

**MARYLAND STATE RETIREMENT AND PENSION SYSTEM**  
**ACTUARIAL VALUATION REPORT**  
**AS OF JUNE 30, 2010**

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November 1, 2010

Board of Trustees  
Maryland State Retirement and Pension System  
120 East Baltimore Street  
Baltimore, MD 21202

Dear Members of the Board:

The results of the **June 30, 2010, annual actuarial valuation** of the Maryland State Retirement and Pension System (“MSRPS”) are presented in this report. The purposes of the valuation are as follows:

- Measure the financial position of MSRPS,
- Assist the Board in determining employer contribution rates necessary to fund the benefits provided by MSRPS, as well as establishing statutory employer contribution rates,
- Indicate trends in the financial progress of the fund,
- Provide actuarial reporting and disclosure information for the System’s financial report, and
- Analyze the experience of the System over the past year.

The individual member statistical data required for the valuations was furnished by the State Retirement Agency, together with pertinent data on financial operations (unaudited). The cooperation and collaboration of SRA staff in furnishing these materials is acknowledged with appreciation.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement No. 25 of the Governmental Accounting Standards Board (“GASB”). The budgeted contribution rates for Teachers’ Combined System, Employees’ Combined System and State Police are not equal to the GASB No. 25 Annual Required Contribution, due to the corridor funding method for TCS and ECS. Separate bases to amortize the unfunded liability which results in an effective period of more than 30 years, respectively. Additional calculations are performed for these Systems to develop GASB Annual Required Contribution rates and meet reporting requirements.

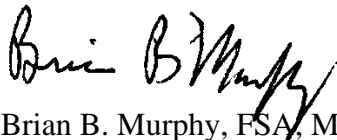
Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The June 30, 2010 valuations were based upon assumptions that were recommended in connection with a study of

experience covering the 2002-2006 period. In addition, an assumption change for capped COLAs was adopted at the Board meeting on September 15, 2009, and first implemented in the valuations as of June 30, 2009. GRS will be performing an experience study of MSRPS for the period 2006-2010 after completion of the June 30, 2010, valuations. In addition, GRS conducted a Funding Methodology review of MSRPS earlier this year and recommended combined changes in the asset valuation method and amortization method of amortizing unfunded liabilities and elimination of the corridor funding method. These changes are not reflected in this valuation. Certain changes require legislative action and the changes as a group may be implemented in a future valuation.


This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. We certify that, to the best of our knowledge, this report is complete and accurate and has been prepared in accordance with Maryland's Annotated Code and generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice as promulgated by the Actuarial Standards Board. The actuarial assumptions used for the valuation produce results which, individually and in the aggregate, are reasonable.

The signing actuaries 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 opinions contained herein.

Respectfully submitted,



Brian B. Murphy, FSA, MAAA



Brad L. Armstrong, ASA, MAAA



Amy Williams, ASA, MAAA

BLA:mrb

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**SECTION I**  
BOARD SUMMARY

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## INTRODUCTION

This report presents the results of the June 30, 2010 annual actuarial valuation of the Maryland State Retirement and Pension System (MSRPS). The purposes of the annual valuations are as follows:

- Measure the financial position of MSRPS,
- Assist the Board in determining employer contribution rates necessary to fund the benefits provided by MSRPS, as well as establishing statutory employer contribution rates,
- Indicate trends in the financial progress of the fund,
- Provide actuarial reporting and disclosure information for the System's financial report, and
- Analyze the experience of the System over the past year.

A summary of the primary valuation results as of June 30, 2010 is presented on the following page.

**SUMMARY OF VALUATION RESULTS**  
**JUNE 30, 2010**  
**(\$ IN MILLIONS)**  
**(STATE AND MUNICIPAL)**

	2010						2009	% Change	
	TCS	ECS	State Police	Judges	LEOPS	CORS	Total		Total
<b>A. Demographic Information</b>									
1. Active Number Counts	106,273	87,325	1,354	294	2,474	66	197,786	199,705	-1.0%
2. Active Payroll	\$ 6,255	\$ 4,137	\$ 82	\$ 40	\$ 140	\$ 4	\$ 10,658	\$ 10,714	-0.5%
3. Retired Number Counts	57,539	58,893	2,282	351	1,182	0	120,247	116,007	3.7%
4. Annual Benefits for Retired Members	\$ 1,441	\$ 838	\$ 96	\$ 24	\$ 36	\$ 0	\$ 2,435	\$ 2,338	4.1%
5. Deferred / Inactive Number Counts	23,017	28,477	77	6	198	0	51,775	51,866	-0.2%
6. Total Number Counts	186,829	174,695	3,713	651	3,854	66	369,808	367,578	0.6%
<b>B. Assets</b>									
1. Market Value (MV)	\$ 19,257	\$ 10,975	\$ 996	\$ 253	\$ 435	\$ 8	\$ 31,924	\$ 28,570	11.7%
2. Rate of Return on MV							14.22 % #	(20.28)%	
3. Funding Value (FV)	\$ 20,908	\$ 11,938	\$ 1,085	\$ 277	\$ 472	\$ 9	\$ 34,688	\$ 34,285	1.2%
4. Rate of Return on FV							3.14 %	(11.57)%	
5. Ratio of FV to MV							108.7%	120.0%	
<b>C. Actuarial Results</b>									
1. Normal Cost as a % of Payroll	12.28%	11.09%	33.48%	37.79%	21.10%	14.23%	12.20%	12.19%	
2. Actuarial Accrued Liability (AAL)									
a. Active	\$ 14,480	\$ 8,752	\$ 366	\$ 164	\$ 411	\$ 13	\$ 24,185	\$ 23,814	1.6%
b. Retired	16,886	9,571	1,348	261	523	0	28,590	27,638	3.4%
c. Deferred/Inactive	597	687	9	1	16	0	1,310	1,277	2.6%
d. Total	\$ 31,963	\$ 19,010	\$ 1,723	\$ 426	\$ 950	\$ 13	\$ 54,085	\$ 52,729	2.6%
3. Unfunded AAL (UAAL)	\$ 11,055	\$ 7,072	\$ 637	\$ 150	\$ 479	\$ 4	\$ 19,397	\$ 18,445	5.2%
4. Funded Ratio	65.4 %	62.8 %	63.0 %	64.9 %	49.6 %	66.9 %	64.1 %	65.0 %	
<b>D. Contribution Rates*</b>									
	<b>STATE PORTION ONLY</b>								
	<b>FY 2012</b>						<b>FY 2011</b>		
1. Pension Contributions									
a. Employer Normal Cost	7.23%	6.47%	25.48%	31.79%	17.30%		7.33%	7.33%	
b. Member Contribution Rate	5.05%	4.99%	8.00%	6.00%	4.00%		4.86%	5.05%	
c. UAAL Contribution Rate	<u>12.68%</u>	<u>13.78%</u>	<u>35.53%</u>	<u>28.58%</u>	<u>31.96%</u>		<u>13.47%</u>	<u>12.41%</u>	
d. Total	24.96%	25.24%	69.01%	66.37%	53.26%		25.67%	24.79%	
2. Total Actuarial Employer Rate (1.a + 1.c)	19.91%	20.25%	61.01%	60.37%	49.26%		20.81%	19.74%	
3. Total Employer Budgeted Rate									
a. Prior Year Budgeted Rate	14.34%	11.69%							
b. 20% * 2.	3.98%	4.05%							
c. 80% * 3.a	<u>11.47%</u>	<u>9.35%</u>							
d Final Employer Budgeted Rate	15.45%	13.40%	61.01%	60.37%	49.26%		15.67%	14.33%	

\* Contribution rates shown in the "Total" column are for informational purposes only and are not used for funding purposes.  
# Rate reported by State Street was 14.03%.

## ACTUARY'S COMMENTS

The System's assets earned **14.22%**<sup>1</sup> for the year ended June 30, 2010, which is more than the 7.75% assumed rate of investment return. However, after applying the asset valuation method and the phase in of prior investment experience, the net result was an actuarial loss on assets. Asset gains from FY2007 and asset losses from FY2008 and FY2009 were recognized in the actuarial value of assets as of June 30, 2010, under the asset smoothing method, resulting in the loss.

The System's unfunded actuarial liability increased by **\$952 million** to **\$19,397 million** as of June 30, 2010. This compares to **\$18,445 million** of unfunded liability measured as of the June 30, 2009 valuation. The actuarial investment loss increased the unfunded actuarial liability by **\$1,565 million**, offset by a non-investment liability gain of **\$1,478 million**. This indicates that actual non-investment experience during the year ending June 30, 2010 was more favorable than the actuarial assumptions. Thus the total System experienced a net actuarial loss of **\$87 million**. In relative terms, the overall System funding ratio of actuarial value of assets to liabilities fell from 65.02% in 2009, to **64.14%** this year. If market value of assets were the basis for the measurements, the plan would be 59.02% funded. The market value of assets exceeds the retiree liabilities by about 12% in total. This is referred to as a short condition test. It is looking at the current retiree liabilities as the benefits that will be paid the soonest since these benefits are already in pay status. Active liabilities and deferred vested liabilities do not have associated immediate cash flow requirements. Although the market value of assets exceeds the current retiree liabilities in total, this is not true for the smaller systems. For State Police, Judges and LEOPS, the market value of assets is less than the retiree liabilities.

	(\$ in Millions)						
	State						
	TCS	ECS	Police	Judges	LEOPS	CORS	Total
Market Value of Assets (MVA)	\$ 19,257	\$ 10,975	\$ 996	\$ 253	\$ 435	\$ 8	\$ 31,924
Retiree Liability	16,886	9,571	1,348	261	523	0	28,590
MVA as % of Retiree Liability	114%	115%	74%	97%	83%		112%

In the 2001 legislative session, the Legislature changed the method used to fund the two largest Systems of the MSRPS, the Teachers Combined System and the State portion of the Employees Combined System, to a corridor method. Under this funding approach, the State appropriation is fixed at the prior fiscal year's rate, but adjusted to reflect the cost of any legislative changes, as long as the actuarial funded status of these Systems remains in a corridor of 90% funded to 110% funded. Once the ratio falls outside this corridor, the appropriated or budgeted rate will be adjusted one-fifth of the way toward the underlying actuarially calculated rate, with the exception of the cost of legislative changes, which are fully recognized regardless of whether the Systems are within or outside of the corridor. The Teachers' Combined System (TCS) has remained out of the corridor since the June 30, 2005 valuation and the State portion of the Employees Combined System (ECS) remained out of the corridor since the June 30, 2004 valuation resulting in a decrease in the TCS and ECS contribution rates, when compared with actuarial rates.

On the next page is a summary by state system of the budgeted contribution rates, the actuarially determined contribution rates, and the GASB Annual Required Contribution (ARC) rates. The budgeted contribution rates use the corridor funding method for TCS and ECS.

<sup>1</sup>The actuarially computed rate of return differs from the rate of return of 14.03% that was reported by the System's custodian, State Street.



The actuarially determined rates exclude the corridor funding method and are equal to the employer normal cost plus the unfunded actuarial accrued liability contribution rate. The unfunded actuarial contribution rate is equal to the sum of amortization payments resulting from separate unfunded liability bases amortized as a level percentage of pay. The unfunded liability base as of July 1, 2000, is being amortized over a 20-year closed period (with 10 years remaining as of July 1, 2010) plus 25-year closed period amortization of the unfunded liability that emerges in each subsequent year.

The GASB ARC rate is equal to the actuarially determined contribution rate if the single equivalent amortization period for the unfunded liability is less than or equal to 30 years. If the single equivalent amortization period is more than 30 years, which is the maximum period under GASB, then the GASB ARC is equal to the employer normal cost plus 30-year open period amortization of the unfunded liability.

The budgeted rate for TCS is only about 3/4 of the actuarially determined rate and less than the GASB ARC rate, and the budgeted rate for ECS is less than 2/3 of the actuarially determined rate and less than 3/4 of the GASB ARC rate. Although the budgeted contribution rate for State Police is equal to the actuarially determined rate, it is only about 85 percent of the GASB ARC rate which amortizes the unfunded liability over 30 years.

**FY2012 Contribution Rates (State Portion Only)**

	<u>TCS</u>	<u>ECS</u>	<u>State Police</u>	<u>Judges</u>	<u>LEOPS</u>	<u>Total</u>
Budgeted Contribution Rate	15.45%	13.40%	61.01%	60.37%	49.26%	15.67%
Actuarially Determined Rate	19.91%	20.25%	61.01%	60.37%	49.26%	20.81%
Budgeted/Actuarially Determined Rate	77.60%	66.19%	100.00%	100.00%	100.00%	75.31%
GASB Annual Required Contribution	19.91%	20.25%	70.26%	60.37%	49.26%	20.88%
Budgeted/GASB ARC Rate	77.60%	66.19%	86.83%	100.00%	100.00%	75.06%

Under the present circumstances, the corridor method results in contributions that are less than those determined actuarially and those needed to make sufficient progress toward funding the current unfunded liability. We recommend a return to actuarial funding at the earliest possible time. In addition, based on the amortization payments resulting from the separate amortization bases under the current funding policy, the actuarially determined contribution for State Police is not enough to make sufficient funding progress until the July 1, 2000, base is fully amortized. We recommend that the changes from the Funding Methodology Study be adopted at the earliest possible time and the contribution be set at least to the GASB Annual Required Contribution.

The results of this valuation report disclose the actuarially determined rates which will be used for purposes of disclosing the Annual Required Contribution rate under Government Accounting Standards Board Statement No. 25 unless the equivalent amortization period for amortizing unfunded actuarial liability is greater than 30 years. The analysis in this report will focus on the actuarially determined rate but will footnote the appropriated or budgeted rate where applicable.

## PRIOR YEAR EXPERIENCE

### ASSETS (STATE AND MUNICIPAL)

Plan assets for this System are measured on both a market value and an actuarial or smoothed value basis. The actuarial smoothing method, described in detail in Appendix A, annually recognizes 20% of the difference between (a) the expected investment return if the market value of assets had earned the assumed rate of 7.75%, and (b) the actual investment return. In addition, there is a market value collar that constrains the actuarial value to be within 20% of the market value of assets. In periods of high returns, this method defers the amount of asset gains above the assumed return of 7.75%. Conversely, in periods of returns below the assumed rate, recognition of the losses is deferred. The primary advantage of this smoothing technique is contribution stability. The System does not immediately feel the full impact of lower (or higher) costs when asset values fluctuate dramatically. In the Teachers' and Employees' Systems, the impact is further reduced by the corridor method. In systems where both the corridor method and the asset collar are in effect, it can take 15 or more years to recognize a single year's gain or loss.

For the plan year ending June 30, 2010, the System's assets earned **14.22%**<sup>1</sup> on a market value basis and **3.14%** on a smoothed or actuarial basis. While on a market basis, the System experienced a market value investment gain of **\$1,827** million, the actuarial basis experienced a loss of **\$1,565** million. A reconciliation of market value and actuarial value of assets are presented below.

<b>Item (In Millions)</b>	<b>Market Value</b>	<b>Actuarial Value</b>
June 30, 2009 Value	\$ 28,570	\$ 34,285
June 30, 2009 Municipal Withdrawals / New Entrants	-	-
Employer Contributions	1,309	1,309
Member Contributions	536	536
Benefit Payments and Other Disbursements	(2,508)	(2,508)
Expected Investment Earnings (7.75%)	2,189	2,632
Expected Value June 30, 2010	\$ 30,096	\$ 36,253
<b>Investment Gain (Loss)</b>	<b>1,827</b>	<b>(1,565)</b>
June 30, 2010 Value	\$ 31,924	\$ 34,688

Figures may not add correctly due to rounding

<sup>1</sup>The actuarially computed rate of return differs from the rate of return of 14.03% that was reported by the System's custodian, State Street.

## TRENDS (STATE AND MUNICIPAL)

One of the best ways to measure or evaluate the financial condition of a pension plan is to examine the historical trends that are evolving. Below, we present three charts which present trend information from 1993 through the end of 2010, on the System's assets and liabilities, annual cash flows in and out of the fund, and the State contribution rate. Our comments on each follow.

Chart A: Assets/Liabilities

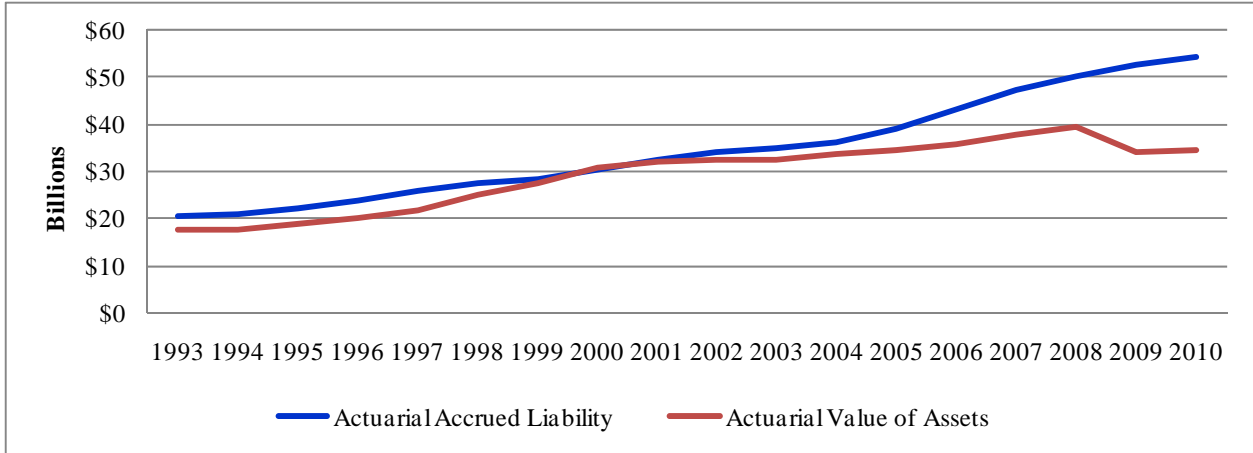


Chart B: Benefits vs. Contributions

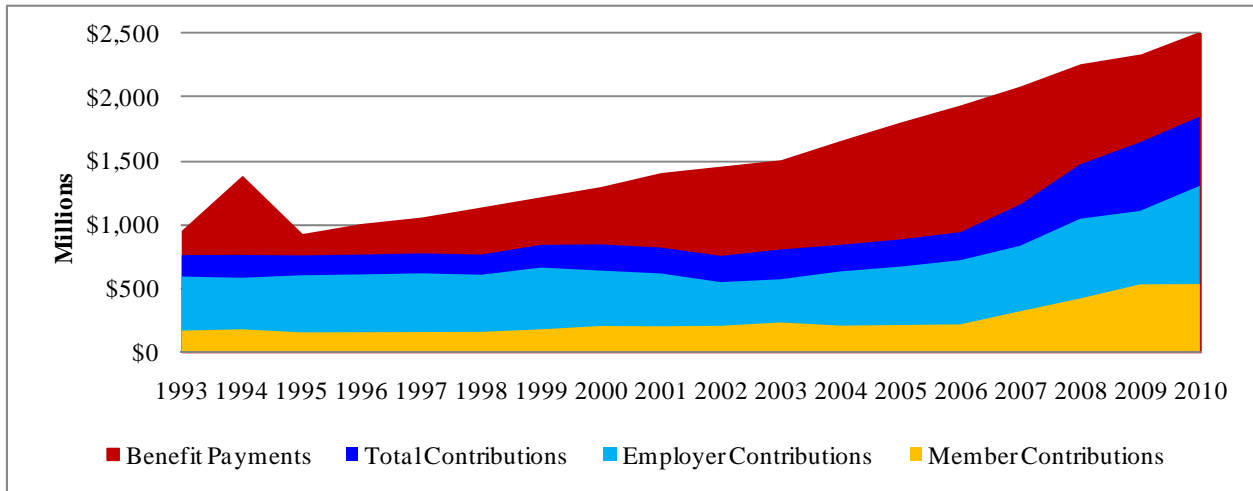
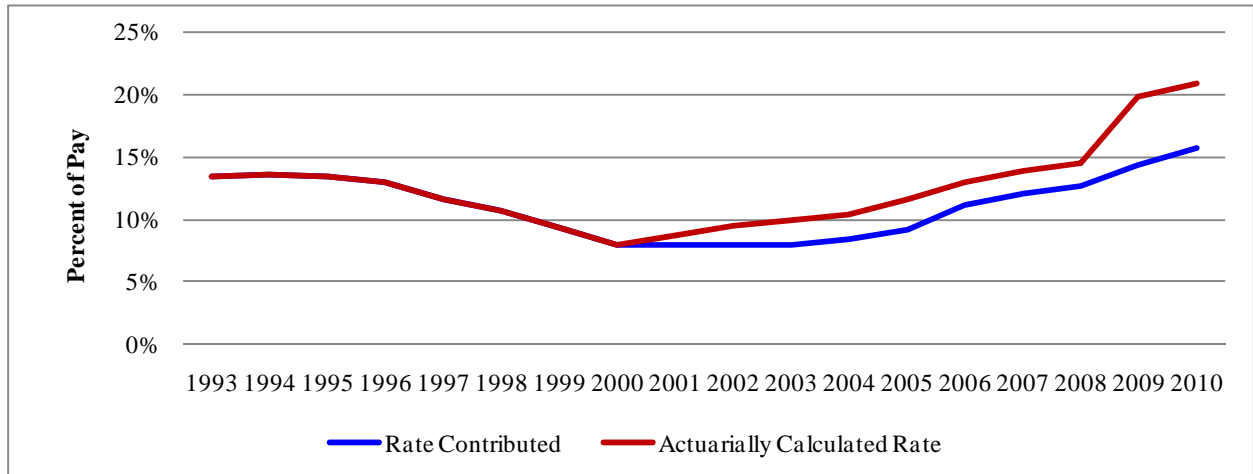


Chart C: State Contribution Rate



## COMMENTS

Chart A displays the actuarial value of assets still contains unrecognized market losses from 2008 and 2009 which will not be fully reflected in the asset value until 2013 under the 5-year asset smoothing method. It could take another 10 years after that for those losses to be fully reflected in the contribution rates in the absence of significant future gains.

Chart B presents non-investment cash flow trend information that can have investment implications. Many statewide retirement systems, with the aging and retirements of the baby boom generation, are seeing payments to retirees on the increase. This is expected for mature retirement systems. Benefit payments, which is the total amount below the red line exceeds the total contributions, which is the total amount below the dark blue line. The amount needed to pay excess benefit payments over total contributions comes from investment return or current assets. If the difference between the total benefit payments and total contributions increases, a larger portion of investment return will be needed to pay benefits and may require a change in asset allocation. As long as cash into the fund, from employer and employee contributions, is increasing in a similar manner to benefit payments, the financial objectives of the System will continue to be met. The ECS contribution rate started to be reduced in FY 2006 and the TCS contribution rate in FY 2007 under the corridor method to levels below the actuarial rate. The corridor method increased the extent of negative cash flows, which could affect the manner in which the assets are invested.

Finally, Chart C, looks at the composite actuarially determined and budgeted State contribution rates. The budgeted contribution rates by System determine the fiscal year State appropriation. It shows the impact of the 1990's decade's sustained investment gains, a continuous lowering of the rate until 2000. Effective with the 2001 valuation, the State appropriations were performed under a corridor funding method for the two largest plans. The appropriation remained essentially level for a few years before increasing with the 2004 valuation. In the absence of significant favorable investment and/or demographic experience, the contribution rates can be expected to increase to the level indicated if the corridor method had not been adopted. Without the corridor method, the State contribution in FY 2012 would be 5.14% of payroll higher than the amount to be budgeted under the corridor method. The actual contribution rate for FY 2012 is therefore 25% less than the actuarially determined rate.

Chart C further indicates that since inception, the corridor method had consistently acted to reduce the State's contribution. We recommend that action be taken to raise contributions to actuarial levels as soon as possible.

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**SECTION II**  
VALUATION RESULTS

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## STATE SYSTEMS (EXCLUDES MUNICIPALITIES) VALUATION RESULTS

The combined State System's unfunded actuarial accrued liability increased by \$929 million, from \$17,488 million as of June 30, 2009, to \$18,417 million as of June 30, 2010. There was an expected increase in the unfunded actuarial accrued liability of \$874 million and an additional net increase of \$55 million due to plan experience. The expected increase in the unfunded liability is attributable to faster growth in the actuarial liabilities than in the assets assuming all actuarial assumptions are met and the budgeted contributions are made. The unfunded liability is expected to grow if the total contributions are less than the total normal cost plus interest on the unfunded liability. The member contributions plus the state budgeted contributions are less than the normal cost plus interest on the unfunded liability due to the corridor funding method for Teachers' and Employees' Combined Systems and the current funding policy.

