12.43%	11.99%	12.45%	14.69%
22	9.72%	11.18%	10.68%	13.66%	13.74%	10.29%	5.64%	12.75%	6.67%	10.67%	11.54%	13.76%	10.50%	16.06%	17.12%	12.68%	12.24%	12.70%	14.94%
23	9.97%	11.43%	10.93%	13.91%	13.99%	10.54%	5.89%	13.00%	6.92%	10.92%	11.79%	14.01%	11.00%	16.56%	17.62%	13.18%	12.74%	12.95%	15.19%
24	9.97%	11.43%	10.93%	13.91%	13.99%	10.54%	5.89%	13.00%	6.92%	10.92%	11.79%	14.01%	11.25%	16.81%	17.87%	13.43%	12.99%	13.20%	15.44%
25	10.22%	11.68%	11.18%	14.16%	14.24%	10.79%	6.14%	13.25%	7.17%	11.17%	12.04%	14.26%	11.50%	17.06%	18.12%	13.68%	13.24%	13.45%	15.69%
26	10.47%	11.93%	11.43%	14.41%	14.49%	11.04%	6.39%	13.50%	7.42%	11.42%	12.29%	14.51%	12.00%	17.56%	18.62%	14.18%	13.74%	13.70%	15.94%
27	10.47%	11.93%	11.43%	14.41%	14.49%	11.04%	6.39%	13.50%	7.42%	11.42%	12.29%	14.51%	12.25%	17.81%	18.87%	14.43%	13.99%	13.95%	16.19%
28	10.72%	12.18%	11.68%	14.66%	14.74%	11.29%	6.64%	13.75%	7.67%	11.67%	12.54%	14.76%	12.50%	18.06%	19.12%	14.68%	14.24%	14.45%	16.69%
29	10.97%	12.43%	11.93%	14.91%	14.99%	11.54%	6.89%	14.00%	7.92%	11.92%	12.79%	15.01%	13.00%	18.56%	19.62%	15.18%	14.74%	14.70%	16.94%
30	10.97%	12.43%	11.93%	14.91%	14.99%	11.54%	6.89%	14.00%	7.92%	11.92%	12.79%	15.01%	13.25%	18.81%	19.87%	15.43%	14.99%	14.95%	17.19%
31	11.22%	12.68%	12.18%	15.16%	15.24%	11.79%	7.14%	14.25%	8.17%	12.17%	13.04%	15.26%	13.50%	19.06%	20.12%	15.68%	15.24%	15.45%	17.69%
32	11.47%	12.93%	12.43%	15.41%	15.49%	12.04%	7.39%	14.50%	8.42%	12.42%	13.29%	15.51%	14.00%	19.56%	20.62%	16.18%	15.74%	15.70%	17.94%
33	11.72%	13.18%	12.68%	15.66%	15.74%	12.29%	7.64%	14.75%	8.67%	12.67%	13.54%	15.76%	14.25%	19.81%	20.87%	16.43%	15.99%	15.95%	18.19%
34	11.97%	13.43%	12.93%	15.91%	15.99%	12.54%	7.89%	15.00%	8.92%	12.92%	13.79%	16.01%	14.50%	20.06%	21.12%	16.68%	16.24%	16.45%	18.69%
35	11.97%	13.43%	12.93%	15.91%	15.99%	12.54%	7.89%	15.00%	8.92%	12.92%	13.79%	16.01%	15.00%	20.56%	21.62%	17.18%	16.74%	16.70%	18.94%
36	12.22%	13.68%	13.18%	16.16%	16.24%	12.79%	8.14%	15.25%	9.17%	13.17%	14.04%	16.26%	15.00%	20.56%	21.62%	17.18%	16.74%	17.20%	19.44%
37	12.47%	13.93%	13.43%	16.41%	16.49%	13.04%	8.39%	15.50%	9.42%	13.42%	14.29%	16.51%	15.00%	20.56%	21.62%	17.18%	16.74%	17.45%	19.69%
38	12.72%	14.18%	13.68%	16.66%	16.74%	13.29%	8.64%	15.75%	9.67%	13.67%	14.54%	16.76%	15.00%	20.56%	21.62%	17.18%	16.74%	17.70%	19.94%
39	12.97%	14.43%	13.93%	16.91%	16.99%	13.54%	8.89%	16.00%	9.92%	13.92%	14.79%	17.01%	15.00%	20.56%	21.62%	17.18%	16.74%	17.95%	20.19%
40	13.22%	14.68%	14.18%	17.16%	17.24%	13.79%	9.14%	16.25%	10.17%	14.17%	15.04%	17.26%	15.00%	20.56%	21.62%	17.18%	16.74%	18.20%	20.44%
