

Hall Actuarial Associates

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September 19, 2005

Board of Trustees
LOUISIANA STATE EMPLOYEES'
RETIREMENT SYSTEM
Post Office Box 44213
Baton Rouge, Louisiana 70804-4213

Ladies and Gentlemen:

This report presents the results of the actuarial valuation of assets and liabilities, as well as funding requirements, for the Louisiana State Employees' Retirement System as of June 30, 2005.

This report has been prepared in accordance with generally accepted actuarial principles and practices and to the best of my knowledge, fairly reflects the actuarial present value of accrued benefits of the Louisiana State Employees' Retirement System.

In preparing this valuation, I have relied upon the information provided regarding plan provisions, plan membership, plan assets and other matters as detailed in the exhibits of this report. In particular, I have relied upon the statement of assets as audited by Postlethwaite & Netterville, Certified Public Accountants.

The present values shown herein have been calculated on the basis of the actuarial cost methods as specified in Louisiana Revised Statutes Title 11 Section 22(6). The Actuarial Assumptions, which have been approved by the Board of Trustees, are appropriate for the purposes of this valuation, are reasonable in the aggregate, and when applied in combination represent my best estimates of the anticipated experience under the plan.

Board of Trustees
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September 19, 2005

A brief summary of the more important figures developed in this valuation, with comparable results from previous valuations are as follows:

	<u>June 30, 2005</u>	<u>-----Prior Years-----</u>	
		<u>June 30, 2004</u>	<u>June 30, 2003</u>
I. Membership Census			
1) Retirees	35,691	34,780	34,074
2) Actives	64,168	64,149	65,441
3) DROP	2,810	2,835	2,768
II. Annual Benefits	\$ 540,446,640	\$ 515,182,944	\$ 491,416,716
III. Total Payroll	2,100,043,094	2,017,726,616	1,924,680,579
IV. Valuation Assets	6,644,245,130	6,071,630,959	6,462,850,028
V. Experience Account	105,289,193	0	-634,512,981
VI. Investment Yield			
Market Value	9.87%	17.58%	3.83%
Actuarial Value	11.73%	6.06%	-3.63%
VII. Cost to Fund Annual Pension Accruals (Normal Costs)	332,709,494 15.84%	310,380,527 15.38%	286,610,069 14.89%
VIII. Unfunded Actuarial Accrued Liability	4,202,816,555	4,165,942,753	3,333,456,048
IX. Funded Percentage	61.3%	59.3%	66.0%
X. Funding Requirements to Pay (Mid-year payment)			
1) Employee Contribution Rate	166,201,986 7.683%	159,625,545 7.682%	151,583,873 7.684%
2) Employer Contribution Rate - Current Year	407,835,937 18.9%	386,979,837 18.6%	343,370,650 17.4%
3) Projected Employer Contribution - Next Year	424,641,914 19.1%	407,603,990 19.1%	348,046,203 17.2%

The above funding requirements measure the cost of benefits that were in effect on June 30, 2005, plus Acts of the 2005 Legislative Session, which have prospective effects on current active members.

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Current Funding

The Actuarial Valuation for the plan year ending June 30, 2005 discloses an expected increase in the value of the plan's unfunded accrued liability as well as prospective funding requirements. It is generally appropriate for the current valuation process to disclose the source or cause of any significant changes in the plan from year to year. Changes that occur are usually the result of changes in actuarial assumptions, gains or losses resulting from actual experience, which differs significantly from expected plan experience.

The basic elements of the annual required contribution are the normal cost and amortization of the Unfunded Actuarial Liability (UAL). The normal cost is the annual cost to provide an additional year of benefit accrual. The normal cost is divided into two parts, the employee portion and the employer portion, both are expressed as a percentage of payroll. Act 81 of the 1988 Legislative Session provides for the amortization of the initial UAL, plus subsequent changes in benefits, methods or gain/loss experience.

To assist the Board of Trustees in reconciling changes in the unfunded actuarial accrued liability, the following gain/loss analysis is presented as follows:

CHANGE IN UNFUNDED LIABILITY

Unfunded Liability 6/30/2004		\$ 4,165,942,753
INCREASES		
Interest on Unfunded Liability	\$ 343,690,276	
Experience Account Allocation	105,289,193	
Employer Shortfall Charge	3,452,173	
Experience Loss	<u>44,663,920</u>	
Incurred Increases	497,095,562	
DECREASES		
Investment Gain	210,578,385	
Employer Amtz. Payment	<u>249,643,375</u>	
Incurred Decreases	460,221,760	
Unfunded Liability 6/30/2005		\$ 4,202,816,555

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The employer contribution rate established by the Public Retirement Systems' Actuarial Committee for the 2005-2006 plan year was 19.1%. The actual employer contribution rate determined by this valuation for the current plan year is 18.9%. The current adjusted rate is greater than the required employer's contributions when compared to the projected rates.

Since the contribution rate is attributable to many factors, the following sections address the source and respective impact to the required employer contribution rate.

Legislative Changes

Act 75 of 2005 introduces a new tier of benefits for members hired after June 30, 2006. Retirement eligibility is limited to 10 years at age 60. Final Average Compensation is changed from three years to five years. The accrual rate remains at 2.5%, but is reduced for disability to 1.8%. The employee contribution rate is increase from 7.5% to 8.0%.

Actuarial Assets/Valuation Assets

The Actuarial Value of assets represents the gross actuarial assets determined in accordance with the methodology set forth in Exhibit 6 to fund all liabilities of the pension plan as well as side-fund accounts dedicated for other programs. The Valuation Assets exclude the side-fund accounts for purposes of determining the employer contribution rate as illustrated on page 12 of Exhibit 2.

The side-fund accounts excluded are as follows:

- **Texaco Settlement Fund:** This fund accumulates Texaco settlement contributions as a separate account invested at LASERS' actuarial rate of return. Once the value of the account equals the outstanding balance of the initial unfunded actuarial liability, the account and initial liability will be liquidated. The current account balance is \$29,255,081.
- **Experience Account Fund:** This fund accumulates 50% of the excess investment gain or loss relative to the actuarial valuation rate of 8.25%. The account is used to fund COLA'S for retirees. The benefit granted must be funded at 100% of actuarial cost. Act 588 of 2004 reset the balance to \$0 on July 1, 2004 and restricts the account accumulation to no more than the reserve for two COLA's. The current balance is \$105,289,193
- **Employer Credit Account:** This fund accumulates the excess of the minimum employer contribution rate established by Act 588 of 2004 over the tabular rate. The account was established 7/1/2004 and continues to have a zero balance.

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Investment Experience

The investment yield on the actuarial value of assets during the recent past has been as follows for plan years ending June 30:

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>3 Yr. Aver.</u>	<u>5 Yr. Aver.</u>	<u>10 Yr. Aver.</u>
-3.63%	6.06%	11.73%	4.53%	1.85%	7.39%

The net actuarial rate of return assumed in the valuation was 8.25%. For the plan year ending June 30, 2005, the net realized actuarial rate of return was greater than the long-term investment assumption used to project benefits. The result was a net investment experience gain of \$210,578,385 above projected investment income.

Plan Experience

The actuary is charged with making the best estimate of future plan experience to properly fund future benefits. If the actual experience differs from the projected plan experience, a gain or loss occurs. This gain or loss is then amortized over a 30 year period as a level dollar payment. During the 2004-2005 plan year, the system incurred a \$44,663,920 experience loss from sources other than investments.

Funding as a Percentage of Payroll

Act 81 of 1987 requires the employee to contribute 7.5% of payroll beginning in 1989. The employer pays a percentage of the normal cost plus a dollar amount sufficient to amortize the initial unfunded liability over a 40-year period. The employer contribution rate cannot drop below 12%, without regard to employer credits, without a corresponding adjustment to the employee contribution rate. Converting the dollar amortization payment to a percentage of payroll, suggests that the aggregate employer contribution rate would remain level as a percent and amortization payments increase at the same rate. This implies that aggregate salaries should increase at a rate of at least 4.5% during the next 25 years. To determine whether this is a reasonable expectation, aggregate salary growth during the past 10-years is illustrated as follows:

<u>June 30</u>	<u>Payroll/\$1000</u>	<u>Percent Increase</u>
1995	1,547,977	0.1%
1996	1,584,357	2.4%
1997	1,607,371	1.5%
1998	1,653,863	2.9%
1999	1,736,963	5.0%
2000	1,820,132	4.8%
2001	1,782,884	-2.0%
2002	1,861,887	4.4%
2003	1,924,680	3.4%
2004	2,017,726	4.8%
2005	2,100,043	4.1%

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During the last 10 years the aggregate salaries have increased at an annualized rate of 3.10%. If this trend continues, the percentage of pay required to amortize the unfunded liability can be expected to slightly increase in the absence of other experience gains or losses.

Distribution of Cost & Liabilities

The aggregate funding for the Plan appears in Exhibit 1. The allocation of the annual cost to fund a year's benefit accrual, the Normal Cost, and the accumulative amount each member has accrued, is segregated by membership as follows;

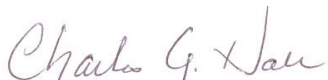
	<u>Normal</u> <u>Cost</u>	<u>%</u> <u>Pay</u>	<u>%</u> <u>Total</u>	<u>Accrued</u> <u>Liability</u>	<u>%</u> <u>Total</u>
Regular Members	277,075,415	14.7%	88.2%	4,222,146,692	91.0%
Judges	8,394,517	23.3%	2.7%	99,309,510	2.1%
Legislators	516,466	24.8%	.2%	8,092,639	.0%
Corrections - old plan	5,472,850	24.5%	1.7%	96,058,605	2.1%
Corrections - new plan	20,405,313	15.8%	6.5%	179,405,239	3.8%
Wildlife - old plan	2,330,477	24.3%	.7%	36,122,364	.0%
Wildlife - new plan	90,804	19.5%	.0%	106,556	.0%

Comments and Disclosures

Exhibit 3, "Pension Accounting and Financial Disclosure", contains disclosure of the accrued liabilities under the Entry Age Normal Actuarial Cost Method required by the Governmental Accounting Standards Board Statement No. 25.

The format of this report was designed with the intent of highlighting the pertinent results of the valuation's funding requirements. Should you have any questions or comments, please do not hesitate to contact me.

Sincerely,



Charles G. Hall, FCA,MAAA,ASA
 Actuary

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EXHIBIT 1

DEVELOPMENT OF
COSTS, LIABILITIES AND CONTRIBUTIONS

Normal Costs and Accrued Liabilities are calculated in accordance with the Projected Unit Credit Cost Method, and the Actuarial Assumptions outlined in Exhibit 6 based on the Provisions of the Plan as summarized in Exhibit 5.