The total loss due to plan experience of \$55 million is comprised of an asset loss of \$1,442 million which is partially offset by demographic gains on the liabilities of \$1,387 million.

Although the combined State System's market value of assets earned 14.23%<sup>1</sup> for the year ended June 30, 2010, which is more than the 7.75% assumed rate of investment return, the actuarial, or smoothed, rate of return measured from this past year was 3.13%, less than the assumed rate of investment return, which resulted in an actuarial loss on assets. Asset losses from FY2008 and FY2009 were recognized in the actuarial value of assets as of June 30, 2010, under the asset smoothing method, resulting in an overall asset loss of \$1,442 million.

All of the Systems experienced gains on the liabilities due to lower salary increases and COLA increases than assumed. Salaries that stayed flat or increased by less than the assumption of 3.5% plus additional age or service-based increases resulted in a gain of approximately \$720 million. Because the change in the Consumer Price Index was negative, no COLA increases were granted effective July 1, 2010, which resulted in a gain of approximately \$705 million. The individual Systems with higher COLA assumptions that grant unlimited COLAs or COLAs based on pay of active members experienced higher liability gains.

The combined State System funded ratio decreased from 64.4% at June 30, 2009, to 63.4% at June 30, 2010.

The contribution rates increased for each System from those calculated in the June 30, 2009, valuation to those calculated in the June 30, 2010, valuation which determines the FY2011 and FY2012 contributions, respectively. In addition to the increased unfunded liability, the contribution rates increased as a result of total payroll that was lower than expected under the actuarial assumptions. Total payroll is expected to increase by 3.5% each year, and the total payroll increased by only 1% from June 30, 2009. Total payroll increased by 1% for the Teachers' Combined System and decreased for all other State Systems. The unfunded liability contribution increased and the total payroll decreased, putting upward pressure on the contribution rates.

The funded ratios are expected to decrease and the contribution rates are expected to increase as the investment losses from FY08 and FY09 are recognized into the actuarial value of assets.

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<sup>1</sup> *The actuarially computed rate of return, excluding municipalities.*

**DERIVATION OF EXPERIENCE GAIN (LOSS)**  
**YEAR ENDED JUNE 30, 2010**  
**STATE PORTION ONLY**  
**(IN MILLIONS)**

Actual experience will never (except by coincidence) coincide exactly with assumed experience. Gains and losses often offset one another over a period of years, but sizable year-to-year fluctuations are common.

	<b>Fiscal Year Ended June 30,</b>	
	<b>2010</b>	<b>2009</b>
(1) UAAL* at start of year	\$17,488	\$10,302
(2) Normal cost from last valuation	1,233	1,070
(3) Actual contributions	1,698	1,491
(4) Interest accrual: $[(1) \times .0775 + \{(2)-(3)\} \times \{[1.0775^{.5}]-1\}]$	1,338	782
(5) Expected UAAL before changes: (1) + (2) - (3) + (4)	18,361	10,664
(6) Change in benefit provisions	0	0
(7) Changes in methods and assumptions	0	103
(8) Expected UAAL after changes: (5) + (6) + (7)	18,361	10,767
(9) Actual UAAL at end of year	18,417	17,488
(10) Gain/(loss): (8) - (9)	\$ (55)	\$ (6,722)
(10a) Portion of gain/(loss) due to Assets	(1,442)	(7,010)
(10b) Portion of gain/(loss) due to Liabilities	1,387	289
(10c) Actuarial accrued liabilities at beginning of year	49,070	46,826
(11) Gain (loss) as a percent of beginning accrued liabilities	(0.1%)	(14.4%)

\* *Unfunded actuarial accrued liability.*

**SUMMARY OF VALUATION RESULTS BY SYSTEM  
AS OF JUNE 30, 2010  
(STATE AND MUNICIPAL)**

<b>State Sponsored Plans</b>	<b>Employees</b>				<b>LEOPS</b>	<b>Total State*</b>
	<b>Teachers</b>	<b>(State)</b>	<b>State Police</b>	<b>Judges</b>	<b>(State)</b>	
Actuarial Liability - Active Members	\$ 14,479,563,997	\$ 6,951,635,769	\$ 365,660,025	\$ 163,905,282	\$ 259,525,062	\$ 22,220,290,135
Actuarial Liability - Retirees, Term. Vested, & Inactives	<u>17,483,857,266</u>	<u>8,500,253,858</u>	<u>1,356,903,794</u>	<u>262,309,323</u>	<u>456,043,344</u>	<u>28,059,367,585</u>
Total Actuarial Liability	31,963,421,263	15,451,889,627	1,722,563,819	426,214,605	715,568,406	50,279,657,720
Actuarial Value of Assets	<u>20,908,149,284</u>	<u>9,224,784,189</u>	<u>1,085,281,042</u>	<u>276,642,958</u>	<u>367,934,236</u>	<u>31,862,791,709</u>
Unfunded Actuarial Accrued Liability	11,055,271,979	6,227,105,438	637,282,777	149,571,647	347,634,170	18,416,866,011
Funded Ratio	65.40%	59.70%	63.00%	64.90%	51.40%	63.40%
Employer Normal Cost Contribution	7.23%	6.47%	25.48%	31.79%	17.30%	7.33%
UAAL Contribution	<u>12.68%</u>	<u>13.78%</u>	<u>35.53%</u>	<u>28.58%</u>	<u>31.96%</u>	<u>13.47%</u>
Total Employer Contribution	19.91%	20.25%	61.01%	60.37%	49.26%	20.81%
Employer Corridor Contribution	15.45%	13.40%	NA	NA	NA	15.67%

<b>Municipal Plans</b>	<b>Employees</b>	<b>LEOPS</b>	<b>CORS</b>	<b>Total Municipal</b>
	<b>(Municipal)</b>	<b>(Municipal)</b>	<b>(Municipal)</b>	
Actuarial Liability - Active Members	\$ 1,800,516,524	\$ 151,400,806	\$ 12,857,901	\$ 1,964,775,231
Actuarial Liability - Retirees, Term. Vested, & Inactives	<u>1,757,381,494</u>	<u>83,266,673</u>	<u>0</u>	<u>1,840,648,167</u>
Total Actuarial Liability	\$ 3,557,898,018	\$ 234,667,479	\$ 12,857,901	\$ 3,805,423,398
Actuarial Value of Assets	<u>2,713,159,738</u>	<u>103,793,665</u>	<u>8,600,585</u>	<u>2,825,553,988</u>
Unfunded Actuarial Accrued Liability	844,738,280	130,873,814	4,257,316	979,869,410
Funded Ratio	76.30%	44.20%	66.90%	74.30%

<b>State and Municipal Sponsored Plans</b>	<b>Teachers</b>	<b>Employees</b>	<b>State Police</b>	<b>Judges</b>	<b>LEOPS</b>	<b>CORS</b>	<b>Total SRPS</b>
Actuarial Liability - Active Members	\$ 14,479,563,997	\$ 8,752,152,293	\$ 365,660,025	\$ 163,905,282	\$ 410,925,868	\$ 12,857,901	\$ 24,185,065,366
Actuarial Liability - Retirees, Term. Vested, & Inactives	<u>17,483,857,266</u>	<u>10,257,635,352</u>	<u>1,356,903,794</u>	<u>262,309,323</u>	<u>539,310,017</u>	<u>0</u>	<u>29,900,015,752</u>
Total Actuarial Liability	\$ 31,963,421,263	\$ 19,009,787,645	\$ 1,722,563,819	\$ 426,214,605	\$ 950,235,885	\$ 12,857,901	\$ 54,085,081,118
Actuarial Value of Assets	<u>20,908,149,284</u>	<u>11,937,943,927</u>	<u>1,085,281,042</u>	<u>276,642,958</u>	<u>471,727,901</u>	<u>8,600,585</u>	<u>34,688,345,697</u>
Unfunded Actuarial Accrued Liability	11,055,271,979	7,071,843,718	637,282,777	149,571,647	478,507,984	4,257,316	19,396,735,421
Funded Ratio	65.40%	62.80%	63.00%	64.90%	49.60%	66.90%	64.14%

\* Contribution rates shown in the "Total" column are for informational purposes only and are not used for funding purposes.



## SUMMARY OF STATE CONTRIBUTIONS (STATE PORTION ONLY)

		Teachers' Retirement & Pension	State Employees' Retirement & Pension	State Police	Judges	LEOPS	Total State#
7/1/2010 Valuation Results (FY 2012)	Unfunded Actuarial Liability	\$ 11,055,271,979	\$ 6,227,105,438	\$ 637,282,777	\$ 149,571,647	\$ 347,634,170	\$ 18,416,866,011
	Illustrated Contribution Dollars	\$ 1,000,165,095	\$ 438,771,286	\$ 52,487,563	\$ 25,403,161	\$ 45,488,504	\$ 1,562,315,609
	Projected Payroll	\$ 6,473,560,483	\$ 3,274,412,579	\$ 86,032,218	\$ 42,077,081	\$ 92,350,442	\$ 9,968,432,803
	Total Contributions as Percentage of Payroll**	15.45%	13.40%	61.01%	60.37%	49.26%	15.67%
	Corridor Percentage of Actuarially Determined Rate	77.60%	66.19%	NA	NA	NA	NA
7/1/2009 Valuation Results (FY 2011)	Unfunded Actuarial Liability	\$ 10,567,298,878	\$ 5,850,401,991	\$ 590,590,614	\$ 150,169,434	\$ 329,716,323	\$ 17,488,177,240
	Illustrated Contribution Dollars	\$ 919,416,231	\$ 369,834,619	\$ 47,403,845	\$ 24,014,238	\$ 42,536,749	\$ 1,403,205,682
	Projected Payroll	\$ 6,411,549,731	\$ 3,163,683,651	\$ 83,122,916	\$ 40,654,184	\$ 89,227,480	\$ 9,788,237,962
	Total Contributions as Percentage of Payroll*	14.34%	11.69%	57.03%	59.07%	47.67%	14.33%
	Corridor Percentage of Actuarially Determined Rate	75.08%	62.41%	NA	NA	NA	NA

\*\* The FY 2012 contribution rate would be 19.91% for Teachers, 20.25% for Employees, and 20.81% for the Total State if the corridor method were not in effect.

\* The FY 2011 contribution rate would be 19.10% for Teachers, 18.73% for Employees, and 19.74% for the Total State if the corridor method were not in effect.

# Contribution rates shown in the "Total" column are for informational purposes only and are not used for funding purposes.

**STATE CONTRIBUTION RATES BY SYSTEM  
FOR THE FISCAL YEARS 1996 TO 2012  
(STATE PORTION ONLY)**

<b>Valuation Date June 30,</b>	<b>Fiscal Year</b>	<b>Teachers' Combined</b>	<b>Employees' Combined</b>	<b>State Police</b>	<b>Judges</b>	<b>LEOPS</b>	<b>Total State*</b>
2010	2012	15.45%	13.40%	61.01%	60.37%	49.26%	15.67%
2009	2011	14.34	11.69	57.03	59.07	47.67	14.33
2008	2010	13.15	9.93	30.79	48.89	38.63	12.62
2007	2009	11.70	8.73	20.53	43.61	36.99	11.14
2006	2008	11.60	8.86	15.44	44.12	41.74	11.10
2005	2007	9.71	6.83	13.83	42.43	40.60	9.18
2004	2006	9.35	5.76	8.22	41.12	38.47	8.46
2003	2005	9.35	4.73	0.00	36.72	37.73	7.97
2002	2004	9.35	4.73	7.58	43.74	35.13	7.98
2001	2003	9.35	4.73	5.78	43.92	36.10	7.98
2000	2002	9.35	4.73	5.83	42.66	32.41	7.98
1999	2001	10.95	5.71	8.44	46.75	23.38	9.31
1998	2000	12.54	7.15	1.26	48.18	22.96	10.70
1997	1999	13.99	7.13	10.91	52.12	25.60	11.67
1996	1998	15.48	8.21	13.08	52.49	26.27	12.90
1995	1997	16.09	8.54	17.65	52.56	35.15	13.50
1994	1996	16.22	8.61	19.13	52.51	35.68	13.61

\* Contribution rates shown in the "Total" column are for informational purposes only and are not used for funding purposes.

# DETAILED ACTUARIAL INFORMATION

## TEACHERS' COMBINED SYSTEM

	Actuarial Valuation Performed		% Change
	June 30, 2010 (for FY 2012)	June 30, 2009 (for FY 2011)	
<b>A. Demographic Information</b>			
1. Active Number Count	106,273	106,107	0.2%
2. Retired Member and Beneficiary Count	57,539	55,756	3.2%
3. Vested Former Member Count	23,017	22,995	0.1%
4. Total Number Count	186,829	184,858	1.1%
5. Active Payroll	\$ 6,254,647,810	\$ 6,194,734,040	1.0%
6. Annual Benefits for Retired Members	\$ 1,440,590,046	\$ 1,394,374,299	3.3%
<b>B. Actuarial Results</b>			
1. Present Value of Projected Benefits Attributable to:			
a. Retired and Disabled Members, and Beneficiaries	\$ 16,886,478,310	\$ 16,492,731,171	2.4%
b. Terminated Vested Members	597,378,956	592,353,643	0.8%
c. Active Members	21,709,555,712	21,250,091,823	2.2%
d. Total Present Value	\$ 39,193,412,978	\$ 38,335,176,637	2.2%
2. Less Present Value Total Future Normal Costs	7,229,991,715	7,162,259,463	0.9%
3. Actuarial Accrued Liability (1d - 2)	\$ 31,963,421,263	\$ 31,172,917,174	2.5%
4. Less Actuarial Value of Assets	20,908,149,284	20,605,618,296	1.5%
5. Unfunded Actuarial Accrued Liability (UAAL) (3 - 4)	\$ 11,055,271,979	\$ 10,567,298,878	4.6%
6. Funded Ratio	65.4%	66.1%	
7. Amortization Payments	\$ 799,055,557	\$ 744,482,936	7.3%
8. Employer Normal Cost	\$ 468,038,423	\$ 462,913,891	1.1%
9. Total Projected Payroll	\$ 6,473,560,483	\$ 6,411,549,731	1.0%
10. Total Normal Cost Rate	12.28%	12.27%	
11. Employee Contribution Rate	5.05%	5.05%	
12. Employer Normal Cost Rate	7.23%	7.22%	
13. UAAL Amortization Rate*	12.68%	11.88%	
14. Total Actuarial Employer Contribution Rate	19.91%	19.10%	
<b>C. Corridor Results</b>			
15. 80% of Prior Year Corridor Rate	11.47%	10.52%	
16. 20% of Actuarial Contribution Rate (20% x 14)	3.98%	3.82%	
17. Final Employer Corridor Contribution Rate	15.45%	14.34%	

The Employee Normal Cost Rate is the weighted average of the different employee contribution rates applied to payroll.

\* Includes the effects of the lag between the valuation date and the contribution period.

**UNFUNDED ACTUARIAL ACCRUED LIABILITY  
AMORTIZATION BASES AND PAYMENTS**

**TEACHERS' COMBINED SYSTEM**

<b>Base Year</b>	<b>Current Balance</b>	<b>Remaining Financing Period</b>	<b>Amortization Factor</b>	<b>Dollar Contribution</b>
2000	\$ 501,092,464	10 yrs.	8.091749	\$ 61,926,351
2001	358,222,657	16	11.595281	30,893,831
2002	747,033,975	17	12.101293	61,731,750
2003	(205,649,170)	18	12.587346	(16,337,771)
2004	33,338,520	19	13.054227	2,553,849
2005	970,618,708	20	13.502693	71,883,341
2006	1,643,875,451	21	13.933471	117,980,329
2007	1,276,432,620	22	14.347257	88,967,017
2008	772,734,164	23	14.744722	52,407,511
2009	4,515,771,783	24	15.126509	298,533,631
2010	441,800,807	25	15.493238	28,515,718
Unfunded Liability	<u>\$ 11,055,271,979</u>		13.835423	<u>\$ 799,055,557</u>

The average remaining financing period associated with the average amortization factor is 20.8 years.

**DETAILED ACTUARIAL INFORMATION**  
**EMPLOYEES' COMBINED SYSTEM (STATE)**

	<b>Actuarial Valuation Performed</b>		<b>% Change</b>
	<b>June 30, 2010 (for FY 2012)</b>	<b>June 30, 2009 (for FY 2011)</b>	
<b>A. Demographic Information</b>			
1. Active Number Count	62,355	63,856	-2.4%
2. Retired Member and Beneficiary Count	45,584	43,794	4.1%
3. Vested Former Member Count	21,904	22,114	-0.9%
4. Total Number Count	<u>129,843</u>	<u>129,764</u>	0.1%
5. Active Payroll	\$ 3,109,731,374	\$ 3,195,370,495	-2.7%
6. Annual Benefits for Retired Members	\$ 688,826,818	\$ 652,650,302	5.5%
<b>B. Actuarial Results</b>			
1. Present Value of Projected Benefits Attributable to:			
a. Retired and Disabled Members, and Beneficiaries	\$ 7,935,925,400	\$ 7,536,600,215	5.3%
b. Terminated Vested Members	564,328,458	546,646,631	3.2%
c. Active Members	9,577,493,172	9,705,888,907	-1.3%
d. Total Present Value	<u>\$ 18,077,747,030</u>	<u>\$ 17,789,135,753</u>	1.6%
2. Less Present Value Total Future Normal Costs	<u>2,625,857,403</u>	<u>2,708,352,592</u>	-3.0%
3. Actuarial Accrued Liability (1d - 2)	\$ 15,451,889,627	\$ 15,080,783,161	2.5%
4. Less Actuarial Value of Assets	<u>9,224,784,189</u>	<u>9,230,381,170</u>	-0.1%
5. Unfunded Actuarial Accrued Liability (UAAL) (3 - 4)	\$ 6,227,105,438	\$ 5,850,401,991	6.4%
a. Less Special Liability Payments*	<u>46,751,027</u>	<u>49,757,778</u>	-6.0%
b. State Portion of UAAL (5 - 6)	6,180,354,411	5,800,644,213	6.5%
6. Funded Ratio	59.7%	61.2%	
7. Amortization Payments	\$ 419,857,893	\$ 385,087,246	9.0%
8. Employer Normal Cost	\$ 204,690,332	\$ 210,002,233	-2.5%
9. Total Projected Payroll	\$ 3,163,683,651	\$ 3,250,808,568	-2.7%
10. Total Normal Cost Rate	11.46%	11.45%	
11. Employee Contribution Rate	<u>4.99%</u>	<u>4.99%</u>	
12. Employer Normal Cost Rate	6.47%	6.46%	
13. UAAL Amortization Rate#	13.78%	12.27%	
14. Total Employer Contribution Rate	20.25%	18.73%	
<b>C. Corridor Results</b>			
15. 80% of Prior Year Corridor Rate	9.35%	7.94%	
16. 20% of Actuarial Contribution Rate (20% x 14)	<u>4.05%</u>	<u>3.75%</u>	
17. Final Employer Corridor Contribution Rate	13.40%	11.69%	

The Employee Normal Cost Rate is the weighted average of the different employee contribution rates applied to payroll.

\* For Municipalities that withdrew prior to 1996, and thus are part of the State pool.

# Includes the effects of the lag between the valuation date and the contribution period.

**UNFUNDED ACTUARIAL ACCRUED LIABILITY  
AMORTIZATION BASES AND PAYMENTS**

**EMPLOYEES' COMBINED SYSTEM (STATE)**

<b>Base Year</b>	<b>Current Balance*</b>	<b>Remaining Financing Period</b>	<b>Amortization Factor</b>	<b>Dollar Contribution</b>
2000	\$ (433,198,244)	10 yrs.	8.091749	\$ (53,535,801)
2001	441,352,106	16	11.595281	38,063,079
2002	408,043,524	17	12.101293	33,719,003
2003	476,361,699	18	12.587346	37,844,492
2004	284,754,249	19	13.054227	21,813,183
2005	577,397,043	20	13.502693	42,761,620
2006	701,148,891	21	13.933471	50,321,195
2007	600,416,510	22	14.347257	41,848,872
2008	589,112,285	23	14.744722	39,954,114
2009	2,205,075,127	24	15.126509	145,775,543
2010	329,891,221	25	15.493238	21,292,593
Unfunded Liability	\$ 6,180,354,411		14.720110	\$ 419,857,893

The average remaining financing period associated with the average amortization factor is 22.9 years.

\* Does not include \$46,751,027 of Special Liability Payments.

# DETAILED ACTUARIAL INFORMATION

## STATE POLICE

### Actuarial Valuation Performed

	<u>June 30, 2010</u> <u>(for FY 2012)</u>	<u>June 30, 2009</u> <u>(for FY 2011)</u>	<u>% Change</u>
<b>A. Demographic Information</b>			
1. Active Number Count	1,354	1,408	-3.8%
2. Retired Member and Beneficiary Count	2,282	2,226	2.5%
3. Vested Former Member Count	77	68	13.2%
4. Total Number Count	<u>3,713</u>	<u>3,702</u>	0.3%
5. Active Payroll	\$ 81,705,369	\$ 85,585,708	-4.5%
6. Annual Benefits for Retired Members	\$ 96,321,179	\$ 94,121,168	2.3%
<b>B. Actuarial Results</b>			
1. Present Value of Projected Benefits Attributable to:			
a. Retired and Disabled Members, and Beneficiaries	\$ 1,347,941,415	\$ 1,327,326,473	1.6%
b. Terminated Vested Members	8,962,379	7,217,647	24.2%
c. Active Members	544,166,335	570,865,167	-4.7%
d. Total Present Value	<u>\$ 1,901,070,129</u>	<u>\$ 1,905,409,287</u>	-0.2%
2. Less Present Value Total Future Normal Costs	178,506,310	195,052,990	-8.5%
3. Actuarial Accrued Liability (1d - 2)	<u>\$ 1,722,563,819</u>	<u>\$ 1,710,356,297</u>	0.7%
4. Less Actuarial Value of Assets	1,085,281,042	1,119,765,683	-3.1%
5. Unfunded Actuarial Accrued Liability (UAAL) (3 - 4)	\$ 637,282,777	\$ 590,590,614	7.9%
6. Funded Ratio	63.0%	65.5%	
7. Amortization Payments	\$ 29,371,160	\$ 26,598,660	10.4%
8. Employer Normal Cost	\$ 21,179,719	\$ 22,211,705	-4.6%
9. Total Projected Payroll	\$ 83,122,916	\$ 87,070,577	-4.5%
10. Total Normal Cost Rate	33.48%	33.51%	
11. Employee Contribution Rate	<u>8.00%</u>	<u>8.00%</u>	
12. Employer Normal Cost Rate	25.48%	25.51%	
13. UAAL Amortization Rate*	35.53%	31.52%	
14. Total Employer Contribution Rate	61.01%	57.03%	

\* Includes the effects of the lag between the valuation date and the contribution period.

**UNFUNDED ACTUARIAL ACCRUED LIABILITY  
AMORTIZATION BASES AND PAYMENTS**

**STATE POLICE**

<b>Base Year</b>	<b>Current Balance</b>	<b>Remaining Financing Period</b>	<b>Amortization Factor</b>	<b>Dollar Contribution</b>
2000	\$ (312,244,164)	10 yrs.	8.091749	\$ (38,587,971)
2001	49,416,323	16	11.595281	4,261,762
2002	44,911,369	17	12.101293	3,711,287
2003	46,422,313	18	12.587346	3,688,014
2004	136,935,832	19	13.054227	10,489,769
2005	82,291,341	20	13.502693	6,094,439
2006	22,114,157	21	13.933471	1,587,125
2007	152,631,544	22	14.347257	10,638,378
2008	64,656,836	23	14.744722	4,385,084
2009	321,615,709	24	15.126509	21,261,727
2010	28,531,517	25	15.493238	1,841,546
Unfunded Liability	\$ 637,282,777		21.697569	\$ 29,371,160

The average remaining financing period associated with the average amortization factor is 54.5 years. This is outside of GASB parameters, and hence the GASB ARC differs from the actuarial contribution.



