

NEW HAMPSHIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT
AS OF JUNE 30, 2010

November 24, 2010

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, 2010

Dear Board Members:

The results of the June 30, 2010 Annual Actuarial Valuation of the New Hampshire Retirement System (NHRS) are presented in this report. The purposes of this valuation were:

- to measure the System's funding progress;
- to estimate the employer contribution rate for Fiscal Years 2014 and 2015 (final employer rates will be computed in the June 30, 2011 actuarial valuation);
- to determine actuarial information for reporting purposes in compliance with Governmental Accounting Standards Statements Nos. 25 and 43 for the 2010 fiscal year.

The results of this valuation may not be applicable for other purposes.

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.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to: actual plan experience differing from assumed; changes in economic or demographic assumptions; changes in funding policy; changes in plan provisions or applicable law; etc. An analysis of the potential range of such future measurements was beyond the scope of this valuation.

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, 2010. 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
KGA\DTK:bd



David T. Kausch, FSA, EA, MAAA

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SECTION A
INTRODUCTION

Executive Summary

| Covered Group | Employees | Teachers | Police | Fire | Total | Prior Year |
|---|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| I. Number of Participants as of June 30, 2010 | | | | | | |
| a. Actives | 25,987 | 18,603 | 4,231 | 1,646 | 50,467 | 51,032 |
| b. Retirees, Disabilities, and Beneficiaries | 12,802 | 9,087 | 2,702 | 1,254 | 25,845 | 24,501 |
| c. Vested Terminations | 836 | 601 | 65 | 13 | 1,515 | 1,391 |
| d. Total | 39,625 | 28,291 | 6,998 | 2,913 | 77,827 | 76,924 |
| e. Total Covered Annual Payroll | \$1,093,147,252 | \$1,020,744,780 | \$ 258,471,543 | \$ 109,020,045 | \$ 2,481,383,620 | \$ 2,448,287,042 |
| II. Long Range Pension Cost | | | | | | |
| a. Actuarial Present Value of Projected Benefits | \$3,839,508,974 | \$4,252,262,099 | \$2,020,050,394 | \$1,016,830,225 | \$11,128,651,692 | \$10,648,154,722 |
| b. Actuarial Present Value of Future Normal Costs | 857,913,787 | 699,141,973 | 384,852,898 | 232,810,688 | 2,174,719,346 | 2,173,102,905 |
| c. Actuarial Accrued Liability (AAL): a. – b. | 2,981,595,187 | 3,553,120,126 | 1,635,197,496 | 784,019,537 | 8,953,932,346 | 8,475,051,817 |
| d. Valuation Assets | 1,721,001,986 | 2,049,650,583 | 997,325,037 | 465,860,753 | 5,233,838,359 | 4,937,319,506 |
| e. Unfunded Actuarial Accrued Liability (UAAL): c. – d. | 1,260,593,201 | 1,503,469,543 | 637,872,459 | 318,158,784 | 3,720,093,987 | 3,537,732,311 |
| f. Funded Status | 57.7% | 57.7% | 61.0% | 59.4% | 58.5% | 58.3% |
| III. Current Cost | | | | | | |
| Total Normal Cost (% of Covered Payroll) | 9.72% | 8.49% | 18.89% | 21.19% | 10.70% | 10.72% |
| UAAL Contribution (% of Payroll) | 6.55% | 8.32% | 14.10% | 16.50% | 8.50% | 8.11% |
| Total Pension Contribution (% of Payroll) | 16.27% | 16.81% | 32.99% | 37.69% | 19.20% | 18.83% |
| Fiscal Year 2014 | | | | | | |
| Member Contributions (% of Payroll) | 5.23% | 5.00% | 9.30% | 9.30% | 5.75% | |
| Employer Pension Contribution (% of Payroll) | 11.04% | 11.81% | 23.69% | 28.39% | 13.45% | |
| Employer Health Contribution (% of Payroll) | 1.56% * | 1.80% | 5.51% | 5.51% | 2.00% | |
| Total Contributions for Fiscal Year 2014 | | | | | | |
| 1. Percent of Payroll | 12.60% * | 13.61% | 29.20% | 33.90% | 15.45% | |
| 2. Estimated Dollar Amount | \$ 156,949,162 | \$ 165,668,696 | \$ 90,003,780 | \$ 44,072,858 | \$ 456,694,496 | |
| Fiscal Year 2015 | | | | | | |
| Member Contributions (% of Payroll) | 5.28% | 5.00% | 9.30% | 9.30% | 5.77% | 5.74% |
| Employer Pension Contribution (% of Payroll) | 10.99% | 11.81% | 23.69% | 28.39% | 13.43% | 13.09% |
| Employer Health Contribution (% of Payroll) | 1.56% * | 1.80% | 5.51% | 5.51% | 2.00% | 1.82% |
| Total Contributions for Fiscal Year 2015 | | | | | | |
| 1. Percent of Payroll | 12.55% * | 13.61% | 29.20% | 33.90% | 15.43% | 14.91% |
| 2. Estimated Dollar Amount | \$ 163,330,744 | \$ 173,123,788 | \$ 94,053,950 | \$ 46,056,137 | \$ 476,564,619 | \$ 434,748,729 |

* Political Subdivision Employees estimated health contribution is 0.49%, Political Subdivision Employees estimated FY2014 and FY2015 total contribution rates are 11.53% and 11.48% respectively.

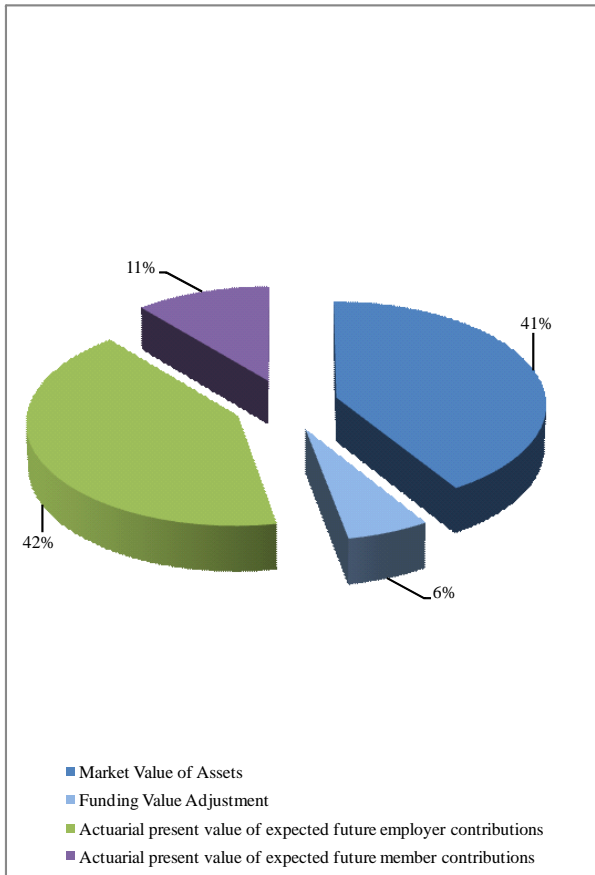
Executive Summary (Continued)

| Covered Group | State Employees | Political Subdivision Employees | Teachers | Police and Fire | Grand Total | Prior Year |
|--|--------------------|---------------------------------------|------------------|-----------------------|------------------|-----------------------------|
| I. Number of Participants Covered by Post Retirement Health as of June 30, 2010 | | | | | | |
| a. Actives | - | - | - | 5,876 | 5,876 | 9,781 |
| b. Retirees, Disabilities, and Beneficiaries | 2,197 | 1,436 | 4,470 | 2,489 | 10,592 | 10,209 |
| c. Vested Terminations | - | - | - | - | - | 11 |
| d. Total | 2,197 | 1,436 | 4,470 | 8,365 | 16,468 | 20,001 |
| e. Total NHRS Covered Annual Payroll | \$ 520,712,360 | \$ 572,434,892 | \$ 1,020,744,780 | \$ 367,491,588 | \$ 2,481,383,620 | \$ 2,448,287,042 |
| II. Long Range Post-Retirement Health Cost* | | | | | | |
| a. Actuarial Present Value of Projected Benefits | \$ 122,284,859 | \$ 100,506,778 | \$ 367,482,557 | \$ 583,017,926 | \$ 1,173,292,120 | \$ 720,904,248 |
| b. Actuarial Present Value of Future Normal Costs | - | - | - | 139,429,372 | 139,429,372 | 47,513,657 |
| c. Actuarial Accrued Liability (AAL): a. – b. | 122,284,859 | 100,506,778 | 367,482,557 | 443,588,554 | 1,033,862,748 | 673,390,591 |
| d. Valuation Assets | - | 33,978,187 | 7,365,241 | 16,474,859 | 57,818,287 | 176,800,441 |
| e. Unfunded Actuarial Accrued Liability (UAAL): c. – d. | 122,284,859 | 66,528,591 | 360,117,316 | 427,113,695 | 976,044,461 | 496,590,150 |
| f. Funded Status | 0.0% | 33.8% | 2.0% | 3.7% | 5.6% | 26.3% |
| III. Health Contributions | | | | | | |
| For Fiscal Year 2014 | | | | | | For Fiscal Year 2012 |
| 1. Percent of Payroll | 1.56% | 0.49% | 1.80% | 5.51% | 2.00% | 1.82% |
| 2. Estimated Dollar Amount | \$ 9,686,963 | \$ 3,344,932 | \$ 21,910,628 | \$ 24,147,055 | \$ 59,089,578 | \$ 50,761,525 |
| For Fiscal Year 2015 | | | | | | For Fiscal Year 2013 |
| 1. Percent of Payroll | 1.56% | 0.49% | 1.80% | 5.51% | 2.00% | 1.82% |
| 2. Estimated Dollar Amount | \$ 10,122,876 | \$ 3,495,454 | \$ 22,896,607 | \$ 25,233,672 | \$ 61,748,609 | \$ 53,045,794 |

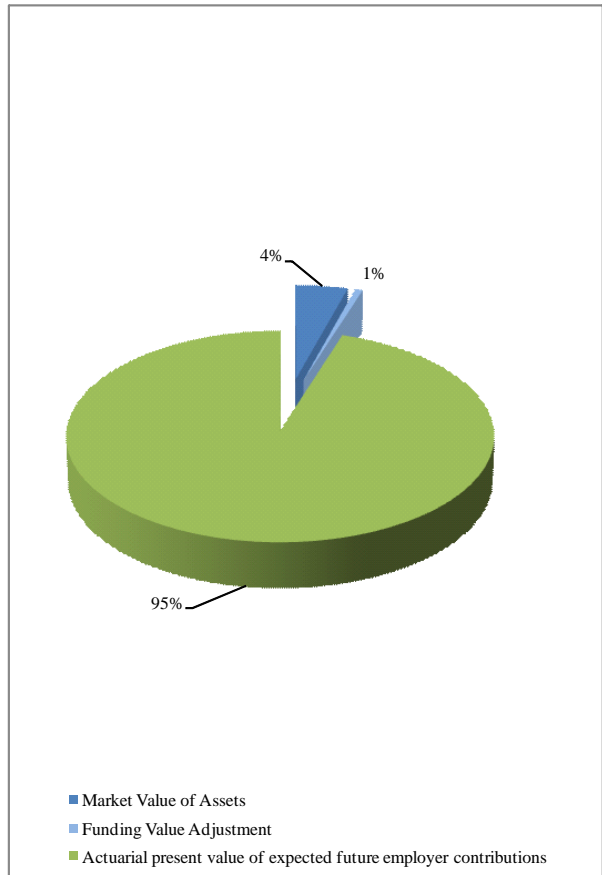
* Post-Retirement Health Cost in this valuation reflects a change in the discount rate from 8.5% to 4.5%.