	<u>June 30, 2005</u>		---Prior Year---	
	<u>Dollar Amount</u>	<u>% of Salary</u>	<u>Dollar Amount</u>	<u>% of Salary</u>
I. Normal Costs				
Active Members with Complete Data				
a) Retirement Benefits	\$ 257,647,423	12.27%	\$ 239,925,201	11.89%
b) Disability Benefits	6,013,107	.29%	5,951,108	.29%
c) Survivor Benefits	14,001,262	.67%	13,712,549	.68%
d) Voluntary Termination	39,047,702	1.86%	38,191,669	1.89%
e) Expenses	<u>16,000,000</u>	<u>.77%</u>	<u>12,600,000</u>	<u>.62%</u>
TOTAL	332,709,494	15.84%	310,380,527	15.38%
II. Actuarial Accrued Liability				
a) Active Members				
1) Retirement Benefits	3,966,904,384		3,626,449,819	
2) Disability Benefits	79,412,095		79,470,846	
3) Survivor Benefits	138,136,947		131,626,836	
4) Voluntary Termination	<u>339,960,725</u>		<u>338,491,523</u>	
	4,524,414,151		4,176,039,024	
b) Retired and Inactive Members				
1) Regular Retirees	4,062,286,063		3,849,565,892	
2) Disabled Retirees	117,222,214		113,045,425	
3) Survivors	462,573,712		451,937,949	
4) Vested Deferred	85,496,094		75,044,980	
5) Contributions Refunded	40,794,396		37,378,316	
6) DROP Deferred Benefits	1,122,842,663		1,048,962,210	
7) DROP Account Balances	<u>431,432,392</u>		<u>385,681,308</u>	
	6,322,647,534		5,961,616,080	
c) SUB TOTAL	10,847,061,685		10,137,655,104	

Exhibit 1 (Continued)
Costs, Liabilities & Contributions

	<u>June 30, 2005</u>	---Prior Year--- <u>June 30, 2004</u>
II. Actuarial Accrued Liability		
c) SUB TOTAL (Preceding page)	\$ 10,847,061,685	\$ 10,137,655,104
d) Adjustments to Regular Plan		
1) Active Judges	included in pg 8 II(a)	91,394,261
2) Active Legislators	<u>included in pg 8 II(a)</u>	<u>8,524,347</u>
Adjusted TOTAL	10,847,061,685	10,237,573,712
III. Valuation Assets	6,644,245,130	6,071,630,959
IV. Unfunded Actuarial Accrued Liabilities - Projected Unit Credit ¹	4,202,816,555	4,165,942,753
a) Change over prior year	36,873,802	832,486,705
b) Funded Percentage	61.3%	59.3%
V. Employer Contributions		
To Fund Current Plan Year ¹		
a) Employer Portion of Normal Cost	160,038,798	147,037,937
b) Amortization Payments	237,300,840	230,152,404
c) Prior Contribution Variance	<u>10,496,299</u>	<u>9,789,496</u>
TOTAL Required Contribution	407,835,937	386,979,837
	18.9%	18.6%
Actuarial Forecast Rate ²	19.1%	17.8%
Employer Normal Cost Rate	7.3981%	7.0762%
VI. Projected Employer Contributions		
To Fund Next Plan Year ¹		
a) Employer Portion of Normal Cost	164,504,934	151,153,983
b) Amortization Payments	250,307,865	242,599,320
c) Prior Contribution Variance	<u>9,829,115</u>	<u>13,850,687</u>
TOTAL Projected Contribution	424,641,914	407,603,990
	19.1%	19.1%
VII. Current Payroll	2,100,043,094	2,017,726,616
Projected Payroll - Mid Year	2,163,243,354	2,077,916,500
Projected Payroll - Next Year	2,223,612,080	2,136,083,794

¹ Dollar Amounts reflect estimated payments due mid-year on January 1st per Act 81.

² Constitutional Minimum is 12% without regards to Employer Credits.

EXHIBIT 2

FINANCIAL SUMMARY
STATEMENT OF REVENUES AND EXPENSES
FOR FISCAL YEAR ENDING

	<u>June 30, 2005</u>	-----Prior Years----- <u>June 30, 2004</u>	<u>June 30, 2003</u>
<u>OPERATING REVENUES:</u>			
1. Contribution Income			
Member	\$ 169,143,849	\$ 163,277,178	\$ 159,469,854
Employer	391,870,045	335,991,617	292,290,126
ORP	539,213	398,180	392,718
2. Other Income			
Legislative Appropriations	0	765,963	4,881,115
Transfers/Purchases	31,391,519	2,557,724	2,961,102
Miscellaneous	5,432,948	5,603,521	6,902,102
TOTAL CONTRIBUTIONS	<u>598,377,574</u>	<u>508,594,183</u>	<u>466,897,017</u>
3. Investment Income			
Investments	674,460,245	1,016,334,206 ¹	229,672,586 ¹
Less, Investment Expenses	<u>-24,114,417</u>	<u>-20,266,725</u>	<u>-16,901,210</u>
TOTAL INVESTMENT INCOME	<u>650,345,828</u>	<u>996,067,481</u>	<u>212,771,376</u>
4. Total Revenues	1,248,723,402	1,504,661,664 ¹	679,668,393 ¹
<u>OPERATING EXPENSES:</u>			
1. General Administration	15,999,373	12,629,058	10,196,507
Other Expenses	2,634,940	795,260	1,632,930
2. Benefits Paid			
a) Pension Benefits	581,665,143	573,152,747	544,009,581
b) Return of Contrib.	<u>30,357,552</u>	<u>28,760,064</u>	<u>25,043,817</u>
TOTAL BENEFITS PAID	<u>612,022,695</u>	<u>601,912,811</u>	<u>569,053,398</u>
3. Total Operating Expenses	630,657,008	615,337,129	580,882,835
<u>NET INCOME:</u>	618,066,394	889,324,535 ¹	98,785,558 ¹

¹ The auditors have restated Net Income to include unrealized market value from the security lending program previously reported as \$889,281,150 for 2004 and \$98,865,745 for 2003. The adjustments were deemed immaterial for valuation purposes for prior years.

EXHIBIT 2 (Continued)
Financial Summary

FINANCIAL SUMMARY
STATEMENT OF ASSETS
FOR FISCAL YEAR ENDING

	<u>June 30, 2005</u>	<u>-----Prior Years-----</u>	
		<u>June 30, 2004</u>	<u>June 30, 2003</u>
ASSETS:			
1. Short Term Assets			
Cash/Cash Equivalencies	\$ 73,610,366	\$ 48,821,649	\$ 91,561,494
Short term Investments	254,840,991	406,659,192	172,524,924
2. Bonds (at market)			
Bonds/Government/Agency	480,611,716	410,983,149	590,911,229
Bonds/Municipal/Other	74,310,535	46,349,700	11,636,121
U.S. Government Obligations	48,331,364	42,200,460	84,270,277
Corporate Foreign Issues	1,128,164,595	1,033,128,112	1,221,989,099
3. Equities			
Common Stock	3,170,620,989	2,997,721,042	2,370,603,802
Foreign Stock	1,238,379,200	1,091,400,132	848,776,994
Preferred Stock	4,306,766	2,607,755	3,501,906
4. Other Assets			
Fixed Assets	7,147,082	5,317,429	5,657,742
Mortgages/Real Estate	718,231,558	503,323,937	326,129,911
5. Receivables(-) Payables	<u>27,499,560</u>	<u>19,475,771¹</u>	<u>-8,899,706¹</u>
TOTAL ASSETS			
Market Value	7,226,054,722	6,607,988,328 ¹	5,718,663,793 ¹
Cost Value	6,594,405,543	6,072,405,696 ¹	5,813,903,378 ¹
ACTUARIAL VALUE OF ASSETS:			
TOTAL ASSETS	\$ 7,226,054,722	\$ 6,608,025,129	\$ 5,718,743,979
Change in Unrealized (G/L)			
Plan Year - 2 (wt. 1/4)	239,217,198	-330,061,237	-594,652,672
Plan Year - 1 (wt. 2/4)	630,822,217	239,217,198	-330,061,237
Plan Year (wt. 3/4)	<u>96,066,547</u>	<u>630,822,217</u>	<u>239,217,198</u>
Actuarial Value of Assets	<u>6,778,789,404</u>	<u>6,097,815,177</u>	<u>5,853,024,867</u>
INVESTMENT YIELD:			
Yield to Market Value	9.87%	17.58%	3.83%
Yield to Actuarial Value	11.73%	6.06%	-3.63%
Five Year Actuarial Value	1.85%	2.22%	3.54%
DROP Account Yield	11.23%	5.56%	0.00%

¹ The auditors have restated Net Income to include unrealized market value from the security lending program previously reported as \$889,281,150 for 2004 and \$98,865,745 for 2003. The restatement changed both cost and market values. The adjustments were deemed immaterial for valuation purposes for prior years.

EXHIBIT 2 (Continued)
Financial Summary

FINANCIAL SUMMARY
STATEMENT OF ASSETS
FOR FISCAL YEAR ENDING

	<u>June 30, 2005</u>	-----Prior Years-----	
		<u>June 30, 2004</u>	<u>June 30, 2003</u>
<u>EMPLOYER CREDIT ACCOUNT¹:</u>			
Prior Year Ending Balance	0	n/a	n/a
+ Contributions	0	n/a	n/a
- Disbursements	0	n/a	n/a
+ Accumulated Interest	0	n/a	n/a
Account Balance - Year End	<u>0</u>	<u>0</u>	<u>n/a</u>
<u>TEXACO SETTLEMENT FUND:</u>			
Prior Year Ending Balance	26,184,218	24,687,820	118,178,702
+ Current Year Allocation	0	0	-89,200,275
+ Accumulated Interest	3,070,863	1,496,398	-4,290,607
Fund Balance - Year End	<u>29,255,081</u>	<u>26,184,218</u>	<u>24,687,820</u>
<u>EXPERIENCE ACCOUNT FUND:</u>			
Prior Year Ending Balance	0	-634,512,981	-270,929,581
+ Experience Account Allocation	105,289,193	-63,242,527	-373,419,794
- Benefit Disbursements	0	0	0
+ Accumulated Interest	0	-38,459,611	9,836,394
Fund Balance - Year End	<u>105,289,193</u>	<u>0²</u>	<u>-634,512,981</u>
<u>DEVELOPMENT OF VALUATION ASSETS:</u>			
Actuarial Value of Assets	6,778,789,404	6,097,815,177	5,853,024,867
- Employer Credit Account	0	0	n/a
- Texaco Settlement Fund	29,255,081	26,184,218	24,687,820
- Experience Account Fund	105,289,193	0	-634,512,981
Valuation Assets	<u>6,644,245,130</u>	<u>6,071,630,959</u>	<u>6,462,850,028</u>

¹The Employer Credit Account was created by ACT 588 of the 2004.

²Act 588 of the 2004 reset the Experience Account Balance to zero.

EXHIBIT 3

**PENSION ACCOUNTING
AND
FINANCIAL DISCLOSURE**

The Governmental Accounting Standards Board (GASB) was established as an arm of the Financial Accounting Foundation in April 1984 by amendment to the Foundation's certificate of incorporation and by-laws. GASB's objective is to promulgate standards of financial accounting and reporting relative to the activities and transactions of state and local governmental entities. The following disclosures and statistical tables are in accordance with the GASB's Statement No. 25.

SCHEDULE OF FUNDING PROGRESS
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets ¹ (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) ¹ (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a) / c)
1996	4,114,461	6,254,405	2,139,944	65.8	1,584,357	135.1
1997	4,537,917	6,489,361	1,951,444	69.9	1,607,371	121.5
1998	5,067,795	6,953,096	1,885,301	72.9	1,653,863	114.0
1999	5,574,958	7,582,856	2,007,898	73.5	1,736,963	115.6
2000	6,170,978	8,257,313	2,086,335	74.7	1,820,132	114.6
2001	6,418,296	8,652,591	2,234,295	74.2	1,782,884	125.3
2002	6,460,594	9,206,734	2,746,140	70.2	1,861,887	147.5
2003	6,487,538	9,796,306	3,308,768	66.2	1,924,680	171.9
2004	6,097,815	10,237,574	4,139,759	59.6	2,017,726	205.2
2005	6,673,500	10,847,062	4,173,562	61.5	2,100,043	198.7

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by \$609,487,973 from June 30, 2004 to June 30, 2005. There was a net experience gain of \$60,625,273.

¹ UAAL differs from the UFAL for funding purposes. UFAL for funding purposes excludes Texaco Settlement Fund Assets; which appears on pages 4 & 12.

