

**EL PASO COUNTY
RETIREMENT PLAN**

*Actuarial Valuation Report as of
January 1, 2012*

June 2012

Submitted By:

Buck Consultants
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June 11, 2012

Board of Retirement
El Paso County Retirement Plan
105 E. Vermijo, Suite 200
Colorado Springs, CO 80903-2007

Certification of Actuarial Valuation

Ladies and Gentlemen:

This report summarizes the actuarial valuation results of the El Paso County Retirement Plan as of January 1, 2012 performed by Buck Consultants.

The actuarial valuation is based on audited financial and member data provided by the Retirement Plan Administrator and summarized in this report. The benefits considered are those delineated in the plan as amended and restated effective January 1, 2012.

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures, using an actuarial cost method which we believe is reasonable. This report fully and fairly discloses the actuarial position of the Plan.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the Plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the Plan. A summary of the actuarial assumptions and methods used in this actuarial valuation are shown in Section 4.3 beginning on page 28.

Both David H. Slishinsky and Douglas J. Fiddler are Enrolled Actuaries, Associates of the Society of Actuaries and Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. This report has been prepared in accordance with all applicable Actuarial Standards of Practice and Douglas J. Fiddler has primary responsibility for the report.

We are available to answer any questions on the material contained in this report, or to provide explanations to further details as may be appropriate.

Respectfully submitted,

BUCK CONSULTANTS



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Principal & Consulting Actuary



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PURPOSE AND HIGHLIGHTS

The main purposes of this report are:

1. To determine if the Board's funding policy for the Retirement Plan is being met considering current assets and the current employer and member contribution rates;
2. To review the current funded status of the Plan; and
3. To compare actual and expected experience under the Plan during 2011.

The 2012 actuarial valuation is based upon the plan provisions as of January 1, 2012; as described in Section 4.2. The actuarial methods and assumptions are described in Section 4.3.

Highlights from the current and prior valuations are:

1. A contribution rate of 7.5% of salary by both the participating employers and members (15% of salary in total) in 2012 will **not** be sufficient to fund the normal cost and amortize the unfunded actuarial accrued liability over 30 years from the valuation date. The total actuarially required contribution necessary to fund the Plan's benefits under the Board's funding policy for 2012 is 17.6% of salary.
2. The Market Value of Assets was sufficient to provide for 74.0% of the actuarial present value of accumulated plan benefits as of January 1, 2012 as compared with 81.2% as of January 1, 2011. Benefits are based on accrued service and current salary history as of the valuation date.
3. Actuarial losses were experienced in 2011 from asset sources and actuarial gains were experienced in 2011 from liability sources, resulting in a net actuarial loss which increased the unfunded actuarial accrued liability by \$21,641,513. The net gain from liability sources of \$915,427 was primarily due to gains caused by pay increases less than expected. The rate of return on Actuarial Value of Assets of 0.0% in 2011 was significantly lower than the 8% assumed investment return rate, resulting in the loss from asset sources of \$22,556,940.
4. The Actuarial Value of Assets was sufficient to provide for 71.3% of the Actuarial Accrued Liability as of January 1, 2012. This is a decrease of 4.5% from 75.8% as of January 1, 2011. This rate is called the Funded Ratio and is a measure of the current funding level of the plan under the Entry Age Actuarial Cost Method.

SUMMARY OF PRINCIPAL VALUATION RESULTS

A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods or plan provisions between the two valuations are described in the section titled "Effects of Changes."

	Actuarial Valuation as of		Change Between Years	
	January 1, 2011	January 1, 2012	Amount	Percent
Summary of Costs				
Contribution Requirement	\$ 18,947,495	\$ 20,446,599	\$ 1,499,104	7.9%
Estimated Contributions	\$ 15,675,712	\$ 17,413,892	\$ 1,738,180	11.1%
Contribution Requirement as a Percentage of Pay	16.9%	17.6%	0.7%	4.1%
GASB No. 25 Funded Status				
Actuarial Accrued Liability	\$ 375,801,894	\$ 393,086,243	\$ 17,284,349	4.6%
Actuarial Value of Assets	\$ 285,036,737	\$ 280,213,871	\$ (4,822,866)	(1.7%)
Unfunded Actuarial Accrued Liability/(Surplus)	\$ 90,765,157	\$ 112,872,372	\$ 22,107,215	24.4%
Market Value of Assets and Additional Liabilities				
Market Value of Assets	\$ 262,645,839	\$ 252,634,880	\$(10,010,959)	(3.8%)
Actuarial Present Value of Accumulated Plan Benefits (FAS No. 35)	\$ 323,503,084	\$ 341,499,937	\$ 17,996,853	5.6%
Present Value of Projected Plan Benefits	\$ 462,809,290	\$ 479,660,711	\$ 16,851,421	3.6%
Summary of Data				
Number of Members in Valuation:				
Active Members	2,333 ⁽¹⁾	2,359 ⁽²⁾	26	1.1%
Members with Deferred Benefits	324	330	6	1.9%
Retired Members	1,050	1,092	42	4.0%
Beneficiaries	80	88	8	10.0%
Total	3,787	3,869	82	2.2%
Active Member Statistics				
Total Annual Compensation	\$ 112,669,369	\$ 117,210,279	\$ 4,540,910	4.0%
Average Compensation	\$ 48,439 ⁽³⁾	\$ 49,898 ⁽⁴⁾	\$ 1,459	3.0%
Average Age	45.2 ⁽³⁾	45.5 ⁽⁴⁾	0.3	0.7%
Average Service	8.4 ⁽³⁾	8.5 ⁽⁴⁾	0.1	1.2%

(1) Includes 16 members on leave of absence.

(2) Includes 22 members on leave of absence.

(3) Excludes 16 members on leave of absence.

(4) Excludes 22 members on leave of absence.

EFFECTS OF CHANGES

Changes in Actuarial Assumptions

There were no changes in the actuarial assumptions since the prior valuation.

Changes in Plan Provisions

There were two changes in plan provisions for members hired before January 1, 2012:

- Effective January 1, 2012, the required monthly member contribution is equal to 7.5% of earnings. The member monthly contribution rate is scheduled to increase to 8.0% effective January 1, 2013.
- The benefit multiplier for credited service earned on or after January 1, 2013 was changed to 2.00% for all members.

Along with the two plan provision changes above, the following changes were made for members hired after December 31, 2012.

- A member is vested after the completion of 96 months of credited service.
- The member's monthly benefit shall not exceed 60% of the member's final average monthly compensation.

Changes in Actuarial Methods

There were no changes in actuarial methods since the prior valuation.