Sources of Funds

Pension

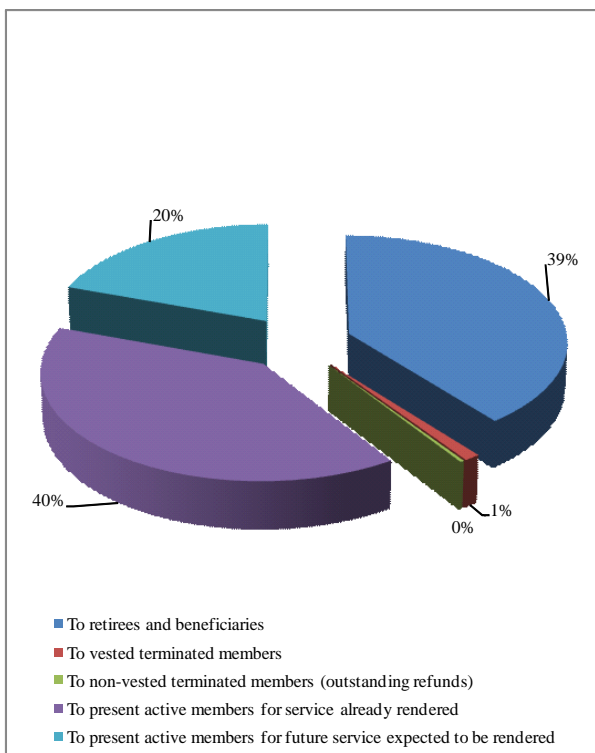


Health

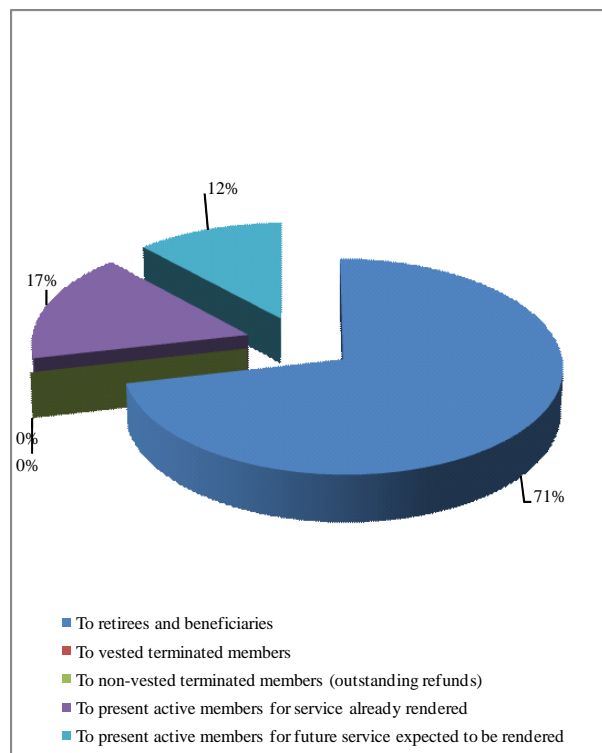


Uses of Funds

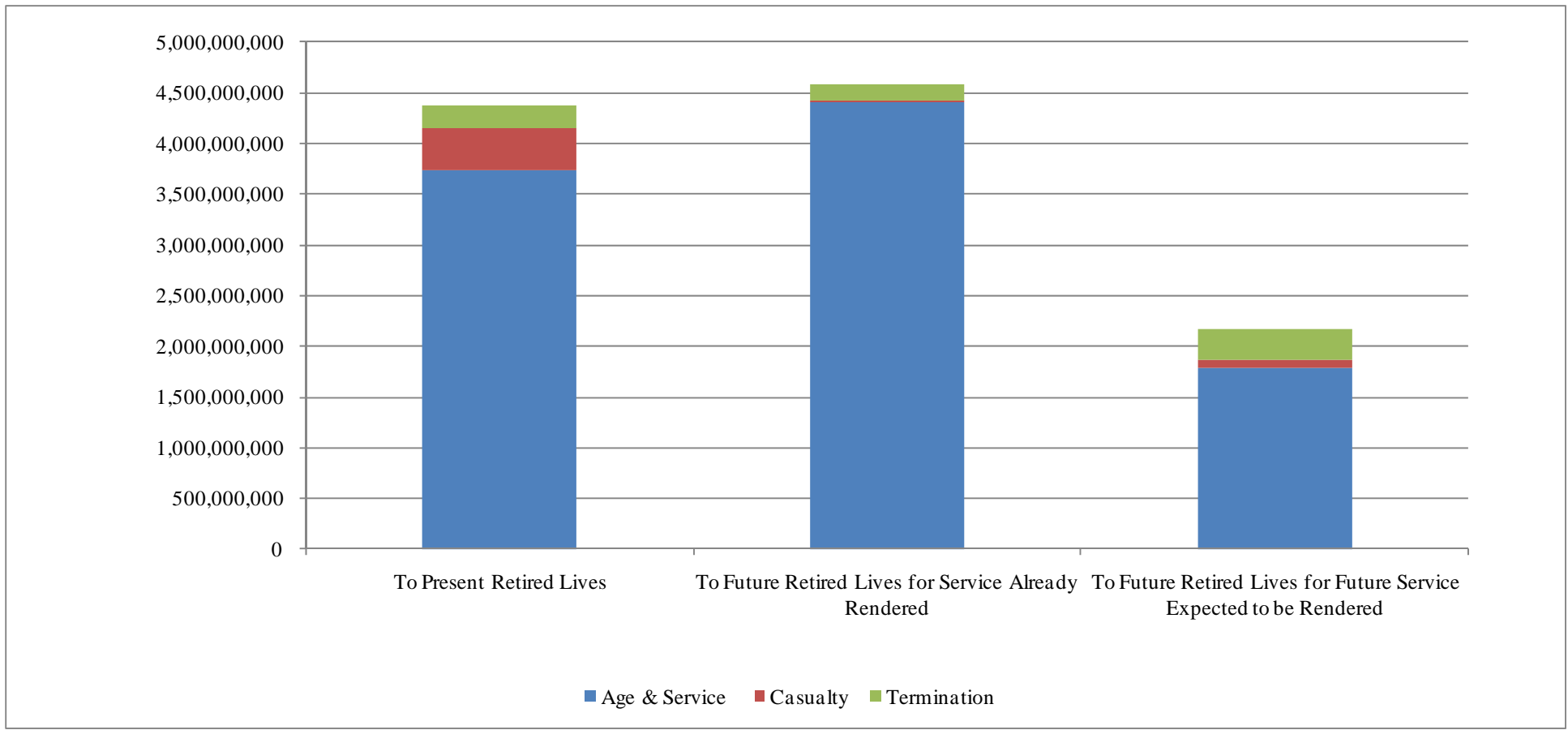
Pension

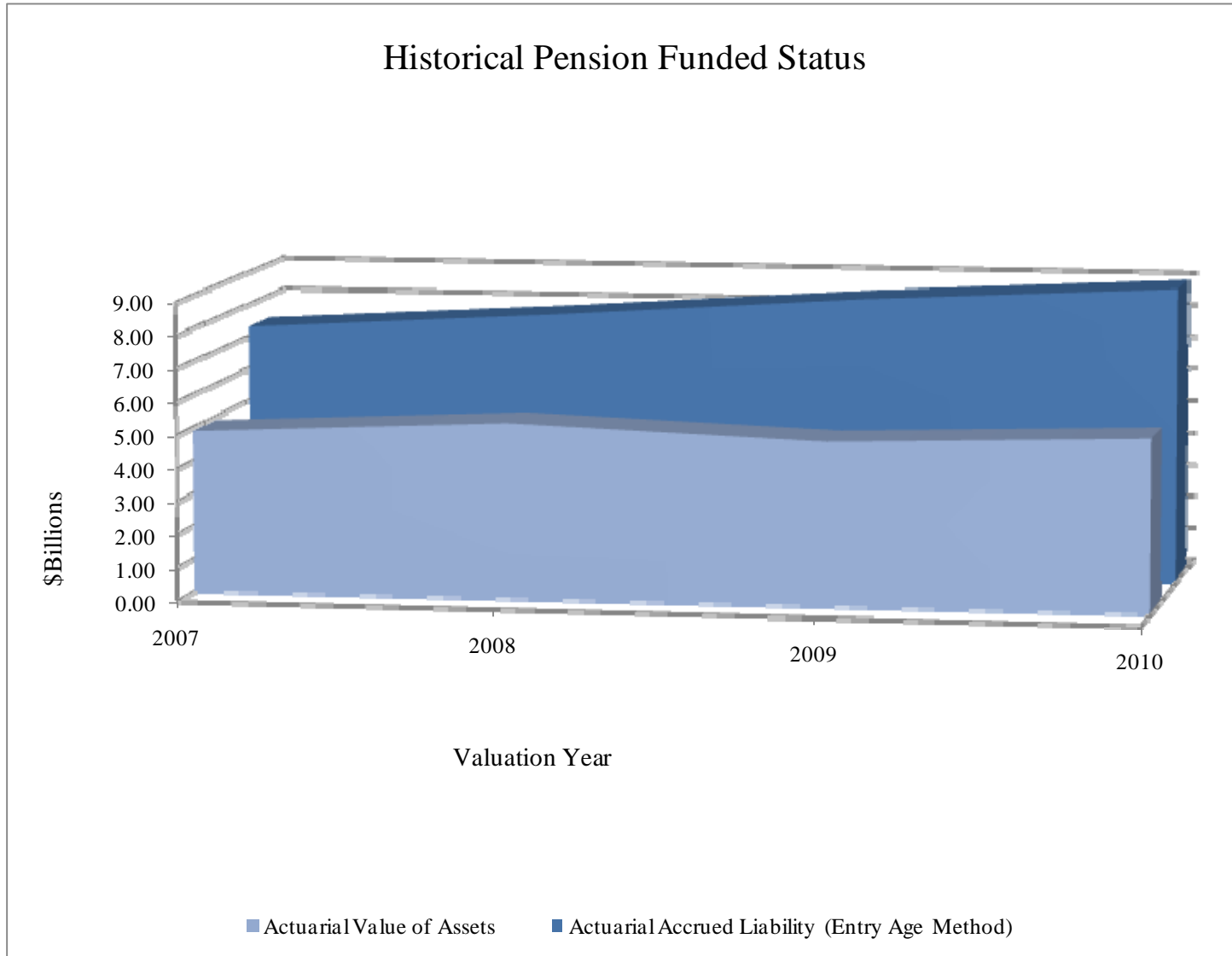


Health



Comparison of Pension Liabilities by Type





Discussion

Actuarial Valuation

This is the actuarial valuation of the New Hampshire Retirement System, prepared as of June 30, 2010. Valuations for certifying contribution rates are prepared biennially, as of June 30 on the odd numbered years (2007, 2009, etc.). The June 30, 2010 valuation is an interim valuation that estimates the contribution rate for Fiscal Years 2014 and 2015. Ultimately, the June 30, 2011 actuarial valuation will establish the FY 2014 and FY 2015 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 7.00% 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 closed 30-year amortization of unfunded actuarial accrued liability in the determination of the employer contributions. The amortization period is 26 years for FY 2014 and 25 years for FY 2015.

We have estimated the pension contribution rates that will satisfy the statute based on the June 30, 2010 valuation to be:

| | | Employer Contribution Rates | | | | |
|---------|---------|------------------------------------|-----------------|---------------|-------------|--------------|
| | | Employees | Teachers | Police | Fire | Total |
| FY 2014 | Pension | 11.04% | 11.81% | 23.69% | 28.39% | 13.45% |
| FY 2015 | Pension | 10.99% | 11.81% | 23.69% | 28.39% | 13.43% |

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.

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 below shows the pension and health subsidy contribution rates for each subgroup.

| | | Employer Contribution Rates | | | | | |
|---------|---------|------------------------------------|--------------------|-----------------|---------------|-------------|--------------|
| | | State | Political | | | | |
| | | Employees | Subdivision | Teachers | Police | Fire | Total |
| | | Employees | Employees | | | | |
| FY 2014 | Pension | 11.04% | 11.04% | 11.81% | 23.69% | 28.39% | 13.45% |
| | Health | 1.56% | 0.49% | 1.80% | 5.51% | 5.51% | 2.00% |
| | Total | 12.60% | 11.53% | 13.61% | 29.20% | 33.90% | 15.45% |
| FY 2015 | Pension | 10.99% | 10.99% | 11.81% | 23.69% | 28.39% | 13.43% |
| | Health | 1.56% | 0.49% | 1.80% | 5.51% | 5.51% | 2.00% |
| | Total | 12.55% | 11.48% | 13.61% | 29.20% | 33.90% | 15.43% |

The 401(h) account balance for the State Employees is \$0 as of June 30, 2010. 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.

The Political Subdivision Employees' 401(h) account is projected to reach pay-as-you-go financing in the year ending June 30, 2027, consistent with the prior valuation.

As a result of the Volunteer Correction Program (VCP), the Police and Fire 401(h) account transferred \$90 million to the Special Account. This transfer is reflected at June 30, 2010. As a result of this transfer, the Police and Fire 401(h) account is now projected to reach pay-as-you-go status in the fiscal year ending June 30, 2013. The contribution rate for the 2014-2015 biennium is the level amount needed to replenish any shortfall in FY 2013 to maintain solvency through June 30, 2015.

Contribution Requirement

RSA 100 - A:16 II provides that the State shall pay 25% 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 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 | 11.04% | 0.00% | 11.04% | 7.68% | 4.13% | 11.81% | 15.40% | 8.29% | 23.69% | 18.45% | 9.94% | 28.39% |
| Health | 0.49% | 0.00% | 0.49% | 1.17% | 0.63% | 1.80% | 3.58% | 1.93% | 5.51% | 3.58% | 1.93% | 5.51% |
| Total | 11.53% | 0.00% | 11.53% | 8.85% | 4.76% | 13.61% | 18.98% | 10.22% | 29.20% | 22.03% | 11.87% | 33.90% |

* Political Subdivision Employees estimated FY2015 total contribution rate is 11.48%.

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 6/30/2010 | 2010/2011 Contribution | UAAL as of 6/30/2011 | 2011/2012 Contribution | UAAL as of 6/30/2012 | Fiscal Year of Final Payment |
|-----------|--------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------------|
| Employees | Town of Raymond | \$ 15,424 | \$ 2,667 | \$ 14,068 | \$ 2,667 | \$ 12,597 | 2019 |
| | Brookline Public Library | 5,141 | 1,483 | 3,969 | 1,483 | 2,697 | 2014 |
| | Total | \$ 20,565 | \$ 4,150 | \$ 18,037 | \$ 4,150 | \$ 15,294 | |

Funded Status

As of the valuation date, the Unfunded Actuarial Accrued Liability (UAAL) is \$3,720.1 million (pension only), and the funded ratio (the ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability) is 58.5%. This valuation was prepared using the Entry-Age Actuarial Cost Method. The funded ratio as of June 30, 2009 was 58.3% (pension only).

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 \$671 million as of the valuation date (see page 11). 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 \$263 million (after the COLA transfer described under "benefit provisions" and the VCP asset transfer from the 401(h) account) that is available to finance future pension benefit enhancements such as future COLAs.

Legislation enacted in 2007 precludes any asset gains from being transferred from pension assets to the Special Account until such time as the funded status of NHRS reaches 85%. As a result, no such asset transfer will occur in FY 2011.

Benefit Provisions

Legislation enacted in 2010 is described on page 92 of this report. Those changes (with the exception of the July 1, 2010 COLA) had no impact on the valuation.

The July 1, 2010 post retirement COLA resulted in an increase in accrued liabilities of approximately \$50.9 million. In addition, there were 3 special post retirement Temporary Supplemental Allowances (TSAs) paid out as of July 1, 2010 totaling approximately \$15.0 million. Assets equal to the sum of these two amounts (\$65.9 million) were transferred from the Special Account to the net pension assets as of July 1, 2010. For purposes of the June 30, 2010 valuation, the transfer of \$50.9 was assumed to have occurred on June 30, 2010. The remainder of the transfer occurs July 1, 2010 (see page 14).

Actuarial Assumptions and Methods

Section F summarizes the current assumptions. There were no changes in methods. The assumptions were revised to reflect a decrease in the interest rate from 8.5% to 4.5% for the health valuations for GASB Statement No. 43 reporting purposes to reflect the projected pay-as-you-go status of the 401(h) account after the VCP asset transfer. All other assumptions remained the same.

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 Statements No. 25 and No. 43.

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.

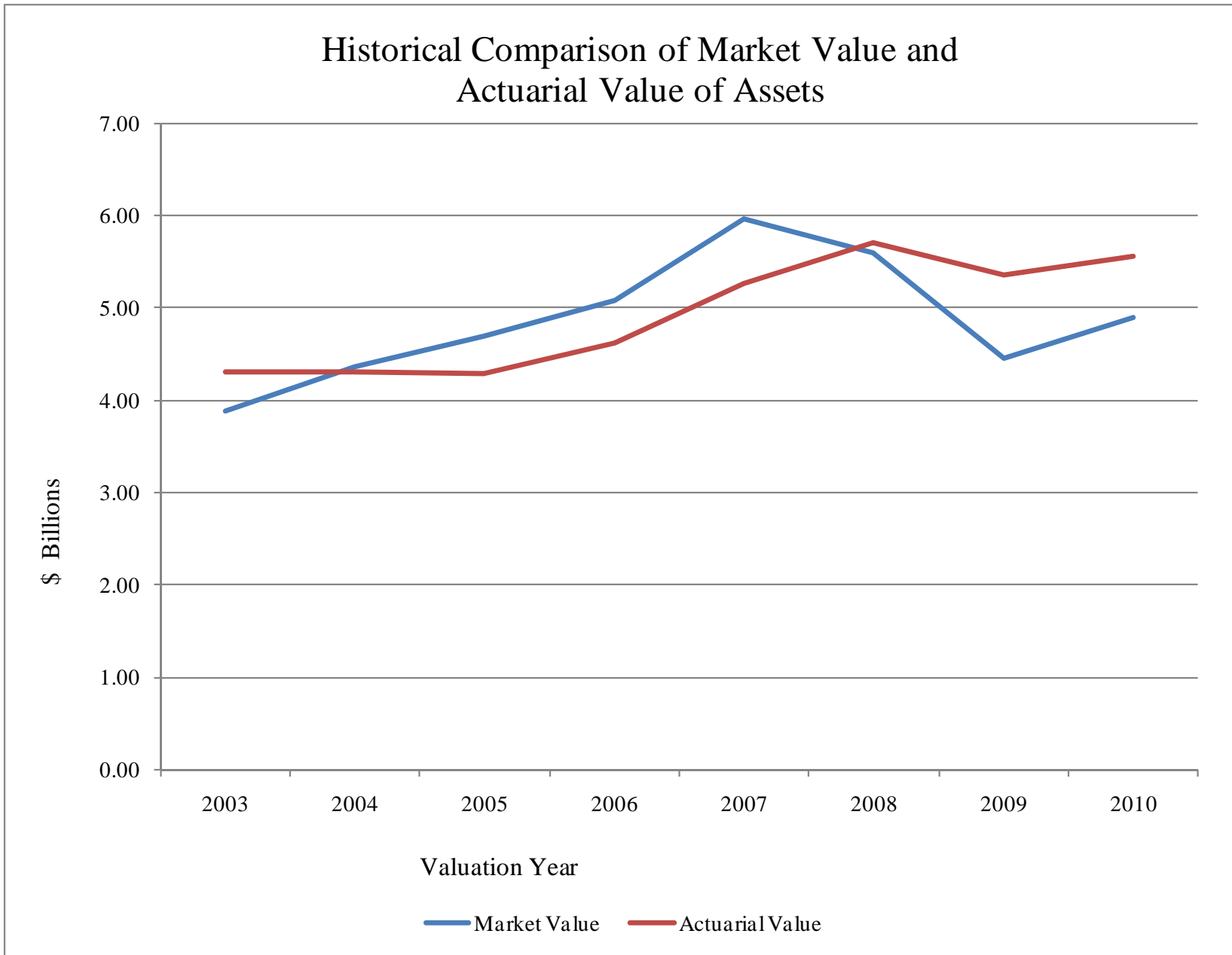
Experience

Experience during the year was less favorable than assumed. The investment return was 6.48% on a funding value basis compared with an assumed return of 8.5%. The primary source of unfavorable experience was the recognition of prior years losses offset by salary gains.