EXHIBIT 3 (Continued)**Pension Accounting & Financial Disclosure****SUPPLEMENTARY INFORMATION****SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year	Actuarial Required Contribution	Percent Contributed	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation¹
1996	203,762,677	99.3	206,878,066	202,316,644	97.8	- 4,036,582
1997	212,221,189	98.4	214,971,990	208,924,646	97.2	1,922,284
1998	221,933,246	104.9	221,250,489	232,843,174	105.2	-9,670,401
1999	226,387,848	102.1	228,233,262	231,043,705	101.2	-12,480,844
2000	250,678,505	99.8	254,123,833	250,143,249	98.4	-8,500,260
2001	258,281,738	100.7	260,125,807	260,029,744	100.0	-8,404,197
2002	279,119,335	97.2	281,791,315	271,339,452	96.3	2,047,670
2003	326,335,197	94.8	328,772,738	309,595,244	94.1	21,225,164
2004	367,881,226	95.4	364,930,168	350,787,845	96.1	35,367,487
2005	411,727,561	99.2	404,460,067	408,275,385	100.9	31,552,169

Analysis of the percentage contributed over a period of years will give a relative indication of the funding progress for the liabilities of the Louisiana State Employees' Retirement System.

The difference between the Actuarial Required Contribution and the APC is the amortization payment for the Net Pension Obligation (see Exhibit A).

DEVELOPMENT OF NET PENSION OBLIGATION

(1) Actuarial Required Contribution	411,727,561
(2) Interest on Net Pension Obligation	2,917,818
(3) Amortization of Net Pension Obligation	<u>10,185,312</u>
(4) Annual Pension Cost (1)+(2)-(3)	404,460,067
(5) Employer Contribution	408,275,385
(6) Increase (decrease) in Net Pension Obligation	-3,815,318
(7) Net Pension Obligation Beginning of Year	35,367,487
(8) Net Pension Obligation End of Year (6)+(7)	31,552,169

¹ Actuarial Contributions, the Annual Pension Cost (APC), and the actual employer contribution made have been adjusted with interest at the valuation rate to the end of the fiscal year in accordance with GASB's Statement No. 27, paragraph 21.

EXHIBIT 3 (Continued)
Pension Accounting & Financial Disclosure

STATISTICAL DATA

**COMPARATIVE SUMMARY OF REVENUES BY SOURCE
AND EXPENSES BY TYPE**

Revenues by Source

<u>Fiscal</u> <u>Year</u>	<u>Members</u> <u>Contribution</u>	<u>Employer</u> <u>Contribution</u> ¹	<u>Investment</u> <u>Income</u>	<u>Total</u>
1996	126,073,816	236,967,776	328,419,628	691,461,220
1997	126,793,791	213,885,597	485,694,849	826,374,237
1998	129,724,456	229,834,528	464,769,328	824,328,312
1999	135,479,230	228,104,989	470,204,750 ²	833,788,969
2000	147,090,812	244,763,341	665,087,756	1,056,941,909
2001	144,603,488	257,315,718	-408,921,854	-7,002,648
2002	151,350,321	270,738,589	-342,821,109	79,267,801
2003	159,469,854	307,427,163	212,771,376 ³	679,668,393 ³
2004	163,277,178	345,317,005	996,067,481 ³	1,504,661,664 ³
2005	169,143,849	429,233,725	650,345,828	1,248,723,402

Expenses by Type

<u>Fiscal</u> <u>Year</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative</u> <u>Expenses</u> ⁴	<u>Total</u>
1996	317,340,115	27,222,153	6,668,955	351,231,223
1997	340,052,578	28,945,409	6,773,908	375,771,895
1998	359,625,826	32,156,373	9,205,446	400,987,645
1999	397,966,405	31,851,567	8,789,889	438,607,861
2000	424,142,312	32,300,258	10,242,213	466,684,783
2001	452,637,691	36,147,087	13,872,637	502,657,415
2002	498,392,717	31,391,355	13,259,572	543,043,644
2003	544,009,581	25,043,817	11,829,437	580,882,835
2004	573,152,747	28,760,064	13,424,318	615,337,129
2005	581,665,143	30,357,552	18,634,313	630,657,008

¹Includes transfers and purchases and the annual employer contribution.

²Prior to 6/30/99, reported realized investment income. A change in Asset Valuation Method now reports realized and unrealized investment income at market (see Exhibit 6).

³The auditors have restated Net Income to include unrealized market value from the security lending program previously reported as \$889,281,150 for 2004 and \$98,865,745 for 2003. The adjustments were deemed immaterial for valuation purposes for prior years.

⁴Includes other expenses, not related to the administration of daily operation.

EXHIBIT 4

CENSUS DATA

The data contained in this valuation is summarized on the following pages with exceptions noted below. The profile depicted in the cellular graphs represents "error-free data," which serves as the basis for determining costs and liabilities. Active members are allocated to cells based upon attained age and years of service. Retirees and Survivors are allocated to cells based upon attained age and years elapsed since retirement or commencement of benefits.

The validity of the results of any actuarial valuation is dependent upon the accuracy of the database. Prior to processing, suspicious data and data containing errors were purged from the data base and processed separately based on the following error types:

- missing sex code
- missing or invalid date of birth
- missing or invalid date of employment
- missing or invalid salary
- invalid retirement dates.

There were only 46 records purged from the database containing errors or categorized as suspicious data, which is not necessarily significant. These records had the characteristics of either as new hires or terminated non-vested participant, with a balance of \$50 or less in the participant's accumulated employee contribution account. Suspicious data are not necessarily errors, but data, which falls outside the parameters of the editing process for further checking. There were 34,379 records for terminated non-vested members due a refund.

Salary data contained in the profiles and valuation report exceed the amount reported by internal audit due to salary annualization. In the valuation process, membership data with fractional service in the first year of employment annualizes the salary. The following is a summary by plan of the data submitted for valuation:

	---2005---	---2004---
	<u>Census</u>	<u>Census</u>
Active Members	64,168	64,149
Regular Retirees	27,646	26,945
Disability Retirees	1,199	1,203
Survivors	5,360	5,308
Vested & Reciprocals	1,486	1,324
Due Refunds	34,379	35,955
DROP Participants	<u>2,810</u>	<u>2,835</u>
TOTAL	137,048	137,719

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM
ALL REGULAR MEMBERS

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2005

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)		
[0-19)	105	17	0	0	0	0	0	0	0	0	122
	784809	285229	0	0	0	0	0	0	0	0	1070038
[20-24)	1101	1160	32	0	0	0	0	0	0	0	2293
	10834130	23365270	716512	0	0	0	0	0	0	0	34915912
[25-29)	1170	2845	830	32	1	0	0	0	0	0	4878
	13627512	74447455	21779632	907128	21828	0	0	0	0	0	110783555
[30-34)	780	2270	1885	548	32	0	0	0	0	0	5515
	9714880	63260483	60207550	18318266	1044421	0	0	0	0	0	152545600
[35-39)	780	1806	1851	1514	589	70	0	0	1	0	6611
	8989121	50790077	58568901	56692567	22548813	2503818	0	0	39593	0	200132890
[40-44)	717	1710	1817	1688	1291	1360	236	0	1	0	8820
	9251803	46050885	57216774	61255759	52999588	52977547	9316617	0	32340	0	289101313
[45-49)	556	1711	1677	1736	1289	1993	1862	34	1	0	10859
	7181343	46215954	51832839	63686765	50710686	86143360	78216872	1480187	33409	0	385501415
[50-54)	457	1339	1439	1596	1093	1483	2041	200	4	0	9652
	6392079	37575967	45499335	59087806	43687967	62463299	95345014	10703981	238802	0	360994250
[55-59)	203	851	1134	1261	909	947	303	110	19	0	5737
	2712653	24889363	35191847	46531171	36662206	39889161	14341402	6310179	928470	0	207456452
[60-64)	35	204	422	347	169	131	84	28	24	0	1444
	583865	6471935	12932294	12828622	6745412	5297532	3707480	1164045	1375876	0	51107061
[65-69)	14	45	88	92	78	54	33	9	4	0	417
	362670	1501576	2716035	3577475	3188408	2418985	1588385	313340	205678	0	15872552
[70-74)	7	15	13	23	23	18	22	8	2	0	131
	119202	361101	455255	961893	815736	745413	826538	238734	175934	0	4699806
TOTALS	5925	13973	11188	8837	5474	6056	4581	389	56	0	56479
salary	70554067	375215295	347116974	323847452	218425065	252439115	203342308	20210466	3030102	0	1814180844

AVERAGES --- Attained Age 43.77
Service Years 10.68
Active Salary 32,121

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM
ACTIVE LEGISLATORS

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2005

Age	YEARS EMPLOYED									Total
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	
[0-19)	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:	:	:	:	:	:	:	:	:	:	:
[20-24)	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:	:	:	:	:	:	:	:	:	:	:
[25-29)	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:	:	:	:	:	:	:	:	:	:	:
[30-34)	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:	:	:	:	:	:	:	:	:	:	:
[35-39)	0	0	3	0	0	0	0	0	0	3
:	0	0	91613	0	0	0	0	0	0	91613
:	:	:	:	:	:	:	:	:	:	:
[40-44)	0	0	0	4	0	0	0	0	0	4
:	0	0	0	194152	0	0	0	0	0	194152
:	:	:	:	:	:	:	:	:	:	:
[45-49)	0	0	3	2	0	0	0	0	0	5
:	0	0	98481	70989	0	0	0	0	0	169470
:	:	:	:	:	:	:	:	:	:	:
[50-54)	0	0	1	7	0	1	0	0	0	9
:	0	0	31436	397685	0	60227	0	0	0	489348
:	:	:	:	:	:	:	:	:	:	:
[55-59)	0	1	3	4	1	0	1	0	0	10
:	0	31444	99142	121871	34511	0	44914	0	0	331882
:	:	:	:	:	:	:	:	:	:	:
[60-64)	0	1	1	1	3	1	2	0	0	9
:	0	58944	30952	30032	129232	33349	168839	0	0	451348
:	:	:	:	:	:	:	:	:	:	:
[65-69)	0	0	1	0	1	1	0	0	0	3
:	0	0	31751	0	32687	34333	0	0	0	98771
:	:	:	:	:	:	:	:	:	:	:
[70-74)	0	0	1	4	0	0	0	1	0	6
:	0	0	31396	153388	0	0	0	35479	0	220263
:	:	:	:	:	:	:	:	:	:	:
TOTALS	:	:	:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:	:	:	:
count	0	2	13	22	5	3	3	1	0	49
salary	0	90388	414771	968117	196430	127909	213753	35479	0	2046847

AVERAGES --- Attained Age 56.49
Service Years 13.94
Active Salary 41,772

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM
ACTIVE JUDGES

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2005

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)		
[0-19)	0	0	0	0	0	0	0	0	0	0	0
[20-24)	0	0	0	0	0	0	0	0	0	0	0
[25-29)	0	0	0	0	0	0	0	0	0	0	0
[30-34)	0	1	0	0	0	0	0	0	0	0	1
[35-39)	2	6	2	0	0	0	0	0	0	0	10
[40-44)	5	11	18	4	1	0	0	0	0	0	39
[45-49)	1	10	24	16	7	2	1	0	0	0	61
[50-54)	1	14	31	33	10	2	1	0	1	1	93
[55-59)	3	7	26	17	8	5	3	1	0	0	70
[60-64)	1	4	7	8	3	6	6	1	0	0	36
[65-69)	0	0	5	4	3	1	1	0	0	0	14
[70-74)	0	0	0	1	0	0	0	0	0	0	1
TOTALS	13	53	113	83	32	16	12	2	1	1	325
salary	574252	5402197	11533573	8642979	3055615	1638336	1157951	229684	101790	0	32336377

AVERAGES --- Attained Age 52.74
Service Years 10.60
Active Salary 99,497

Hall Actuarial Associates

MEMBERSHIP PROFILE
 CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM
 WILDLIFE BEFORE 2003

