

NEW HAMPSHIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT
AS OF JUNE 30, 2009

December 3, 2009

Board of Trustees
New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301-8509

Re: New Hampshire Retirement System Actuarial Valuation as of June 30, 2009

Dear Board Members:

The results of the June 30, 2009 Annual Actuarial Valuation of the New Hampshire Retirement System (NHRS) are presented in this report. The purpose of the valuation was to measure the System's funding progress and to determine the employer contribution rate for Fiscal Years 2012 and 2013.

The valuation was based upon information, furnished by NHRS staff, concerning Retirement System benefits, financial transactions, and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data.

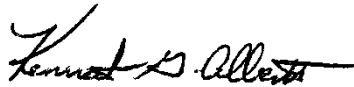
The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. We believe that the assumptions and methods used in this report are reasonable and appropriate for the purpose for which they have been used. However, other assumptions and methods could also be reasonable and could result in materially different results. In addition, because it is not possible or practical to consider every possible contingency, we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.

If there is other information that you need in order to make an informed decision regarding the matters discussed in this report, please contact us.

We certify that the information contained in this report is accurate and fairly presents the actuarial position of the New Hampshire Retirement System as of June 30, 2009. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

The undersigned actuaries are independent of the plan sponsor, are Members of the American Academy of Actuaries (MAAA) as indicated, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Kenneth G. Alberts



David T. Kausch, FSA, EA, MAAA

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SECTION A
INTRODUCTION

Executive Summary

Covered Group	Employees	Teachers	Police	Fire	Total
I. Number of Participants as of June 30, 2009					
a. Actives	26,352	18,709	4,318	1,653	51,032
b. Retirees, Disabilities, and Beneficiaries	12,192	8,507	2,565	1,237	24,501
c. Vested Terminations	752	574	54	11	1,391
d. Total	39,296	27,790	6,937	2,901	76,924
e. Total Covered Annual Payroll	\$1,079,156,633	\$1,003,513,833	\$257,934,280	\$107,682,296	\$2,448,287,042
II. Long Range Pension Cost					
a. Actuarial Present Value of Projected Benefits	\$3,643,015,430	\$4,076,294,453	\$1,940,364,468	\$988,480,371	\$10,648,154,722
b. Actuarial Present Value of Future Normal Costs	859,989,870	686,537,249	390,249,778	236,326,008	2,173,102,905
c. Actuarial Accrued Liability (AAL): a. – b.	2,783,025,560	3,389,757,204	1,550,114,690	752,154,363	8,475,051,817
d. Valuation Assets	1,600,149,974	1,957,103,419	940,825,262	439,240,851	4,937,319,506
e. Unfunded Actuarial Accrued Liability (UAAL): c. – d.	1,182,875,586	1,432,653,785	609,289,428	312,913,512	3,537,732,311
f. Funded Status	57.5%	57.7%	60.7%	58.4%	58.3%
III. Current Cost					
Total Normal Cost (% of Covered Payroll)	9.72%	8.51%	18.92%	21.19%	10.72%
UAAL Contribution (% of Payroll)	6.14%	8.00%	13.30%	16.36%	8.11%
Total Pension Contribution (% of Payroll)	15.86%	16.51%	32.22%	37.55%	18.83%
Fiscal Year 2012					
Member Contributions (% of Payroll)	5.15%	5.00%	9.30%	9.30%	5.72%
Employer Pension Contribution (% of Payroll)	10.71%	11.51%	22.92%	28.25%	13.11%
Employer Health Contribution (% of Payroll)	1.60% *	2.44%	2.65%	2.65%	1.82%
Total Contributions for Fiscal Year 2012					
1. Percent of Payroll	12.31% *	13.95%	25.57%	30.90%	14.93%
2. Estimated Dollar Amount	\$143,655,984	\$159,752,051	\$75,264,237	\$37,970,967	\$416,643,239
Fiscal Year 2013					
Member Contributions (% of Payroll)	5.20%	5.00%	9.30%	9.30%	5.74%
Employer Pension Contribution (% of Payroll)	10.66%	11.51%	22.92%	28.25%	13.09%
Employer Health Contribution (% of Payroll)	1.60% *	2.44%	2.65%	2.65%	1.82%
Total Contributions for Fiscal Year 2013					
1. Percent of Payroll	12.26% *	13.95%	25.57%	30.90%	14.91%
2. Estimated Dollar Amount	\$149,477,047	\$166,940,893	\$78,651,128	\$39,679,661	\$434,748,729

* Political Subdivision Employees Health Contribution is 0.38%, Political Subdivision Employees FY2012 and FY2013 total contribution rates are 11.09% and 11.04% respectively.

Executive Summary
(Continued)

Covered Group	State Employees	Political Subdivision Employees	Teachers	Police and Fire	Grand Total
I. Number of Participants Covered by Post Retirement Health as of June 30, 2009					
a. Actives	0	0 *	3,810 *	5,971	9,781
b. Retirees, Disabilities, and Beneficiaries	2,268	1,301	4,179	2,461	10,209
c. Vested Terminations	0	0	0	11	11
d. Total	2,268	1,301	7,989	8,443	20,001
e. Total NHRS Covered Annual Payroll	\$ 508,752,493	\$ 570,404,140	\$ 1,003,513,833	\$ 365,616,576	\$ 2,448,287,042
II. Long Range Post-Retirement Health Cost					
a. Actuarial Present Value of Projected Benefits	\$ 90,841,086	\$ 61,467,594	\$ 249,070,136	\$ 319,525,432	\$ 720,904,248
b. Actuarial Present Value of Future Normal Costs	-	-	-	47,513,657	47,513,657
c. Actuarial Accrued Liability (AAL): a. – b.	90,841,086	61,467,594	249,070,136	272,011,775	673,390,591
d. Valuation Assets	-	36,255,033	20,575,292	119,970,116	176,800,441
e. Unfunded Actuarial Accrued Liability (UAAL): c. – d.	90,841,086	25,212,561	228,494,844	152,041,659	496,590,150
f. Funded Status	0.0%	59.0%	8.3%	44.1%	26.3%
III. Health Contributions					
For Fiscal Year 2012					
1. Percent of Payroll	1.60%	0.38%	2.44%	2.65%	1.82%
2. Estimated Dollar Amount	\$ 9,289,138	\$ 2,473,518	\$ 27,942,294	\$ 11,056,575	\$ 50,761,525
For Fiscal Year 2013					
1. Percent of Payroll	1.60%	0.38%	2.44%	2.65%	1.82%
2. Estimated Dollar Amount	\$ 9,707,149	\$ 2,584,827	\$ 29,199,697	\$ 11,554,121	\$ 53,045,794

* Must retire by July 1, 2009.

Discussion

Actuarial Valuation

This is the actuarial valuation of the New Hampshire Retirement System, prepared as of June 30, 2009. Valuations are prepared biennially, as of June 30 on the odd numbered years (2007, 2009, etc.). The June 30, 2009 actuarial valuation determines the FY 2012 and FY 2013 contribution rates.

The primary purposes of the valuation report are to measure the plan's liabilities, to estimate the required employer contribution rate in accordance with actuarial standards and the New Hampshire State Statute, and to analyze changes in NHRS' actuarial position.

In addition, the report provides information in connection with Governmental Accounting Standards Board Statement No. 25 and No. 43 (GASB No. 25 and GASB No. 43), and it provides summaries of the member data, financial data, plan provisions, and actuarial assumptions and methods.

Financing Objectives

NHRS is supported by member contributions, employer contributions, and net earnings on the investments of the fund. The member contribution rate is set by statute at 5.00% of member compensation for Group I Members (Employees and Teachers) and 9.30% of member compensation for Group II Members (Police and Fire) of member's compensation. The member contribution rate for all Group I state employees who are hired on or after July 1, 2009 is 7.0% of earnable compensation. The employer contributions are determined in accordance with statute by an actuarial valuation. Legislation was enacted in 2007 which requires the use of the entry-age actuarial cost method and a 30-year amortization of unfunded actuarial accrued liability in the determination of the employer contributions.

We have calculated the pension contribution rates that will satisfy the statute based on the June 30, 2009 valuation to be:

		Employer Contribution Rates				
		Employees	Teachers	Police	Fire	Total
FY 2012	Pension	10.71%	11.51%	22.92%	28.25%	13.11%
FY 2013	Pension	10.66%	11.51%	22.92%	28.25%	13.09%

In order for the statute to be satisfied, this entire rate must be contributed to the pension fund. The statute also requires that employers contribute the lesser of the "solvency rate" or 25% of total employer contributions to the 401(h) account for the medical subsidy. This is equivalent to the lesser of the "solvency rate" or 33 1/3% of employer pension contributions. In addition, a recent legal opinion by the Board's legal counsel has indicated that the 401(h) plan is split into the following groups: 1) State Employees; 2) Political Subdivision Employees; 3) Teachers and 4) Police/Fire. The table on the following page shows the pension and health subsidy contribution rates for each subgroup.

		Employer Contribution Rates					
		Political					
		State	Subdivision	Teachers	Police	Fire	Total
		Employees	Employees				
FY 2012	Pension	10.71%	10.71%	11.51%	22.92%	28.25%	13.11%
	Health	1.60%	0.38%	2.44%	2.65%	2.65%	1.82%
	Total	12.31%	11.09%	13.95%	25.57%	30.90%	14.93%
FY 2013	Pension	10.66%	10.66%	11.51%	22.92%	28.25%	13.09%
	Health	1.60%	0.38%	2.44%	2.65%	2.65%	1.82%
	Total	12.26%	11.04%	13.95%	25.57%	30.90%	14.91%

The 401(h) account balance for the State Employees is \$0 as of June 30, 2009. The June 30, 2011 projected 401(h) account balance for Teachers is \$0. The health contribution rates for State Employees and Teachers shown above are the estimated amounts needed for pay-as-you-go financing of the retiree health care subsidy. It is imperative that NHRS monitor collections closely to ensure the necessary funds are collected to provide the benefit.

Contribution Requirement

RSA 100 - A:16 II provides that the State shall pay 30% of the computed contribution (referred to in statute as the “normal contribution”) for all political subdivision employers who have members in the Teachers, Police and Fire divisions for fiscal year 2010 and 25% for fiscal year 2011. The State shall pay 35% for fiscal year 2012 and each fiscal year thereafter. The table below indicates this breakdown of obligations for these members:

	Employer Contribution Rates											
	Political Subdivision Employees*			Teachers			Police			Fire		
	Political Subdivision	State	Total	Political Subdivision	State	Total	Political Subdivision	State	Total	Political Subdivision	State	Total
Pension	10.71%	0.00%	10.71%	7.48%	4.03%	11.51%	14.90%	8.02%	22.92%	18.36%	9.89%	28.25%
Health	0.38%	0.00%	0.38%	1.59%	0.85%	2.44%	1.72%	0.93%	2.65%	1.72%	0.93%	2.65%
Total	11.09%	0.00%	11.09%	9.07%	4.88%	13.95%	16.62%	8.95%	25.57%	20.08%	10.82%	30.90%

* Political Subdivision Employees FY2013 total contribution rate is 11.04%.

In addition, there are two political subdivisions that are completing an initial buy-in to NHRS. Their remaining buy-in contributions are as follows:

Fund	Agency	UAAL as of 6/30/2009	2009/2010 Contribution	UAAL as of 6/30/2010	2010/2011 Contribution	UAAL as of 6/30/2011	Fiscal Year of Final Payment
Employees	Town of Raymond	\$ 16,674	\$ 2,667	\$ 15,424	\$ 2,667	\$ 14,068	2019
	Brookline Public Library	6,221	1,483	5,141	1,483	3,969	2014
	Total	\$ 22,895	\$ 4,150	\$ 20,565	\$ 4,150	\$ 18,037	

Funded Status

As of the valuation date, the Unfunded Actuarial Accrued Liability (UAAL) is \$3,537.7 million (pension only), and the funded ratio (the ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability) is 58.3%. This valuation was prepared using the Entry-Age Actuarial Cost Method.

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Actuarial Value of Assets

The Actuarial Value of Assets of the System is more than the Market Value of Assets by \$892 million as of the valuation date (see page 8). This difference will be gradually recognized over the next four years in the absence of future gains/losses.

System Assets include a Special Account reserve of approximately \$225 million (after the transfer described under "benefit provisions") that is available to finance future pension benefit enhancements such as future COLAs.

Legislation enacted in 2007 precludes any asset gains from being transferred to the Special Account until such time as the funded status of NHRS reaches 85%. As a result, no asset transfer will occur in FY 2010.

Benefit Provisions

Legislation enacted in 2009 is described on pages 88 and 89 of this report. The following changes in plan provisions had an impact on the results contained in the valuation:

- The member contribution rate for Group I state employees who were hired prior to July 1, 2009, and for Group I employees of political subdivision employers (such as cities, towns, school districts, and other local government employers) remains at 5.0% of earnable compensation. However, the member contribution rate for all Group I state employees who are hired on or after July 1, 2009 is 7.0% of earnable compensation;
- Historically, political subdivision employers paid 65% of the total NHRS employer cost ("employer contributions") for their teacher, firefighter, and police officer members. The State of New Hampshire paid the remaining 35% of the total employer cost. The State's share of the political subdivision employers' cost is reduced from 35% to 30% for the state fiscal year 2010, and to 25% for the state fiscal year 2011. The State's share reverts back to 35% for the state fiscal year 2012 and each fiscal year thereafter;

- Certain Group I teacher and political subdivision employee members who retire on or before July 1, 2009, if: (1) they were eligible to retire as of July 1, 2008, either prior to age 60 with at least 20 years of service, or prior to age 55 with at least 30 years of service, and (2) subsequent to July 1, 2008, they attain the applicable age, 60 or 55, respectively are eligible for the medical subsidy;
- Certain Group I teacher and political subdivision employee members who retire with a vested deferred retirement pension on or before July 1, 2009, if they were eligible to retire as of July 1, 2008, either: (1) with at least 20 years of Group I creditable service and had attained age 60, or subsequently attained age 60; or (2) with at least 30 years of Group I creditable service and had attained age 55, or subsequently attained age 55 are eligible for the medical subsidy;
- NHRS was required to re-certify employer contribution rates for fiscal years 2010 and 2011, based upon a July 1, 2009, state employee group other post-employment benefit (OPEB) state medical plan subtrust balance of \$0.00.

The July 1, 2009 post retirement COLA resulted in an increase in accrued liabilities of approximately \$46.4 million. In addition, there were 3 special post retirement Temporary Supplemental Allowances (TSAs) paid out as of July 1, 2009 totaling approximately \$14.8 million. Assets equal to the sum of these two amounts (\$61.2 million) were transferred from the Special Account to the net pension assets as of July 1, 2009. For purposes of the June 30, 2009 valuation, the transfer of \$46.4 was assumed to have occurred on June 30, 2009. The remainder of the transfer occurs July 1, 2009 (see page 10).

Actuarial Assumptions and Methods

Section F summarizes the current assumptions. There were no changes in methods and assumptions.

We believe the assumptions are internally consistent and are reasonable, based on the actual experience of NHRS. These actuarial assumptions and methods comply with the parameters for disclosure in GASB Statement No. 25.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates, and amortization periods.

Experience

Experience during the year was less favorable than assumed. The primary source of unfavorable experience was investment return of (3.87%) on a funding value basis compared with an assumed return of 8.5%. Liability losses added to the investment losses but were only 2.5% of beginning of year liabilities and are primarily a result of more benefits added to the retiree rolls than expected.

Development of Actuarial Value of Assets

Year Ended June 30:	2007	2008	2009	2010	2011	2012	2013
A. Funding Value Beginning of Year	\$4,647,972,589	\$5,272,358,059	\$ 5,701,579,805				
B. Market Value End of Year	5,967,916,108	5,597,046,574	4,461,210,664				
C. Market Value Beginning of Year	5,112,256,446	5,967,916,108	5,597,046,574				
D. Non-Investment Net Cash Flow	25,324,266	(69,582,671)	(130,204,266)				
E. Investment Income							
E1. Market Total: B - C - D	830,335,396	(301,286,863)	(1,005,631,644)				
E2. Amount for Immediate Recognition (8.5%)	396,153,951	445,193,171	479,100,602				
E3. Amount for Phased-In Recognition: E1-E2	434,181,445	(746,480,034)	(1,484,732,246)				
F. Phased-In Recognition of Investment Income							
F1. Current Year: 0.20 x E3	86,836,289	(149,296,007)	(296,946,449)				
F2. First Prior Year	116,070,964	86,836,289	(149,296,007)	\$ (183,524,414)			
F3. Second Prior Year	-	116,070,964	86,836,289	(149,296,007)	\$ (183,524,414)		
F4. Third Prior Year	-	-	116,070,964	86,836,289	(149,296,007)	\$ (183,524,414)	
F5. Fourth Prior Year	-	-	-	116,070,965	86,836,289	(149,296,006)	\$ (183,524,414)
F6. Total Recognized Investment Gain	202,907,253	53,611,246	(243,335,203)	(129,913,167)	(245,984,132)	(332,820,420)	(183,524,414)
G. Preliminary Funding Value End of Year: A + D + E2 + F6	5,272,358,059	5,701,579,805	5,807,140,938				
H. Additional Recognized G/L due to Corridor	-	-	(453,688,141)				
I. Final Funding Value after 20% Corridor	5,272,358,059	5,701,579,805	5,353,452,797				
J. Difference between Market & Funding Value: B-I	695,558,049	(104,533,231)	(892,242,133)				
K. Recognized Rate of Return	12.85%	9.52%	(3.87%)				

The Funding Value of Assets recognizes assumed investment income (line E2) fully each year. Differences between actual and assumed investment income (line E3) are phased in over a closed 5-year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than market value. The Funding Value of Assets is unbiased with respect to Market Value. At any time it may be either greater or less than Market Value. If assumed rates are exactly realized for 4 consecutive years, it will become equal to Market Value. Final Funding Value of Assets may not be less than 80% nor more than 120% of Market Value of Assets.