41	13.47%	14.93%	14.43%	17.41%	17.49%	14.04%	9.39%	16.50%	10.42%	14.42%	15.29%	17.51%	15.00%	20.56%	21.62%	17.18%	16.74%	18.45%	20.69%
42	13.47%	14.93%	14.43%	17.41%	17.49%	14.04%	9.39%	16.50%	10.42%	14.42%	15.29%	17.51%	15.00%	20.56%	21.62%	17.18%	16.74%	18.70%	20.94%
43	13.72%	15.18%	14.68%	17.66%	17.74%	14.29%	9.64%	16.75%	10.67%	14.67%	15.54%	17.76%	15.00%	20.56%	21.62%	17.18%	16.74%	18.95%	21.19%
44	13.97%	15.43%	14.93%	17.91%	17.99%	14.54%	9.89%	17.00%	10.92%	14.92%	15.79%	18.01%	15.00%	20.56%	21.62%	17.18%	16.74%	19.20%	21.44%
45	14.22%	15.68%	15.18%	18.16%	18.24%	14.79%	10.14%	17.25%	11.17%	15.17%	16.04%	18.26%	15.00%	20.56%	21.62%	17.18%	16.74%	19.45%	21.69%
46	14.47%	15.93%	15.43%	18.41%	18.49%	15.04%	10.39%	17.50%	11.42%	15.42%	16.29%	18.51%	15.00%	20.56%	21.62%	17.18%	16.74%	19.70%	21.94%
47	14.72%	16.18%	15.68%	18.66%	18.74%	15.29%	10.64%	17.75%	11.67%	15.67%	16.54%	18.76%	15.00%	20.56%	21.62%	17.18%	16.74%	19.95%	22.19%
48	14.97%	16.43%	15.93%	18.91%	18.99%	15.54%	10.89%	18.00%	11.92%	15.92%	16.79%	19.01%	15.00%	20.56%	21.62%	17.18%	16.74%	20.20%	22.44%
49	15.22%	16.68%	16.18%	19.16%	19.24%	15.79%	11.14%	18.25%	12.17%	16.17%	17.04%	19.26%	15.00%	20.56%	21.62%	17.18%	16.74%	20.20%	22.44%
50	15.47%	16.93%	16.43%	19.41%	19.49%	16.04%	11.39%	18.50%	12.42%	16.42%	17.29%	19.51%	15.00%	20.56%	21.62%	17.18%	16.74%	20.45%	22.69%
51	15.72%	17.18%	16.68%	19.66%	19.74%	16.29%	11.64%	18.75%	12.67%	16.67%	17.54%	19.76%	15.00%	20.56%	21.62%	17.18%	16.74%	20.70%	22.94%
52	15.97%	17.43%	16.93%	19.91%	19.99%	16.54%	11.89%	19.00%	12.92%	16.92%	17.79%	20.01%	15.00%	20.56%	21.62%	17.18%	16.74%	20.70%	22.94%
53	16.22%	17.68%	17.18%	20.16%	20.24%	16.79%	12.14%	19.25%	13.17%	17.17%	18.04%	20.26%	15.00%	20.56%	21.62%	17.18%	16.74%	20.95%	23.19%
54	16.47%	17.93%	17.43%	20.41%	20.49%	17.04%	12.39%	19.50%	13.42%	17.42%	18.29%	20.51%	15.00%	20.56%	21.62%	17.18%	16.74%	20.95%	23.19%
55	16.72%	18.18%	17.68%	20.66%	20.74%	17.29%	12.64%	19.75%	13.67%	17.67%	18.54%	20.76%	15.00%	20.56%	21.62%	17.18%	16.74%	21.20%	23.44%
56	16.97%	18.43%	17.93%	20.91%	20.99%	17.54%	12.89%	20.00%	13.92%	17.92%	18.79%	21.01%	15.00%	20.56%	21.62%	17.18%	16.74%	21.45%	23.69%
57	16.97%	18.43%	17.93%	20.91%	20.99%	17.54%	12.89%	20.00%	13.92%	17.92%	18.79%	21.01%	15.00%	20.56%	21.62%	17.18%	16.74%	21.45%	23.69%
58	16.97%	18.43%	17.93%	20.91%	20.99%	17.54%	12.89%	20.00%	13.92%	17.92%	18.79%	21.01%	15.00%	20.56%	21.62%	17.18%	16.74%	21.70%	23.94%
59+	16.97%	18.43%	17.93%	20.91%	20.99%	17.54%	12.89%	20.00%	13.92%	17.92%	18.79%	21.01%	15.00%	20.56%	21.62%	17.18%	16.74%	21.95%	24.19%