Development of Actuarial Value of Assets

| Year Ended June 30: | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|-----------------|------------------|-----------------|---------------|---------------|---------------|---------------|
| A. Funding Value Beginning of Year | \$5,272,358,059 | \$ 5,701,579,805 | \$5,353,452,797 | | | | |
| B. Market Value End of Year | 5,597,046,574 | 4,461,210,664 | 4,898,338,838 | | | | |
| C. Market Value Beginning of Year | 5,967,916,108 | 5,597,046,574 | 4,461,210,664 | | | | |
| D. Non-Investment Net Cash Flow | (69,582,671) | (130,204,266) | (126,689,841) | | | | |
| E. Investment Income | | | | | | | |
| E1. Market Total: B - C - D | (301,286,863) | (1,005,631,644) | 563,818,015 | | | | |
| E2. Amount for Immediate Recognition (8.5%) | 445,193,171 | 479,100,602 | 449,659,170 | | | | |
| E3. Amount for Phased-In Recognition: E1-E2 | (746,480,034) | (1,484,732,246) | 114,158,845 | | | | |
| F. Phased-In Recognition of Investment Income | | | | | | | |
| F1. Current Year: 0.20 x E3 | (149,296,007) | (296,946,449) | 22,831,769 | | | | |
| F2. First Prior Year | 86,836,289 | (149,296,007) | (183,524,414) | \$ 22,831,769 | | | |
| F3. Second Prior Year | 116,070,964 | 86,836,289 | (149,296,007) | (183,524,414) | \$ 22,831,769 | | |
| F4. Third Prior Year | - | 116,070,964 | 86,836,289 | (149,296,007) | (183,524,414) | \$ 22,831,769 | |
| F5. Fourth Prior Year | - | - | 116,070,965 | 86,836,289 | (149,296,006) | (183,524,414) | \$ 22,831,769 |
| F6. Total Recognized Investment Gain | 53,611,246 | (243,335,203) | (107,081,398) | (223,152,363) | (309,988,651) | (160,692,645) | 22,831,769 |
| G. Preliminary Funding Value End of Year: A + D + E2 + F6 | 5,701,579,805 | 5,807,140,938 | 5,569,340,728 | | | | |
| H. Additional Recognized G/L due to Corridor | - | (453,688,141) | - | | | | |
| I. Final Funding Value after 20% Corridor | 5,701,579,805 | 5,353,452,797 | 5,569,340,728 | | | | |
| J. Difference between Market & Funding Value: B-I | (104,533,231) | (892,242,133) | (671,001,890) | | | | |
| K. Recognized Rate of Return | 9.52% | (3.87%) | 6.48% | | | | |
| L. Market Rate of Return | (5.08%) | (18.18%) | 12.82% | | | | |
| M. Ratio of Funding Value to Market Value | 101.87% | 120.00% | 113.70% | | | | |

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) | \$ 1,783,132,217 | \$ 2,107,635,213 | \$ 1,127,851,189 | \$ 550,722,109 | \$ 5,569,340,728 |
| Less Special Account | (28,152,044) | (50,619,389) | (123,488,703) | (75,423,946) | (277,684,082) |
| Less 401(h) Account | (33,978,187) | (7,365,241) | (7,037,449) | (9,437,410) | (57,818,287) |
| Net Pension Valuation Assets | \$ 1,721,001,986 | \$ 2,049,650,583 | \$ 997,325,037 | \$ 465,860,753 | \$ 5,233,838,359 |

Special Account Reconciliation

| Classification | Balance As Of June 30, 2009 | Benefits Purchased | Balance As Of July 1, 2009 | Interest | Asset Gain | Balance As Of June 30, 2010 | Estimated July 1, 2010 COLA in Valuation | Preliminary Valuation Assets as of June 30, 2010 | Estimated Transfer From 401(h) Account Due to VCP Filing | Final Valuation Assets as of June 30, 2010 | Estimated COLA Payable July 1, 2010 | Estimated Balance July 1, 2010 |
|------------------------|--------------------------------|-----------------------|-------------------------------|---------------------|---------------|--------------------------------|--|--|--|--|---|--------------------------------------|
| Employees | | | | | | | | | | | | |
| State | \$ 35,611,476 | \$ 13,136,700 | \$ 22,474,776 | \$ 1,456,365 | - | \$ 23,931,141 | \$ 10,200,000 | \$ 13,731,141 | | \$ 13,731,141 | \$ 3,420,500 | \$10,310,641 |
| Political Subd. | 28,942,259 | 9,106,700 | 19,835,559 | 1,285,344 | - | 21,120,903 | 6,700,000 | 14,420,903 | | 14,420,903 | 3,368,900 | 11,052,003 |
| Teachers | 92,277,441 | 24,640,900 | 67,636,541 | 4,382,848 | - | 72,019,389 | 21,400,000 | 50,619,389 | | 50,619,389 | 5,904,386 | 44,715,003 |
| Police Officers | | | | | | | | | | | | |
| State | 20,744,538 | 2,911,800 | 17,832,738 | 1,155,561 | - | 18,988,299 | 2,900,000 | 16,088,299 | \$ 12,978,000 | 29,066,299 | 212,500 | 28,853,799 |
| Political Subd. | 60,736,940 | 6,394,900 | 54,342,040 | 3,521,364 | - | 57,863,404 | 5,600,000 | 52,263,404 | 42,159,000 | 94,422,404 | 1,109,000 | 93,313,404 |
| Firefighters | | | | | | | | | | | | |
| State | 1,383,594 | 151,000 | 1,232,594 | 79,872 | - | 1,312,466 | 120,000 | 1,192,466 | 998,000 | 2,190,466 | 10,000 | 2,180,466 |
| Political Subd. | 46,076,602 | 4,882,500 | 41,194,102 | 2,669,378 | - | 43,863,480 | 4,000,000 | 39,863,480 | 33,370,000 | 73,233,480 | 947,500 | 72,285,980 |
| Totals | \$285,772,850 | \$ 61,224,500 | \$224,548,350 | \$14,550,732 | \$0 | \$239,099,082 | \$50,920,000 | \$188,179,082 | \$89,505,000 | \$277,684,082 | \$14,972,786 | \$262,711,296 |

Estimated Detail of July 1, 2010 COLA

| Classification | Estimated Present Value of COLAs Payable July 1, 2010 | | | | | Total | Total |
|------------------------|---|----------------------------------|---------------------------|----------------------|---------------------|---------------------|-------|
| | 1.5% up to \$30,000 | Temporary Supplemental Annuities | | | Total | | |
| | | \$1,000 for < \$20,000** | \$500 for less <1993** | \$500 / \$1,000** | | | |
| Employees | | | | | | | |
| State | \$ 10,200,000 | | | | \$ 3,420,500 | \$ 13,620,500 | |
| Political Subd. | 6,700,000 | | | | 3,368,900 | 10,068,900 | |
| Teachers | 21,400,000 | | | | 5,904,386 | 27,304,386 | |
| Police Officers | | | | | | - | |
| State | 2,900,000 | | | | 212,500 | 3,112,500 | |
| Political Subd. | 5,600,000 | | | | 1,109,000 | 6,709,000 | |
| Firefighters | | | | | | - | |
| State | 120,000 | | | | 10,000 | 130,000 | |
| Political Subd. | 4,000,000 | | | | 947,500 | 4,947,500 | |
| Totals | \$ 50,920,000 | \$7,767,153 | \$2,515,633 | \$4,690,000 | \$14,972,786 | \$65,892,786 | |

** Detail not available

SECTION B
FUNDING RESULTS

Development of Employer Contribution Rates

| Division: | Employees | Teachers | Police | Fire | Total |
|--|------------------|-----------------|---------------|---------------|----------------|
| Normal Cost | | | | | |
| Age and Service Retirement | 7.85% | 7.07% | 13.73% | 18.51% | 8.63% |
| Termination | 1.12% | 0.93% | 3.82% | 1.37% | 1.34% |
| Death-in-Service | 0.19% | 0.13% | 0.17% | 0.19% | 0.16% |
| Disability | 0.21% | 0.01% | 0.82% | 0.77% | 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% | 8.49% | 18.89% | 21.19% | 10.70% |
| UAAL Payment* | <u>6.55%</u> | <u>8.32%</u> | <u>14.10%</u> | <u>16.50%</u> | <u>8.50%</u> |
| Total Pension Contribution | 16.27% | 16.81% | 32.99% | 37.69% | 19.20% |
| Fiscal Year 2014 | | | | | |
| Member Contributions | 5.23% | 5.00% | 9.30% | 9.30% | 5.75% |
| Employer Pension Contribution | 11.04% | 11.81% | 23.69% | 28.39% | 13.45% |
| Employer Health Subsidy Contribution | <u>1.56%</u> ** | <u>1.80%</u> | <u>5.51%</u> | <u>5.51%</u> | <u>2.00%</u> |
| Total Employer Contribution | 12.60% ** | 13.61% | 29.20% | 33.90% | 15.45% |
| Estimated Dollar Contribution | \$ 156,949,162 | \$ 165,668,696 | \$ 90,003,780 | \$ 44,072,858 | \$ 456,694,496 |
| Fiscal Year 2015 | | | | | |
| Member Contributions | 5.28% | 5.00% | 9.30% | 9.30% | 5.77% |
| Employer Pension Contribution | 10.99% | 11.81% | 23.69% | 28.39% | 13.43% |
| Employer Health Subsidy Contribution | <u>1.56%</u> ** | <u>1.80%</u> | <u>5.51%</u> | <u>5.51%</u> | <u>2.00%</u> |
| Total Employer Contribution | 12.55% ** | 13.61% | 29.20% | 33.90% | 15.43% |
| Estimated Dollar Contribution | \$ 163,330,744 | \$ 173,123,788 | \$ 94,053,950 | \$ 46,056,137 | \$ 476,564,619 |
| Contribution Rates from Prior Valuation | | | | | |
| FY 2012# | 12.31% | 13.95% | 25.57% | 30.90% | 14.93% |
| FY 2013# | 12.26% | 13.95% | 25.57% | 30.90% | 14.91% |

* Unfunded Actuarial Accrued Liability, financed over a 26 year period from the contribution effective date -- 7/1/2013.

Computed in June 30, 2009 Actuarial Valuation.

** Political Subdivision Employees estimated health contribution is 0.49%. Political Subdivision Employees estimated FY 2014 and FY 2015 total rates are 11.53% and 11.48% respectively.

Development of Pension Actuarial Liabilities June 30, 2010

| 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 | \$ 6,199,651,079 | \$ 1,793,628,106 | \$ 4,406,022,973 |
| Disability benefits likely to be paid to present active members | 43,623,219 | 45,637,115 | (2,013,896) |
| Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion) | 58,052,162 | 33,285,333 | 24,766,829 |
| Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members | 297,034,956 | 302,168,792 | (5,133,836) |
| Benefits likely to be paid to current inactive and vested deferred members | 152,085,279 | - | 152,085,279 |
| Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees | 4,378,204,997 | - | 4,378,204,997 |
| Total | \$ 11,128,651,692 | \$ 2,174,719,346 | \$ 8,953,932,346 |
| Actuarial Value of Assets | \$ 5,233,838,359 | \$ - | \$ 5,233,838,359 |
| Liabilities to be covered by Future Contributions | \$ 5,894,813,333 | \$ 2,174,719,346 | \$ 3,720,093,987 |

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

| Fiscal Year Ending Year | Employer Contribution Rates | | | Projected Payroll | UAAL | | |
|----------------------------------|-----------------------------|----------------------------|-----------------|----------------------|----------------------|-----------------|---------------------|
| | Total Contribution | Employer Normal Cost | UAAL Payment | | Beginning of Year | UAAL Payment | UAAL End of Year |
| 2011 | 10.70% | 5.02% | 5.68% | \$ 2,593 | \$ 3,720 | \$ 147 | \$ 3,884 |
| 2012 | 13.11% | 5.00% | 8.11% | 2,710 | 3,884 | 220 | 3,985 |
| 2013 | 13.09% | 4.98% | 8.11% | 2,832 | 3,985 | 230 | 4,085 |
| 1 2014 | 13.45% | 4.95% | 8.50% | 2,959 | 4,085 | 252 | 4,170 |
| 2 2015 | 13.43% | 4.93% | 8.50% | 3,092 | 4,170 | 263 | 4,251 |
| 3 2016 | 13.41% | 4.91% | 8.50% | 3,231 | 4,251 | 275 | 4,326 |
| 4 2017 | 13.39% | 4.89% | 8.50% | 3,377 | 4,326 | 287 | 4,394 |
| 5 2018 | 13.37% | 4.87% | 8.50% | 3,529 | 4,394 | 300 | 4,455 |
| 6 2019 | 13.35% | 4.85% | 8.50% | 3,688 | 4,455 | 313 | 4,507 |
| 7 2020 | 13.33% | 4.83% | 8.50% | 3,854 | 4,507 | 328 | 4,549 |
| 8 2021 | 13.31% | 4.81% | 8.50% | 4,027 | 4,549 | 342 | 4,579 |
| 9 2022 | 13.30% | 4.80% | 8.50% | 4,208 | 4,579 | 358 | 4,596 |
| 10 2023 | 13.28% | 4.78% | 8.50% | 4,397 | 4,596 | 374 | 4,597 |
| 11 2024 | 13.27% | 4.77% | 8.50% | 4,595 | 4,597 | 391 | 4,581 |
| 12 2025 | 13.25% | 4.75% | 8.50% | 4,802 | 4,581 | 408 | 4,545 |
| 13 2026 | 13.24% | 4.74% | 8.50% | 5,018 | 4,545 | 427 | 4,487 |
| 14 2027 | 13.23% | 4.73% | 8.50% | 5,244 | 4,487 | 446 | 4,404 |
| 15 2028 | 13.22% | 4.72% | 8.50% | 5,480 | 4,404 | 466 | 4,293 |
| 16 2029 | 13.21% | 4.71% | 8.50% | 5,727 | 4,293 | 487 | 4,150 |
| 17 2030 | 13.20% | 4.70% | 8.50% | 5,984 | 4,150 | 509 | 3,973 |
| 18 2031 | 13.19% | 4.69% | 8.50% | 6,254 | 3,973 | 532 | 3,757 |
| 19 2032 | 13.18% | 4.68% | 8.50% | 6,535 | 3,757 | 555 | 3,498 |
| 20 2033 | 13.18% | 4.68% | 8.50% | 6,829 | 3,498 | 580 | 3,190 |
| 21 2034 | 13.17% | 4.67% | 8.50% | 7,136 | 3,190 | 607 | 2,829 |
| 22 2035 | 13.17% | 4.67% | 8.50% | 7,458 | 2,829 | 634 | 2,409 |
| 23 2036 | 13.16% | 4.66% | 8.50% | 7,793 | 2,409 | 662 | 1,924 |
| 24 2037 | 13.16% | 4.66% | 8.50% | 8,144 | 1,924 | 692 | 1,366 |
| 25 2038 | 13.15% | 4.65% | 8.50% | 8,510 | 1,366 | 723 | 729 |
| 26 2039 | 13.15% | 4.65% | 8.50% | 8,893 | 729 | 756 | - |

* 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, 2010

Assets and Present Value of Expected Future Contributions

| | Pension | Health |
|--|-------------------|------------------|
| A. Present valuation assets | | |
| 1. Net assets from system financial statements | \$ 4,847,852,126 | \$ 50,486,712 |
| 2. Special Account | (277,684,082) | - |
| 3. Funding value adjustment | 663,670,315 | 7,331,575 |
| 4. Valuation assets | 5,233,838,359 | 57,818,287 |
| B. Actuarial present value of expected future employer contributions | | |
| 1. For normal costs | 938,024,990 | 139,429,372 |
| 2. For unfunded actuarial accrued liability | 3,720,093,987 | 976,044,461 |
| 3. Total | 4,658,118,977 | 1,115,473,833 |
| C. Actuarial present value of expected future member contributions | 1,236,694,356 | - |
| D. Total Present and Expected Future Resources | \$ 11,128,651,692 | \$ 1,173,292,120 |

Present Value of Expected Future Benefit Payments

| | Pension | Health |
|--|-------------------|------------------|
| A. To retirees and beneficiaries | \$ 4,378,204,997 | \$ 838,192,557 |
| B. To vested terminated members | 121,375,620 | - |
| C. To non-vested terminated members (outstanding refunds) | 30,709,659 | - |
| D. To present active members | | |
| 1. Allocated to service rendered prior to valuation date - actuarial accrued liability | 4,423,642,070 | 195,670,191 |
| 2. Allocated to service likely to be rendered after valuation date | 2,174,719,346 | 139,429,372 |
| 3. Total | 6,598,361,416 | 335,099,563 |
| E. Total Actuarial Present Value of Expected Future Pension Payments | \$ 11,128,651,692 | \$ 1,173,292,120 |

Experience Gain/(Loss) -- June 30, 2010

| | Pension | Health |
|---|------------------|----------------|
| (1) UAAL* at start of biennium | \$ 3,537,732,311 | \$ 496,590,150 |
| (2) Normal cost from last valuation for year 1 | 273,698,141 | 7,947,042 |
| (3) Actual contributions (employer and employee) for year 1 | 419,189,535 | 32,559,729 |
| (4) Interest accrual: [(1)+1/2 [(2)-(3)]] x .085 | 294,523,862 | 41,164,124 |
| (5) Expected UAAL end of year 1: (1)+(2)-(3)+(4) | 3,686,764,779 | 513,141,587 |
| (6) Change from legislation# | - | - |
| (7) Change from revised actuarial assumptions## | - | 342,177,658 |
| (8) VCP Transfer | - | 89,505,000 |
| (9) Expected UAAL after changes: (5)+(6)+(7)+(8) | 3,686,764,779 | 944,824,245 |
| (10) Actual UAAL at end of year | 3,720,093,987 | 976,044,461 |
| (11) Gain/(loss) for year 1: (9)-(10) | (33,329,208) | (31,220,216) |
| (12) Gain/(loss) as percent of actuarial accrued liabilities at start of year | (0.4)% | (4.6)% |

* *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, 2010. In addition, there were three special COLA checks payable as of July 1, 2010. The increase in accrued liabilities attributable to these COLAs was approximately \$65.9 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 \$65.9 million to cover this increase in accrued liabilities.

