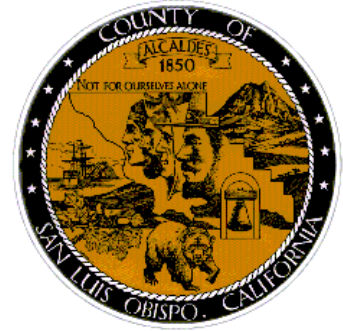


Pension Trust

County of San Luis Obispo

1000 Mill Street,
San Luis Obispo, CA 93408
Phone: (805) 781-5465 Fax: (805) 781-5697



Date: December 11, 2009
To: All Active and Reserve Members
From: Tony Petruzzi, Executive Secretary

Re: **Interest Crediting Rate for 2010**

At the Regular Meeting held November 23, 2009, pursuant to Section 5.06 and Section 5.07 of the Retirement Plan, the Board of Trustees approved the interest crediting rate for 2010 for both Employee Normal Contribution Accounts and Employee Additional Contribution Accounts.

Normal 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 2010 is 7.25%.**

Additional Contribution Accounts:

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 from 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 certain past years 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 based on provisions of the Retirement Plan.

Additional Contribution Accounts do not apply toward funding the basic retirement allowances of the Retirement Plan. The Board of Trustees has determined that the interest crediting rate for Additional Contribution Accounts shall be benchmarked to the rate being credited by Great West Retirement Services on the Government Guaranteed Fund (this fund is one of the investment options available to participants in the County's Deferred Compensation Plan). Under this policy the rate of interest credited to Additional Contribution Accounts will vary based on the rate established for that fund which is currently 3.80%. The Board of Trustees reviews this rate annually, however, the Board may adjust this rate at any time as market conditions warrant. **The interest crediting rate for Additional Contribution Accounts for 2010 is currently 3.80%.**