Allocation of Assets

	Employees	Teachers	Police	Fire	Total
Allocated Fund Assets (Actuarial Value)	\$ 1,685,358,742	\$ 2,051,156,152	\$ 1,085,030,025	\$ 531,907,878	\$ 5,353,452,797
Less Special Account	(48,953,735)	(73,477,441)	(73,481,478)	(43,420,196)	(239,332,850)
Less 401(h) Account	(36,255,033)	(20,575,292)	(70,723,285)	(49,246,831)	(176,800,441)
Net Pension Valuation Assets	\$ 1,600,149,974	\$ 1,957,103,419	\$ 940,825,262	\$ 439,240,851	\$ 4,937,319,506

Special Account Reconciliation

Classification	Balance as of June 30, 2008	Benefits Purchased	Balance as of July 1, 2008	Interest	Asset Gain	Balance as of June 30, 2009	Estimated July 1, 2009 COLA in Valuation	Valuation Assets as of June 30, 2009	Estimated TSAs Payable July 1, 2009	Estimated Balance July 1, 2009
Employees										
State	\$ 49,905,122	\$ 12,860,000	\$ 37,045,122	\$ (1,433,646)	\$ -	\$ 35,611,476	\$ 9,700,000	\$ 25,911,476	\$ 3,436,700	\$ 22,474,776
Political Subd.	38,351,416	8,244,000	30,107,416	(1,165,157)	-	28,942,259	5,900,000	23,042,259	3,206,700	19,835,559
Teachers	118,052,845	22,060,500	95,992,345	(3,714,904)	-	92,277,441	18,800,000	73,477,441	5,840,900	67,636,541
Police Officers										
State	24,376,671	2,797,000	21,579,671	(835,133)	-	20,744,538	2,700,000	18,044,538	211,800	17,832,738
Political Subd.	69,065,587	5,883,500	63,182,087	(2,445,147)	-	60,736,940	5,300,000	55,436,940	1,094,900	54,342,040
-								-		
Firefighters										
State	1,542,795	103,500	1,439,295	(55,701)	-	1,383,594	140,000	1,243,594	11,000	1,232,594
Political Subd.	52,702,053	4,770,500	47,931,553	(1,854,951)	-	46,076,602	3,900,000	42,176,602	982,500	41,194,102
Totals	<u>\$ 353,996,489</u>	<u>\$ 56,719,000</u>	<u>\$ 297,277,489</u>	<u>\$ (11,504,639)</u>	<u>\$ -</u>	<u>\$ 285,772,850</u>	<u>\$ 46,440,000</u>	<u>\$ 239,332,850</u>	<u>\$ 14,784,500</u>	<u>\$ 224,548,350</u>

Classification	Estimated Present Value of TSAs Payable July 1, 2009				
	1.5% up to \$30,000	\$1,000 for < \$20,000**	\$500 for less <1993**	\$500/\$1,000**	Total
Employees					
State	\$ 9,700,000	\$ 2,526,800	\$ 909,300	\$ 600	\$ 13,136,700
Political Subd.	5,900,000	2,027,000	438,800	740,900	9,106,700
Teachers	18,800,000	2,497,800	724,000	2,619,100	24,640,900
Police Officers					
State	2,700,000	97,000	113,000	1,800	2,911,800
Political Subd.	5,300,000	211,200	229,100	654,600	6,394,900
Firefighters					
State	140,000	7,000	4,000	-	151,000
Political Subd.	3,900,000	181,600	209,500	591,400	4,882,500
Totals	<u>\$ 46,440,000</u>	<u>\$ 7,548,400</u>	<u>\$ 2,627,700</u>	<u>\$ 4,608,400</u>	<u>\$ 61,224,500</u>

** Detail provided by NHRS

SECTION B
FUNDING RESULTS

Development of Employer Contribution Rates

Division:	Employees	Teachers	Police	Fire	Total
Normal Cost					
Age and Service Retirement	7.85%	7.08%	13.76%	18.52%	8.65%
Termination	1.12%	0.94%	3.81%	1.37%	1.34%
Death in Service	0.19%	0.13%	0.17%	0.19%	0.16%
Disability	0.21%	0.01%	0.83%	0.76%	0.22%
Expenses	<u>0.35%</u>	<u>0.35%</u>	<u>0.35%</u>	<u>0.35%</u>	<u>0.35%</u>
Total	9.72%	8.51%	18.92%	21.19%	10.72%
UAAL Payment*	<u>6.14%</u>	<u>8.00%</u>	<u>13.30%</u>	<u>16.36%</u>	<u>8.11%</u>
Total Pension Contribution	15.86%	16.51%	32.22%	37.55%	18.83%
Fiscal Year 2012					
Member Contributions	5.15%	5.00%	9.30%	9.30%	5.72%
Employer Pension Contribution	10.71%	11.51%	22.92%	28.25%	13.11%
Employer Health Subsidy Contribution	<u>1.60%</u> **	<u>2.44%</u>	<u>2.65%</u>	<u>2.65%</u>	<u>1.82%</u>
Total Employer Contribution	12.31% **	13.95%	25.57%	30.90%	14.93%
Estimated Dollar Contribution	\$ 143,655,984	\$ 159,752,051	\$ 75,264,237	\$ 37,970,967	\$ 416,643,239
Fiscal Year 2013					
Member Contributions	5.20%	5.00%	9.30%	9.30%	5.74%
Employer Pension Contribution	10.66%	11.51%	22.92%	28.25%	13.09%
Employer Health Subsidy Contribution	<u>1.60%</u> **	<u>2.44%</u>	<u>2.65%</u>	<u>2.65%</u>	<u>1.82%</u>
Total Employer Contribution	12.26% **	13.95%	25.57%	30.90%	14.91%
Estimated Dollar Contribution	\$ 149,477,047	\$ 166,940,893	\$ 78,651,128	\$ 39,679,661	\$ 434,748,729
Contribution Rates from Prior Valuation					
FY 2010#	12.12%	10.70%	19.51%	24.69%	12.17%
FY 2011#	12.12%	10.70%	19.51%	24.69%	12.17%

* Unfunded Actuarial Accrued Liability, financed over a 28 year period from the contribution effective date -- 7/1/2011.

Computed in June 30, 2007 Actuarial Valuation.

** Political Subdivision Employees Health Contribution is 0.38%. Political Subdivision Employees FY 2012 and FY 2013 Total rates are 11.09% and 11.04% respectively.

Development of Pension Actuarial Liabilities June 30, 2009

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 6,093,603,811	\$ 1,792,671,495	\$ 4,300,932,316
Disability benefits likely to be paid to present active members	44,353,139	46,104,252	(1,751,113)
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	57,327,421	33,245,559	24,081,862
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	295,205,147	301,081,599	(5,876,452)
Benefits likely to be paid to current inactive and vested deferred members	145,391,391	-	145,391,391
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	4,012,273,813	-	4,012,273,813
Total	\$ 10,648,154,722	\$ 2,173,102,905	\$ 8,475,051,817
Actuarial Value of Assets	\$ 4,937,319,506	-	\$ 4,937,319,506
Liabilities to be covered by Future Contributions	\$ 5,710,835,216	\$ 2,173,102,905	\$ 3,537,732,311

**NHRS Total Pension
Unfunded Actuarial Accrued Liability Payoff Projection*
(\$Millions)**

Fiscal Year	Ending Year	Employer Contribution Rates			Projected Payroll	UAAL		
		Total Contribution	Normal Cost	UAAL Payment		Beginning of Year	UAAL Payment	UAAL End of Year
	2010	10.70%	4.95%	5.75%	\$ 2,558	\$ 3,538	\$ 147	\$ 3,685
	2011	10.70%	4.95%	5.75%	2,674	3,685	154	3,838
1	2012	13.11%	5.00%	8.11%	2,794	3,838	227	3,928
2	2013	13.09%	4.98%	8.11%	2,920	3,928	237	4,016
3	2014	13.07%	4.96%	8.11%	3,051	4,016	247	4,099
4	2015	13.04%	4.93%	8.11%	3,188	4,099	259	4,178
5	2016	13.03%	4.92%	8.11%	3,332	4,178	270	4,252
6	2017	13.00%	4.89%	8.11%	3,482	4,252	282	4,319
7	2018	12.99%	4.88%	8.11%	3,638	4,319	295	4,379
8	2019	12.97%	4.86%	8.11%	3,802	4,379	308	4,429
9	2020	12.95%	4.84%	8.11%	3,973	4,429	322	4,470
10	2021	12.93%	4.82%	8.11%	4,152	4,470	337	4,499
11	2022	12.92%	4.81%	8.11%	4,339	4,499	352	4,515
12	2023	12.90%	4.79%	8.11%	4,534	4,515	368	4,516
13	2024	12.89%	4.78%	8.11%	4,738	4,516	384	4,499
14	2025	12.88%	4.77%	8.11%	4,951	4,499	402	4,463
15	2026	12.87%	4.76%	8.11%	5,174	4,463	420	4,406
16	2027	12.85%	4.74%	8.11%	5,407	4,406	439	4,323
17	2028	12.84%	4.73%	8.11%	5,650	4,323	458	4,213
18	2029	12.84%	4.73%	8.11%	5,905	4,213	479	4,072
19	2030	12.83%	4.72%	8.11%	6,170	4,072	500	3,897
20	2031	12.82%	4.71%	8.11%	6,448	3,897	523	3,684
21	2032	12.81%	4.70%	8.11%	6,738	3,684	546	3,427
22	2033	12.80%	4.69%	8.11%	7,041	3,427	571	3,124
23	2034	12.80%	4.69%	8.11%	7,358	3,124	597	2,767
24	2035	12.80%	4.69%	8.11%	7,689	2,767	624	2,353
25	2036	12.79%	4.68%	8.11%	8,035	2,353	652	1,874
26	2037	12.79%	4.68%	8.11%	8,397	1,874	681	1,324
27	2038	12.78%	4.67%	8.11%	8,775	1,324	712	695
28	2039	12.78%	4.67%	8.11%	9,170	695	744	-

* This projection does not reflect the impact of any potential gain sharing when the funded status exceeds 85%.

Actuarial Balance Sheet as of June 30, 2009

Assets and Present Value of Expected Future Contributions

	Pension	Health
A. Present valuation assets		
1. Net assets from system financial statements	\$ 4,315,255,961	\$ 145,954,703
2. Special Account	(239,332,850)	-
3. Funding value adjustment	861,396,395	30,845,738
4. Valuation assets	4,937,319,506	176,800,441
B. Actuarial present value of expected future employer contributions		
1. For normal costs	943,360,545	47,513,657
2. For unfunded actuarial accrued liability	3,537,732,311	496,590,150
3. Total	4,481,092,856	544,103,807
C. Actuarial present value of expected future member contributions	1,229,742,360	-
D. Total Present and Expected Future Resources	\$ 10,648,154,722	\$ 720,904,248

Present Value of Expected Future Benefit Payments

	Pension	Health
A. To retirees and beneficiaries	\$ 4,012,273,813	\$ 535,688,043
B. To vested terminated members	116,576,091	163,018
C. To non-vested terminated members (outstanding refunds)	28,815,300	-
D. To present active members		
1. Allocated to service rendered prior to valuation date - actuarial accrued liability	4,317,386,613	137,539,530
2. Allocated to service likely to be rendered after valuation date	2,173,102,905	47,513,657
3. Total	6,490,489,518	185,053,187
E. Total Actuarial Present Value of Expected Future Pension Payments	\$ 10,648,154,722	\$ 720,904,248

Experience Gain/(Loss) -- June 30, 2009

	Pension	Health
(1) UAAL* at start of biennium	\$ 2,397,458,855	\$ 481,433,892
(2) Normal cost from last valuation for year 1	242,738,832	7,499,405
(3) Actual contributions (employer and employee) for year 1	346,182,381	61,705,798
(4) Interest accrual: [(1)+1/2 [(2)-(3)]] x .085	199,387,652	38,618,109
(5) Expected UAAL end of year 1: (1)+(2)-(3)+(4)	2,493,402,958	465,845,608
(6) Change from legislation#	-	-
(7) Change from revised actuarial assumptions	-	-
(8) Expected UAAL after changes: (5)+(6)+(7)	2,493,402,958	465,845,608
(9) Actual UAAL at end of year	2,519,282,346	494,688,094
(10) Gain/(loss) for year 1: (8)-(9)	(25,879,388)	(28,842,486)
(11) Normal cost from last valuation for year 2	254,650,531	7,737,702
(12) Actual contributions (employer and employee) for year 2	338,742,002	65,236,024
(13) Interest accrual: [(9)+1/2 [(11)-(12)]] x .085	210,565,112	39,604,809
(14) Expected UAAL end of year 2: (9)+(11)-(12)+(13)	2,645,755,987	476,794,581
(15) Change from legislation#	-	163,018
(16) Change from revised actuarial assumptions	-	-
(17) Expected UAAL after changes: (14)+(15)+(16)	2,645,755,987	476,957,599
(18) Actual UAAL at end of year	3,537,732,311	496,590,150
(19) Gain/(loss) for year 2: (17)-(18)	(891,976,324)	(19,632,551)
(20) Gain/(loss) as percent of actuarial accrued liabilities at start of year	(11.4)%	(2.9)%

* *Unfunded Actuarial Accrued Liabilities.*

An ad-hoc COLA of 1.5% up to \$30,000 for retirees with 20 or more years of service was granted, effective July 1, 2009. In addition, there were three special COLA checks payable as of July 1, 2009. The increase in accrued liabilities attributable to these COLAs was approximately \$61.2 million. An amount equal to the increase in accrued liabilities was transferred from the Special Accounts to the net assets available for pension of approximately \$61.2 million to cover this increase in accrued liabilities.

Pension Solvency Test

The New Hampshire Retirement System funding objective is to meet long-term benefit promises through contributions that remain approximately level from year-to-year as a percent of member payroll. If the contributions to the System are level in concept and soundly executed, the System will pay all promised benefits when due -- the ultimate test of financial soundness.

A *solvency test* is one means of checking a system's progress under its funding program. In a solvency test, the plan's present assets (cash and investments) are compared with:

- 1) Active member contributions on deposit;
- 2) The liabilities for future benefits to present retired lives;
- 3) The liabilities for service already rendered by active and inactive members.

In a System that has been following the discipline of level percent-of-payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. The larger the funded portion of liability 3, the stronger the condition of the System.

Total of all Groups
(\$ in Thousands)

Fiscal Year	Projected Pension Liabilities For			Net Assets Available For Benefits	Percentage of Accrued Liabilities Covered By Net Assets Available		
	(1)	(2)	(3)		(1)	(2)	(3)
	Aggregate Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members (Employer Financed Portion)				
2007 *	\$2,228,853	\$3,210,280	\$1,820,582	\$4,862,256	100%	82%	0%
2008	2,312,069	3,618,118	1,891,129	5,302,034	100%	83%	0%
2009 *	2,393,635	4,012,274	2,069,143	4,937,320	100%	63%	0%

* After reflection of changes in legislation.

Pension Solvency Test -- Comparative Statement
(\$ in Thousands)

Group	Fiscal Year	Projected Pension Liabilities For				Net Assets Available For Benefits	Percentage of Accrued Liabilities Covered By Net Assets Available		
		(1)	(2)	(3)	(1)		(2)	(3)	
		Aggregate Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members (Employer Financed Portion)					
Employees	2007 *	\$ 797,627	\$ 997,992	\$ 528,538	\$ 1,539,196	100%	74%	0%	
Teachers	2007 *	925,813	1,200,541	797,922	1,925,913	100%	83%	0%	
Police	2007 *	344,485	655,803	339,086	934,744	100%	90%	0%	
Fire	2007 *	160,927	355,944	155,036	462,403	100%	85%	0%	
Employees	2008	837,375	1,124,075	581,109	1,696,189	100%	76%	0%	
Teachers	2008	943,611	1,387,605	828,084	2,114,543	100%	84%	0%	
Police	2008	359,611	727,584	339,186	1,014,088	100%	90%	0%	
Fire	2008	171,471	378,854	142,751	477,214	100%	81%	0%	
Employees	2009 *	899,364	1,217,430	666,232	1,600,150	100%	58%	0%	
Teachers	2009 *	926,049	1,608,341	855,367	1,957,103	100%	64%	0%	
Police	2009 *	381,273	790,433	378,409	940,825	100%	71%	0%	
Fire	2009 *	186,949	396,070	169,135	439,241	100%	64%	0%	

* After reflection of changes in legislation.

