

Pension Trust

County of San Luis Obispo

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Date: November 21, 2011
To: All Active and Reserve Members
From: Tony Petruzzi, Executive Secretary

Re: **Interest Crediting Rates for 2012**

At the Regular Meeting held November 21, 2011, pursuant to Section 5.06 and Section 5.07 of the Retirement Plan, the Board of Trustees approved the interest crediting rates for 2012 for 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 2012 is 7.25%.

Additional Contribution Accounts:

The Employee Additional Contribution Account is an account that is established for Additional Contributions made voluntarily by employees. Also, the Additional Contribution Account may hold contributions from your employer. An example of this type of additional contribution would be in the case where the Employer's 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 based on the provisions 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 Guaranteed Government Fund (one of the investment options available to participants in the Deferred Compensation Plan). The Board of Trustees may adjust this rate at any time as market conditions warrant. At present the rate of interest credited to Additional Contribution Accounts will vary based on the rate established for that fund for the 4th quarter of the preceding calendar year. For 2011 this rate was 3.45% based on the 4th quarter of 2010 rate. For the 4th quarter of 2011 the rate on this account was 2.80%.

The interest crediting rate for Additional Contribution Accounts for 2012 is 2.80%.