CELLS DEPICT - MEMBER COUNT
 TOTAL SALARY

VALUATION DATE 6/30/2005

Age	YEARS EMPLOYED									Total
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	
[0-19)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[20-24)	0	2	0	0	0	0	0	0	0	2
	0	76008	0	0	0	0	0	0	0	76008
[25-29)	0	16	9	0	0	0	0	0	0	25
	0	614585	377467	0	0	0	0	0	0	992052
[30-34)	0	11	29	8	1	0	0	0	0	49
	0	438349	1192405	369638	31528	0	0	0	0	2031920
[35-39)	0	10	11	13	5	0	0	0	0	39
	0	350488	471915	658299	251302	0	0	0	0	1732004
[40-44)	0	1	2	12	5	4	0	0	0	24
	0	40506	83613	620850	271194	272438	0	0	0	1288601
[45-49)	0	0	0	8	4	5	6	0	0	23
	0	0	0	416641	206734	288729	399379	0	0	1311483
[50-54)	0	0	2	2	2	10	3	1	0	20
	0	0	95550	95463	109713	581383	161401	54822	0	1098332
[55-59)	0	0	0	0	2	4	4	0	0	10
	0	0	0	0	102489	234770	227047	0	0	564306
[60-64)	0	0	0	0	0	1	1	0	0	2
	0	0	0	0	0	70177	54822	0	0	124999
[65-69)	0	0	0	0	0	1	0	0	0	1
	0	0	0	0	0	48499	0	0	0	48499
[70-74)	0	0	0	0	0	0	1	0	0	1
	0	0	0	0	0	0	30000	0	0	30000
TOTALS										
count	0	40	53	43	19	25	15	1	0	196
salary	0	1519936	2220950	2160891	972960	1495996	872649	54822	0	9298204

AVERAGES --- Attained Age 39.80
 Service Years 12.33
 Active Salary 47,440

Hall Actuarial Associates

MEMBERSHIP PROFILE
 CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM
 WILDLIFE after 2003

CELLS DEPICT - MEMBER COUNT
 TOTAL SALARY

VALUATION DATE 6/30/2005

Age	YEARS EMPLOYED									Total
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	
[0-19)	0	0	0	0	0	0	0	0	0	0
	39600	147931	0	0	0	0	0	0	0	187531
[20-24)	3	5	0	0	0	0	0	0	0	8
	39600	63303	0	0	0	0	0	0	0	102903
[25-29)	3	2	0	0	0	0	0	0	0	5
	52800	63291	0	0	0	0	0	0	0	116091
[30-34)	4	2	0	0	0	0	0	0	0	6
	13200	32306	0	0	0	0	0	0	0	45506
[35-39)	1	1	0	0	0	0	0	0	0	2
	13200	0	0	0	0	0	0	0	0	13200
[40-44)	1	0	0	0	0	0	0	0	0	1
	0	0	0	0	0	0	0	0	0	0
[45-49)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[50-54)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[55-59)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[60-64)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[65-69)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[70-74)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
TOTALS										
count	12	10	0	0	0	0	0	0	0	22
salary	158400	306831	0	0	0	0	0	0	0	465231

AVERAGES --- Attained Age 28.55
 Service Years 0.98
 Active Salary 21,147

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM
CORRECTIONS before 1986

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2005

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)		
[0-19)	0	0	0	0	0	0	0	0	0	0	0
[20-24)	0	0	0	0	0	0	0	0	0	0	0
[25-29)	0	0	0	0	0	0	0	0	0	0	0
[30-34)	0	0	0	0	0	0	0	0	0	0	0
[35-39)	0	0	0	0	11	7	0	0	0	0	18
[40-44)	0	0	0	0	41	39	1	2	0	0	83
[45-49)	0	0	0	0	45	41	13	1	0	0	100
[50-54)	0	0	0	0	34	18	10	2	0	0	64
[55-59)	0	0	0	0	25	21	1	0	0	0	47
[60-64)	0	0	0	0	7	4	1	0	0	0	12
[65-69)	0	0	0	0	2	3	0	1	0	0	6
[70-74)	0	0	0	0	0	1	0	0	1	0	2
TOTALS	0	0	0	0	165	134	26	6	1	0	332
salary	0	0	0	0	7313669	6120277	1118004	260836	43347	0	14856133

AVERAGES --- Attained Age 49.13
Service Years 21.11
Active Salary 44,747

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM
CORRECTIONS after 1986

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2005

Age	YEARS EMPLOYED									Total
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	
[0-19)	61	12	0	0	0	0	0	0	0	73
	592748	225938	0	0	0	0	0	0	0	818686
[20-24)	237	277	14	0	0	0	0	0	0	528
	2225822	6100582	347618	0	0	0	0	0	0	8674022
[25-29)	177	345	165	5	0	0	0	0	0	692
	2112243	8255790	4517354	164486	0	0	0	0	0	15049873
[30-34)	97	276	276	90	9	0	0	0	0	748
	1091340	6636209	8150244	3124772	369820	0	0	0	0	19372385
[35-39)	90	232	211	186	98	0	0	0	0	817
	955074	5533259	6259391	7001152	3973537	0	0	0	0	23722413
[40-44)	79	212	188	132	125	0	0	0	0	736
	801796	5084898	5398889	4893591	5212485	0	0	0	0	21391659
[45-49)	51	156	149	82	84	0	0	0	0	522
	475476	3694130	4357410	2932417	3411783	0	0	0	0	14871216
[50-54)	21	116	128	81	94	0	0	0	0	440
	279126	2793992	3703441	3038930	3818058	0	0	0	0	13633547
[55-59)	18	54	73	63	56	0	0	0	0	264
	208785	1347718	2180764	2216739	2210100	0	0	0	0	8164106
[60-64)	2	16	15	24	12	0	0	0	0	69
	33389	409722	457643	870669	467640	0	0	0	0	2239063
[65-69)	5	5	5	6	0	0	0	0	0	21
	98296	136457	142453	226144	0	0	0	0	0	603350
[70-74)	0	1	0	0	2	0	0	0	0	3
	0	18463	0	0	78476	0	0	0	0	96939
TOTALS										
count	838	1702	1224	669	480	0	0	0	0	4913
salary	8874095	40237158	35515207	24468900	19541899	0	0	0	0	128637259

AVERAGES --- Attained Age 38.18
Service Years 6.15
Active Salary 26,183

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM
ACTIVE AFTER DROP

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY
DROP BENEFITS

VALUATION DATE 6/30/2005

Age	YEARS EMPLOYED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-34)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[35-39)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[40-44)	1	5	6	2	0	0	0	0	0	14
	22800	221129	296548	110578	0	0	0	0	0	651055
	15048	77268	89952	29016	0	0	0	0	0	211284
[45-49)	7	15	12	6	4	5	0	0	0	49
	211903	720426	603358	299184	184401	214965	0	0	0	2234237
	136704	242604	206028	95520	54924	61824	0	0	0	797604
[50-54)	75	55	28	9	9	10	0	0	0	186
	2817051	2561104	1318693	433811	463463	624037	0	0	0	8218159
	2085600	1302168	609636	161652	146604	188028	0	0	0	4493688
[55-59)	215	165	61	48	29	36	0	0	0	554
	8713325	8866697	3185821	2520669	1533916	2069758	0	0	0	26890186
	6045108	4692540	1622316	1303368	728004	937176	0	0	0	15328512
[60-64)	135	126	102	72	40	79	0	0	0	554
	5115183	5396729	4853702	3880806	2074367	4175273	0	0	0	25496060
	2519148	2149932	2435880	1843428	968076	1904040	0	0	0	11820504
[65-69)	17	32	113	52	53	77	2	0	0	346
	598546	1458451	4767018	2160438	2323409	3741194	87077	0	0	15136132
	301932	432108	1488144	702792	760884	1340004	44856	0	0	5070720
[70-74)	7	6	24	10	24	76	2	0	0	149
	155082	309613	1014741	474976	1163396	3274681	59380	0	0	6451869
	51924	146544	356148	129000	400740	1042452	23544	0	0	2150352
TOTALS										
count	457	404	346	199	159	283	4	0	0	1852
salary	17633890	19534149	16039881	9880462	7742952	14099908	146457	0	0	85077699
benefit	11155464	9043164	6808104	4264776	3059232	5473524	68400	0	0	39872664

AVERAGES --- Attained Age 61.26
Post Drop Years 2.65
Active Salary 45,938
Annual Benefit 21,530

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM
POST RETIREMENT SERVICE

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2005

Age	YEARS EMPLOYED									Total
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	
[0-19)	0	0	0	0	0	0	0	0	0	0
[20-24)	0	0	0	0	0	0	0	0	0	0
[25-29)	0	0	0	0	0	0	0	0	0	0
[30-34)	0	0	0	0	0	0	0	0	0	0
[35-39)	0	0	0	0	0	0	0	0	0	0
[40-44)	5	4	0	0	0	0	0	0	0	9
[45-49)	17	15	0	0	0	0	0	0	0	32
[50-54)	26	44	4	0	0	0	0	0	0	74
[55-59)	40	39	6	0	0	1	0	0	0	86
[60-64)	24	55	5	1	0	0	0	0	0	85
[65-69)	4	51	9	0	0	0	0	0	0	64
[70-74)	3	36	6	0	0	0	0	0	0	45
TOTALS	119	244	30	1	0	1	0	0	0	395
salary	3642080	8086964	1332871	44903	0	37683	0	0	0	13144501

AVERAGES --- Attained Age 59.76
Service Years 2.72
Active Salary 33,277

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

STATE EMPLOYEES' SYSTEM
REGULAR RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2005

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-39)	3	1	0	0	0	0	0	0	0	4
	47220	24756	0	0	0	0	0	0	0	71976
[40-44)	25	17	15	27	11	15	0	0	0	110
	384288	225144	215124	375252	102060	165396	0	0	0	1467264
[45-49)	79	53	57	74	67	124	1	0	0	455
	1629228	733380	764640	982140	754524	1385460	12648	0	0	6262020
[50-54)	303	223	185	170	106	327	31	0	0	1345
	7366872	5731404	3749112	3404832	1751232	4298028	446040	0	0	26747520
[55-59)	533	430	409	444	337	820	63	16	4	3056
	13429416	11302260	9362268	10366716	7573548	16531716	1145856	222696	46980	69981456
[60-64)	468	451	453	469	474	1779	364	192	51	4701
	6753576	7222188	7968336	8367564	9508428	39513060	6855540	2691456	480624	89360772
[65-69)	85	105	255	289	378	2287	789	833	130	5151
	1292484	1486296	4039632	4120536	5559168	39748536	15598068	14821152	1825836	88491708
[70-74)	16	34	47	60	97	1374	1254	1158	501	4541
	324528	570876	1121976	974736	1739940	21752016	18064524	18607884	7994964	71151444
[75-79)	2	6	14	17	22	386	951	1384	1054	3836
	60624	96216	152712	273036	353628	7227216	13112772	17337480	17002092	55615776
[80-84)	4	0	2	3	7	85	247	755	1610	2713
	115704	0	46344	92556	86496	1638072	3922920	8926116	21670836	36499044
[85-89)	0	0	0	1	1	8	30	120	1098	1258
	0	0	0	11004	13392	183192	703476	1755024	12844356	15510444
[90-99)	0	0	0	0	0	1	0	2	473	476
	0	0	0	0	0	9252	0	14892	4835208	4859352
TOTALS										
count	1518	1320	1437	1554	1500	7206	3730	4460	4921	27646
benefit	31403940	27392520	27420144	28968372	27442416	132451944	59861844	64376700	66700896	466018776

AVERAGES --- Attained Age 69.45
Years Retired 11.43
Annual Benefit 16,857

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

STATE EMPLOYEES' SYSTEM
DISABILITY RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2005

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-39)	4	3	1	2	2	1	0	0	0	13
	49548	26568	8412	18240	11604	14064	0	0	0	128436
[40-44)	15	6	15	12	12	15	5	0	0	80
	210612	79536	171144	116868	112200	136764	30132	0	0	857256
[45-49)	31	27	37	25	31	49	25	9	1	235
	590580	374100	467736	289008	407484	523800	184176	47808	4008	2888700
[50-54)	41	33	47	31	44	131	60	16	4	407
	710220	515196	639768	431016	592344	1553556	542148	113772	25656	5123676
[55-59)	40	37	35	37	33	142	91	34	14	463
	490428	408876	417024	410676	383304	1596276	898152	268440	96684	4969860
[60-64)	0	0	0	0	1	0	0	0	0	1
	0	0	0	0	10272	0	0	0	0	10272
[65-69)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[70-74)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[75-79)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[80-84)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[85-89)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[90-99)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
TOTALS										
count	131	106	135	107	123	338	181	59	19	1199
benefit	2051388	1404276	1704084	1265808	1517208	3824460	1654608	430020	126348	13978200