Development of Pension Actuarial Liabilities June 30, 2009

Employees

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 2,228,754,257	\$ 704,256,603	\$ 1,524,497,654
Disability benefits likely to be paid to present active members	12,614,629	19,403,758	(6,789,129)
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	29,029,434	17,311,869	11,717,565
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	84,549,865	119,017,640	(34,467,775)
Benefits likely to be paid to current inactive and vested deferred members	70,637,658	-	70,637,658
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	1,217,429,587	-	1,217,429,587
Total	\$ 3,643,015,430	\$ 859,989,870	\$ 2,783,025,560
Actuarial Value of Assets	\$ 1,600,149,974	-	\$ 1,600,149,974
Liabilities to be covered by Future Contributions	\$ 2,042,865,456	\$ 859,989,870	\$ 1,182,875,586

Development of Pension Actuarial Liabilities June 30, 2009

Teachers

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 2,309,252,944	\$ 589,937,968	\$ 1,719,314,976
Disability benefits likely to be paid to present active members	1,010,745	951,615	59,130
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	19,382,875	10,098,195	9,284,680
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	72,166,926	85,549,471	(13,382,545)
Benefits likely to be paid to current inactive and vested deferred members	66,140,010	-	66,140,010
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	1,608,340,953	-	1,608,340,953
Total	\$ 4,076,294,453	\$ 686,537,249	\$ 3,389,757,204
Actuarial Value of Assets	\$ 1,957,103,419	-	\$ 1,957,103,419
Liabilities to be covered by Future Contributions	\$ 2,119,191,034	\$ 686,537,249	\$ 1,432,653,785

Development of Pension Actuarial Liabilities June 30, 2009

Police

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 996,921,704	\$ 288,590,292	\$ 708,331,412
Disability benefits likely to be paid to present active members	22,140,694	17,187,402	4,953,292
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	5,743,256	3,672,802	2,070,454
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	118,476,262	80,799,282	37,676,980
Benefits likely to be paid to current inactive and vested deferred members	6,649,693	-	6,649,693
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	790,432,859	-	790,432,859
Total	\$ 1,940,364,468	\$ 390,249,778	\$ 1,550,114,690
Actuarial Value of Assets	\$ 940,825,262	\$ -	\$ 940,825,262
Liabilities to be covered by Future Contributions	\$ 999,539,206	\$ 390,249,778	\$ 609,289,428

Development of Pension Actuarial Liabilities June 30, 2009

Fire

Actuarial Present Value of	Total Present Value (1)	Portion Covered by Future Normal Cost Contributions (2)	Actuarial Accrued Liabilities (1) - (2)
Age and service allowances based on total service likely to be rendered by present active members	\$ 558,674,906	\$ 209,886,632	\$ 348,788,274
Disability benefits likely to be paid to present active members	8,587,071	8,561,477	25,594
Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion)	3,171,856	2,162,693	1,009,163
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members	20,012,094	15,715,206	4,296,888
Benefits likely to be paid to current inactive and vested deferred members	1,964,030	-	1,964,030
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	396,070,414	-	396,070,414
Total	\$ 988,480,371	\$ 236,326,008	\$ 752,154,363
Actuarial Value of Assets	\$ 439,240,851	-	\$ 439,240,851
Liabilities to be covered by Future Contributions	\$ 549,239,520	\$ 236,326,008	\$ 312,913,512

SECTION C
FUND ASSETS

Statement of System Assets
(Assets at Market or Fair Value)

Item	June 30	
	2009	2008
A. Assets		
1. Cash and short-term investments	N/A	N/A
2. Receivables	N/A	N/A
3. Contributions Receivable	N/A	N/A
4. Accrued Interest and Dividends	N/A	N/A
5. Other	N/A	N/A
6. Subtotals (2. + 3. + 4. + 5.)	N/A	N/A
Investments, at fair value		
7. Domestic Investments	N/A	N/A
8. Global Investments	N/A	N/A
9. Other	N/A	N/A
10. Subtotals (7. + 8. + 9.)	N/A	N/A
11. Total Assets (1. + 6. + 10.)	N/A	N/A
B. Liabilities		
1. Payables	N/A	N/A
C. Net System Assets (A11. + B1.)	\$ 4,461,210,664	\$ 5,597,046,575

Reconciliation of System Assets

Item	June 30, 2009				
	Employees	Teachers	Police#	Fire#	Total
A. Market Value of Assets at Beginning of Year	\$ 1,740,404,954	\$ 2,165,662,280	\$ 1,133,316,101	\$ 557,663,239	\$ 5,597,046,574
B. Revenues and Expenditures					
1. Contributions					
a. Employee Contributions	\$ 55,993,915	\$ 52,941,763	\$ 23,476,146	\$ 10,116,555	\$ 142,528,379
b. Employer Contributions	96,096,332	89,722,268	48,945,053	26,685,994	261,449,647
c. Total	\$ 152,090,247	\$ 142,664,031	\$ 72,421,199	\$ 36,802,549	\$ 403,978,026
2. Investment Return					
a. Interest, Dividends, and Other Income	\$ 34,812,457	\$ 42,180,004	\$ 22,436,964	\$ 11,047,421	\$ 110,476,846
b. Net Realized and Unrealized Gains/(Losses)	(340,771,254)	(418,082,338)	(220,891,131)	(108,647,821)	(1,088,392,544)
c. Investment Expenses	(5,438,335)	(6,583,826)	(3,503,902)	(1,725,367)	(17,251,430)
d. Net Investment Income	\$ (311,397,132)	\$ (382,486,160)	\$ (201,958,069)	\$ (99,325,767)	\$ (995,167,128)
3. Benefits and Refunds					
a. Refunds	\$ (12,471,782)	\$ (8,315,303)	\$ (3,277,494)	\$ (138,838)	\$ (24,203,417)
b. Regular Monthly Benefits	(146,796,493)	(182,320,450)	(79,449,852)	(41,508,149)	(450,074,944)
c. Partial Lump-Sum Benefits Paid	(1,247,872)	(602,640)	(311,705)	(142,800)	(2,305,017)
d. Medical Premium Subsidy Payments	(17,421,904)	(24,489,391)	(10,066,885)	(5,620,734)	(57,598,914)
e. Total	\$ (177,938,051)	\$ (215,727,784)	\$ (93,105,936)	\$ (47,410,521)	\$ (534,182,292)
4. Administrative and Miscellaneous Expenses	\$ (3,298,980)	\$ (3,994,714)	\$ (2,124,510)	\$ (1,046,312)	\$ (10,464,516)
5. Transfers	\$ -	\$ -	\$ -	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 1,399,861,038	\$ 1,706,117,653	\$ 908,548,785	\$ 446,683,188	\$ 4,461,210,664

401(h) subsidy income and expense reported by NHRS in total for Police and Fire was allocated approximately 60% to Police and 40% to Fire for purposes of this schedule.

SECTION D

ACCOUNTING DISCLOSURES

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the System's financial statements.

Schedule of Pension Funding Progress
(As Required by GASB Statement No. 25)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b)-(a)]/(c)
June 30, 2007*	\$ 4,862,256,315	\$ 7,259,715,170	\$ 2,397,458,855	67.0%	\$ 2,195,339,382	109.2 %
June 30, 2008	5,302,034,006	7,821,316,352	2,519,282,346	67.8%	2,308,320,669	109.1 %
June 30, 2009*	4,937,319,506	8,475,051,817	3,537,732,311	58.3%	2,448,287,042	144.5 %

* After Benefit/Legislative changes.

Schedule of Employer Pension Contributions

Fiscal Year Ending June 30:	GASB No. 25 Annual Required Contribution (ARC)*			Employer Contributions		
	Projected Payroll (\$ Thousands)	ARC as % of Payroll	Projected ARC ^{##} (\$ Thousands)	Actual Payroll (\$ Thousands)	Actual Contribution (\$ Thousands)	% of GASB ARC Contributed
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2008#	\$ 2,294,130	10.52 %	\$ 241,456	\$ 2,308,321	249,898	75 %
2009#	2,397,365	10.52 %	252,321	\$ 2,448,287	261,450	75 %
2010	2,505,247	10.70 %	268,061			
2011	2,617,983	10.70 %	280,124			
2012	2,793,902	13.11 %	366,281			
2013	2,919,628	13.09 %	382,179			

* ARC Amounts for 2008 through 2011 are estimated based on the contribution rate in effect in the year indicated and the June 30, 2007 valuation payroll projected at the assumed wage inflation rate of 4.50% per year.

Developed by prior actuary. Actual contributions are based on the ARC % times actual payroll. For FY 2008 and 2009 25% of the total contribution was paid to the 401(h) subtrust and 75% to the pension trust.

ARC is computed as a percent of payroll. Projected dollar amounts are illustrative.

Notes to Required Supplementary Information (As Required by GASB Statement No. 25)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2009
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Equivalent Single Amortization Period	28 Years
Valuation Asset Method	5-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return *	8.50%
Projected Salary Increase *	4.50% to 16.25%
* <i>Includes Price Inflation at</i>	3.50%
Rate of Payroll Growth	4.50%
Cost-of-Living Adjustments	None

Post-Retirement Health Care
GASB Statement No. 43 Reporting

Determination of the Annual Required Contribution for Fiscal Years 2012 and 2013	Contributions Expressed as Percents of Payroll				
	State Employees	Political Subdivision Employees	Teachers	Police & Fire	Total
Normal Cost					
Age and Service Retirement	0.00%	0.00%	0.00%	1.80%	0.27%
Termination	0.00%	0.00%	0.00%	0.07%	0.01%
Death-in-Service	0.00%	0.00%	0.00%	0.05%	0.01%
Disability	0.00%	0.00%	0.00%	0.16%	0.02%
Total Normal Cost	0.00%	0.00%	0.00%	2.08%	0.31%
Amortization of Unfunded Actuarial Accrued Liabilities#	1.60%	0.38%	2.44%	2.27%	1.76%
Annual Required Contribution (ARC)	1.60%	0.38%	2.44%	4.35%	2.07%
Fiscal Year 2012 (ARC)					
Percent of Payroll	1.60%	0.38%	2.44%	4.35%	2.07%
Estimated Dollars	\$9,289,138	\$2,473,518	\$27,942,294	\$18,149,472	\$57,854,422
Fiscal Year 2013 (ARC)					
Percent of Payroll	1.60%	0.38%	2.44%	4.35%	2.07%
Estimated Dollars	\$9,707,149	\$2,584,827	\$29,199,697	\$18,966,198	\$60,457,871

Accrued Health Liabilities, \$673,390,591 were more than applicable assets of \$176,800,441.

The calculations above show the employer's Annual Required Contribution (ARC) for the years ended June 30, 2012 and June 30, 2013.

28-year amortization of UAAL, but not less than solvency rate.

Determination of Unfunded Actuarial Accrued Liability (Medical)
as of June 30, 2009

	State Employees	Political Subdivision Employees	Teachers	Police & Fire	Total
A. Present Value of Future Medical Benefits					
1. Retirees and Beneficiaries	\$ 90,841,086	\$ 61,467,594	\$ 224,851,018	\$ 158,528,345	\$ 535,688,043
2. Vested Terminated Members	-	-	163,018	-	163,018
3. Active Members	-	-	24,056,100	160,997,087	185,053,187
Total Present Value of Future Medical Benefits	90,841,086	61,467,594	249,070,136	319,525,432	720,904,248
B. Present Value of Future Employer Normal Costs	-	-	-	47,513,657	47,513,657
C. Present Value of Future Contributions from Current Active Members	-	-	-	-	-
D. Actuarial Medical Accrued Liability (A.-B.-C.)	90,841,086	61,467,594	249,070,136	272,011,775	673,390,591
E. 401(h) Subtrust Actuarial Value of Assets	-	36,255,033	20,575,292	119,970,116	176,800,441
F. Unfunded Actuarial Accrued Liability (D.-E.)	\$ 90,841,086	\$ 25,212,561	\$ 228,494,844	\$ 152,041,659	\$ 496,590,150

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one-year under GASB Statement No. 43 and does not appear in the System's Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the System's financial statements.

Notes to Required Supplementary Information (As Required by GASB Statement No. 43)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2009
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Equivalent Single Amortization Period	28 Years*
Valuation Asset Method	5-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return *	8.50%
Projected Salary Increase *	4.50% to 16.25%
* <i>Includes Price Inflation at</i>	3.50%
Rate of Payroll Growth	4.50%
Increase in Medical Supplement	4.0% beginning in Fiscal Year 2012

* *In the State Employee group the ARC is based on the greater of a 28 year amortization or the amount necessary to meet cash flow.*

NHRS - 401(h) Cash Flow Projections
June 30, 2009

State Employees

Year Ending	Valuation Pay	Employer Contributions			Benefits Paid	Solvency Assets
		Rate -- Total	Rate -- Health	Dollars -- Health		
6/30/2009	\$ 508,752,493					\$ -
6/30/2010	531,646,355	11.05%	1.96%	\$ 10,420,269	\$10,771,185	-
6/30/2011	555,570,441	11.05%	1.96%	10,889,181	10,197,795	-
6/30/2012	580,571,111	12.31%	1.60%	9,289,138	9,617,682	-
6/30/2013	606,696,811	12.26%	1.60%	9,707,149	9,435,890	-
6/30/2014	633,998,167	12.07%	1.46%	9,240,275	9,240,275	-
6/30/2015	662,528,085	11.93%	1.37%	9,056,186	9,056,186	-
6/30/2016	692,341,849	11.80%	1.28%	8,879,886	8,879,886	-
6/30/2017	723,497,232	11.67%	1.20%	8,674,160	8,674,160	-
6/30/2018	756,054,607	11.55%	1.12%	8,452,498	8,452,498	-
6/30/2019	790,077,064	11.43%	1.04%	8,220,056	8,220,056	-
6/30/2020	825,630,532	11.32%	0.97%	7,977,868	7,977,868	-
6/30/2021	862,783,906	11.21%	0.90%	7,727,447	7,727,447	-
6/30/2022	901,609,182	11.11%	0.83%	7,461,876	7,461,876	-
6/30/2023	942,181,595	11.00%	0.76%	7,178,125	7,178,125	-
6/30/2024	984,579,767	10.91%	0.70%	6,878,358	6,878,358	-
6/30/2025	1,028,885,857	10.82%	0.64%	6,558,684	6,558,684	-
6/30/2026	1,075,185,721	10.74%	0.58%	6,223,645	6,223,645	-
6/30/2027	1,123,569,078	10.65%	0.52%	5,880,363	5,880,363	-
6/30/2028	1,174,129,687	10.58%	0.47%	5,534,668	5,534,668	-
6/30/2029	1,226,965,523	10.51%	0.42%	5,180,523	5,180,523	-
6/30/2030	1,282,178,972	10.45%	0.38%	4,842,429	4,842,429	-
6/30/2031	1,339,877,026	10.39%	0.34%	4,496,947	4,496,947	-
6/30/2032	1,400,171,492	10.34%	0.30%	4,149,571	4,149,571	-
6/30/2033	1,463,179,209	10.28%	0.26%	3,815,470	3,815,470	-
6/30/2034	1,529,022,273	10.24%	0.23%	3,490,900	3,490,900	-

NHRS - 401(h) Cash Flow Projections
June 30, 2009

Political Subdivision Employees

<u>Year Ending</u>	<u>Valuation Pay</u>	<u>Employer Contribution</u>			<u>Benefits Paid</u>	<u>Solvency Assets</u>
		<u>Rate -- Total</u>	<u>Rate -- Health</u>	<u>Dollars -- Health</u>		
6/30/2009	\$ 570,404,140					\$ 29,929,747
6/30/2010	596,072,326	9.16%	0.07%	\$ 417,251	\$6,753,883	25,867,837
6/30/2011	622,895,581	9.16%	0.07%	436,027	6,416,511	21,831,948
6/30/2012	650,925,882	11.09%	0.38%	2,473,518	6,056,839	19,952,051
6/30/2013	680,217,547	11.04%	0.38%	2,584,827	5,917,254	18,173,920
6/30/2014	710,827,337	10.99%	0.38%	2,701,144	5,814,875	16,472,638
6/30/2015	742,814,567	10.94%	0.38%	2,822,695	5,792,092	14,777,216
6/30/2016	776,241,223	10.90%	0.38%	2,949,717	5,772,127	13,090,917
6/30/2017	811,172,078	10.85%	0.38%	3,082,454	5,728,623	11,445,014
6/30/2018	847,674,822	10.81%	0.38%	3,221,164	5,684,049	9,850,283
6/30/2019	885,820,189	10.77%	0.38%	3,366,117	5,631,767	8,325,616
6/30/2020	925,682,098	10.73%	0.38%	3,517,592	5,574,286	6,889,190
6/30/2021	967,337,792	10.69%	0.38%	3,675,884	5,502,119	5,570,921
6/30/2022	1,010,867,993	10.66%	0.38%	3,841,298	5,412,170	4,406,815
6/30/2023	1,056,357,053	10.62%	0.38%	4,014,157	5,303,622	3,437,127
6/30/2024	1,103,893,120	10.59%	0.38%	4,194,794	5,174,658	2,707,774
6/30/2025	1,153,568,310	10.56%	0.38%	4,383,560	5,023,896	2,270,385
6/30/2026	1,205,478,884	10.54%	0.38%	4,580,820	4,858,348	2,174,044
6/30/2027	1,259,725,434	10.50%	0.37%	4,675,962	4,675,962	2,358,838
6/30/2028	1,316,413,079	10.45%	0.34%	4,473,706	4,473,706	2,559,339
6/30/2029	1,375,651,668	10.40%	0.31%	4,260,791	4,260,791	2,776,883
6/30/2030	1,437,555,993	10.35%	0.28%	4,035,104	4,035,104	3,012,918
6/30/2031	1,502,246,013	10.30%	0.25%	3,796,801	3,796,801	3,269,016
6/30/2032	1,569,847,084	10.27%	0.23%	3,548,124	3,548,124	3,546,882
6/30/2033	1,640,490,203	10.22%	0.20%	3,297,522	3,297,522	3,848,368
6/30/2034	1,714,312,262	10.19%	0.18%	3,043,682	3,043,682	4,175,479

