

## *Hall Actuarial Associates*

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September 8, 2006

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, 2006.

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 purpose 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  
**LASERS**  
September 8, 2006

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

	<u>June 30, 2006</u>	-----Prior Years-----	
		<u>June 30, 2005</u>	<u>June 30, 2004</u>
I. Membership Census			
1) Retirees	38,047	35,691	34,780
2) Actives	57,811	64,168	64,149
3) DROP	2,577	2,810	2,835
II. Annual Benefits	\$ 585,965,688	\$ 540,446,640	\$ 515,182,944
III. Total Payroll	1,979,705,391	2,100,043,094	2,017,726,616
IV. Valuation Assets	7,384,136,522	6,644,245,130	6,071,630,959
V. Experience Account	171,905,146	105,289,193	0
VI. Investment Yield			
Market Value	11.58%	9.87%	17.58%
Actuarial Value	12.96%	11.73%	6.06%
VII. Cost to Fund Annual Pension Accruals (Normal Costs)	315,685,438 15.95%	332,709,494 15.84%	310,380,527 15.38%
VIII. Unfunded Actuarial Accrued Liability	4,164,543,814	4,202,816,555	4,165,942,753
IX. Funded Percentage	63.9%	61.3%	59.3%
X. Funding Requirements to Pay (Mid-year payment)			
1) Employee Contribution Rate	156,714,947 7.689%	166,201,986 7.683%	159,625,545 7.682%
2) Employer Contribution, plus appropriation Rate (Current Year)	407,161,864 148,723 20.0%	407,835,937 - 18.9%	386,979,837 - 18.6%
3) Projected Employer plus appropriation Contribution (Next Year)	427,667,104 148,723 20.4%	424,641,914 - 19.1%	407,603,990 - 19.1%

The above funding requirements measure the cost of benefits that were in effect on June 30, 2006, plus Acts of the 2006 Legislative Session, which have prospective effects on current active members.

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 September 8, 2006

**Current Funding**

The Actuarial Valuation for the plan year ending June 30, 2006 discloses a decrease 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 6/30/2005		\$ 4,202,816,555
<b>INCREASES</b>		
Interest on Unfunded Liability	\$ 346,732,366	
Experience Account Allocation	155,832,126	
Employer Shortfall Charge	29,394,615	
Peace Officer benefits	1,701,685	
Retiree COLA	<u>102,866,246</u>	
Incurred Increases	636,527,038	
<b>DECREASES</b>		
Investment Gain	311,664,252	
Employer amortization Payment	257,816,222	
Experience Account distribution	102,866,246	
Experience gain	<u>2,453,059</u>	
Incurred Decreases	674,799,779	
Unfunded Liability 6/30/2006		\$4,164,543,814

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 September 8, 2006

The employer contribution rate established by the Public Retirement Systems' Actuarial Committee for the 2006-2007 plan year is 19.1%. The actual employer contribution rate determined by this valuation for the current plan year is 20.0%. 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 835 of 2006 increases the contribution rate to 9.0% and the annual accrual rate to 3.33% for Peace Officers for each year of qualifying service. All other benefit provisions remain the same as those for regular members.

#### **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:

- **Initial UAL Amortization Fund:** This fund, originally established as the Texaco Settlement Fund, accumulates Texaco Settlement contributions as a separate account invested at LASERS' actuarial rate of return. Act 642 of 2006 adds a special appropriation to liquidate the initial unfunded actuarial liability (UAL) in the same manner as the Texaco Settlement Fund. Once the value of the account equals the outstanding balance of the initial UAL, the account and initial actuarial unfunded liability will be liquidated. The current account balance is \$46,647,816 and allocated as follows:
  - Texaco Funds           \$33,047,816
  - Appropriations       \$13,600,000
- **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 restricts the account accumulation to no more than the reserve for two COLA's. A 2.4% COLA was granted to eligible members July 1, 2006. The COLA benefit is not reflected in the June 30, 2006 membership data. The current account balance is \$171,905,146
- **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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 September 8, 2006

**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>2004</u>	<u>2005</u>	<u>2006</u>	<u>3 Yr. Aver.</u>	<u>5 Yr. Aver.</u>	<u>10 Yr. Aver</u>
6.06%	11.73%	12.96%	10.21%	4.28%	7.45%

The net actuarial rate of return assumed in the valuation was 8.25%. The net realized actuarial rate of return for the plan year ending June 30, 2006 was greater than the long-term investment assumption used to project benefits. The result was a net investment experience gain of \$311,664,252 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 2005-2006 plan year, the system incurred a \$2,453,059 experience gain 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 with payments increasing 4.5% annually. Changes to the UAL are amortized as an increasing (I) or level dollar (L) payment, as indicated in EXHIBIT A. The employer contribution rate cannot drop below 12%, without regard to employer credits, and without a corresponding adjustment to the employee contribution rate. Maintaining the amortization payment as a level percentage of payroll requires aggregate payroll to increase at the same rate as the increase in amortization payments. To determine whether this is a reasonable statutorily required 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>
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%
2006	1,979,705	-5.7%

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**LASERS**  
 September 8, 2006