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Contribution Allocation Procedure

The contribution allocation procedure primarily consists of an actuarial cost method, an asset valuation method, and an amortization method as described below. There were no changes to the contribution allocation procedures from the prior valuation.

1. Actuarial Cost Method

The actuarial valuation is prepared using the Entry Age Actuarial Cost Method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age). For members who transferred between plans, entry age is based on original entry into the Plan. The normal cost for the Plan is based on the sum of the individual normal costs for each member (Individual Entry Age Method).

2. Asset Valuation Method

The Actuarial Value of Assets is based on the fair value of assets with a five-year phase-in of the actual investment returns in excess of (or less than) expected investment income, net of investment expenses. Expected investment income is determined using assumed investment return rate and the actuarial value of assets (adjusted for receipts and disbursements during the year).

3. Amortization Method

The Unfunded Actuarial Liability (UAL) is amortized as a percentage of the projected SLOCPT salaries. Effective with the January 1, 2018 valuation, the UAL as of January 1, 2018 is amortized over a closed period (16 years remaining as of January 1, 2024). Effective with the January 1, 2019 valuation, any new source of UAL due to actuarial gains and losses, assumption changes, or method changes is amortized over a closed 20-year period as a percentage of payroll.

4. Contributions

The employers contribute to the retirement fund a percentage of the total compensation provided for all members based on an actuarial experience study, actuarial valuation, recommendation of the actuary, and bargaining agreements for the allocation between employer and employee contributions.

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Actuarial Assumptions

The rate of return assumption was adopted by the Board at their May 24, 2021 meeting, based on information presented by Cheiron and the Plan’s investment consultant (Verus) updated capital market assumptions. The price inflation assumption was adopted by the Board at their May 23, 2022 meeting, based on the results of an Experience Study performed by Cheiron in 2022. All other assumptions used in this report reflect the results of an Experience Study performed by Cheiron, covering the period from January 1, 2017 through December 31, 2023, and adopted by the Board at their May 20, 2024 meeting, effective with the January 1, 2024 actuarial valuation. More details on the rationale for these assumptions can be found in the Actuarial Experience Study report dated June 14, 2024.

1. Rate of Return

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

2. Low-Default-Risk Obligation Measure Discount Rate (effective December 31, 2023)

The discount rate used to calculate the Low-Default-Risk Obligation Measure (LDRM) is the FTSE Pension Liability Index as of December 31, 2023. This index was selected because it reflects the types of fixed-income securities SLOCPT would likely invest in if the Trustees wanted to match cash flows. The rate for this valuation is 4.83%.

3. Administrative Expenses

Administrative expenses are assumed to be \$3,000,000 for the next year, to be split between employees and employers based on their share of the overall contributions. Administrative expenses are assumed to increase by the payroll growth assumption each year.

4. Price Inflation

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

5. Cost-of-Living Adjustment (COLA) Growth

The Cost-of-Living Adjustment (COLA) growth assumption for Tier 1 members is assumed price inflation plus an additional 0.25% “California” adjustment.

Tier 1 retired members with COLA banks are assumed to receive an additional 0.25% COLA for a total of 3.00% per year (2.75% plus 0.25% from the COLA banks) until their COLA banks are exhausted, then 2.75% thereafter.

For Tier 2 and Tier 3 members the COLA growth assumption is 2.0%.

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6. Internal Revenue Code Section 415 Limit

The Internal Revenue Code Section 415 maximum benefit limitations are not reflected in the valuation for funding purposes. Any limitation is reflected in a member’s benefit after retirement.

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

The Internal Revenue Code Section 401(a)(17) maximum compensation limitation is not reflected in the valuation for funding purposes. Any limitation is reflected in a member’s benefit after retirement.

8. Interest on Member Contributions

The annual credited interest rate on member contributions is assumed to be 5.75%. The actual crediting rate was changed to 5.75% at the November 2021 Board meeting, with Additional Contributions crediting rate changed to 4.60% at the November 2023 Board meeting.

9. Family Composition

Percentage married for all active members who retire, become disabled, or die during active service is shown in the table below. Male members are assumed to be four years older than their spouses and female members are assumed to be two years younger than their spouses.

Percentage Married	
Gender	Percentage
Males	70%
Females	55%

10. Payroll Growth

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

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11. Increases in Pay – Wage Inflation and Merit Salary Increases

Price inflation component: 2.50%
 Productivity increase component: 0.50%
 Wage inflation assumption: 3.00%

Additional Merit component based on service:

Miscellaneous Merit Increases		Safety and Probation Merit Increases	
Service	Rate	Service	Rate
0	5.75%	0	5.00%
1	5.00%	1	4.00%
2	4.25%	2	3.50%
3	3.25%	3	2.50%
4	2.50%	4	2.00%
5	1.50%	5	1.00%
6	1.25%	6	0.75%
7	1.00%	7	0.75%
8	0.75%	8	0.75%
9	0.50%	9	0.75%
10	0.50%	10	0.50%
11	0.50%	11	0.50%
12	0.50%	12	0.50%
13	0.50%	13	0.50%
14	0.50%	14	0.50%
15	0.50%	15	0.50%
16	0.50%	16	0.50%
17	0.50%	17	0.50%
18	0.50%	18	0.50%
19	0.50%	19	0.50%
20	0.50%	20	0.50%
21	0.50%	21	0.50%
22	0.50%	22	0.50%
23	0.50%	23	0.50%
24	0.50%	24	0.50%
25+	0.00%	25+	0.00%

Increases are compound rather than additive.