The valuation rate of return assumption for health was changed from 8.5% interest to 4.5% interest, for reporting of liabilities in accordance with GASB 43.

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) | | | | | | | | |
| Projected Pension Liabilities For | | | | | | | | |
| Fiscal Year | (1) | (2) | (3) | Net Assets Available For Benefits | Percentage of Accrued Liabilities Covered By Net Assets Available | | | |
| | Aggregate Member Contributions | Current Retirees & Beneficiaries | Active & Inactive Members (Employer Financed Portion) | | (1) | (2) | (3) | |
| 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% | |
| 2010 | 2,553,612 | 4,378,205 | 2,022,115 | 5,233,838 | 100% | 61% | 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% | |
| Employees | 2010 | 955,735 | 1,344,902 | 680,958 | 1,721,002 | 100% | 57% | 0% | |
| Teachers | 2010 | 998,775 | 1,770,635 | 783,710 | 2,049,650 | 100% | 59% | 0% | |
| Police | 2010 | 397,440 | 851,136 | 386,621 | 997,325 | 100% | 70% | 0% | |
| Fire | 2010 | 201,661 | 411,532 | 170,827 | 465,861 | 100% | 64% | 0% | |

* After reflection of changes in legislation.

Development of Pension Actuarial Liabilities June 30, 2010

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 | \$ 2,292,532,342 | \$ 701,755,269 | \$ 1,590,777,073 |
| Disability benefits likely to be paid to present active members | 12,346,157 | 19,387,428 | (7,041,271) |
| Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion) | 29,359,468 | 17,295,569 | 12,063,899 |
| Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members | 84,030,940 | 119,475,521 | (35,444,581) |
| Benefits likely to be paid to current inactive and vested deferred members | 76,338,190 | - | 76,338,190 |
| Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees | 1,344,901,877 | - | 1,344,901,877 |
| Total | \$ 3,839,508,974 | \$ 857,913,787 | \$ 2,981,595,187 |
| Actuarial Value of Assets | \$ 1,721,001,986 | - | \$ 1,721,001,986 |
| Liabilities to be covered by Future Contributions | \$ 2,118,506,988 | \$ 857,913,787 | \$ 1,260,593,201 |

Development of Pension Actuarial Liabilities June 30, 2010

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 | \$ 2,323,642,383 | \$ 600,572,360 | \$ 1,723,070,023 |
| Disability benefits likely to be paid to present active members | 1,050,565 | 970,584 | 79,981 |
| Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion) | 19,746,767 | 10,253,180 | 9,493,587 |
| Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members | 75,054,135 | 87,345,849 | (12,291,714) |
| Benefits likely to be paid to current inactive and vested deferred members | 62,133,607 | - | 62,133,607 |
| Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees | 1,770,634,642 | - | 1,770,634,642 |
| Total | \$ 4,252,262,099 | \$ 699,141,973 | \$ 3,553,120,126 |
| Actuarial Value of Assets | \$ 2,049,650,583 | - | \$ 2,049,650,583 |
| Liabilities to be covered by Future Contributions | \$ 2,202,611,516 | \$ 699,141,973 | \$ 1,503,469,543 |

Development of Pension Actuarial Liabilities June 30, 2010

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 | \$ 1,012,295,924 | \$ 284,517,016 | \$ 727,778,908 |
| Disability benefits likely to be paid to present active members | 21,856,610 | 16,863,420 | 4,993,190 |
| Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion) | 5,750,470 | 3,608,181 | 2,142,289 |
| Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members | 118,119,352 | 79,864,281 | 38,255,071 |
| Benefits likely to be paid to current inactive and vested deferred members | 10,892,040 | - | 10,892,040 |
| Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees | 851,135,998 | - | 851,135,998 |
| Total | \$ 2,020,050,394 | \$ 384,852,898 | \$ 1,635,197,496 |
| Actuarial Value of Assets | \$ 997,325,037 | - | \$ 997,325,037 |
| Liabilities to be Covered by Future Contributions | \$ 1,022,725,357 | \$ 384,852,898 | \$ 637,872,459 |

Development of Pension Actuarial Liabilities June 30, 2010

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 | \$ 571,180,430 | \$ 206,783,461 | \$ 364,396,969 |
| Disability benefits likely to be paid to present active members | 8,369,887 | 8,415,683 | (45,796) |
| Death-in-service benefits likely to be paid on behalf of present active members (employer financed portion) | 3,195,457 | 2,128,403 | 1,067,054 |
| Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active members | 19,830,529 | 15,483,141 | 4,347,388 |
| Benefits likely to be paid to current inactive and vested deferred members | 2,721,442 | - | 2,721,442 |
| Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees | 411,532,480 | - | 411,532,480 |
| Total | \$ 1,016,830,225 | \$ 232,810,688 | \$ 784,019,537 |
| Actuarial Value of Assets | \$ 465,860,753 | - | \$ 465,860,753 |
| Liabilities to be Covered by Future Contributions | \$ 550,969,472 | \$ 232,810,688 | \$ 318,158,784 |

SECTION C
FUND ASSETS

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

| Item | June 30 | |
|--|-------------------------|-------------------------|
| | 2010 | 2009 |
| 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.) | \$ 4,898,338,838 | \$ 4,461,210,664 |

Reconciliation of System Assets

| Item | June 30, 2010 | | | | |
|--|------------------|------------------|------------------|-----------------|------------------|
| | Employees | Teachers | Police# | Fire# | Total |
| A. Market Value of Assets at Beginning of Year | \$ 1,399,861,038 | \$ 1,706,117,653 | \$ 908,548,785 | \$ 446,683,188 | \$ 4,461,210,664 |
| B. Revenues and Expenditures | | | | | |
| 1. Contributions | | | | | |
| a. Employee Contributions | \$ 59,609,327 | \$ 54,238,549 | \$ 25,418,630 | \$ 10,245,597 | \$ 149,512,103 |
| b. Employer Contributions | 111,989,746 | 110,724,300 | 52,136,669 | 27,386,446 | 302,237,161 |
| c. Total | \$ 171,599,073 | \$ 164,962,849 | \$ 77,555,299 | \$ 37,632,043 | \$ 451,749,264 |
| 2. Investment Return | | | | | |
| a. Interest, Dividends, and Other Income | \$ 34,874,589 | \$ 40,914,596 | \$ 22,226,434 | \$ 10,898,029 | \$ 108,913,648 |
| b. Net Realized and Unrealized Gains/(Losses) | 151,330,202 | 180,588,101 | 97,160,239 | 47,779,845 | 476,858,387 |
| c. Investment Expenses | (5,985,468) | (7,026,663) | (3,814,185) | (1,870,182) | (18,696,498) |
| d. Net Investment Income | \$ 180,219,323 | \$ 214,476,034 | \$ 115,572,488 | \$ 56,807,692 | \$ 567,075,537 |
| 3. Benefits and Refunds | | | | | |
| a. Refunds | \$ (11,842,800) | \$ (6,147,609) | \$ (3,297,595) | \$ (563,067) | \$ (21,851,071) |
| b. Regular Monthly Benefits | (157,599,768) | (201,681,164) | (85,285,801) | (43,376,518) | (487,943,251) |
| c. Partial Lump-Sum Benefits Paid | (1,288,638) | (442,170) | (303,529) | (97,200) | (2,131,537) |
| d. Medical Premium Subsidy Payments | (17,180,851) | (26,779,134) | (10,273,635) | (5,642,434) | (59,876,054) |
| e. Total | \$ (187,912,057) | \$ (235,050,077) | \$ (99,160,560) | \$ (49,679,219) | \$ (571,801,913) |
| 4. Administrative Expenses | \$ (2,129,855) | \$ (2,485,108) | \$ (1,356,959) | \$ (665,270) | \$ (6,637,192) |
| 5. Miscellaneous Expenses | \$ (1,043,366) | \$ (1,223,452) | \$ (664,791) | \$ (325,913) | \$ (3,257,522) |
| 6. Transfers | \$ - | \$ - | \$ - | \$ - | \$ - |
| C. Market Value of Assets at End of Year | \$ 1,560,594,156 | \$ 1,846,797,899 | \$ 1,000,494,262 | \$ 490,452,521 | \$ 4,898,338,838 |

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 % |
| June 30, 2010 | 5,233,838,359 | 8,953,932,346 | 3,720,093,987 | 58.5% | 2,481,383,620 | 149.9 % |

* 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 | \$ 2,481,384 | 269,677 | 100 % |
| 2011 | 2,617,983 | 10.70 % | 280,124 | | | |
| 2012 | 2,793,902 | 13.11 % | 366,281 | | | |
| 2013 | 2,919,628 | 13.09 % | 382,179 | | | |
| 2014** | 2,959,096 | 13.45 % | 397,998 | | | |
| 2015** | 3,092,255 | 13.43 % | 415,290 | | | |

* 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. ARC Amounts for 2012 and 2013 are estimated based on the contribution rate in effect in the year indicated and the June 30, 2009 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, 2010 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Equivalent Single Amortization Period | 26 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 2014 and 2015 | 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% | 4.79% | 0.71% |
| Termination | 0.00% | 0.00% | 0.00% | 0.18% | 0.03% |
| Death-in-Service | 0.00% | 0.00% | 0.00% | 0.09% | 0.01% |
| Disability | 0.00% | 0.00% | 0.00% | 0.28% | 0.04% |
| Total Normal Cost | 0.00% | 0.00% | 0.00% | 5.34% | 0.79% |
| Amortization of Unfunded Actuarial Accrued Liabilities# | | | | | |
| | 1.56% | 0.49% | 1.80% | 4.28% | 1.82% |
| Annual Required Contribution (ARC) | 1.56% | 0.49% | 1.80% | 9.62% | 2.61% |
| Fiscal Year 2014 (ARC) | | | | | |
| Percent of Payroll | 1.56% | 0.49% | 1.80% | 9.62% | 2.61% |
| Estimated Dollars | \$ 9,686,963 | \$3,344,932 | \$21,910,628 | \$42,158,741 | \$77,101,264 |
| Fiscal Year 2015 (ARC) | | | | | |
| Percent of Payroll | 1.56% | 0.49% | 1.80% | 9.62% | 2.61% |
| Estimated Dollars | \$10,122,876 | \$3,495,454 | \$22,896,607 | \$44,055,885 | \$80,570,822 |

Accrued Health Liabilities, \$1,033,862,748 were more than applicable assets of \$57,818,287.

The calculations above show the estimated employer's Annual Required Contribution (ARC) for the years ended June 30, 2014 and June 30, 2015.

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

**Determination of Unfunded Actuarial Accrued Liability (Medical)
as of June 30, 2010**

| | State Employees | Political Subdivision Employees | Teachers | Police & Fire | Total |
|---|----------------------------|--|-----------------|----------------------------------|----------------|
| A. Present Value of Future Medical Benefits | | | | | |
| 1. Retirees and Beneficiaries | \$ 122,284,859 | \$ 100,506,778 | \$ 367,482,557 | \$ 247,918,363 | \$ 838,192,557 |
| 2. Vested Terminated Members | - | - | - | - | - |
| 3. Active Members | - | - | - | 335,099,563 | 335,099,563 |
| Total Present Value of Future Medical Benefits | 122,284,859 | 100,506,778 | 367,482,557 | 583,017,926 | 1,173,292,120 |
| B. Present Value of Future Employer Normal Costs | - | - | - | 139,429,372 | 139,429,372 |
| C. Present Value of Future Contributions from Current Active Members | - | - | - | - | - |
| D. Actuarial Medical Accrued Liability (A.-B.-C.) | 122,284,859 | 100,506,778 | 367,482,557 | 443,588,554 | 1,033,862,748 |
| E. 401(h) Subtrust Actuarial Value of Assets | - | 33,978,187 | 7,365,241 | 16,474,859 | 57,818,287 |
| F. Unfunded Actuarial Accrued Liability (D.-E.) | \$ 122,284,859 | \$ 66,528,591 | \$ 360,117,316 | \$ 427,113,695 | \$ 976,044,461 |

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, 2010 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Equivalent Single Amortization Period | 19 Years* |
| Valuation Asset Method | 5-Year Smoothed Market |
| Actuarial Assumptions: | |
| Investment Rate of Return @ | 4.50% |
| Projected Salary Increase @ | 4.50% to 16.25% |
| @ Includes Price Inflation at | 3.50% |
| Rate of Payroll Growth | 4.50% |
| Increase in Medical Supplement | 4.0% beginning in Fiscal Year 2012 |

* The ARC is based on the greater of a 26 year amortization or the amount necessary to meet cash flow.

NHRS - 401(h) Cash Flow Projections
June 30, 2010
State Employees

| Year Ending | Valuation Pay | Employer Contributions | | | Benefits Paid | Solvency Assets |
|--------------------|--------------------------|-------------------------------|-----------------------|--------------------------|--------------------------|----------------------------|
| | | Rate -- Total | Rate -- Health | Dollars -- Health | | |
| 6/30/2010 | \$ 520,712,360 | | | | | \$ - |
| 6/30/2011 | 544,144,416 | 11.05% | 1.96% | \$ 10,665,231 | \$10,287,780 | - |
| 6/30/2012 | 568,630,915 | 12.31% | 1.60% | 9,098,095 | 9,721,378 | - |
| 6/30/2013 | 594,219,306 | 12.26% | 1.60% | 9,507,509 | 9,548,331 | - |
| 6/30/2014 | 620,959,175 | 12.60% | 1.56% | 9,686,963 | 9,362,369 | - |
| 6/30/2015 | 648,902,338 | 12.55% | 1.56% | 10,122,876 | 9,183,629 | - |
| 6/30/2016 | 678,102,943 | 12.27% | 1.33% | 9,005,312 | 9,005,312 | - |
| 6/30/2017 | 708,617,575 | 12.14% | 1.24% | 8,805,516 | 8,805,516 | - |
| 6/30/2018 | 740,505,366 | 12.01% | 1.16% | 8,593,494 | 8,593,494 | - |
| 6/30/2019 | 773,828,107 | 11.89% | 1.08% | 8,368,307 | 8,368,307 | - |
| 6/30/2020 | 808,650,372 | 11.78% | 1.01% | 8,132,325 | 8,132,325 | - |
| 6/30/2021 | 845,039,639 | 11.66% | 0.93% | 7,882,488 | 7,882,488 | - |
| 6/30/2022 | 883,066,423 | 11.55% | 0.86% | 7,620,820 | 7,620,820 | - |
| 6/30/2023 | 922,804,412 | 11.46% | 0.80% | 7,342,767 | 7,342,767 | - |
| 6/30/2024 | 964,330,611 | 11.36% | 0.73% | 7,044,607 | 7,044,607 | - |
| 6/30/2025 | 1,007,725,488 | 11.26% | 0.67% | 6,724,339 | 6,724,339 | - |
| 6/30/2026 | 1,053,073,135 | 11.18% | 0.61% | 6,389,474 | 6,389,474 | - |
| 6/30/2027 | 1,100,461,426 | 11.09% | 0.55% | 6,045,838 | 6,045,838 | - |
| 6/30/2028 | 1,149,982,190 | 11.02% | 0.50% | 5,698,282 | 5,698,282 | - |
| 6/30/2029 | 1,201,731,389 | 10.94% | 0.44% | 5,339,151 | 5,339,151 | - |
| 6/30/2030 | 1,255,809,302 | 10.88% | 0.40% | 4,994,764 | 4,994,764 | - |
| 6/30/2031 | 1,312,320,721 | 10.81% | 0.35% | 4,639,679 | 4,639,679 | - |
| 6/30/2032 | 1,371,375,153 | 10.75% | 0.31% | 4,282,283 | 4,282,283 | - |
| 6/30/2033 | 1,433,087,035 | 10.70% | 0.27% | 3,938,522 | 3,938,522 | - |
| 6/30/2034 | 1,497,575,952 | 10.65% | 0.24% | 3,604,068 | 3,604,068 | - |
| 6/30/2035 | 1,564,966,870 | 10.61% | 0.21% | 3,281,151 | 3,281,151 | - |