NHRS - 401(h) Cash Flow Projections
June 30, 2009

Teachers

Year Ending	Valuation Pay	Employer Contributions			Benefits Paid	Solvency Assets
		Rate -- Total	Rate -- Health	Dollars -- Health		
6/30/2009	\$ 1,003,513,833					\$ 16,985,595
6/30/2010	1,048,671,955	10.70%	1.32%	\$ 13,842,470	\$25,698,315	6,069,652
6/30/2011	1,095,862,193	10.70%	1.32%	14,465,381	24,738,646	(4,124,306)
6/30/2012	1,145,175,992	13.95%	2.44%	27,942,294	23,580,898	-
6/30/2013	1,196,708,912	13.95%	2.44%	29,199,697	22,982,796	-
6/30/2014	1,250,560,813	13.31%	1.80%	22,477,014	22,477,014	-
6/30/2015	1,306,836,050	13.21%	1.70%	22,238,988	22,238,988	-
6/30/2016	1,365,643,672	13.13%	1.62%	22,153,884	22,153,884	-
6/30/2017	1,427,097,637	13.06%	1.55%	22,055,463	22,055,463	-
6/30/2018	1,491,317,031	12.98%	1.47%	21,973,832	21,973,832	-
6/30/2019	1,558,426,297	12.92%	1.41%	21,989,106	21,989,106	-
6/30/2020	1,628,555,480	12.86%	1.35%	22,035,330	22,035,330	-
6/30/2021	1,701,840,477	12.80%	1.29%	22,037,907	22,037,907	-
6/30/2022	1,778,423,298	12.75%	1.24%	21,987,421	21,987,421	-
6/30/2023	1,858,452,346	12.69%	1.18%	21,869,877	21,869,877	-
6/30/2024	1,942,082,702	12.63%	1.12%	21,682,634	21,682,634	-
6/30/2025	2,029,476,424	12.57%	1.06%	21,423,436	21,423,436	-
6/30/2026	2,120,802,863	12.50%	0.99%	21,090,815	21,090,815	-
6/30/2027	2,216,238,992	12.44%	0.93%	20,681,563	20,681,563	-
6/30/2028	2,315,969,747	12.38%	0.87%	20,196,502	20,196,502	-
6/30/2029	2,420,188,386	12.32%	0.81%	19,632,766	19,632,766	-
6/30/2030	2,529,096,863	12.26%	0.75%	18,993,045	18,993,045	-
6/30/2031	2,642,906,222	12.20%	0.69%	18,283,039	18,283,039	-
6/30/2032	2,761,837,002	12.14%	0.63%	17,504,406	17,504,406	-
6/30/2033	2,886,119,667	12.09%	0.58%	16,662,898	16,662,898	-
6/30/2034	3,015,995,052	12.03%	0.52%	15,765,918	15,765,918	-

NHRS - 401(h) Cash Flow Projections
June 30, 2009

Police and Fire

<u>Year Ending</u>	<u>Valuation</u> <u>Pay</u>	<u>Employer Contributions</u>			<u>Benefits</u> <u>Paid</u>	<u>Solvency</u> <u>Assets</u>
		<u>Rate -- Total</u>	<u>Rate -- Health</u>	<u>Dollars -- Health</u>		
6/30/2009	\$ 365,616,576					\$ 119,970,116
6/30/2010	382,069,322		2.17%	\$ 8,290,904	\$16,169,037	121,954,622
6/30/2011	399,262,441		2.17%	8,663,995	16,955,200	123,677,183
6/30/2012	417,229,251	N/A	2.65%	11,056,575	17,705,660	127,258,073
6/30/2013	436,004,567	N/A	2.65%	11,554,121	19,049,880	130,260,681
6/30/2014	455,624,773	N/A	2.65%	12,074,056	20,458,577	132,591,976
6/30/2015	476,127,888	N/A	2.65%	12,617,389	21,910,542	134,174,181
6/30/2016	497,553,643	N/A	2.65%	13,185,172	23,379,149	134,951,766
6/30/2017	519,943,557	N/A	2.65%	13,778,504	24,869,158	134,860,659
6/30/2018	543,341,017	N/A	2.65%	14,398,537	26,380,660	133,832,452
6/30/2019	567,791,363	N/A	2.65%	15,046,471	28,012,761	131,690,853
6/30/2020	593,341,974	N/A	2.65%	15,723,562	29,720,842	128,292,411
6/30/2021	620,042,363	N/A	2.65%	16,431,123	31,341,965	123,652,713
6/30/2022	647,944,269	N/A	2.65%	17,170,523	32,838,322	117,829,513
6/30/2023	677,101,761	N/A	2.65%	17,943,197	34,130,256	110,970,013
6/30/2024	707,571,340	N/A	2.65%	18,750,641	35,195,926	103,258,254
6/30/2025	739,412,050	N/A	2.65%	19,594,419	36,096,901	94,831,369
6/30/2026	772,685,592	N/A	2.65%	20,476,168	36,818,261	85,855,403
6/30/2027	807,456,444	N/A	2.65%	21,397,596	37,404,491	76,465,924
6/30/2028	843,791,984	N/A	2.65%	22,360,488	37,839,464	66,828,696
6/30/2029	881,762,623	N/A	2.65%	23,366,710	38,117,980	57,130,936
6/30/2030	921,441,941	N/A	2.65%	24,418,211	38,250,876	47,566,512
6/30/2031	962,906,828	N/A	2.65%	25,517,031	38,216,884	38,370,069
6/30/2032	1,006,237,635	N/A	2.65%	26,665,297	38,065,108	29,747,222
6/30/2033	1,051,518,329	N/A	2.65%	27,865,236	37,783,117	21,936,344
6/30/2034	1,098,836,654	N/A	2.65%	29,119,171	37,395,842	15,172,504

SECTION E
PARTICIPANT DATA

Retirees and Beneficiaries Reconciliation (In Thousands)

Fiscal Year	Added to Rolls		Removed from Rolls		Rolls End of Year		Average Annual	
	No.**	Annual Allowances*	No.	Annual Allowances	No.	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
2005					18,950	\$ 296,354		\$ 15,639
2007	3,211	\$ 73,490	913	\$ 12,081	21,248	357,763	9.87%	16,837
2008	2,216	53,600	594	10,923	22,870	400,440	3.99%	17,509
2009	2,152	51,234	521	8,349	24,501	443,325	3.34%	18,094

* Includes additional COLA allowances. The benefit amounts shown are the monthly benefits as of the valuation date annualized and are not the actual benefits paid during the fiscal year.

** Includes beneficiaries in receipt but excludes deferred vested terminations.

Retirees and Beneficiaries Age Distribution Employees

SERVICE RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
40 - 44				1	\$ 3,351	\$ 3,351
45 - 49	1	\$ 16,675	\$16,675	15	115,990	7,733
50 - 54	57	908,879	15,945	82	823,858	10,047
55 - 59	307	5,985,603	19,497	308	4,386,547	14,242
60 - 64	883	16,915,512	19,157	1,167	14,802,322	12,684
65 - 69	999	14,140,637	14,155	1,397	13,571,385	9,715
70 - 74	894	11,549,203	12,919	973	8,369,465	8,602
75 - 79	682	8,656,477	12,693	708	5,766,014	8,144
80 - 84	481	5,455,619	11,342	532	4,178,522	7,854
85 - 89	232	2,429,274	10,471	294	1,934,581	6,580
90 - 94	71	616,960	8,690	104	609,988	5,865
95 - 99	7	47,351	6,764	25	176,996	7,080
100 & Over	3	61,684	20,561	1	4,913	4,913
TOTAL	4,617	\$66,783,874	\$14,465	5,607	\$54,743,932	\$ 9,763

DISABILITY RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
30 - 34				3	\$ 35,794	\$11,931
35 - 39	4	\$ 34,624	\$ 8,656	2	23,581	11,791
40 - 44	17	234,344	13,785	17	221,201	13,012
45 - 49	28	403,900	14,425	41	467,014	11,391
50 - 54	49	678,237	13,842	58	730,999	12,603
55 - 59	88	1,125,499	12,790	106	1,288,101	12,152
60 - 64	82	1,114,314	13,589	90	1,038,881	11,543
65 - 69	67	888,822	13,266	70	812,053	11,601
70 - 74	40	425,075	10,627	22	264,467	12,021
75 - 79	18	237,727	13,207	17	230,314	13,548
80 - 84	5	102,834	20,567	7	71,043	10,149
85 - 89	2	21,869	10,935	3	39,660	13,220
90 - 94				1	13,542	13,542
95 - 99						
100 & Over						
TOTAL	400	\$5,267,245	\$13,168	437	\$5,236,650	\$11,983

Retirees and Beneficiaries Age Distribution Employees

BENEFICIARIES OF DECEASED MEMBERS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
Under 20				1	\$ 4,990	\$ 4,990
20 - 24						
25 - 29	4	\$ 11,898	\$ 2,975			
30 - 34	1	13,311	13,311	1	2,566	2,566
35 - 39	1	2,939	2,939	3	19,175	6,392
40 - 44	5	13,637	2,727	8	72,700	9,088
45 - 49	7	29,486	4,212	19	156,911	8,258
50 - 54	13	61,975	4,767	24	269,682	11,237
55 - 59	23	129,382	5,625	61	691,070	11,329
60 - 64	10	70,521	7,052	68	770,608	11,332
65 - 69	9	47,710	5,301	92	1,126,856	12,248
70 - 74	23	201,248	8,750	153	1,632,318	10,669
75 - 79	23	205,679	8,943	186	1,996,570	10,734
80 - 84	13	89,622	6,894	165	1,402,224	8,498
85 - 89	8	30,921	3,865	143	1,133,370	7,926
90 - 94	2	9,747	4,874	47	255,055	5,427
95 - 99				15	109,704	7,314
100 & Over				3	22,244	7,415
TOTAL	142	\$918,076	\$ 6,465	989	\$9,666,043	\$ 9,774

Retirees and Beneficiaries Age Distribution Teachers

SERVICE RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
45 - 49	2	\$ 16,075	\$ 8,038	3	\$ 39,338	\$13,113
50 - 54	8	94,910	11,864	45	520,378	11,564
55 - 59	217	5,421,954	24,986	628	13,352,653	21,262
60 - 64	780	20,698,339	26,536	1,821	40,056,503	21,997
65 - 69	609	14,323,726	23,520	1,185	22,421,668	18,921
70 - 74	366	9,336,132	25,509	734	13,934,312	18,984
75 - 79	253	6,099,765	24,110	446	8,442,049	18,928
80 - 84	117	2,395,149	20,471	290	4,907,119	16,921
85 - 89	53	850,613	16,049	209	2,912,174	13,934
90 - 94	22	306,405	13,928	123	1,483,983	12,065
95 - 99	1	1,399	1,399	43	438,783	10,204
100 & Over				16	163,594	10,225
TOTAL	2,428	\$59,544,467	\$24,524	5,543	\$108,672,554	\$19,605

DISABILITY RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
40 - 44				1	\$ 8,203	\$ 8,203
45 - 49				2	24,989	12,495
50 - 54	3	\$ 45,569	\$15,190	10	158,682	15,868
55 - 59	9	135,999	15,111	27	444,326	16,457
60 - 64	7	160,177	22,882	25	368,638	14,746
65 - 69	14	270,452	19,318	20	344,138	17,207
70 - 74	6	132,990	22,165	15	232,598	15,507
75 - 79	9	141,095	15,677	10	152,645	15,265
80 - 84	3	37,501	12,500	8	92,449	11,556
85 - 89	2	30,133	15,067	8	93,357	11,670
90 - 94				3	39,765	13,255
95 - 99						
100 & Over						
TOTAL	53	\$953,916	\$17,998	129	\$1,959,790	\$15,192

Retirees and Beneficiaries Age Distribution Teachers

BENEFICIARIES OF DECEASED MEMBERS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
20 - 24	1	\$ 4,671	\$ 4,671	1	\$ 12,988	\$12,988
25 - 29						
30 - 34	3	40,722	13,574	3	10,976	3,659
35 - 39	1	3,107	3,107			
40 - 44	3	21,822	7,274	3	26,231	8,744
45 - 49	5	33,229	6,646	1	6,003	6,003
50 - 54	2	39,516	19,758	13	182,997	14,077
55 - 59	6	75,480	12,580	21	309,719	14,749
60 - 64	20	278,430	13,922	38	803,502	21,145
65 - 69	12	121,069	10,089	38	807,763	21,257
70 - 74	17	275,504	16,206	41	869,662	21,211
75 - 79	12	205,507	17,126	40	903,609	22,590
80 - 84	8	140,045	17,506	21	396,615	18,886
85 - 89	5	79,698	15,940	22	212,938	9,679
90 - 94	2	20,568	10,284	14	168,268	12,019
95 - 99	1	17,443	17,443			
100 & Over						
TOTAL	98	\$1,356,811	\$13,845	256	\$4,711,271	\$18,403

Retirees and Beneficiaries Age Distribution Police

SERVICE RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
40 - 44				5	\$ 21,003	\$ 4,201
45 - 49	212	\$ 9,777,446	\$46,120	33	838,687	25,415
50 - 54	317	14,479,116	45,675	49	989,382	20,191
55 - 59	295	12,426,190	42,123	52	1,101,508	21,183
60 - 64	310	11,341,950	36,587	42	729,118	17,360
65 - 69	233	6,959,481	29,869	41	644,864	15,728
70 - 74	149	4,203,005	28,208	21	309,517	14,739
75 - 79	94	2,066,790	21,987	15	219,971	14,665
80 - 84	52	1,434,042	27,578	6	89,620	14,937
85 - 89	18	458,253	25,459	2	18,903	9,452
90 - 94	5	130,507	26,101	2	17,840	8,920
95 - 99	2	32,289	16,145	1	12,213	12,213
100 & Over	1	17,565	17,565			
TOTAL	1,688	\$63,326,634	\$37,516	269	\$4,992,626	\$18,560

DISABILITY RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
30 - 34	1	\$ 22,943	\$22,943			
35 - 39	7	268,777	38,397	1	\$ 29,720	\$29,720
40 - 44	18	633,938	35,219	3	70,494	23,498
45 - 49	31	929,545	29,985	2	50,642	25,321
50 - 54	41	1,395,928	34,047	8	253,907	31,738
55 - 59	42	1,213,663	28,897	7	174,596	24,942
60 - 64	50	1,506,865	30,137	12	299,692	24,974
65 - 69	43	1,206,412	28,056	2	35,441	17,721
70 - 74	16	392,556	24,535	1	12,175	12,175
75 - 79	18	452,314	25,129	1	21,669	21,669
80 - 84	3	51,340	17,113			
85 - 89	4	67,980	16,995			
90 - 94	1	11,947	11,947			
95 - 99						
100 & Over						
TOTAL	275	\$8,154,208	\$29,652	37	\$948,336	\$25,631

Retirees and Beneficiaries Age Distribution Police

BENEFICIARIES OF DECEASED MEMBERS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
Under 20	2	\$ 21,322	\$ 10,661	1	\$ 29,969	\$ 29,969
20 - 24						
25 - 29						
30 - 34						
35 - 39				4	59,047	14,762
40 - 44	1	36,675	36,675	1	15,694	15,694
45 - 49				3	109,814	36,605
50 - 54	3	86,974	28,991	13	352,440	27,111
55 - 59	1	19,900	19,900	12	167,360	13,947
60 - 64	4	49,254	12,314	31	653,602	21,084
65 - 69				33	632,110	19,155
70 - 74	5	48,483	9,697	48	688,079	14,335
75 - 79	2	14,480	7,240	36	495,331	13,759
80 - 84	5	55,422	11,084	50	579,415	11,588
85 - 89	1	3,661	3,661	22	258,193	11,736
90 - 94	1	12,313	12,313	16	211,322	13,208
95 - 99				1	6,106	6,106
100 & Over						
TOTAL	25	\$ 348,484	\$ 13,939	271	\$ 4,258,482	\$ 15,714