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12. Rates of Termination

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

Rates of Vested Termination		
Service	Miscellaneous	Safety/Probation
0	0.00%	0.00%
1	0.00%	0.00%
2	0.00%	0.00%
3	0.00%	0.00%
4	0.00%	0.00%
5	6.00%	3.50%
6	5.75%	3.25%
7	5.50%	3.00%
8	5.25%	2.75%
9	5.00%	2.50%
10	4.75%	2.50%
11	4.50%	2.50%
12	4.25%	1.50%
13	4.00%	1.50%
14	3.75%	1.50%
15	3.50%	1.50%
16	3.25%	1.50%
17	3.00%	1.50%
18	2.75%	1.50%
19	2.50%	1.50%
20	2.00%	1.50%
21	1.50%	1.50%
22	1.00%	1.50%
23	1.00%	1.50%
24	1.00%	1.50%
25	1.00%	0.00%
26	1.00%	0.00%
27	1.00%	0.00%
28	1.00%	0.00%
29	1.00%	0.00%
30	1.00%	0.00%
31	1.00%	0.00%
32+	0.00%	0.00%

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

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13. Rates of Withdrawal

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

Rates of Withdrawal		
Service	Miscellaneous	Safety/Probation
0	20.00%	10.00%
1	14.25%	8.00%
2	11.25%	6.00%
3	9.00%	5.00%
4	5.75%	4.00%
5	1.75%	3.00%
6	1.50%	2.00%
7	1.25%	1.00%
8	0.50%	1.00%
9	0.50%	1.00%
10	0.50%	1.00%
11	0.50%	1.00%
12	0.50%	1.00%
13	0.50%	1.00%
14	0.50%	1.00%
15	0.50%	1.00%
16	0.50%	0.00%
17	0.50%	0.00%
18	0.50%	0.00%
19	0.50%	0.00%
20	0.50%	0.00%
21	0.50%	0.00%
22	0.50%	0.00%
23	0.50%	0.00%
24	0.50%	0.00%
25+	0.00%	0.00%

14. Reciprocal Transfers

35% of vested terminated members that leave their member contributions on deposit with the Trust are assumed to be reciprocal transfers.

Reciprocal members are assumed to remain with the reciprocal agency until retirement, and receive annual salary increases of 3.00%.

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15. Rates of Disability

Miscellaneous member rates are based on the 2021 CalPERS Public Agency County Peace Officers Non-Industrial Disability table.

Safety and Probation member rates are based on the 2021 CalPERS State Police Officers and Firefighters Total Disability table.

Representative disability rates of active participants are shown below.

Rates of Disability		
Age	Miscellaneous	Safety and Probation
20	0.009%	0.069%
25	0.009%	0.117%
30	0.011%	0.197%
35	0.034%	0.319%
40	0.059%	0.504%
45	0.112%	0.766%
50	0.160%	1.125%
55	0.085%	1.585%
60	0.051%	2.154%
65	0.051%	2.847%

All disabilities for Safety members are assumed to be service-related industrial disabilities and no disabilities for Miscellaneous and Probation members are assumed to be service-related industrial disabilities.

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16. Rates of Mortality for Healthy Lives

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

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

Mortality rates for healthy Miscellaneous annuitants are based on the sex distinct Public General 2010 Amount-Weighted Above-Median Income Retiree Mortality Table, with a 95% multiplier for males and a 97.5% multiplier for females, with generational mortality improvements projected from 2010 using Projection Scale MP-2021.

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

Mortality rates for all male beneficiaries are based on the sex distinct Public General 2010 Amount-Weighted Below-Median Income Contingent Survivor Mortality Table, with a 102.5% multiplier, with generational mortality improvements projected from 2010 using Projection Scale MP-2021.

Mortality rates for all female beneficiaries are based on the sex distinct Public General 2010 Amount-Weighted Above-Median Income Retiree Mortality Table, without adjustment, with generational mortality improvements projected from 2010 using Projection Scale MP-2021.

17. Rates of Mortality for Disabled Lives

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

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18. Rates of Retirement

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

Rates of Retirement for Years of Service Less Than 25						
Age	Tier 1			Tiers 2 and 3		
	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
50	3.00%	2.00%	20.00%	3.00%	1.00%	5.00%
51	4.00%	2.00%	20.00%	3.00%	1.00%	5.00%
52	5.00%	2.00%	15.00%	3.00%	1.00%	5.00%
53	5.00%	2.00%	15.00%	3.00%	1.00%	5.00%
54	7.50%	20.00%	30.00%	5.00%	5.00%	5.00%
55	7.50%	20.00%	30.00%	5.00%	5.00%	10.00%
56	7.50%	20.00%	15.00%	5.00%	5.00%	10.00%
57	7.50%	20.00%	15.00%	5.00%	10.00%	10.00%
58	7.50%	7.50%	15.00%	5.00%	7.50%	8.25%
59	10.00%	7.50%	35.00%	5.00%	7.50%	11.25%
60	12.50%	7.50%	35.00%	10.00%	7.50%	15.00%
61	15.00%	7.50%	35.00%	10.00%	7.50%	18.75%
62	20.00%	7.50%	35.00%	15.00%	7.50%	20.00%
63	25.00%	7.50%	35.00%	15.00%	7.50%	20.00%
64	30.00%	7.50%	35.00%	20.00%	7.50%	20.00%
65	35.00%	100.00%	100.00%	20.00%	100.00%	100.00%
66	35.00%			20.00%		
67	35.00%			20.00%		
68	35.00%			20.00%		
69	35.00%			20.00%		
70+	100.00%			100.00%		