## DETAILED ACTUARIAL INFORMATION

### JUDGES

	Actuarial Valuation Performed		% Change
	June 30, 2010 (for FY 2012)	June 30, 2009 (for FY 2011)	
<b>A. Demographic Information</b>			
1. Active Number Count	294	297	-1.0%
2. Retired Member and Beneficiary Count	351	348	0.9%
3. Vested Former Member Count	6	6	0.0%
4. Total Number Count	651	651	0.0%
5. Active Payroll	\$ 39,960,883	\$ 40,266,330	-0.8%
6. Annual Benefits for Retired Members	\$ 23,868,484	\$ 23,548,132	1.4%
<b>B. Actuarial Results</b>			
1. Present Value of Projected Benefits Attributable to:			
a. Retired and Disabled Members, and Beneficiaries	\$ 261,405,389	\$ 258,598,643	1.1%
b. Terminated Vested Members	903,934	821,310	10.1%
c. Active Members	249,241,359	249,985,483	-0.3%
d. Total Present Value	\$ 511,550,682	\$ 509,405,436	0.4%
2. Less Present Value Total Future Normal Costs	85,336,077	88,366,472	-3.4%
3. Actuarial Accrued Liability (1d – 2)	\$ 426,214,605	\$ 421,038,964	1.2%
4. Less Actuarial Value of Assets	276,642,958	270,869,530	2.1%
5. Unfunded Actuarial Accrued Liability (UAAL) (3 - 4)	\$ 149,571,647	\$ 150,169,434	-0.4%
6. Funded Ratio	64.9%	64.3%	
7. Amortization Payments	\$ 11,599,235	\$ 11,242,296	3.2%
8. Employer Normal Cost	\$ 12,923,965	\$ 12,822,023	0.8%
9. Total Projected Payroll	\$ 40,654,184	\$ 40,964,931	-0.8%
10. Total Normal Cost Rate	37.79%	37.30%	
11. Employee Contribution Rate*	6.00%	6.00%	
12. Employer Normal Cost Rate	31.79%	31.30%	
13. UAAL Amortization Rate#	28.58%	27.77%	
14. Total Employer Contribution Rate	60.37%	59.07%	

\* This is the employee contribution rate through 16 years of service. For members with over 16 years of service, the present value of the 6% future employee contributions is included in the actuarial accrued liability.

# Includes the effects of the lag between the valuation date and the contribution period.

**UNFUNDED ACTUARIAL ACCRUED LIABILITY  
AMORTIZATION BASES AND PAYMENTS**

**JUDGES**

<b>Base Year</b>	<b>Current Balance</b>	<b>Remaining Financing Period</b>	<b>Amortization Factor</b>	<b>Dollar Contribution</b>
2000	\$ 17,499,560	10 yrs.	8.091749	\$ 2,162,643
2001	5,529,862	16	11.595281	476,906
2002	6,961,852	17	12.101293	575,298
2003	5,445,465	18	12.587346	432,614
2004	23,958,477	19	13.054227	1,835,304
2005	6,291,156	20	13.502693	465,919
2006	11,849,016	21	13.933471	850,399
2007	(79,182)	22	14.347257	(5,519)
2008	21,788,911	23	14.744722	1,477,743
2009	50,892,643	24	15.126509	3,364,467
2010	(566,113)	25	15.493238	(36,539)
Unfunded Liability	\$ 149,571,647		12.894958	\$ 11,599,235

The average remaining financing period associated with the average amortization factor is 18.7 years.

## DETAILED ACTUARIAL INFORMATION

### LEOPS (STATE)

	Actuarial Valuation Performed		% Change
	June 30, 2010 (for FY 2012)	June 30, 2009 (for FY 2011)	
<b>A. Demographic Information</b>			
1. Active Number Count	1,535	1,516	1.3%
2. Retired Member and Beneficiary Count	1,020	941	8.4%
3. Vested Former Member Count	150	143	4.9%
4. Total Number Count	2,705	2,600	4.0%
5. Active Payroll	\$ 87,705,828	\$ 88,043,377	-0.4%
6. Annual Benefits for Retired Members	\$ 30,821,709	\$ 28,547,155	8.0%
<b>B. Actuarial Results</b>			
1. Present Value of Projected Benefits Attributable to:			
a. Retired and Disabled Members, and Beneficiaries	\$ 442,654,547	\$ 415,886,113	6.4%
b. Terminated Vested Members	13,388,797	12,706,314	5.4%
c. Active Members	384,623,993	391,450,527	-1.7%
d. Total Present Value	\$ 840,667,337	\$ 820,042,954	2.5%
2. Less Present Value Total Future Normal Costs	125,098,931	135,619,454	-7.8%
3. Actuarial Accrued Liability (1d - 2)	\$ 715,568,406	\$ 684,423,500	4.6%
4. Less Actuarial Value of Assets	367,934,236	354,707,177	3.7%
5. Unfunded Actuarial Accrued Liability (UAAL) (3 - 4)	\$ 347,634,170	\$ 329,716,323	5.4%
6. Funded Ratio	51.4%	51.8%	
7. Amortization Payments	\$ 28,414,842	\$ 26,232,018	8.3%
8. Employer Normal Cost	\$ 15,436,354	\$ 16,176,502	-4.6%
9. Total Projected Payroll	\$ 89,227,480	\$ 89,570,885	-0.4%
10. Total Normal Cost Rate	21.30%	22.06%	
11. Employee Contribution Rate	4.00%	4.00%	
12. Employer Normal Cost Rate	17.30%	18.06%	
13. UAAL Amortization Rate*	31.96%	29.61%	
14. Total Employer Contribution Rate	49.26%	47.67%	

\* Includes the effects of the lag between the valuation date and the contribution period.

**UNFUNDED ACTUARIAL ACCRUED LIABILITY  
AMORTIZATION BASES AND PAYMENTS**

**LEOPS (STATE)**

<b>Base Year</b>	<b>Current Balance</b>	<b>Remaining Financing Period</b>	<b>Amortization Factor</b>	<b>Dollar Contribution</b>
2000	\$ 65,203,448	10 yrs.	8.091749	\$ 8,058,017
2001	45,145,918	16	11.595281	3,893,473
2002	(5,549,550)	17	12.101293	(458,592)
2003	23,854,452	18	12.587346	1,895,114
2004	5,611,268	19	13.054227	429,843
2005	43,703,458	20	13.502693	3,236,647
2006	2,014,352	21	13.933471	144,569
2007	53,371,521	22	14.347257	3,719,981
2008	(16,620,511)	23	14.744722	(1,127,218)
2009	111,305,439	24	15.126509	7,358,303
2010	19,594,375	25	15.493238	1,264,705
Unfunded Liability	\$ 347,634,170		12.234246	\$ 28,414,842

The average remaining financing period associated with the average amortization factor is 17.3 years.

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**SECTION III**  
**ASSETS**

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## ASSETS

Pension plan assets play a key role in the financial operation of the plan and in the decisions the Trustees may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, negotiated contributions, and the ultimate security of participants' benefits.

In this section we present detailed information on plan assets including:

- **Disclosure** of plan assets at June 30, 2010 and June 30, 2009;
- Statement of the **changes** in market values during the year;
- Development of the Actuarial Value of Assets; and
- An assessment of **investment performance**.

### DISCLOSURE

Market values represent "snapshot" or "cash-out" values which provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate. As a result, actuaries have traditionally smoothed market fluctuations when developing long range contribution rates.

Current methods employed by this Fund set the actuarial value equal to the expected adjusted market value plus one-fifth of the difference between the actual market value and the expected adjusted market value. In addition, there is a 20% collar limitation which restricts the actuarial value of assets from differing outside the range of 80% to 120% of the market value of assets.

**DISCLOSURE OF PLAN MARKET VALUE OF ASSETS  
(STATE AND MUNICIPAL)  
(IN THOUSANDS)**

	June 30,	
	2010	2009
<b>Assets:</b>		
Cash & Cash Equivalents	\$ 1,630,332	\$ 3,360,915
<i>Receivables</i>		
Contributions		
Employers	14,895	11,514
Employers - Long Term	48,518	51,501
Members	7,584	9,084
Accrued Investment Income	340,171	48,715
Investment Sales Proceeds	641,276	468,873
Total Receivables	1,052,444	589,688
<i>Investments</i>		
U.S. Government Obligations	3,183,211	1,828,768
Domestic Corporate Obligations	3,159,516	3,656,103
International Obligations	919,603	66,548
Domestic Stocks	7,760,239	8,593,233
International Stocks	8,234,789	7,912,626
Mortgages & Mortgage Related Securities	1,670,334	2,178,258
Real Estate	396,092	338,480
Alternative Investments	5,047,137	1,655,023
Collateral For Loaned Securities	4,630,233	5,017,132
Total Investments	35,001,154	31,246,171
<b>Total Assets</b>	<b>37,683,930</b>	<b>35,196,774</b>
<b>Liabilities:</b>		
Accounts Payable & Accrued Expenses	51,081	42,873
Investment Commitments Payable	1,077,127	1,564,457
Obligation For Collateral For Loaned Securities	4,630,233	5,017,132
Other Liabilities	1,852	1,838
<b>Total Liabilities</b>	<b>5,760,293</b>	<b>6,626,300</b>
 <b>Net Assets Held in Trust for Pension Benefits</b>	 <b>\$ 31,923,637</b>	 <b>\$ 28,570,474</b>

## CHANGES IN MARKET VALUES (STATE AND MUNICIPAL)

	Teachers	Employees (State)	State Police	Judges	LEOPS (State)	Total State	
<b>State Sponsored Plans</b>							
Market Value of Assets as of 6/30/2009	\$ 17,171,348,580	\$ 7,691,984,308	\$ 933,138,069	\$ 225,724,608	\$ 295,589,314	\$ 26,317,784,879	
Employer Contributions	820,866,858	307,503,458	25,465,088	19,954,761	32,359,257	1,206,149,422	
Member Contributions	319,989,401	159,365,823	6,671,043	1,799,844	3,842,067	491,668,177	
Investment Returns	2,431,937,628	1,068,933,189	125,305,911	29,464,936	39,868,147	3,695,509,811	
Disbursements from the Trust	(1,487,640,201)	(755,086,427)	(94,950,564)	(23,855,646)	(33,471,317)	(2,395,004,155)	
Net Transfers	7,738	(249,701)	(30,780)	(978)	273,722	-	
Market Value of Assets as of 6/30/2010	\$ 19,256,510,005	\$ 8,472,450,649	\$ 995,598,766	\$ 253,087,525	\$ 338,461,190	\$ 29,316,108,134	
<b>Municipal Plans</b>							
Market Value of Assets as of 6/30/2009		\$ 2,173,945,270			\$ 72,599,491	\$ 6,144,207	\$ 2,252,688,968
Employer Contributions		86,621,726			15,396,486	752,651	102,770,863
Member Contributions		41,798,584			1,917,389	197,823	43,913,796
Investment Returns		309,269,312			10,643,839	936,577	320,849,728
Disbursements from the Trust		(108,801,742)			(3,880,415)	(12,518)	(112,694,675)
Net Transfers		-			-	-	-
Market Value of Assets as of 6/30/2010		\$ 2,502,833,150			\$ 96,676,790	\$ 8,018,740	\$ 2,607,528,680
<b>State and Municipal Sponsored Plans</b>							
Market Value of Assets as of 6/30/2009	\$ 17,171,348,580	\$ 9,865,929,578	\$ 933,138,069	\$ 225,724,608	\$ 368,188,805	\$ 6,144,207	\$ 28,570,473,847
Employer Contributions	820,866,858	394,125,184	25,465,088	19,954,761	47,755,743	752,651	1,308,920,285
Member Contributions	319,989,401	201,164,407	6,671,043	1,799,844	5,759,456	197,823	535,581,973
Investment Returns	2,431,937,628	1,378,202,501	125,305,911	29,464,936	50,511,986	936,577	4,016,359,539
Disbursements from the Trust	(1,487,640,201)	(863,888,169)	(94,950,564)	(23,855,646)	(37,351,732)	(12,518)	(2,507,698,830)
Net Transfers	7,738	(249,701)	(30,780)	(978)	273,722	-	-
Market Value of Assets as of 6/30/2010	\$ 19,256,510,005	\$ 10,975,283,799	\$ 995,598,766	\$ 253,087,525	\$ 435,137,980	\$ 8,018,740	\$ 31,923,636,814



# SUMMARY OF THE DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS

## JUNE 30, 2010

	Total State	Total Municipal	Total MSRPS
Beginning of Year:			
(1) Market Value of Assets	\$26,317,784,879	\$2,252,688,968	\$28,570,473,847
(2) Actuarial Value of Assets	31,581,341,856	2,703,226,761	34,284,568,617
End of Year:			
(3) Market Value of Assets	29,316,108,135	2,607,528,680	31,923,636,815
(4) Net Cash Flow with Adjustment	(697,186,556)	33,989,984	(663,196,572)
(5) Total Investment Income			
=(3)-(1)-(4)	\$ 3,695,509,812	\$ 320,849,728	\$ 4,016,359,540
(6) Projected Rate of Return	7.75%	7.75%	7.75%
(7) Projected Investment Income			
=(1)x(6)+([1+(6)] <sup>.5-1</sup> )x(4)	\$ 2,013,116,433	\$ 175,875,931	\$ 2,188,992,364
(8) Beginning of Year Asset Adjustment	0	0	0
(9) Investment Income in Excess of Projected Income	\$ 1,682,393,379	\$ 144,973,797	\$ 1,827,367,176
(10) Excess Investment Income Recognized			
This Year (5 year recognition)			
(10a) From This Year	336,478,675	28,994,760	365,473,435
(10b) From One Year Ago	(791,123,285)	(71,116,494)	(862,239,779)
(10c) From Two Years Ago	(939,393,002)	(75,237,906)	(1,014,630,908)
(10d) From Three Years Ago	359,557,587	29,820,952	389,378,539
(10e) From Four Years Ago	0	0	0
(10f) Total Recognized Investment Gain/(Loss)	(1,034,480,025)	(87,538,688)	(1,122,018,713)
(11) Change in Actuarial Value of Assets			
=(4)+(7)+(8)+(10f)	281,449,852	122,327,227	403,777,079
End of Year:			
<b>(3) Market Value of Assets as of 6/30</b>	<b>29,316,108,135</b>	<b>2,607,528,680</b>	<b>31,923,636,815</b>
(12) Preliminary Actuarial Value of Assets = (2)+(11)	31,862,791,708	2,825,553,988	34,688,345,696
(12a) Upper Collar Limit 120% x (3)	35,179,329,762	3,129,034,416	38,308,364,178
(12b) Lower Collar Limit 80% x (3)	23,452,886,508	2,086,022,944	25,538,909,452
(13) Adjustment to Remain within 20% Collar	0	0	0
<b>(14) Final Actuarial Value of Assets as of 6/30</b>	<b>31,862,791,708</b>	<b>2,825,553,988</b>	<b>34,688,345,696</b>
(15) Difference Between Market & Actuarial Values	(2,546,683,573)	(218,025,308)	(2,764,708,881)
(16) Actuarial Value Rate of Return	3.13%	3.25%	3.14%
(17) Market Value Rate of Return	14.23%	14.14%	14.22%
(18) Ratio of Actuarial Value to Market Value	109%	108%	109%

# SUMMARY OF THE DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS (STATE PORTION ONLY)

## JUNE 30, 2010

	TCS	ECS	State Police	Judges	LEOPS	Total State
Beginning of Year:						
(1) Market Value of Assets	\$17,171,348,580	\$7,691,984,308	\$ 933,138,069	\$225,724,608	\$295,589,314	\$26,317,784,879
(2) Actuarial Value of Assets	20,605,618,296	9,230,381,170	1,119,765,683	270,869,530	354,707,177	31,581,341,856
End of Year:						
(3) Market Value of Assets	19,256,510,005	8,472,450,649	995,598,766	253,087,525	338,461,190	29,316,108,135
(4) Net Cash Flow with Adjustment	(346,776,203)	(288,466,848)	(62,845,214)	(2,102,019)	3,003,729	(697,186,556)
(5) Total Investment Income						
=(3)-(1)-(4)	\$ 2,431,937,628	\$1,068,933,189	\$ 125,305,911	\$ 29,464,936	\$ 39,868,147	\$ 3,695,509,812
(6) Projected Rate of Return	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%
(7) Projected Investment Income						
=(1)x(6)+([1+(6)]^5-1)x(4)	\$ 1,317,592,665	\$ 585,159,262	\$ 69,928,387	\$ 17,413,724	\$ 23,022,395	\$ 2,013,116,433
(8) Beginning of Year Asset Adjustment	0	0	0	0	0	0
(9) Investment Income in Excess of Projected Income	\$ 1,114,344,963	\$ 483,773,927	\$ 55,377,524	\$ 12,051,212	\$ 16,845,752	\$ 1,682,393,379
(10) Excess Investment Income Recognized This Year (5 year recognition)						
(10a) From This Year	222,868,993	96,754,785	11,075,505	2,410,242	3,369,150	336,478,675
(10b) From One Year Ago	(519,996,485)	(232,220,784)	(23,645,315)	(6,827,436)	(8,433,265)	(791,123,285)
(10c) From Two Years Ago	(611,967,809)	(275,866,936)	(34,050,347)	(7,593,012)	(9,914,898)	(939,393,002)
(10d) From Three Years Ago	240,809,827	109,043,540	5,052,343	2,471,929	2,179,948	359,557,587
(10e) From Four Years Ago	0	0	0	0	0	0
(10f) Total Recognized Investment Gain/(Loss)	(668,285,474)	(302,289,395)	(41,567,814)	(9,538,277)	(12,799,065)	(1,034,480,025)
(11) Change in Actuarial Value of Assets						
=(4)+(7)+(8)+(10f)	302,530,988	(5,596,981)	(34,484,641)	5,773,428	13,227,059	281,449,852
End of Year:						
<b>(3) Market Value of Assets as of 6/30</b>	<b>19,256,510,005</b>	<b>8,472,450,649</b>	<b>995,598,766</b>	<b>253,087,525</b>	<b>338,461,190</b>	<b>29,316,108,135</b>
(12) Preliminary Actuarial Value of Assets = (2)+(11)	20,908,149,284	9,224,784,189	1,085,281,042	276,642,958	367,934,236	31,862,791,708
(12a) Upper Collar Limit 120% x (3)	23,107,812,005	10,166,940,779	1,194,718,520	303,705,030	406,153,428	35,179,329,762
(12b) Lower Collar Limit 80% x (3)	15,405,208,004	6,777,960,519	796,479,013	202,470,020	270,768,952	23,452,886,508
(13) Adjustment to Remain within 20% Collar	0	0	0	0	0	0
<b>(14) Final Actuarial Value of Assets as of 6/30</b>	<b>20,908,149,284</b>	<b>9,224,784,189</b>	<b>1,085,281,042</b>	<b>276,642,958</b>	<b>367,934,236</b>	<b>31,862,791,708</b>
(15) Difference Between Market & Actuarial Values	(1,651,639,279)	(752,333,540)	(89,682,276)	(23,555,433)	(29,473,046)	(2,546,683,573)
(16) Actuarial Value Rate of Return	3.18%	3.11%	2.61%	2.92%	2.87%	3.13%
(17) Market Value Rate of Return	14.31%	14.16%	13.90%	13.11%	13.42%	14.23%
(18) Ratio of Actuarial Value to Market Value	109%	109%	109%	109%	109%	109%

## DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS TEACHERS' COMBINED SYSTEM

	2009	2010	2011	2012	2013	2014
Beginning of Year:						
(1) Market Value of Assets	\$22,058,962,010	\$17,171,348,580				
(2) Actuarial Value of Assets	23,784,403,753	20,605,618,296				
End of Year:						
(3) Market Value of Assets	17,171,348,580	19,256,510,005				
(4) Net of Contributions and Disbursements	(401,783,016)	(346,776,203)				
(5) Total Investment Income						
=(3)-(1)-(4)	(4,485,830,414)	2,431,937,628				
(6) Projected Rate of Return	7.75%	7.75%				
(7) Projected Investment Income						
=(1)x(6)+([1+(6)] <sup>.5-1</sup> )x(4)	1,694,290,963	1,317,592,665				
(8) Beginning of Year Asset Adjustment	13	0				
(9) Investment Income in Excess of Projected Income	(6,180,121,377)	1,114,344,963				
(10) Excess Investment Income Recognized						
This Year (5 year recognition)						
(10a) From This Year	(1,236,024,275)	222,868,993				
(10b) From One Year Ago	(611,967,809)	(519,996,485)	\$ 222,868,993			
(10c) From Two Years Ago	240,809,827	(611,967,809)	(519,996,485)	\$ 222,868,993		
(10d) From Three Years Ago	0	240,809,827	(611,967,809)	(519,996,485)	\$ 222,868,993	
(10e) From Four Years Ago	0	0	240,809,826	(611,967,809)	(519,996,487)	\$ 222,868,991
(10f) Total Recognized Investment Gain/(Loss)	(1,607,182,257)	(668,285,474)	(668,285,475)	(909,095,301)	(297,127,494)	222,868,991
(11) Change in Actuarial Value of Assets						
=(4)+(7)+(8)+(10f)	(314,674,297)	302,530,988				
End of Year:						
<b>(3) Market Value of Assets</b>	<b>17,171,348,580</b>	<b>19,256,510,005</b>				
(12) Preliminary Actuarial Value of Assets = (2)+(11)	23,469,729,456	20,908,149,284				
(12a) Upper Collar Limit 120% x (3)	20,605,618,296	23,107,812,005				
(12b) Lower Collar Limit 80% x (3)	13,737,078,864	15,405,208,004				
(13) Adjustment to Remain within 20% Collar	(2,864,111,160)	0				
<b>(14) Final Actuarial Value of Assets as of 6/30</b>	<b>20,605,618,296</b>	<b>20,908,149,284</b>				
(15) Difference Between Market & Actuarial Values	(3,434,269,716)	(1,651,639,279)				
(16) Actuarial Value Rate of Return	(11.78)%	3.18%				
(17) Market Value Rate of Return	(20.52)%	14.31%				
(18) Ratio of Actuarial Value to Market Value	120%	109%				

## DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS EMPLOYEES' COMBINED SYSTEM (STATE)

	2009	2010	2011	2012	2013	2014
Beginning of Year:						
(1) Market Value of Assets	\$9,927,798,995	\$7,691,984,308				
(2) Actuarial Value of Assets	10,699,418,334	9,230,381,170				
End of Year:						
(3) Market Value of Assets	7,691,984,308	8,472,450,649				
(4) Net of Contributions and Disbursements	(267,281,376)	(288,466,848)				
(5) Total Investment Income						
=(3)-(1)-(4)	(1,968,533,311)	1,068,933,189				
(6) Projected Rate of Return	7.75%	7.75%				
(7) Projected Investment Income						
=(1)x(6)+[(1+(6)] <sup>5</sup> -1)x(4)	759,240,520	585,159,262				
(8) Beginning of Year Asset Adjustment	4,717,783	0				
(9) Investment Income in Excess of Projected Income	(2,727,773,831)	483,773,927				
(10) Excess Investment Income Recognized						
This Year (5 year recognition)						
(10a) From This Year	(545,554,766)	96,754,785				
(10b) From One Year Ago	(275,866,936)	(232,220,784)	\$ 96,754,785			
(10c) From Two Years Ago	109,043,540	(275,866,936)	(232,220,784)	\$ 96,754,785		
(10d) From Three Years Ago	0	109,043,540	(275,866,936)	(232,220,784)	\$ 96,754,785	
(10e) From Four Years Ago	0	0	109,043,540	(275,866,934)	(232,220,784)	\$ 96,754,787
(10f) Total Recognized Investment Gain/(Loss)	(712,378,162)	(302,289,395)	(302,289,395)	(411,332,933)	(135,465,999)	96,754,787
(11) Change in Actuarial Value of Assets						
=(4)+(7)+(8)+(10f)	(215,701,235)	(5,596,981)				
End of Year:						
<b>(3) Market Value of Assets</b>	<b>7,691,984,308</b>	<b>8,472,450,649</b>				
(12) Preliminary Actuarial Value of Assets = (2)+(11)	10,483,717,099	9,224,784,189				
(12a) Upper Collar Limit 120% x (3)	9,230,381,170	10,166,940,779				
(12b) Lower Collar Limit 80% x (3)	6,153,587,446	6,777,960,519				
(13) Adjustment to Remain within 20% Collar	(1,253,335,929)	0				
<b>(14) Final Actuarial Value of Assets as of 6/30</b>	<b>9,230,381,170</b>	<b>9,224,784,189</b>				
(15) Difference Between Market & Actuarial Values	(1,538,396,862)	(752,333,540)				
(16) Actuarial Value Rate of Return	(11.42)%	3.11%				
(17) Market Value Rate of Return	(20.10)%	14.16%				
(18) Ratio of Actuarial Value to Market Value	120%	109%				

## DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS STATE POLICE

	2009	2010	2011	2012	2013	2014
Beginning of Year:						
(1) Market Value of Assets	\$1,222,164,139	\$933,138,069				
(2) Actuarial Value of Assets	1,343,208,496	1,119,765,683				
End of Year:						
(3) Market Value of Assets	933,138,069	995,598,766				
(4) Net of Contributions and Disbursements	(67,896,897)	(62,845,214)				
(5) Total Investment Income						
=(3)-(1)-(4)	(221,129,173)	125,305,911				
(6) Projected Rate of Return	7.75%	7.75%				
(7) Projected Investment Income						
=(1)x(6)+([1+(6)] <sup>.5</sup> -1)x(4)	92,135,807	69,928,387				
(8) Beginning of Year Asset Adjustment	0	0				
(9) Investment Income in Excess of Projected Income	(313,264,980)	55,377,524				
(10) Excess Investment Income Recognized						
This Year (5 year recognition)						
(10a) From This Year	(62,652,996)	11,075,505				
(10b) From One Year Ago	(34,050,347)	(23,645,315)	\$ 11,075,505			
(10c) From Two Years Ago	5,052,343	(34,050,347)	(23,645,315)	\$ 11,075,505		
(10d) From Three Years Ago	0	5,052,343	(34,050,347)	(23,645,315)	\$ 11,075,505	
(10e) From Four Years Ago	0	0	5,052,345	(34,050,347)	(23,645,316)	\$ 11,075,504
(10f) Total Recognized Investment Gain/(Loss)	(91,651,000)	(41,567,814)	(41,567,812)	(46,620,157)	(12,569,811)	11,075,504
(11) Change in Actuarial Value of Assets						
=(4)+(7)+(8)+(10f)	(67,412,090)	(34,484,641)				
End of Year:						
<b>(3) Market Value of Assets</b>	<b>933,138,069</b>	<b>995,598,766</b>				
(12) Preliminary Actuarial Value of Assets = (2)+(11)	1,275,796,406	1,085,281,042				
(12a) Upper Collar Limit 120% x (3)	1,119,765,683	1,194,718,520				
(12b) Lower Collar Limit 80% x (3)	746,510,455	796,479,013				
(13) Adjustment to Remain within 20% Collar	(156,030,723)	0				
<b>(14) Final Actuarial Value of Assets as of 6/30</b>	<b>1,119,765,683</b>	<b>1,085,281,042</b>				
(15) Difference Between Market & Actuarial Values	(186,627,614)	(89,682,276)				
(16) Actuarial Value Rate of Return	(11.88)%	2.61%				
(17) Market Value Rate of Return	(18.61)%	13.90%				
(18) Ratio of Actuarial Value to Market Value	120%	109%				

## DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS JUDGES

	2009	2010	2011	2012	2013	2014
Beginning of Year:						
(1) Market Value of Assets	\$283,759,913	\$225,724,608				
(2) Actuarial Value of Assets	306,716,176	270,869,530				
End of Year:						
(3) Market Value of Assets	225,724,608	253,087,525				
(4) Net of Contributions and Disbursements	(4,187,068)	(2,102,019)				
(5) Total Investment Income						
=(3)-(1)-(4)	(53,848,237)	29,464,936				
(6) Projected Rate of Return	7.75%	7.75%				
(7) Projected Investment Income						
=(1)x(6)+([1+(6)] <sup>.5-1</sup> )x(4)	21,832,172	17,413,724				
(8) Beginning of Year Asset Adjustment	0	0				
(9) Investment Income in Excess of Projected Income	(75,680,409)	12,051,212				
(10) Excess Investment Income Recognized						
This Year (5 year recognition)						
(10a) From This Year	(15,136,082)	2,410,242				
(10b) From One Year Ago	(7,593,012)	(6,827,436)	\$ 2,410,242			
(10c) From Two Years Ago	2,471,929	(7,593,012)	(6,827,436)	\$ 2,410,242		
(10d) From Three Years Ago	0	2,471,929	(7,593,012)	(6,827,436)	\$ 2,410,242	
(10e) From Four Years Ago	0	0	2,471,928	(7,593,013)	(6,827,434)	\$ 2,410,244
(10f) Total Recognized Investment Gain/(Loss)	(20,257,165)	(9,538,277)	(9,538,278)	(12,010,207)	(4,417,192)	2,410,244
(11) Change in Actuarial Value of Assets						
=(4)+(7)+(8)+(10f)	(2,612,061)	5,773,428				
End of Year:						
<b>(3) Market Value of Assets</b>	<b>225,724,608</b>	<b>253,087,525</b>				
(12) Preliminary Actuarial Value of Assets = (2)+(11)	304,104,115	276,642,958				
(12a) Upper Collar Limit 120% x (3)	270,869,530	303,705,030				
(12b) Lower Collar Limit 80% x (3)	180,579,686	202,470,020				
(13) Adjustment to Remain within 20% Collar	(33,234,585)	0				
<b>(14) Final Actuarial Value of Assets as of 6/30</b>	<b>270,869,530</b>	<b>276,642,958</b>				
(15) Difference Between Market & Actuarial Values	(45,144,922)	(23,555,433)				
(16) Actuarial Value Rate of Return	(10.39)%	2.92%				
(17) Market Value Rate of Return	(19.12)%	13.11%				
(18) Ratio of Actuarial Value to Market Value	120%	109%				

## DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS LEOPS (STATE)

	2009	2010	2011	2012	2013	2014
Beginning of Year:						
(1) Market Value of Assets	\$351,604,165	\$295,589,314				
(2) Actuarial Value of Assets	389,792,503	354,707,177				
End of Year:						
(3) Market Value of Assets	295,589,314	338,461,190				
(4) Net of Contributions and Disbursements	11,159,447	3,003,729				
(5) Total Investment Income						
=(3)-(1)-(4)	(67,174,298)	39,868,147				
(6) Projected Rate of Return	7.75%	7.75%				
(7) Projected Investment Income						
=(1)×(6)+([1+(6)] <sup>5</sup> -1)×(4)	27,673,683	23,022,395				
(8) Beginning of Year Asset Adjustment	(5,068,587)	0				
(9) Investment Income in Excess of Projected Income	(94,847,981)	16,845,752				
(10) Excess Investment Income Recognized						
This Year (5 year recognition)						
(10a) From This Year	(18,969,596)	3,369,150				
(10b) From One Year Ago	(9,914,898)	(8,433,265)	\$ 3,369,150			
(10c) From Two Years Ago	2,179,948	(9,914,898)	(8,433,265)	\$ 3,369,150		
(10d) From Three Years Ago	0	2,179,948	(9,914,898)	(8,433,265)	\$ 3,369,150	
(10e) From Four Years Ago	0	0	2,179,946	(9,914,899)	(8,433,267)	\$ 3,369,152
(10f) Total Recognized Investment Gain/(Loss)	(26,704,546)	(12,799,065)	(12,799,067)	(14,979,014)	(5,064,117)	3,369,152
(11) Change in Actuarial Value of Assets						
=(4)+(7)+(8)+(10f)	7,059,997	13,227,059				
End of Year:						
<b>(3) Market Value of Assets</b>	<b>295,589,314</b>	<b>338,461,190</b>				
(12) Preliminary Actuarial Value of Assets = (2)+(11)	396,852,500	367,934,236				
(12a) Upper Collar Limit 120% x (3)	354,707,177	406,153,428				
(12b) Lower Collar Limit 80% x (3)	236,471,451	270,768,952				
(13) Adjustment to Remain within 20% Collar	(42,145,323)	0				
<b>(14) Final Actuarial Value of Assets as of 6/30</b>	<b>354,707,177</b>	<b>367,934,236</b>				
(15) Difference Between Market & Actuarial Values	(59,117,863)	(29,473,046)				
(16) Actuarial Value Rate of Return	(10.48)%	2.87%				
(17) Market Value Rate of Return	(18.81)%	13.42%				
(18) Ratio of Actuarial Value to Market Value	120%	109%				

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## **SECTION IV**

### **ACCOUNTING STATEMENT INFORMATION**

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**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 Plan's financial statements.**



## **GASB STATEMENT NO. 25**

Statement No. 25 of the Governmental Standards Board (GASB) establishes standards for disclosure of pension information by public employee retirement systems (PERS) and governmental employers in notes to financial statements and supplementary information.

The GASB-25 actuarial accrued liability is the same as the actuarial liability amount calculated for funding purposes.

The actuarial accrued liability (GASB-25) are determined assuming that the plan is ongoing and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions. Liabilities are discounted at the assumed valuation interest rate of 7.75% per annum.

GASB Statement No. 25 requires the actuarial accrued liability be compared with the actuarial value of assets for funding purposes.

**ACCOUNTING STATEMENT INFORMATION – GASB No. 25**  
**AS OF JUNE 30, 2010**  
**(STATE AND MUNICIPAL)**

	<b>Teachers’ Combined System</b>	<b>Employees’ Combined System</b>	<b>State Police</b>	<b>Judges</b>	<b>LEOPS</b>	<b>CORS</b>	<b>Total MSRPS*</b>
1. Actuarial Accrued Liability:							
a. Employee Contributions	\$ 1,990,818,311	\$ 1,257,372,238	\$ 71,633,805	\$ 25,035,807	\$ 43,380,278	\$ 1,025,184	\$ 3,389,265,622
b. Retirees, Term. Vesteds & Inactives	17,483,857,266	10,257,635,352	1,356,903,794	262,309,323	539,310,017	0	29,900,015,752
c. Active Members	12,488,745,686	7,494,780,055	294,026,220	138,869,475	367,545,590	11,832,717	20,795,799,744
2. Total Actuarial Accrued Liability (1(a) + 1(b) + 1(c))	\$31,963,421,263	\$19,009,787,645	\$1,722,563,819	\$426,214,605	\$950,235,885	\$12,857,901	\$54,085,081,118
3. Actuarial Value of Assets	<u>20,908,149,284</u>	<u>11,937,943,927</u>	<u>1,085,281,042</u>	<u>276,642,958</u>	<u>471,727,901</u>	<u>8,600,585</u>	<u>34,688,345,697</u>
4. Unfunded Actuarial Accrued Liability: (2-3)	<u>\$11,055,271,979</u>	<u>\$ 7,071,843,718</u>	<u>\$ 637,282,777</u>	<u>\$149,571,647</u>	<u>\$478,507,984</u>	<u>\$ 4,257,316</u>	<u>\$19,396,735,421</u>
5. Funded Ratio	65.41%	62.80%	63.00%	64.91%	49.64%	66.89%	64.14%
6. Annual Payroll	\$ 6,254,647,810	\$ 4,137,473,794	\$ 81,705,369	\$ 39,960,883	\$140,199,243	\$ 3,956,462	\$10,657,943,561
7. UAAL as % of Payroll	177%	171%	780%	374%	341%	108%	182%
8. Annual Required Contribution (ARC) STATE ONLY	19.91%	20.25%	70.26%	60.37%	49.26%		20.88%
9. Equivalent Single Amortization Period in Years - STATE ONLY for FY 2012	20.769	22.937	30.000	18.654	17.270		29.412

\* Contribution rates shown in the “Total” column are for informational purposes only and are not used for funding purposes.

**SCHEDULE OF FUNDING PROGRESS**  
**(STATE AND MUNICIPAL)**  
**(IN THOUSANDS)**

<b>Actuarial Valuation Date June 30,</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Payroll (c)</b>	<b>UAAL as a Percentage of Payroll [(b - a) / c ]</b>
1998	\$ 24,850,355	\$ 27,416,935	\$ 2,566,580	90.64%	\$ 5,900,456	43%
1999	27,646,579	28,475,380	828,801	97.09%	6,312,417	13%
2000	30,649,380	30,279,866	(369,514)	101.22%	6,725,870	(5%)
2001	31,914,778	32,469,942	555,164	98.29%	7,255,036	8%
2002	32,323,263	34,131,284	1,808,021	94.70%	7,867,794	23%
2003	32,631,465	34,974,601	2,343,136	93.30%	8,134,419	29%
2004	33,484,657	36,325,704	2,841,047	92.18%	8,069,481	35%
2005	34,519,500	39,133,450	4,613,949	88.21%	8,603,761	54%
2006	35,795,025	43,243,492	7,448,467	82.78%	9,287,576	80%
2007	37,886,936	47,144,354	9,257,418	80.36%	9,971,012	93%
2008	39,504,284	50,244,047	10,739,763	78.62%	10,542,806	102%
2009	34,284,569	52,729,171	18,444,603	65.02%	10,714,241	172%
2010	34,688,346	54,085,081	19,396,735	64.14%	10,657,944	182%

**SCHEDULE OF FUNDING PROGRESS**  
(IN THOUSANDS)

**TEACHERS' COMBINED SYSTEM**

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Payroll (c)	UAAL as a Percentage of Payroll [(b - a) / c ]
2001	\$ 19,182,749	\$ 20,126,943	\$ 944,194	95.31%	\$ 3,994,201	24%
2002	19,424,000	21,117,047	1,693,047	91.98%	4,323,054	39%
2003	19,626,676	21,152,063	1,525,387	92.79%	4,522,202	34%
2004	20,155,415	21,724,178	1,568,764	92.78%	4,543,444	35%
2005	20,801,529	23,305,198	2,503,669	89.26%	4,867,396	51%
2006	21,575,451	25,617,484	4,042,033	84.22%	5,269,185	77%
2007	22,814,760	28,122,575	5,307,815	81.13%	5,709,765	93%
2008	23,784,404	29,868,705	6,084,301	79.63%	6,117,590	99%
2009	20,605,618	31,172,917	10,567,299	66.10%	6,194,734	171%
2010	20,908,149	31,963,421	11,055,272	65.41%	6,254,648	177%

**SCHEDULE OF FUNDING PROGRESS**  
(IN THOUSANDS)

**EMPLOYEES' COMBINED SYSTEM**

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Payroll (c)	UAAL as a Percentage of Payroll [(b - a) / c ]
2001	\$ 11,021,958	\$ 10,789,907	\$ (232,051)	102.15%	\$ 3,084,859	-8%
2002	11,162,265	11,385,749	223,484	98.04%	3,356,671	7%
2003	11,244,008	12,083,197	839,189	93.05%	3,424,054	25%
2004	11,514,655	12,621,578	1,106,923	91.23%	3,337,543	33%
2005	11,855,673	13,671,756	1,816,083	86.72%	3,537,602	51%
2006	12,287,942	15,291,091	3,003,149	80.36%	3,793,125	79%
2007	13,026,321	16,385,823	3,359,502	79.50%	4,016,221	84%
2008	13,599,717	17,609,769	4,010,052	77.23%	4,165,013	96%
2009	11,839,115	18,517,486	6,678,371	63.93%	4,249,536	157%
2010	11,937,944	19,009,788	7,071,844	62.80%	4,137,474	171%

**SCHEDULE OF FUNDING PROGRESS**  
**(IN THOUSANDS)**

**STATE POLICE**

<b>Actuarial Valuation Date June 30,</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Payroll (c)</b>	<b>UAAL as a Percentage of Payroll [(b - a) / c ]</b>
2001	\$ 1,305,556	\$ 993,847	\$ (311,710)	131.36%	\$ 79,383	-393%
2002	1,300,402	1,030,575	(269,827)	126.18%	83,142	-325%
2003	1,285,201	1,062,383	(222,818)	120.97%	80,839	-276%
2004	1,287,981	1,200,605	(87,376)	107.28%	76,445	-114%
2005	1,289,345	1,284,950	(4,395)	100.34%	76,463	-6%
2006	1,301,877	1,325,875	23,998	98.19%	80,649	30%
2007	1,334,375	1,516,935	182,560	87.97%	83,191	219%
2008	1,343,208	1,601,576	258,367	83.87%	86,464	299%
2009	1,119,766	1,710,356	590,591	65.47%	85,586	690%
2010	1,085,281	1,722,564	637,283	63.00%	81,705	780%

**SCHEDULE OF FUNDING PROGRESS**  
**(IN THOUSANDS)**

**JUDGES**

<b>Actuarial Valuation Date June 30,</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Payroll (c)</b>	<b>UAAL as a Percentage of Payroll [(b - a) / c ]</b>
2001	\$ 229,022	\$ 254,913	\$ 25,891	89.84%	\$ 30,554	85%
2002	234,558	267,532	32,974	87.67%	31,824	104%
2003	240,208	279,008	38,801	86.09%	33,169	117%
2004	250,272	312,285	62,013	80.14%	32,937	188%
2005	260,125	328,033	67,908	79.30%	33,074	205%
2006	273,679	352,537	78,858	77.63%	35,939	219%
2007	293,052	371,987	78,936	78.78%	37,638	210%
2008	306,716	406,782	100,066	75.40%	37,943	264%
2009	270,870	421,039	150,169	64.33%	40,266	373%
2010	276,643	426,215	149,572	64.91%	39,961	374%

**SCHEDULE OF FUNDING PROGRESS**  
(IN THOUSANDS)

**LEOPS**

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Payroll (c)	UAAL as a Percentage of Payroll [(b - a) / c ]
2001	\$ 165,478	\$ 290,504	\$ 125,026	56.96%	\$ 60,438	207%
2002	191,100	312,058	120,958	61.24%	65,916	184%
2003	225,111	382,287	157,176	58.89%	69,470	226%
2004	271,587	454,815	183,228	59.71%	77,369	237%
2005	310,087	537,736	227,648	57.67%	87,220	261%
2006	352,416	649,826	297,410	54.23%	106,669	279%
2007	414,153	738,549	324,396	56.08%	122,015	266%
2008	465,386	748,005	282,619	62.22%	133,445	212%
2009	441,827	895,099	453,273	49.36%	140,071	324%
2010	471,728	950,236	478,508	49.64%	140,199	341%



**SCHEDULE OF FUNDING PROGRESS**  
(IN THOUSANDS)

**CORS**

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Payroll (c)	UAAL as a Percentage of Payroll [(b - a) / c ]
2009	\$ 7,373	\$ 12,273	\$ 4,900	60.08%	\$ 4,048	121%
2010	8,601	12,858	4,257	66.89%	3,956	108%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
(STATE AND MUNICIPAL)  
(IN THOUSANDS)**

<b>Fiscal Year Ended June 30,</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
1998	\$ 735,788	\$ 735,788	100%
1999	693,353	693,353	100%
2000	682,422	682,422	100%
2001	634,309	634,309	100%
2002	574,019	574,019	100%
2003	654,578	602,212	92%
2004	710,632	632,462	89%
2005	805,564	668,618	83%
2006	874,079	716,745	82%
2007	1,025,972	831,037	81%
2008	1,183,765	1,053,551	89%
2009	1,313,560	1,109,564	84%
2010	1,519,980	1,308,920	86%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
BY SYSTEM  
(STATE AND MUNICIPAL)  
(IN THOUSANDS)**

	<b>Fiscal Year Ended June 30,</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
<b>Teachers' Combined System</b>	2009	\$ 753,475	\$ 673,256	89%
	2010	889,605	820,867	92%
<b>Employees' Combined System</b>	2009	464,633	354,682	76%
	2010	524,797	394,125	75%
<b>State Police</b>	2009	31,040	17,214	55%
	2010	37,114	25,465	69%
<b>Judges</b>	2009	17,520	17,520	100%
	2010	19,955	19,955	100%
<b>LEOPS</b>	2009	46,140	46,140	100%
	2010	47,756	47,756	100%
<b>CORS (Muni)</b>	2009	752	752	100%
	2010	753	753	100%

## REQUIRED SUPPLEMENTARY INFORMATION FOR COMPLIANCE WITH GASB STATEMENT NO. 25

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

Valuation date	June 30, 2010
Actuarial cost method	Individual entry age
Amortization method for unfunded actuarial accrued liabilities (UAAL)	Level percent closed
Amorization Period	10 years remaining as of June 30, 2010 for prior UAAL existing on June 30, 2000. 25 years from each subsequent valuation date for each year's additional UAAL. 30 years is used wherever the equivalent single amortization period exceeds 30 years.
Asset valuation method	5-year smoothed market (max. 120% and min. 80% of market value)
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases including wage inflation at 3.5%	3.5% - 12.0%
Cost-of-living adjustments	2.75% - 3.5% depending on system and provisions (see page C-1 for details)

Membership consisted of the following at June 30, 2010:

Retirees and beneficiaries receiving benefits	120,247
Terminated plan members entitled to but not yet receiving benefits	51,775
Active plan members	<u>197,786</u>
Total	369,808

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR COMPLIANCE WITH GASB STATEMENT NO. 27  
(STATE AND MUNICIPAL)  
(IN THOUSANDS)**

	<b>Fiscal Year Ending June 30,</b>	
	<b>2010</b>	<b>2009</b>
Annual Required Contribution (ARC)	\$1,519,980	\$1,313,560
Interest on NPO	77,617	60,650
Adjustment to ARC	(68,430)	(45,709)
Annual Pension Cost	<u>\$1,529,167</u>	<u>\$1,328,501</u>
Contributions Made	<u>1,308,920</u>	<u>1,109,564</u>
Increase in NPO	\$ 220,247	\$ 218,937
NPO Beginning of Year	<u>1,001,513</u>	<u>782,576</u>
NPO End of Year	\$1,221,760	\$1,001,513
Percent of ARC Contributed	86.1%	84.5%
Amortization Period (Years)	22.722	29.783

**SUMMARY OF NET PENSION OBLIGATION BY SYSTEM  
(STATE PORTION ONLY)  
(IN THOUSANDS)**

**FISCAL YEAR ENDING JUNE 30, 2010**

	<u>TCS</u>	<u>ECS (State)</u>	<u>State Police</u>	<u>Judges</u>	<u>LEOPS (State)</u>	<u>Total State</u>
Annual Required Contribution (ARC)	\$889,605	\$438,176	\$37,114	\$19,955	\$32,359	\$1,417,209
Interest on NPO	26,555	50,338	1,804	-	-	78,697
Adjustment to ARC	(24,814)	(42,152)	(1,360)	-	-	(68,326)
Annual Pension Cost	<u>\$891,346</u>	<u>\$446,362</u>	<u>\$37,558</u>	<u>\$19,955</u>	<u>\$32,359</u>	<u>\$1,427,580</u>
Contributions Made	<u>820,867</u>	<u>307,503</u>	<u>25,465</u>	<u>19,955</u>	<u>32,359</u>	<u>1,206,149</u>
Increase in NPO	\$ 70,479	\$138,858	\$12,093	\$ 0	\$ 0	\$ 221,430
NPO Beginning of Year	<u>342,646</u>	<u>649,523</u>	<u>23,280</u>	<u>-</u>	<u>-</u>	<u>1,015,449</u>
NPO End of Year	\$413,125	\$788,381	\$35,373	\$ 0	\$ 0	\$1,236,879
Percent of ARC Contributed	92.3%	70.2%	68.6%	100.0%	100.0%	85.1%
Amortization Period (Years)	20.706	24.767	30.000	18.794	16.782	22.469

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## **APPENDIX A**

### **ACTUARIAL ASSUMPTIONS AND METHODS**

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# ACTUARIAL ASSUMPTIONS AND METHODS

## A. ACTUARIAL ASSUMPTIONS

	<b>1. Valuation Interest Rate</b>	<b>2. Annual Rate of Increase in Cost of Living</b>	<b>3. Aggregate Payroll Growth</b>
Teachers' Retirement	7.75%	2.75% <sup>#</sup>	3.5%
Teachers' Pension	7.75%	2.75% <sup>#</sup>	3.5%
Employees' Retirement			
Regular	7.75%	2.75% <sup>#</sup>	3.5%
Correctional	7.75%	3.00%	3.5%
Legislative	7.75%	3.50%	3.5%
Employees' Pension	7.75%	2.75% <sup>*</sup>	3.5%
State Police Retirement	7.75%	3.00%	3.5%
Judges Pension	7.75%	3.50%	3.5%
LEOPS	7.75%	2.75% <sup>**#</sup>	3.5%
CORS Municipal	7.75%	3.00%	3.5%

\* A 3% simple rate is applicable for municipal members of these Systems, who do not elect to be covered under the improved plan.

\*\* A 3% simple rate is applicable for former EPS members.

# For groups whose COLA is capped at 5% a 2.95% COLA was assumed. A 3.00% COLA was assumed for groups with an unlimited COLA, 2.75% is assumed for groups that are capped at 3%.