Retirees and Beneficiaries Age Distribution Fire

SERVICE RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
35 - 39				1	\$ 2,250	\$ 2,250
40 - 44						
45 - 49	44	\$ 2,097,758	\$47,676	9	164,672	18,297
50 - 54	141	6,586,107	46,710	11	144,425	13,130
55 - 59	217	9,901,792	45,630	15	219,398	14,627
60 - 64	150	5,685,809	37,905	9	173,954	19,328
65 - 69	105	3,905,528	37,196	4	35,596	8,899
70 - 74	72	2,259,706	31,385	3	42,585	14,195
75 - 79	51	1,392,513	27,304			
80 - 84	36	893,060	24,807	1	25,467	25,467
85 - 89	16	397,252	24,828			
90 - 94	5	77,388	15,478			
95 - 99	2	40,868	20,434			
100 & Over						
TOTAL	839	\$33,237,781	\$39,616	53	\$808,347	\$15,252

DISABILITY RETIREMENTS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
35 - 39	2	\$ 56,565	\$28,283			
40 - 44	2	62,643	31,322			
45 - 49	10	321,175	32,118	1	\$40,449	\$40,449
50 - 54	13	458,993	35,307	1	26,063	26,063
55 - 59	21	625,959	29,808			
60 - 64	13	371,958	28,612			
65 - 69	23	583,437	25,367			
70 - 74	16	427,257	26,704			
75 - 79	10	254,128	25,413			
80 - 84	7	177,325	25,332			
85 - 89	4	57,556	14,389			
90 - 94	1	18,712	18,712			
95 - 99						
100 & Over						
TOTAL	122	\$3,415,708	\$27,998	2	\$66,512	\$33,256

Retirees and Beneficiaries Age Distribution Fire

BENEFICIARIES OF DECEASED MEMBERS

Age Group	Males			Females		
	Number	Amount	Average	Number	Amount	Average
Under 20	2	\$ 11,650	\$ 5,825			
20 - 24				1	\$ 5,825	\$ 5,825
25 - 29						
30 - 34						
35 - 39	2	26,006	13,003	1	44,306	44,306
40 - 44				1	35,628	35,628
45 - 49				3	36,220	12,073
50 - 54				10	194,720	19,472
55 - 59				11	202,140	18,376
60 - 64				21	545,224	25,963
65 - 69				16	287,781	17,986
70 - 74	1	15,619	15,619	27	517,464	19,165
75 - 79				31	516,844	16,672
80 - 84	3	57,956	19,319	37	662,115	17,895
85 - 89				39	589,305	15,110
90 - 94				12	170,294	14,191
95 - 99	1	6,690	6,690	2	26,650	13,325
100 & Over						
TOTAL	9	\$117,921	\$13,102	212	\$3,834,516	\$18,087

Active Members by Valuation Division

Valuation Group	Active Members	Valuation Payroll	Average		
			Age	Service	Pay
Employees:					
Male	10,064	\$ 472,648,417	48.1	10.7	\$46,964
Female	16,288	606,508,216	47.8	9.4	37,237
Total	26,352	1,079,156,633	47.9	9.9	40,952
Teachers:					
Male	4,292	245,585,424	45.6	13.0	57,219
Female	14,417	757,928,409	45.5	12.0	52,572
Total	18,709	1,003,513,833	45.5	12.3	53,638
Police:					
Male	3,777	229,397,504	38.8	10.6	60,735
Female	541	28,536,776	39.1	8.8	52,748
Total	4,318	257,934,280	38.8	10.4	59,735
Fire:					
Male	1,609	105,162,174	40.1	12.2	65,359
Female	44	2,520,122	39.4	9.4	57,276
Total	1,653	107,682,296	40.1	12.1	65,144
Total:					
Male	19,742	1,052,793,519	45.1	11.3	53,328
Female	31,290	1,395,493,523	46.6	10.6	44,599
Grand Total	51,032	\$2,448,287,042	46.0	10.9	\$47,976

Valuation Group	Active Members	Valuation Payroll
Employees:		
State	11,046	\$ 508,752,493
Political Subdivisions	15,306	570,404,140
Subtotal	26,352	1,079,156,633
Teachers:	18,709	1,003,513,833
Police:		
State	1,219	72,102,105
Political Subdivisions	3,099	185,832,175
Subtotal	4,318	257,934,280
Fire:		
State	62	3,369,552
Political Subdivisions	1,591	104,312,744
Subtotal	1,653	107,682,296
Total	51,032	\$ 2,448,287,042

Age and Service Distribution

Employees
June 30, 2009

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No	Valuation Payroll
15-19	30							30	\$ 587,740
20-24	657	8						665	16,737,588
25-29	1,194	232	6					1,432	45,834,960
30-34	878	484	142	3				1,507	55,816,993
35-39	1,019	641	371	128	6			2,165	86,045,564
40-44	1,299	770	465	328	237	25		3,124	125,576,466
45-49	1,489	1,144	628	446	407	165	34	4,313	179,205,979
50-54	1,415	1,217	815	547	462	283	230	4,969	209,817,367
55-59	1,058	993	736	586	511	250	353	4,487	201,222,234
60-64	565	668	448	334	349	147	197	2,708	119,048,553
65-69	125	226	140	88	91	38	49	757	31,956,610
70+	38	58	38	27	13	10	11	195	7,306,579
TOTAL	9,767	6,441	3,789	2,487	2,076	918	874	26,352	\$ 1,079,156,633

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 47.9 years
Service: 9.9 years
Annual Pay: \$40,952

Age and Service Distribution

Teachers
June 30, 2009

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No	Valuation Payroll
20-24	243							243	\$ 8,150,534
25-29	1,483	231						1,714	65,811,363
30-34	850	1,109	142					2,101	93,515,119
35-39	581	740	689	82	3			2,095	105,534,850
40-44	557	541	513	355	111	4		2,081	111,102,474
45-49	534	631	417	330	439	106	2	2,459	135,003,698
50-54	374	579	573	351	476	437	147	2,937	168,327,035
55-59	273	416	545	467	486	420	648	3,255	199,750,674
60-64	120	166	254	221	282	184	344	1,571	100,758,126
65-69	23	32	33	36	37	21	42	224	13,871,270
70+	6	6	3	4	2	2	6	29	1,688,690
TOTAL	5,044	4,451	3,169	1,846	1,836	1,174	1,189	18,709	\$ 1,003,513,833

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 45.5 years
 Service: 12.3 years
 Annual Pay: \$53,638

Age and Service Distribution

Police
June 30, 2009

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No	Valuation Payroll
15-19	1							1	\$ 28,781
20-24	200	1						201	8,096,578
25-29	484	116	1					601	30,038,126
30-34	266	347	89					702	39,601,581
35-39	174	251	339	94	1			859	52,249,090
40-44	102	133	161	254	124	22		796	51,793,469
45-49	70	85	64	123	155	73	5	575	39,025,533
50-54	41	55	43	60	58	41	19	317	20,945,895
55-59	22	29	26	35	26	21	12	171	10,311,102
60-64	10	12	14	21	13	5	9	84	5,167,075
65-69	1	1	3	1	2	1	1	10	602,886
70+				1				1	74,164
TOTAL	1,371	1,030	740	589	379	163	46	4,318	\$257,934,280

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 38.8 years
Service: 10.4 years
Annual Pay: \$59,735

Age and Service Distribution

Fire
June 30, 2009

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No	Valuation Payroll
20-24	68							68	\$ 3,083,436
25-29	115	48	1					164	8,529,927
30-34	70	111	34					215	12,656,280
35-39	53	114	87	37	2			293	18,353,841
40-44	42	108	73	89	81	3		396	26,478,340
45-49	20	36	36	41	96	43	2	274	19,950,498
50-54	5	19	18	27	42	44	13	168	12,733,749
55-59	2	6	6	7	11	17	14	63	4,993,392
60-64	1	2		1		1	3	8	610,505
65-69	1				2		1	4	292,328
70+									
TOTAL	377	444	255	202	234	108	33	1,653	\$107,682,296

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 40.1 years
Service: 12.1 years
Annual Pay: \$65,144

Age and Service Distribution

Total
June 30, 2009

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No	Valuation Payroll
15-19	31							31	\$ 616,521
20-24	1,168	9						1,177	36,068,136
25-29	3,276	627	8					3,911	150,214,376
30-34	2,064	2,051	407	3				4,525	201,589,973
35-39	1,827	1,746	1,486	341	12			5,412	262,183,345
40-44	2,000	1,552	1,212	1,026	553	54		6,397	314,950,749
45-49	2,113	1,896	1,145	940	1,097	387	43	7,621	373,185,708
50-54	1,835	1,870	1,449	985	1,038	805	409	8,391	411,824,046
55-59	1,355	1,444	1,313	1,095	1,034	708	1,027	7,976	416,277,402
60-64	696	848	716	577	644	337	553	4,371	225,584,259
65-69	150	259	176	125	132	60	93	995	46,723,094
70+	44	64	41	32	15	12	17	225	9,069,433
TOTAL	16,559	12,366	7,953	5,124	4,525	2,363	2,142	51,032	\$ 2,448,287,042

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 46.0 years
Service: 10.9 years
Annual Pay: \$47,976

Historical Summary of Active Member Data

Total

Valuation Date	Active Members		Covered Payroll		Average Salary		Average	
	No.	% Inc.*	\$ Amount	% Inc.*	\$ Amount	% Inc.*	Age	Service
2005	51,060	N/A	\$2,043,568,262	N/A	\$ 40,023	N/A	45.2	9.9
2007	50,802	(0.3%)	2,195,339,382	3.6%	43,214	3.9%	45.6	10.6
2008	50,988	0.2%	2,308,320,669	5.1%	45,272	4.8%	45.7	10.6
2009	51,032	0.0%	2,448,287,042	6.1%	47,976	6.0%	46.0	10.9

* Average annual increase.

By Valuation Group (Valuation Payroll in Thousands)

	Fiscal Year	Active Members#	Valuation Payroll	Average Compensation	% Inc.*
Employees	2009	26,352	\$1,079,157	\$40,952	7.47 %
Teachers		18,709	1,003,514	53,638	3.73 %
Police		4,318	257,934	59,735	5.92 %
Fire		1,653	107,682	65,144	10.25 %
Total		51,032	\$2,448,287	\$47,976	5.97 %

	Fiscal Year	Active Members#	Valuation Payroll	Average Compensation	% Inc.*
Employees	2008	26,507	\$ 1,010,032	\$38,104	7.05 %
Teachers		18,509	957,068	51,708	3.59 %
Police		4,332	244,314	56,398	3.03 %
Fire		1,640	96,907	59,090	(3.62)%
Total		50,988	\$2,308,321	45,272	4.76 %

Excludes temporary inactive members.

* Average annual increase.

Summary of Membership Data by Category

	June 30	
	2009	2008
Active Members		
Number	51,032	50,988
Average age (years)	46.0	45.7
Average service (years)	10.9	10.6
Average salary	\$ 47,976	\$ 45,272
Total payroll supplied, annualized	\$ 2,448,287,042	\$ 2,308,320,669
Vested Inactive Members		
Number	1,391	1,423
Average age (years)	52	52
Non-Vested Inactive Members		
Number	5,353	3,332
Service Retirees		
Number	21,044	19,510
Average age (years)	68	68
Total annual benefits	\$ 392,110,215	\$ 351,619,909
Average annual benefit	\$ 18,633	\$ 18,023
Disability Retirees		
Number	1,455	1,432
Average age (years)	61	60
Total annual benefits	\$ 26,002,365	\$ 25,188,738
Average annual benefit	\$ 17,871	\$ 17,590
Beneficiaries		
Number	2,002	1,928
Average age (years)	73	72
Total annual benefits	\$ 25,211,604	\$ 23,631,586
Average annual benefit	\$ 12,593	\$ 12,257
Total Covered Lives	82,277	78,613

Other Schedules of Interest
Distribution of Retirees by Years of Service

Service	Employees							<u>Total</u>
	<u>0 - 4 yrs.*</u>	<u>5 - 9 yrs.</u>	<u>10 - 14 yrs.</u>	<u>15 - 19 yrs.</u>	<u>20 - 24 yrs.</u>	<u>25 - 29 yrs.</u>	<u>30 or more yrs.</u>	
Average monthly benefit	\$325	\$374	\$547	\$802	\$1,084	\$1,438	\$2,152	\$975
Average final average salary	\$31,667	\$35,280	\$36,695	\$40,033	\$43,215	\$48,520	\$58,876	\$43,547
Number of retired members	876	1,299	3,051	1,971	1,942	1,139	1,914	12,192 **

* Includes 141 members who did not have service reported.

** Includes 8,241 members who did not have FAS reported.

Service	Teachers							<u>Total</u>
	<u>0 - 4 yrs.*</u>	<u>5 - 9 yrs.</u>	<u>10 - 14 yrs.</u>	<u>15 - 19 yrs.</u>	<u>20 - 24 yrs.</u>	<u>25 - 29 yrs.</u>	<u>30 or more yrs.</u>	
Average monthly benefit	\$422	\$477	\$653	\$984	\$1,409	\$1,817	\$2,591	\$1,736
Average final average salary	\$49,132	\$52,820	\$43,328	\$50,592	\$57,660	\$61,404	\$67,107	\$59,692
Number of retired members	155	179	986	931	1,702	1,477	3,077	8,507 **

* Includes 69 members who did not have service reported.

** Includes 5,217 members who did not have FAS reported.

Service	Police							<u>Total</u>
	<u>0 - 4 yrs.*</u>	<u>5 - 9 yrs.</u>	<u>10 - 14 yrs.</u>	<u>15 - 19 yrs.</u>	<u>20 - 24 yrs.</u>	<u>25 - 29 yrs.</u>	<u>30 or more yrs.</u>	
Average monthly benefit	\$931	\$1,337	\$1,453	\$2,026	\$2,816	\$3,768	\$5,068	\$2,665
Average final average salary	\$42,229	\$50,574	\$44,919	\$56,748	\$70,720	\$82,705	\$91,617	\$71,464
Number of retired members	200	139	293	232	1,093	455	153	2,565 **

* Includes 115 members who did not have service reported.

** Includes 1,808 members who did not have FAS reported.

Service	Fire							<u>Total</u>
	<u>0 - 4 yrs.*</u>	<u>5 - 9 yrs.</u>	<u>10 - 14 yrs.</u>	<u>15 - 19 yrs.</u>	<u>20 - 24 yrs.</u>	<u>25 - 29 yrs.</u>	<u>30 or more yrs.</u>	
Average monthly benefit	\$967	\$1,439	\$1,585	\$1,998	\$2,537	\$3,707	\$4,592	\$2,794
Average final average salary	\$55,668	\$46,372	\$48,616	\$63,891	\$70,685	\$83,078	\$88,852	\$76,730
Number of retired members	78	28	72	107	534	295	123	1,237 **

* Includes 60 members who did not have service reported.

** Includes 963 members who did not have FAS reported.

Other Schedules of Interest
Schedule of Retired Members by Type of Benefits

Employees

June 30, 2009																			
		Type of Retirement**							Option Selected #										
Amount of Monthly Benefit	Number of Retirees*	1	2	3	4	5	6	7	No Option	1	2	3	4	5	6	7	8	9	Other&
\$1 - \$500	4,089	3,390	53	1	4	-	502	139	2,448	241	279	72	738	161	9	2	-	-	139
501 - 1,000	3,786	2,886	243	145	5	2	335	170	2,102	186	240	93	722	261	8	4	-	-	170
1,001 - 1,500	2,291	1,638	61	213	4	4	116	255	1,070	103	173	75	425	186	2	2	-	-	255
1,501 - 2,000	1,254	969	17	71	3	2	63	129	513	36	121	48	309	95	2	1	-	-	129
2,001 - 2,500	677	568	2	18	-	2	44	43	249	18	64	33	211	58	-	1	-	-	43
2,501 - 3,000	381	329	2	7	-	1	27	15	127	15	47	14	109	54	-	-	-	-	15
3,001 - 3,500	194	179	1	1	-	-	12	1	61	6	27	12	63	24	-	-	-	-	1
3,501 - 4,000	139	135	-	1	-	-	3	-	44	3	18	10	51	13	-	-	-	-	-
Over 4,000	133	130	1	-	-	-	2	-	23	3	24	15	44	22	1	1	-	-	-
Totals	12,944	10,224	380	457	16	11	1,104	752	6,637	611	993	372	2,672	874	22	11	-	-	752

Teachers

June 30, 2009																			
		Type of Retirement**							Option Selected #										
Amount of Monthly Benefit	Number of Retirees*	1	2	3	4	5	6	7	No Option	1	2	3	4	5	6	7	8	9	Other&
\$1 - \$500	986	848	-	-	-	-	56	82	485	60	56	21	215	60	2	5	-	-	82
501 - 1,000	1,393	1,181	57	-	1	-	80	74	772	149	64	26	246	58	4	-	-	-	74
1,001 - 1,500	1,571	1,186	64	5	4	-	68	244	675	80	100	42	319	110	1	-	-	-	244
1,501 - 2,000	1,487	1,302	22	7	4	1	43	108	608	68	103	44	404	145	1	6	-	-	108
2,001 - 2,500	1,414	1,288	20	4	1	1	44	56	562	52	96	50	433	161	1	3	-	-	56
2,501 - 3,000	1,035	1,000	1	1	1	-	23	9	399	37	89	33	338	126	-	4	-	-	9
3,001 - 3,500	686	668	1	-	1	-	15	1	298	26	65	29	199	65	1	2	-	-	1
3,501 - 4,000	322	313	-	-	1	-	8	-	119	19	31	16	97	40	-	-	-	-	-
Over 4,000	187	185	-	-	-	-	2	-	71	6	19	6	61	24	-	-	-	-	-
Totals	9,081	7,971	165	17	13	2	339	574	3,989	497	623	267	2,312	789	10	20	-	-	574

See Page 52 for footnotes.