During the last 10 years the aggregate salaries have increased at an annualized rate of 2.25%. 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	263,685,921	14.8%	87.7%	4,015,724,240	90.5%
Judges	8,722,457	23.6%	2.9%	103,128,165	2.3%
Legislators	687,628	25.5%	.2%	11,697,316	.3%
Corrections - old plan	4,327,320	21.0%	1.4%	74,607,846	1.7%
Corrections - new plan	20,354,374	16.4%	6.8%	200,690,472	4.5%
Wildlife - old plan	2,347,441	27.5%	.8%	32,603,654	.1%
Wildlife - new plan	360,297	22.4%	.1%	394,720	.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

## TABLE OF CONTENTS

		<u>Pages</u>
EXHIBIT 1	<b>DEVELOPMENT OF COSTS, LIABILITIES &amp; CONTRIBUTIONS</b> Provides a detail by benefit type of the cost to accrue annual pension benefits, liabilities accrued to date and funding requirements	8 - 9
EXHIBIT 2	<b>FINANCIAL SUMMARY</b> Contains the statement of revenue and expenses as well as assets available to pay pension benefits	10 - 12
EXHIBIT 3	<b>PENSION ACCOUNTING AND FINANCIAL DISCLOSURE</b> NCGA STMT 6 changes in credited projected benefits	13 - 15
EXHIBIT 4	<b>CENSUS DATA</b> Describes the employee data, data processing for valuation purposes and depicts employee profiles by classification, age and service	16 - 30
EXHIBIT 5	<b>PRINCIPLE PROVISIONS OF THE RETIREMENT SYSTEM</b> Restates in summary outline form the basic plan provisions which were incorporated in the projected retirement pension benefit	31 - 38
EXHIBIT 6	<b>ACTUARIAL COST METHODS AND ASSUMPTIONS</b> Discloses rates of mortality, disability, retirement termination and other assumptions which are presumed to reflect the experience of the retirement system in aggregate	39 - 45
EXHIBIT A	<b>AMORTIZATION SCHEDULES</b>	46

## 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, 2006</u>		<u>June 30, 2005</u>	
	<u>Dollar</u>	<u>% of</u>	<u>Dollar</u>	<u>% of</u>
	<u>Amount</u>	<u>Salary</u>	<u>Amount</u>	<u>Salary</u>
I. Normal Costs (to fund annual pension accruals)				
Active Members with Complete Data				
a) Retirement Benefits	\$ 249,898,509	12.62%	\$ 257,647,423	12.27%
b) Disability Benefits	5,613,759	.28%	6,013,107	.29%
c) Survivor Benefits	10,018,435	.51%	14,001,262	.67%
d) Voluntary Termination	34,954,735	1.77%	39,047,702	1.86%
e) Expenses	<u>15,200,000</u>	<u>.77%</u>	<u>16,000,000</u>	<u>.77%</u>
TOTAL	315,685,438	15.95%	332,709,494	15.84%
II. Actuarial Accrued Liability				
a) Active Members				
1) Retirement Benefits	3,940,643,090		3,966,904,384	
2) Disability Benefits	75,168,212		79,412,095	
3) Survivor Benefits	107,404,621		138,136,947	
4) Voluntary Termination	<u>315,630,490</u>		<u>339,960,725</u>	
	4,438,846,413		4,524,414,151	
b) Retired and Inactive Members				
1) Regular Retirees	4,564,794,332		4,062,286,063	
2) Disabled Retirees	159,168,712		117,222,214	
3) Survivors	515,524,768		462,573,712	
4) Vested Deferred	143,461,215		85,496,094	
5) Contributions Refunded	66,222,821		40,794,396	
6) DROP Deferred Benefits	1,166,205,503		1,122,842,663	
7) DROP Account Balances	<u>494,456,572</u>		<u>431,432,392</u>	
	7,109,833,923		6,322,647,534	
c) SUB TOTAL	11,548,680,336		10,847,061,685	



**Exhibit 1 (Continued)**  
**Costs, Liabilities & Contributions**

	<u>June 30, 2006</u>	---Prior Year--- <u>June 30, 2005</u>
II. Actuarial Accrued Liability	\$ 11,548,680,336	\$ 10,847,061,685
III. Valuation Assets	7,384,136,522	6,644,245,130
IV. Unfunded Actuarial Accrued Liabilities - Projected Unit Credit <sup>1</sup>	4,164,543,814	4,202,816,555
a) Change over prior year	-38,272,741	36,873,802
b) Funded Percentage	63.9%	61.3%
V. Employer Contributions		
To Fund Current Plan Year <sup>1</sup>		
a) Employer Portion of Normal Cost	152,644,529	160,038,798
b) Amortization Payments	236,622,903	237,300,840
c) Prior Contribution Variance	<u>18,042,518</u>	<u>10,496,299</u>
TOTAL Required Contribution	407,309,950	407,835,937
Less, ACT 835 appropriation	<u>148,723</u>	-
Net contribution required	407,161,227	-
	20.0%	18.9%
PERSAC approved Rate <sup>2</sup>	19.1%	19.1%
Employer Normal Cost Rate	7.4893%	7.3981%
VI. Projected Employer Contributions		
To Fund Next Plan Year <sup>1</sup>		
a) Employer Portion of Normal Cost	156,818,649	164,504,934
b) Amortization Payments	250,215,247	250,307,865
c) Prior Contribution Variance	<u>20,781,931</u>	<u>9,829,115</u>
TOTAL Projected Contribution	427,815,827	424,641,914
Less, ACT 835 appropriation	<u>148,723</u>	-
Net contribution required	427,667,104	-
	20.4%	19.1%
VII. Current Payroll	1,979,705,391	2,100,043,094
Projected Payroll - Mid Year	2,038,170,718	2,163,243,354
Projected Payroll - Next Year	2,093,905,230	2,223,612,080