# ACTUARIAL ASSUMPTIONS AND METHODS

## A. ACTUARIAL ASSUMPTIONS

### Rates of Salary Increases

Years of Service	Annual Rates of Salary Increases for First 10 Years of Service							
	Teachers' Retirement & Pension	Employees' Retirement			Employees' Pension	State Police	Judges	LEOPS
		Regular	Correctional	Legislative				
0	7.25%	5.50%	8.25%	8.00%	5.50%	12.00%	3.50%	8.00%
1	7.25	5.50	7.25	8.00	5.50	12.00	3.50	8.00
2	7.25	5.50	5.75	8.00	5.50	8.75	3.50	6.50
3	7.25	5.50	5.75	8.00	5.50	7.50	3.50	6.50
4	7.25	5.50	5.75	8.00	5.50	6.00	3.50	5.75
5	7.25	5.00	5.00	8.00	5.00	5.00	3.50	5.50
6	7.25	4.50	5.00	8.00	4.50	4.00	3.50	5.50
7	7.25	4.50	5.00	8.00	4.50	4.00	3.50	5.00
8	7.25	4.50	5.00	8.00	4.50	4.00	3.50	5.00
9	7.25	4.50	4.50	8.00	4.50	4.00	3.50	4.50

CORS Municipal assumptions were the same as shown for Employees' Retirement Correctional.

## ACTUARIAL ASSUMPTIONS AND METHODS

### A. ACTUARIAL ASSUMPTIONS

#### Rates of Salary Increases

Sample Ages	Annual Rates of Salary Increases for Sample Ages with 10 or More Years of Service							
	Teachers' Retirement & Pension	Employees' Retirement			Employees' Pension	State Police	Judges	LEOPS
		Regular	Correctional	Legislative				
25	7.50%	5.00%	5.75%	8.00%	5.00%	4.50%	3.50%	5.00%
30	7.25	5.00	5.75	8.00	5.00	4.00	3.50	5.00
35	6.75	4.50	4.75	8.00	4.50	3.75	3.50	4.75
40	5.50	4.25	4.75	8.00	4.25	3.50	3.50	4.75
45	4.75	4.00	4.75	8.00	4.00	3.50	3.50	4.25
50	4.25	3.75	4.75	8.00	3.75	3.50	3.50	3.50
55	4.00	3.75	4.50	8.00	3.75	3.50	3.50	3.50
60	3.75	3.50	4.50	8.00	3.50	3.50	3.50	3.50
65	3.50	3.50	3.50	8.00	3.50	3.50	3.50	3.50

CORS Municipal assumptions were the same as shown for Employees' Retirement Correctional.

# ACTUARIAL ASSUMPTIONS AND METHODS

## A. ACTUARIAL ASSUMPTIONS

### Rates of Withdrawal

Sample Ages	Years of Service	Annual Rates of Withdrawal from Active Service													
		Teachers' Retirement & Pension		Employees' Retirement					Employees' Pension		State Police		Judges	LEOPS	
		Male	Female	Regular		Correctional		Legislative	Male	Female	Male	Female		Male	Female
				Male	Female	Male	Female						Male		
All	0	15.00%	14.00%	20.00%	20.00%	18.00%	17.00%	*	20.00%	20.00%	9.50%	11.00%	0.00%	12.00%	16.00%
	1	15.00	14.00	15.00	13.00	18.00	17.00	*	15.00	13.00	7.50	9.00	0.00	10.00	15.00
	2	13.00	12.00	12.00	10.00	14.00	11.00	*	12.00	10.00	5.50	8.00	0.00	9.00	13.00
	3	11.00	10.00	9.00	8.00	12.00	11.00	*	9.00	8.00	4.00	7.00	0.00	8.00	11.00
	4	9.00	8.00	8.00	6.00	8.00	10.00	*	8.00	6.00	3.00	6.00	0.00	7.50	9.00
	5	7.00	7.00	7.00	6.00	8.00	10.00	*	7.00	6.00	3.00	5.00	0.00	7.00	8.00
	6	6.00	6.00	6.00	6.00	7.00	10.00	*	6.00	6.00	3.00	4.00	0.00	6.00	7.00
	7	5.50	5.50	6.00	5.50	7.00	10.00	*	6.00	5.50	2.50	0.67	0.00	5.00	6.00
	8	5.00	5.00	5.00	5.00	7.00	10.00	*	5.00	5.00	2.50	0.67	0.00	4.00	5.00
	9	4.00	5.00	5.00	4.50	4.00	10.00	*	5.00	4.50	2.50	0.67	0.00	2.00	3.00
25	10	4.00	5.00	5.00	4.50	4.00	5.00	*	5.00	4.50	1.00	0.67	0.00	1.50	3.00
30	& Over	4.00	5.00	4.00	3.00	4.00	5.00	*	4.00	3.00	1.00	0.67	0.00	1.50	3.00
35		4.00	5.00	4.00	3.00	4.00	5.00	*	4.00	3.00	1.00	0.67	0.00	1.50	3.00
40		2.00	3.00	3.00	2.50	4.00	5.00	*	3.00	2.50	1.00	0.67	0.00	1.50	3.00
45		1.00	2.50	2.50	2.50	3.00	5.00	*	2.50	2.50	1.00	0.67	0.00	1.50	3.00
50		1.00	1.00	2.50	2.00	3.00	5.00	*	2.50	2.00	1.00	0.67	0.00	1.50	3.00
55		1.00	1.00	2.00	1.50	2.50	2.50	*	2.00	1.50	1.00	0.67	0.00	1.50	3.00
60		1.00	1.00	2.00	1.50	2.50	2.50	*	2.00	1.50	1.00	0.67	0.00	1.50	3.00
65		1.00	1.00	2.00	1.50	2.50	2.50	*	2.00	1.50	1.00	0.67	0.00	1.50	3.00

CORS Municipal assumptions were the same as shown for Employees' Retirement Correctional.

\* 20% of legislative members are assumed to withdraw after 8 years and each fourth year thereafter.

# ACTUARIAL ASSUMPTIONS AND METHODS

## A. ACTUARIAL ASSUMPTIONS

### Healthy Retired Mortality

Sample Ages	Actuarial Present Value of \$1 Monthly for Life (Without COLA)											
	Teachers' Retirement & Pension		Employees' Retirement & Pension		Employees' Retirement Correctional & Legislative		State Police		Judges		LEOPS	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
50	\$144.05	\$146.77	\$139.21	\$144.83	\$139.21	\$144.83	\$141.78	\$142.63	\$144.05	\$146.77	\$141.78	\$142.63
55	137.81	141.43	131.36	138.80	131.36	138.80	134.76	135.85	137.81	141.43	134.76	135.85
60	129.52	134.26	121.36	130.83	121.36	130.83	125.62	127.08	129.52	134.26	125.62	127.08
65	119.10	125.08	109.36	120.89	109.36	120.89	114.36	116.46	119.10	125.08	114.36	116.46
70	106.76	114.14	95.75	109.32	95.75	109.32	101.39	104.20	106.76	114.14	101.39	104.20
75	92.85	101.56	80.72	96.13	80.72	96.13	86.87	90.52	92.85	101.56	86.87	90.52
80	77.62	87.65	65.13	81.78	65.13	81.78	71.38	75.75	77.62	87.65	71.38	75.75

Sample Ages	Future Life Expectancy (Years)											
	Teachers' Retirement & Pension		Employees' Retirement & Pension		Employees' Retirement Correctional & Legislative		State Police		Judges		LEOPS	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
50	34.60	37.44	30.84	35.53	30.84	35.53	32.72	33.64	34.60	37.44	32.72	33.64
55	29.90	32.69	26.22	30.81	26.22	30.81	28.05	28.95	29.90	32.69	28.05	28.95
60	25.31	28.03	21.78	26.21	21.78	26.21	23.53	24.42	25.31	28.03	23.53	24.42
65	20.93	23.54	17.65	21.82	17.65	21.82	19.26	20.16	20.93	23.54	19.26	20.16
70	16.87	19.36	13.92	17.79	13.92	17.79	15.36	16.27	16.87	19.36	15.36	16.27
75	13.22	15.54	10.61	14.12	10.61	14.12	11.88	12.78	13.22	15.54	11.88	12.78
80	10.00	12.13	7.79	10.89	7.79	10.89	8.86	9.72	10.00	12.13	8.86	9.72

CORS Municipal assumptions were the same as shown for Employees' Retirement Correctional.

# ACTUARIAL ASSUMPTIONS AND METHODS

## A. ACTUARIAL ASSUMPTIONS

### Disabled Retired Mortality

Sample Ages	Actuarial Present Value of \$1 Monthly for Life (Without COLA)											
	Teachers' Retirement & Pension		Employees' Retirement & Pension		Employees' Retirement Correctional & Legislative		State Police		Judges		LEOPS	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
50	\$121.94	\$126.33	\$109.40	\$123.44	\$109.40	\$123.44	\$104.19	\$123.44	\$121.94	\$126.33	\$104.19	\$123.44
55	115.29	119.00	102.91	115.98	102.91	115.98	97.74	115.98	115.29	119.00	97.74	115.98
60	107.68	111.33	96.42	108.08	96.42	108.08	90.90	108.08	107.68	111.33	90.90	108.08
65	98.74	102.89	89.43	99.17	89.43	99.17	83.10	99.17	98.74	102.89	83.10	99.17
70	88.40	93.21	81.40	89.04	81.40	89.04	74.16	89.04	88.40	93.21	74.16	89.04
75	76.86	82.61	72.27	78.27	72.27	78.27	64.61	78.27	76.86	82.61	64.61	78.27
80	64.81	71.74	62.71	67.40	62.71	67.40	55.40	67.40	64.81	71.74	55.40	67.40

Sample Ages	Future Life Expectancy (Years)											
	Teachers' Retirement & Pension		Employees' Retirement & Pension		Employees' Retirement Correctional & Legislative		State Police		Judges		LEOPS	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
50	24.60	26.62	20.25	25.15	20.25	25.15	18.25	25.15	24.60	26.62	18.25	25.15
55	21.39	23.06	17.78	21.73	17.78	21.73	15.98	21.73	21.39	23.06	15.98	21.73
60	18.35	19.83	15.55	18.62	15.55	18.62	13.86	18.62	18.35	19.83	13.86	18.62
65	15.43	16.85	13.44	15.70	13.44	15.70	11.80	15.70	15.43	16.85	11.80	15.70
70	12.67	14.04	11.39	12.98	11.39	12.98	9.81	12.98	12.67	14.04	9.81	12.98
75	10.12	11.47	9.43	10.53	9.43	10.53	7.99	10.53	10.12	11.47	7.99	10.53
80	7.88	9.23	7.65	8.42	7.65	8.42	6.43	8.42	7.88	9.23	6.43	8.42

CORS Municipal assumptions were the same as shown for Employees' Retirement Correctional.

# ACTUARIAL ASSUMPTIONS AND METHODS

## A. ACTUARIAL ASSUMPTIONS

### Rates of Disability

Sample Ages	Annual Rates of Disability															
	Teachers' Retirement *		Teachers' Pension *		Employees' Retirement										Employees' Pension	
					Ordinary					Accidental						
	Male		Female		Regular		Correctional		Legislative	Regular		Correctional		Legislative	Ordinary	
					Male	Female	Male	Female		Male	Female	Male	Female		Male	Female
25	0.007%	0.015%	0.031%	0.028%	0.041%	0.038%	0.298%	0.459%	0.000%	0.010%	0.009%	0.053%	0.081%	0.000%	0.123%	0.087%
30	0.007	0.015	0.031	0.028	0.040	0.037	0.357	0.459	0.000	0.010	0.009	0.063	0.081	0.000	0.122	0.086
35	0.007	0.035	0.031	0.063	0.070	0.065	0.451	0.459	0.000	0.014	0.013	0.080	0.081	0.000	0.211	0.148
40	0.022	0.069	0.102	0.128	0.133	0.120	0.569	0.510	0.000	0.018	0.017	0.101	0.090	0.000	0.400	0.274
45	0.045	0.119	0.204	0.219	0.168	0.178	0.714	0.587	0.000	0.016	0.017	0.126	0.104	0.000	0.507	0.406
50	0.067	0.173	0.306	0.319	0.203	0.255	1.012	0.765	0.000	0.014	0.018	0.179	0.135	0.000	0.613	0.581
55	0.089	0.297	0.408	0.546	0.271	0.353	1.309	1.173	0.000	0.014	0.018	0.231	0.207	0.000	0.818	0.805
60	0.111	0.297	0.510	0.546	0.354	0.488	1.606	2.066	0.000	0.014	0.019	0.284	0.365	0.000	1.069	1.113

\* It is assumed that 1% of disability retirements are due to accidents in the performance of duty.

Sample Ages	Annual Rates of Disability											
	Employees' Pension		State Police				Judges		LEOPS			
			Ordinary		Accidental				Ordinary		Accidental	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
25	0.029%	0.020%	0.783%	2.430%	0.522%	1.620%	0.031%	0.028%	0.286%	0.469%	0.190%	0.313%
30	0.030	0.021	0.998	2.603	0.554	1.446	0.031	0.028	0.366	0.503	0.203	0.279
35	0.042	0.030	1.255	2.627	0.680	1.423	0.031	0.064	0.458	0.507	0.248	0.275
40	0.055	0.038	1.666	3.057	0.787	1.443	0.103	0.129	0.606	0.595	0.286	0.281
45	0.049	0.039	2.233	3.721	0.872	1.454	0.206	0.221	0.813	0.721	0.318	0.282
50	0.044	0.041	3.191	4.885	1.219	1.865	0.309	0.322	1.163	0.947	0.444	0.362
55	0.041	0.041	4.103	7.459	1.590	2.891	0.412	0.552	1.495	1.446	0.579	0.560
60	0.042	0.044	5.032	13.107	1.965	5.118	0.515	0.552	1.834	2.537	0.716	0.991

CORS Municipal assumptions were the same as shown for Employees' Retirement Correctional.

# ACTUARIAL ASSUMPTIONS AND METHODS

## A. ACTUARIAL ASSUMPTIONS

### Rates of Normal Retirement

Ages	Annual Rates of Normal Retirement															
	Teachers' Retirement				Teachers' Pension				Employees' Retirement *				Employees' Pension			
	First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
45	25%	25%	15%	15%	15%	13%	10%	10%	17%	21%	5%	12%	14%	16%	7%	10%
46	25	25	15	15	15	13	10	10	17	21	5	12	14	16	7	10
47	25	25	15	15	15	13	10	10	17	21	5	12	14	16	7	10
48	25	25	15	15	15	13	10	10	17	21	5	12	14	16	7	10
49	25	25	15	15	15	13	10	10	17	21	11	12	14	16	7	10
50	25	25	15	15	15	13	10	10	17	21	11	12	14	16	7	10
51	25	25	15	15	15	13	10	10	17	21	11	12	14	17	7	10
52	25	25	15	15	15	13	10	10	17	21	11	12	14	17	7	10
53	25	25	15	15	15	13	10	10	17	21	11	12	14	17	7	10
54	25	25	15	15	15	13	10	10	17	21	11	15	14	17	7	10
55	25	25	15	15	15	13	10	10	17	21	11	15	14	17	7	10
56	25	25	15	15	15	13	10	10	17	21	11	15	14	17	7	10
57	25	25	15	20	15	24	10	10	17	21	11	15	14	17	7	10
58	25	25	15	20	15	24	10	10	17	21	11	15	14	26	7	11
59	25	25	18	20	20	24	10	10	17	21	11	15	14	26	11	11
60	25	25	18	20	20	24	17	13	17	21	11	15	14	26	11	16
61	25	25	18	20	20	24	17	13	17	21	20	15	14	26	18	16
62	25	25	20	30	20	24	25	24	17	21	40	30	22	26	34	35
63	25	25	18	25	20	7	14	17	17	21	20	22	25	6	14	16
64	25	25	18	20	20	7	14	17	17	21	20	22	5	6	14	16
65	25	25	20	30	20	7	22	20	17	21	20	30	5	6	20	23
66	25	25	18	25	20	7	16	20	17	21	20	22	5	6	15	16
67	25	25	18	20	20	7	16	15	17	21	20	22	5	6	15	16
68	25	25	18	20	20	7	16	15	17	21	20	22	5	6	15	16
69	25	25	18	20	20	7	16	15	17	21	20	22	5	6	15	16
70	25	100	20	20	20	7	16	15	17	21	20	22	5	6	15	16
71	25		20	20	20	7	16	15	17	21	20	22	5	6	15	16
72	25		10	20	20	7	16	15	17	21	20	22	5	6	15	16
73	25		10	20	20	7	16	15	17	21	20	22	5	6	15	16
74	25		10	20	20	7	16	15	17	21	20	22	5	6	15	16
75 & Over	100		100	100	100	100	100	100	100	100	100	100	100	100	100	100

\* 100% of Legislative members are assumed to retire at first eligibility.

# ACTUARIAL ASSUMPTIONS AND METHODS

## A. ACTUARIAL ASSUMPTIONS

### Rates of Normal Retirement

Ages	Annual Rates of Normal Retirement															
	Correctional Officers				State Police *				Judges				LEOPS			
	First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
40	24%	24%	12%	12%	30%	30%	30%	30%					53%	53%	15%	15%
41	24	24	12	12	30	30	30	30					53	53	15	15
42	24	24	12	12	30	30	30	30					53	53	15	15
43	24	24	12	12	30	30	30	30					53	53	15	15
44	24	24	12	12	30	30	30	30					53	53	15	15
45	24	24	12	12	30	30	30	30					53	53	15	15
46	24	24	12	12	30	30	30	30					53	53	15	15
47	24	24	12	12	30	30	30	30					53	53	15	15
48	24	24	12	12	30	30	30	30					53	53	15	15
49	24	24	12	12	30	30	30	30					53	53	15	15
50	24	24	12	12	30	30	30	30					23	23	15	15
51	24	24	12	12	30	30	30	30					23	23	15	15
52	24	24	12	12	30	30	30	30					23	23	15	15
53	24	24	12	12	30	30	30	30					23	23	15	15
54	24	24	12	12	30	30	30	30					23	23	15	15
55	24	24	12	12	30	30	60	60					23	23	20	20
56	24	24	12	12	30	30	38	38					23	23	20	20
57	24	24	12	12	30	30	45	45					23	23	20	20
58	24	24	12	12	30	30	60	60					23	23	20	20
59	24	24	12	12	30	30	75	75					23	23	20	20
60	30	30	12	12	100	100	100	100	10%	30%	10%	20%	23	23	30	30
61	30	30	12	12					10	30	10	20	23	23	30	30
62	30	30	31	31					10	30	10	20	100	100	40	40
63	30	30	21	21					10	30	10	20			40	40
64	30	30	21	21					10	30	10	20			40	40
65	99	99	21	21					10	30	10	20			100	100
66	99	99	21	21					10	30	10	20				
67	99	99	21	21					10	30	10	20				
68	99	99	21	21					10	30	20	20				
69	99	99	21	21					10	30	50	50				
70 & Over	100	100	100	100					10	30	100	100				

\* 50% of participants are expected to elect DROP participation.



# ACTUARIAL ASSUMPTIONS AND METHODS

## A. ACTUARIAL ASSUMPTIONS

### Rates of Early Retirement

Ages	Annual Rates of Early Retirement *															
	Teachers' Retirement				Teachers' Pension				Employees' Retirement				Employees' Pension			
	First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
40	3.0%	1.0%	1.0%	1.0%					2.5%	2.0%	2.0%	2.0%				
41	3.0	1.0	1.0	1.0					2.5	2.0	2.0	2.0				
42	3.0	1.0	1.0	1.0					2.5	2.0	2.0	2.0				
43	3.0	1.0	1.0	1.0					2.5	2.0	2.0	2.0				
44	3.0	1.0	1.0	1.0					2.5	2.0	2.0	2.0				
45	3.0	1.0	1.0	1.0					2.5	2.0	2.0	2.0				
46	3.0	1.0	1.0	1.0					2.5	2.0	2.0	2.0				
47	3.0	2.0	1.0	1.0					2.5	2.0	2.0	2.0				
48	3.0	2.0	1.0	1.0					2.5	2.0	2.0	2.0				
49	3.0	2.0	1.0	1.5					2.5	2.0	2.0	2.0				
50	3.0	2.0	1.0	1.5					2.5	2.0	2.0	2.0				
51	3.0	2.0	1.0	1.5					2.5	2.0	4.0	3.0				
52	3.0	2.0	2.0	2.0					2.5	2.0	4.0	3.0				
53	3.0	4.0	2.0	2.5					2.5	2.0	4.0	3.0				
54	3.5	4.0	3.0	2.5					2.5	2.0	4.0	3.0				
55	4.0	6.5	3.0	2.5	2.0%	4.5%	2.0%	4.5%	8.0	9.0	6.0	2.0	3.0%	3.5%	7.0%	10.0%
56	5.0	8.5	3.0	3.5	6.0	4.5	2.5	3.5	8.0	9.0	6.0	2.0	3.0	3.5	2.5	3.5
57	5.5	10.0	3.0	4.5	6.0	4.5	2.5	3.5	8.0	9.0	6.0	2.0	3.0	3.5	2.5	3.5
58	6.0	12.5	3.0	5.0	6.0	4.5	2.5	3.5	8.0	9.0	7.0	6.0	3.0	3.5	2.5	3.5
59	6.5	15.0	3.0	5.5	6.0	8.0	4.5	5.0	8.0	9.0	7.0	6.0	3.0	3.5	4.5	5.5
60					6.0	8.0	4.5	5.0					8.0	8.0	4.5	5.5
61					6.0	8.0	6.0	8.0					8.0	8.0	13.0	13.0
62																

\* Divisions without early retirement eligibility are not shown.

# ACTUARIAL ASSUMPTIONS AND METHODS

## A. ACTUARIAL ASSUMPTIONS

Ages	Probability of Leaving Contributions in the Plan Upon Withdrawal						
	Teachers' Retirement and Pension		Employees' Retirement and Pension		Correctional & Legislative	State Police & LEOPS	Judges
	Male	Female	Male	Female			
20	75.0%	66.7%	87.5%	94.4%	100.0%	100.0%	50.0%
25	91.5	91.3	76.8	86.9	100.0	100.0	50.0
30	90.3	93.0	70.6	87.2	100.0	100.0	100.0
35	88.4	93.5	68.2	84.6	100.0	100.0	100.0
40	100.0	100.0	100.0	100.0	100.0	100.0	100.0

# ACTUARIAL ASSUMPTIONS AND METHODS

## A. ACTUARIAL ASSUMPTIONS

### Social Security Covered Compensation

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Teachers' Retirement	Not applicable
Teachers' Pension	Future covered compensation levels, used to estimate member contributions and retirement allowances, were calculated using a 3.5% per annum compounded increase in the 2009 Social Security Maximum Taxable Wage Base.
Employees' Retirement	Not applicable
Employees' Pension	Future covered compensation levels, used to estimate member contributions and retirement allowances, were calculated using a 3.5% per annum compounded increase in the 2009 Social Security Maximum Taxable Wage Base.
State Police Retirement	Not applicable
Judges' Pension	Not applicable
LEOPS	Future covered compensation levels, used to estimate member contributions and retirement allowances, were calculated using a 3.5% per annum compounded increase in the 2009 Social Security Maximum Taxable Wage Base.
Correctional Officers' Retirement System	Not applicable

# ACTUARIAL ASSUMPTIONS AND METHODS

## B. ACTUARIAL PROCEDURES

### 1. Asset Valuation Method

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Teachers' Retirement & Pension

Employees' Retirement & Pension

State Police

Judges

LEOPS

Correctional Officers' Retirement System

All six Systems use a method based on the principle that the difference between actual and expected investment returns should be subject to partial recognition to smooth out fluctuations in the total return achieved by the fund from year to year. Under this method, the actuarial value of assets reflects annually one-fifth of the market value gains or losses for the five prior years. The resulting value is restricted to be not less than 80% of market value nor greater than 120% of market value. As of June 30, 2007, the calculation of market gains or losses included the difference between market and actuarial assets as of June 30, 2006.

For the Employees' Retirement & Pension System and for LEOPS, assets must be allocated between State and Municipal Corporation members. Beginning July 1, 1984, this allocation is based upon actual cash flows and shared investment results.

# ACTUARIAL ASSUMPTIONS AND METHODS

## B. ACTUARIAL PROCEDURES

### 2. Funding Method

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Teachers' Retirement & Pension

Employees' Retirement & Pension

State Police

Judges

LEOPS

Correctional Officers' Retirement System

All six Systems use the individual entry age normal method to determine costs. Under this funding method, a total contribution rate is determined which consists of two elements, the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual Entry Age Normal cost rate is determined as the value, as of age at entry into the plan, of the member's projected future benefits, and divided by the value, also as of the member's entry age, of his expected future salary.