Rates of Retirement for 25 or more Years of Service						
Age	Tier 1			Tiers 2 and 3		
	Miscellaneous	Probation	Safety	Miscellaneous	Probation	Safety
50	5.00%	5.00%	50.00%	3.00%	2.50%	5.00%
51	5.00%	5.00%	25.00%	3.00%	2.50%	5.00%
52	5.00%	5.00%	25.00%	3.00%	2.50%	5.00%
53	5.00%	5.00%	40.00%	3.00%	2.50%	5.00%
54	10.00%	20.00%	40.00%	5.00%	10.00%	5.00%
55	10.00%	35.00%	40.00%	10.00%	10.00%	15.00%
56	10.00%	35.00%	40.00%	10.00%	10.00%	15.00%
57	17.50%	35.00%	40.00%	10.00%	15.00%	15.00%
58	17.50%	20.00%	40.00%	10.00%	10.00%	10.00%
59	17.50%	20.00%	40.00%	10.00%	10.00%	12.50%
60	30.00%	15.00%	40.00%	15.00%	10.00%	18.00%
61	40.00%	15.00%	40.00%	15.00%	10.00%	20.00%
62	40.00%	20.00%	40.00%	20.00%	20.00%	30.00%
63	40.00%	20.00%	40.00%	20.00%	20.00%	30.00%
64	40.00%	20.00%	40.00%	25.00%	20.00%	30.00%
65	40.00%	100.00%	100.00%	25.00%	100.00%	100.00%
66	40.00%			25.00%		
67	40.00%			25.00%		
68	40.00%			25.00%		
69	40.00%			25.00%		
70+	100.00%			100.00%		

Miscellaneous Vested Terminated and Reciprocal members are assumed to retire at the later of age 60 or attained age. Safety and Probation Vested Terminated and Reciprocal members are assumed to retire at the later of age 55 or attained age.

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19. DROP Assumptions

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

20. Changes Since Last Valuation

Based on the findings of the 2017 – 2023 experience study, many economic and demographic assumptions were updated to better reflect the experience of the Trust. For details on the assumption changes, please see the Actuarial Experience Study for January 1, 2017 through December 31, 2023 issued in June 2024.

The LDROM discount rate assumption was added.

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APPENDIX D – SUMMARY OF PLAN PROVISIONS

All actuarial calculations are based on our understanding of the statutes governing the SLOCPT as pursuant to Government Code Section 53219 and San Luis Obispo County Code Chapter 2.56 with provisions adopted by the County Board of Supervisors, or the SLOCPT Board of Trustees, effective through December 31, 2023. The benefit and contribution provisions of this law are summarized briefly below. This summary does not attempt to cover all the detailed provisions of the law.

There have been no changes to the Plan provisions since the prior valuation.

A. Membership in Retirement Plans

All regular permanent employees of the County or district covered by the County or agencies that have contracted with the County to participate in the SLOCPT.

B. Tiers

Tier 1: Includes new members hired before January 1, 2011.

Tier 2: Includes new members hired on or after January 1, 2011 and before January 1, 2013. Tier 2 only applies to members hired after the date each particular bargaining unit adopted Tier 2. Members hired in a bargaining unit that did not adopt Tier 2 are considered Tier 1 members.

Tier 3: Includes all new members hired on or after January 1, 2013.

C. Member Contributions

Each Member of the Pension Trust will contribute, by means of payroll deduction, an amount of money equal to the Member's normal rate of contribution times the Member's compensation proportionate to the ratio of actual paid hours, less overtime, to normal hours. Please refer to Appendix B for current Member Contribution rates. Member Contributions will be credited with interest as of the last day of each pay period at an annual rate to be determined by the Board of Trustees.

D. Final Compensation

Tier 1: Highest one-year average for employees in Tier 1 and “Pick Up” included as compensation for various management employees within Bargaining Units 4, 7, 8, 9, 10, 11, 12, 17, and 99.

Pick up percentages for each applicable bargaining unit shown below:

Bargaining Unit	Pick Up Percentage
4, 7, 8, 9, 11, 12, 99	9.29%
10	13.55%
17	13.59%

Tiers 2 and 3: Highest three-year average compensation.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX D – SUMMARY OF PLAN PROVISIONS

E. Service Retirement

Eligibility: Age 50 with five years of service. For Miscellaneous members in Tier 3, Age 52 with five years of service.

Benefit: Retirement Age Factor times Final Compensation times Years of Credited Service, limited to the Maximum Benefit if applicable.