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

<sup>2</sup> 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, 2006</u>	-----Prior Years-----	
		<u>June 30, 2005</u>	<u>June 30, 2004</u>
<b><u>OPERATING REVENUES:</u></b>			
1. Contribution Income			
Member	\$ 165,509,666	\$ 169,143,849	\$ 163,277,178
Employer	411,250,496	391,870,045	335,991,617
ORP	657,413	539,213	398,180
2. Other Income			
Legislative Appropriations	13,600,000	0	765,963
Transfers/Purchases	21,769,527	31,391,519	2,557,724
Miscellaneous	<u>10,688,345</u>	<u>5,432,948</u>	<u>5,603,521</u>
TOTAL CONTRIBUTIONS	623,475,447	598,377,574	508,594,183
3. Investment Income			
Investments	862,077,612	674,460,245	1,016,334,206 <sup>1</sup>
Less, Investment Expenses	<u>-28,869,631</u>	<u>-24,114,417</u>	<u>-20,266,725</u>
TOTAL INVESTMENT INCOME	833,207,981	650,345,828	996,067,481
4. Total Revenues	1,456,683,428	1,248,723,402	1,504,661,664 <sup>1</sup>
<b><u>OPERATING EXPENSES:</u></b>			
1. General Administration	15,192,280	15,999,373	12,629,058
Other Expenses	849,292	2,634,940	795,260
2. Benefits Paid			
a) Pension Benefits	620,367,483	581,665,143	573,152,747
b) Return of Contrib.	<u>37,821,549</u>	<u>30,357,552</u>	<u>28,760,064</u>
TOTAL BENEFITS PAID	658,189,032	612,022,695	601,912,811
3. Total Operating Expenses	674,230,604	630,657,008	615,337,129
<b><u>NET INCOME:</u></b>	782,452,824	618,066,394	889,324,535 <sup>1</sup>

<sup>1</sup> The auditors have restated Net Income to include unrealized market value from the security lending program previously reported as \$889,281,150 for 2004. 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, 2006</u>	<u>-----Prior Years-----</u>	
		<u>June 30, 2005</u>	<u>June 30, 2004</u>
<b>ASSETS:</b> (at market)			
1. Short Term Assets			
Cash/Cash Equivalencies	\$ 65,797,087	\$ 73,610,366	\$ 48,821,649
Short term Investments	267,778,423	254,840,991	406,659,192
2. Bonds			
Domestic issues	1,302,728,282	1,245,054,738	1,106,994,881
Foreign Issues	536,943,431	486,363,472	425,666,540
3. Equities			
Common Stock	3,505,030,320	3,170,620,989	2,997,721,042
Foreign Stock	1,396,915,595	1,242,685,966	1,094,007,887
4. Other Assets			
Fixed Assets	10,183,795	7,147,082	5,317,429
Mortgages/Real Estate	857,963,120	718,231,558	503,323,937
5. Receivables(-) Payables	<u>65,167,493</u>	<u>27,499,560</u>	<u>19,475,771</u> <sup>1</sup>
TOTAL ASSETS - Market Value	8,008,507,546	7,226,054,722	6,607,988,328 <sup>1</sup>
Cost Value	7,110,086,054	6,594,405,543	6,072,405,696 <sup>1</sup>

**ACTUARIAL VALUE OF ASSETS:**

TOTAL ASSETS	\$ 8,008,507,546	\$ 7,226,054,722	\$ 6,608,025,129
Change in Unrealized (G/L)			
Plan Year - 2 (wt. 1/4)	630,822,217	239,217,198	-330,061,237
Plan Year - 1 (wt. 2/4)	96,066,547	630,822,217	239,217,198
Plan Year (wt. 3/4)	<u>266,772,313</u>	<u>96,066,547</u>	<u>630,822,217</u>
Actuarial Value of Assets	7,602,689,484	6,778,789,404	6,097,815,177

**INVESTMENT YIELD:**

Yield to Market Value	11.58%	9.87%	17.58%
Yield to Actuarial Value	12.96%	11.73%	6.06%
Five Year Actuarial Value	4.28%	1.85%	2.22%
DROP Account Yield	12.46%	11.23%	5.56%

