

2010 Annual Report Summary

Board of Trustees—December 31, 2010

Caryn Maddalena, *President*
Matt Janssen, *Vice President*
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Jeff Hamm
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Gere Sibbach

Issued by:

Tony Petruzzi, *Executive Secretary*
Carl Nelson, *Deputy Executive Secretary*
Bert Kyzer, *Accountant/Auditor*

Contact Information

805/781-5465
www.SLOPensionTrust.org
PensionTrust@co.slo.ca.us

**San Luis Obispo
County Pension
Trust**



*A Pension Trust Fund for the County of San Luis Obispo,
San Luis Obispo, California*



The mission of the San Luis Obispo County Pension Trust is to adequately fund and promptly pay the benefits accrued by Employees of San Luis Obispo County pursuant to the provisions of the San Luis Obispo County Employees Retirement Plan and consistent with Article 16, Section 17 of the California State Constitution.

Annual Report Summary
For the Year Ended December 31, 2010

Comments from the Pension Trust Executive Secretary:

I am pleased to present this summary of the Annual Financial Report for the San Luis Obispo County Pension Trust (the "Pension Trust") for the year ended December 31, 2010. The Comprehensive Annual Financial Report (CAFR) provides a more complete overview of the Pension Trust's financial position and operating results and is available at the Pension Trust offices or at www.SLOPensionTrust.org.

The Pension Trust provides retirement allowances and other benefits to its members employed by the County of San Luis Obispo and various agencies such as the Superior Courts, the Local Agency Formation Commission, and the Air Pollution Control District. The Pension Trust is governed by a seven member Board of Trustees.

Fund Status:

The Pension Trust's funding objective is to meet its long-term benefit promises by accumulating assets to eventually pay all its liabilities. As of the end of 2010 the funded status of the Pension Trust stood at 78% - comparing the Actuarial Accrued Liability to the Actuarial Value of Assets. An actuarial valuation is performed each year and an Annual Required Contribution (ARC) rate is set by the Board of Trustees. For 2010 the average ARC as a percentage of covered payroll was 34.08%. It is the policy of the employers to contribute the full ARC over time through a combination of Employer appropriations and Employee contributions. The third source of funding for the Pension Trust comes from investment earnings.

Investments:

The Board of Trustees has full authority over the investments of the Pension Trust and implements its investment function through the adoption of a written Investment Policy, the use of an Investment Consultant, various professional investment managers and qualified Staff. The Pension Trust uses a diversified investment portfolio managed by multiple professional investment management firms. The total rate of return on the Pension Trust's assets is summarized below both by individual years and on a cumulative basis for periods ending December 31, 2010.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Pension Trust Total Returns	10.9%	4.7%	-27.6%	23.3%	14.2%
	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>	
Cumulative Returns (annual rate)	14.2%	0.3%	3.2%	4.4%	

Benefits Paid:

During 2010 the Pension Trust paid \$46.8 million to 1,946 recipients (as of year end). Of this amount, the payments are sent approximately as follows - Within San Luis Obispo County **78%**, elsewhere in California 9%, out of state 13%. The vast majority of retirement benefits paid by the Pension Trust are presumably spent within San Luis Obispo County which contributes significantly to the level of business activity in the community.