AVERAGES --- Attained Age 52.78
Years Retired 6.26
Annual Benefit 11,658

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

STATE EMPLOYEES' SYSTEM
SURVIVOR BENEFITS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2005

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
.....										
[0-39)	6	3	2	0	1	8	7	2	2	31
:	114480	48276	22536	0	18780	114876	71496	16848	7848	415140
:										:
[40-44)	6	6	7	8	4	16	12	5	1	65
:	173376	114864	112848	129252	62184	318060	168108	52392	3816	1134900
:										:
[45-49)	8	6	10	21	9	37	18	7	10	126
:	156540	130620	261720	329100	188496	607056	247320	79944	98220	2099016
:										:
[50-54)	20	16	13	15	19	71	43	31	13	241
:	506892	356196	256020	327432	384540	1297200	600216	334560	84264	4147320
:										:
[55-59)	18	29	25	17	16	70	78	52	53	358
:	308628	586092	521544	387252	294348	1268988	941532	582912	579816	5471112
:										:
[60-64)	18	17	14	26	22	90	89	84	90	450
:	459672	335472	199656	406764	295632	1636092	1216752	997152	879636	6426828
:										:
[65-69)	21	12	15	14	14	75	125	152	215	643
:	400164	151368	267084	251028	280776	1065504	1657548	1797780	2073528	7944780
:										:
[70-74)	12	13	11	13	4	60	119	161	388	781
:	250236	269628	101412	175812	60252	708804	1379268	1631460	3788916	8365788
:										:
[75-79)	8	6	4	4	7	26	84	196	647	982
:	123120	143280	45552	106644	66492	414420	955284	2043372	6006876	9905040
:										:
[80-84)	1	2	1	1	1	15	28	122	732	903
:	19764	16908	8028	7836	8700	141096	367932	1350996	6400416	8321676
:										:
[85-89)	0	0	0	0	0	5	3	29	467	504
:	0	0	0	0	0	50652	21768	304272	3796644	4173336
:										:
[90-99)	0	0	1	0	0	0	2	0	273	276
:	0	0	18936	0	0	0	19956	0	2005836	2044728
:										:
.....										
TOTALS	:	:	:	:	:	:	:	:	:	:
count	118	110	103	119	97	473	608	841	2891	5360
benefit	2512872	2152704	1815336	2121120	1660200	7622748	7647180	9191688	25725816	60449664
.....										

AVERAGES --- Attained Age 73.08
Years Retired 19.46
Annual Benefit 11,278

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM
TERM-VESTED/RECIPROCAL

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2005

Age	YEARS EMPLOYED									Total
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	
[0-19)	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:	:	:	:	:	:	:	:	:	:	:
[20-24)	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0
:	:	:	:	:	:	:	:	:	:	:
[25-29)	0	3	1	0	0	0	0	0	0	4
:	0	3500	3829	0	0	0	0	0	0	7329
:	:	:	:	:	:	:	:	:	:	:
[30-34)	0	3	1	14	1	0	0	0	0	19
:	0	4970	4761	122500	8468	0	0	0	0	140699
:	:	:	:	:	:	:	:	:	:	:
[35-39)	1	1	1	87	33	2	0	0	0	125
:	0	2042	9060	759886	353391	27340	0	0	0	1151719
:	:	:	:	:	:	:	:	:	:	:
[40-44)	0	0	1	97	74	39	4	0	0	215
:	0	0	6254	864718	818179	490100	61306	0	0	2240557
:	:	:	:	:	:	:	:	:	:	:
[45-49)	0	2	2	112	95	93	40	0	0	344
:	0	3662	69840	1012921	981031	1149102	585594	0	0	3802150
:	:	:	:	:	:	:	:	:	:	:
[50-54)	0	2	3	99	82	69	62	36	0	353
:	0	2111	17125	881833	854209	1070341	835645	381135	0	4042399
:	:	:	:	:	:	:	:	:	:	:
[55-59)	0	1	3	80	80	61	50	47	10	332
:	0	5988	87264	828250	1028374	923122	618076	545803	127951	4164828
:	:	:	:	:	:	:	:	:	:	:
[60-64)	0	0	0	7	12	11	14	7	12	63
:	0	0	0	42449	119295	152030	141949	120855	167996	744574
:	:	:	:	:	:	:	:	:	:	:
[65-69)	0	0	0	2	0	1	3	0	1	7
:	0	0	0	23376	0	10040	28588	0	12815	74819
:	:	:	:	:	:	:	:	:	:	:
[70-74)	0	0	0	1	0	1	1	0	21	24
:	0	0	0	4380	0	9058	8472	0	411017	432927
:	:	:	:	:	:	:	:	:	:	:
TOTALS	:	:	:	:	:	:	:	:	:	:
count	1	12	12	499	377	277	174	90	44	1486
benefit	0	22273	198133	4540313	4162947	3831133	2279630	1047793	719779	16802001

AVERAGES --- Attained Age 50.40
Service Years 19.17
Annual Benefit 11,307

Hall Actuarial Associates

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

STATE EMPLOYEES' SYSTEM
DROP PARTICIPANTS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2005

Age	YEARS PARTICIPATED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-39)	4	0	0	0	0	0	0	0	0	4
	94596	0	0	0	0	0	0	0	0	94596
[40-44)	7	11	7	0	0	0	0	0	0	25
	162996	204900	126180	0	0	0	0	0	0	494076
[45-49)	68	43	14	0	0	0	0	0	0	125
	1945284	1099296	295560	0	0	0	0	0	0	3340140
[50-54)	314	238	188	0	0	0	0	0	0	740
	10252872	6970032	5486436	0	0	0	0	0	0	22709340
[55-59)	348	360	418	0	0	0	0	0	0	1126
	9713040	9382056	11581464	0	0	0	0	0	0	30676560
[60-64)	251	266	210	0	0	0	0	0	0	727
	3664284	4340316	3283992	0	0	0	0	0	0	11288592
[65-69)	13	17	24	0	0	1	0	0	0	55
	133524	141768	233484	0	0	42540	0	0	0	551316
[70-74)	3	1	3	0	0	0	0	0	0	7
	50376	14748	90408	0	0	0	0	0	0	155532
[75-79)	0	0	1	0	0	0	0	0	0	1
	0	0	7560	0	0	0	0	0	0	7560
[80-84)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[85-89)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
[90-99)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
TOTALS										
count	1008	936	865	0	0	1	0	0	0	2810
benefit	26016972	22153116	21105084	0	0	42540	0	0	0	69317712

AVERAGES --- Attained Age 56.76
Years Retired 1.44
Annual Benefit 24,668

EXHIBIT 5

**PRINCIPLE PROVISIONS OF THE PLAN
(Including Acts of 2005 Regular Session)**

EFFECTIVE DATE:

July 1, 1947; last amendment date - July 1, 2004.

EMPLOYEE:

Any person legally occupying a position in the state service.

EMPLOYER:

The State of Louisiana or any of its boards, commissions, departments, agencies and courts which are contributing members and those approved for membership by the legislature from which any employee receives his compensation.

**ELIGIBILITY FOR
PARTICIPATION:**

Condition of employment in state service except the following: elected or appointed officials or employees who are contributing members of any other state system; public officials and state employees who receive a per diem in lieu of compensation; persons employed prior to 1/1/73 who work on a part-time basis and elect not to participate; patient or inmate help in state charitable, penal or correctional institutions; part-time students, interns and resident physicians; independent contractors; employees who are age 60 or older at time of employment; retirees of the retirement system who return to work under certain conditions; judges who failed to elect membership prior to 10/2/76; civilian employees who on 11/1/81 were within five years of retirement eligibility in the Federal Civil Service Retirement and Disability Fund; teachers employed after 9/10/82; nurses employed from employment pools at state charity hospitals; temporary, seasonal, part-time employees of DOTC, or as defined in federal law.

SERVICE:

Service as an "Employee", defined above.

CREDITABLE SERVICE:

For service prior to January 1, 1973: 1/4 year granted for each 89 day interval of service, not to exceed 1 credit per fiscal year. Minimum 15 days required for 1st Quarter credit.

For service on or after January 1, 1973, a member shall receive credit based on the ratio of actual pay to the annual base per calendar year. Fractional service shall be rounded to the next highest 1/10th, not to exceed 100 percent per year.

EXHIBIT 5 (Continued)
Principle Provisions

ADDITIONAL
CREDITABLE SERVICE:

1. Credit for service canceled by withdrawal of accumulated contributions may be restored by member by paying into system the amount withdrawn plus interest at the Actuarial Valuation rate.
2. Maximum of 4 years of credit for military service may be obtained for each member with at least 2 years service, contingent on payment of Actuarial Cost.
3. Credit for service which, was classified as a job appointment or emergency appointment which exceeds 2 years service.
4. At retirement, all accumulated unused sick and annual leave shall be credited based on the following schedule:

1 - 26 Days	10% of a Year
27 - 52 Days	20% of a Year
53 - 78 Days	30% of a Year
79 - 104 Days	40% of a Year
105 - 130 Days	50% of a Year
131 - 156 Days	60% of a Year
157 - 182 Days	70% of a Year
183 - 208 Days	80% of a Year
209 - 234 Days	90% of a Year
235 - 260 Days	100% of a Year

Actuarial Equivalent Lump-sum is available after August 15, 1993.

EARNABLE COMPENSATION:

The base pay earned by an employee for a given pay period as reported by the employing agency including the full amount earned, expense allowances, over-time paid to employees of the legislative branch, per diem paid to members of the legislature, the clerk or sergeant-at-arms of the house and the president and secretary of the senate.

AVERAGE FINAL COMPENSATION
FOR BENEFIT PURPOSES:

The average annual earned compensation for the thirty-six highest months of successive employment, or the highest thirty-six successive joined months where interruption of service occurred; part-time employees use the base pay the part-time employee would have received had employment been full-time.

EXHIBIT 5 (Continued)
Principle Provisions

ACCUMULATED CONTRIBUTIONS:

The sum of all amounts deducted from the earned compensation of a member and credited to the individual account in the employee's savings account, together with regular interest credited prior to July 1971.

EMPLOYEE CONTRIBUTIONS:

		<u>After June 30, 1989</u>
Individual Employees	7% of Compensation	7.5%
Agents of DOC	8.5% of Compensation	9.0%, 7.5% after DROP
Wildlife Agents	8% of Compensation	8.5%, 9.5% eff. 7/1/03
Legislators, Judges	11% of Compensation	11.5%

EMPLOYER CONTRIBUTIONS:

9% of Compensation by statute; 9.2% effective 8/1/80; 10.2% effective 7/1/84; 11.2% effective 9/11/85. Act 81 of 1988 requires employer rate to be actuarially determined and set annually.

RETIREMENT BENEFIT:

NORMAL RETIREMENT:

Eligibility:

1. Member has attained age 60 and 10 years of service, or age 55 and 25 years or at any age and 30 years.
2. Certain members of the Department of Public Safety and Corrections, 20 years at any age (age 50 if employed after August 15, 1986, or 25 years at any age). For new hires after 12/31/2001, 25 years of service at any age.
3. Service as a judge or court officer, 18 years regardless of age, or age 50 and 20 years, or age 55 and 12 years, or age 60 regardless of service.
4. Members of the legislature, governor, lieutenant governor and state treasurer, 16 years of such service without regard to age, or age 50 with 20 years, or age 55 with 12 years.
5. Wildlife and Fisheries members hired before 7/1/2003, age 55 and 10 years, or 20 years at any age. Members hired on or after 7/1/2003, age 60 at 10 years, and 25 years at any age.