Other Schedules of Interest
Schedule of Retired Members by Type of Benefits

Police

June 30, 2009																			
		Type of Retirement**							Option Selected #										
Amount of Monthly Benefit	Number of Retirants*	1	2	3	4	5	6	7	No Option	1	2	3	4	5	6	7	8	9	Other&
\$1 - \$500	139	101	1	-	-	3	25	9	82	1	6	14	7	20	-	-	-	-	9
501 - 1,000	275	147	6	2	-	2	109	9	204	6	11	11	13	21	-	-	-	-	9
1,001 - 1,500	285	161	24	14	-	2	74	10	183	15	12	12	18	35	-	-	-	-	10
1,501 - 2,000	295	189	17	42	-	1	28	18	155	17	8	29	15	52	1	-	-	-	18
2,001 - 2,500	344	247	5	69	-	2	14	7	159	25	11	43	20	79	-	-	-	-	7
2,501 - 3,000	311	231	-	63	-	1	15	1	127	15	7	55	14	92	-	-	-	-	1
3,001 - 3,500	262	221	-	32	1	3	5	-	93	17	1	71	6	74	-	-	-	-	-
3,501 - 4,000	206	189	-	12	-	-	5	-	68	9	2	41	9	77	-	-	-	-	-
Over 4,000	502	471	-	25	-	1	5	-	121	10	6	160	13	192	-	-	-	-	-
Totals	2,619	1,957	53	259	1	15	280	54	1,192	115	64	436	115	642	1	-	-	-	54

Fire

June 30, 2009																			
		Type of Retirement**							Option Selected #										
Amount of Monthly Benefit	Number of Retirants*	1	2	3	4	5	6	7	No Option	1	2	3	4	5	6	7	8	9	Other&
\$1 - \$500	39	24	-	1	-	2	11	1	26	-	2	1	2	7	-	-	-	-	1
501 - 1,000	83	28	1	-	-	-	54	-	74	-	1	1	1	6	-	-	-	-	-
1,001 - 1,500	153	61	7	12	-	5	68	-	119	10	8	6	5	5	-	-	-	-	-
1,501 - 2,000	142	78	9	16	-	2	34	3	83	13	6	14	10	13	-	-	-	-	3
2,001 - 2,500	170	116	2	26	1	3	18	4	83	14	7	22	4	36	-	-	-	-	4
2,501 - 3,000	158	121	2	25	-	1	6	3	62	9	4	25	11	44	-	-	-	-	3
3,001 - 3,500	132	121	1	9	-	-	1	-	35	6	2	29	2	58	-	-	-	-	-
3,501 - 4,000	111	100	-	7	-	1	3	-	30	6	2	23	1	49	-	-	-	-	-
Over 4,000	260	243	-	6	1	-	10	-	76	10	-	59	3	110	1	1	-	-	-
Totals	1,248	892	22	102	2	14	205	11	588	68	32	180	39	328	1	1	-	-	11

See Page 52 for footnotes.

****Type of Retirement**

- 1-Service & early retirement
- 2-Ordinary disability retirement
- 3-Accidental disability retirement
- 4-Ordinary death in active service
- 5-Accidental death in active service
- 6-Beneficiaries of deceased members who retired on a service or disability allowance
- 7-Vested member with future benefit

#Option Selected

- No option - Straight life
- Option 1 - Cash refund
- Option 2 - 100% Joint & Survivorship
- Option 3 - 50% Joint & Survivorship
- Option 4 - 100% Pop-Up
- Option 5 - 50% Pop-Up
- Option 6 - Other % Joint & Survivorship
- Option 7 - Other % Pop-Up
- Option 8 - Fixed amount to Beneficiaries
- Option 9 - Widow's benefit (accidental disability) 50%

** Excluding Vested members with a future benefit.
& Elections for Vested members are made at the time of commencement.*

Other Schedules of Interest
Distribution of Retirees by Years of Service
Medical Benefits

Service	State Employees							<u>Total</u>
	<u>0 - 4 yrs.*</u>	<u>5 - 9 yrs.</u>	<u>10 - 14 yrs.</u>	<u>15 - 19 yrs.</u>	<u>20 - 24 yrs.</u>	<u>25 - 29 yrs.</u>	<u>30 or more yrs.</u>	
Average monthly benefit	\$410	\$497	\$436	\$406	\$384	\$384	\$420	\$406
Annual Benefits	\$842,110	\$411,185	\$497,284	\$214,419	\$2,678,358	\$1,952,886	\$4,460,274	\$11,056,516
Number of retired members	171	69	95	44	581	424	884	2,268

* Includes 86 members who did not have service reported.

Service	Political Subdivision Employees							<u>Total</u>
	<u>0 - 4 yrs.*</u>	<u>5 - 9 yrs.</u>	<u>10 - 14 yrs.</u>	<u>15 - 19 yrs.</u>	<u>20 - 24 yrs.</u>	<u>25 - 29 yrs.</u>	<u>30 or more yrs.</u>	
Average monthly benefit	\$364	\$350	\$447	\$390	\$428	\$417	\$505	\$444
Annual Benefits	\$65,541	\$46,198	\$75,081	\$18,717	\$3,179,812	\$1,515,015	\$2,029,561	\$6,929,925
Number of retired members	15	11	14	4	619	303	335	1,301

* Includes 7 members who did not have service reported.

Service	Teachers							<u>Total</u>
	<u>0 - 4 yrs.*</u>	<u>5 - 9 yrs.</u>	<u>10 - 14 yrs.</u>	<u>15 - 19 yrs.</u>	<u>20 - 24 yrs.</u>	<u>25 - 29 yrs.</u>	<u>30 or more yrs.</u>	
Average monthly benefit	\$330	\$376	\$566	\$474	\$436	\$448	\$526	\$488
Annual Benefits	\$27,729	\$4,507	\$20,382	\$11,368	\$5,012,288	\$4,890,068	\$14,497,402	\$24,463,744
Number of retired members	7	1	3	2	959	909	2,298	4,179

* Includes 7 members who did not have service reported.

Service	Police and Fire							<u>Total</u>
	<u>0 - 4 yrs.*</u>	<u>5 - 9 yrs.</u>	<u>10 - 14 yrs.</u>	<u>15 - 19 yrs.</u>	<u>20 - 24 yrs.</u>	<u>25 - 29 yrs.</u>	<u>30 or more yrs.</u>	
Average monthly benefit	\$442	\$481	\$485	\$469	\$548	\$556	\$532	\$533
Annual Benefits	\$333,960	\$525,662	\$1,060,239	\$1,013,207	\$7,655,729	\$3,773,959	\$1,367,171	\$15,729,927
Number of retired members	63	91	182	180	1,165	566	214	2,461

* Includes 16 members who did not have service reported.

Other Schedules of Interest
 Schedule of Retired Members by Type of Benefits
 Medical Benefits

State Employees

June 30, 2009					
Monthly Benefit	No. of Retirees	1 Person		2 Person	
		Pre-65	Post-65	Pre-65	Post-65
\$1-\$500	1,849	171	1,638	1	39
501-1,000	416	71	129	183	33
1,001-1,500	1	0	0	0	1
1,501-2,000	2	1	0	1	0
Over 2,000	0	0	0	0	0
Total	2,268	243	1,767	185	73

Political Subdivision Employees

June 30, 2009					
Monthly Benefit	No. of Retirees	1 Person		2 Person	
		Pre-65	Post-65	Pre-65	Post-65
\$1-\$500	957	134	823	0	0
501-1,000	329	122	99	91	17
1,001-1,500	14	2	0	11	1
1,501-2,000	1	0	0	1	0
Over 2,000	0	0	0	0	0
Total	1,301	258	922	103	18

Other Schedules of Interest
 Schedule of Retired Members by Type of Benefits
 Medical Benefits

Teachers

June 30, 2009					
Monthly Benefit	No. of Retirees	1 Person		2 Person	
		Pre-65	Post-65	Pre-65	Post-65
\$1-\$500	2,758	595	2,147	4	12
501-1,000	1,257	489	273	360	135
1,001-1,500	158	45	8	81	24
1,501-2,000	6	2	0	4	0
Over 2,000	0	0	0	0	0
Total	4,179	1,131	2,428	449	171

Police and Fire

June 30, 2009					
Monthly Benefit	No. of Retirees	1 Person		2 Person	
		Pre-65	Post-65	Pre-65	Post-65
\$1-\$500	1,307	384	899	16	8
501-1,000	1,127	163	138	811	15
1,001-1,500	25	5	2	18	0
1,501-2,000	2	1	0	1	0
Over 2,000	0	0	0	0	0
Total	2,461	553	1,039	846	23

SECTION F
METHODS & ASSUMPTIONS

Valuation Methods

Pension

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gain/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities were amortized by level (principal & interest combined) percent-of-payroll contributions over 28 years from the contribution effective date (Fiscal Year 2012).

Health

Liabilities are determined under the entry-age actuarial cost method.

Contribution rates to the 401(h) sub-trust are determined as the lesser of 25% of the employers' total contributions or the actuarial required contribution rate that keeps the medical subsidy sub-trust solvent (the "solvency rate").

Valuation Methods

Actuarial Value of Assets - The Actuarial Value of Assets recognizes assumed investment return fully each year. Differences between actual and assumed investment income are phased in over a closed 5 year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than Market Value. The Funding Value of Assets is unbiased with respect to Market Value. At any time it may be either greater or less than Market Value. If assumed rates are exactly realized for 4 consecutive years, it will become equal to Market Value. Funding Value was limited to a 20% corridor around the Market Value.

The actuarial value of assets, net of the Special Account, was allocated to the pension and health plans based on the market value of those plans, net of the special account. The actuarial value of assets was then further allocated to each fund (either pension or health) based on the market value of those funds, net of the Special Account.

For purposes of determining the solvency rate, the market value of assets was used for Group I funds due to the short time horizon before these closed group funds become pay-as-you-go with a declining annual obligation.

Development of Amortization Payment

The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The unfunded actuarial accrued liability (UAAL) was determined using the funding value of assets and actuarial accrued liability calculated as of the valuation date. The UAAL amortization payment (one component of the contribution requirement), is the level percent of pay required to fully amortize the UAAL over a 28 year period beginning on July 1, 2009. This UAAL payment reflects any payments expected to be made and interest to be accrued between the valuation date and the date contributions determined by this report are scheduled to begin. It was assumed that the entire pension contribution as calculated in the June 30, 2007 valuation would be contributed to the net pension assets.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section.

Economic Assumptions

The investment return rate assumed in the valuations is 8.50% per year, compounded annually (net after investment expenses).

The **Wage Inflation Rate** assumed in this valuation was 4.50% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macroeconomic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

No specific **Price Inflation** assumption is required to perform this valuation, since there are no benefits that are linked to price increases. However, a price inflation assumption on the order of 3.5% would be consistent with the other economic assumptions.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed total wage growth rate. Considering other economic assumptions, the 8.50% investment return rate translates to an assumed real rate of return over wage inflation of 4.00%. The assumed real rate of return over price inflation would be higher – on the order of 5.0%, considering both an inflation assumption and an average expense provision.

The active member population is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll is assumed to grow at the wage inflation rate – 4.50% per year.

Pay increase assumptions for individual active members are shown for sample ages on pages 62, 66, 70 and 74. Part of the assumption for each age is for merit and/or seniority increase, and the other 4.50% recognizes wage inflation, including price inflation, productivity increases, and other macroeconomic forces.

Valuation Assumptions

Employees

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Salary Increase Assumptions For an Individual Member			
Sample Ages	Merit & Seniority	Base (Economy)	Increase Next Year
20	11.75%	4.50%	16.25%
25	8.75%	4.50%	13.25%
30	4.25%	4.50%	8.75%
35	3.25%	4.50%	7.75%
40	1.85%	4.50%	6.35%
45	1.65%	4.50%	6.15%
50	1.45%	4.50%	5.95%
55	1.25%	4.50%	5.75%
60	1.05%	4.50%	5.55%
Ref:	271 - 0.5%		

Valuation Assumptions

Employees
(Continued)

The standard mortality table for death after retirement was the table below:

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
35	0.076%	0.047%	46.65	51.20
40	0.102%	0.062%	41.82	46.32
45	0.151%	0.099%	37.02	41.46
50	0.235%	0.155%	32.28	36.65
55	0.387%	0.226%	27.64	31.92
60	0.735%	0.360%	23.14	27.25
65	1.408%	0.779%	18.92	22.71
70	2.485%	1.562%	15.12	18.52
75	4.176%	2.566%	11.81	14.83
80	6.934%	4.195%	9.02	11.53
Ref:	470	x 1.00	471	x 1.00

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Disabled pension mortality was based on PBGC Disabled Mortality tables. For active members dying before retirement, 98% percent are assumed to be ordinary death and 2% percent are assumed to be accidental death. The probabilities of dying prior to retirement at sample attained ages were as follows:

Sample Ages	Probability of Occurrence Next Year			
	Death Before Retirement		Disabled Death	
	Men	Women	Men	Women
20	0.06%	0.02%	4.83%	4.83%
25	0.06%	0.02%	4.83%	4.83%
30	0.06%	0.03%	3.62%	3.62%
35	0.06%	0.04%	2.78%	2.78%
40	0.06%	0.07%	2.82%	2.82%
45	0.10%	0.10%	3.22%	3.22%
50	0.15%	0.14%	3.83%	3.83%
55	0.20%	0.18%	4.82%	4.82%
Ref:	490	x 1.00	491	x 1.00
			250	250

Valuation Assumptions

Employees
(Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement Ages	% of Active Members Retiring Within Next Year			
	Male		Female	
	Normal	Early	Normal	Early
45		2.53%		2.52%
46		2.62%		2.61%
47		2.72%		2.71%
48		2.82%		2.81%
49		2.92%		2.90%
50		3.01%		3.00%
51		3.11%		3.00%
52		3.21%		3.00%
53		3.31%		3.00%
54		3.40%		3.00%
55		3.50%		3.00%
56		4.40%		4.00%
57		5.50%		5.00%
58		7.70%		7.00%
59		10.00%		10.50%
60	12.50%		13.00%	
61	15.00%		15.00%	
62	17.00%		17.00%	
63	19.00%		18.00%	
64	21.00%		18.50%	
65	24.00%		19.00%	
66	26.00%		19.50%	
67	24.00%		19.00%	
68	22.00%		18.00%	
69	20.00%		17.00%	
70	100.00%		100.00%	
Ref.	1386	1386	1387	1387

Valuation Assumptions

Employees (Concluded)

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	% of Active Members Separating Within Next Year	
	Male	Female
25	7.00%	8.00%
30	6.50%	7.00%
35	5.50%	6.00%
40	4.50%	5.00%
45	4.00%	4.00%
50	3.50%	3.50%
55	3.00%	3.00%
60	2.20%	2.60%
Ref.	949	950

Withdrawal rates for the first two years of employment are multiplied by 2.0.

Rates of disability among active members. 50% are assumed to be ordinary disability and 50% are assumed to be accidental disability.