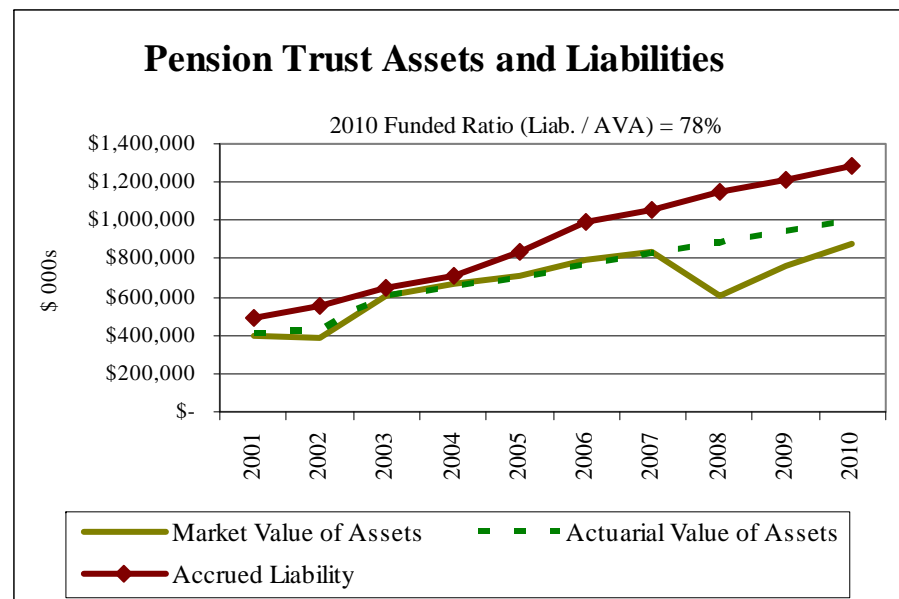
Respectfully submitted,

Albert A. Petruzzi
Executive Secretary
San Luis Obispo County Pension Trust

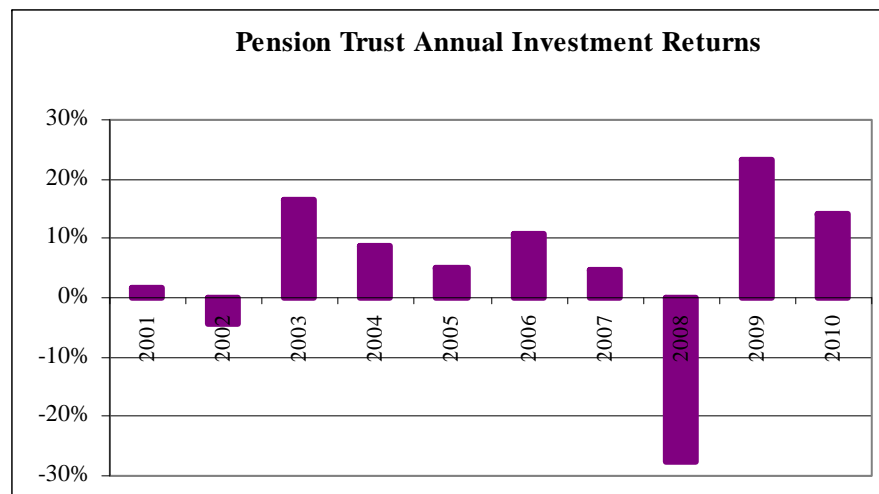
Pension Trust Net Assets

Pension Trust	Net Assets	Change in Net Assets
\$ 000s		
2001	\$ 398,382	\$ 8,768
2002	390,559	(7,823)
2003	611,141	220,582
2004	667,539	56,398
2005	705,837	38,299
2006	788,997	83,159
2007	832,236	43,239
2008	610,287	(221,949)
2009	764,989	154,702
2010	880,953	115,965