Benefit:

1. 2.5% of average compensation per year, plus \$300 supplemental benefit.
2. 2.5% of average compensation per year, plus \$300 supplemental benefit. For new hires after 12/31/2001, 3 1/3% of average compensation, plus \$300 supplemental benefit.
3. Annual pension equal to 3 1/2 percent of average compensation for each year of creditable service as a judge or court officer, plus benefit described in (1) above for other state service.

EXHIBIT 5 (Continued)
Principle Provisions

4. 3 1/2% of average compensation per year as a legislator, governor, lieutenant governor, employees of the legislature or state treasurer, plus benefit described in (1) above for other state service.
5. 3% of average compensation per year for service earned prior to 7/1/03. 3 1/3% of average compensation for service earned on or after 7/1/03, 2.5% of average compensation for actual number of years served, for service less than ten years.

NOTE:

- A. Benefit not to exceed 100% of average earnable compensation.
- B. Retiree who returns to work shall have benefits suspended while so re-employed; benefit in same amount shall resume after re-employment ceases, but shall include any Cost-of-Living benefits or increases granted during suspension (these are not retroactive). Retirees who return to work during a July 1 to June 30 year will not have his benefits reduced if his compensation does not exceed 50% of his annual benefit.
- C. The \$300 annual supplemental benefit is discontinued to persons who become members of the retirement system after 6/30/86 (Act 608 of 1986).
- D. For members employed after January 1, 1990, the annual pension cannot exceed the maximum benefit provided under Section 415(b) (2) (F) of the Internal Revenue Service Code as adjusted for inflation and form of benefit other than life annuity or qualified joint and survivor annuity for retirement ages as follows:

<u>AGE</u>	<u>MAXIMUM</u>	<u>AGE</u>	<u>MAXIMUM</u>	<u>AGE</u>	<u>MAXIMUM</u>
48	\$32,327	56	\$67,510	64	\$152,299
49	35,343	57	74,350	65	170,000
50	38,667	58	81,984	66	182,404
51	42,336	59	90,526	67	195,937
52	46,391	60	100,106	68	210,718
53	50,878	61	110,875	69	226,882
54	55,851	62	123,014	70	244,582
55	61,372	63	136,738		

EARLY RETIREMENT:

Eligibility:

20 years of service credit regardless of attained age. Act 194 of 2004 provides 10 years at age 50 (sunsets December 31, 2006)

Benefit:

Normal retirement benefit based upon service accrued to date, actuarially reduced from the earliest date member would be eligible if employment had continued, to the earliest normal retirement date

EXHIBIT 5 (Continued)
Principle Provisions

COST-OF-LIVING BENEFITS:

Act 572 of 1992 establishes an Experience Account which, is credited with 50% of the excess investment experience gain and debited with 50% of the net investment experience loss. Balances in the experience account accrue interest at the average actuarial yield for the System portfolio. Act 402 of 1999 establishes that once the balance of the Experience Account accumulates to a sum sufficient to grant retirees a COLA, the Board shall grant such COLA not to exceed the lesser of the CPI-U or 2%. Benefits are restricted to those retirees who have attained the age of 55 and have been retired for at least one year.

Acts 1016 and 1162 of the 2001 legislative session modify previous COLA provisions. The COLA shall be based on the first seventy thousand dollars of the retiree's annual benefit. The 2% COLA may be increased to 3% provided the yield on the investments of the system's assets exceed 8.25%. The minimum age 55 for the receipt of a COLA was removed for disability retirees.

MINIMUM BENEFITS:

Effective September 1, 2001, retirees and beneficiaries receiving retirement benefits shall be entitled to a minimum benefit which is not less than \$30.00 per month for each year of creditable service. The minimum benefit is adjusted for the option elected at retirement.

DISABILITY RETIREMENT:

Eligibility:

10 years of creditable service; certification of disability by medical board (medical examination may be required once in every year for the first 5 years of disability retirement, and once in every 2 years thereafter, until age 60.)

Benefit:

- 1) The disability retirement annuity shall be equivalent to the regular retirement formula without reduction by reason of age for all classes of membership.
- 2) For judges and court officers, the benefit in (1) but not less than 50% of current salary.
- 3) For certain Wildlife agents; partial disabilities not eligible for (1) above receive 75% of the benefit in (1); total disability in-line-of-duty receive 60% of average compensation.

EXHIBIT 5 (Continued)
Principle Provisions

SURVIVOR'S BENEFITS:

Eligibility:

1. Surviving spouse with minor children legally married 2 years prior to date of death of a member with 5 years of service credit, 2 of which were earned immediately prior to death, or 20 years of service.
2. Surviving spouse, legally married 1 year prior to death, of a deceased member with 10 years of service credit, 2 of which were earned immediately prior to death, or 20 years of service regardless of date earned.
3. Surviving minor child, with no spouse of a deceased member with 5 years of service credit, 2 of which were earned immediately prior to death, or 20 years of service regardless of date earned.
4. Surviving handicapped or mentally retarded children.
5. Surviving spouse of a judge or court officer.
6. Beneficiary not eligible for (1), (2), (3), (4) or (5).

Benefit:

1. Greater of 75% of member's average compensation or \$300 per month. 1/3 of the benefit is designated for survivor, 2/3 for minor children.
2. Greater of 50% of member's average compensation or \$200 per month.
3. Greater of 75% of member's average compensation or \$300 per month.
4. Continuation of minor child's benefit described above in (1) or (3) whichever is applicable.
5. Survivor's benefit described in (1) or (2), but not less than the greater of 1/3 the member's compensation or 50% of the retirement pay which such member was entitled or receiving prior to death.
6. Return of member's accumulated contributions.

OPTIONAL FORMS
OF BENEFIT:

In lieu of receiving normal retirement benefit, member may elect to receive actuarial equivalent of retirement allowance in a reduced form as follows:

Option 1 - If a member dies before receiving present value of annuity in monthly payments, balance paid to designated beneficiary.

EXHIBIT 5 (Continued)
Principle Provisions

Option 2 - Reduced retirement allowance, if member dies, to be continued to designated beneficiary for his lifetime.

Option 3 - 1/2 of reduced retirement allowance, if member dies, to be continued to designated beneficiary for his lifetime.

Option 4 - Other benefits of equal actuarial value may be elected with approval of board.

A. 90% of the maximum retirement allowance to member; if member dies, 55% of the maximum retirement allowance continued to beneficiary.

B. Reduced retirement allowance to member; if member dies, 55% of the maximum retirement allowance continues to beneficiary adjusted based on the age and relationship of the beneficiary to the member.

Initial Benefit Option - Maximum benefit actuarially reduced for partial lump-sum equal to not more than 36 months of maximum monthly pension.

C. Special reversionary annuities to Options 2, 3, and 4. Member's reduced benefit reverts to the maximum if the beneficiary predeceases the annuitant.

If divorced after retirement, optional benefit can revert to maximum benefit with actuarial adjustment.

REFUND OF CONTRIBUTIONS:

If a member ceases to be a member, except by death or retirement, he shall be paid such part of the amount of the accumulated contributions credited to his individual account in annuity savings fund as he shall demand, plus any accumulated interest thereon as of 6/30/71; if member of legislature, no interest. No interest credited after 6/30/71. Death prior to retirement - accumulated contributions credited to individual account in annuity savings fund are returnable to designated beneficiary, if any; otherwise, to his estate.

**WITHDRAWAL AFTER 10 YEARS
OF CREDITABLE SERVICE:**

Any member with credit for 10 years of service who withdraws from service may elect to leave accumulated contributions in system until age 60, when he may apply for retirement and begin receiving a retirement benefit based on the credits he had at date of withdrawal.

DEFERRED RETIREMENT OPTION PLAN:

Instead of terminating employment and accepting a service retirement allowance, any member who has met the normal eligibility requirements may participate in the Deferred Retirement Option Plan (DROP) and defer receipt of benefits.

EXHIBIT 5 (Continued)
Principle Provisions

NORMAL ELIGIBILITY:

Any member who is eligible for unreduced service retirement allowance may begin participation on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility.

BENEFIT:

Upon termination of employment, a participant will receive, at his option:

- (1) lump sum payment (equal to the payments to the account);
- (2) a true annuity based upon his account; or
- (3) Other methods of payment approved by the board of trustees.

If a participant dies during the period of participation in the program, his account balance shall be paid to the beneficiary, or if none, to his estate in any form approved by the Board of Trustees.

If employment is not terminated at the end of DROP participation, then:

- (1) payment into account shall cease;
- (2) payment from account only upon termination of employment; and
- (3) the participant shall resume active contributing membership.

Then, upon termination of employment, the benefit payments indicated above shall be paid. The participant shall receive an additional retirement benefit based on additional service rendered since termination of participation in the fund, usually the normal method of computation of benefit subject to the following:

- (1) If additional service was less than 36 months, average compensation figure used to calculate initial benefit shall be that used.
- (2) If additional service was 36 or more months, the average compensation figure used to calculate the additional benefit shall be based on compensation during the period of additional service.

DROP Accounts shall earn interest, following termination of DROP, at a rate of .5% below the actuarial rate of the System's investment portfolio.

Effective 1/1/2004 new DROP accounts are credited with Money Market rates or self directed accounts approved by the Board of Trustees.

EXHIBIT 6

ACTUARIAL COST METHODS AND ASSUMPTIONS

COST METHOD:

The individual "Projected Unit Credit" cost method was used to calculate the funding requirements of the retirement system. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is accumulated from the participant's attained age to the anticipated retirement dates. That portion of the actuarial present value attributable to current year benefit accruals is called the Normal Cost. The actuarial present value of future benefits in proportion to service accrued on the date of valuation is called the actuarial accrued liability.

ASSET VALUATION:

Prior to June 30, 1999 the actuarial value of assets was the sum of the bonds at amortized cost, plus a weighted average of average unrealized loss (or gain) in the market value of equities.

For the Plan Year Ending June 30, 1999 and thereafter, the computation of the Actuarial Value of Assets is the market value of assets adjusted for a four year weighted average of the unrealized gain or loss in the value of all assets. This value is determined in accordance with Reg. 1.412(c)(2)-1-(6) & (7) of the Internal Revenue Service Code and is subject to the Corridor Limits defined therein.

ACCOUNTING DISCLOSURE:

The Governmental Accounting Standards Board Statement No. 25 requires the disclosure of certain Actuarial Liabilities for Public Employees Retirement Systems. The disclosures illustrated in Exhibit 3 were developed using the Projected Unit Credit cost method. The statement of assets provided by the audit staff was the final draft prior to publication. Should the statement of assets received differ from the final audit report, a revised actuarial statement will be issued, but only to the extent that any difference in reporting affects the employer's contribution rate or the yield to the Actuarial Value of Assets.

ACTUARIAL ASSUMPTIONS:

The Retirement System is required to conduct an experience study every five years, but the scope of such a study is not necessarily limited to a five year period. The current five-year observation period (1997-2001) was chosen to coincide with the most recent period of data reporting following the restructuring of the Deferred Retirement Option Program. The rates are projected separately for Regular Members, Corrections, Wildlife and Fisheries, and Judges. The current and prior rate tables are illustrated at the end of this exhibit.

EXHIBIT 6 (Continued)
Cost Methods & Assumptions

MORTALITY ASSUMPTIONS:

Pre-retirement deaths and post-retirement life expectancies were projected in accordance with the experience of the 1983 Sex Distinct Graduated Group Annuity Mortality Table, with female age set at attained age plus one.

DISABILITY ASSUMPTION:

Rates of total and permanent disability were projected by age in accordance with the most recent Experience Study. The rates are based upon attained age. For mortality after disability, rates were on the Eleventh Actuarial Valuation of the Railroad Retirement Systems for permanent disabilities.