<sup>1</sup> The auditors have restated Net Income to include unrealized market value from the security lending program previously reported as \$889,281,150 for 2004. 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, 2006</u>	-----Prior Years-----	
		<u>June 30, 2005</u>	<u>June 30, 2004</u>
<b><u>EMPLOYER CREDIT ACCOUNT<sup>1</sup>:</u></b>			
Prior Year Ending Balance	0	0	n/a
+ Contributions	0	0	n/a
- Disbursements	0	0	n/a
+ Accumulated Interest	0	0	n/a
Account Balance - Year End	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>INITIAL UAL FUND:</u></b>			
Prior Year Ending Balance	29,255,081	26,184,218	24,687,820
+ Current Year Allocation	13,600,000	0	0
+ Accumulated Interest	3,792,735	3,070,863	1,496,398
Fund Balance - Year End	<u>46,647,816</u>	<u>29,255,081</u>	<u>26,184,218</u>
<b><u>EXPERIENCE ACCOUNT FUND:</u></b>			
Prior Year Ending Balance	105,289,193	0	-634,512,981
+ Experience Account Allocation	155,832,126	105,289,193	-63,242,527
- Benefit Disbursements	102,866,246	0	0
+ Accumulated Interest	13,650,073	0	-38,459,611
Fund Balance - Year End	<u>171,905,146</u>	<u>105,289,193</u>	<u>0<sup>2</sup></u>
<b><u>DEVELOPMENT OF VALUATION ASSETS:</u></b>			
Actuarial Value of Assets	7,602,689,484	6,778,789,404	6,097,815,177
- Employer Credit Account	0	0	0
- Initial UAL Fund	46,647,816	29,255,081	26,184,218
- Experience Account Fund	171,905,146	105,289,193	0
Valuation Assets	<u>7,384,136,522</u>	<u>6,644,245,130</u>	<u>6,071,630,959</u>

<sup>1</sup>The Employer Credit Account was created by ACT 588 of the 2004.

<sup>2</sup>Act 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 <sup>1</sup> (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) <sup>1</sup> (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
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
2006	7,430,784	11,548,680	4,117,896	64.3	1,979,705	208.0

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by \$701,618,651 from June 30, 2005 to June 30, 2006. There was a net experience gain of \$156,583,505. Act 835 of 2006 increased benefit formula for Peace Officers, increasing the liability \$1,701,685.

<sup>1</sup>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**

<u>Fiscal Year</u>	<u>Actuarial Required Contribution</u>	<u>Percent Contributed</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u> <sup>1</sup>
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
2006	423,502,813	93.1	415,185,175	394,108,196	94.9	52,629,148

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	423,502,813
(2) Interest on Net Pension Obligation	2,603,054
(3) Amortization of Net Pension Obligation	<u>10,920,692</u>
(4) Annual Pension Cost (1)+(2)-(3)	415,185,175
(5) Employer Contribution	394,108,196
(6) Increase (decrease) in Net Pension Obligation	21,076,979
(7) Net Pension Obligation Beginning of Year	31,552,169
(8) Net Pension Obligation End of Year (6)+(7)	52,629,148

<sup>1</sup> 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 Year</u>	<u>Members Contribution</u>	<u>Employer Contribution</u> <sup>1</sup>	<u>Investment Income</u>	<u>Total</u>
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 <sup>2</sup>	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 <sup>3</sup>	679,668,393 <sup>3</sup>
2004	163,277,178	345,317,005	996,067,481 <sup>3</sup>	1,504,661,664 <sup>3</sup>
2005	169,143,849	429,233,725	650,345,828	1,248,723,402
2006	165,509,666	457,965,781	833,207,981	1,456,683,428

**Expenses by Type**

<u>Fiscal Year</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative Expenses</u> <sup>4</sup>	<u>Total</u>
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
2006	620,367,483	37,821,549	16,041,572	674,230,604

<sup>1</sup>Includes transfers and purchases and the annual employer contribution.

<sup>2</sup>Prior 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).

<sup>3</sup>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.

<sup>4</sup>Includes 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 13 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 43,382 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:

	---2006---	---2005---	---2004---
	<u>Census</u>	<u>Census</u>	<u>Census</u>
Active Members	57,811	64,168	64,149
Regular Retirees	28,944	27,646	26,945
Disability Retirees	1,202	1,199	1,203
Survivors	5,409	5,360	5,308
Vested & Reciprocals	2,492	1,486	1,324
Due Refunds	43,382	34,379	35,955
DROP Participants	<u>2,577</u>	<u>2,810</u>	<u>2,835</u>
TOTAL	141,817	137,048	137,719



MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM  
ALL REGULAR MEMBERS

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2006

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )		
[ 0-19)	118	9	0	0	0	0	0	0	0	0	127
	1030862	143237	0	0	0	0	0	0	0	0	1174099
[20-24)	898	942	37	0	0	0	0	0	0	0	1877
	9329858	19688233	879320	0	0	0	0	0	0	0	29897411
[25-29)	880	2382	791	31	1	0	0	0	0	0	4085
	10116788	63172984	21831633	945244	25179	0	0	0	0	0	96091828
[30-34)	573	1899	1633	476	25	0	0	0	0	0	4606
	6744780	54080292	54469581	16144230	884718	0	0	0	0	0	132323601
[35-39)	612	1599	1654	1351	645	30	0	0	0	0	5891
	6336718	46292783	54597606	51925435	25384694	1182477	0	0	0	0	185719713
[40-44)	506	1541	1553	1395	1374	989	251	1	0	0	7610
	6211858	43600283	49253656	51422496	57372656	39857126	10378260	40177	0	0	258136512
[45-49)	406	1506	1438	1428	1449	1646	1864	34	1	1	9772
	4737771	43333147	44810054	51921561	58589602	72568191	80387792	1640950	34740	1	358023808
[50-54)	298	1238	1278	1373	1201	1232	2120	240	5	5	8985
	3907800	36775512	40274502	51906047	49250692	55048401	99542911	13361108	288900	5	350355873
[55-59)	153	806	1055	1133	1095	861	306	144	22	22	5575
	2168402	24834926	33935450	41417370	44767598	37563380	15445533	8908476	1242993	22	210284128
[60-64)	24	202	403	318	228	107	76	25	23	23	1406
	361538	5922846	13772035	11043020	9375286	5096934	3454496	1075962	1369553	23	51471670
[65-69)	15	51	85	83	69	48	27	10	4	4	392
	351928	1765373	2923160	3190905	2713149	2250806	1230628	465513	334364	4	15225826
[70-74)	2	14	17	20	33	14	24	10	3	3	137
	75065	376938	654809	700306	1304212	599634	1042951	336325	210254	3	5300494
TOTALS	4485	12189	9944	7608	6120	4927	4668	464	58	58	50463
salary	51373368	339986554	317401806	280616614	249667786	214166949	211482571	25828511	3480804	58	1694004963

AVERAGES --- Attained Age 44.26  
Service Years 11.16  
Active Salary 33,569

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM  
PARTICIPATING LEGISLATORS

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2006

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	1	0	0	0	0	0	0	1
[40-44)	0	0	0	4	0	0	0	0	0	0	4
[45-49)	0	0	0	3	3	0	0	0	0	0	6
[50-54)	0	0	0	4	2	1	0	0	0	0	7
[55-59)	0	0	1	6	3	1	1	1	0	0	13
[60-64)	0	1	0	1	3	2	2	0	0	0	9
[65-69)	0	0	0	1	1	1	0	0	0	0	3
[70-74)	0	0	0	3	0	0	1	2	0	0	6
TOTALS	0	1	1	23	12	5	4	3	0	0	49
count	0	70448	36715	1122959	538991	196387	322213	130637	0	0	2418350
salary											

AVERAGES --- Attained Age 57.32  
Service Years 16.70  
Active Salary 49,354

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM  
ACTIVE JUDGES

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2006

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	4	5	1	0	0	0	0	0	0	10
[40-44)	1	10	11	10	1	0	0	0	0	0	33
[45-49)	1	7	15	15	9	1	1	0	0	0	49
[50-54)	0	12	27	27	24	6	2	0	0	0	98
[55-59)	0	8	18	23	8	5	4	1	0	0	67
[60-64)	0	7	3	9	7	7	6	0	0	0	39
[65-69)	0	0	8	2	3	0	2	2	0	0	17
[70-74)	0	0	0	1	1	0	0	0	0	0	2
TOTALS	2	48	87	88	53	19	15	3	0	0	315
salary	107379	4885272	8875055	9036980	5407595	1958440	1501190	335464	0	0	32107375

AVERAGES --- Attained Age 53.49  
Service Years 11.85  
Active Salary 101,928

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM  
WILDLIFE before 2003

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2006

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	1	0	0	0	0	0	0	0	0	1
[25-29)	0	6	12	0	0	0	0	0	0	0	18
[30-34)	0	8	32	4	1	0	0	0	0	0	45
[35-39)	0	2	13	11	8	2	0	0	0	0	36
[40-44)	0	4	4	10	7	2	0	0	0	0	27
[45-49)	0	0	0	8	6	4	4	1	0	0	23
[50-54)	0	0	1	2	2	5	1	0	0	0	11
[55-59)	0	0	0	0	0	2	4	0	0	0	6
[60-64)	0	0	0	0	0	0	0	0	0	0	0
[65-69)	0	0	0	0	0	1	0	0	0	0	1
[70-74)	0	0	0	0	0	0	0	0	0	0	0
TOTALS	0	21	62	35	24	16	9	1	0	0	168
count	0	861865	2790210	1778105	1285514	983975	613143	59082	0	0	8371894
salary											

AVERAGES --- Attained Age 39.07  
Service Years 12.04  
Active Salary 49,833

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM  
WILDLIFE after 2003

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2006

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)	17	4	0	0	0	0	0	0	0	21
	460474	138672	0	0	0	0	0	0	0	599146
[25-29)	9	9	0	0	0	0	0	0	0	18
	255159	309541	0	0	0	0	0	0	0	564700
[30-34)	5	4	0	0	0	0	0	0	0	9
	150000	138936	0	0	0	0	0	0	0	288936
[35-39)	0	4	0	0	0	0	0	0	0	4
	0	120354	0	0	0	0	0	0	0	120354
[40-44)	0	1	0	0	0	0	0	0	0	1
	0	31857	0	0	0	0	0	0	0	31857
[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	31	22	0	0	0	0	0	0	0	53
count	865633	739360	0	0	0	0	0	0	0	1604993
salary										