Funded Status

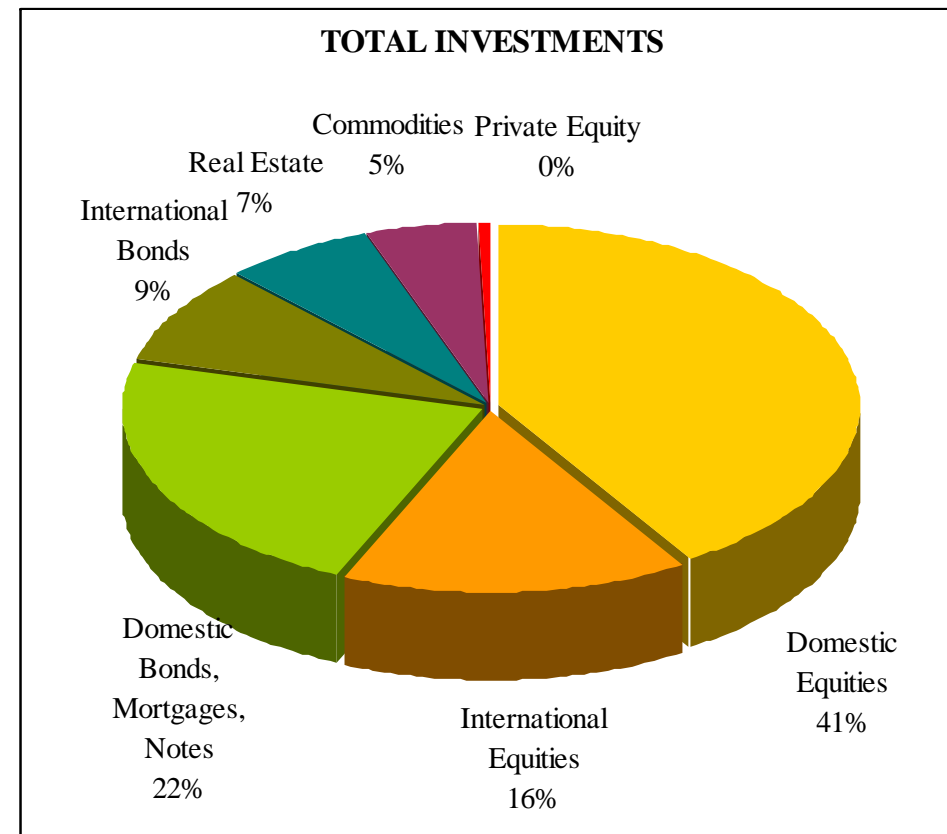


Investment Returns



Investments

The investment policy adopted by the Pension Trust's Board of Trustees is reviewed on a regular basis and the asset mix of the Pension Trust assets is regularly rebalanced. As of December 31, 2010 the assets of the Pension Trust included over \$870 million in investments allocated as shown below.



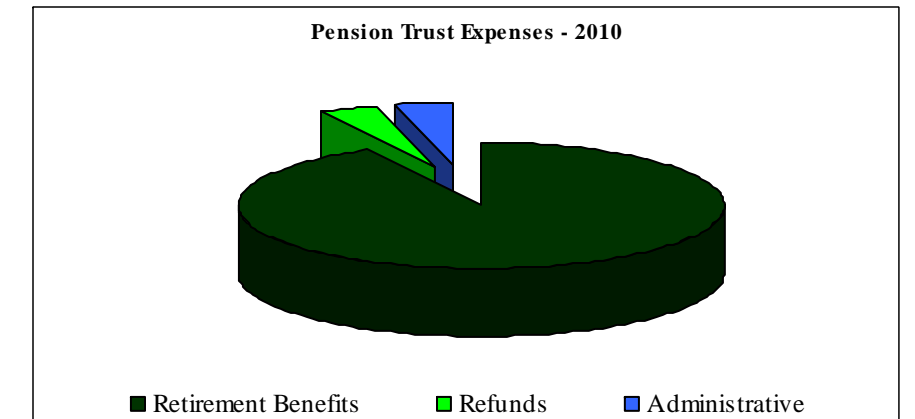
Fund Revenue

Revenue	Employer Pension Contributions	Employee Pension Contributions	Net Investment Income	TOTAL REVENUE
\$ 000s				
2006	\$ 19,177	\$ 15,497	\$ 78,578	\$ 113,252
2007	24,014	17,406	37,640	79,060
2008	30,860	22,840	(234,539)	(180,838)
2009	31,427	24,170	144,482	200,080
2010	32,148	24,549	110,054	166,751

The primary sources of funds to finance retirement benefits are Employer and Employee contributions as well as investment earnings. Net Investment Income is: the total of interest, dividends, real estate net operating income and changes in market value of all investments; less investment management and custody costs.

Fund Expenses

Expense	Retirement Benefits	Refunds & Death Benefits	Administrative Expense	TOTAL EXPENSE
\$ 000s				
2006	\$ 27,037	\$ 1,522	\$ 1,533	\$ 30,092
2007	32,100	2,092	1,629	35,821
2008	37,098	2,213	1,771	41,082
2009	42,028	1,620	1,730	45,378
2010	46,801	2,005	1,981	50,787



Pension Trust Membership

Members at Dec. 31st	Active Members	Deferred Vested Members	Retiree and Beneficiary	Disability Recipients	TOTAL
2006	2,620	504	1,409	134	4,667
2007	2,662	481	1,513	146	4,802
2008	2,657	489	1,580	161	4,887
2009	2,506	476	1,724	166	4,872
2010	2,479	475	1,771	175	4,900

As of December 21, 2010, the average retirement benefit = \$24,888/year.

More detailed information on the financial status of the Pension Trust can be found in the Comprehensive Annual Financial Report (CAFR) which is available at the Pension Trust offices or at:

www.SLOPensionTrust.org