RETIREMENT/DROP ASSUMPTION:

Retirement rates are based on age and service eligibility requirements for normal benefits. Age and service requirements vary by plan. DROP is viewed as an alternative form of benefit accrual since mandatory termination is not required following participation. Therefore, at eligibility, the probability of DROP accrual is determined in conjunction with regular benefit accrual. Retirement rates and DROP probabilities are based on the most recent Experience Study.

TERMINATION ASSUMPTIONS:

Voluntary termination or withdrawal rates are based on the most recent Experience Study. During the first five years of employment, the probability of voluntarily terminating is a multiple of the attained age rate in prior reports and a multiple of service duration in the current valuation as follows:

	<u>Regular</u> <u>Members</u>	<u>Correction</u> <u>Members</u>	<u>Wildlife</u> <u>& Judges</u>
1st year	1.3x	1.5x	1.0x
2nd year	1.0x	1.0x	1.0x
3rd year	1.0x	1.0x	1.0x
4th year	1.0x	1.0x	1.0x
5th year	1.0x	1.0x	1.0x

Furthermore, for members terminating with ten (10) or more years of service, it is assumed that 80% will not withdraw their accumulated employee contributions.

SALARY GROWTH:

The rates of annual salary growth are based upon the member's years of service and are illustrated in the rate tables at the end of this exhibit.

EXHIBIT 6 (Continued)
Cost Methods & Assumptions

FAMILY STATISTICS:

The composition of the Family was based on Age-Specific Fertility Rates from the 1983 Vital Statistics of the United States. 80% of the membership was assumed to be married with the wife assumed to be three (3) years younger than the husband. Sample rates are as follows:

<u>Age at Death</u>	<u>Number of Minor Chn.</u>	<u>Years for Youngest Child to Attain Majority</u>
25	1.3	17
30	1.8	15
35	2.2	13
40	2.1	10
45	1.7	8
50	1.2	4

ASSUMPTION FOR INCOMPLETE DATA:

Records identified as containing suspicious data or errors in data were assumed to possess the same characteristics of "good data" in the same cohort.

INVESTMENT EARNINGS:

An effective annual rate of 8 1/4%, net expenses.

ADMINISTRATIVE EXPENSES:

Expenses are included in Aggregate Normal Cost and are assumed to be \$16,000,000 per year. Investment Manager fees are not included in Normal Cost but are treated as a direct offset to investment income. The Employer portion of the Normal Cost excludes an allocation for administrative expenses.

COST-OF-LIVING:

The liability for a cost-of-living raise already granted is included in the retiree reserve.

ACTUARIAL TABLES AND RATES (STATE EMPLOYEES)
RATES EFFECTIVE 6/30/2003

Age	- Death Rates -		Disability	Termination	Retirement	DROP	Dur	Salary
	Male	Female	Rates	Rates	Rates	Rates		Scale
18	.00039	.00020	.0000	.0500	.0000	.000	1	1.1400
19	.00041	.00021	.0000	.1100	.0000	.000	2	1.0900
20	.00042	.00022	.0000	.2100	.0000	.000	3	1.0750
21	.00044	.00024	.0000	.1900	.0000	.000	4	1.0700
22	.00045	.00025	.0000	.1800	.0000	.000	5	1.0650
23	.00047	.00027	.0000	.1600	.0000	.000	6	1.0600
24	.00049	.00028	.0000	.1600	.0000	.000	7	1.0600
25	.00052	.00030	.0000	.1600	.0000	.000	8	1.0600
26	.00054	.00032	.0000	.1600	.0000	.000	9	1.0600
27	.00057	.00034	.0000	.1500	.0000	.000	10	1.0550
28	.00060	.00036	.0001	.1400	.0000	.000	11	1.0500
29	.00064	.00038	.0001	.1300	.0000	.000	12	1.0500
30	.00067	.00040	.0001	.1200	.0000	.000	13	1.0500
31	.00072	.00043	.0001	.1100	.0000	.000	14	1.0500
32	.00076	.00046	.0001	.1000	.0000	.000	15	1.0500
33	.00082	.00049	.0001	.1000	.0000	.000	16	1.0450
34	.00087	.00053	.0002	.0900	.0000	.000	17	1.0450
35	.00096	.00056	.0003	.0900	.0000	.000	18	1.0450
36	.00101	.00060	.0004	.0600	.0000	.000	19	1.0450
37	.00107	.00064	.0005	.0600	.0000	.000	20	1.0450
38	.00115	.00069	.0008	.0500	.0000	.000	21	1.0450
39	.00125	.00074	.0015	.0500	.0000	.000	22	1.0425
40	.00138	.00080	.0015	.0500	.0000	.000	23	1.0425
41	.00152	.00086	.0015	.0400	.0000	.000	24	1.0425
42	.00170	.00094	.0015	.0400	.0000	.000	25	1.0425
43	.00191	.00102	.0017	.0400	.0000	.000	26	1.0425
44	.00215	.00112	.0026	.0300	.0000	.000	27	1.0425
45	.00243	.00124	.0027	.0300	.0000	.000	28	1.0425
46	.00275	.00137	.0030	.0300	.0000	.000	29	1.0425
47	.00310	.00152	.0033	.0300	.0000	.000	30	1.0425
48	.00349	.00167	.0033	.0300	.4000	.300	31	1.0500
49	.00390	.00183	.0050	.0300	.3000	.420	32	1.0500
50	.00434	.00199	.0037	.0300	.3500	.330	33	1.0600
51	.00480	.00217	.0037	.0300	.3700	.330	34	1.0600
52	.00528	.00236	.0037	.0300	.4000	.330	35	1.0600
53	.00578	.00257	.0055	.0200	.4500	.330	36	1.0600
54	.00629	.00282	.0050	.0200	.3500	.330	37	1.0500
55	.00681	.00311	.0044	.0200	.3500	.330	38	1.0500
56	.00735	.00345	.0030	.0200	.3500	.250	39	1.0500
57	.00793	.00383	.0024	.0200	.4500	.200	40	1.0500
58	.00858	.00425	.0021	.0200	.6000	.200	41	1.0500
59	.00932	.00471	.0008	.0200	.4700	.250	42	1.0500
60	.01018	.00523	.0000	.0200	.2600	.250	43	1.0500
61	.01118	.00579	.0000	.0200	.2600	.150	44	1.0500
62	.01237	.00641	.0000	.0200	.3300	.150	45	1.0500
63	.01377	.00710	.0000	.0200	.4000	.150	46	1.0500
64	.01541	.00785	.0000	.0200	.3600	.150	47	1.0500
65	.01732	.00869	.0000	.0200	.3600	.150	48	1.0500
66	.01953	.00965	.0000	.0200	.3300	.150	49	1.0500
67	.02200	.01078	.0000	.0200	.3000	.250	50	1.0500
68	.02470	.01214	.0000	.0200	.3000	.300	51	1.0500
69	.02757	.01376	.0000	.0100	.3000	.100	52	1.0500
70	.03059	.01570	.0000	.0100	.2500	.100	53	1.0500
71	.03373	.01796	.0000	.0000	.2500	.100	54	1.0500
72	.03708	.02053	.0000	.0000	.4300	.000	55	1.0500
73	.04076	.02344	.0000	.0000	.5200	.000	56	1.0500
74	.04488	.02666	.0000	.0000	.9900	.000	57	1.0500

ACTUARIAL TABLES AND RATES (JUDGES)
RATES EFFECTIVE 6/30/2003

Age	- Death Rates -		Disability	Termination	Retirement	DROP	Dur	Salary
	Male	Female	Rates	Rates	Rates	Rates		Scale
18	.00039	.00020	.0000	.0000	.0000	.000	1	1.0470
19	.00041	.00021	.0000	.0000	.0000	.000	2	1.0250
20	.00042	.00022	.0000	.0000	.0000	.000	3	1.0250
21	.00044	.00024	.0000	.0000	.0000	.000	4	1.0250
22	.00045	.00025	.0000	.0000	.0000	.000	5	1.0250
23	.00047	.00027	.0000	.0000	.0000	.000	6	1.0250
24	.00049	.00028	.0000	.0000	.0000	.000	7	1.0250
25	.00052	.00030	.0000	.0000	.0000	.000	8	1.0250
26	.00054	.00032	.0000	.0000	.0000	.000	9	1.0250
27	.00057	.00034	.0000	.0000	.0000	.000	10	1.0250
28	.00060	.00036	.0000	.0000	.0000	.000	11	1.0250
29	.00064	.00038	.0000	.0000	.0000	.000	12	1.0250
30	.00067	.00040	.0002	.0050	.0000	.000	13	1.0250
31	.00072	.00043	.0002	.0050	.0000	.000	14	1.0250
32	.00076	.00046	.0002	.0050	.0000	.000	15	1.0250
33	.00082	.00049	.0002	.0050	.0000	.000	16	1.0250
34	.00087	.00053	.0002	.0050	.0000	.000	17	1.0250
35	.00096	.00056	.0002	.0050	.0000	.000	18	1.0250
36	.00101	.00060	.0002	.0050	.0000	.000	19	1.0250
37	.00107	.00064	.0002	.0050	.0000	.000	20	1.0250
38	.00115	.00069	.0002	.0050	.0000	.000	21	1.0250
39	.00125	.00074	.0002	.0050	.0000	.000	22	1.0250
40	.00138	.00080	.0002	.0050	.0000	.000	23	1.0250
41	.00152	.00086	.0002	.0050	.0000	.000	24	1.0250
42	.00170	.00094	.0002	.0050	.0000	.000	25	1.0250
43	.00191	.00102	.0002	.0050	.0000	.000	26	1.0250
44	.00215	.00112	.0002	.0050	.0000	.000	27	1.0250
45	.00243	.00124	.0002	.0050	.0000	.000	28	1.0250
46	.00275	.00137	.0002	.0050	.0000	.000	29	1.0250
47	.00310	.00152	.0002	.0050	.0000	.000	30	1.0250
48	.00349	.00167	.0002	.0050	.0000	.000	31	1.0250
49	.00390	.00183	.0002	.0050	.5000	.000	32	1.0250
50	.00434	.00199	.0002	.0050	.5000	.000	33	1.0250
51	.00480	.00217	.0002	.0000	.5000	.000	34	1.0250
52	.00528	.00236	.0002	.0000	.5000	.900	35	1.0250
53	.00578	.00257	.0002	.0000	.3500	.900	36	1.0250
54	.00629	.00282	.0002	.0000	.3500	.900	37	1.0250
55	.00681	.00311	.0002	.0000	.3500	.900	38	1.0250
56	.00735	.00345	.0002	.0000	.3500	.500	39	1.0250
57	.00793	.00383	.0002	.0000	.1000	.500	40	1.0250
58	.00858	.00425	.0002	.0000	.1000	.500	41	1.0250
59	.00932	.00471	.0002	.0000	.1000	.150	42	1.0250
60	.01018	.00523	.0002	.0000	.1000	.150	43	1.0250
61	.01118	.00579	.0002	.0000	.1000	.150	44	1.0250
62	.01237	.00641	.0002	.0000	.1000	.150	45	1.0250
63	.01377	.00710	.0002	.0000	.1000	.900	46	1.0250
64	.01541	.00785	.0002	.0000	.1000	.750	47	1.0250
65	.01732	.00869	.0002	.0000	.1000	.330	48	1.0250
66	.01953	.00965	.0002	.0000	.1000	.150	49	1.0250
67	.02200	.01078	.0002	.0000	.1000	.150	50	1.0250
68	.02470	.01214	.0002	.0000	.1000	.150	51	1.0250
69	.02757	.01376	.0002	.0000	.6200	.000	52	1.0250
70	.03059	.01570	.0000	.0000	.9900	.000	53	1.0250
71	.03373	.01796	.0000	.0000	.9900	.000	54	1.0250
72	.03708	.02053	.0000	.0000	.9900	.000	55	1.0250
73	.04076	.02344	.0000	.0000	.9900	.000	56	1.0250
74	.04488	.02666	.0000	.0000	.9900	.000	57	1.0250