Retirement Age Factors:

Retirement Age Factors										
Age	Miscellaneous			Probation		Safety				
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 3	Tier 1 ¹	Tier 1 ²	Tier 2 ³	Tier 2 ⁴	Tier 3
50	1.426%	1.092%	0.000%	2.300%	2.000%	2.300%	3.000%	2.000%	2.300%	2.000%
51	1.541%	1.156%	0.000%	2.440%	2.100%	2.440%	3.000%	2.140%	2.440%	2.100%
52	1.656%	1.224%	1.000%	2.580%	2.200%	2.580%	3.000%	2.280%	2.580%	2.200%
53	1.770%	1.296%	1.100%	2.720%	2.300%	2.720%	3.000%	2.420%	2.720%	2.300%
54	1.885%	1.376%	1.200%	2.860%	2.400%	2.860%	3.000%	2.560%	2.860%	2.400%
55	2.000%	1.460%	1.300%	3.000%	2.500%	3.000%	3.000%	2.700%	3.000%	2.500%
56	2.117%	1.552%	1.400%	3.000%	2.600%	3.000%	3.000%	2.700%	3.000%	2.600%
57	2.233%	1.650%	1.500%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
58	2.350%	1.758%	1.600%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
59	2.466%	1.874%	1.700%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
60	2.583%	2.000%	1.800%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
61	2.699%	2.134%	1.900%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
62	2.816%	2.272%	2.000%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
63	2.932%	2.418%	2.100%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
64	3.049%	2.458%	2.200%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
65	3.165%	2.500%	2.300%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
66	3.165%	2.500%	2.400%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%
67+	3.165%	2.500%	2.500%	3.000%	2.700%	3.000%	3.000%	2.700%	3.000%	2.700%

¹ Safety Bargaining Units 6 & 7 and Non-Sworn Bargaining Units 3, 14, 15 ² Safety Bargaining Units 10 & 16 and Sworn Bargaining Units 15, 27, 28 ³ Non-Sworn Safety members

² Safety Bargaining Units 10 & 16 and Sworn Bargaining Units 15, 27, 28

³ Non-Sworn Safety members

⁴ Safety Bargaining Units 6 & 7 and Sworn Safety members

Maximum Benefit:

Tier 1: SLOCEA and Miscellaneous Other: 80% of Final Compensation
Safety and Probation: 90% of Final Compensation
Miscellaneous Management: 100% of Final Compensation

Tier 2: 90% of Final Compensation

Tier 3: No maximum benefit applies, but pensionable compensation is capped at \$151,446 for 2024 and adjusted annually based on CPI.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX D – SUMMARY OF PLAN PROVISIONS

F. Normal Form of Benefit:

Life Annuity payable to retired member with 50% continuance to an eligible survivor (or eligible children).

G. Optional Retirement Allowance:

A member may elect to have the actuarial equivalent of the service or disability retirement allowance applied to a lesser retirement allowance during the retired member's life in order to provide an optional survivor allowance.

Option 1: Member's allowance is reduced to pay a cash refund of any unpaid annuity payments (up to the amount of the member's contributions at retirement) to the member's estate or to a beneficiary having an insurable interest in the life of the member.

Option 2: 100% of member's reduced allowance is payable to a surviving spouse or beneficiary having an insurable interest in the life of the member.

Option 3: 50% of member's reduced allowance is payable to a beneficiary having an insurable interest in the life of the member.

Option 4: Other % of member's reduced allowance is payable to a beneficiary(ies) having an insurable interest in the life of the member.

H. Ordinary Disability

Eligibility: Under age 65 and five years of service.

Benefit: Greater of (1) 1.5% of Final Compensation times Credited Service, (2) 1/3 of Final Compensation if Credited Service is between 10 and 22.222 years, or (3) the earned Service Retirement Allowance (if eligible).

I. Line-of-Duty Disability

Eligibility: Disablement in the Line-of-Duty Safety and Probation Members only. No age or service requirement.

Benefit: Greater of (1) 50% of Final Compensation, or (2) Service Retirement Allowance (if eligible).

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

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

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX D – SUMMARY OF PLAN PROVISIONS

Benefit: Refund of employee contributions with interest plus lump sum of one and one-half month's compensation for each year of service to a maximum of eighteen months' Compensation.

K. Death After Eligible for Retirement

Eligibility: Service Retirement Eligible.

Benefit: 50% of earned benefit payable to surviving eligible spouse or children until age 18, or Basic Death Benefit if greater. Spouse can elect an actuarially-reduced 100% Joint and Survivor benefit.

L. Line-of-Duty Death

Eligibility: Death in the Line-of-Duty for Safety and Probation Members only. No age or service requirement.

Benefit: 50% of earned benefit payable to surviving eligible spouse or children until age 18, or Basic Death Benefit if greater. Spouse can elect an actuarially-reduced 100% Joint and Survivor benefit.

M. Post-Retirement Death Benefit

\$1,000 payable in lump sum to the beneficiary or the estate of the retiree.

N. Cost-of-Living Increases

Cost-of-living increases (or decreases) are applied to all retirement allowances (service and disability), optional death allowances, and annual death allowances effective April 1, based on changes in the average annual Consumer Price Index (CPI), to a maximum of 3% per year for Tier 1 members, and 2% per year for Tier 2 and 3 members.