Sample Ages	% of Active Members Becoming Disabled Within Next Year	
	Men	Women
20	0.03%	0.02%
25	0.04%	0.02%
30	0.05%	0.02%
35	0.10%	0.05%
40	0.18%	0.08%
45	0.22%	0.12%
50	0.27%	0.18%
55	0.29%	0.22%
Ref.	489	490

Valuation Assumptions

Teachers

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Salary Increase Assumptions For an Individual Member			
Sample Ages	Merit & Seniority	Base (Economy)	Increase Next Year
20	3.75%	4.50%	8.25%
25	3.75%	4.50%	8.25%
30	2.00%	4.50%	6.50%
35	1.50%	4.50%	6.00%
40	1.00%	4.50%	5.50%
45	0.50%	4.50%	5.00%
50	0.00%	4.50%	4.50%
55	0.00%	4.50%	4.50%
60	0.00%	4.50%	4.50%
Ref:	272 - 0.5%		

Valuation Assumptions

Teachers (Continued)

The standard mortality table for death after retirement was the table below:

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
35	0.068%	0.044%	43.75	50.23
40	0.085%	0.058%	38.94	45.34
45	0.118%	0.090%	34.17	40.49
50	0.180%	0.143%	29.48	35.70
55	0.283%	0.211%	24.91	30.98
60	0.494%	0.319%	20.56	26.33
65	0.959%	0.661%	16.58	21.84
70	1.787%	1.389%	13.07	17.75
75	3.062%	2.335%	10.07	14.14
80	5.129%	3.789%	7.63	10.93
Ref:	470	x 1.00	471	x 1.00

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Disabled pension mortality was based on PBGC Disabled Mortality tables. For active members dying before retirement, 98% percent are assumed to be ordinary death and 2% percent are assumed to be accidental death. The probabilities of dying at sample attained ages were as follows:

Sample Ages	Probability of Dying Next Year			
	Death Before Retirement		Disabled Death	
	Men	Women	Men	Women
20	0.02%	0.03%	4.83%	4.83%
25	0.02%	0.03%	4.83%	4.83%
30	0.03%	0.03%	3.62%	3.62%
35	0.04%	0.03%	2.78%	2.78%
40	0.05%	0.05%	2.82%	2.82%
45	0.06%	0.05%	3.22%	3.22%
50	0.12%	0.10%	3.83%	3.83%
55	0.18%	0.15%	4.82%	4.82%
Ref	492	x 1.00	493	x 1.00
			250	250

Valuation Assumptions

Teachers
(Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement Ages	% of Active Members Retiring Within Next Year			
	Male		Female	
	Normal	Early	Normal	Early
45		1.83%		1.00%
46		1.87%		1.00%
47		1.90%		1.00%
48		1.93%		1.00%
49		1.97%		1.00%
50		2.00%		1.00%
51		2.00%		1.60%
52		2.75%		2.20%
53		3.50%		2.80%
54		4.25%		3.40%
55		5.00%		4.00%
56		8.00%		5.00%
57		10.00%		7.00%
58		13.00%		9.00%
59		18.00%		13.00%
60	20.50%		15.00%	
61	22.00%		18.00%	
62	23.00%		20.00%	
63	24.00%		23.00%	
64	25.00%		24.00%	
65	26.00%		25.00%	
66	27.00%		26.00%	
67	28.00%		27.00%	
68	29.00%		28.00%	
69	30.00%		29.00%	
70	100.00%		100.00%	
Ref.	1388	1388	1389	1389

Valuation Assumptions

Teachers (Concluded)

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	% of Active Members Separating Within Next Year	
	Male	Female
25	4.50%	4.50%
30	4.00%	4.00%
35	3.50%	3.50%
40	2.75%	3.00%
45	2.75%	2.00%
50	3.50%	2.50%
55	4.00%	3.50%
60	4.40%	3.90%
Ref.	951	952

Withdrawal rates for the first year of employment are multiplied by 3.0 and for the second year of employment are multiplied by 2.0.

Rates of disability among active members. 92% percent are assumed to be ordinary disability and 8% percent are assumed to be accidental disability.

Sample Ages	% of Active Members Becoming Disabled Within Next Year	
	Male	Female
20	0.005%	0.005%
25	0.005%	0.005%
30	0.005%	0.005%
35	0.005%	0.005%
40	0.005%	0.005%
45	0.015%	0.015%
50	0.050%	0.045%
55	0.200%	0.100%
Ref	491	492

Valuation Assumptions

Police

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Salary Increase Assumptions For an Individual Member			
Sample Ages	Merit & Seniority	Base (Economy)	Increase Next Year
20	7.75%	4.50%	12.25%
25	7.75%	4.50%	12.25%
30	3.25%	4.50%	7.75%
35	2.00%	4.50%	6.50%
40	0.75%	4.50%	5.25%
45	0.75%	4.50%	5.25%
50	0.75%	4.50%	5.25%
55	0.75%	4.50%	5.25%
60	0.75%	4.50%	5.25%
Ref:	273 - 0.5%		

Valuation Assumptions

Police (Continued)

The standard mortality table for death after retirement was the table below:

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
	35	0.076%	0.047%	46.65
40	0.102%	0.062%	41.82	46.32
45	0.151%	0.099%	37.02	41.46
50	0.235%	0.155%	32.28	36.65
55	0.387%	0.226%	27.64	31.92
60	0.735%	0.360%	23.14	27.25
65	1.408%	0.779%	18.92	22.71
70	2.485%	1.562%	15.12	18.52
75	4.176%	2.566%	11.81	14.83
80	6.934%	4.195%	9.02	11.53
Ref:	470	x 1.00	471	x 1.00

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Disabled pension mortality was based on PBGC Disabled Mortality tables. For active members dying before retirement and disabled retirees, the probabilities of dying at sample attained ages were as follows:

Sample Ages	Probability of Dying Next Year										Disabled Death	
	Death Before Retirement										Men	Women
	Men		Women		Men		Women					
	Ordinary	Duty	Ordinary	Duty	Ordinary	Duty	Ordinary	Duty	Men	Women		
20	0.04%	0.01%	0.04%	0.01%	4.83%	4.83%						
25	0.05%	0.01%	0.05%	0.01%	4.83%	4.83%						
30	0.06%	0.01%	0.06%	0.01%	3.62%	3.62%						
35	0.07%	0.01%	0.07%	0.01%	2.78%	2.78%						
40	0.10%	0.01%	0.10%	0.01%	2.82%	2.82%						
45	0.14%	0.01%	0.14%	0.01%	3.22%	3.22%						
50	0.16%	0.01%	0.16%	0.01%	3.83%	3.83%						
55	0.24%	0.01%	0.24%	0.01%	4.82%	4.82%						
Ref	494	x 1	495	x 1	494	x 1	495	x 1	250	250		

Valuation Assumptions

Police (Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement Ages	% of Active Members Retiring Within Next Year
45	27.00%
46	27.60%
47	28.20%
48	28.80%
49	29.40%
50	30.00%
51	30.60%
52	31.20%
53	31.80%
54	32.40%
55	33.00%
56	30.00%
57	28.75%
58	28.00%
59	27.50%
60	27.00%
61	26.67%
62	27.08%
63	27.50%
64	27.92%
65	28.33%
66	28.75%
67	29.17%
68	29.58%
69	30.00%
70	100.00%
Ref.	1390

Valuation Assumptions

Police (Concluded)

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating Within Next Year	
		Male	Female
25	5 & Over	5.50%	5.50%
30		4.50%	4.50%
35		3.50%	3.50%
40		3.00%	3.00%
45		3.00%	3.00%
50		3.00%	3.00%
55		2.00%	2.00%
60		2.00%	2.00%
Ref.		953	953

Rates of disability among active members.

Sample Ages	% of Active Members Becoming Disabled within Next Year	
	Ordinary	Accidental
20	0.00%	0.01%
25	0.01%	0.01%
30	0.02%	0.01%
35	0.02%	0.15%
40	0.06%	0.20%
45	0.14%	0.25%
50	0.20%	0.30%
55	0.36%	0.35%
Ref	493	494

Valuation Assumptions

Fire

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Salary Increase Assumptions			
For an Individual Member			
Sample Ages	Merit & Seniority	Base (Economy)	Increase Next Year
20	9.00%	4.50%	13.50%
25	8.00%	4.50%	12.50%
30	5.00%	4.50%	9.50%
35	3.00%	4.50%	7.50%
40	1.25%	4.50%	5.75%
45	1.25%	4.50%	5.75%
50	1.25%	4.50%	5.75%
55	1.25%	4.50%	5.75%
60	1.25%	4.50%	5.75%
Ref:	274 - 0.5%		

Valuation Assumptions

Fire (Continued)

The standard mortality table for death after retirement was the table below:

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)			
	Men	Women	Men	Women		
35	0.098%	0.054%	41.11	49.22		
40	0.100%	0.067%	36.33	44.36		
45	0.128%	0.084%	31.61	39.52		
50	0.207%	0.123%	27.03	34.69		
55	0.338%	0.227%	22.59	29.95		
60	0.560%	0.444%	18.42	25.36		
65	1.024%	0.864%	14.67	21.04		
70	1.927%	1.555%	11.48	17.10		
75	3.425%	2.593%	8.87	13.58		
80	5.542%	4.325%	6.77	10.52		
Ref:	326	x	1.00	327	x	1.00

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Disabled pension mortality was based on PBGC Disabled Mortality tables. For active members dying before retirement and disabled retirees, the probabilities of dying at sample attained ages were as follows:

Sample Ages	Probability of Dying Next Year													
	Death Before Retirement				Disabled Death									
	Men		Women		Men	Women								
	Ordinary	Duty	Ordinary	Duty										
20	0.03%	0.02%	0.03%	0.03%	4.83%	4.83%								
25	0.03%	0.02%	0.03%	0.03%	4.83%	4.83%								
30	0.04%	0.02%	0.04%	0.04%	3.62%	3.62%								
35	0.05%	0.02%	0.05%	0.05%	2.78%	2.78%								
40	0.07%	0.02%	0.07%	0.07%	2.82%	2.82%								
45	0.10%	0.02%	0.10%	0.10%	3.22%	3.22%								
50	0.11%	0.02%	0.11%	0.11%	3.83%	3.83%								
55	0.17%	0.02%	0.17%	0.17%	4.82%	4.82%								
Ref:	496	x	1.00	497	x	1.00	496	x	1.00	497	x	1.00	250	250

Valuation Assumptions

Fire (Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement Ages	% of Active Members Retiring Within Next Year
45	15.00%
46	15.00%
47	15.00%
48	15.00%
49	15.00%
50	15.00%
51	15.00%
52	15.00%
53	15.00%
54	15.00%
55	25.00%
56	26.00%
57	27.00%
58	28.00%
59	29.00%
60	30.00%
61	29.00%
62	28.00%
63	27.00%
64	26.00%
65	25.00%
66	25.00%
67	25.00%
68	25.00%
69	25.00%
70	100.00%
Ref.	1391

Valuation Assumptions

Fire (Concluded)

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating Within Next Year	
		Male	Female
25	5 & Over	1.00%	1.00%
30		1.00%	1.00%
35		1.00%	1.00%
40		1.00%	1.00%
45		1.00%	1.00%
50		1.00%	1.00%
55		1.00%	1.00%
60		1.00%	1.00%
Ref.		151	151

Rates of disability among active members.

Sample Ages	% of Active Members Becoming Disabled within Next Year	
	Ordinary	Accidental
20	0.02%	0.05%
25	0.02%	0.05%
30	0.02%	0.07%
35	0.02%	0.09%
40	0.02%	0.20%
45	0.02%	0.25%
50	0.02%	0.30%
55	0.02%	0.35%
Ref	274	496

Miscellaneous and Technical Assumptions

<i>Administrative & Investment Expenses</i>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the prior year's administrative expenses. Assumed administrative expenses are added to the Normal Cost, and were 0.35% of payroll in the June 30, 2009 valuation.
<i>Benefit Service</i>	Exact Fractional service is used to determine the amount of benefit payable.
<i>COLA</i>	None assumed.
<i>Decrement Operation</i>	Disability decrements do not operate during retirement eligibility. Only withdrawal operates in the select withdrawal period.
<i>Decrement Timing</i>	Normal and early retirement decrements for the Teachers group are assumed to occur at the beginning of the year. All other decrements for all groups were assumed to occur mid-year.
<i>Eligibility Testing</i>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<i>Forfeitures</i>	None. In other words, it is assumed that if a member is vested at termination of employment, the member will receive a vested benefit when the member reaches normal retirement eligibility.
<i>Gain Sharing</i>	When the plan becomes 85% funded, current statutes provide that 100% of investment return above 10.5% is to be transferred to the Special Account. Projections based on valuation assumptions suggest that this may begin to occur in approximately 2030. This effect was not included in the valuation and was judged to be small due to the length of time before gain sharing occurs. This is based upon current statutes.
<i>Incidence of Contributions</i>	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

<i>Liability Adjustments</i>	Normal, early and vesting retirement liabilities are increased by 7.5%, 8.5%, 10.6% and 11.2% for Employees, Teachers, Police and Fire respectively to account for lump sum payouts.
<i>Marriage Assumption</i>	Group I: 80% of males and 80% of females are assumed to be married for purposes of death-in-service benefits. Group II: 50% of males and 50% of females are assumed to be married for purposes of death-in-service and death after retirement benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<i>Normal Form of Benefit</i>	Group I: The assumed normal form of benefit is a straight life benefit. Group II: The assumed normal form of benefit is straight life for single members and joint and 50% survivor for married members.
<i>Pay Increase Timing</i>	Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
<i>Service Credit Accruals</i>	It is assumed that members accrue one year of service credit per year.

SECTION G
PLAN PROVISIONS

Plan Provisions – Group I

<i>Statute</i>	Amended and Restated under New Hampshire Revised Statutes Annotated (RSA) Chapter 100-A. Most recently amended under legislation passed in the year ending June 30, 2009.
<i>Effective Date</i>	July 1, 1967
<i>Plan Year</i>	July 1 through June 30
<i>Type of Plan</i>	Qualified, governmental defined benefit retirement plan; it is a single plan for financial reporting purposes.
<i>Eligibility Requirements</i>	Any employee or teacher becomes a Group I member as a condition of employment. Membership is optional for elected officials, officials appointed for fixed terms, unclassified state employees or employees of the general court.
<i>Creditable Service</i>	Service measured from date of employment to date of retirement or prior termination plus service credited under one or more of the predecessor systems.
<i>Earnable Compensation</i>	Full base rate of compensation paid plus any overtime pay, holiday and vacation pay, sick pay, longevity or severance pay, cost of living bonus, additional pay for extracurricular and instructional activities or for other extra or special duty, and other compensation paid to the member by the employer, plus the fair market value of non-cash compensation such as meals or living quarters if subject to federal income tax. Earnable compensation in the final 12 months prior to termination shall be limited to 1 ½ times the higher of the earnable compensation in the 12 month period preceding the final 12 months or the highest compensation year excluding the final 12 months.
<i>Average Final Compensation (AFC)</i>	Average annual earnable compensation during the highest 3 years of creditable service.

Plan Provisions – Group I

Service Retirement

Eligibility: Age 60 years.

Benefit: A member annuity that is the actuarial equivalent of the member's accumulated contributions plus a state annuity.

Prior to age 65, the state annuity, together with the member annuity, shall be equal to $1/60^{\text{th}}$ of AFC times creditable service.

After age 65, the state annuity, together with the member annuity, shall be equal to $1/66^{\text{th}}$ of AFC times creditable service.

Normal Form: straight life annuity.

Early Retirement

Eligibility: Completion of 20 years of creditable service and age plus service at least 70, or attainment of age 50.

Benefit: Service Retirement Benefit accrued to date of retirement, reduced for each month prior to age 60 by $1/8$ of 1% if the member has 35 years or more of creditable service, by $1/4$ of 1% if the member has 30 years but less than 35, by $1/3$ of 1% if the member has at least 25 years but not 30, by $5/12$ of 1% if the member has at least 20 years but not 25, and by $5/9$ of 1% if the member has less than 20 years of creditable service.

Ordinary Disability

Eligibility: 10 or more years of creditable service.

Benefit: Service Retirement Benefit if at least age 60. Under age 60, a member annuity plus state annuity that shall be equal to 1.5% times AFC times years of creditable service. The disability retirement allowance shall not be less than 25% of AFC.

Accidental Disability

Eligibility: Permanently disabled in the performance of duty.

Benefit: Service Retirement Benefit if at least age 60, not less than 50% of AFC. Under age 60, a member annuity plus state annuity that shall be equal to 50% times AFC.

Plan Provisions – Group I

Accidental Death Benefits

Eligibility: Accidental death in the performance of duty.

Benefit: 50% times AFC.

Ordinary Death Benefits

Eligibility: Death other than accidental death

Benefit: If 10 years creditable service or eligible for service retirement, surviving spouse receives 50% of the service retirement benefit until death or remarriage. If no surviving spouse, designated beneficiary receives a lump sum equal to the greater of \$3,600 or the member's annual compensation.

If less than 10 years creditable service and not eligible for service retirement, the member's spouse or designated beneficiary receives a lump sum equal to the greater of \$3,600 or the member's annual compensation.

Post Retirement Death

Not applicable.

Optional Forms

Each of the following options shall be of equivalent actuarial value to the allowance payable in the absence of election of an option.

- Option 1. Full cash refund.
- Option 2. 100% Joint and Survivor.
- Option 3. 50% Joint and Survivor.
- Option 4. Other Joint and Survivor.

Vested Termination

If a member terminates with less than 10 years of service, the Member's own contributions are refunded. If a Member terminates with 10 or more years of service, the Member either receives his service retirement or reduced early service retirement benefit beginning at any age after age 50 or the member may apply for a refund of accumulated contributions.

Maximum Benefit

Members hired before July 1, 2009: 100% x AFC.
Members hired on or after July 1, 2009: \$120,000 annually.

Plan Provisions – Group I

Refunds

1. Termination for reasons other than retirement or death and the member has not elected a vested deferred retirement benefit.
2. Upon death in service other than accidental death described above, the member's accumulated contributions are payable to the beneficiary or estate.
3. Upon death prior to age 60 of a member electing vested deferred retirement, the member's accumulated contributions are payable to the beneficiary or estate.
4. Upon death of a retired member prior to electing an optional allowance, any excess of the member's accumulated contributions at retirement over the sum of retirement allowance payments received.

Member Contributions

State employees who were hired prior to July 1, 2009 and employees of political subdivision employers: 5.0% of earnable compensation.

State employees who are hired on or after July 1, 2009: 7.0% of earnable compensation.

Employer Contributions

As prescribed in RSA 100-A:16.

Cost of Living Increases

Provided annually by the legislature out of a special reserve (Special Account) pursuant to RSA 100-A:41-a.

Other Ancillary Benefits

There are no ancillary benefits - retirement type benefits not required by statutes but which might be deemed a liability if continued beyond the availability of funding by the current funding source.