ACTUARIAL TABLES AND RATES (CORRECTIONS)
RATES EFFECTIVE 6/30/2003

Age	- Death Rates -		Disability	Termination	Retirement	DROP	Dur	Salary
	Male	Female	Rates	Rates	Rates	Rates		Scale
18	.00039	.00020	.0000	.0500	.0000	.000	1	1.1800
19	.00041	.00021	.0000	.2400	.0000	.000	2	1.0900
20	.00042	.00022	.0000	.2400	.0000	.000	3	1.0800
21	.00044	.00024	.0000	.3100	.0000	.000	4	1.0800
22	.00045	.00025	.0000	.2500	.0000	.000	5	1.0800
23	.00047	.00027	.0000	.2400	.0000	.000	6	1.0750
24	.00049	.00028	.0000	.2300	.0000	.000	7	1.0750
25	.00052	.00030	.0000	.2200	.0000	.000	8	1.0750
26	.00054	.00032	.0000	.2100	.0000	.000	9	1.0750
27	.00057	.00034	.0000	.1800	.0000	.000	10	1.0750
28	.00060	.00036	.0000	.1700	.0000	.000	11	1.0750
29	.00064	.00038	.0000	.1600	.0000	.000	12	1.0750
30	.00067	.00040	.0002	.1500	.0000	.000	13	1.0700
31	.00072	.00043	.0002	.1300	.0000	.000	14	1.0600
32	.00076	.00046	.0003	.1200	.0000	.000	15	1.0600
33	.00082	.00049	.0003	.1000	.0000	.000	16	1.0600
34	.00087	.00053	.0004	.1000	.0000	.000	17	1.0600
35	.00096	.00056	.0005	.1000	.0000	.000	18	1.0600
36	.00101	.00060	.0006	.1000	.0000	.000	19	1.0600
37	.00107	.00064	.0008	.0900	.0000	.000	20	1.0600
38	.00115	.00069	.0010	.0800	.0000	.000	21	1.0600
39	.00125	.00074	.0012	.0600	.0000	.000	22	1.0600
40	.00138	.00080	.0013	.0600	.0000	.000	23	1.0600
41	.00152	.00086	.0014	.0600	.0000	.000	24	1.0600
42	.00170	.00094	.0015	.0500	.0000	.000	25	1.0600
43	.00191	.00102	.0017	.0500	.0000	.000	26	1.0600
44	.00215	.00112	.0017	.0500	.0000	.000	27	1.0600
45	.00243	.00124	.0017	.0400	.0000	.000	28	1.0500
46	.00275	.00137	.0017	.0400	.0000	.000	29	1.0400
47	.00310	.00152	.0017	.0300	.0000	.000	30	1.0400
48	.00349	.00167	.0017	.0300	.8000	.900	31	1.0400
49	.00390	.00183	.0045	.0300	.7000	.900	32	1.0400
50	.00434	.00199	.0054	.0300	.7000	.900	33	1.0400
51	.00480	.00217	.0060	.0300	.7000	.500	34	1.0400
52	.00528	.00236	.0060	.0300	.7000	.500	35	1.0400
53	.00578	.00257	.0060	.0500	.7000	.450	36	1.0400
54	.00629	.00282	.0130	.0500	.9000	.100	37	1.0400
55	.00681	.00311	.0070	.0500	.7500	.550	38	1.0400
56	.00735	.00345	.0040	.0500	.7500	.400	39	1.0400
57	.00793	.00383	.0040	.0500	.7500	.150	40	1.0400
58	.00858	.00425	.0040	.0500	.7500	.150	41	1.0400
59	.00932	.00471	.0040	.0500	.4500	.150	42	1.0400
60	.01018	.00523	.0040	.0500	.2500	.250	43	1.0400
61	.01118	.00579	.0000	.0500	.2500	.250	44	1.0400
62	.01237	.00641	.0000	.0500	.2500	.050	45	1.0400
63	.01377	.00710	.0000	.0500	.3500	.050	46	1.0400
64	.01541	.00785	.0000	.0500	.3500	.050	47	1.0400
65	.01732	.00869	.0000	.1000	.3500	.050	48	1.0400
66	.01953	.00965	.0000	.0000	.3500	.050	49	1.0400
67	.02200	.01078	.0000	.0000	.3000	.150	50	1.0400
68	.02470	.01214	.0000	.0000	.5000	.000	51	1.0400
69	.02757	.01376	.0000	.0000	.5000	.000	52	1.0400
70	.03059	.01570	.0000	.0000	.9900	.000	53	1.0400
71	.03373	.01796	.0000	.0000	.9900	.000	54	1.0400
72	.03708	.02053	.0000	.0000	.9900	.000	55	1.0400
73	.04076	.02344	.0000	.0000	.9900	.000	56	1.0400
74	.04488	.02666	.0000	.0000	.9900	.000	57	1.0400

ACTUARIAL TABLES AND RATES (WILDLIFE)
EFFECTIVE RATES 6/30/2003

Age	- Death Rates -		Disability	Termination	Retirement	DROP	Dur	Salary
	Male	Female	Rates	Rates	Rates	Rates		Scale
18	.00039	.00020	.0000	.1000	.0000	.000	1	1.1800
19	.00041	.00021	.0000	.1000	.0000	.000	2	1.1700
20	.00042	.00022	.0000	.1000	.0000	.000	3	1.1000
21	.00044	.00024	.0000	.1000	.0000	.000	4	1.0900
22	.00045	.00025	.0000	.1000	.0000	.000	5	1.0800
23	.00047	.00027	.0000	.1000	.0000	.000	6	1.0800
24	.00049	.00028	.0000	.0700	.0000	.000	7	1.0800
25	.00052	.00030	.0000	.0700	.0000	.000	8	1.0800
26	.00054	.00032	.0000	.0700	.0000	.000	9	1.0800
27	.00057	.00034	.0000	.0700	.0000	.000	10	1.0650
28	.00060	.00036	.0000	.0700	.0000	.000	11	1.0650
29	.00064	.00038	.0000	.0700	.0000	.000	12	1.0650
30	.00067	.00040	.0001	.0700	.0000	.000	13	1.0650
31	.00072	.00043	.0001	.0700	.0000	.000	14	1.0650
32	.00076	.00046	.0001	.0700	.0000	.000	15	1.0650
33	.00082	.00049	.0001	.0700	.0000	.000	16	1.0650
34	.00087	.00053	.0001	.0700	.0000	.000	17	1.0650
35	.00096	.00056	.0100	.0200	.0000	.000	18	1.0650
36	.00101	.00060	.0100	.0200	.0000	.000	19	1.0650
37	.00107	.00064	.0100	.0200	.0000	.000	20	1.0650
38	.00115	.00069	.0100	.0200	.0000	.000	21	1.0650
39	.00125	.00074	.0100	.0200	.0000	.000	22	1.0650
40	.00138	.00080	.0100	.0100	.0000	.000	23	1.0650
41	.00152	.00086	.0100	.0100	.0000	.000	24	1.0650
42	.00170	.00094	.0100	.0100	.0000	.000	25	1.0650
43	.00191	.00102	.0100	.0100	.0000	.000	26	1.0650
44	.00215	.00112	.0100	.0100	.0000	.000	27	1.0650
45	.00243	.00124	.0100	.0100	.0000	.000	28	1.0650
46	.00275	.00137	.0000	.0100	.0000	.000	29	1.0650
47	.00310	.00152	.0000	.0100	.0000	.000	30	1.0650
48	.00349	.00167	.0000	.0100	.5000	.500	31	1.0650
49	.00390	.00183	.0000	.0100	.5000	.500	32	1.0650
50	.00434	.00199	.0000	.0100	.5000	.500	33	1.0650
51	.00480	.00217	.0000	.0100	.5000	.500	34	1.0650
52	.00528	.00236	.0000	.0100	.5000	.500	35	1.0650
53	.00578	.00257	.0000	.0100	.5000	.500	36	1.0650
54	.00629	.00282	.0000	.0100	.5000	.500	37	1.0650
55	.00681	.00311	.0000	.0100	.5000	.500	38	1.0650
56	.00735	.00345	.0000	.0000	.5000	.500	39	1.0650
57	.00793	.00383	.0000	.0000	.5000	.500	40	1.0650
58	.00858	.00425	.0000	.0000	.5000	.500	41	1.0650
59	.00932	.00471	.0000	.0000	.5000	.500	42	1.0650
60	.01018	.00523	.0000	.0000	.5000	.500	43	1.0650
61	.01118	.00579	.0000	.0000	.5000	.500	44	1.0650
62	.01237	.00641	.0000	.0000	.5000	.500	45	1.0650
63	.01377	.00710	.0000	.0000	.5000	.500	46	1.0650
64	.01541	.00785	.0000	.0000	.5000	.500	47	1.0650
65	.01732	.00869	.0000	.0000	.9900	.000	48	1.0650
66	.01953	.00965	.0000	.0000	.9900	.000	49	1.0650
67	.02200	.01078	.0000	.0000	.9900	.000	50	1.0650
68	.02470	.01214	.0000	.0000	.9900	.000	51	1.0650
69	.02757	.01376	.0000	.0000	.9900	.000	52	1.0650
70	.03059	.01570	.0000	.0000	.9900	.000	53	1.0650
71	.03373	.01796	.0000	.0000	.9900	.000	54	1.0650
72	.03708	.02053	.0000	.0000	.9900	.000	55	1.0650
73	.04076	.02344	.0000	.0000	.9900	.000	56	1.0650
74	.04488	.02666	.0000	.0000	.9900	.000	57	1.0650

EXHIBIT A

**AMORTIZATION of UNFUNDED
ACTUARIAL ACCRUED LIABILITY
JUNE 30, 2005**

<u>DATE 6/30</u>	<u>DESCRIPTION</u>	<u>AMTZ. METHOD</u>	<u>AMTZ. PERIOD</u>	<u>INITIAL LIABILITY</u>	<u>YEARS REMAIN</u>	<u>REMAINING BALANCE</u>	<u>MID-YEAR PAYMENT</u>
1993	Initial Liability	I	36	2,086,424,058	24	2,809,873,436	177,384,645
1993	Change in Liability	L	25	-176,172,713	24	-173,849,466	-16,202,391
1994	Change in Liability	L	25	-62,475,258	24	-61,651,376	-5,745,774
1995	Change in Liability	L	25	-72,078,533	24	-71,128,010	-6,628,975
1996	Change in Liability	L	25	85,912,731	24	84,779,772	7,901,290
1997	Change in Liability	L	25	-281,911,688	24	-278,194,026	-25,927,077
1998	Change in Liability	L	25	-105,825,000	24	-104,429,451	-9,732,597
1999	Change in Liability	I	25	103,608,120	24	105,523,319	6,661,587
2000	Change in Liability	I	26	46,867,925	25	47,806,011	2,941,373
2001	Change in Liability	I	27	109,177,843	26	111,516,996	6,697,291
2002	Change in Liability	I	28	468,578,945	27	479,228,295	28,131,367
2003	Change in Liability	I	29	1,142,857,936	28	1,170,208,789	67,228,764
2004	Change in Liability	L	30	113,159,407	29	112,205,370	9,889,817
2005	Change in Liability	L	30	-60,625,273	30	<u>-60,625,273</u>	<u>-5,298,480</u>
TOTAL OUTSTANDING BALANCE						4,171,264,386	237,300,840
EMPLOYERS' CREDIT BALANCE							
2001	Contribution Variance	L	5	-1,748,006	1	-407,102	-423,562
2002	Contribution Variance	L	5	7,779,882	2	3,485,703	1,885,156
2003	Contribution Variance	L	5	16,739,921	3	10,827,204	4,056,278
2004	Contribution Variance	L	5	17,093,381	4	14,194,191	4,141,925
2005	Contribution Variance	L	5	3,452,173	5	<u>3,452,173</u>	<u>836,502</u>
TOTAL CREDIT BALANCE						31,552,169	10,496,299
TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY						4,202,816,555	

Effective July 1, 1992, Amortization Periods changed in accordance with Act 257.