In addition to contributions required to meet the System's normal cost, contributions will be required to fund the System's unfunded actuarial liability. Actuarial liability is defined as the present value of future benefits less the present value of future normal costs. The unfunded actuarial liability for all members less the actuarial value of the System's assets.

If the System's unfunded actuarial liability is increased by plan changes or actuarial losses or decreased by actuarial gains, these amounts will be included as part of the unfunded actuarial liability and funded over a 25-year amortization period.

Actuarial contributions for the Teachers and Employees Systems are based on a corridor method as described elsewhere.

**SUMMARY OF ASSUMPTIONS USED**  
**JUNE 30, 2010**  
**MISCELLANEOUS AND TECHNICAL ASSUMPTIONS**

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<b>Marriage Assumption:</b>	75% of males and females are assumed to be married for purposes of death-in-service benefits.
<b>Pay Increase Timing:</b>	Teachers' Systems assume 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. All other Systems assume middle of (Fiscal) year. This is equivalent to assuming that reported pays represent the annualized rate of pay at the beginning of the (Fiscal) year.
<b>Decrement Timing:</b>	Decrements of all types are assumed to occur mid-year. Except for Teachers' Systems which assumed beginning of year for retirement and termination.
<b>Eligibility Testing:</b>	Eligibility for benefits is determined based upon the age nearest birthday and rounded integer service on the date the decrement is assumed to occur.
<b>Benefit Service:</b>	Exact fractional service is used to determine the amount of benefit payable.
<b>Decrement Operation:</b>	Disability operates during retirement eligibility.
<b>Incidence of Contributions:</b>	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. New entrant normal cost contributions are applied to the funding of new entrant benefits.
<b>Unused Sick Leave:</b>	Each member is assumed to have an additional 5 months of service at retirement attributable to sick leave.
<b>Unknown Data for Participants:</b>	Average characteristics of the group as a whole are used to fill in the unknown data.
<b>Age of Spouse:</b>	In the absence of complete data, females are assumed to be 4 years younger than males.
<b>Liability Adjustments:</b>	A factor was used to adjust for optional forms of payment elected by actives decrementing under age and service retirement or vesting conditions and by vested terminated upon commencement as follows: Teachers' Retirement & Pension: 0.975 Employees' Retirement & Pension: 0.9775

## DEFINITIONS OF TECHNICAL TERMS

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**Accrued Service** - Service credited under the system which was rendered before the date of the actuarial valuation.

**Actuarial Accrued Liability** - The difference between the actuarial present value of system benefits and the actuarial present value of future normal costs. Also referred to as "past service liability."

**Actuarial Assumptions** - Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

**Actuarial Cost Method** - A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future benefits" between future normal costs and actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

**Actuarial Equivalent** - One series of payments is said to be actuarially equivalent to another series of payments if the two series have the same actuarial present value.

**Actuarial Gain (Loss)** - The difference between actual unfunded actuarial accrued liabilities and anticipated unfunded actuarial accrued liabilities -- during the period between two valuation dates. It is a measurement of the difference between actual and expected experience.

**Actuarial Present Value** - The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payments.

**Amortization** - Paying off an interest-discounted amount with periodic payments of interest and (generally) principal -- as opposed to paying off with a lump sum payment.

**Normal Cost** - The portion of the actuarial present value of future benefits that is assigned to the current year by the actuarial cost method. Sometimes referred to as "current service cost."

**Projected Benefit Obligation** - The portion of a member's projected benefit attributable to service before the valuation date - allocated based on the ratio of accrued service to projected total service and based on anticipated future compensation.

**Unfunded Actuarial Accrued Liabilities** - The difference between actuarial accrued liabilities and valuation assets. Sometimes referred to as "unfunded past service liability" or "unfunded supplemental present value."

Most retirement systems have unfunded actuarial accrued liabilities. They arise each time new benefits are added and each time an actuarial loss occurs.

The existence of unfunded actuarial accrued liabilities is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial accrued liabilities do not represent a debt that is payable today. What is important is the ability to amortize the unfunded actuarial accrued liabilities and the trend in their amount (after due allowance for devaluation of the dollar).



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## **APPENDIX B**

### MEMBERSHIP INFORMATION

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**STATE RETIREMENT AND PENSION SYSTEM**  
**SUMMARY OF MEMBERSHIP DATA AS OF JUNE 30, 2010**  
**(STATE AND MUNICIPAL)**

		Active Members		Retirees and Beneficiaries				Vested Former Members (Includes Inactives)	Total
		Number	Salary	Number	Benefits	Ave. Age	Avg. Age at Ret.*	Number	Number
Teachers' Retirement	Total	3,111	\$ 269,775,400						
	Vested	3,111	\$ 269,775,400						
	Non-vested	0	\$ -	30,271	\$ 955,446,265	74.3	58.7	901	34,283
Teachers' Pension	Total	103,162	\$ 5,984,872,410						
	Vested	75,194	\$ 4,734,258,656						
	Non-vested	27,968	\$ 1,250,613,754	27,268	\$ 485,143,780	67.7	61.0	22,116	152,546
Employees' Retirement	Total	9,665	\$ 463,375,639						
	Vested	6,243	\$ 328,811,318						
	Non-vested	3,422	\$ 134,564,321	23,475	\$ 438,571,739	72.8	57.9	999	34,139
Employees' Pension	Total	77,660	\$ 3,674,098,155						
	Vested	56,680	\$ 2,861,351,260						
	Non-vested	20,980	\$ 812,746,895	35,418	\$ 399,498,069	67.5	61.7	27,478	140,556
State Police	Total	1,354	\$ 81,705,369						
	Vested	991	\$ 66,046,308						
	Non-vested	363	\$ 15,659,061	2,282	\$ 96,321,179	60.0	48.2	77	3,713
Judges	Total	294	\$ 39,960,883						
	Vested	294	\$ 39,960,883						
	Non-vested	0	\$ 0	351	\$ 23,868,484	75.9	64.9	6	651
LEOPS	Total	2,474	\$ 140,199,243						
	Vested	1,774	\$ 108,525,553						
	Non-vested	700	\$ 31,673,690	1,182	\$ 36,041,057	57.0	52.5	198	3,854
CORS	Total	66	\$ 3,956,462						
	Vested	56	\$ 3,518,062						
	Non-vested	10	\$ 438,400	0	\$ -	0.0	0.0	0	66
Total Systems	Total	197,786	\$ 10,657,943,561						
	Vested	144,343	\$ 8,412,247,440						
	Non-vested	53,443	\$ 2,245,696,121	120,247	\$ 2,434,890,574	70.0	59.7	51,775	369,808

\* Includes normal and early service retirees only.

**STATE RETIREMENT AND PENSION SYSTEM**  
**SUMMARY OF MEMBERSHIP DATA AS OF JUNE 30, 2010**  
**(STATE ONLY)**

		<u>Active Members</u>		<u>Retirees and Beneficiaries</u>				<b>Vested Former Members (Includes Inactives)</b>	<b>Total Number</b>
		<b>Number</b>	<b>Salary</b>	<b>Number</b>	<b>Benefits</b>	<b>Ave. Age</b>	<b>Avg. Age at Ret.*</b>	<b>Number</b>	
Teachers' Retirement	Total	3,111	\$ 269,775,400						
	Vested	3,111	\$ 269,775,400						
	Non-vested	0	\$ -	30,271	\$ 955,446,265	74.3	58.7	901	34,283
Teachers' Pension	Total	103,162	\$ 5,984,872,410						
	Vested	75,194	\$ 4,734,258,656						
	Non-vested	27,968	\$ 1,250,613,754	27,268	\$ 485,143,780	67.7	61.0	22,116	152,546
Employees' Retirement	Total	9,378	\$ 446,707,131						
	Vested	5,978	\$ 312,990,408						
	Non-vested	3,400	\$ 133,716,723	19,351	\$ 374,981,427	72.0	57.4	926	29,655
Employees' Pension	Total	52,977	\$ 2,663,024,243						
	Vested	39,180	\$ 2,076,705,154						
	Non-vested	13,797	\$ 586,319,089	26,233	\$ 313,845,390	67.3	61.2	20,978	100,188
State Police	Total	1,354	\$ 81,705,369						
	Vested	991	\$ 66,046,308						
	Non-vested	363	\$ 15,659,061	2,282	\$ 96,321,179	60.0	48.2	77	3,713
Judges	Total	294	\$ 39,960,883						
	Vested	294	\$ 39,960,883						
	Non-vested	0	\$ -	351	\$ 23,868,484	75.9	64.9	6	651
LEOPS	Total	1,535	\$ 87,705,828						
	Vested	1,093	\$ 67,547,256						
	Non-vested	442	\$ 20,158,572	1,020	\$ 30,821,709	57.6	52.6	150	2,705
Total Systems	Total	171,811	\$ 9,573,751,264						
	Vested	125,841	\$ 7,567,284,065						
	Non-vested	45,970	\$ 2,006,467,199	106,776	\$ 2,280,428,236	70.0	59.5	45,154	323,741

\* Includes normal and early service retirees only.

**STATE RETIREMENT AND PENSION SYSTEM**  
**SUMMARY OF MEMBERSHIP DATA AS OF JUNE 30, 2010**  
**(MUNICIPAL ONLY)**

		<u>Active Members</u>		<u>Retirees and Beneficiaries</u>				<u>Vested Former Members (Includes Inactives)</u>	<u>Total Number</u>
		<u>Number</u>	<u>Salary</u>	<u>Number</u>	<u>Benefits</u>	<u>Avg. Age</u>	<u>Avg. Age at Ret.*</u>	<u>Number</u>	
Employees' Retirement	Total	287	\$ 16,668,508						
	Vested	265	\$ 15,820,910						
	Non-vested	22	\$ 847,598	4,124	\$ 63,590,311	76.5	60.6	73	4,484
Employees' Pension	Total	24,683	\$ 1,011,073,912						
	Vested	17,500	\$ 784,646,107						
	Non-vested	7,183	\$ 226,427,805	9,185	\$ 85,652,679	68.0	63.1	6,500	40,368
LEOPS	Total	939	\$ 52,493,415						
	Vested	681	\$ 40,978,297						
	Non-vested	258	\$ 11,515,118	162	\$ 5,219,348	52.6	52.0	48	1,149
CORS	Total	66	\$ 3,956,462						
	Vested	56	\$ 3,518,062						
	Non-vested	10	\$ 438,400	0	\$ -	0.0	0.0	0	66
Total Systems	Total	25,975	\$ 1,084,192,297						
	Vested	18,502	\$ 844,963,376						
	Non-vested	7,473	\$ 239,228,921	13,471	\$ 154,462,338	70.4	62.2	6,621	46,067

\* Includes normal and early service retirees only.

## ACTIVE MEMBERSHIP INFORMATION

<b>Maryland State Retirement and Pension System</b>				
<b>Active Membership Statistics</b>				
<b>June 30, 2010</b>				
<b>System</b>	<b>Number</b>	<b>Average Age</b>	<b>Average Service</b>	<b>Average Salary</b>
Teachers' Retirement	3,111	60.5	35.0	\$ 86,717
Teachers' Pension	103,162	44.6	11.5	58,014
Employees' Retirement – State	1,301	59.3	34.8	65,855
Employees' Retirement – Municipal	287	57.5	31.9	58,078
Employees' Retirement – Legislators	178	56.1	11.3	43,646
Employees' Retirement – Correctional Officers	7,899	40.6	9.5	44,722
Employees' Retirement – Total	<u>9,665</u>	<u>43.9</u>	<u>13.6</u>	<u>47,944</u>
Employees' Pension – State	52,977	47.9	13.4	50,268
Employees' Pension – Municipal	24,683	48.6	11.3	40,962
Employees' Pension – Total	<u>77,660</u>	<u>48.1</u>	<u>12.8</u>	<u>47,310</u>
State Police	1,354	35.4	11.0	60,344
Judges	294	57.7	9.6	135,921
LEOPS – State	1,535	41.2	11.0	57,137
LEOPS – Municipal	939	38.5	10.6	55,904
LEOPS – Total	<u>2,474</u>	<u>40.1</u>	<u>10.9</u>	<u>56,669</u>
CORS	66	44.6	13.2	59,946
<b>TOTAL SYSTEMS</b>	<b>197,786</b>	<b>46.1</b>	<b>12.5</b>	<b>53,886</b>
	<b>Teachers' Retirement</b>		<b>Employees' Retirement</b>	
	<b>Number</b>	<b>Earnings</b>	<b>Number</b>	<b>Earnings</b>
Unlimited COLA	1,948	\$ 171,130,910	993	\$ 63,573,532
5% COLA Cap	764	64,845,213	479	31,326,939
Bifurcate	399	33,799,277	116	7,444,828
	<u>3,111</u>	<u>\$ 269,775,400</u>	<u>1,588</u>	<u>\$ 102,345,299</u>

**ACTIVE MEMBERSHIP – AGE & SERVICE DISTRIBUTION  
JUNE 30, 2010**

**TEACHERS' COMBINED SYSTEM**

Age Nearest Birthday	Years of Service at Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	6							6	\$ 49,716
20-24	2,240	26						2,266	88,054,457
25-29	8,773	3,542	12					12,327	561,561,450
30-34	3,969	6,584	1,874	1				12,428	657,235,333
35-39	2,918	3,243	4,696	1,002	9			11,868	700,402,201
40-44	2,888	2,834	2,984	2,959	844	9		12,518	757,986,417
45-49	2,667	2,833	2,436	1,519	1,998	597	22	12,072	700,798,923
50-54	2,095	2,753	2,723	1,619	1,605	1,541	988	13,324	797,087,641
55-59	1,334	2,025	2,468	1,978	1,972	1,360	3,568	14,705	980,876,015
60	183	290	363	349	382	255	799	2,621	185,068,199
61	179	292	324	289	406	225	722	2,437	168,906,398
62	156	232	310	262	377	231	686	2,254	156,851,168
63	137	263	247	217	344	192	551	1,951	136,105,103
64	91	184	201	142	229	148	440	1,435	99,385,549
65	60	138	127	83	153	101	250	912	62,480,068
66	64	106	111	64	109	91	240	785	53,630,252
67	46	86	74	42	74	67	216	605	41,637,475
68	28	76	73	28	48	48	159	460	29,735,183
69	25	53	47	27	33	33	117	335	21,182,315
70	29	31	28	17	16	25	89	235	14,122,077
71	26	24	23	7	13	11	52	156	10,246,641
72	15	20	20	12	15	6	40	128	6,960,860
73	13	12	14	7	4	7	35	92	5,378,727
74	4	10	19	4	10	5	45	97	6,056,720
75	11	10	5	5	5	5	21	62	3,065,828
76	3	9	8	9	7	7	17	60	2,807,371
77	7	3	6	2	1	1	15	35	2,036,315
78	2	5	3	1	1	1	12	25	1,411,606
79		9	12	7	7	6	33	74	3,527,802
<b>Totals</b>	<b>27,969</b>	<b>25,693</b>	<b>19,208</b>	<b>10,652</b>	<b>8,662</b>	<b>4,972</b>	<b>9,117</b>	<b>106,273</b>	<b>\$6,254,647,810</b>

**ACTIVE MEMBERSHIP – AGE & SERVICE DISTRIBUTION  
JUNE 30, 2010**

**EMPLOYEES' COMBINED SYSTEM**

Age Nearest Birthday	Years of Service at Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	26							26	\$ 483,305
20-24	1,844	87						1,931	62,798,042
25-29	4,088	1,130	33					5,251	196,725,357
30-34	3,238	2,351	789	17				6,395	267,545,504
35-39	3,056	2,301	2,056	539	58			8,010	355,345,979
40-44	2,974	2,449	2,393	1,438	1,158	96		10,508	489,690,133
45-49	3,050	2,615	2,527	1,603	2,155	1,420	182	13,552	653,209,214
50-54	2,574	2,335	2,408	1,661	2,079	1,996	1,616	14,669	732,912,823
55-59	1,797	1,947	1,946	1,459	1,735	1,537	2,907	13,328	694,532,054
60	316	315	352	241	316	263	554	2,357	122,337,062
61	262	331	313	235	286	214	523	2,164	112,219,315
62	262	291	307	214	250	191	464	1,979	103,324,961
63	207	241	265	177	193	144	341	1,568	82,012,980
64	154	235	203	145	180	109	236	1,262	65,669,799
65	92	151	129	141	114	85	162	874	44,075,324
66	89	138	126	99	88	50	128	718	34,567,602
67	80	99	116	69	67	58	106	595	28,789,297
68	56	79	75	58	62	37	100	467	22,102,634
69	32	59	67	39	40	32	62	331	15,082,273
70	34	64	41	32	34	17	44	266	11,025,020
71	22	38	47	23	29	15	35	209	9,173,935
72	22	34	45	24	21	17	32	195	8,141,704
73	20	28	35	12	25	4	29	153	6,225,289
74	16	24	22	13	13	9	16	113	4,010,177
75	12	17	17	18	14	13	11	102	4,018,040
76	13	20	20	8	7	6	13	87	3,233,406
77	3	6	7	7	8	5	8	44	1,891,808
78	5	7	5	4	6	4	2	33	1,291,899
79	13	21	35	14	15	14	26	138	5,038,858
<b>Totals</b>	<b>24,357</b>	<b>17,413</b>	<b>14,379</b>	<b>8,290</b>	<b>8,953</b>	<b>6,336</b>	<b>7,597</b>	<b>87,325</b>	<b>\$4,137,473,794</b>

**ACTIVE MEMBERSHIP – AGE & SERVICE DISTRIBUTION  
JUNE 30, 2010**

**STATE POLICE**

Age Nearest Birthday	Years of Service at Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	11							11	\$ 261,767
20-24	117	6						123	4,811,227
25-29	146	104	5					255	12,618,979
30-34	40	88	79	3				210	11,881,650
35-39	28	50	100	82	5			265	16,669,259
40-44	17	29	57	100	94			297	20,946,706
45-49	3	11	12	31	74	9		140	10,521,996
50-54	1	3	7	11	16	3	3	44	3,256,603
55-59			1		1	1	5	8	666,548
60							1	1	70,634
<b>Totals</b>	<b>363</b>	<b>291</b>	<b>261</b>	<b>227</b>	<b>190</b>	<b>13</b>	<b>9</b>	<b>1,354</b>	<b>\$81,705,369</b>



**ACTIVE MEMBERSHIP – AGE & SERVICE DISTRIBUTION  
JUNE 30, 2010**

**JUDGES**

Age Nearest Birthday	Years of Service at Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20								0	\$ 0
20-24								0	0
25-29								0	0
30-34								0	0
35-39	2							2	267,604
40-44	10							10	1,285,620
45-49	17	9	1					27	3,589,104
50-54	17	16	13	4				50	6,796,601
55-59	20	17	19	18				74	10,090,426
60	2	6	5	7				20	2,698,040
61	3	5	8	7				23	3,093,196
62	1	4	5	6				16	2,154,048
63	4	3	3	8				18	2,482,236
64	3	1	2	3				9	1,245,868
65	3	2	2	3				10	1,395,420
66		1	1	4				6	837,912
67	3	2		7				12	1,659,724
68			2	4				6	825,112
69	1			5				6	829,012
70			2	3				5	710,960
<b>Totals</b>	<b>86</b>	<b>66</b>	<b>63</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>294</b>	<b>\$39,960,883</b>

**ACTIVE MEMBERSHIP – AGE & SERVICE DISTRIBUTION  
JUNE 30, 2010**

**LEOPS**

Age Nearest Birthday	Years of Service at Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20								0	\$ 0
20-24	117	6						123	5,046,833
25-29	196	92	6					294	13,426,069
30-34	127	168	61	1				357	17,757,973
35-39	75	115	133	67	4			394	21,600,614
40-44	60	103	111	142	86	1		503	30,057,766
45-49	51	48	48	52	141	43		383	25,050,682
50-54	42	36	20	21	46	23	17	205	13,595,467
55-59	25	33	18	15	19	9	13	132	8,131,180
60	2	1	5	5	3	2	8	26	1,795,463
61	3	2	3	4	2	1	1	16	1,032,721
62	2	6	2	1			5	16	1,107,987
63		1	1	4		1	1	8	516,473
64		4		3			1	8	528,968
65			2					2	130,653
67		1		1	1			3	170,514
68			1				1	2	149,716
69		1		1				2	100,164
<b>Totals</b>	<b>700</b>	<b>617</b>	<b>411</b>	<b>317</b>	<b>302</b>	<b>80</b>	<b>47</b>	<b>2,474</b>	<b>\$140,199,243</b>

# ACTIVE MEMBERSHIP – AGE & SERVICE DISTRIBUTION JUNE 30, 2010

## CORS

Age Nearest Birthday	Years of Service at Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20								0	\$ 0
20-24	1							1	39,371
25-29	4	1						5	217,564
30-34		2	3					5	266,333
35-39	3	4	7					14	765,128
40-44		3	1	1				5	272,922
45-49	1	3	1	2	1	3	1	12	778,668
50-54	1	2	4	1		6		14	943,701
55-59		2	2		1	1	1	7	452,663
60		1						1	45,604
63			1					1	56,953
69							1	1	117,555
<b>Totals</b>	<b>10</b>	<b>18</b>	<b>19</b>	<b>4</b>	<b>2</b>	<b>10</b>	<b>3</b>	<b>66</b>	<b>\$3,956,462</b>

**RETIRED MEMBERSHIP STATISTICS**  
**JUNE 30, 2010**  
**(STATE AND MUNICIPAL)**

<b>System</b>	<b>Number</b>	<b>Average Age</b>	<b>Average Credited Service*</b>	<b>Average Final Average Salary*</b>	<b>Average Benefit</b>
Teachers' Retirement	30,271	74.3	27.7	\$ 44,899	\$ 31,563
Teachers' Pension	27,268	67.7	22.2	50,173	17,792
Employees' Retirement – State	19,351	72.0	23.9	\$ 32,199	\$ 19,378
Employees' Retirement – Municipal	4,124	76.5	23.0	25,061	15,420
Employees' Retirement – Total	23,475	72.8	23.7	30,945	18,683
Employees' Pension – State	26,233	67.3	20.2	\$ 38,067	\$ 11,964
Employees' Pension – Municipal	9,185	68.0	16.7	31,291	9,325
Employees' Pension – Total	35,418	67.5	19.3	36,310	11,280
State Police	2,282	60.0	24.2	\$ 50,173	\$ 42,209
Judges	351	75.9	13.9	\$ 134,998	\$ 68,001
LEOPS – State	1,020	57.6	23.8	\$ 51,630	\$ 30,217
LEOPS – Municipal	162	52.6	22.9	56,150	32,218
LEOPS – Total	1,182	57.0	23.6	52,249	30,492
Total - State	106,776	70.0	23.6	\$ 42,638	\$ 21,357
Total - Municipal	13,471	70.4	18.7	29,683	11,466
<b>TOTAL SYSTEMS</b>	<b>120,247</b>	<b>70.0</b>	<b>23.1</b>	<b>41,186</b>	<b>20,249</b>

\* Only non-zero values included in averages.