AVERAGES --- Attained Age 27.30  
Service Years 1.04  
Active Salary 30,283

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM  
CORRECTIONS before 1986

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2006

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	4	6	0	0	0	0	10
[40-44)	0	0	0	0	15	41	5	2	0	0	63
[45-49)	0	0	0	0	20	56	11	2	0	0	89
[50-54)	0	0	0	0	20	22	12	2	0	0	56
[55-59)	0	0	0	0	13	25	3	0	0	0	41
[60-64)	0	0	0	0	2	7	0	0	0	0	9
[65-69)	0	0	0	0	1	1	2	0	0	0	4
[70-74)	0	0	0	0	1	1	0	1	1	1	4
TOTALS	0	0	0	0	76	159	33	7	1	1	276
salary	0	0	0	0	3408353	7373024	1563984	335320	47078	0	12727759

AVERAGES --- Attained Age 49.74  
Service Years 22.18  
Active Salary 46,115

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM  
CORRECTIONS after 1986

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2006

Age	YEARS EMPLOYED									Total
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	
[ 0-19)	55	6	0	0	0	0	0	0	0	61
	561090	120747	0	0	0	0	0	0	0	681837
[20-24)	160	219	6	0	0	0	0	0	0	385
	1597721	4858952	148750	0	0	0	0	0	0	6605423
[25-29)	118	302	165	11	0	0	0	0	0	596
	1119614	7216504	4547420	367644	0	0	0	0	0	13251182
[30-34)	82	204	236	86	9	0	0	0	0	617
	828367	4994903	7036823	3042228	359428	0	0	0	0	16261749
[35-39)	91	188	212	184	110	0	0	0	0	785
	903804	4554339	6306673	6897911	4682041	0	0	0	0	23344768
[40-44)	49	163	191	100	178	0	0	0	0	681
	486651	4029471	5541964	3544226	7661320	0	0	0	0	21263632
[45-49)	45	123	174	79	121	0	0	0	0	542
	494961	2953134	5163914	2860342	5114141	0	0	0	0	16586492
[50-54)	22	83	136	66	114	0	0	0	0	421
	214680	1943334	3935301	2474369	4802291	0	0	0	0	13369975
[55-59)	10	57	77	63	83	0	0	0	0	290
	99553	1449563	2302932	2244553	3393613	0	0	0	0	9490214
[60-64)	5	17	24	14	17	0	0	0	0	77
	35272	459946	716147	495528	705255	0	0	0	0	2412148
[65-69)	3	6	6	7	2	0	0	0	0	24
	18185	166260	174329	237099	80659	0	0	0	0	676532
[70-74)	1	0	0	1	3	0	0	0	0	5
	10670	0	0	41334	104844	0	0	0	0	156848
TOTALS	641	1368	1227	611	637	0	0	0	0	4484
salary	6370568	32747153	35874253	22205234	26903592	0	0	0	0	124100800

AVERAGES --- Attained Age 39.21  
Service Years 6.96  
Active Salary 27,676

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM  
ACTIVE AFTER DROP

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY  
DROP BENEFITS

VALUATION DATE 6/30/2006

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	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	0	0	0
[40-44)	6	2	2	3	0	0	0	0	0	0	13
	197651	90388	94079	137278	0	0	0	0	0	0	519396
	109848	32784	31800	41652	0	0	0	0	0	0	216084
[45-49)	8	8	11	8	4	5	0	0	0	0	44
	274504	349467	553591	436239	218816	244525	0	0	0	0	2077142
	149544	138180	181068	131028	56616	66984	0	0	0	0	723420
[50-54)	95	44	35	19	9	14	0	0	0	0	216
	3736277	2289914	1700967	930907	499122	757687	0	0	0	0	9914874
	2715048	1236036	789000	378156	157092	216672	0	0	0	0	5492004
[55-59)	254	182	97	51	33	38	0	0	0	0	655
	10937619	9654921	5339989	2695700	1620051	2306968	0	0	0	0	32555248
	7528620	5165556	2797020	1327836	780696	1005816	0	0	0	0	18605544
[60-64)	140	114	93	74	58	88	3	0	0	0	570
	4808141	5563748	5104226	3681003	3511118	4755756	203725	0	0	0	27627717
	2402040	2259360	2417724	1801260	1691592	2137404	69624	0	0	0	12779004
[65-69)	17	24	88	79	42	104	1	0	0	0	355
	516697	1103527	3864511	3561396	1866708	5262259	57033	0	0	0	16232131
	162984	384648	1339608	1157484	614640	1920552	31392	0	0	0	5611308
[70-74)	5	9	9	19	11	89	8	0	0	0	150
	228518	302341	395755	864614	513577	4099341	354332	0	0	0	6758478
	101172	73812	159252	350244	123648	1406460	129756	0	0	0	2344344
TOTALS											
count	525	383	335	253	157	338	12	0	0	0	2003
salary	20699407	19354306	17053118	12307137	8229392	17426536	615090	0	0	0	95684986
benefit	13169256	9290376	7715472	5187660	3424284	6753888	230772	0	0	0	45771708