SECTION 1: FUNDING RESULTS

- Section 1.1** A comparative summary of valuation results.
- Section 1.2** The actuarially required contribution.
- Section 1.3** The actuarial gain/(loss) during the preceding year.
- Section 1.4** The normal cost and unfunded actuarial accrued liability as of the current and preceding valuation dates.
- Section 1.5** The present value of projected plan benefits.
- Section 1.6** A ten-year projection of benefit payments.

Comparative Summary of Principal Valuation Results

	Actuarial Valuation as of		Percent Change
	January 1, 2011	January 1, 2012	
A. Summary of Data			
1. Active Members			
a. Number ⁽¹⁾	2,333	2,359	1.1%
b. Annual Compensation	\$ 112,669,369	\$ 117,210,279	4.0%
c. Average Annual Compensation	\$ 48,439 ⁽³⁾	\$ 49,898 ⁽⁴⁾	3.0%
d. Average Age	45.2 ⁽³⁾	45.5 ⁽⁴⁾	0.7%
e. Average Service	8.4 ⁽³⁾	8.5 ⁽⁴⁾	1.2%
f. Accumulated Member Contributions			
i. With Interest	\$ 62,742,920	\$ 66,432,920	5.9%
ii. Without Interest	\$ 47,638,520	\$ 50,924,033	6.9%
2. Refund of Employee Contributions due			
a. Number	66	62	(6.1%)
b. Amount of Refunds Due	\$ 266,311	\$ 344,363	29.3%
3. Vested Terminated Members			
a. Number ⁽²⁾	258	268	3.9%
b. Annual Deferred Benefits	\$ 2,428,009	\$ 2,509,419	3.4%
c. Average Annual Deferred Benefit	\$ 9,411	\$ 9,364	(0.5%)
4. Retired and Disabled Members			
a. Number	1,050	1,092	4.0%
b. Annual Retirement Benefits	\$ 16,775,454	\$ 17,768,210	5.9%
c. Average Annual Retirement Benefit	\$ 15,977	\$ 16,271	1.8%
5. Beneficiaries			
a. Number	80	88	10.0%
b. Annual Retirement Benefits	\$ 868,797	\$ 947,657	9.1%
c. Average Annual Retirement Benefit	\$ 10,860	\$ 10,769	(0.8%)
6. Total Members Included in Valuation	3,787	3,869	2.2%

⁽¹⁾ Includes 22 members on leave of absence in 2012 and 16 members on leave of absence in 2011.

⁽²⁾ Includes 9 deferred disableds and 1 deferred beneficiaries in 2012 and 11 deferred disableds and 2 deferred beneficiaries in 2011.

⁽³⁾ Excludes 16 members on leave of absence.

⁽⁴⁾ Excludes 22 members on leave of absence.

Section 1.1

Comparative Summary of Principal Valuation Results (continued)

	Actuarial Valuation as of		Percent Change
	January 1, 2011	January 1, 2012	
B. Summary of Assets, Liabilities and Funded Status			
1. Plan Assets on Valuation Date			
a. Actuarial Value	\$ 285,036,737	\$ 280,213,871	(1.7%)
b. Market Value	\$ 262,645,839	\$ 252,634,880	(3.8%)
2. Actuarial Accrued Liability (Valuation Basis)	\$ 375,801,894	\$ 393,086,243	4.6%
a. Funded Ratio - Actuarial Value	75.8%	71.3%	(5.9%)
b. Funded Ratio - Market Value	69.9%	64.3%	(8.0%)
3. Unfunded Actuarial Accrued Liability (Based on Actuarial Value of Assets)	\$ 90,765,157	\$ 112,872,372	24.4%
4. Present Value of Accumulated Benefits (FASB #35)	\$ 323,503,084	\$ 341,499,937	5.6%
a. Funded Ratio - Actuarial Value	88.1%	82.1%	(6.8%)
b. Funded Ratio - Market Value	81.2%	74.0%	(8.9%)
5. Present Value of Projected Benefits	\$ 462,809,290	\$ 479,660,711	3.6%

	Actuarial Valuation as of				Percent Change in Amount
	January 1, 2011		January 1, 2012		
	Amount	% of Covered Comp.	Amount	% of Covered Comp.	
C. Summary of Contribution Requirements					
1. Normal Cost Compensation	\$ 111,969,375	N/A	\$ 116,092,613	N/A	3.7%
2. Total Normal Cost Beginning of Year	\$ 12,962,859	11.5%	\$ 13,131,980	11.3%	1.3%
3. Amortization of Unfunded Actuarial Accrued Liability over 30 years from the valuation date	\$ 5,460,486	4.9%	\$ 6,790,469	5.8%	24.4%
4. Administrative Expenses	\$ 524,150	0.5%	\$ 524,150	0.5%	0.0%
5. Total Actuarially Required Contribution (2. + 3. + 4.)	\$ 18,947,495	16.9%	\$ 20,446,599	17.6%	7.9%
6. Estimated Member Contribution ⁽¹⁾	\$ 8,314,846	7.4%	\$ 9,199,179	7.9%	10.6%
7. Recommended Employer Contribution (5. - 6.)	\$ 10,632,649	9.5%	\$ 11,247,420	9.7%	5.8%

⁽¹⁾ Present value of future member contributions as a percent of present value of future salaries equals 7.426% of normal cost compensation for 2011 and 7.924% for 2012 based on future member contributions of 6.5% of normal cost compensation for 2010, increasing to 7.0% for 2011, 7.5% for 2012 and 8.0% for all years after 2012.

Section 1.2

Actuarially Required Contribution

The actuarially required contribution has been determined using the Entry Age Normal Actuarial Cost Method.

	January 1, 2011	January 1, 2012
1. Normal Cost	\$ 12,962,859	\$ 13,131,980
2. Amortization of Unfunded Actuarial Accrued Liability	\$ 5,460,486	\$ 6,790,469
3. Administrative Expenses	\$ 524,150	\$ 524,150
4. Total Actuarially Required Contribution		
a. Amount (1. + 2. + 3.)	\$ 18,947,495	\$ 20,446,599
b. Percent of Normal Cost Payroll	16.9%	17.6%
5. Estimated Member Contribution ⁽¹⁾	\$ 8,314,846	\$ 9,199,179
6. Recommended Employer Contribution		
a. Amount (4.a. - 5.)	\$ 10,632,649	\$ 11,247,420
b. Percent of Normal Cost Payroll	9.5%	9.7%
7. Estimated Employer Contribution ⁽²⁾	\$ 7,837,856	\$ 8,706,946
8. Amount of Total Contribution in Excess of Actuarially Required Contribution/(Deficit) (7. - 6.a.)	\$ (2,794,793)	\$ (2,540,474)

⁽¹⁾ Present value of future member contributions as a percent of present value of future salaries equals 7.426% of normal cost compensation for 2011 and 7.924% for 2012 based on future member contributions of 6.5% of normal cost compensation for 2010, increasing to 7.0% for 2011, 7.5% for 2012 and 8.0% for all years after 2012.

