

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)
POLICY REGARDING ADOPTION OF
ACTUARIAL ECONOMIC ASSUMPTIONS**

Adopted: November 3, 2010

Amended: February 9, 2011

I. BACKGROUND AND PURPOSE

In accordance with its plenary authority and fiduciary responsibilities over the administration of MCERA and actuarial services as provided in the California Constitution, Art. XVI, section 17 and the County Employees' Retirement Law of 1937 (Gov. Code sec. 31450, et seq.), including without limitation, Government Code sections 31453 and 31454.1, the Board of Retirement of MCERA ("Board") has adopted actuarial assumptions at least every three years based upon the analysis, valuation, and recommendation of MCERA's actuary ("actuarial valuation").

The Board adopts such assumptions based upon the information gathered through its experience studies, which are conducted by MCERA's actuary approximately every three years, as well as based on additional information and recommendations that the Board receives in connection with its adoption of specific actuarial valuations.

The Board has determined that MCERA's actuarial economic assumptions set forth in the actuarial valuations should also be set forth in Board Policy.

II. POLICY

The actuarial assumptions that are included in MCERA's actuarial valuation as of the end of each fiscal year, which valuations have been adopted by the Board, include long-term actuarial economic assumptions relating to the following: investment rate of return (also referred to as the interest rate assumption); projected salary increases; projected growth in inflation; and cost of living adjustments.

The economic assumptions that the Board adopted as of June 30, 2009 are set forth in the attached Appendix A. Those assumptions will remain in effect until they are superseded by the Board's adoption of new valuations in the future. Any new actuarial economic assumptions contained in a valuation adopted by the Board will automatically be incorporated into Appendix A of this Policy without further Board action.

Prior to the Board's adoption of any actuarial valuation, the MCERA actuary will present recommendations to the Board no later than January of each year as a non-action item. The Board will consider those recommendations and meet again with the actuary at its February meeting to provide direction as to the valuation to be prepared. The actuary will present its final recommended valuation to the Board for adoption no later than May of that year.

In addition, any new economic assumptions that the Board adopts should be supported by the findings in MCERA's most recent experience study and by the recommendations of its actuary.

III. POLICY REVIEW

The Retirement Board shall review this Policy annually in conjunction with its adoption of its actuarial valuation. The Policy may be amended from time to time by majority vote of the Board.

IV. ADOPTION HISTORY

This Policy was adopted by the Retirement Board on November 3, 2010, and amended on February 9, 2011.

V. RETIREMENT ADMINISTRATOR'S CERTIFICATE

I, Jeff Wickman, the duly appointed Retirement Administrator of the Marin County Employees' Retirement Association, hereby certify that this policy was adopted, as amended, and made effective by the Board of Retirement of the Marin County Employees' Retirement Association on this 9th day of February, 2011.

Retirement Administrator

APPENDIX A

Assumed Rate of Investment Return (interest rate): 7.75 percent

Projected growth in salary assumption: 3.5 percent, plus service-based rates

Growth in inflation assumption: 3.5 percent

Cost of living adjustments: 100% of CPI up to 2/3/4% annually with banking

Assumed rates of increase are 1.9%, 2.7% and 3.2%, respectively.