AVERAGES --- Attained Age 61.10  
Post Drop Years 2.79  
Active Salary 47,771  
Annual Benefit 22,852



MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM  
POST RETIREMENT SERVICE

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2006

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	0	0	0	0	0	0	0
[40-44)	2 60000	2 92926	1 50122	0	0	0	0	0	0	0	5 203048
[45-49)	5 71790	11 395170	0	0	0	0	0	0	0	0	16 466960
[50-54)	2 71331	38 1517342	9 478338	0	0	0	0	0	0	0	49 2067011
[55-59)	10 231144	27 1058525	12 455997	0	0	0	0	0	0	0	49 1745666
[60-64)	6 179340	24 841979	16 587552	0	0	0	0	0	0	0	46 1608871
[65-69)	2 39565	22 837940	24 704052	0	0	0	0	0	0	0	48 1581557
[70-74)	1 22269	11 312213	23 676676	0	0	0	0	0	0	0	35 1011158
TOTALS	count : 28	count : 135	count : 85	count : 0	count : 0	count : 0	count : 0	count : 0	count : 0	count : 0	count : 248
	salary : 675439	salary : 5056095	salary : 2952737	salary : 0	salary : 0	salary : 0	salary : 0	salary : 0	salary : 0	salary : 0	salary : 8684271

AVERAGES --- Attained Age 60.49  
Service Years 3.81  
Active Salary 35,017

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS RETIRED

STATE EMPLOYEES' SYSTEM  
REGULAR RETIREES

CELLS DEPICT - MEMBER COUNT  
TOTAL BENEFITS

VALUATION DATE 6/30/2006

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20- )	
[ 0-39)	1	1	0	0	0	0	0	0	0	2
	8172	20616	0	0	0	0	0	0	0	28788
[40-44)	30	17	12	9	19	9	0	0	0	96
	470940	267324	174072	139068	263976	72720	0	0	0	1388100
[45-49)	107	60	44	52	66	150	2	0	0	481
	2272788	1127352	540960	657000	870804	1668816	35256	0	0	7172976
[50-54)	410	258	159	131	136	344	62	1	0	1501
	10954128	6475236	3700104	2436468	2547036	4589844	822864	8472	0	31534152
[55-59)	714	572	427	418	422	880	136	15	0	3584
	21147660	14757852	11433276	9888012	10056612	18000312	2219928	195852	0	87699504
[60-64)	525	485	455	472	490	1739	560	142	52	4920
	9266232	7610412	8582112	8924040	9551364	40261812	10217184	1881600	467160	96761916
[65-69)	128	113	230	345	341	2308	1055	635	138	5293
	2350812	1762248	3543456	5781972	5142432	41226252	20565120	11130180	1886604	93389076
[70-74)	30	16	48	64	76	1354	1376	1106	562	4632
	456432	325212	776448	1419408	1206096	21872616	21166200	18439920	9083604	74745936
[75-79)	4	6	11	18	21	384	1060	1261	1062	3827
	86988	94824	203796	328488	306000	7318776	15124812	16407996	17034696	56906376
[80-84)	2	3	0	3	6	92	287	810	1548	2751
	65832	60348	0	52428	154080	1640508	5149848	9535368	21132456	37790868
[85-89)	0	1	0	0	1	10	29	168	1154	1363
	0	55392	0	0	11004	158424	609684	2549268	14186364	17570136
[90-99)	0	0	0	0	0	1	0	4	489	494
	0	0	0	0	0	9264	0	60372	5133288	5202924
TOTALS										
count	1951	1532	1386	1512	1578	7271	4567	4142	5005	28944
benefit	47079984	32556816	28954224	29626884	30109404	136819344	75910896	60209028	68924172	510190752

AVERAGES --- Attained Age 69.18  
Years Retired 11.29  
Annual Benefit 17,627

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS RETIRED

STATE EMPLOYEES' SYSTEM  
DISABILITY RETIREES

CELLS DEPICT - MEMBER COUNT  
TOTAL BENEFITS

VALUATION DATE 6/30/2006

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20- )	
[ 0-39)	5	3	3	1	1	1	0	0	0	14
	68388	38700	26592	8424	9384	6396	0	0	0	157884
[40-44)	13	14	5	10	9	18	5	0	0	74
	191640	194136	54636	124008	97152	172488	26856	0	0	860916
[45-49)	22	21	23	34	20	59	25	7	0	211
	303216	430416	330036	406584	230628	651972	194328	44268	0	2591448
[50-54)	43	45	32	41	29	132	58	24	4	408
	727320	824772	498132	568044	404820	1603824	574896	157704	20304	5379816
[55-59)	39	38	37	32	39	156	98	37	17	493
	543516	517188	441804	395052	431796	1760748	1015176	293976	135744	5535000
[60-64)	0	0	0	0	0	0	1	1	0	2
	0	0	0	0	0	0	12192	4968	0	17160
[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	122	121	100	118	98	366	187	69	21	1202
benefit	1834080	2005212	1351200	1502112	1173780	4195428	1823448	500916	156048	14542224