**RETIRED MEMBERSHIP – ATTAINED AGE**  
**JUNE 30, 2010**  
**(STATE AND MUNICIPAL)**

Attained Age	Teachers'		Employees		State Police		Judges		LEOPS		Total	
	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits
Under 30	18	\$ 232,121	40	\$ 373,220	4	\$ 90,815	-	-	11	\$ 217,628	73	\$ 913,784
30-34	23	513,034	48	820,806	17	569,285	-	-	13	381,159	101	2,284,284
35-39	52	1,210,144	182	3,404,903	65	2,548,796	-	-	30	997,385	329	8,161,228
40-44	110	2,433,513	527	9,664,503	162	7,011,619	-	-	65	2,069,556	864	21,179,191
45-49	190	3,949,173	1,397	25,261,178	258	11,195,765	1	42,417	98	3,364,112	1,944	43,812,645
50-54	611	14,993,484	2,747	51,521,174	278	12,156,580	1	21,209	246	7,977,659	3,883	86,670,104
55-59	3,750	115,923,227	5,292	98,484,811	343	15,111,580	3	107,008	277	8,719,387	9,665	238,346,013
60-64	11,457	319,777,183	9,709	162,206,259	398	16,511,076	38	2,794,796	243	7,127,841	21,845	508,417,157
65-69	13,068	320,024,312	11,401	158,916,627	297	12,302,469	48	3,320,702	107	2,840,192	24,921	497,404,302
70-74	9,787	228,755,509	9,510	117,208,962	225	8,295,337	73	5,415,626	56	1,481,939	19,651	361,157,373
75-79	7,823	185,199,526	7,629	89,351,053	130	4,865,001	75	5,100,820	29	739,959	15,686	285,256,358
80-84	5,753	135,419,739	5,540	66,204,553	58	2,650,897	57	3,534,750	6	102,187	11,414	207,912,125
85-89	3,240	72,920,025	3,283	36,827,975	36	2,213,708	32	2,041,268	1	22,053	6,592	114,025,029
90-94	1,270	28,131,458	1,286	14,295,095	7	464,258	18	1,263,545	-	-	2,581	44,154,356
95-99	340	9,856,817	275	3,163,687	4	333,993	5	226,343	-	-	624	13,580,840
100-104	42	1,121,315	27	365,003							69	1,486,318
105-109	5	129,465									5	129,465
	<b>57,539</b>	<b>\$ 1,440,590,046</b>	<b>58,893</b>	<b>\$ 838,069,808</b>	<b>2,282</b>	<b>\$ 96,321,179</b>	<b>351</b>	<b>\$ 23,868,484</b>	<b>1,182</b>	<b>\$ 36,041,057</b>	<b>120,247</b>	<b>\$ 2,434,890,574</b>

**RETIRED MEMBERSHIP\* – BY CALENDAR YEAR OF RETIREMENT**  
**JUNE 30, 2010**  
**(STATE AND MUNICIPAL)**

Attained Age	Teachers'		Employees		State Police		Judges		LEOPS		Total	
	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits
Before 1980	1,347	\$ 40,012,817	830	\$ 14,122,029	54	\$ 2,089,488	1	\$ 52,145	-	-	2,232	\$ 56,276,478
1980	439	11,311,594	251	3,771,783	16	518,685	-	-	-	-	706	15,602,062
1981	489	12,006,562	408	5,942,417	26	874,321	2	178,403	-	-	925	19,001,702
1982	550	12,749,878	395	4,921,151	24	790,511	-	-	-	-	969	18,461,541
1983	777	18,846,232	579	7,730,713	35	1,105,531	2	187,136	-	-	1,393	27,869,612
1984	755	18,785,653	720	9,858,240	42	1,321,282	-	-	-	-	1,517	29,965,175
1985	683	15,279,517	610	8,252,043	48	1,653,093	6	486,873	-	-	1,347	25,671,525
1986	863	20,218,688	681	9,004,681	37	1,246,982	4	380,206	-	-	1,585	30,850,557
1987	744	16,925,672	785	10,857,713	39	1,317,532	6	519,752	-	-	1,574	29,620,669
1988	870	21,801,677	906	12,630,728	42	1,346,532	4	365,539	-	-	1,822	36,144,476
1989	1,047	25,936,582	913	13,199,903	52	2,045,571	3	151,646	-	-	2,015	41,333,702
1990	1,056	26,545,328	943	13,020,086	44	1,628,569	7	626,107	12	272,347	2,062	42,092,438
1991	1,243	35,152,954	1,199	16,930,537	42	1,715,481	2	187,136	14	393,981	2,500	54,380,088
1992	1,846	53,730,006	1,436	19,912,589	88	3,689,226	7	579,806	17	488,763	3,394	78,400,389
1993	1,458	37,625,186	1,348	17,169,720	61	2,426,571	5	351,388	13	350,536	2,885	57,923,402
1994	1,545	37,125,587	1,425	17,941,855	66	2,719,461	5	404,547	11	327,526	3,052	58,518,976
1995	1,735	40,560,806	1,672	21,907,496	56	2,298,200	12	960,423	13	389,261	3,488	66,116,186
1996	1,901	45,728,322	2,816	42,313,158	77	3,016,973	10	897,056	13	376,699	4,817	92,332,209
1997	2,010	48,409,870	1,944	26,757,300	57	2,214,720	7	631,441	16	329,826	4,034	78,343,157
1998	2,193	55,165,186	1,768	21,537,841	60	2,353,992	7	470,835	19	512,061	4,047	80,039,914
1999	2,638	67,989,897	1,872	24,147,979	63	2,820,591	10	892,432	33	694,131	4,616	96,545,029
2000	2,638	65,667,963	2,063	25,443,288	134	6,313,582	10	945,355	70	1,956,910	4,915	100,327,099
2001	2,563	63,772,688	2,123	28,047,562	95	4,517,848	10	768,179	99	3,141,071	4,890	100,247,346
2002	2,697	65,827,135	2,385	32,328,121	89	4,506,730	10	847,769	90	2,854,777	5,271	106,364,533
2003	2,672	67,884,625	2,828	41,252,436	105	5,351,035	11	937,025	92	3,291,762	5,708	118,716,884
2004	3,031	77,841,039	3,148	47,798,809	98	4,726,704	14	1,065,741	81	2,643,578	6,372	134,075,871
2005	3,024	74,020,020	3,299	50,825,684	120	5,220,120	15	1,197,812	96	3,232,412	6,554	134,496,048
2006	2,620	66,080,274	2,945	45,307,936	89	3,881,039	16	1,157,132	88	2,826,100	5,758	119,252,481
2007	2,887	76,809,638	3,251	52,807,293	102	4,197,355	22	1,693,852	89	2,767,877	6,351	138,276,015
2008	2,883	76,135,623	3,255	53,942,849	83	3,468,407	13	1,039,164	97	3,158,736	6,331	137,744,778
2009	2,639	67,654,396	3,202	53,009,772	69	3,069,737	17	1,378,301	120	3,923,084	6,047	129,035,290
2010	619	13,804,021	1,614	28,658,015	24	1,160,905	8	638,990	42	1,317,529	2,307	45,579,460
	<b>54,462</b>	<b>\$ 1,377,405,434</b>	<b>53,614</b>	<b>\$ 781,351,725</b>	<b>2,037</b>	<b>\$ 85,606,773</b>	<b>246</b>	<b>\$ 19,992,191</b>	<b>1,125</b>	<b>\$ 35,248,968</b>	<b>111,484</b>	<b>\$ 2,299,605,091</b>

\* Does not include beneficiaries.

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## **APPENDIX C**

### SUMMARY OF PLAN PROVISIONS

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# TEACHERS' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

## 1. Membership

System closed to new members hired on or after January 1, 1980. Members on December 31, 1979 continue to be members unless they elected to transfer into the Teachers' Pension System (established January 1, 1980) prior to January 1, 2005.

Membership includes any teacher, helping teacher, principal, supervisor, superintendent, or clerk employed in public day school within the State of Maryland, or controlled by the State; any librarian or clerical employee of a library established or operated under the Education Article; any professional or clerical employee of a community college established or operated under the Education Article; or staff employee of the University System of Maryland, Morgan University or St. Mary's College who is a member as of January 1, 1998

## 2. Member Contributions

Retirement System members participate under one of three elections (effective July 1, 1984):

- Plan A: Generally 7% of earnable compensation to maintain all benefits, including unlimited compounded cost-of-living adjustments.
- Plan B: Generally 5% of earnable compensation to maintain all benefits, except the compounded cost-of-living adjustments which are capped at 5%.
- Plan C: 5% of earnable compensation as determined under the employee contribution for the Teachers' Pension System (Plan C provides a two-part benefit based on benefits of the Teachers' Retirement System and the Teachers' Pension System).

Interest earned on all employee contributions is 4% per year.

## 3. Service Retirement Allowance

Eligibility: 30 years of eligibility service or attainment of age 60.

Allowance:  $1/55^{\text{th}}$  of average final compensation for the three highest years as a member for each year of creditable service. Creditable service is based on a full normal working time for teachers – ten months equals one year.

Plan C: For creditable service before election date, the amount determined by the service retirement formula for Teachers' Retirement System; for creditable service after election date, the amount determined by the service retirement formula for the Teachers' Pension System.

## 4. Early Retirement Allowance

Eligibility: 25 years of eligibility service.

Allowance: Service Retirement allowance reduced by .005 for each month that date of retirement precedes the earlier of age 60 or the date the member would have completed 30 years of eligibility service. The maximum reduction is 30%.

## **TEACHERS' RETIREMENT SYSTEM OF THE STATE OF MARYLAND**

Plan C: For creditable service before election date, the amount determined by the service retirement formula for Teachers' Retirement System with a maximum reduction of 30%; for creditable service after election date, the amount determined by the service retirement formula for the Teachers' Pension System with a .005 reduction for each month retirement occurs prior to age 62 (maximum reduction of 42%).

### **5. Disability Retirement Allowance**

#### **Ordinary**

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is permanent.

Allowance: The benefit is 1/55<sup>th</sup> of average final compensation for the three highest years as a member for each year of creditable service. The minimum benefit is 25% of average final compensation; the maximum benefit can be no greater than 1/55<sup>th</sup> of average final compensation for each year of creditable service the member would have accrued if employment continued to age 60.

Plan C: The benefit is the greater of the Teachers' Retirement System allowance noted above, or the ordinary disability benefit of the Teachers' Pension System.

#### **Accidental**

Eligibility: Certification of the medical board designated by the Board of Trustees that member is totally and permanently incapacitated from the performance of the normal duties of the member's position as the natural and proximate result of an accident that occurred in the actual performance of duty.

Allowance: The benefit is 66 2/3% of average final compensation for the three highest years as a member, plus the annuity provided by accumulated member contributions. The maximum benefit cannot be greater than the average final compensation.

### **6. Death Benefits**

Eligibility: One year of eligibility service.

Benefit: One time lump sum payment of member's annual earnable compensation at time of death plus accumulated contributions. If member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

#### **Spouse Law**

Eligibility: Surviving spouse designated as the sole primary beneficiary and the deceased member was eligible to retire or was age 55 with at least 15 years of eligibility service.

# **TEACHERS' RETIREMENT SYSTEM OF THE STATE OF MARYLAND**

Benefit: Surviving spouse may elect a one time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions, or a monthly allowance under Option 2 (100% survivor benefit).

## **Special Death Benefit**

Eligibility: Killed in line of duty.

Benefit: 66 2/3% of average final compensation for the three highest years as a member payable to a surviving spouse, dependent children or dependent parents. Accumulated member contributions are paid to the designated beneficiary(ies).

Note: Death benefits outlined above are payable upon death of an active member. If member is not active, only accumulated member contributions are payable at time of death.

## **7. Vested Retirement Allowance**

Eligibility: Five years of eligibility service.

Allowance: Accrued retirement allowance payable at age 60, provided member does not withdraw accumulated contributions.

## **8. Cost-of-Living Adjustments (COLA)**

All retirement allowances may be adjusted based on the Consumer Price Index. The adjustments are effective July 1 for all benefits which have been in payment for one year.

- Plan A: Unlimited and compounded.
- Plan B: Capped at 5% and compounded.
- Plan C: Combination of COLA for Plan A or Plan B - depending on member election prior to electing Plan C - for benefit calculated under the Teachers' Retirement System, plus capped 3% compounded COLA on benefit calculated under the Teachers' Pension System.

## **9. Optional Forms of Payment**

Normal service allowance is a single life annuity.

Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.

Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 3: 50% joint and survivor annuity.

Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.

## **TEACHERS' RETIREMENT SYSTEM OF THE STATE OF MARYLAND**

- Option 5: 100% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.
- Option 6: 50% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Retirees who are to receive a service retirement, early service retirement, disability benefit, or vested allowance of less than \$50 a month may elect to receive a lump-sum payment equal to the present value in lieu of a monthly benefit.

### **10. Reduction for Benefits Payable under Workers' Compensation**

Disability retirement allowances, excluding annuity reserves, are reduced for workers' compensation benefits payable after retirement from injury occurring during employment by the State if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid for the same period of time for which the retirement benefits are paid.

### **11. Change in Benefits**

Effective April 2010, the July 2010 cost-of-living adjustment for eligible retirees was determined to be 0.00 with the actual negative adjustment (-.0356) to be offset against a future positive cost-of-living adjustment.

# TEACHERS' PENSION SYSTEM OF THE STATE OF MARYLAND

## 1. Membership

Membership is a condition of employment for all teachers hired on or after January 1, 1980. Certain eligible higher education employees may elect to join an optional defined contribution program provided by the State. Included in the definition of teacher is any teacher, helping teacher, principal, supervisor, superintendent, or clerk employed in public day school within the State of Maryland, or controlled by the State; any faculty employee of an educational institution supported or controlled by the State; any librarian or clerical employee of a library established or operated under the Education Article; any professional or clerical employee of a community college established or operated under the Education Article.

All members of the Teacher's Pension System participate in the Alternate Contributory Pension Selection (ACPS) except for the few members who transferred from the Teachers' Retirement System after April 1, 1998 or former vested members who terminated employment prior to July 1, 1998.

## 2. Member Contributions

Members are required to make contributions of 5% of earnable compensation.

Contributions earn interest at 5% per year.

## 3. Service Retirement Allowance

Eligibility - 30 years of eligibility service or attainment of one of the following:

- Age 62 with 5 years of eligibility service.
- Age 63 with 4 years of eligibility service.
- Age 64 with 3 years of eligibility service.
- Age 65 and older with 2 years of eligibility service.

## **TEACHERS' PENSION SYSTEM OF THE STATE OF MARYLAND**

Allowance - The greater of (i) or (ii), plus (iii), as described below:

- (i) 1.2% of average final compensation for the three highest consecutive years as an employee for each year of creditable service on or before June 30, 1998;
- (ii) 0.8% of average final compensation for the three highest consecutive years as an employee up to the Social Security integration level plus 1.5% of average final compensation over the integration level for each year of creditable service on or before June 30, 1998;
- (iii) 1.8% of average final compensation for the three highest consecutive years as an employee for each year of creditable service after June 30, 1998.

The Social Security integration level (SSIL) is the average of all Social Security Wage Bases over the thirty –five (35) calendar years prior to your retirement. Eligibility service is given based on a full normal working time in one year equal to ten months.

Note: Members who transferred into the Teachers' Pension System, on or after April, 1, 1998, receive benefits based on the provisions of the NCPS (refer to page C-17) as in effect of January 1, 1980 except for COLA benefits. The COLAs are capped at a maximum of 3% compounded annually.

#### **4. Early Retirement Allowance**

Eligibility: Attainment of age 55 with at least 15 years of eligibility service.

Allowance: Service retirement allowance computed as of early retirement date, reduced by .005 for each month that early retirement date precedes age 62 (maximum reduction is 42%).

#### **5. Disability Retirement Allowance**

##### **Ordinary**

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is permanent.

Allowance: The benefit is the service retirement allowance computed on the basis that service continues until age 62 without any change in rate of earnable compensation. If disability occurs after age 62, the benefit is based on creditable service at time of retirement.

# TEACHERS' PENSION SYSTEM OF THE STATE OF MARYLAND

## **Accidental**

Eligibility: Certification of the medical board designated by the Board of Trustees that member is totally and permanently incapacitated from the performance of the normal duties of the member's position as the natural and proximate result of an accident that occurred in the actual performance of duty.

Allowance: The benefit is 66 2/3% of average final compensation for the three highest consecutive years as a member plus the annuity provided by accumulated member contributions. The maximum benefit cannot be greater than the average final compensation.

## **6. Death Benefits**

Eligibility: One year of eligibility service.

Benefit: One time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions. If member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

## **Spouse Law**

Eligibility: Surviving spouse designated as the sole primary beneficiary and the deceased member was eligible to retire or had at least 25 years of eligibility service, or was at least 55 years old with at least 15 years of eligibility service.

Benefit: Surviving spouse may elect one time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions or a monthly allowance under Option 2 (100% survivor benefit).

## **Special Death Benefit**

Eligibility: Killed in line of duty.

Benefit: 66 2/3% of average final compensation for the three highest consecutive years as a member payable to a surviving spouse, dependent children or dependent parents. Accumulated contributions are paid to the designated beneficiary(ies).

Note: Death benefits outlined above are payable upon death of an active member. If member is not active, only accumulated member contributions are payable at time of death.

# TEACHERS' PENSION SYSTEM OF THE STATE OF MARYLAND

## 7. Vested Retirement Allowance

Eligibility: Five years of eligibility service.

Allowance: Accrued retirement allowance payable at age 62 provided member does not withdraw accumulated contributions. A member who has completed 15 years of eligibility service may begin to receive benefit payments at any time on or after attainment of age 55, reduced by .005 for each month that benefit commencement date precedes age 62.

If member does not commence to receive benefit payments, and dies before attaining age 62, only accumulated member contributions are returned.

## 8. Cost-of-Living Adjustments (COLA)

All retirement allowances may be adjusted each year based on the Consumer Price Index. Effective July 1, 1998, the annual adjustment is capped at a maximum 3% compounded and is applied to all benefits which have been in payment for one year.

All adjustments are effective July 1.

## 9. Optional Forms of Payment

Normal service allowance is a single life annuity.

Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.

Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 3: 50% joint and survivor annuity.

Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.

Option 5: 100% "pop-up" joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 6: 50% "pop-up" joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.



## **TEACHERS' PENSION SYSTEM OF THE STATE OF MARYLAND**

Retirees who are to receive a service retirement, early service retirement, disability benefit, or vested allowance of less than \$50 a month may elect to receive a lump-sum payment equal to the present value in lieu of a monthly benefit.

### **10. Reduction for Benefits Payable under Workers' Compensation**

Disability retirement allowances, excluding annuity reserves, are reduced for workers' compensation benefits payable after retirement from injury occurring during employment by the State, if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid for the same period of time for which the retirement benefits are paid.

### **11. Change in Benefits**

Effective April 2010, the July 2010 cost-of-living adjustment for eligible retirees was determined to be 0.00 with the actual negative adjustment (-.0356) to be offset against a future positive cost-of-living adjustment.

# EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

## 1. Membership

System closed to new members hired on or after January 1, 1980. Members on December 31, 1979 continue to be members unless they elected to transfer into the Employees' Pension System (established January 1, 1980) prior to January 1, 2005.

Membership includes employees of the State and approximately 121 participating employers.

## 2. Member Contributions

- Plan A: Generally 7% of earnable compensation to maintain all benefits, including unlimited compounded cost-of-living adjustments.
- Plan B: Generally 5% of earnable compensation to maintain all benefits, except the compounded cost-of-living adjustments which are capped at 5%.
- Plan C: (Plan C provides a two-part benefit based on benefits of the Employees' Retirement System and the Employees' Pension System). Employee contributions, if any are based on participation of the employer in one of the three plans under the Employees' Pension System (refer to summary of Employees' Pension System).

Interest earned on all employee contributions is 4% per year.

## 3. Service Retirement Allowance

Eligibility: 30 years of eligibility service or attainment of age 60.

Allowance:  $1/55^{\text{th}}$  of average final compensation for the three highest years as a member for each year of creditable service.

Plan C: For creditable service before election date, the amount determined by the service retirement formula for Employees' Retirement System; for creditable service after election date, the amount determined by the service retirement formula for the Employees' Pension System under which the employer participates.

## 4. Early Retirement Allowance

Eligibility: 25 years of eligibility service.

Allowance: Service retirement allowance reduced by .005 for each month that date of retirement precedes the earlier of age 60 or the date the member would have completed 30 years of eligibility service. The maximum reduction is 30%.

## **EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND**

Plan C: For creditable service before election date, the amount determined by the service retirement formula for Employees' Retirement System with a maximum reduction of 30%; for creditable service after election date, the amount determined by the service retirement formula for the Employees' Pension System under which the employer participates with a .005 reduction for each month retirement occurs prior to age 62 (maximum reduction of 42%).

### **5. Disability Retirement Allowance**

#### **Ordinary**

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is permanent.

Allowance: The benefit is 1/55<sup>th</sup> of average final compensation for the three highest years as a member for each year of creditable service. The minimum benefit is 25% of average final compensation; the maximum benefit can be no greater than 1/55<sup>th</sup> of average final compensation for each year of creditable service the member would have accrued if employment continued to age 60.

Plan C: The benefit is the greater of the Employees' Retirement System allowance noted above, or the ordinary disability benefit of the Employees' Pension System.

#### **Accidental**

Eligibility: Certification of the medical board designated by the Board of Trustees that member is totally and permanently incapacitated from the performance of the normal duties of the member's position as the natural and proximate result of an accident that occurred in the actual performance of duty.

Allowance: The benefit is 66 2/3% of average final compensation for the three highest years as a member, plus the annuity provided by accumulated member contributions. The maximum benefit cannot be greater than the average final compensation.

# EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

## 6. Death Benefits

Eligibility: One year of eligibility service.

Benefit: One time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions. If member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

### Spouse Law

Eligibility: Surviving spouse designated as the sole primary beneficiary and the deceased member was eligible to retire or was at least age 55 with at least 15 years of eligibility service.

Benefit: Surviving spouse may elect a one time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions, or a monthly allowance under Option 2 (100% survivor benefit).

### Special Death Benefit

Eligibility: Killed in line of duty.

Benefit: 66 2/3% of average final compensation for the three highest years as a member payable to a surviving spouse, dependent children or dependent parents. Accumulated member contributions are paid to the designated beneficiary(ies).

Note: Death benefits outlined above are payable upon death of an active member. If member is not active, only accumulated member contributions are payable at time of death.

## 7. Vested Retirement Allowance

Eligibility: Five years of eligibility service.

Allowance: Accrued retirement allowance payable at age 60, provided member does not withdraw accumulated member contributions.

## **EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND**

### **8. Cost-of-Living Adjustments (COLA)**

All retirement allowances may be adjusted based on the Consumer Price Index. The adjustments are effective July 1 for all benefits which have been in payment for one year.

- Plan A: Unlimited and compounded.
- Plan B: Capped at 5% and compounded.
- Plan C: Combination of COLA for either Plan A or Plan B (depending on member election prior to electing Plan C) - for benefit calculated under the Employees' Retirement System, plus capped at a maximum of 3% compounded COLA on benefit calculated under the Employees' Pension System under which the employer participates.

### **9. Optional Forms of Payment**

Normal service allowance is a single life annuity.

Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.

Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 3: 50% joint and survivor annuity.

Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.

Option 5: 100% "pop-up" joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 6: 50% "pop-up" joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Retirees who are to receive a service retirement, early service retirement, disability benefit, or vested allowance of less than \$50 a month may elect to receive a lump-sum payment equal to the present value in lieu of a monthly benefit.

### **10. Reduction for Benefits Payable Under Workers' Compensation**

Disability retirement allowances, excluding annuity reserves, are reduced for workers' compensation benefits payable after retirement from injury occurring during employment by the State, if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid for the same period of time for which the retirement benefits are paid.

# EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

## 11. Miscellaneous Provisions

### **For Members of the General Assembly**

The retirement allowance is equal to 3.00% of current legislative salary for each year of creditable service (maximum 22 years 3 months) upon attainment of age 60 and at least eight years of creditable service. Reduced benefits are payable upon attainment of age 50 and completion of 8 years of creditable service. The benefit is reduced by .005 for each month between ages 50 and 60 that the early retirement date precedes age 60.

A member with eight years of creditable service who has not attained age 60 may leave contributions in the system and receive a retirement allowance at age 60, or a reduced benefit on or after age 50. If termination occurs before the completion of eight years of creditable service, the member may make contributions equal to the member's and the State's required contributions until the member would have completed eight years of eligibility service, (and receive 24% of creditable compensation at age 60 or a reduced benefit on or after age 50).

A member who is certified as disabled by the Medical Board and approved by the Board of Trustees for a disability retirement benefit after attaining at least 8 years of creditable service may resign from the General Assembly and immediately receive a retirement allowance based on their creditable service.

The **member's surviving spouse receives 50% of the member's retirement allowance** if the member i) is retired, ii) is eligible for a deferred vested benefit, or iii) is active and has eight years of creditable service. The surviving spouse of a member who had accrued less than eight years of creditable service and dies in office shall receive a lump sum death benefit of accumulated contribution plus an amount equal to the deceased's annual earnable compensation at the time of death.

Members contribute 5% of their earnable compensation during their first 22 years 3 months of service with contributions earning interest at 4% per year.

All retirement allowances are recalculated each time the salaries for current members of the General Assembly are increased.

### **For Correctional Officers**

Correctional officers serving in the first six job classifications, maximum security attendants at Clifton T. Perkins Hospital Center, a Correctional Dietary, Maintenance or Supply Officer, Maryland Correctional Enterprise Officers and Trainees, Plant Supervisors, Plant Managers, and Regional Managers; and Laundry Officers participate under this System. In addition, effective July 1, 2006, Maryland counties may elect to participate on behalf of their detention center officers.