O. Withdrawal Benefits

All members leaving covered employment with less than five years of service are required to take a refund of their employee contributions with interest. Members with five or more years of service may either withdraw their contributions with interest or leave their contributions on deposit. If contributions are not withdrawn, they are entitled to benefits commencing at any time after service retirement eligibility.

P. Deferred Retirement Option Program (DROP)

Eligibility: Tier 1 members that are service retirement eligible may participate in the SLOCPT's DROP.

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX D – SUMMARY OF PLAN PROVISIONS

Benefit: An amount equal to the annual benefit that would have been paid had the member retired, is deposited into a DROP account. The annual addition to the DROP account is increased each year by the Cost-of-Living Adjustment approved by the Board of Trustees not to exceed 3% per year. Deposits into the DROP account and participation in DROP cease at the earlier of five years of DROP participation or separation from service. Upon actual retirement, the member may receive the DROP account balance in the form of a lump sum or as an annuity payment.

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

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX D – SUMMARY OF PLAN PROVISIONS

Summary of Benefits by Collective Bargaining Unit				
Tier 1				
Collective Bargaining Unit	Valuation Group	Member Contribution Provides Benefit	FAC Period	Benefit Maximum
14	Miscellaneous Other	2% of Final Average Compensation (FAC) at age 55	1 year	80%
21	Miscellaneous Other	2% of Final Average Compensation (FAC) at age 55	1 year	80%
22	Miscellaneous Other	2% of Final Average Compensation (FAC) at age 55	1 year	80%
4	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
7	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
8	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
9	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
10	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
11	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
12	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
17	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
99	Miscellaneous Management Non-Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
17C	Miscellaneous Other Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
18	Miscellaneous Other Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
20	Miscellaneous Other Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
24	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
25	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
26	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
27	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
28	Miscellaneous Management Court	2% of Final Average Compensation (FAC) at age 55	1 year	100%
1	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
2	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
5	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
13	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
98	SLOCEA Non Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
19	SLOCEA Court	2% of Final Average Compensation (FAC) at age 55	1 year	80%
8	Probation Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
9	Probation Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
31	Probation Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
32	Probation Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
3	Non Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
27	Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
6	Non Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
7	Non Sworn Safety Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
10	Sworn Safety Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
14	Non Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
28	Sworn Safety Non Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
15	Non Sworn Safety Management	3% of Final Average Compensation (FAC) at age 55	1 year	90%
15	Sworn Safety Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%
16	Sworn Safety Management	3% of Final Average Compensation (FAC) at age 50	1 year	90%

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX D – SUMMARY OF PLAN PROVISIONS

Summary of Benefits by Collective Bargaining Unit Tiers 2 and 3				
Collective Bargaining Unit	Valuation Group	Member Contribution Provides Benefit	FAC Period	Benefit Maximum
Tier 2	Miscellaneous Non-Court	2% of Final Average Compensation (FAC) at age 60	3 year	90%
Tier 2	Non Sworn Safety	2.7% of Final Average Compensation (FAC) at age 55	3 year	90%
Tier 2	Sworn Safety	3% of Final Average Compensation (FAC) at age 55	3 year	90%
Tier 2	DAIA	3% of Final Average Compensation (FAC) at age 55	3 year	90%
Tier 3	Miscellaneous	2% of Final Average Compensation (FAC) at age 62	3 year	N/A
Tier 3	Safety	2.7% of Final Average Compensation (FAC) at age 57	3 year	N/A
Tier 3	Probation	2.7% of Final Average Compensation (FAC) at age 57	3 year	N/A

SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024

APPENDIX E – GLOSSARY

1. Actuarial Assumptions

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

2. Actuarial Cost Method

A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

3. Actuarial Gain (Loss)

The difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

4. Actuarial Liability

The portion of the actuarial present value of projected benefits that will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

5. Actuarial Present Value (Present Value)

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

6. Actuarial Valuation

The determination, as of a specified date, of the normal cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

8. Actuarially Equivalent

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

**SAN LUIS OBISPO COUNTY PENSION TRUST
ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2024**

APPENDIX E – GLOSSARY

9. Amortization Payment

The portion of the pension plan contribution, which is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Entry Age Normal Actuarial Cost Method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

11. Funded Ratio

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

12. Normal Cost

That portion of the actuarial present value of pension plan benefits and expenses that is allocated to a valuation year by the actuarial cost method.

13. Projected Benefits

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

14. Unfunded Actuarial Liability

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



Classic Values, Innovative Advice

Via Electronic Mail

June 14, 2024

Board of Trustees
 San Luis Obispo County Pension Trust
 1000 Mill Street
 San Luis Obispo, California 93408

**Re: Contribution Rate Increases for Alternative Implementation Dates -
 July 1, 2024, January 1, 2025, or July 1, 2025**

Dear Members of the Board:

The purpose of this letter is to provide the contribution rate increases based on the results of the January 1, 2024 actuarial valuation for three alternative implementation dates.

