

CITY OF SAN JOSE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
 JUNE 30, 2011 ACTUARIAL VALUATION

SECTION I
 BOARD SUMMARY

Projection Set 2: Projected Employer Contribution Rate

The chart below shows projected member contribution rates (teal bars) and City contribution rates (gold bars) compared to the similar projection based on the 2010 valuation (red line). City contribution rates are expected to increase over the next several years as the 2008-09 investment losses are fully recognized, but the long-term projection is significantly lower than the projection from the 2010 valuation.

Chart 1: 7.5% return each year – percentage of pay

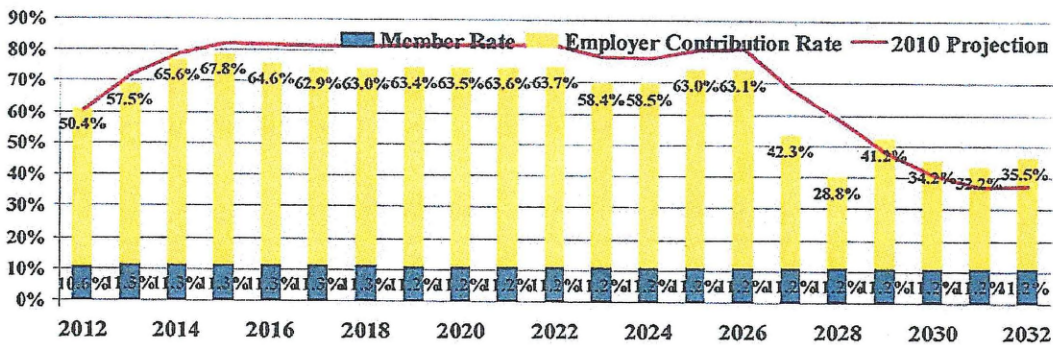
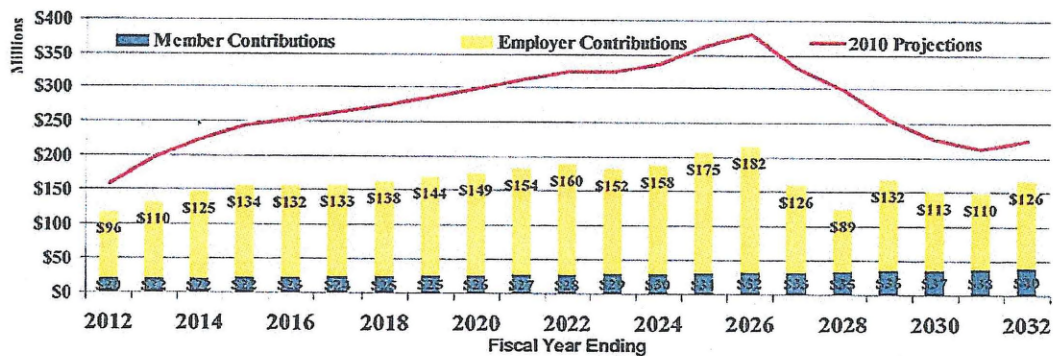


Chart 2: 7.5% return each year – dollar contribution amounts



FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM
 JUNE 30, 2011 ACTUARIAL VALUATION

SECTION I
 BOARD SUMMARY

Projection Set 2: Projected Employer Contribution Rate

As shown in Chart 1 below, employer contribution rates are expected to increase over the next two years as the 2008-09 investment losses are fully recognized, and then decline as the subsequent investment gains are realized. These contribution rates are significantly greater than those projected in the prior valuation (red line). However, much of the increase is due to the reduction in payroll. As shown in Chart 2 below, the projected amount of the contribution is less than what was projected in the prior valuation. Varying investment returns, as shown in Charts 3 and 4, can significantly alter the projected contribution rates and amounts.

Chart 1: 7.5% return each year – Percentage of Pay

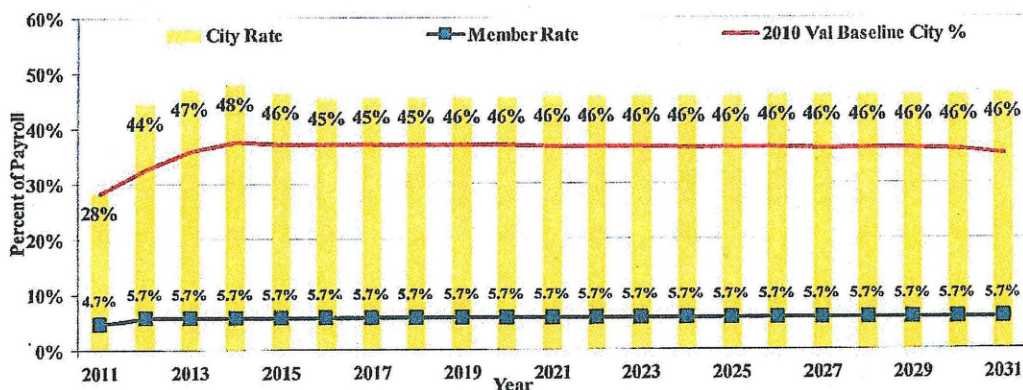


Chart 2: 7.5% return each year – Dollar Contributions