## **EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND**

An immediate service retirement allowance is payable to a correctional officer if, on or before the retirement, the officer has completed 20 years of eligibility service and served at least five years in one of the positions noted above immediately preceding retirement. The vested retirement allowance of a correctional officer who was in the first six job classifications for at least five years preceding retirement commences at age 55; for the security attendant it commences at age 60.

### **12. Change in Benefits**

Effective April 2010, the July 2010 cost-of-living adjustment for eligible retirees was determined to be 0.00 with the actual negative adjustment (-.0356) to be offset against a future positive cost-of-living adjustment.

# EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND

## 1. Membership

Membership is a condition of employment for all regular employees of the State of Maryland hired on or after January 1, 1980, excluding those eligible for the Teachers' Retirement System, Teachers' Pension System, State Police Retirement System, certain judges, correctional officers, and members of the General Assembly. Certain governmental units also have elected to participate in the System.

There are three plans under the Employees' Pension System.

- Noncontributory Pension System (**NCPS**) - The original pension system established on January 1, 1980 that only applies to certain participating governmental units that did not elect to participate in the Contributory Pension System or the Alternate Contributory Pension Selection
- Employees' Contributory Pension System (**ECPS**) – The ECPS established July 1, 1998 that only applies to certain participating governmental units that elected the ECPS but did not elect to participate in the Alternate Contributory Pension Selection
- Alternate Contributory Pension Selection (**ACPS**) - Applies to all State employees and those participating governmental units that elected the ACPS effective July 1, 2006

## 2. Member Contributions

NCPS: Members are only required to make contributions of 5% on earnable compensation that exceeds the Social Security Taxable Wage Base.

ECPS: Members are required to make contributions of 2% of earnable compensation.

ACPS: Members are required to make contributions of 5% of earnable compensation.

Contributions earn interest at 5% per year.



## **EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND**

### **3. Service Retirement Allowance**

Eligibility - 30 years of eligibility service or attainment of one of the following:

- Age 62 with 5 years of eligibility service
- Age 63 with 4 years of eligibility service
- Age 64 with 3 years of eligibility service
- Age 65 or older with 2 years of eligibility service

NCPS Allowance:

0.8% of average final compensation up to the SSIL for the three highest consecutive years as a member plus 1.5% of average final compensation over the SSIL for each year of creditable service;

ECPS Allowance: The greater of (i) or (ii), plus (iii), as described below:

- (i) 1.2% of average final compensation for the three highest consecutive years as an employee for each year of creditable service on or before June 30, 1998;
- (ii) 0.8% of average final compensation up to the SSIL for the three highest consecutive years as a member plus 1.5% of average final compensation over the SSIL for each year of creditable service on or before June 30, 1998;
- (iii) 1.4% of average final compensation for the three highest consecutive years as an employee for each year of creditable service after June 30, 1998.

ACPS Allowance: The greater of (i) or (ii), plus (iii), as described below:

- (i) 1.2% of average final compensation for the three highest consecutive years as an employee for each year of creditable service on or before June 30, 1998;
- (ii) 0.8% of average final compensation up to the SSIL for the three highest consecutive years as a member plus 1.5% of average final compensation over the SSIL for each year of creditable service on or before June 30, 1998;
- (iii) 1.8% of average final compensation for the three highest consecutive years as an employee for each year of creditable service after June 30, 1998.

The Social Security Integration Level (SSIL) is the average of all Social Security Wage Bases over the thirty –five (35) calendar years prior to your retirement.

## **EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND**

Note: Members who transferred into the Employees' Pension System, on or after April 1, 1998, receive benefits based on the provisions of the NCPS as in effect on January 1, 1980 except for COLA benefits. The COLAs are capped at a maximum of 3% compounded annually.

### **4. Early Retirement Allowance**

Eligibility: Attainment of age 55 and at least 15 years of eligibility service.

Allowance: Service retirement allowance computed as of early retirement date, reduced by .005 for each month that early retirement date precedes age 62 (maximum reduction is 42%).

### **5. Disability Retirement Allowance**

#### **Ordinary**

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is permanent.

Allowance: The benefit is the service retirement allowance computed on the basis that service continues until age 62 without any change in the rate of earnable compensation. If disability occurs on or after age 62, the benefit is based on creditable service at time of retirement.

#### **Accidental**

Eligibility: Certification of the medical board designated by the Board of Trustees that member is totally and permanently incapacitated from the performance of the normal duties of the member's position as the natural and proximate result of an accident that occurred in the actual performance of duty.

Allowance: The benefit is 66 2/3% of average final compensation for the three highest consecutive years as a member, plus the annuity provided by accumulated member contributions. The maximum benefit cannot be greater than the average final compensation.

### **6. Death Benefits**

Eligibility: One year of eligibility service.

Benefit: One time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions. If member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

# EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND

## **Spouse Law**

Eligibility: Surviving spouse designated as the sole primary beneficiary and the deceased member was eligible to retire or had at least 25 years of eligibility service, or was at least 55 years old with at least 15 years of eligibility service.

Benefit: Surviving spouse may elect one time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions or a monthly allowance under Option 2 (100% survivor benefit).

## **Special Death Benefit**

Eligibility: Killed in line of duty.

Benefit: 66 2/3% of average final compensation for the three highest consecutive years as a member payable to a surviving spouse, dependent children or dependent parents. Accumulated member contributions are paid to the designated beneficiary(ies).

Note: Death benefits outlined above are payable upon death of an active member. If member is not active, only accumulated member contributions are payable at time of death.

## **7. Vested Retirement Allowance**

Eligibility: Five years of eligibility service.

Allowance: Accrued retirement allowance payable at age 62. A member who has completed 15 years of eligibility service may begin to receive benefit payments at any time on or after attainment of age 55, reduced by .005 for each month that benefit commencement date precedes age 62.

If member does not commence to receive benefit payments, and dies before attaining age 62, only accumulated member contributions are returned.

## **8. Cost-of-Living Adjustments (COLA)**

All retirement allowances may be adjusted each year based on the Consumer Price Index. Effective July 1, 1998, the annual adjustment is capped at a maximum of 3% compounded COLA, and is applied to all benefits which have been in payment for one year. All adjustments are effective July 1.

Retirement allowances of NCPS retirees (retirees of participating employers who did not elect the ECPS or ACPS) have a COLA that is capped at a maximum of 3% of the initial benefit. The COLA is applied to all benefits which have been in payment for one year. All adjustments are effective July 1.

## **9. Optional Forms of Payment**

Normal service allowance is in a single life annuity.

## **EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND**

- Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.
- Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.
- Option 3: 50% joint and survivor annuity.
- Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.
- Option 5: 100% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.
- Option 6: 50% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Retirees who are to receive a service retirement, early service retirement, disability benefit, or vested allowance of less than \$50 a month may elect to receive a lump-sum payment equal to the present value in lieu of a monthly benefit.

### **10. Reduction for Benefits Payable Under Workers' Compensation**

Disability retirement allowances, excluding annuity reserves, are reduced for workers' compensation benefits payable after retirement from injury occurring during employment by the State, if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid for the same period of time for which the retirement benefits are paid.

### **11. Change in Benefits**

Effective April 2010, the July 2010 cost-of-living adjustment for eligible retirees was determined to be 0.00 with the actual negative adjustment (-.0356) to be offset against a future positive cost-of-living adjustment.

# **STATE POLICE RETIREMENT SYSTEM OF THE STATE OF MARYLAND**

## **1. Membership**

Membership is a condition of employment for all officers of the Maryland State Police. The Superintendent of the Maryland State Police may elect membership in this System or the Employees' Pension System.

## **2. Member Contributions**

Members are required to contribute 8% of earnable compensation.

Contributions earn interest at 4% per year.

## **3. Service Retirement Allowance**

Eligibility: 22 years of eligibility service or attainment of age 50. Retirement at age 60 is mandatory for all but the Superintendent.

Allowance: 2.55% of average final compensation for the three highest years as a member for each of the first 28 years of creditable service. Maximum benefit is 71.4% of average final compensation.

## **4. Early Retirement Allowance**

Not applicable to this System.

## **5. Disability Retirement Allowance**

### **Ordinary**

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is permanent.

Allowance: 2.55% of average final compensation for the three highest years as a member for each of the first 28 years of creditable service. Minimum payable is 35% of average final compensation.

# STATE POLICE RETIREMENT SYSTEM OF THE STATE OF MARYLAND

## **Special (Accidental)**

Eligibility: Total and permanent disability as certified by the medical board arising out of or in the course of the actual performance of duty.

Allowance: The benefit is 66 2/3% of average final compensation plus the annuity provided by accumulated member contributions with a maximum of average final compensation.

## **6. Death Benefits**

### **Normal**

Eligibility: 1 through 2 years of eligibility service and not eligible for special death benefit as noted below.

Benefit: One time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions. If member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

### **Special Death Benefit**

Eligibility: Two or more years of eligibility service or death in the performance of duty.

Benefit: Accumulated member contributions paid to designated beneficiary plus an allowance of one-half (two-thirds if death arises out of or in the course of the actual performance of duty) of the member's average final compensation. Payment is made to the surviving spouse; however, if there is no surviving spouse or spouse dies before youngest child reaches age 18, one-half of average final compensation continues until the youngest child reaches age 18. If there is no surviving spouse or children under the age of 18, payment is made to dependent parents. If none of the above conditions are met, the normal death benefit is paid to the designated beneficiary (ies).

Note: Death benefits outlined above are payable upon death of an active member. If member is not active, only accumulated member contributions are payable at time of death, unless benefit payment has commenced.

## **7. Vested Retirement Allowance**

Eligibility: Five years of eligibility service.

Allowance: Service retirement allowance payable at age 50.

## STATE POLICE RETIREMENT SYSTEM OF THE STATE OF MARYLAND

### 8. Cost-of-Living Adjustments (COLA)

All retirement allowances may be adjusted each year based on the Consumer Price Index. Unlimited compounded COLAs are effective July 1 and are applied to all benefits which have been in payment for one year.

Retirees and beneficiaries receiving a retirement allowance on or before June 30, 1999, who receive an annual adjustment to their benefit ranging from \$1,200 to \$2,100 may receive separate COLAs on this adjustment commencing effective July 1, 2000.

### 9. Optional Forms of Payment

**Normal service allowance is 80% joint and survivor annuity with spouse**, if any. If there is no surviving spouse or upon the death of the surviving spouse, payment is made to any children of the deceased retiree under the age of 18 years, until each child becomes age 18. If there is no spouse at time of retirement, member may select an optional allowance.

Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.

Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 3: 50% joint and survivor annuity.

Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.

Option 5: 100% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 6: 50% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

### 10. Reduction for Benefits Payable Under Workers’ Compensation

Disability retirement allowances, excluding annuity reserves, are reduced for workers’ compensation benefits payable after retirement from injury occurring during employment if the workers’ compensation benefits are for the same injury for which disability retirement was granted and are paid for the same period of time for which the retirement benefits are paid.

# STATE POLICE RETIREMENT SYSTEM OF THE STATE OF MARYLAND

## **11. Deferred Retirement Option Program (DROP)**

For members who are less than 60 years old, DROP participation is the lesser of 4 years or the difference between 28 years and the member's creditable service. Members who enter DROP are retired and cease making member contributions, and cease accruing service credit and additional benefits. The service retirement allowance, with COLA adjustments, is credited to an account earning interest at the rate of 6% per year, compounded monthly. When the DROP period ends, members terminate employment and begin receiving their monthly allowance plus the lump sum payment from their DROP account. During the DROP period, members remain eligible for Special Disability benefits if incapacitated while in DROP.

## **12. Changes in Benefits**

Effective April 2010, the July 2010 cost-of-living adjustment for eligible retirees was determined to be 0.00 with the actual negative adjustment (-.0356) to be offset against a future positive cost-of-living adjustment.



# **JUDGES RETIREMENT SYSTEM OF THE STATE OF MARYLAND\***

## **1. Membership**

Membership is a condition of employment for a judge of the Court of Appeals, Court of Special Appeals, Circuit Court, or District Court of Maryland. Members of the State Workers' Compensation Commission also participate.

## **2. Member Contributions**

Members are required to make contributions of 6% of salary until they have accrued 16 years of service credit.

Contributions earn interest at 4% per year.

## **3. Service Retirement Allowance**

Eligibility: Attainment of age 60, or retired by order of the Court of Appeals.

Allowance:  $66 \frac{2}{3}\%$  of current judicial salary for 16 years of service. With less than 16 years, the benefit is prorated based on the ratio of years of service to 16.

## **4. Early Retirement Allowance**

Not applicable to this System.

## **5. Disability Retirement Allowance**

Eligibility: Certification of the medical board designated by the Board of Trustees that member is incapacitated for the performance of duty, and that incapacity is permanent.

Allowance: Same as service allowance payable immediately. However, if a judge has at least three years of service, the pension will not be less than  $\frac{1}{3}$  of the judge's salary.

*\* This summary includes provisions of the contributory plan only, as all members currently belong to that plan.*

# **JUDGES RETIREMENT SYSTEM OF THE STATE OF MARYLAND**

## **6. Death Benefits**

### **Monthly Allowance**

Eligibility: Death of a judge or former judge at any age, leaving a surviving spouse or dependent children under the age of 18.

Allowance: 50% of the pension that would have been payable to the judge or former judge at the date of death as if the judge or former judge was eligible to receive a retirement allowance is payable to surviving spouse. If there is no spouse, payment is paid to children until age 18.

### **Lump Sum**

Eligibility: Termination of service by death of a judge leaving no spouse, or children under age 18.

Allowance: Annual salary at time of death plus return of accumulated member contributions paid to designated beneficiary.

## **7. Deferred Vested Allowance**

Eligibility: Termination of service prior to age 60.

Allowance: Same as service allowance payable at age 60.

In lieu of a deferred vested allowance pension, a former judge may elect to withdraw accumulated contributions within six months following the judge's termination of service.

## **8. Cost-of-Living Adjustments**

Allowances are recalculated each time the salary for a sitting judge from the Court from which the judge retired increases.

NOTE: Masters who retire from the Judges' Retirement System receive COLA benefits equal to the percentage increase in salary provided to judges of the Circuit Court.

## **JUDGES RETIREMENT SYSTEM OF THE STATE OF MARYLAND**

### **9. Optional Forms of Payment**

**Normal service allowance is 50% joint and survivor annuity with spouse.** However, a judge or former judge, who at the time of retirement, does not have a spouse or eligible minor children, may elect one of the following optional forms of payment:

- Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.
- Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.
- Option 3: 50% joint and survivor annuity.
- Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.
- Option 5: 100% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.
- Option 6: 50% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Special note: After retirement neither the option nor designation of beneficiary may be changed.

### **10. Change in Benefits**

Effective July 1, 2010 a retired judge may be re-employed by the State in any position and not be subject to an earnings limitation.

**LAW ENFORCEMENT OFFICERS PENSION SYSTEM  
OF THE STATE OF MARYLAND  
(RETIREMENT PLAN)**

**A. Retirement System Provisions**

**1. Membership**

The retirement tier was closed to new participants effective January 1, 2005.

**2. Member Contributions**

Members who transferred from Employees' Retirement System (Plan A) are required to contribute 7% of earnable compensation. Members who transferred from the Employees' Retirement System (Plan B) contribute 5% of earnable compensation.

Contributions earn interest at 4% per year.

**3. Service Retirement Allowance**

Eligibility: 25 years of eligibility service or attainment of age 50.

Allowance: 2.3% of average final compensation for the three highest years as a member for each of the first 30 years of creditable service, plus 1.0% of average final compensation for each additional year.

**4. Early Retirement Allowance**

Not applicable to this System.

**5. Disability Retirement Allowance**

**Ordinary**

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is incapacitated for the performance of duty, and that incapacity is permanent.

Allowance: Service retirement allowance with a minimum of 25% of average final compensation.

**Accidental**

Eligibility: Total and permanent disability as certified by the medical board arising out of or in the course of the actual performance of duty.

**LAW ENFORCEMENT OFFICERS PENSION SYSTEM  
OF THE STATE OF MARYLAND  
(RETIREMENT PLAN)**

Allowance: The benefit is 66 2/3% of average final compensation plus an annuity provided by accumulated contributions with a maximum of average final compensation.

**6. Death Benefits**

**Ordinary**

Eligibility: 1 through 2 years of eligibility service and not eligible for special death benefit.

Benefit: Member's annual earnable compensation at time of death plus accumulated contributions.

Regardless of length of service, members' accumulated contributions are paid.

**Special Benefit**

Eligibility: Two or more years of eligibility service.

Benefit: Accumulated contributions paid to designated beneficiary plus an allowance of 50% of the ordinary disability benefit. Payment is made to the surviving spouse; however if there is no surviving spouse or spouse dies before youngest child reaches age 18, one-half of average final compensation continues until the youngest child reaches age 18. If none of the above conditions are met, the ordinary death benefit is paid to the designated beneficiary(ies).

Eligibility: Death arises out of or in the course of the actual performance of duty.

Benefit: Accumulated contributions paid to designated beneficiary plus an allowance of 66 2/3% of the member's average final compensation. Payment is made to the surviving spouse; however if there is no surviving spouse or spouse dies before youngest child reaches age 18, one-half of average final compensation continues until the youngest child reaches age 18. If none of the above conditions are met, the ordinary death benefit is paid to the designated beneficiary(ies).

Note: Death benefits outlined above are payable upon death of an active member. If member is not active, only member accumulated contributions and interest are payable at time of death, unless benefit payment has commenced.

**LAW ENFORCEMENT OFFICERS PENSION SYSTEM  
OF THE STATE OF MARYLAND  
(RETIREMENT PLAN)**

**7. Vested Retirement Allowance**

Eligibility: Five years of eligibility service.

Allowance: Accrued retirement allowance payable at age 50 if the member does not withdraw the member's accumulated contributions.

**8. Cost-of-Living Adjustments (COLA)**

All retirement allowances may be adjusted each year based on the Consumer Price Index. COLAs are effective July 1 and are applied to all benefits which have been in payment for one year. For members contributing 7% of earnable compensation, unlimited COLA is compounded annually. For members contributing 5% of earnable compensation, the cost-of-living adjustment is capped at a maximum 5% compounded annually.

**9. Optional Forms of Payment**

**The normal service allowance is a 50% joint and survivor annuity with spouse**, if any; or if there is no surviving spouse or upon the death of the surviving spouse, to any children of the deceased under the age of 18 years, until every child dies or becomes 18 years.

Other forms of payment may be elected if there is no spouse at time of retirement.

Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.

Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 3: 50% joint and survivor annuity.

Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.

Option 5: 100% "pop-up" joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 6: 50% "pop-up" joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

**LAW ENFORCEMENT OFFICERS PENSION SYSTEM  
OF THE STATE OF MARYLAND  
(RETIREMENT PLAN)**

**10. Reduction for Benefits Payable under Workers' Compensation**

Disability retirement allowances, excluding the annuity reserves, are reduced for workers' compensation benefits payable after retirement from injury occurring during employment with the State, if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid for the same period of time for which the retirement benefits are paid.

**11. Deferred Retirement Option Program (DROP)**

Members with 25 years of eligibility service, but less than 30 years of eligibility service, may elect to enter the DROP program for no more than five years. Members who enter DROP are retired and cease making member contributions, and cease accruing service credit and additional benefits. The service retirement allowance, with annual COLA adjustments, is credited to an account earning interest at the rate of 6% per year, compounded monthly. When the DROP period ends, members terminate employment and begin receiving their monthly allowance plus the lump sum payment from their DROP account. During the DROP period, members remain eligible for Accidental Disability benefits if incapacitated while in DROP.

**12. Change in Benefit**

Effective April 2010, the July 2010 cost-of-living adjustment for eligible retirees was determined to be 0.00 with the actual negative adjustment (-.0356) to be offset against a future positive cost-of-living adjustment.

# LAW ENFORCEMENT OFFICERS PENSION SYSTEM OF THE STATE OF MARYLAND

## B. Pension System Provisions

### 1. Membership

Membership is a condition of employment for all law enforcement officers who are employees of the State as provided in the Annotated Code of Maryland, State Personnel and Pensions Article, Title 26, Section 26-201. This includes participating governmental units who elect to have their law enforcement officers or firefighters/paramedics participate in the System.

### 2. Member Contributions

Members are required to contribute 4% of earnable compensation.

Contributions earn interest at 5% per year.

### 3. Service Retirement Allowance

Eligibility: 25 years of eligibility service or attainment of age 50.

Allowance: 2.0% of average final compensation for the three highest consecutive years as an employee for each of the first 30 years of creditable service. Maximum benefit is 60% of average final compensation.

### 4. Early Retirement Allowance

Not applicable to this System.

### 5. Disability Retirement Allowance

#### **Ordinary**

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is incapacitated for the performance of duty, and that incapacity is permanent.

Allowance: Service retirement allowance computed on the basis that service continues until age 50 without any change in rate of earnable compensation. If disability occurs after age 50, the benefit is based on creditable service at time of retirement.

#### **Accidental**

Eligibility: Total and permanent disability as certified by the medical board arising out of or in the course of the actual performance of duty.



## **LAW ENFORCEMENT OFFICERS PENSION SYSTEM OF THE STATE OF MARYLAND**

Allowance: The benefit is 66 2/3% of average final compensation plus an annuity provided by accumulated member contributions with a maximum of average final compensation.

### **6. Death Benefits**

#### **Normal**

Eligibility: 1 through 2 years of eligibility service and not eligible for special death benefit as noted below.

Benefit: One time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions. If member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

#### **Special Death Benefit**

Eligibility: Two or more years of eligibility service.

Benefit: Accumulated member contributions paid to designated beneficiary plus an allowance of 50% of the ordinary disability benefit. Payment is made to the surviving spouse; however if there is no surviving spouse or spouse dies before youngest child reaches age 18, one-half of average final compensation continues until the youngest child reaches age 18. If none of the above conditions are met, the ordinary death benefit is paid to the designated beneficiary(ies).

Eligibility: Death arises out of or in the course of the actual performance of duty.

Benefit: Accumulated member contributions paid to designated beneficiary plus an allowance of 66 2/3% of the member's average final compensation. Payment is made to the surviving spouse; however if there is no surviving spouse or spouse dies before youngest child reaches age 18, one-half of average final compensation continues until the youngest child reaches age 18. If none of the above conditions are met, the ordinary death benefit is paid to the designated beneficiary(ies).

Note: Death benefits outlined above are payable upon death of an active member. If member is not active, only accumulated member contributions are payable at time of death, unless benefit payment has commenced.

## **LAW ENFORCEMENT OFFICERS PENSION SYSTEM OF THE STATE OF MARYLAND**

### **7. Vested Retirement Allowance**

Eligibility: Five years of eligibility service.

Allowance: Accrued retirement allowance payable at age 50 if the member does not withdraw their accumulated member contributions.

### **8. Cost-of-Living Adjustments (COLA)**

All retirement allowances may be adjusted each year based on the Consumer Price Index. Effective July 1, 2000, the annual adjustment is capped at a maximum 3% compounded and is applied to all benefits which have been in payment for one year. All adjustments are effective July 1.

### **9. Optional Forms of Payment**

**The normal service allowance is a 50% joint and survivor annuity with spouse**, if any; or if there is no surviving spouse or upon the death of the surviving spouse, to any children of the deceased under the age of 18 years, until every child attains 18 years of age.

Other forms of payment may be elected if there is no spouse at time of retirement.

Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.

Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 3: 50% joint and survivor annuity.

Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.

Option 5: 100% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 6: 50% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

# **LAW ENFORCEMENT OFFICERS PENSION SYSTEM OF THE STATE OF MARYLAND**

## **10. Reduction for Benefits Payable under Workers' Compensation**

Disability retirement allowances, excluding the annuity reserves, are reduced for workers' compensation benefits payable after retirement from injury occurring during employment with the State if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid for the same period of time for which the retirement benefits are paid.

## **11. Deferred Retirement Option Plan (DROP)**

DROP participation is the lesser of 5 years or the difference between 30 years and the member's creditable service. Members who enter DROP are retired and cease making member contributions, and cease accruing service credit and additional benefits. The service retirement allowance, with annual COLA adjustments, is credited to an account earning interest at the rate of 6% per year, compounded monthly. When the DROP period ends, members terminate employment and begin receiving their monthly allowance plus the lump sum payment from their DROP account. During the DROP period, members remain eligible for Accidental Disability benefits if incapacitated while in DROP.

## **12. Changes in Benefits**

Effective April 2010, the July 2010 cost-of-living adjustment for eligible retirees was determined to be 0.00 with the actual negative adjustment (-.0356) to be offset against a future positive cost-of-living adjustment.