⁽²⁾ 6.5% of normal cost compensation for 2010, increasing to 7.0% for 2011, 7.5% for 2012, and 8.0% for all years after 2012.

Actuarial Gain/(Loss)

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2012.

1. Expected Actuarial Accrued Liability	
a. Actuarial Accrued Liability at January 1, 2011	\$ 375,801,894
b. Normal Cost and expected Administrative Expenses at January 1, 2011	13,487,009
c. Interest on a. + b. to End of Year	31,143,112
d. Benefit Payments and Administrative Expenses for Plan Year Ending December 31, 2011, with Interest to End of Year Excluding Supplemental Payment	21,800,907
e. Expected Actuarial Accrued Liability Before Changes (a. + b. + c. - d.)	398,631,108
f. Change in Actuarial Accrued Liability at January 1, 2012, Due to Change in Actuarial Assumptions	0
g. Change in Actuarial Accrued Liability at January 1, 2012, Due to Change in Plan Provisions	(4,629,438)
h. Expected Actuarial Accrued Liability at January 1, 2012 (e. + f. + g.)	\$ 394,001,670
2. Actuarial Accrued Liability at January 1, 2012	\$ 393,086,243
3. Liability Gain/(Loss) (1.h. - 2.)	\$ 915,427
4. Expected Actuarial Value of Assets	
a. Actuarial Value of Assets at January 1, 2011	\$ 285,036,737
b. Interest on a. to End of Year	22,802,939
c. Contributions Made for Plan Year Ending December 31, 2011	16,088,502
d. Interest on c. to End of Year	643,540
e. Benefit Payments and Administrative Expenses for Plan Year Ending December 31, 2011, with Interest to End of Year Excluding Supplemental Payment	21,800,907
f. Change in Actuarial Value of Assets at January 1, 2012 due to supplemental pension payment	0
g. Expected Actuarial Value of Assets at January 1, 2012 (a. + b. + c. + d. - e. - f.)	\$ 302,770,811
5. Actuarial Value of Assets as of January 1, 2012	\$ 280,213,871
6. Actuarial Asset Gain/(Loss) (5. - 4.g.)	\$ (22,556,940)
7. Actuarial Gain/(Loss) (3. + 6.)	\$ (21,641,513)

Normal Cost and Unfunded Actuarial Accrued Liability

A. Normal Cost

The components of normal cost under the Plan's funding method are:

Component	January 1, 2011	January 1, 2012
Retirement Benefits	\$ 8,250,188	\$ 8,278,921
Withdrawal Benefits	4,067,531	4,189,626
Disability Benefits	412,152	416,634
Death Benefits	232,988	246,799
Total Normal Cost	\$ 12,962,859	\$ 13,131,980

B. Unfunded Actuarial Accrued Liability

The actuarial accrued liability is the present value of projected plan benefits allocated to past service by the actuarial funding method being used. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the Actuarial Value of Assets.

Development of Actuarial Accrued Liability	January 1, 2011	January 1, 2012
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	\$ 175,412,681	\$ 181,753,467
Withdrawal Benefits	8,209,285	8,116,882
Disability Benefits	3,418,294	3,515,532
Death Benefits	2,488,760	2,646,710
Total	\$ 189,529,020	\$ 196,032,591
b. Participants with Deferred Benefits	10,440,148	11,262,854
c. Participants Receiving Benefits	175,832,726	185,790,798
d. Actuarial Accrued Liability (a. + b. + c.)	\$ 375,801,894	\$ 393,086,243
2. Actuarial Value of Assets	\$ 285,036,737	\$ 280,213,871
3. Unfunded Actuarial Accrued Liability (1.d. - 2., not less than \$0)	\$ 90,765,157	\$ 112,872,372

Present Value of Projected Plan Benefits

The present value of projected benefits is the value of plan benefits using future earnings and service.

Present Value of Projected Benefits	January 1, 2011	January 1, 2012
1. Active Participants		
Retirement Benefits	\$ 231,742,713	\$ 237,126,036
Withdrawal Benefits	34,455,297	34,837,948
Disability Benefits	6,250,013	6,321,484
Death Benefits	4,088,393	4,321,591
Total	\$ 276,536,416	\$ 282,607,059
2. Participants with Deferred Benefits	10,440,148	11,262,854
3. Participants Receiving Benefits	175,832,726	185,790,798
4. Present Value of Projected Plan Benefits (1. + 2. + 3.)	\$ 462,809,290	\$ 479,660,711

Section 1.6

Ten-Year Projected Cash Flow (Retirement Benefit Payments)

January 1, 2012			
Plan Year Ending	Actives	Retirees ⁽¹⁾	Total
12/31/2012	\$ 1,884,339	\$ 18,672,974	\$ 20,557,313
12/31/2013	4,197,265	18,511,582	22,708,847
12/31/2014	6,475,991	18,336,033	24,812,024
12/31/2015	8,559,019	18,129,261	26,688,280
12/31/2016	10,709,337	17,946,695	28,656,032
12/31/2017	\$ 13,204,395	\$ 17,743,759	\$ 30,948,154
12/31/2018	15,663,549	17,566,879	33,230,428
12/31/2019	18,021,798	17,398,459	35,420,257
12/31/2020	20,354,285	17,255,364	37,609,649
12/31/2021	22,712,653	17,034,288	39,746,941

⁽¹⁾ Includes Disabled Members, Beneficiaries, and Deferred Vested Members.

History of Refunds	
Year	Refund Amount
1993	\$ 633,773
1994	544,504
1995	976,233
1996	1,003,922
1997	1,037,519
1998	1,132,847
1999	1,292,444
2000	1,407,960
2001	1,597,686
2002	998,709
2003	1,414,807
2004	1,634,848
2005	1,755,564
2006	1,545,738
2007	1,841,048
2008	1,997,056
2009	1,912,000
2010	1,775,640
2011	2,222,415

SECTION 2: ACCOUNTING RESULTS

Section 2.1 Information pertaining to the actuarial present value of accumulated plan benefits as required under FAS No. 35.

Section 2.2 Items required under GASB No. 25.

Section 2.1

FAS No. 35 Information

A. Actuarial Present Value of Accumulated Plan Benefits

The actuarial present value of vested and nonvested accumulated plan benefits was computed on an ongoing plan basis in order to provide required information under Financial Accounting Standards Board Statement No. 35. In this calculation, a determination is made of all benefits earned by current participants as of the valuation date; the actuarial present value is then computed using demographic assumptions and an assumed interest rate. Assumptions regarding future salary and Social Security increases and accrual of future benefit service are not necessary for this purpose.

