



1000 Mill Street
San Luis Obispo, Ca 93408
Phone: (805) 781-5465 / Fax: (805) 781-5697
Email: PensionTrust@co.slo.ca.us

San Luis Obispo County Pension Trust

Date: January 22, 2009
TO: All Active and Reserve Members
FROM: Tony Petruzzi
Executive Secretary
RE: Interest Crediting Rate for 2009

At the Regular Meeting held November 24, 2008, pursuant to Section 5.06 and Section 5.07 of the Retirement Plan, the Board of Trustees approved the interest crediting rate for 2009 for both Employee Normal Contribution Accounts and Employee Additional Contribution Accounts.

The Employee Normal Contribution Account is an account that is established for each Active and Reserve Member of the Pension Trust. The Normal Contribution Account is used to fund the Current Service Annuity portion of your retirement allowances.

The interest crediting rate for Normal Contribution Accounts for 2009 is 7.25%

The Employee Additional Contribution Account is an account that is established to hold Additional Contributions made voluntarily by employees. Also, the Additional Contribution Account may hold contributions deposited to the Pension Trust by the County. An example of this type of additional contribution would be in the case where the County pick up of a Member's contribution is greater than a Member's contribution rate. The "pick up" contributions in excess of the Member's contribution rate are deposited to that Member's Additional Contribution Account. For some Members, the Additional Contribution Account may also hold deposits made by the Pension Trust during the period when there were excess actuarial earnings.

The Additional Contribution account provides additional benefits to you at retirement – how it is applied to your retirement allowance is your decision (subject to the provisions of the Retirement Plan).

The interest crediting rate for Additional Contribution Accounts for 2009 is 7.25%

The policy for establishing the interest crediting rate for Additional Contribution Accounts will change in 2010. Because Additional Contribution Accounts do not apply toward funding the basic retirement allowances set forth in the Retirement Plan, the Board of Trustees has determined that in the future, the policy to establish the interest crediting rate for Additional Contribution accounts shall be based on the performance of the investment portfolio. Under this policy the rate of interest credited to Additional Contribution Accounts will vary based on market performance. If the market performance is negative, the Additional Contribution Account will not be credited with interest. The maximum interest crediting rate for the Additional Contribution Account will be equal to the actuarial assumed earnings rate approved by the Board of Trustees (currently the actuarial assumed earnings rate is 7.75%). **The policy to establish the interest crediting rate based on investment performance for Additional Contribution Accounts does not go into effect until 2010.**