NHRS - 401(h) Cash Flow Projections

June 30, 2010

Political Subdivision Employees (8.5% Interest Assumption)

| Year Ending | Valuation Pay | Employer Contribution | | | Benefits Paid | Solvency Assets | Estimated Employer Rate with 20% Margin |
|-------------|------------------|-----------------------|----------------|-------------------|------------------|--------------------|---|
| | | Rate -- Total | Rate -- Health | Dollars -- Health | | | |
| 6/30/2010 | \$ 572,434,892 | | | | | \$ 29,669,626 | |
| 6/30/2011 | 598,194,462 | 9.16% | 0.07% | \$ 418,736 | \$7,511,779 | 24,797,047 | 0.07% |
| 6/30/2012 | 625,113,213 | 11.09% | 0.38% | 2,375,430 | 7,116,864 | 21,961,851 | 0.38% |
| 6/30/2013 | 653,243,308 | 11.04% | 0.38% | 2,482,325 | 6,942,124 | 19,179,267 | 0.38% |
| 6/30/2014 | 682,639,257 | 11.53% | 0.49% | 3,344,932 | 6,816,740 | 17,190,145 | 0.49% |
| 6/30/2015 | 713,358,024 | 11.48% | 0.49% | 3,495,454 | 6,750,917 | 15,257,488 | 0.49% |
| 6/30/2016 | 745,459,135 | 11.43% | 0.49% | 3,652,750 | 6,699,720 | 13,377,907 | 0.49% |
| 6/30/2017 | 779,004,796 | 11.39% | 0.49% | 3,817,124 | 6,674,035 | 11,536,700 | 0.49% |
| 6/30/2018 | 814,060,012 | 11.33% | 0.48% | 3,907,488 | 6,636,386 | 9,672,443 | 0.49% |
| 6/30/2019 | 850,692,713 | 11.29% | 0.48% | 4,083,325 | 6,593,845 | 7,877,384 | 0.49% |
| 6/30/2020 | 888,973,885 | 11.25% | 0.48% | 4,267,075 | 6,544,547 | 6,172,697 | 0.49% |
| 6/30/2021 | 928,977,710 | 11.21% | 0.48% | 4,459,093 | 6,479,252 | 4,591,361 | 0.49% |
| 6/30/2022 | 970,781,707 | 11.17% | 0.48% | 4,659,752 | 6,396,868 | 3,170,683 | 0.49% |
| 6/30/2023 | 1,014,466,884 | 11.14% | 0.48% | 4,869,441 | 6,293,123 | 1,956,003 | 0.49% |
| 6/30/2024 | 1,060,117,894 | 11.11% | 0.48% | 5,088,566 | 6,165,915 | 999,127 | 0.49% |
| 6/30/2025 | 1,107,823,199 | 11.07% | 0.48% | 5,317,551 | 6,015,679 | 356,254 | 0.49% |
| 6/30/2026 | 1,157,675,243 | 11.05% | 0.48% | 5,556,841 | 5,845,633 | 85,470 | 0.48% |
| 6/30/2027 | 1,209,770,629 | 11.01% | 0.47% | 5,654,399 | 5,654,399 | - | 0.45% |
| 6/30/2028 | 1,264,210,307 | 10.95% | 0.43% | 5,438,676 | 5,438,676 | - | 0.42% |
| 6/30/2029 | 1,321,099,771 | 10.89% | 0.39% | 5,202,421 | 5,202,421 | - | 0.39% |
| 6/30/2030 | 1,380,549,261 | 10.84% | 0.36% | 4,950,405 | 4,950,405 | - | 0.35% |
| 6/30/2031 | 1,442,673,978 | 10.78% | 0.32% | 4,686,497 | 4,686,497 | - | 0.31% |
| 6/30/2032 | 1,507,594,307 | 10.73% | 0.29% | 4,408,205 | 4,408,205 | - | 0.28% |
| 6/30/2033 | 1,575,436,051 | 10.69% | 0.26% | 4,124,239 | 4,124,239 | - | 0.25% |
| 6/30/2034 | 1,646,330,673 | 10.64% | 0.23% | 3,835,957 | 3,835,957 | - | 0.22% |
| 6/30/2035 | 1,720,415,553 | 10.61% | 0.21% | 3,541,769 | 3,541,769 | - | 0.20% |

NHRS - 401(h) Cash Flow Projections June 30, 2010

Teachers

| Year Ending | Valuation Pay | Employer Contributions | | | Benefits Paid | Solvency Assets | Estimated Employer Rate with 20% Margin |
|-------------|------------------|------------------------|----------------|-------------------|------------------|--------------------|---|
| | | Rate -- Total | Rate -- Health | Dollars -- Health | | | |
| 6/30/2010 | \$ 1,020,744,780 | | | | | \$ 6,431,301 | |
| 6/30/2011 | 1,066,678,295 | 10.70% | 1.32% | \$ 14,080,153 | \$25,878,690 | (5,322,013) | 2.25% |
| 6/30/2012 | 1,114,678,818 | 13.95% | 2.44% | 27,198,163 | 24,549,144 | (3,012,782) | 2.15% |
| 6/30/2013 | 1,164,839,365 | 13.95% | 2.44% | 28,422,081 | 23,896,188 | 1,449,375 | 2.00% |
| 6/30/2014 | 1,217,257,136 | 13.61% | 1.80% | 21,910,628 | 23,303,067 | - | 1.89% |
| 6/30/2015 | 1,272,033,707 | 13.61% | 1.80% | 22,896,607 | 22,938,817 | - | 1.77% |
| 6/30/2016 | 1,329,275,224 | 13.52% | 1.71% | 22,786,960 | 22,786,960 | - | 1.68% |
| 6/30/2017 | 1,389,092,609 | 13.44% | 1.63% | 22,692,459 | 22,692,459 | - | 1.61% |
| 6/30/2018 | 1,451,601,776 | 13.37% | 1.56% | 22,626,364 | 22,626,364 | - | 1.53% |
| 6/30/2019 | 1,516,923,856 | 13.30% | 1.49% | 22,640,341 | 22,640,341 | - | 1.47% |
| 6/30/2020 | 1,585,185,430 | 13.24% | 1.43% | 22,663,285 | 22,663,285 | - | 1.41% |
| 6/30/2021 | 1,656,518,774 | 13.18% | 1.37% | 22,687,927 | 22,687,927 | - | 1.35% |
| 6/30/2022 | 1,731,062,119 | 13.12% | 1.31% | 22,659,287 | 22,659,287 | - | 1.29% |
| 6/30/2023 | 1,808,959,914 | 13.06% | 1.25% | 22,563,101 | 22,563,101 | - | 1.23% |
| 6/30/2024 | 1,890,363,110 | 12.99% | 1.18% | 22,395,020 | 22,395,020 | - | 1.16% |
| 6/30/2025 | 1,975,429,450 | 12.93% | 1.12% | 22,151,585 | 22,151,585 | - | 1.10% |
| 6/30/2026 | 2,064,323,775 | 12.87% | 1.06% | 21,829,883 | 21,829,883 | - | 1.04% |
| 6/30/2027 | 2,157,218,345 | 12.80% | 0.99% | 21,427,705 | 21,427,705 | - | 0.97% |
| 6/30/2028 | 2,254,293,171 | 12.74% | 0.93% | 20,943,747 | 20,943,747 | - | 0.91% |
| 6/30/2029 | 2,355,736,364 | 12.67% | 0.86% | 20,375,886 | 20,375,886 | - | 0.85% |
| 6/30/2030 | 2,461,744,500 | 12.61% | 0.80% | 19,726,799 | 19,726,799 | - | 0.78% |
| 6/30/2031 | 2,572,523,003 | 12.55% | 0.74% | 19,001,795 | 19,001,795 | - | 0.72% |
| 6/30/2032 | 2,688,286,538 | 12.49% | 0.68% | 18,202,861 | 18,202,861 | - | 0.66% |
| 6/30/2033 | 2,809,259,432 | 12.43% | 0.62% | 17,335,955 | 17,335,955 | - | 0.60% |
| 6/30/2034 | 2,935,676,106 | 12.37% | 0.56% | 16,408,671 | 16,408,671 | - | 0.54% |
| 6/30/2035 | 3,067,781,531 | 12.31% | 0.50% | 15,430,122 | 15,430,122 | - | 0.49% |

NHRS - 401(h) Cash Flow Projections
June 30, 2010

Police and Fire (8.5% Interest Rate Assumption)

| <u>Year Ending</u> | <u>Valuation Pay</u> | <u>Employer Contributions</u> | | | <u>Benefits Paid</u> | <u>Solvency Assets</u> | <u>Estimated Employer Rate with 20% Margin</u> |
|--------------------|--------------------------|-------------------------------|-----------------------|--------------------------|--------------------------|----------------------------|--|
| | | <u>Rate -- Total</u> | <u>Rate -- Health</u> | <u>Dollars -- Health</u> | | | |
| 6/30/2010 | \$ 367,491,588 | | | | | \$ 14,385,785 | |
| 6/30/2011 | 384,028,709 | | 2.17% | \$ 8,333,423 | \$16,346,517 | 7,254,926 | 2.17% |
| 6/30/2012 | 401,310,001 | | 2.65% | 10,634,715 | 17,164,723 | 1,064,062 | 3.20% |
| 6/30/2013 | 419,368,951 | N/A | 2.65% | 11,113,277 | 18,560,884 | (6,609,623) | 4.45% |
| 6/30/2014 | 438,240,554 | N/A | 5.51% | 24,147,055 | 20,023,881 | (2,873,032) | 4.53% |
| 6/30/2015 | 457,961,379 | N/A | 5.51% | 25,233,672 | 21,505,959 | 768,900 | 4.69% |
| 6/30/2016 | 478,569,641 | N/A | 5.04% | 24,119,910 | 22,985,612 | 2,016,762 | 4.79% |
| 6/30/2017 | 500,105,275 | N/A | 5.04% | 25,205,306 | 24,501,232 | 2,922,184 | 4.88% |
| 6/30/2018 | 522,610,012 | N/A | 5.04% | 26,339,545 | 26,032,349 | 3,490,821 | 4.96% |
| 6/30/2019 | 546,127,463 | N/A | 5.04% | 27,524,824 | 27,672,451 | 3,633,640 | 5.05% |
| 6/30/2020 | 570,703,199 | N/A | 5.04% | 28,763,441 | 29,372,979 | 3,307,056 | 5.13% |
| 6/30/2021 | 596,384,843 | N/A | 5.04% | 30,057,796 | 31,013,773 | 2,591,549 | 5.17% |
| 6/30/2022 | 623,222,161 | N/A | 5.04% | 31,410,397 | 32,521,827 | 1,653,165 | 5.18% |
| 6/30/2023 | 651,267,158 | N/A | 5.04% | 32,823,865 | 33,827,866 | 747,013 | 5.15% |
| 6/30/2024 | 680,574,180 | N/A | 5.04% | 34,300,939 | 34,912,902 | 172,538 | 5.08% |
| 6/30/2025 | 711,200,018 | N/A | 5.04% | 35,844,481 | 35,820,434 | 212,273 | 4.98% |
| 6/30/2026 | 743,204,019 | N/A | 4.92% | 36,554,587 | 36,554,587 | - | 4.86% |
| 6/30/2027 | 776,648,200 | N/A | 4.78% | 37,137,083 | 37,137,083 | - | 4.72% |
| 6/30/2028 | 811,597,369 | N/A | 4.63% | 37,583,194 | 37,583,194 | - | 4.57% |
| 6/30/2029 | 848,119,251 | N/A | 4.46% | 37,867,062 | 37,867,062 | - | 4.40% |
| 6/30/2030 | 886,284,617 | N/A | 4.29% | 38,003,441 | 38,003,441 | - | 4.22% |
| 6/30/2031 | 926,167,425 | N/A | 4.10% | 37,994,870 | 37,994,870 | - | 4.04% |
| 6/30/2032 | 967,844,959 | N/A | 3.91% | 37,862,884 | 37,862,884 | - | 3.85% |
| 6/30/2033 | 1,011,397,982 | N/A | 3.72% | 37,606,310 | 37,606,310 | - | 3.65% |
| 6/30/2034 | 1,056,910,891 | N/A | 3.52% | 37,224,886 | 37,224,886 | - | 3.46% |
| 6/30/2035 | 1,104,471,881 | N/A | 3.33% | 36,777,892 | 36,777,892 | - | 3.27% |

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 |
| 2010 | 2,161 | 50,732 | 817 | 12,002 | 25,845 | 482,055 | 3.08% | 18,652 |

* 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 | \$ 5,349 | \$ 5,349 |
| 45 - 49 | 5 | \$ 191,167 | \$38,233 | 14 | 164,098 | 11,721 |
| 50 - 54 | 51 | 853,554 | 16,736 | 88 | 905,448 | 10,289 |
| 55 - 59 | 317 | 6,332,333 | 19,976 | 333 | 4,691,263 | 14,088 |
| 60 - 64 | 928 | 18,367,957 | 19,793 | 1,228 | 17,407,309 | 14,175 |
| 65 - 69 | 1,105 | 16,512,822 | 14,944 | 1,519 | 15,387,562 | 10,130 |
| 70 - 74 | 874 | 11,401,145 | 13,045 | 1,023 | 9,179,173 | 8,973 |
| 75 - 79 | 701 | 9,130,605 | 13,025 | 773 | 6,611,601 | 8,553 |
| 80 - 84 | 474 | 5,742,760 | 12,116 | 543 | 4,321,422 | 7,958 |
| 85 - 89 | 246 | 2,607,637 | 10,600 | 319 | 2,267,425 | 7,108 |
| 90 - 94 | 75 | 648,393 | 8,645 | 106 | 611,562 | 5,769 |
| 95 - 99 | 10 | 109,814 | 10,981 | 21 | 183,967 | 8,760 |
| 100 & Over | 3 | 16,167 | 5,389 | 3 | 11,890 | 3,963 |
| TOTAL | 4,789 | \$71,914,354 | \$15,017 | 5,971 | \$61,748,069 | \$ 10,341 |

DISABILITY RETIREMENTS

| Age Group | Males | | | Females | | |
|--------------|------------|--------------------|-----------------|------------|--------------------|-----------------|
| | Number | Amount | Average | Number | Amount | Average |
| 30 - 34 | | | | 2 | \$ 24,874 | \$12,437 |
| 35 - 39 | 4 | \$ 42,062 | \$ 10,516 | 2 | 23,176 | 11,588 |
| 40 - 44 | 14 | 210,616 | 15,044 | 15 | 181,570 | 12,105 |
| 45 - 49 | 25 | 306,573 | 12,263 | 36 | 437,714 | 12,159 |
| 50 - 54 | 58 | 856,164 | 14,761 | 56 | 710,716 | 12,691 |
| 55 - 59 | 77 | 1,039,719 | 13,503 | 109 | 1,416,567 | 12,996 |
| 60 - 64 | 93 | 1,265,854 | 13,611 | 100 | 1,165,978 | 11,660 |
| 65 - 69 | 66 | 915,224 | 13,867 | 71 | 829,881 | 11,688 |
| 70 - 74 | 35 | 349,005 | 9,972 | 28 | 357,892 | 12,782 |
| 75 - 79 | 22 | 280,388 | 12,745 | 19 | 264,721 | 13,933 |
| 80 - 84 | 6 | 94,405 | 15,734 | 9 | 91,796 | 10,200 |
| 85 - 89 | 4 | 73,257 | 18,314 | 4 | 50,250 | 12,563 |
| 90 - 94 | | | | 1 | 13,745 | 13,745 |
| 95 - 99 | | | | | | |
| 100 & Over | | | | | | |
| TOTAL | 404 | \$5,433,267 | \$13,449 | 452 | \$5,568,880 | \$12,321 |