The total actuarially determined contribution (ADC) rate as of the January 1, 2024 actuarial valuation increased to 54.71% from 52.81% as of the January 1, 2023 actuarial valuation. The Charged Rate (actual contributions collected by SLOCPT as a rate of actual pensionable salary) for the six months ending December 31, 2023 was 51.85% plus a 0.73% contribution rate increase effective as of July 1, 2024, results in a Total Charged Rate of 52.58%. The recommended contribution rate increase of 2.13% is the difference between the ADC as of January 1, 2024, and the Total Charged Rate. These rates are composed of a blended employer appropriation rate and a weighted average of the employee rates.

The table below shows recommended contribution rate increases for each alternative implementation date based on the results of the January 1, 2024 actuarial valuation for SLOCPT in aggregate and for each class of members: Miscellaneous, Probation, and Safety. To calculate the contribution rate increases for the different implementation dates, the Unfunded Actuarial Liability (attributable only to the assumptions changes adopted by the Board of Trustees at the May 20, 2024 meeting and the December 31, 2023 actuarial losses from the January 1, 2024 valuation) was adjusted with interest at the 6.75% assumed rate of return from the valuation date to the respective implementation dates and then re-amortized based on the remaining period at the respective implementation dates. In addition, the payroll used to calculate the increase in the UAL payment rate was also adjusted based on the implementation date at the assumed payroll growth rate of 3.00%.

Contribution Rate Increases for Alternative Implementation Dates											
	Total Charged Rates			2024 Valuation		Implementation Dates					
	Rate		Total Rate	Total ADC	Rate Change	July 1, 2024		January 1, 2025		July 1, 2025	
	12/31/2023	Increases ¹				Adjusted ADC	Rate Change	Adjusted ADC	Rate Change	Adjusted ADC	Rate Change
Total SLOCPT	51.85%	0.73%	52.58%	54.71%	2.13%	54.79%	2.21%	54.88%	2.30%	54.96%	2.38%
Miscellaneous	48.88%	0.43%	49.31%	50.69%	1.38%	50.76%	1.45%	50.84%	1.53%	50.92%	1.61%
Probation	58.18%	0.16%	58.34%	63.82%	5.48%	63.90%	5.56%	63.99%	5.65%	64.09%	5.75%
Safety	69.00%	3.27%	72.27%	78.25%	5.98%	78.37%	6.10%	78.49%	6.22%	78.62%	6.35%

¹ Rate increases from the January 1, 2023 actuarial valuation with delayed implementation to July 1, 2024.

SLOCPT Board of Trustees

June 14, 2024

Page 2

The purpose of this letter is to detail the calculations for the delayed implementation of the recommended contribution rate increases from the January 1, 2024 actuarial valuation. This letter is for the use of the SLOCPT Board of Trustees, the plan sponsors, and SLOCPT staff. Any other user of this letter is not an intended user and is considered a third party.

This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and my understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. I am not an attorney, and my firm does not provide any legal services or advice.

Finally, this letter was prepared for SLOCPT for the purpose described herein. This letter is not intended to benefit any other party, and Cheiron assumes no duty or liability to any such party.

Sincerely,
Cheiron



Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary

cc: Katie Girardi, SLOCPT
Amy Burke, SLOCPT
Alice Alsberghe, Cheiron
Tim Hall, Cheiron

**SLO County Pension Trust
Pension Contribution
Rate Increases**

	2018 Valuation	2019 Valuation	2020 Valuation	2021 Valuation	2022 Valuation	2023 Valuation	2024 Valuation	
							As of 1/1/2024	at 7/1/25 Implementation
Total Rate Increases								
Miscellaneous	1.99%	2.47%	3.41%	1.94%	2.11%	0.20%	1.38%	1.61%
Probation	3.70%	2.26%	4.56%	3.11%	4.78%	-0.90%	5.47%	5.75%
Safety	5.63%	1.25%	4.40%	3.29%	2.52%	2.91%	5.98%	6.35%
COMBINED	2.51%	2.30%	3.60%	2.16%	2.31%	0.48%	2.13%	
Total ADC	42.19%	44.52%	47.92%	50.34%	52.48%	52.81%	54.71%	
Significant Changes:								
Discount Rate	7.000%	7.000%	6.875%	6.750%	6.750%	6.750%	6.750%	
<i>Discount Rate net of -</i>								
<i>Investment Expense</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	
<i>Admin. Expense</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>N</i>	<i>N</i>	<i>N</i>	<i>N</i>	
Inflation	2.50%	2.50%	2.25%	2.25%	2.50%	2.50%	2.50%	
Payroll Growth Rate	3.00%	2.75%	2.75%	2.75%	3.00%	3.00%	3.00%	
Mortality	Updated (2nd part of 2 step phased)		Updated		Update to Safety tables			
As of Valuation date of Jan. 1 of the Valuation year								
Actual increase modified for delayed implementaton (e.g. Jan. 1st or July 1st of following year)								
Total pension contribution rate increase result of:								
Changes to the actuarial assumptions following the experience study driven by COLA and salary merit increase assumptions.								
Increases to adjust for difference between planned ADC to be collected and the actual charged rate during the prior year.								
Increases allocated between Employer and Employee and across Tiers pursuant to MOU provisions for each BU.								