Accumulated Plan Benefits	January 1, 2011	January 1, 2012
Vested Benefits		
• Active Participants	\$ 122,919,961	\$ 132,138,580
• Participants with Deferred Benefits	10,440,148	11,262,854
• Participants Receiving Benefits	175,832,726	185,790,798
Total Vested Benefits	\$ 309,192,835	\$ 329,192,232
Nonvested Benefits	14,310,249	12,307,705
Total Accumulated Plan Benefits	\$ 323,503,084	\$ 341,499,937
Assumed Rate of Interest	8.00%	8.00%
Market Value of Assets Available for Benefits	\$ 262,645,839	\$ 252,634,880
Funded Ratio	81.2%	74.0%
Change in Accumulated Plan Benefits Due to:		
• Assumption Changes	\$ 0	\$ 0
• Plan Provision Changes	\$ 0	\$ (1,400,972)
Number of Members		
Vested Members		
• Active Participants	1,283	1,328
• Participants with Deferred Benefits	324 ⁽¹⁾	330 ⁽²⁾
• Participants Receiving Benefits	1,130 ⁽³⁾	1,180 ⁽⁴⁾
Total Vested Members	2,737	2,838
Nonvested Members	1,050	1,031
Total Members	3,787	3,869

(1) Includes 66 former members due a refund of contributions.

(2) Includes 62 former members due a refund of contributions.

(3) Includes five QDRO recipients.

(4) Includes six QDRO recipients.

B. Statement of Changes in Accumulated Plan Benefits

A statement of changes in the actuarial present value of accumulated plan benefits (FAS No. 35 basis) follows. This statement shows the effect of certain events on the actuarial present value shown on the previous page.

Actuarial Present Value of Accumulated Plan Benefits as of January 1, 2011	\$ 323,503,084
Increase/(Decrease) During Year Attributable to:	
• Normal Cost	\$ 14,077,103
• Benefits Paid	(20,435,210)
• Increase for interest due to decrease in discount period	26,204,732
• Plan Provision and FAS No. 35 Application Changes ⁽¹⁾	(1,400,972)
• Assumption Changes	0
• (Gains)/Losses	(448,800) ⁽²⁾
Net Increase/(Decrease)	\$ 17,996,853
Actuarial Present Value of Accumulated Plan Benefits as of January 1, 2012	\$ 341,499,937

⁽¹⁾ Includes plan changes and changes to attribution of projected disability benefit.

⁽²⁾ Includes approximately \$218,500 increase in liability due to purchases of service.

The benefits valued include all benefits -- retirement, preretirement death and vested termination-- payable from the Plan for employee service prior to the valuation date. Benefits are assumed to accrue/accumulate in accordance with the plan provisions.

GASB No. 25 Information

Supplementary Schedules

The GASB has issued a statement; Financial Reporting for Defined Benefit and Note Disclosures for Defined Contribution Plans (GASB Statement No. 25). This standard became effective for periods beginning after June 15, 1996, and requires funding status to be measured based upon the actuarial funding method adopted by the El Paso County Board of Retirement. The method adopted is the Entry Age Normal Cost Method. The target value of assets is equal to the Actuarial Accrued Liability (AAL). The Actuarial Value of Assets was determined using techniques that smooth the effects of short-term volatility in the Market Value of investments over a five-year period. The actual value of assets is the Market Value.

A. Schedule of Funding Progress

The GASB Statement No. 25 liabilities and assets resulting from the last ten actuarial valuations are as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/2003	\$ 192,439,607	\$ 212,239,372	\$ 19,799,765	90.7%	\$ 89,629,062	22.1%
01/01/2004	\$ 207,538,410	\$ 230,926,211	\$ 23,387,801	89.9%	\$ 91,978,099	25.4%
01/01/2005	\$ 219,697,172	\$ 249,693,945	\$ 29,996,773	88.0%	\$ 92,757,865	32.3%
01/01/2006	\$ 234,660,873	\$ 270,180,072	\$ 35,519,199	86.9%	\$ 98,915,975	35.9%
01/01/2007	\$ 257,214,257	\$ 293,358,174	\$ 36,143,917	87.7%	\$ 103,402,651	35.0%
01/01/2008	\$ 285,740,434	\$ 312,549,096	\$ 26,808,662	91.4%	\$ 105,140,088	25.5%
01/01/2009	\$ 249,776,755	\$ 331,357,842	\$ 81,581,037	75.4%	\$ 102,703,108	79.4%
01/01/2010	\$ 282,841,807	\$ 354,376,983	\$ 71,535,176	79.8%	\$ 106,956,655	66.9%
01/01/2011	\$ 285,036,737	\$ 375,801,894	\$ 90,765,157	75.8%	\$ 112,232,244	80.9%
01/01/2012	\$ 280,213,871	\$ 393,086,243	\$ 112,872,372	71.3%	\$ 116,611,366	96.8%

B. Schedule of Employer Contributions

The GASB Statement No. 25 required contributions and actual percentages contributed over the last ten years are as follows:

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution ⁽¹⁾	Percentage Contributed
2002	\$ 4,303,733	123%
2003	\$ 5,709,580	97%
2004	\$ 5,951,443	92%
2005	\$ 6,551,304	87%
2006	\$ 7,387,051	83%
2007	\$ 8,158,839	77%
2008	\$ 7,724,074	82%
2009	\$ 10,945,353	56%
2010	\$ 9,603,845	75%
2011	\$ 10,733,979	74%

⁽¹⁾ Beginning of year.

C. Actuarial Assumptions, Method and Additional Information

Valuation Date	January 1, 2012
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent Open
Remaining amortization period	30 years
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return*	8.0%
Projected salary increases*	4.5% – 11.6%
*Includes inflation at	3.5%
Cost-of-living adjustments	None

SECTION 3: PLAN ASSETS

This section presents information regarding plan assets as reported by the plan administrator or the auditor. The plan assets represent the portion of total plan liabilities which has been funded as of the valuation date.

Section 3.1 A summary of the Market Value of Assets.

Section 3.2 A reconciliation of the Market Value of Assets.

Section 3.3 The Actuarial Value of Plan Assets as of January 1, 2012.

Section 3.4 A history of the average annual rates of investment return.