Retirees and Beneficiaries Age Distribution Employees

BENEFICIARIES OF DECEASED MEMBERS

| Age Group | Males | | | Females | | |
|--------------|------------|--------------------|-----------------|--------------|---------------------|------------------|
| | Number | Amount | Average | Number | Amount | Average |
| Under 20 | | | | 1 | \$ 5,065 | \$ 5,065 |
| 20 - 24 | | | | 1 | 5,913 | 5,913 |
| 25 - 29 | 4 | \$ 12,078 | \$ 3,020 | | | |
| 30 - 34 | 1 | 13,510 | 13,510 | | | |
| 35 - 39 | | | | 4 | 22,065 | 5,516 |
| 40 - 44 | 6 | 17,085 | 2,848 | 12 | 133,562 | 11,130 |
| 45 - 49 | 6 | 28,228 | 4,705 | 18 | 101,205 | 5,623 |
| 50 - 54 | 10 | 44,319 | 4,432 | 28 | 340,430 | 12,158 |
| 55 - 59 | 24 | 113,152 | 4,715 | 61 | 730,432 | 11,974 |
| 60 - 64 | 18 | 153,321 | 8,518 | 80 | 862,999 | 10,787 |
| 65 - 69 | 11 | 61,467 | 5,588 | 102 | 1,297,798 | 12,724 |
| 70 - 74 | 27 | 220,883 | 8,181 | 140 | 1,722,643 | 12,305 |
| 75 - 79 | 19 | 177,619 | 9,348 | 191 | 2,002,791 | 10,486 |
| 80 - 84 | 19 | 135,063 | 7,109 | 176 | 1,593,826 | 9,056 |
| 85 - 89 | 8 | 42,304 | 5,288 | 141 | 1,246,777 | 8,842 |
| 90 - 94 | 3 | 19,931 | 6,644 | 56 | 383,439 | 6,847 |
| 95 - 99 | | | | 16 | 116,534 | 7,283 |
| 100 & Over | | | | 3 | 22,578 | 7,526 |
| TOTAL | 156 | \$1,038,960 | \$ 6,660 | 1,030 | \$10,588,057 | \$ 10,280 |

Retirees and Beneficiaries Age Distribution Teachers

SERVICE RETIREMENTS

| Age Group | Males | | | Females | | |
|--------------|--------------|---------------------|-----------------|--------------|----------------------|-----------------|
| | Number | Amount | Average | Number | Amount | Average |
| 45 - 49 | | \$ 0 | \$ 0 | 2 | \$ 31,920 | \$15,960 |
| 50 - 54 | 14 | 207,293 | 14,807 | 32 | 363,901 | 11,372 |
| 55 - 59 | 206 | 5,478,354 | 26,594 | 609 | 13,515,662 | 22,193 |
| 60 - 64 | 845 | 22,918,996 | 27,123 | 1,963 | 44,805,928 | 22,825 |
| 65 - 69 | 645 | 15,225,550 | 23,606 | 1,368 | 26,308,659 | 19,231 |
| 70 - 74 | 397 | 9,967,115 | 25,106 | 773 | 14,738,996 | 19,067 |
| 75 - 79 | 282 | 6,927,499 | 24,566 | 496 | 9,752,083 | 19,661 |
| 80 - 84 | 136 | 2,996,433 | 22,033 | 303 | 5,231,303 | 17,265 |
| 85 - 89 | 51 | 863,823 | 16,938 | 195 | 2,914,677 | 14,947 |
| 90 - 94 | 18 | 260,598 | 14,478 | 131 | 1,542,810 | 11,777 |
| 95 - 99 | 1 | 1,420 | 1,420 | 45 | 473,928 | 10,532 |
| 100 & Over | | | | 9 | 96,401 | 10,711 |
| TOTAL | 2,595 | \$64,847,081 | \$24,989 | 5,926 | \$119,776,268 | \$20,212 |

DISABILITY RETIREMENTS

| Age Group | Males | | | Females | | |
|--------------|-----------|------------------|-----------------|------------|--------------------|------------------|
| | Number | Amount | Average | Number | Amount | Average |
| 40 - 44 | | | | 1 | \$ 14,163 | \$ 14,163 |
| 45 - 49 | | | | 4 | 45,466 | 11,367 |
| 50 - 54 | 3 | \$ 46,515 | \$15,505 | 6 | 87,190 | 14,532 |
| 55 - 59 | 5 | 76,886 | 15,377 | 22 | 353,589 | 16,072 |
| 60 - 64 | 8 | 155,513 | 19,439 | 28 | 457,190 | 16,328 |
| 65 - 69 | 12 | 249,272 | 20,773 | 25 | 414,335 | 16,573 |
| 70 - 74 | 5 | 94,232 | 18,846 | 15 | 245,708 | 16,381 |
| 75 - 79 | 11 | 207,023 | 18,820 | 8 | 127,788 | 15,974 |
| 80 - 84 | 3 | 36,314 | 12,105 | 5 | 61,164 | 12,233 |
| 85 - 89 | 3 | 42,518 | 14,173 | 7 | 80,530 | 11,504 |
| 90 - 94 | | | | 4 | 57,225 | 14,306 |
| 95 - 99 | | | | | | |
| 100 & Over | | | | | | |
| TOTAL | 50 | \$908,273 | \$18,165 | 125 | \$1,944,348 | \$ 15,555 |

Retirees and Beneficiaries Age Distribution Teachers

BENEFICIARIES OF DECEASED MEMBERS

| Age Group | Males | | | Females | | |
|--------------|------------|--------------------|-----------------|------------|--------------------|-----------------|
| | Number | Amount | Average | Number | Amount | Average |
| 20 - 24 | | \$ 0 | \$ 0 | 1 | \$ 13,182 | \$13,182 |
| 25 - 29 | 1 | 4,741 | 4,741 | | | |
| 30 - 34 | 2 | 20,234 | 10,117 | 2 | 7,987 | 3,994 |
| 35 - 39 | 2 | 24,253 | 12,127 | 1 | 3,154 | 3,154 |
| 40 - 44 | 4 | 38,263 | 9,566 | 2 | 17,111 | 8,556 |
| 45 - 49 | 4 | 36,195 | 9,049 | 2 | 15,605 | 7,803 |
| 50 - 54 | 4 | 53,754 | 13,439 | 9 | 128,870 | 14,319 |
| 55 - 59 | 6 | 69,775 | 11,629 | 25 | 390,764 | 15,631 |
| 60 - 64 | 24 | 402,365 | 16,765 | 44 | 864,121 | 19,639 |
| 65 - 69 | 16 | 153,789 | 9,612 | 41 | 922,170 | 22,492 |
| 70 - 74 | 18 | 288,669 | 16,037 | 40 | 860,943 | 21,524 |
| 75 - 79 | 16 | 222,091 | 13,881 | 44 | 934,363 | 21,236 |
| 80 - 84 | 8 | 129,453 | 16,182 | 29 | 594,405 | 20,497 |
| 85 - 89 | 7 | 108,891 | 15,556 | 18 | 205,688 | 11,427 |
| 90 - 94 | 2 | 20,877 | 10,439 | 17 | 192,181 | 11,305 |
| 95 - 99 | 1 | 17,704 | 17,704 | 1 | 13,847 | 13,847 |
| 100 & Over | | | | | | |
| TOTAL | 115 | \$1,591,054 | \$13,835 | 276 | \$5,164,391 | \$18,712 |

Retirees and Beneficiaries Age Distribution Police

SERVICE RETIREMENTS

| Age Group | Males | | | Females | | |
|--------------|--------------|---------------------|-----------------|------------|--------------------|-----------------|
| | Number | Amount | Average | Number | Amount | Average |
| 40 - 44 | | | | 5 | \$ 21,229 | \$ 4,246 |
| 45 - 49 | 200 | \$ 9,745,476 | \$48,727 | 36 | 1,003,857 | 27,885 |
| 50 - 54 | 324 | 15,111,400 | 46,640 | 55 | 1,212,474 | 22,045 |
| 55 - 59 | 315 | 13,573,354 | 43,090 | 57 | 1,215,964 | 21,333 |
| 60 - 64 | 345 | 13,229,721 | 38,347 | 48 | 958,686 | 19,973 |
| 65 - 69 | 231 | 7,102,575 | 30,747 | 45 | 672,195 | 14,938 |
| 70 - 74 | 161 | 4,666,390 | 28,984 | 19 | 284,668 | 14,983 |
| 75 - 79 | 103 | 2,471,235 | 23,993 | 20 | 313,729 | 15,686 |
| 80 - 84 | 62 | 1,629,315 | 26,279 | 5 | 83,590 | 16,718 |
| 85 - 89 | 9 | 191,187 | 21,243 | 3 | 25,605 | 8,535 |
| 90 - 94 | 10 | 272,088 | 27,209 | 2 | 18,108 | 9,054 |
| 95 - 99 | 2 | 32,774 | 16,387 | 1 | 12,396 | 12,396 |
| 100 & Over | 1 | 17,828 | 17,828 | | | |
| TOTAL | 1,763 | \$68,043,343 | \$38,595 | 298 | \$5,840,413 | \$19,599 |

DISABILITY RETIREMENTS

| Age Group | Males | | | Females | | |
|--------------|------------|--------------------|-----------------|-----------|--------------------|-----------------|
| | Number | Amount | Average | Number | Amount | Average |
| 30 - 34 | 2 | \$ 47,624 | \$23,812 | | | |
| 35 - 39 | 4 | 138,973 | 34,743 | 1 | \$ 30,165 | \$30,165 |
| 40 - 44 | 18 | 664,128 | 36,896 | 2 | 30,771 | 15,386 |
| 45 - 49 | 35 | 1,095,538 | 31,301 | 3 | 84,424 | 28,141 |
| 50 - 54 | 41 | 1,368,684 | 33,383 | 9 | 276,343 | 30,705 |
| 55 - 59 | 42 | 1,360,070 | 32,383 | 5 | 147,347 | 29,469 |
| 60 - 64 | 51 | 1,483,418 | 29,087 | 14 | 351,330 | 25,095 |
| 65 - 69 | 44 | 1,307,943 | 29,726 | 2 | 48,561 | 24,281 |
| 70 - 74 | 18 | 485,872 | 26,993 | 2 | 25,529 | 12,765 |
| 75 - 79 | 13 | 315,459 | 24,266 | 1 | 21,995 | 21,995 |
| 80 - 84 | 5 | 122,703 | 24,541 | | | |
| 85 - 89 | 3 | 56,745 | 18,915 | | | |
| 90 - 94 | 2 | 24,380 | 12,190 | | | |
| 95 - 99 | | | | | | |
| 100 & Over | | | | | | |
| TOTAL | 279 | \$8,503,016 | \$30,477 | 39 | \$1,016,465 | \$26,063 |

Retirees and Beneficiaries Age Distribution Police

BENEFICIARIES OF DECEASED MEMBERS

| Age Group | Males | | | Females | | |
|--------------|-----------|-------------------|------------------|------------|---------------------|------------------|
| | Number | Amount | Average | Number | Amount | Average |
| Under 20 | 2 | \$ 21,642 | \$ 10,821 | 1 | \$ 30,418 | \$ 30,418 |
| 20 - 24 | | | | | | |
| 25 - 29 | | | | | | |
| 30 - 34 | | | | | | |
| 35 - 39 | | | | 4 | 59,695 | 14,924 |
| 40 - 44 | 4 | 53,197 | 13,299 | 1 | 15,929 | 15,929 |
| 45 - 49 | 2 | 16,678 | 8,339 | 6 | 141,967 | 23,661 |
| 50 - 54 | 2 | 16,222 | 8,111 | 10 | 260,345 | 26,035 |
| 55 - 59 | 3 | 96,266 | 32,089 | 15 | 301,458 | 20,097 |
| 60 - 64 | 5 | 60,350 | 12,070 | 31 | 665,331 | 21,462 |
| 65 - 69 | 1 | 11,452 | 11,452 | 38 | 734,052 | 19,317 |
| 70 - 74 | 3 | 8,176 | 2,725 | 53 | 618,910 | 11,678 |
| 75 - 79 | 3 | 21,970 | 7,323 | 40 | 625,600 | 15,640 |
| 80 - 84 | 6 | 67,905 | 11,318 | 46 | 552,975 | 12,021 |
| 85 - 89 | | | | 29 | 355,551 | 12,260 |
| 90 - 94 | 1 | 12,498 | 12,498 | 14 | 140,246 | 10,018 |
| 95 - 99 | | | | 3 | 34,525 | 11,508 |
| 100 & Over | | | | | | |
| TOTAL | 32 | \$ 386,356 | \$ 12,074 | 291 | \$ 4,537,002 | \$ 15,591 |

Retirees and Beneficiaries Age Distribution Fire

SERVICE RETIREMENTS

| Age Group | Males | | | Females | | |
|--------------|------------|---------------------|-----------------|-----------|------------------|-----------------|
| | Number | Amount | Average | Number | Amount | Average |
| 35 - 39 | | | | 1 | \$ 2,284 | \$ 2,284 |
| 40 - 44 | | | | 1 | 11,679 | 11,679 |
| 45 - 49 | 40 | \$ 1,885,882 | \$47,147 | 8 | 150,569 | 18,821 |
| 50 - 54 | 136 | 6,728,821 | 49,477 | 10 | 182,001 | 18,200 |
| 55 - 59 | 216 | 9,926,883 | 45,958 | 19 | 252,431 | 13,286 |
| 60 - 64 | 150 | 6,249,527 | 41,664 | 8 | 166,075 | 20,759 |
| 65 - 69 | 118 | 4,363,676 | 36,980 | 5 | 55,353 | 11,071 |
| 70 - 74 | 80 | 2,632,936 | 32,912 | 3 | 43,112 | 14,371 |
| 75 - 79 | 50 | 1,333,215 | 26,664 | | | |
| 80 - 84 | 38 | 1,016,839 | 26,759 | 1 | 25,849 | 25,849 |
| 85 - 89 | 15 | 396,955 | 26,464 | | | |
| 90 - 94 | 5 | 83,693 | 16,739 | | | |
| 95 - 99 | 2 | 41,480 | 20,740 | | | |
| 100 & Over | | | | | | |
| TOTAL | 850 | \$34,659,907 | \$40,776 | 56 | \$889,353 | \$15,881 |

DISABILITY RETIREMENTS

| Age Group | Males | | | Females | | |
|--------------|------------|--------------------|-----------------|----------|-----------------|-----------------|
| | Number | Amount | Average | Number | Amount | Average |
| 35 - 39 | 2 | \$ 57,414 | \$28,707 | | | |
| 40 - 44 | 2 | 63,528 | 31,764 | | | |
| 45 - 49 | 8 | 274,020 | 34,253 | 1 | \$31,795 | \$31,795 |
| 50 - 54 | 13 | 443,683 | 34,129 | 2 | 67,353 | 33,677 |
| 55 - 59 | 19 | 574,901 | 30,258 | | | |
| 60 - 64 | 16 | 484,964 | 30,310 | | | |
| 65 - 69 | 21 | 584,128 | 27,816 | | | |
| 70 - 74 | 19 | 476,763 | 25,093 | | | |
| 75 - 79 | 9 | 228,078 | 25,342 | | | |
| 80 - 84 | 7 | 175,136 | 25,019 | | | |
| 85 - 89 | 5 | 90,954 | 18,191 | | | |
| 90 - 94 | 1 | 18,993 | 18,993 | | | |
| 95 - 99 | | | | | | |
| 100 & Over | | | | | | |
| TOTAL | 122 | \$3,472,562 | \$28,464 | 3 | \$99,148 | \$33,049 |

Retirees and Beneficiaries Age Distribution Fire

BENEFICIARIES OF DECEASED MEMBERS

| Age Group | Males | | | Females | | |
|--------------|----------|------------------|-----------------|------------|--------------------|-----------------|
| | Number | Amount | Average | Number | Amount | Average |
| Under 20 | 1 | \$ 5,913 | \$ 5913 | | | |
| 20 - 24 | 1 | 5,913 | 5,913 | | \$ 0 | \$ 0 |
| 25 - 29 | | | | | | |
| 30 - 34 | | | | | | |
| 35 - 39 | 2 | 26,396 | 13,198 | | | |
| 40 - 44 | | | | 2 | 80,834 | 40,417 |
| 45 - 49 | | | | 2 | 15,944 | 7,972 |
| 50 - 54 | | | | 9 | 180,053 | 20,006 |
| 55 - 59 | | | | 15 | 263,814 | 17,588 |
| 60 - 64 | | | | 19 | 490,858 | 25,835 |
| 65 - 69 | | | | 23 | 420,821 | 18,297 |
| 70 - 74 | 1 | 15,853 | 15,853 | 26 | 511,931 | 19,690 |
| 75 - 79 | | | | 26 | 457,051 | 17,579 |
| 80 - 84 | 3 | 58,824 | 19,608 | 40 | 736,388 | 18,410 |
| 85 - 89 | | | | 39 | 616,494 | 15,808 |
| 90 - 94 | | | | 12 | 170,318 | 14,193 |
| 95 - 99 | | | | 1 | 13,362 | 13,362 |
| 100 & Over | | | | 1 | 13,733 | 13,733 |
| TOTAL | 8 | \$112,899 | \$14,112 | 215 | \$3,971,601 | \$18,473 |