Plan Provisions – Group II

<i>Statute</i>	Amended and Restated under New Hampshire Revised Statutes Annotated (RSA) Chapter 100-A. Most recently amended under legislation passed in the year ending June 30, 2009.
<i>Effective Date</i>	July 1, 1967
<i>Plan Year</i>	July 1 through June 30
<i>Type of Plan</i>	Qualified, governmental defined benefit retirement plan; it is a single plan for financial reporting purposes.
<i>Eligibility Requirements</i>	Any permanent policeman or permanent fireman becomes a Group II member as a condition of employment.
<i>Creditable Service</i>	Service measured from date of employment to date of retirement or prior termination plus service credited under one or more of the predecessor systems.
<i>Earnable Compensation</i>	Full base rate of compensation paid plus any overtime pay, holiday and vacation pay, sick pay, longevity or severance pay, cost of living bonus, additional pay for extracurricular and instructional activities or for other extra or special duty, and other compensation paid to the member by the employer, plus the fair market value of non-cash compensation such as meals or living quarters if subject to federal income tax. Earnable compensation in the final 12 months prior to termination shall be limited to 1 ½ times the higher of the earnable compensation in the 12 month period preceding the final 12 months or the highest compensation year excluding the final 12 months.
<i>Average Final Compensation (AFC)</i>	Average annual earnable compensation during the highest 3 years of creditable service.

Plan Provisions – Group II

Service Retirement

Eligibility: Age 45 and 20 years of creditable service or age 60.

Benefit: A member annuity that is the actuarial equivalent of the member's accumulated contributions plus a state annuity.

The state annuity, together with the member annuity, shall be equal to 2-1/2% of AFC times creditable service up to 40 years.

A member retiring at age 45 with 20 years of service shall receive a minimum annual service retirement allowance of \$10,000.

Normal Form: straight life annuity (with surviving spouse's benefit payable as described under post-retirement death benefit).

Ordinary Disability

Eligibility: 10 or more years of creditable service.

Benefit: Service Retirement Benefit. The disability retirement allowance shall not be less than 25% of the member's final compensation at the date of the member's disability.

Accidental Disability

Eligibility: Permanently disabled in the performance of duty.

Benefit: A member annuity plus state annuity that shall be equal to 2/3 of AFC. If a member has more than 26-2/3 years of service, a supplemental disability benefit equal to 2-1/2% of AFC times years of creditable service in excess of 26-2/3 years but not in excess of 40 years.

Accidental Death Benefits

Eligibility: Accidental death in the performance of duty.

Benefit: 50% times the member's annual rate of earnable compensation at the date of the member's death.

Plan Provisions – Group II

Ordinary Death Benefits

Eligibility: Death other than accidental death.

Benefit: If 10 years creditable service or eligible for service retirement, surviving spouse receives 50% of the service retirement benefit until death or remarriage. If no surviving spouse, designated beneficiary receives a lump sum equal to the greater of \$3,600 or the member's annual compensation.

If less than 10 years creditable service and not eligible for service retirement, the member's spouse or designated beneficiary receives a lump sum equal to the greater of \$3,600 or the member's annual compensation.

Post Retirement Death

Retired prior to April 1, 1987, lump sum of \$3,600 or in the case of accidental disability, 50% of the accidental disability benefit payable to surviving spouse.

Retired on or after April 1, 1987, benefit payable to surviving spouse until death or remarriage equal to 50% of the member's service, ordinary disability or accidental disability retirement allowance plus a lump sum as defined below.

Retired on or after April 1, 1987, but before July 1, 1988, hired before July 1, 1988, lump sum of \$3,600.

Retired on or after July 1, 1988, hired before July 1, 1988, lump sum of \$10,000.

Retired on or after July 1, 1988, hired on or after July 1, 1988 but before July 1, 1993, lump sum of \$3,600.

Optional Forms

Each of the following options shall be of equivalent actuarial value to the straight life allowance payable in the absence of election of an option.

Option 1. Full cash refund.

Option 2. Not applicable.

Option 3. 50% Joint and Survivor.

Option 4. Other Joint and Survivor, not to exceed 50%.

Vested Termination

If a member terminates with less than 10 years of service, the Member's own contributions are refunded. If a Member terminates with 10 or more years of service, the Member either receives his service retirement at any age after age 45 provided the member would have completed 20 years of creditable service or age 60 or the member may apply for a refund of accumulated contributions.

Maximum Benefit

Members hired before July 1, 2009: 100% x AFC.

Members hired on or after July 1, 2009: \$120,000 annually.

Plan Provisions – Group II

Refunds

1. Termination for reasons other than retirement or death and the member has not elected a vested deferred retirement benefit.
2. Upon death in service other than accidental death described above, the member's accumulated contributions are payable to the beneficiary or estate.
3. Upon death prior to commencement of benefits of a member electing vested deferred retirement, the member's accumulated contributions are payable to the beneficiary or estate.
4. Upon death of a survivor of a member retired on accidental disability with spouse receiving accidental disability survivor benefits, the excess of the member's accumulated contributions at retirement over the sum of payments received.
5. Upon death of a retired member prior to electing an optional allowance, any excess of the member's accumulated contributions at retirement over the sum of retirement allowance payments received.

Member Contributions

9.3% of compensation

Employer Contributions

As prescribed in RSA 100-A:16.

Cost of Living Increases

Provided annually by the legislature out of a special reserve (Special Account) pursuant to RSA 100-A:41-a.

Other Ancillary Benefits

There are no ancillary benefits - retirement type benefits not required by statutes but which might be deemed a liability if continued beyond the availability of funding by the current funding source.

History of Recent Changes in Plan Provisions

2009 Legislative Session:

Legislation enacted in the 2009 legislative session is summarized below:

- (a) **Member Contribution Rates for Group I Employee Members (Effective June 30, 2009)** [RSA 100-A:16, I(a)] The member contribution rate for Group I state employees who were hired prior to July 1, 2009, and for Group I employees of political subdivision employers (such as cities, towns, school districts, and other local government employers) remains at 5.0% of earnable compensation. However, the member contribution rate for all Group I state employees who are hired on or after July 1, 2009, is 7.0% of earnable compensation. This rate change does not apply to employees of political subdivisions;
- (b) **Employer Contributions for Teacher, Firefighter, and Police Officer Members** [RSA 100-A:16, II(b)-(c)] Historically, political subdivision employers paid 65% of the total NHRS employer cost (“employer contributions”) for their teacher, firefighter, and police officer members. The State of New Hampshire paid the remaining 35% of the total employer cost. With the passage of House Bill 2, the State’s share of the political subdivision employers’ cost is reduced from 35% to 30% for the state fiscal year 2010, and to 25% for the state fiscal year 2011. The State’s share reverts back to 35% for the state fiscal year 2012 and each fiscal year thereafter;
- (c) **Definition of “Extra or Special Duty”** [RSA 100-A:1, XXXII] “Extra or special duty” means member work activities or details for which the employer bills or charges another entity for the work activities provided;
- (d) **Employer Reporting of Extra or Special Duty Compensation** [RSA 100-A:16, VI] For fiscal years beginning on or after July 1, 2009, political subdivision employers must report monthly to NHRS all extra or special duty compensation paid to Group II firefighter and police officer members. Employers are also required to include in their billing to the entity for whom the extra or special duty is provided, the full amount of employer contributions required under RSA 100-A:16, II(b), which are applicable to the extra or special duty compensation paid to Group II members. If the contributions are not paid by the entity, employers are required to pay 100% of the employer contributions attributable to all extra or special duty compensation paid to Group II members;
- (e) **Retiree Health Insurance Premium Contribution** [RSA 100-A:54, III] Effective July 1, 2009, NHRS is required to deduct from the monthly pension benefit of retired Group I and Group II state employees, the amount of \$65.00 for each retiree and each spouse who are under age 65 and receiving healthcare coverage through the State of New Hampshire. The total deduction may not exceed \$130.00;

History of Recent Changes in Plan Provisions

- (f) **Re-certification of State and Political Subdivision Employer Contribution Rate (Effective June 1, 2009)** [RSA 100-A:16, III] NHRS was required to re-certify employer contribution rates for fiscal years 2010 and 2011, based upon a July 1, 2009, state employee group other post-employment benefit (OPEB) state medical plan subtrust balance of \$0.00, and as a result of the reduced State share of employer contributions on behalf of political subdivisions, described above;
- (g) **House Bill 223, Chapter 4, Effective August 29, 2008** [RSA 100-A:16,III-a] This law delays from August 29, 2008, until July 1, 2010 the implementation of RSA 100-A:16, III-a, which addresses the funding of dramatic increases in the pensions of NHRS members resulting from excessively high end-of-career earnable compensation payments made to a retiring employee by an employer. Known as the “spiking provision” or the “125% calculation provision”, RSA 100-A:16, III-a provides that employers assume financial responsibility for the funding costs associated with those increased pension amounts;
- (h) **House Bill 420, Chapter 158, Effective July 1, 2009** [RSA 100-A:6, III(b)] This law removes the application of the gainful occupation reductions to accidental disability retirement pensions paid to retired Group II members who have attained age 45, and whose total years of service as a Group II member plus their years of accidental disability retirement total at least 20 years;
- (i) **House Bill 633, Chapter 12, Effective April 17, 2009** [RSA 100-A:52-a, I(c)] This law provides medical subsidy benefits for certain Group I teacher and political subdivision employee members who retired on or before July 1, 2009, if: (1) they were eligible to retire as of July 1, 2008, either prior to age 60 with at least 20 years of service, or prior to age 55 with at least 30 years of service, and (2) subsequent to July 1, 2008, they attain the applicable age, 60 or 55, respectively;
- (j) **House Bill 685, Chapter 164, Effective July 8, 2009** [RSA 100-A:52-a, I(b)] This law provides a medical subsidy benefit for certain Group I teacher and political subdivision employee members who retired with a vested deferred retirement pension on or before July 1, 2009, if they were eligible to retire as of July 1, 2008, either: (1) with at least 20 years of Group I creditable service and had attained age 60, or subsequently attained age 60; or (2) with at least 30 years of Group I creditable service and had attained age 55, or subsequently attained age 55;
- (k) **Senate Bill 200, Chapter 324, Effective August 7, 2009** [RSA100-A:XXXII and RSA 100-A:9,II] This bill provides that ordinary death benefits paid to a surviving spouse in the form of an annuity will not terminate upon the remarriage of such surviving spouse. In accordance with the federal Heroes Earnings Assistance and Relief Tax (HEART) Act of 2008, this law also defines “qualified military service” and provides ordinary death benefits for beneficiaries of NHRS members who die on or after January 1, 2007 while performing qualified military service.

History of Recent Changes in Plan Provisions

2008 Legislative Session:

Legislation was enacted in the 2008 legislative session which:

- (a) Eliminates the post-retirement health subsidy increases scheduled for July 1, 2008, July 1, 2009, July 1, 2010, and July 1, 2011. Beginning July 1, 2012, and on each July 1 thereafter, establishes an annual 4% compound increase in the post-retirement health subsidy payment;
- (b) Transfers \$250 million from the Special Account reserve to net pension assets;
- (c) Establishes contributions to the 401(h) sub-trust to be the lesser of 25% of the employers' contributions or the actuarial required contribution rate that keeps the medical subsidy subtrust solvent (the "solvency rate");
- (d) Allows non-vested employees who leave employment (for reasons other than death or retirement) to leave their money in the system and continue to earn 2% below the actual rate of return on their funds for the period they are out of the system. These accumulated contributions shall be returned within three months of a former member filing a written request for such payment with the system. In the event a former member returns to membership status after a break in service, his or her previous service shall count toward that member's creditable service to the extent that his or her accumulated contributions have remained in the system;
- (e) Allows Employee and Teacher members of political subdivisions who are eligible to retire as of July 1, 2008, have at least 20 years of credited service as of July 1, 2008 and who actually retire on or before July 1, 2009 (extended from July 1, 2008) to be eligible for the medical subsidy. Members with less than 30 years of credited service are eligible to begin receiving subsidy benefits at age 60, members with 30 or more years of service are eligible to begin receiving subsidy benefits at age 55;
- (f) Establishes certain COLA payments, payable after June 30, 2008 and funded from the Special Account;
- (g) Incurs an anti-spiking surcharge to employers who allow employees to spike salaries at the end of their careers;
- (h) Establishes that the maximum retirement benefit granted under RSA 100-A:5 or RSA 100-A:6 for members hired after June 30, 2009 shall not exceed \$120,000 annually.

Medical Plan Provisions

Subsidy Benefits as of July 1, 2009 are as follows:

	Monthly Amounts	
	Pre-65	Post-65
Single	\$375.56	\$236.84
Couple	\$751.12	\$473.68

The above amounts will increase by July 1 each year in accordance with the following table:

July 1	Annual Increase %
2009	0%
2010	0%
2011	0%
2012 and after	4%

The following Group I members and their qualified spouses are eligible for coverage under the postretirement medical plan:

- Employee and teacher members of political subdivisions who are eligible to retire as of July 1, 2008, on Service, Early Service or Ordinary Disability, have at least 20 years of credited service as of July 1, 2008 and who actually retire on or before July 1, 2009 would become eligible for the medical subsidy at age 60 with at least 20 years of creditable service; or as early as age 55 with at least 30 years of creditable service.
- Employee and teacher members of political subdivisions who are eligible to retire as of July 1, 2008, on Vested Deferred retirement and who actually retire on or before July 1, 2009 would become eligible for the medical subsidy at age 60 with at least 20 years of creditable service; or as early as age 55 with at least 30 years of creditable service.
- Employee and teacher members of political subdivisions who retired on Accidental Disability Retirement on or before July 1, 2004.
- Employee members of the State who retired on or before July 1, 2004, on Service, Ordinary Disability or Vested Deferred Retirement would become eligible for the medical subsidy at age 60 with at least 20 years of creditable service; or as early as age 55 with at least 30 years of creditable service.
- Employee and teacher members of political subdivisions who are eligible to retire as of July 1, 2008 and who actually retire on or before July 1, 2009, on Service, Early Service, Vested Deferred or Ordinary Disability retirement after completing at least 20 years of creditable service and who subsequently attain age 60 or after completing at least 30 years of creditable service and who subsequently attain age 55.
- Surviving spouses of deceased employee and teacher members of political subdivisions who die while in service, provided that such surviving spouse was covered as the member's spouse in the employer-sponsored plan before the member's death and is entitled to a monthly allowance under Accidental Death, Ordinary Death, or an Optional Allowance.

Medical Plan Provisions

- Surviving spouses and children of employee and teacher members of political subdivisions who die as the natural and proximate result of injuries suffered while in the performance of duty. Eligibility for the medical subsidy ceases when the dependent child attains age 18 or age 23, if attending school on a full-time basis.
- Surviving spouses and children of employee members of the State who died as the natural and proximate result of injuries suffered while in the performance of duty. Payment of the subsidy ceases when the dependent child attains age 18 or age 23, if attending school on a full-time basis.
- Vested terminated employee members of the State (and spouses) who completed at least 20 years of creditable service and prior to July 1, 2004 receives an allowance and who subsequently attains age 60.
- Employee members of the State (and spouses) who retire after completing at least 20 years of creditable service and who subsequently attains age 60 before July 1, 2004 or after completing at least 30 years of creditable service and who subsequently attains age 55 before July 1, 2004.
- Surviving spouses of deceased employee members of the State who died while in service on or before July 1, 2004, provided that such surviving spouse was covered as the member's spouse in the employer-sponsored plan before the member's death and is entitled to a monthly allowance under Accidental Death, Ordinary Death, or an Optional Allowance.
- Any certifiably dependent child with a disability living in the household and being cared for by the qualified retired member, member's spouse, or qualified surviving spouse would also qualify:

The following Group II members are eligible for the postretirement medical premium subsidy:

- Active or Retired Group II police officer members (or beneficiaries) as of June 30, 2000.
- Active or Retired Group II firefighter members (or beneficiaries) as of June 30, 2000.
- Persons who prior to July 1, 1988 had completed at least 20 years of Group II service and are eligible as of July 1, 1993 for a vested deferred retirement benefit.
- Group II members retired as of July 1, 1991 with a split benefit under RSA 100-A:19-c who have at least 10 years of Group II service.
- Group II members as of June 30, 2005 who subsequently became disabled while in the performance of duty at any time in the future.
- Surviving spouses of deceased Group II members who retired prior to April 1, 1987 and who are not receiving a monthly allowance.

The System subsidy covers the retired member's spouse and any of the retired member's certifiably dependent and disabled children.

SECTION H
GLOSSARY

Glossary

<i>Actuarial Accrued Liability (AAL)</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value (APV)</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits (APVFB)</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB Statement No. 25, such as the Funded Ratio and the Annual Required Contribution (ARC).
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution (ARC).

Glossary

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution (ARC)</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB Statement No. 25. The ARC consists of the Employer Normal Cost and Amortization Payment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

Glossary

<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<i>GASB</i>	Governmental Accounting Standards Board.
<i>GASB No. 25 and GASB No. 27</i>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Solvency Rate</i>	The minimum contribution necessary to prevent insolvency (a fund balance less than \$0).
<i>Valuation Date</i>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.