Section 3.1

Summary of Assets

Asset Category	Market Value as of December 31, 2010		Market Value as of December 31, 2011	
	Amount	%	Amount	%
1. Cash and Short-Term Investments				
a. Cash in Bank	\$ 3,495,675	1.3%	\$ 8,433,139	3.3%
b. Cash – Money Manager	1,194,826	0.5	1,760,365	0.7
c. Total	\$ 4,690,501	1.8	\$ 10,193,504	4.0
2. Receivables				
a. Interest and Dividends	\$ 245,450	0.1	\$ 363,308	0.1
b. Investments Sold	197,426	0.1	42,307	0.0
c. Other Receivables	78,587	0.0	25,167	0.0
d. Total	\$ 521,463	0.2	\$ 430,782	0.1
3. Investments at Fair Value				
a. U.S. Treasury Notes	\$ 5,805,496	2.2	\$ 8,636,392	3.4
b. Fixed Income	68,624,316	26.1	64,426,044	25.6
c. Domestic Stocks and Equity	75,182,388	28.6	74,509,850	29.6
d. International Equity	77,853,668	29.7	57,108,856	22.6
e. Real Estate	16,027,023	6.1	18,911,521	7.5
f. Fund of Hedge Funds	14,043,148	5.3	18,388,210	7.3
g. Total	\$ 257,536,039	98.0	\$ 241,980,873	96.0
4. Fixed Assets	\$ 144,829	0.1	\$ 309,704	0.1
5. Total Assets	\$ 262,892,832	100.1	\$ 252,914,863	100.2
6. Liabilities				
a. Payable for Investments Purchased	\$ 63,914	0.0	\$ 143,951	0.1
b. Securities Lending Obligation in Excess of Collateral	0	0.0	0	0.0
c. Accounts Payable and Accrued Liabilities	183,079	0.1	136,032	0.1
d. Total	\$ 246,993	0.1	\$ 279,983	0.2
7. Net Assets for Pension Benefits [5. – 6.d.]	\$ 262,645,839	100.0	\$ 252,634,880	100.0

Section 3.2

Reconciliation of Assets

Transactions	2010 Plan Year	2011 Plan Year
Additions		
1. Contributions		
a. Contributions from Employers	\$ 7,175,286	\$ 7,909,248
b. Contributions from Plan Members	7,787,543	8,179,254
c. Total	\$ 14,962,829	\$ 16,088,502
2. Net Investment Income		
a. Interest and Dividends	\$ 3,626,209	\$ 4,059,100
b. Net Appreciation(Depreciation)	28,788,996	(8,447,002)
c. Rental Income	0	0
d. Net Securities Lending Income	1,963	0
e. Securities Lending Unrealized Gain/(Loss)	(256,091)	0
f. Miscellaneous	0	0
g. Total	\$ 32,161,077	\$ (4,387,902)
h. Investment Expense	\$ (918,566)	\$ (749,148)
i. Net Investment Income	\$ 31,242,511	\$ (5,137,050)
3. Total Additions	\$ 46,205,340	\$ 10,951,452
Deductions		
4. Benefits and Expenses		
a. Retirement Benefits	\$ 16,339,242	\$ 17,402,552
b. Refund of Contributions	1,775,640	2,222,415
c. Death	660,131	810,243
d. Supplemental Payment	N/A	N/A
e. Administrative Expenses	485,994	527,201
5. Total Deductions	\$ 19,261,007	\$ 20,962,411
6. Net Increase	\$ 26,944,333	\$ (10,010,959)
7. Net Assets Held in Trust for Pension Benefits		
a. Beginning of Year	\$ 235,701,506	\$ 262,645,839
b. End of Year	\$ 262,645,839	\$ 252,634,880

Section 3.3

Actuarial Value of Assets

Schedule of Asset Gains/(Losses)				
Year Ending December 31	Original Amount	Recognized in Prior Years	Recognized This Year	Recognized in Future Years
2007	\$ (1,971,286)	\$ (1,577,028)	\$ (394,258)	\$ 0
2008	(105,168,354)	(63,101,013)	(21,033,671)	(21,033,670)
2009	16,706,744	6,682,698	3,341,349	6,682,697
2010	12,558,319	2,511,664	2,511,664	7,534,991
2011	(25,953,761)	0	(5,190,752)	(20,763,009)
Total	\$ (103,828,338)	\$ (55,483,679)	\$ (20,765,668)	\$ (27,578,991)

Development of Actuarial Value of Assets	
1. Initial Actuarial Value of Assets as of January 1, 2011 (before corridor)	\$ 285,036,737
2. Contributions	
a. Employers	\$ 7,909,248
b. Members	8,179,254
c. Total (a. + b.)	\$ 16,088,502
3. Decreases during Year	
a. Benefit Payments	\$ 18,212,795
b. Return of Member Contributions	2,222,415
c. Supplemental Payment	0
d. Non-investment Expenses	527,201
e. Total (a. + b. + c. + d.)	\$ 20,962,411
4. Expected Return at 8.0% on:	
a. Actuarial Value of Assets as of January 1, 2011	\$ 22,802,939
b. Item 2 (one-half year)	643,540
c. Item 3 (one-half year)	838,496
d. Item 6	(1,791,272)
e. Total (a. + b. - c. + d.)	\$ 20,816,711
5. Expected Actuarial Value of Assets as of December 31, 2011 (1. + 2.c. - 3.e. + 4.e.)	\$ 300,979,539
6. Unrecognized Asset Gain as of December 31, 2010	\$ (22,390,898)
7. Expected Actuarial Value of Assets as of December 31, 2011, plus Previous Year's Unrecognized Asset Gain (5. + 6.)	\$ 278,588,641
8. Market Value of Assets as of December 31, 2011	\$ 252,634,880
9. 2011 Asset Gain/(Loss) (8. - 7.)	\$ (25,953,761)
10. Asset Gain/(Loss) to be Recognized as of December 31, 2011	\$ (20,765,668)
11. Initial Actuarial Value of Assets as of January 1, 2012 (5. + 10.)	\$ 280,213,871
12. Constraining Values:	
a. 80% of Market Value (8. x .8)	\$ 202,107,904
b. 120% of Market Value (8. x 1.2)	\$ 303,161,856
13. Actuarial Value of Assets as of January 1, 2012 (11.), but not less than (12.a.), nor greater than (12.b.)	\$ 280,213,871

Average Annual Rates of Investment Return

Year Ending December 31	Actuarial Value		Market Value	
	Annual	Cumulative	Annual	Cumulative
1995	11.2%	11.2%	21.4%	21.4%
1996	12.0%	11.6%	16.4%	18.9%
1997	12.4%	11.9%	16.5%	18.1%
1998	14.0%	12.4%	11.4%	16.4%
1999	13.7%*	12.7%	4.8%	14.0%
2000	9.5%	12.1%	0.8%	11.7%
2001	5.7%	11.2%	(2.5%)	9.5%
2002	(2.4%)	9.4%	(8.0%)	7.2%
2003	3.0%	8.7%	26.3%	9.1%
2004	5.7%	8.4%	10.9%	9.3%
2005	6.9%	8.2%	5.9%	9.0%
2006	9.9%	8.4%	14.8%	9.5%
2007	12.1%	8.6%	7.3%	9.3%
2008	(11.5%)	7.1%	(28.1%)	6.1%
2009	15.6%	7.6%	16.1%	6.7%
2010	2.3%	7.3%	13.4%	7.1%
2011	0.0%	6.8%	(2.0%)	6.6%

* Includes change in Asset valuation method.