Active Members by Valuation Division

| Valuation Group | Active Members | Valuation Payroll | Average | | |
|-----------------|----------------|-------------------|---------|---------|----------|
| | | | Age | Service | Pay |
| Employees: | | | | | |
| Male | 10,046 | \$ 479,437,343 | 48.4 | 10.9 | \$47,724 |
| Female | 15,941 | 613,709,909 | 48.3 | 9.8 | 38,499 |
| Total | 25,987 | 1,093,147,252 | 48.3 | 10.2 | 42,065 |
| Teachers: | | | | | |
| Male | 4,175 | 244,695,264 | 45.5 | 12.9 | 58,610 |
| Female | 14,428 | 776,049,516 | 45.6 | 12.1 | 53,788 |
| Total | 18,603 | 1,020,744,780 | 45.6 | 12.3 | 54,870 |
| Police: | | | | | |
| Male | 3,697 | 229,932,379 | 39.1 | 11.0 | 62,194 |
| Female | 534 | 28,539,164 | 39.1 | 8.9 | 53,444 |
| Total | 4,231 | 258,471,543 | 39.1 | 10.7 | 61,090 |
| Fire: | | | | | |
| Male | 1,600 | 106,352,406 | 40.6 | 12.7 | 66,470 |
| Female | 46 | 2,667,639 | 40.7 | 9.9 | 57,992 |
| Total | 1,646 | 109,020,045 | 40.6 | 12.6 | 66,233 |
| Total: | | | | | |
| Male | 19,518 | 1,060,417,392 | 45.4 | 11.5 | 54,330 |
| Female | 30,949 | 1,420,966,228 | 46.9 | 10.8 | 45,913 |
| Grand Total | 50,467 | \$2,481,383,620 | 46.3 | 11.1 | \$49,168 |

| Valuation Group | Active Members | Valuation Payroll |
|------------------------|----------------|-------------------|
| Employees: | | |
| State | 10,816 | \$ 520,712,360 |
| Political Subdivisions | 15,171 | 572,434,892 |
| Subtotal | 25,987 | 1,093,147,252 |
| Teachers: | 18,603 | 1,020,744,780 |
| Police: | | |
| State | 1,160 | 71,224,953 |
| Political Subdivisions | 3,071 | 187,246,590 |
| Subtotal | 4,231 | 258,471,543 |
| Fire: | | |
| State | 64 | 3,800,142 |
| Political Subdivisions | 1,582 | 105,219,903 |
| Subtotal | 1,646 | 109,020,045 |
| Total | 50,467 | \$ 2,481,383,620 |

Age and Service Distribution

Employees
June 30, 2010

| 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 | 14 | | | | | | | 14 | \$ 306,325 |
| 20-24 | 562 | 9 | | | | | | 571 | 15,119,834 |
| 25-29 | 1,102 | 268 | 3 | | | | | 1,373 | 43,550,026 |
| 30-34 | 844 | 523 | 168 | | | | | 1,535 | 58,311,961 |
| 35-39 | 895 | 586 | 392 | 100 | 8 | | | 1,981 | 81,117,659 |
| 40-44 | 1,186 | 754 | 499 | 294 | 209 | 21 | | 2,963 | 123,447,971 |
| 45-49 | 1,386 | 1,081 | 695 | 404 | 430 | 165 | 32 | 4,193 | 178,169,863 |
| 50-54 | 1,315 | 1,249 | 834 | 519 | 480 | 271 | 245 | 4,913 | 212,449,311 |
| 55-59 | 1,014 | 995 | 841 | 532 | 539 | 277 | 364 | 4,562 | 207,520,109 |
| 60-64 | 547 | 703 | 527 | 361 | 390 | 164 | 210 | 2,902 | 132,302,309 |
| 65-69 | 111 | 232 | 165 | 94 | 88 | 34 | 47 | 771 | 33,218,446 |
| 70+ | 22 | 71 | 49 | 31 | 19 | 10 | 7 | 209 | 7,633,438 |
| TOTAL | 8,998 | 6,471 | 4,173 | 2,335 | 2,163 | 942 | 905 | 25,987 | \$ 1,093,147,252 |

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

Age: 48.3 years
Service: 10.2 years
Annual Pay: \$42,065

Age and Service Distribution

Teachers
June 30, 2010

| 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 | 217 | | | | | | | 217 | \$ 7,435,649 |
| 25-29 | 1,385 | 283 | | | | | | 1,668 | 65,335,373 |
| 30-34 | 840 | 1,203 | 162 | | | | | 2,205 | 100,981,575 |
| 35-39 | 515 | 662 | 790 | 78 | 3 | | | 2,048 | 106,603,814 |
| 40-44 | 563 | 543 | 578 | 392 | 97 | | | 2,173 | 119,530,854 |
| 45-49 | 484 | 558 | 477 | 329 | 415 | 120 | 2 | 2,385 | 135,288,778 |
| 50-54 | 365 | 566 | 578 | 333 | 435 | 433 | 133 | 2,843 | 167,267,865 |
| 55-59 | 212 | 393 | 598 | 494 | 490 | 402 | 554 | 3,143 | 195,538,664 |
| 60-64 | 125 | 189 | 278 | 265 | 266 | 182 | 323 | 1,628 | 103,659,691 |
| 65-69 | 23 | 30 | 38 | 43 | 53 | 33 | 45 | 265 | 17,423,877 |
| 70+ | 6 | 4 | 6 | 5 | 1 | 2 | 4 | 28 | 1,678,640 |
| TOTAL | 4,735 | 4,431 | 3,505 | 1,939 | 1,760 | 1,172 | 1,061 | 18,603 | \$ 1,020,744,780 |

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

Age: 45.6 years
Service: 12.3 years
Annual Pay: \$54,870

Age and Service Distribution

Police
June 30, 2010

| 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 | 179 | | | | | | | 179 | \$ 7,335,731 |
| 25-29 | 451 | 129 | | | | | | 580 | 29,535,357 |
| 30-34 | 211 | 368 | 86 | 1 | | | | 666 | 38,778,413 |
| 35-39 | 154 | 232 | 340 | 90 | 3 | | | 819 | 51,008,199 |
| 40-44 | 108 | 125 | 194 | 240 | 131 | 16 | | 814 | 53,367,439 |
| 45-49 | 53 | 90 | 78 | 118 | 164 | 69 | 4 | 576 | 39,362,668 |
| 50-54 | 26 | 51 | 44 | 58 | 68 | 57 | 17 | 321 | 21,799,031 |
| 55-59 | 20 | 38 | 23 | 27 | 38 | 15 | 12 | 173 | 10,836,236 |
| 60-64 | 6 | 13 | 12 | 26 | 12 | 6 | 9 | 84 | 5,223,962 |
| 65-69 | 1 | | 4 | 6 | 4 | 2 | 1 | 18 | 1,147,295 |
| 70+ | | | | 1 | | | | 1 | 77,212 |
| TOTAL | 1,209 | 1,046 | 781 | 567 | 420 | 165 | 43 | 4,231 | \$258,471,543 |

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

Age: 39.1 years
Service: 10.7 years
Annual Pay: \$61,090

Age and Service Distribution

Fire
June 30, 2010

| 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 | 55 | 1 | | | | | | 56 | \$ 2,688,859 |
| 25-29 | 113 | 41 | | | | | | 154 | 8,017,749 |
| 30-34 | 64 | 117 | 39 | | | | | 220 | 13,141,775 |
| 35-39 | 53 | 102 | 92 | 22 | 1 | | | 270 | 16,723,315 |
| 40-44 | 37 | 100 | 93 | 91 | 71 | 2 | | 394 | 26,752,122 |
| 45-49 | 11 | 48 | 42 | 42 | 104 | 31 | 1 | 279 | 20,478,404 |
| 50-54 | 4 | 20 | 22 | 22 | 40 | 52 | 24 | 184 | 14,341,971 |
| 55-59 | 1 | 8 | 11 | 9 | 12 | 13 | 18 | 72 | 5,419,066 |
| 60-64 | 2 | 1 | 1 | 1 | 1 | 2 | 6 | 14 | 1,220,525 |
| 65-69 | | | | | 2 | | | 2 | 131,509 |
| 70+ | | | | | | | 1 | 1 | 104,750 |
| TOTAL | 340 | 438 | 300 | 187 | 231 | 100 | 50 | 1,646 | \$109,020,045 |

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

Age: 40.6 years
Service: 12.6 years
Annual Pay: \$66,233

Age and Service Distribution

Total
June 30, 2010

| 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 | 14 | | | | | | | 14 | \$ 306,325 |
| 20-24 | 1,013 | 10 | | | | | | 1,023 | 32,580,073 |
| 25-29 | 3,051 | 721 | 3 | | | | | 3,775 | 146,438,505 |
| 30-34 | 1,959 | 2,211 | 455 | 1 | | | | 4,626 | 211,213,724 |
| 35-39 | 1,617 | 1,582 | 1,614 | 290 | 15 | | | 5,118 | 255,452,987 |
| 40-44 | 1,894 | 1,522 | 1,364 | 1,017 | 508 | 39 | | 6,344 | 323,098,386 |
| 45-49 | 1,934 | 1,777 | 1,292 | 893 | 1,113 | 385 | 39 | 7,433 | 373,299,713 |
| 50-54 | 1,710 | 1,886 | 1,478 | 932 | 1,023 | 813 | 419 | 8,261 | 415,858,178 |
| 55-59 | 1,247 | 1,434 | 1,473 | 1,062 | 1,079 | 707 | 948 | 7,950 | 419,314,075 |
| 60-64 | 680 | 906 | 818 | 653 | 669 | 354 | 548 | 4,628 | 242,406,487 |
| 65-69 | 135 | 262 | 207 | 143 | 147 | 69 | 93 | 1,056 | 51,921,127 |
| 70+ | 28 | 75 | 55 | 37 | 20 | 12 | 12 | 239 | 9,494,040 |
| TOTAL | 15,282 | 12,386 | 8,759 | 5,028 | 4,574 | 2,379 | 2,059 | 50,467 | \$ 2,481,383,620 |

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

Age: 46.3 years
Service: 11.1 years
Annual Pay: \$49,168

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 |
| 2010 | 50,467 | (0.6%) | 2,481,383,620 | 1.4% | 49,168 | 2.5% | 46.3 | 11.1 |

* Average annual increase.

By Valuation Group (Valuation Payroll in Thousands)

| | Fiscal Year | Active Members# | Valuation Payroll | Average Compensation | % Inc.* |
|-----------|----------------|--------------------|----------------------|-------------------------|---------|
| Employees | 2010 | 25,987 | \$1,093,147 | \$42,065 | 2.72 % |
| Teachers | | 18,603 | 1,020,745 | 54,870 | 2.30 % |
| Police | | 4,231 | 258,472 | 61,090 | 2.27 % |
| Fire | | 1,646 | 109,020 | 66,233 | 1.67 % |
| Total | | 50,467 | \$2,481,384 | \$49,168 | 2.49 % |

| | 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 % |

Excludes temporary inactive members.

* Average annual increase.

Summary of Membership Data by Category

| | June 30 | |
|------------------------------------|------------------|------------------|
| | 2010 | 2009 |
| Active Members | | |
| Number | 50,467 | 51,032 |
| Average age (years) | 46.3 | 46.0 |
| Average service (years) | 11.1 | 10.9 |
| Average salary | \$ 49,168 | \$ 47,976 |
| Total payroll supplied, annualized | \$ 2,481,383,620 | \$ 2,448,287,042 |
| Vested Inactive Members | | |
| Number | 1,515 | 1,391 |
| Average age (years) | 52 | 52 |
| Non-Vested Inactive Members | | |
| Number | 5,677 | 5,353 |
| Service Retirees | | |
| Number | 22,248 | 21,044 |
| Average age (years) | 68 | 68 |
| Total annual benefits | \$ 427,718,788 | \$ 392,110,215 |
| Average annual benefit | \$ 19,225 | \$ 18,633 |
| Disability Retirees | | |
| Number | 1,474 | 1,455 |
| Average age (years) | 61 | 61 |
| Total annual benefits | \$ 26,945,959 | \$ 26,002,365 |
| Average annual benefit | \$ 18,281 | \$ 17,871 |
| Beneficiaries | | |
| Number | 2,123 | 2,002 |
| Average age (years) | 73 | 73 |
| Total annual benefits | \$ 27,390,320 | \$ 25,211,604 |
| Average annual benefit | \$ 12,902 | \$ 12,593 |
| Total Covered Lives | 83,504 | 82,277 |

Other Schedules of Interest
Distribution of Retirees by Years of Service

| Service | Employees | | | | | | | Total |
|------------------------------|--------------------|-------------------|---------------------|---------------------|---------------------|---------------------|------------------------|-----------|
| | <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 | \$ 335 | \$ 386 | \$ 561 | \$ 822 | \$ 1,110 | \$ 1,495 | \$ 2,222 | \$ 1,017 |
| Average final average salary | \$32,068 | \$35,498 | \$37,739 | \$41,663 | \$44,745 | \$50,812 | \$60,543 | \$45,062 |
| Number of retired members | 900 | 1,291 | 3,169 | 2,059 | 2,091 | 1,213 | 2,079 | 12,802 ** |

* Includes 161 members who did not have service reported.

** Includes 8,088 members who did not have FAS reported.

| Service | Teachers | | | | | | | Total |
|------------------------------|--------------------|-------------------|---------------------|---------------------|---------------------|---------------------|------------------------|----------|
| | <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 | \$ 417 | \$ 478 | \$ 664 | \$ 1,005 | \$ 1,435 | \$ 1,847 | \$ 2,656 | \$ 1,781 |
| Average final average salary | \$50,790 | \$52,875 | \$44,197 | \$51,833 | \$57,897 | \$62,372 | \$68,973 | \$60,970 |
| Number of retired members | 171 | 203 | 1,040 | 965 | 1,793 | 1,570 | 3,345 | 9,087 ** |

* Includes 72 members who did not have service reported.

** Includes 5,182 members who did not have FAS reported.

| Service | Police | | | | | | | Total |
|------------------------------|--------------------|-------------------|---------------------|---------------------|---------------------|---------------------|------------------------|----------|
| | <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 | \$ 942 | \$ 1,352 | \$ 1,483 | \$ 2,034 | \$ 2,845 | \$ 3,940 | \$ 5,114 | \$ 2,724 |
| Average final average salary | \$44,656 | \$50,016 | \$45,342 | \$57,278 | \$70,960 | \$85,452 | \$93,848 | \$72,439 |
| Number of retired members | 218 | 145 | 305 | 241 | 1,140 | 482 | 171 | 2,702 ** |

* Includes 129 members who did not have service reported.

** Includes 1,814 members who did not have FAS reported.

| Service | Fire | | | | | | | Total |
|------------------------------|--------------------|-------------------|---------------------|---------------------|---------------------|---------------------|------------------------|----------|
| | <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 | \$ 1,020 | \$ 1,487 | \$ 1,607 | \$ 2,041 | \$ 2,592 | \$ 3,770 | \$ 4,749 | \$ 2,871 |
| Average final average salary | \$55,668 | \$47,729 | \$50,024 | \$62,405 | \$71,694 | \$86,042 | \$89,392 | \$78,232 |
| Number of retired members | 80 | 28 | 73 | 109 | 530 | 304 | 130 | 1,254 ** |

* Includes 62 members who did not have service reported.