SECTION 4: BASIS OF VALUATION

This section presents and describes the basis of the valuation. The census of participants, actuarial basis and provisions of the Plan are the foundation of the valuation, since these are the present facts on which the projection of benefit payments will depend. The valuation is based on the premise that the Plan will continue in existence.

Section 4.1 The participant data used for the actuarial valuation.

Section 4.2 The plan provisions valued in the actuarial valuation.

Section 4.3 The actuarial funding method, procedures and actuarial assumptions.

Section 4.1

Plan Participants

A. Participant Data Reconciliation

	Active Members	Inactive Members ⁽¹⁾				Total
		With Deferred Benefits	Retired Members	Disabled Members	Beneficiaries	
As of January 1, 2011	2,333	258	1,037	13	80	3,721
Age Retirements	(57)	(7)	64	-	-	-
Disability Retirements	-	-	-	-	-	-
Deaths Without Beneficiary	(1)	-	(16)	-	(1)	(18)
Deaths With Beneficiary	(3)	-	(4)	(2)	9	-
Nonvested Terminations	(37)	-	-	-	-	(37)
Vested Terminations	(30)	30	-	-	-	-
Rehires	2	(2)	-	-	-	-
Cashouts	(133)	(12)	-	-	-	(145)
Expiration of Benefits	-	-	-	-	-	-
Data Corrections	-	1	-	-	-	1
Transfers Out	-	-	-	-	-	-
Pick Ups	-	-	-	-	-	-
Net Change	(259)	10	44	(2)	8	(199)
New Entrants During the Year	285	-	-	-	-	285
As of January 1, 2012	2,359	268	1,081	11	88	3,807

⁽¹⁾ Excludes nonvested terminated members who are due a refund of member contributions as of the valuation date.

Section 4.1

B. Count of Active Members

Age ⁽¹⁾	Years of Service ⁽²⁾								Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 35	
Under 20	-	-	-	-	-	-	-	-	-
20-24	58	1	-	-	-	-	-	-	59
25-29	176	26	-	-	-	-	-	-	202
30-34	167	74	8	1	-	-	-	-	250
35-39	121	78	44	6	-	-	-	-	249
40-44	129	85	51	32	6	-	-	-	303
45-49	126	92	53	42	45	16	1	-	375
50-54	106	68	66	49	46	22	4	-	361
55-59	88	50	52	68	31	16	4	1	310
60-64	36	43	42	15	21	11	3	6	177
65-69	8	9	9	3	8	2	3	-	42
Over 70	3	3	-	2	-	-	1	-	9
Total	1,018	529	325	218	157	67	16	7	2,337

C. Average Compensation

Age ⁽¹⁾	Years of Service ⁽²⁾								Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 35	
Under 20	-	-	-	-	-	-	-	-	-
20-24	\$36,007	\$39,086	-	-	-	-	-	-	\$36,059
25-29	\$40,943	\$52,175	-	-	-	-	-	-	\$42,389
30-34	\$42,822	\$52,508	\$55,427	\$62,460	-	-	-	-	\$46,171
35-39	\$45,398	\$53,946	\$57,563	\$70,784	-	-	-	-	\$50,837
40-44	\$42,993	\$53,245	\$61,421	\$60,760	\$50,344	-	-	-	\$50,993
45-49	\$44,903	\$52,055	\$55,389	\$60,024	\$63,708	\$59,862	\$55,753	-	\$52,757
50-54	\$42,199	\$52,373	\$52,324	\$53,673	\$63,322	\$65,831	\$58,901	-	\$51,841
55-59	\$42,031	\$49,604	\$51,642	\$54,984	\$54,526	\$69,805	\$61,853	\$54,705	\$50,686
60-64	\$41,433	\$53,200	\$53,374	\$56,284	\$63,272	\$56,825	\$63,355	\$76,330	\$53,486
65-69	\$48,692	\$47,569	\$43,885	\$56,582	\$56,206	\$47,428	\$87,290	-	\$52,113
Over 70	\$43,873	\$40,799	-	\$54,807	-	-	\$39,108	-	\$44,749
Total	\$42,561	\$52,332	\$54,830	\$57,087	\$60,831	\$63,327	\$64,363	\$73,241	\$49,898

(1) Attained age last birthday.

(2) Attained service last hire date. Excludes 22 members on leave of absence.

D. Inactive Members - Annual Benefits

Attained Age	Members With Deferred Benefits ⁽¹⁾		Retired Members ⁽²⁾		Beneficiaries	
	No.	Benefit	No.	Benefit	No.	Benefit
Under 50	132	\$ 1,188,837	5	\$ 145,150	9	\$ 101,181
50 - 54	83	825,952	56	1,629,722	4	56,877
55 - 59	43	417,130	159	3,504,985	3	42,149
60 - 64	10	77,500	249	4,395,060	13	108,546
65 - 69	-	-	248	3,523,772	16	190,058
70 - 74	-	-	150	2,088,264	13	172,093
75 - 79	-	-	107	1,278,116	10	115,241
80 - 84	-	-	71	800,689	14	125,277
Over 84	-	-	47	402,452	6	36,235
Total	268	\$ 2,509,419	1,092	\$ 17,768,210	88	\$ 947,657

(1) Includes 9 deferred disabled participants.

(2) Includes 11 disabled participants.

Section 4.1

E. Participant Statistics

Inactive Participants as of January 1, 2012	No.	Amount of Annual Benefit
Participants Receiving Benefits		
• Retired	1,092	\$ 17,768,210
• Beneficiaries	88	947,657
Total	1,180	\$ 18,715,867
Participants with Deferred Benefits		
• Vested Terminated	258	\$ 2,368,513
• Beneficiaries	1	10,584
• Disabled	9	130,322
Total	268	\$ 2,509,419

Statistics for Active Participants	No.	Average		
		Age	Service ⁽¹⁾	Earnings
As of January 1, 2011				
• Continuing	2,021	46.2	9.5	\$ 49,700
• New ⁽²⁾	296	38.3	0.9	39,826
Total	2,317	45.2	8.4	\$ 48,439
As of January 1, 2012				
• Continuing	2,046	46.5	9.6	\$ 51,363
• New ⁽²⁾	291	38.5	0.8	39,598
Total	2,337	45.5	8.5	\$ 49,898

⁽¹⁾ Service since date of hire.

⁽²⁾ Includes rehires.