** Includes 946 members who did not have FAS reported.

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

Employees

| June 30, 2010 | | | | | | | | | | | | | | | | | | | |
|------------------------------|------------------------|----------------------|-----|-----|----|----|-------|-----|-------------------|-----|-------|-----|-------|-----|----|----|---|---|--------|
| | | 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 | 4,160 | 3,427 | 48 | 2 | 5 | - | 504 | 174 | 2,467 | 230 | 280 | 73 | 759 | 166 | 10 | 1 | - | - | 174 |
| 501 - 1,000 | 3,905 | 2,968 | 249 | 140 | 7 | 2 | 348 | 191 | 2,184 | 162 | 250 | 92 | 746 | 267 | 9 | 4 | - | - | 191 |
| 1,001 - 1,500 | 2,446 | 1,751 | 63 | 223 | 5 | 4 | 132 | 268 | 1,145 | 100 | 179 | 77 | 469 | 204 | 2 | 2 | - | - | 268 |
| 1,501 - 2,000 | 1,354 | 1,052 | 18 | 74 | 4 | 2 | 68 | 136 | 563 | 45 | 120 | 50 | 331 | 106 | 2 | 1 | - | - | 136 |
| 2,001 - 2,500 | 746 | 621 | 4 | 21 | - | 2 | 49 | 49 | 277 | 16 | 74 | 35 | 227 | 66 | 1 | 1 | - | - | 49 |
| 2,501 - 3,000 | 446 | 387 | 2 | 7 | 1 | 1 | 33 | 15 | 160 | 13 | 53 | 17 | 127 | 61 | - | - | - | - | 15 |
| 3,001 - 3,500 | 243 | 228 | 1 | 1 | - | - | 11 | 2 | 81 | 6 | 31 | 14 | 77 | 32 | - | - | - | - | 2 |
| 3,501 - 4,000 | 164 | 156 | 1 | 1 | - | - | 5 | 1 | 51 | 3 | 22 | 11 | 58 | 18 | - | - | - | - | 1 |
| Over 4,000 | 174 | 170 | 1 | - | 1 | - | 2 | - | 34 | 3 | 30 | 19 | 60 | 26 | 1 | 1 | - | - | - |
| Totals | 13,638 | 10,760 | 387 | 469 | 23 | 11 | 1,152 | 836 | 6,962 | 578 | 1,039 | 388 | 2,854 | 946 | 25 | 10 | - | - | 836 |

Teachers

| June 30, 2010 | | | | | | | | | | | | | | | | | | | |
|------------------------------|------------------------|----------------------|-----|----|----|---|-----|-----|-------------------|-----|-----|-----|-------|-----|----|----|---|---|--------|
| | | 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 | 1,078 | 927 | - | - | - | - | 58 | 93 | 516 | 52 | 63 | 23 | 252 | 70 | 4 | 5 | - | - | 93 |
| 501 - 1,000 | 1,432 | 1,210 | 48 | - | 1 | - | 92 | 81 | 790 | 128 | 68 | 28 | 271 | 60 | 6 | - | - | - | 81 |
| 1,001 - 1,500 | 1,603 | 1,186 | 67 | 5 | 4 | - | 75 | 266 | 683 | 74 | 101 | 39 | 331 | 108 | 1 | - | - | - | 266 |
| 1,501 - 2,000 | 1,501 | 1,317 | 21 | 6 | 4 | 1 | 51 | 101 | 616 | 64 | 109 | 45 | 418 | 141 | 1 | 6 | - | - | 101 |
| 2,001 - 2,500 | 1,466 | 1,347 | 16 | 5 | - | 1 | 42 | 55 | 584 | 48 | 103 | 54 | 443 | 174 | 2 | 3 | - | - | 55 |
| 2,501 - 3,000 | 1,159 | 1,115 | 5 | 1 | 2 | - | 31 | 5 | 452 | 40 | 106 | 39 | 367 | 145 | 1 | 4 | - | - | 5 |
| 3,001 - 3,500 | 813 | 798 | 1 | - | 1 | - | 13 | - | 342 | 26 | 75 | 31 | 250 | 84 | 1 | 4 | - | - | - |
| 3,501 - 4,000 | 398 | 387 | - | - | 1 | - | 10 | - | 147 | 19 | 39 | 16 | 129 | 48 | - | - | - | - | - |
| Over 4,000 | 238 | 234 | - | - | - | - | 4 | - | 98 | 7 | 22 | 8 | 74 | 29 | - | - | - | - | - |
| Totals | 9,688 | 8,521 | 158 | 17 | 13 | 2 | 376 | 601 | 4,228 | 458 | 686 | 283 | 2,535 | 859 | 16 | 22 | - | - | 601 |

See Page 58 for footnotes.

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

| June 30, 2010 | | | | | | | | | | | | | | | | | | | |
|---------------------------|----------------------|-------|----|-----|---|----|-----|----|-----------|-------------------|----|-----|-----|-----|---|--------|---|---|--------|
| Type of Retirement** | | | | | | | | | | Option Selected # | | | | | | | | | |
| Amount of Monthly Benefit | Number of Retirants* | 1 | | | | | | | No Option | | | | | | | Other& | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 9 | Other& |
| \$1 - \$500 | 152 | 112 | 1 | - | - | 2 | 29 | 8 | 92 | 1 | 6 | 16 | 6 | 23 | - | - | - | - | 8 |
| 501 - 1,000 | 285 | 148 | 5 | - | - | 2 | 119 | 11 | 213 | 4 | 10 | 12 | 14 | 21 | - | - | - | - | 11 |
| 1,001 - 1,500 | 293 | 165 | 20 | 12 | - | 2 | 82 | 12 | 193 | 15 | 12 | 10 | 16 | 35 | - | - | - | - | 12 |
| 1,501 - 2,000 | 292 | 181 | 18 | 38 | - | 1 | 34 | 20 | 156 | 17 | 8 | 23 | 16 | 51 | 1 | - | - | - | 20 |
| 2,001 - 2,500 | 352 | 249 | 6 | 74 | - | 2 | 13 | 8 | 161 | 25 | 11 | 44 | 22 | 81 | - | - | - | - | 8 |
| 2,501 - 3,000 | 333 | 241 | - | 70 | - | 1 | 17 | 4 | 134 | 18 | 7 | 62 | 15 | 93 | - | - | - | - | 4 |
| 3,001 - 3,500 | 268 | 227 | - | 32 | 1 | 3 | 4 | 1 | 92 | 14 | 1 | 72 | 7 | 81 | - | - | - | - | 1 |
| 3,501 - 4,000 | 223 | 201 | - | 15 | - | - | 6 | 1 | 73 | 10 | 2 | 47 | 9 | 81 | - | - | - | - | 1 |
| Over 4,000 | 569 | 537 | - | 27 | - | 1 | 4 | - | 143 | 13 | 6 | 178 | 11 | 218 | - | - | - | - | - |
| Totals | 2,767 | 2,061 | 50 | 268 | 1 | 14 | 308 | 65 | 1,257 | 117 | 63 | 464 | 116 | 684 | 1 | - | - | - | 65 |

| June 30, 2010 | | | | | | | | | | | | | | | | | | | |
|---------------------------|----------------------|-----|----|-----|---|----|-----|----|-----------|-------------------|----|-----|----|-----|---|--------|---|---|--------|
| Type of Retirement** | | | | | | | | | | Option Selected # | | | | | | | | | |
| Amount of Monthly Benefit | Number of Retirants* | 1 | | | | | | | No Option | | | | | | | Other& | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 9 | Other& |
| \$1 - \$500 | 39 | 22 | - | 1 | - | 2 | 13 | 1 | 27 | - | 2 | - | 2 | 7 | - | - | - | - | 1 |
| 501 - 1,000 | 84 | 28 | 1 | - | - | - | 54 | 1 | 74 | - | 2 | 1 | 1 | 5 | - | - | - | - | 1 |
| 1,001 - 1,500 | 147 | 58 | 7 | 12 | - | 5 | 63 | 2 | 110 | 11 | 8 | 6 | 5 | 5 | - | - | - | - | 2 |
| 1,501 - 2,000 | 129 | 70 | 8 | 14 | - | 2 | 31 | 4 | 76 | 9 | 6 | 13 | 9 | 12 | - | - | - | - | 4 |
| 2,001 - 2,500 | 178 | 116 | 3 | 27 | 1 | 3 | 24 | 4 | 89 | 16 | 7 | 22 | 6 | 34 | - | - | - | - | 4 |
| 2,501 - 3,000 | 157 | 122 | 2 | 25 | - | - | 7 | 1 | 65 | 9 | 4 | 25 | 11 | 42 | - | - | - | - | 1 |
| 3,001 - 3,500 | 138 | 123 | 1 | 11 | - | 1 | 2 | - | 36 | 6 | 2 | 31 | 1 | 62 | - | - | - | - | - |
| 3,501 - 4,000 | 110 | 101 | - | 7 | - | 1 | 1 | - | 32 | 6 | 2 | 22 | 2 | 46 | - | - | - | - | - |
| Over 4,000 | 285 | 266 | - | 6 | 1 | - | 12 | - | 83 | 12 | - | 66 | 3 | 119 | 1 | 1 | - | - | - |
| Totals | 1,267 | 906 | 22 | 103 | 2 | 14 | 207 | 13 | 592 | 69 | 33 | 186 | 40 | 332 | 1 | 1 | - | - | 13 |

See Page 58 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 | \$ 411 | \$ 483 | \$ 432 | \$ 412 | \$ 376 | \$ 381 | \$ 412 | \$ 400 |
| Annual Benefits | \$789,405 | \$405,955 | \$487,783 | \$212,754 | \$2,559,991 | \$1,858,335 | \$4,238,332 | \$10,552,555 |
| Number of retired members | 160 | 70 | 94 | 43 | 567 | 406 | 857 | 2,197 |

* Includes 76 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 | \$ 367 | \$ 338 | \$ 424 | \$ 373 | \$ 428 | \$ 424 | \$ 502 | \$ 446 |
| Annual Benefits | \$65,985 | \$44,665 | \$60,991 | \$17,881 | \$3,406,946 | \$1,689,244 | \$2,404,823 | \$7,690,535 |
| Number of retired members | 15 | 11 | 12 | 4 | 663 | 332 | 399 | 1,436 |

* Includes 8 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 | \$ 332 | \$ 376 | \$ 566 | \$ 474 | \$ 438 | \$ 449 | \$ 532 | \$ 492 |
| Annual Benefits | \$27,890 | \$4,507 | \$20,382 | \$11,368 | \$5,334,533 | \$5,139,796 | \$15,865,603 | \$26,404,079 |
| Number of retired members | 7 | 1 | 3 | 2 | 1,016 | 954 | 2,487 | 4,470 |

* 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 | \$ 447 | \$ 472 | \$ 481 | \$ 460 | \$ 548 | \$ 557 | \$ 540 | \$ 533 |
| Annual Benefits | \$343,140 | \$509,409 | \$1,038,333 | \$987,831 | \$7,695,267 | \$3,823,520 | \$1,516,304 | \$15,913,804 |
| Number of retired members | 64 | 90 | 180 | 179 | 1,170 | 572 | 234 | 2,489 |

* Includes 17 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, 2010 | | | | | |
|--------------------|--------------------|----------|---------|----------|---------|
| Monthly Benefit | No. of Retirees | 1 Person | | 2 Person | |
| | | Pre-65 | Post-65 | Pre-65 | Post-65 |
| \$1-\$500 | 1,821 | 135 | 1,649 | 0 | 37 |
| 501-1,000 | 372 | 31 | 162 | 147 | 32 |
| 1,001-1,500 | 3 | 0 | 2 | 0 | 1 |
| 1,501-2,000 | 1 | 0 | 0 | 1 | 0 |
| Over 2,000 | 0 | 0 | 0 | 0 | 0 |
| Total | 2,197 | 166 | 1,813 | 148 | 70 |

Political Subdivision Employees

| June 30, 2010 | | | | | |
|--------------------|--------------------|----------|---------|----------|---------|
| Monthly Benefit | No. of Retirees | 1 Person | | 2 Person | |
| | | Pre-65 | Post-65 | Pre-65 | Post-65 |
| \$1-\$500 | 1,073 | 141 | 931 | 0 | 1 |
| 501-1,000 | 343 | 88 | 141 | 97 | 17 |
| 1,001-1,500 | 18 | 1 | 1 | 14 | 2 |
| 1,501-2,000 | 2 | 1 | 0 | 0 | 1 |
| Over 2,000 | 0 | 0 | 0 | 0 | 0 |
| Total | 1,436 | 231 | 1,073 | 111 | 21 |

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

Teachers

| June 30, 2010 | | | | | |
|-----------------|-----------------|----------|---------|----------|---------|
| Monthly Benefit | No. of Retirees | 1 Person | | 2 Person | |
| | | Pre-65 | Post-65 | Pre-65 | Post-65 |
| \$1-\$500 | 2,955 | 608 | 2,326 | 7 | 14 |
| 501-1,000 | 1,336 | 364 | 394 | 420 | 158 |
| 1,001-1,500 | 165 | 24 | 18 | 94 | 29 |
| 1,501-2,000 | 14 | 4 | 0 | 10 | 0 |
| Over 2,000 | 0 | 0 | 0 | 0 | 0 |
| Total | 4,470 | 1,000 | 2,738 | 531 | 201 |

Police and Fire

| June 30, 2010 | | | | | |
|-----------------|-----------------|----------|---------|----------|---------|
| Monthly Benefit | No. of Retirees | 1 Person | | 2 Person | |
| | | Pre-65 | Post-65 | Pre-65 | Post-65 |
| \$1-\$500 | 1,330 | 370 | 938 | 18 | 4 |
| 501-1,000 | 1,128 | 108 | 200 | 807 | 13 |
| 1,001-1,500 | 27 | 6 | 4 | 16 | 1 |
| 1,501-2,000 | 4 | 1 | 0 | 3 | 0 |
| Over 2,000 | 0 | 0 | 0 | 0 | 0 |
| Total | 2,489 | 485 | 1,142 | 844 | 18 |

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 26 years from the contribution effective date (Fiscal Year 2014).

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 is projected to keep 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 all group funds due to the short time horizon before these closed group funds become pay-as-you-go with a declining annual obligation. The assets used for the Annual Required Contribution under GASB Statement No. 43 are the Actuarial Value of Assets.

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 26 year period beginning on July 1, 2013. 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 and June 30, 2009 valuations 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 investment return rate* assumed in the health valuations is 4.50% per year, compounded annually (net after investment expenses) for purposes of computing accrued liabilities and other disclosures required by GASB statement 43 (where applicable). However, for determining the solvency contribution rate for the health subsidy account, the investment return rate assumption was 8.5%, where applicable.

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 | | | | | | | |
| | Ordinary | Duty | Ordinary | Duty | | | | | | |
| 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% | 0.02% | 4.83% | 4.83% | | | | | | | | |
| 25 | 0.03% | 0.02% | 0.03% | 0.02% | 4.83% | 4.83% | | | | | | | | |
| 30 | 0.04% | 0.02% | 0.04% | 0.02% | 3.62% | 3.62% | | | | | | | | |
| 35 | 0.05% | 0.02% | 0.05% | 0.02% | 2.78% | 2.78% | | | | | | | | |
| 40 | 0.07% | 0.02% | 0.07% | 0.02% | 2.82% | 2.82% | | | | | | | | |
| 45 | 0.10% | 0.02% | 0.10% | 0.02% | 3.22% | 3.22% | | | | | | | | |
| 50 | 0.11% | 0.02% | 0.11% | 0.02% | 3.83% | 3.83% | | | | | | | | |
| 55 | 0.17% | 0.02% | 0.17% | 0.02% | 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, 2010 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, 2010. |
| <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, 2010. |
| <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

| | |
|--|---|
| <i>Refunds</i> | <ol style="list-style-type: none">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. |
| <i>Member Contributions</i> | 9.3% of compensation. |
| <i>Employer Contributions</i> | As prescribed in RSA 100-A:16. |
| <i>Cost of Living Increases</i> | Provided annually by the legislature out of a special reserve (Special Account) pursuant to RSA 100-A:41-a. |
| <i>Other Ancillary Benefits</i> | 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

2010 Legislative Session:

Legislation enacted in the 2010 legislative session is summarized below:

- (a) **Special Session House Bill 1: COLA, TSA approved** Provides cost-of-living adjustments (COLAs) and temporary supplemental allowances (TSAs) for eligible retirees or beneficiaries;
- (b) **Senate Bill 504: “Spiking” provision deferred** Extends the effective date of the 2008 legislation creating the so-called “spiking” provision (125% assessment) from July 1, 2010 to July 1, 2011. A study commission continues to evaluate proposals for the assessment methodology;
- (c) **House Bill 1668: State health insurance for Group II members [RSA 21-I30]** Requires Group II (Police and Fire) members whose service with a state agency or department began on or after July 1, 2010, complete at least 20 years of creditable service with the state in order to qualify for post-retirement state health insurance coverage.

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, 2010 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 % |
|----------------|--------------------------|
| 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

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| <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

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| <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

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| <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) during or after the biennium in which contributions are being calculated. If fund balances are projected to be less than \$0 prior to the beginning of the biennium (due to the lag between the valuation date and contribution certification), then the solvency rate is the minimum contribution necessary to bring the balance back to \$0 by the end of the biennium. After the fund balance reaches \$0, the solvency rate is becomes the pay-as-you-go rate. |
| <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. |