Summary of Plan Provisions ***El Paso County Retirement Plan***

Effective Date and Plan Year

Originally effective September 1, 1967; the plan was last amended and restated effective January 1, 2012. The plan year is January 1, through December 31.

Administration

The plan is administered by the El Paso County Board of Retirement which consists of five voting members and two Associate members. The five voting members include the Treasurer of El Paso County, two non-elected employees of participating employers, and two registered electors of El Paso County appointed by the Board of County Commissioners.

Type of Plan

A self-administered defined benefit pension plan.

Employers Included

El Paso County, Colorado, El Paso County Health Department, Pikes Peak Library District, Office of the 4th Judicial District, El Paso County Board of Retirement.

Employees Included

A Covered Employee is any elected or appointed officer or any person employed by the employer who is defined as a full-time employee or a job-share employee by the employer. A Covered Employee participates in the plan on the first date of employment.

Service

Credited Service is the sum of Past Service, Membership Service and Purchased Service and is used in determining the amount of pension benefits and benefit eligibility. Past Service and Membership Service are periods of employment before and after September 1, 1967, respectively, and are measured in years and months. Past Service is limited to five years, and Purchased Service is also limited to 5 years and is subject to additional conditions.

Compensation

Total regular compensation excluding bonuses, extra pay, overtime, etc., but including any deferred compensation. The amount of compensation for plan purposes for any participant, who first became a participant on or after January 1, 1996, is limited in any year to a maximum of \$250,000 (as indexed).

Final Average Monthly Compensation

The average compensation of the highest paid 36 consecutive calendar months within the last 120 calendar months of Credited Service.

County Contributions

The County will contribute an amount that along with participant contributions will be sufficient to provide benefits provided by the plan and pay all administrative expenses of the plan. Such County contributions must at least match participant contributions.

Member Contributions

Effective January 1, 1986, members are required to make monthly contributions equal to 6% of earnings. Effective January 1, 2010, the required monthly member contribution is equal to 6.5% of earnings. The member monthly contribution rate becomes 7.0% effective January 1, 2011, 7.5% effective January 1, 2012 and 8.0% effective January 1, 2013. The rate of interest credited on member contributions after July 1, 2005 is 3% per year monthly compounded annually, or such other rate as established by the Retirement Board.

Normal Form of Benefit

The Normal Form of Benefit provided by the plan is a 10-year certain and life annuity payable monthly.

Accrued Benefit

The benefit determined as for normal retirement payable at the member's normal retirement date considering current earnings and service.

Normal Retirement Benefit

Normal retirement date for a member hired before January 1, 2010 is the first of the month on or after attainment of age 62. Normal retirement date for a member hired between January 1, 2010 and December 31, 2012 is the first of the month on or after attainment of age 62, but not before the completion of 60 months of continuous service. Normal retirement date for a member hired after December 31, 2012 is the first of the month on or after attainment of age 62, but not before the completion of 96 months of continuous service.

If hired before January 1, 2010, the monthly benefit payable at normal retirement is equal to 2.22% times final average monthly compensation, times years of Credited Service earned through December 31, 2012 plus 2.00% times final average monthly compensation, times years of Credited Service earned on or after January 1, 2013.

If hired after December 31, 2009, the monthly benefit payable at normal retirement is equal to 2.00% times final average monthly compensation, times years of Credited Service.

If hired before January 1, 2013, such benefit will not be greater than 75% of the member's final average monthly compensation. If hired after December 31, 2012, such benefit will not be greater than 60% of the member's final average monthly compensation.

Late Retirement Benefit

The benefit is equal to the Normal Retirement Benefit, recognizing Credited Service and increased compensation to postponed retirement date.

Special Early Retirement Benefit

An active member may elect to retire with a special early benefit if the sum of his age and years of employment equals at least 75 upon termination of employment. If hired between January 31, 2010 and December 31, 2012, the member must have five or more years of Credited Service. If hired after December 31, 2012, the member must have eight or more years of Credited Service. The benefit will be equal to his accrued benefit unreduced for early payment.

Regular Early Retirement Benefit

An active or vested terminated member may elect to retire on the first of any month after the attainment of age 55. If hired before January 1, 2013, the member must have five or more years of Credited Service. If hired after December 31, 2012, the member must have eight or more years of Credited Service. The benefit will be equal to his accrued benefit reduced by .25% per month for each month by which his early retirement date precedes age 62.

Terminated Vested Benefit

A member who terminates employment with five or more years of Credited Service if hired before January 1, 2013, or eight years if hired after December 31, 2012, before he is eligible to receive immediate retirement benefits may elect to receive either his accumulated contributions, in lieu of all other benefits, or his vested accrued benefit payable at his normal retirement date. The member may also elect to receive a reduced benefit at an earlier commencement date.

A member who terminates employment before becoming vested is entitled to a refund of his accumulated contributions with interest.

Disability Benefit

An active member who becomes permanently and totally disabled under their employer's long-term disability insurance program, or Social Security disability, is entitled to receive a benefit payable at his normal retirement date. This benefit is based on his average monthly compensation for the calendar year prior to the calendar year in which disablement occurred and the Credited Service he would have accumulated to such retirement date. Payments will be made for ten years certain and life thereafter.

Death Benefit

Death of a Member Prior to Benefit Commencement

In the event a member, either actively accruing service, disabled or terminated vested, dies before payments commence, the following benefits shall be paid:

If such member is not vested at his death, there shall be paid the Beneficiary the member's accumulated contributions at the date of death.

If such member is vested at his death, one of the following death benefits shall be payable to his spouse, at her sole option:

Two times the member's accumulated contributions at the date of death; or

A monthly benefit, payable for life, in an amount equal to 60% of the member's Accrued Benefit on his date of death, reduced if the spouse is more than five years younger than the member. Such death benefit shall commence on the first day of the month coincident with or following the later of the date the member would have attained age 55 or date of death. If the member dies while in active service, on or after attainment of age 62, the surviving spouse is eligible to receive a monthly benefit payable for life as if the member retired the day before death and elected the 100% joint and survivor annuity.

Death After Retirement

A lump sum death benefit of \$3,000 is payable to the member's designated beneficiary. In addition, applicable benefits will be paid if the member has elected an option providing for payments to a beneficiary, or has elected the normal form of benefit and dies prior to having received benefits for 120 months, or prior to having received benefits equal to his total accumulated contributions as of the date of his retirement.

Optional Retirement Benefits

In lieu of the Normal Form of Benefit (10-year certain and life), a member may elect to receive an adjusted amount, payable for life only, or an amount payable as a 100% or 50% joint and survivor benefit. 100% and 50% joint and survivor benefits with benefits increases if beneficiary dies first are also available options.

Summary of Actuarial Methods, Procedures and Assumptions

A. Entry Age Actuarial Cost Method

Liabilities and contributions shown in this report are computed using the **Entry Age** actuarial method of funding.

Sometimes called a “funding method,” this is a particular technique used by actuaries for establishing the amount and incidence of the annual actuarial cost of pension plan benefits, or normal cost, and the related unfunded actuarial accrued liability. Ordinarily the annual contribution to the plan is comprised of (1) the normal cost and (2) an amortization payment on the unfunded actuarial accrued liability.

Under the Entry Age Actuarial Cost Method, the **Normal Cost** is computed as the level percentage of pay which, if paid from the earliest time each Member would have been eligible to join the Plan if it then existed (thus, entry age) until his retirement or termination, would accumulate with interest at the rate assumed in the valuation to a fund sufficient to pay all benefits under the Plan.

The Normal Cost for the Plan is determined by summing individual results for each active Member and determining an average normal cost rate by dividing the summed individual normal costs by the total payroll of Members before assumed retirement age.

The **Actuarial Accrued Liability** under this method at any point in time is the theoretical amount of the fund that would have accumulated had annual contributions equal to the Normal Cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date.) The **Unfunded Actuarial Accrued Liability** is the excess of the Actuarial Accrued Liability over the Actuarial Value of Plan Assets actually on hand on the valuation date.

Under this method experience gains or losses, i.e. decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the Unfunded Actuarial Accrued Liability.

B. Asset Valuation Method

The Actuarial Value of Assets is based on a five-year moving average of expected and market values determined as follows:

- at the beginning of each plan year, a preliminary expected actuarial asset value is calculated as the sum of the previous year’s actuarial value increased with a year’s interest at the Plan valuation rate, plus net cash flow (including investment expenses) adjusted for interest (at the same rate) to the end of the previous plan year, plus interest (at the same rate) on the prior year’s unrecognized asset bases to the end of the previous plan year;
- the expected actuarial asset value is set equal to the preliminary expected actuarial value plus the unrecognized investment gains and losses as of the end of the previous plan year;
- the difference between the expected actuarial asset value and the market value is the investment gain or loss for the previous plan year;
- the final actuarial asset value is the preliminary value plus 20% of the investment gains and losses for each of the five previous plan years, but in no case more than 120% of the market value or less than 80% of the market value,

C. Valuation Procedures

No actuarial liability is included for members who terminated nonvested prior to the valuation date, except those due a refund of contributions.

The compensation amounts used in the projection of benefits and liabilities were January 1, 2012, rates of pay.

In computing accrued benefits, average earnings were determined using actual earnings histories supplied by El Paso County.

No termination or retirement benefits were projected to be greater than the dollar limitation required by the Internal Revenue Code Section 415 for governmental plans.

D. Actuarial Assumptions

Interest: 8.0% per annum, compounded annually, net of investment expenses.

Mortality: The mortality assumption includes an appropriate amount of conservatism that reflects expected future mortality improvement. The use of the current mortality assumption results in a liability greater than the RP-2000 combined table, projected with Scale AA to 7 years beyond the valuation date for annuitants and 15 years beyond the valuation date for non-annuitants. Sample rates are as follows:

**1994 Group Annuity
Mortality Table
Setback 1 Year**

Per 100 Members		
Age	Male	Female
20	0.05	0.03
25	0.06	0.03
30	0.08	0.03
35	0.09	0.05
40	0.10	0.07
45	0.15	0.09
50	0.23	0.13
55	0.40	0.21
60	0.71	0.39
64	1.15	0.67

Withdrawal:

Per 100 Members		
Age	Male	Female
20	24.50	28.26
25	20.23	23.95
30	15.95	19.63
35	12.30	15.06
40	9.26	11.30
45	6.68	8.29
50	4.48	6.04
55	2.81	5.07
60	1.15	4.10
64	0.80	2.42

Withdrawal rates are not applied after a member becomes eligible for retirement benefits.

Disability:

Disability rates are the rates at which active Plan members are expected to become disabled, and to be eligible for plan disability retirement. Sample rates are as follows:

Per 100 Members	
Age	Disablement
20	0.06
25	0.06
30	0.06
35	0.09
40	0.12
45	0.20
50	0.28
55	0.50
60	0.72
64	0.77

Post-Disability Mortality:

Members who are receiving disability retirement benefits are expected to have a higher mortality risk than other retirees or active plan members. The disability mortality is based on the 1983 Railroad Board Disabled Mortality Table. Sample rates are as follows:

Per 100 Members	
Age	Disabled Mortality
20	0.01
25	1.68
30	1.06
35	1.14
40	1.35
45	2.00
50	3.16
55	3.78
60	4.25
64	4.88

Salary Increase:

Anticipated salary increases include both inflationary and merit increases. Merit increases are anticipated to be greater at younger ages. A composite salary increase assumption based on age is, therefore, applied. Sample rates are as follows:

Attained Age	Percentage Increase at Attained Age			Ratio of Salary at Age 65 to Salary at Attained Age
	Merit	Inflation	Total	
20	8.1%	3.5%	11.6%	22.84
25	6.5	3.5	10.0	13.42
30	4.4	3.5	7.9	8.60
35	3.5	3.5	7.0	5.87
40	2.9	3.5	6.4	4.19
45	2.7	3.5	6.2	3.08
50	2.5	3.5	6.0	2.28
55	2.3	3.5	5.8	1.71
60	2.0	3.5	5.5	1.29
64	1.2	3.5	4.7	1.05

Salary Limit Increase:

3.5% per year, rounded down to nearest \$10,000.

Section 4.3

Retirement Rates:

According to the following table based on eligibility for reduced or unreduced retirement benefits.

Per 100 Members		
Attained Age	Unreduced	Reduced
49 & Before	5.0	-
50	30.0	-
51	30.0	-
52	30.0	-
53	30.0	-
54	40.0	-
55	40.0	1.6
56	40.0	2.1
57	30.0	2.6
58	30.0	3.1
59	25.0	3.6
60	25.0	4.1
61	30.0	4.6
62	30.0	-
63	20.0	-
64	20.0	-
65	30.0	-
66-69	20.0	-
70	100.0	-

Expense Loading:

Loading for administrative expenses is based on an estimate for the year, provided by the Retirement Board. For 2012, the administrative expense loading is \$524,150.

Percent Married:

85% of all members are assumed to have eligible spouses.

Age Difference:

A husband is assumed to be three years older than his wife.

**Age for
Commencement of
Deferred Vested Benefits:**

Active Members: 55
Terminated Members: 62

**Amortization of the
Unfunded Actuarial
Accrued Liability**

The Unfunded Actuarial Accrued Liability is amortized as a level percent of payroll over an open amortization period of 30 years. Payroll is assumed to increase 3.5% per year for this purpose.