AVERAGES --- Attained Age 53.06  
Years Retired 6.54  
Annual Benefit 12,098

Hall Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS RETIRED

STATE EMPLOYEES' SYSTEM  
SURVIVOR BENEFITS

CELLS DEPICT - MEMBER COUNT  
TOTAL BENEFITS

VALUATION DATE 6/30/2006

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20- )	
[ 0-39)	22	26	24	28	34	131	124	70	52	511
	541752	636972	556656	614388	630792	2620776	1794240	903060	624660	8923296
[40-44)	4	1	2	4	2	6	8	1	6	34
	86424	10980	16140	35844	34476	63996	97116	12864	94320	452160
[45-49)	2	8	3	2	9	12	12	7	13	68
	20616	101688	43920	49596	86808	123648	153708	67800	115284	763068
[50-54)	10	12	6	9	6	29	19	16	16	123
	182076	332556	117396	154152	107796	351888	235308	155280	127008	1763460
[55-59)	21	16	23	16	14	45	39	31	36	241
	376992	203832	379872	302784	312444	773520	447072	282624	334044	3413184
[60-64)	21	17	17	13	23	82	84	64	80	401
	484716	318756	379056	172680	342252	1445532	1188684	660804	727512	5719992
[65-69)	11	17	12	12	17	68	99	133	209	578
	163572	304440	149016	233220	317700	964512	1307052	1566624	2019840	7025976
[70-74)	11	12	13	14	11	57	121	165	372	776
	153072	211500	252624	129936	134328	611940	1520184	1633644	3652872	8300100
[75-79)	2	10	7	4	3	23	63	180	631	923
	15540	173736	163800	57864	78120	331740	745428	1751556	6017124	9334908
[80-84)	2	2	1	1	2	13	35	124	752	932
	44436	27564	10152	5568	39732	123648	449760	1376496	6784392	8861748
[85-89)	0	0	0	1	0	3	5	31	499	539
	0	0	0	8040	0	33456	47040	309960	4146048	4544544
[90-99)	0	0	0	1	0	0	1	3	278	283
	0	0	0	18936	0	0	13740	21564	2076036	2130276
TOTALS	106	121	108	105	121	469	610	825	2944	5409
benefit	2069196	2322024	2068632	1783008	2084448	7444656	7999332	8742276	26719140	61232712

AVERAGES --- Attained Age 70.01  
Years Retired 19.74  
Annual Benefit 11,321

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM  
TERM-VESTED/RECIPROCAL

CELLS DEPICT - MEMBER COUNT  
TOTAL BENEFITS

VALUATION DATE 6/30/2006

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	1	1	0	0	0	0	0	2
[30-34)	0	0	0	44	2	0	0	0	0	46
[35-39)	0	0	0	179	56	1	0	0	0	236
[40-44)	0	1	0	211	146	48	3	0	0	409
[45-49)	0	0	0	214	151	121	85	0	0	571
[50-54)	0	0	2	206	154	82	107	31	0	582
[55-59)	0	0	0	167	132	87	58	58	15	517
[60-64)	0	0	0	20	19	11	17	7	10	84
[65-69)	0	0	0	3	2	1	5	3	1	15
[70-74)	0	0	0	0	2	2	2	2	22	30
TOTALS	0	1	3	1045	664	353	277	101	48	2492
benefit	0	758	18624	9511067	7681737	5557574	4309887	1137729	725137	28942513

AVERAGES --- Attained Age 49.74  
Service Years 18.06  
Annual Benefit 11,614

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS RETIRED

STATE EMPLOYEES' SYSTEM  
DROP PARTICIPANTS

CELLS DEPICT - MEMBER COUNT  
TOTAL BENEFITS

VALUATION DATE 6/30/2006

Age	YEARS PARTICIPATED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20- )	
[ 0-39)	2	1	0	0	0	0	0	0	0	3
	49608	20424	0	0	0	0	0	0	0	70032
[40-44)	5	9	10	0	0	0	0	0	0	24
	146784	215964	185904	0	0	0	0	0	0	548652
[45-49)	64	25	16	0	0	0	0	0	0	105
	1963836	799116	360780	0	0	0	0	0	0	3123732
[50-54)	251	266	177	0	0	0	0	0	0	694
	8892312	8554704	4994664	0	0	0	0	0	0	22441680
[55-59)	367	348	328	3	0	0	0	0	0	1046
	11165052	9897288	9240144	68868	0	0	0	0	0	30371352
[60-64)	215	219	218	2	0	0	0	0	0	654
	3772680	3622956	3884736	31548	0	0	0	0	0	11311920
[65-69)	8	12	21	0	0	0	0	0	0	41
	154272	96192	180420	0	0	0	0	0	0	430884
[70-74)	5	4	1	0	0	0	0	0	0	10
	204276	87492	14760	0	0	0	0	0	0	306528
[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	917	884	771	5	0	0	0	0	0	2577
benefit	26348820	23294136	18861408	100416	0	0	0	0	0	68604780

AVERAGES --- Attained Age 56.74  
Years Retired 1.44  
Annual Benefit 26,622

**EXHIBIT 5**

**PRINCIPLE PROVISIONS OF THE PLAN  
(Including Acts of 2006 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:**

Individual Employees	7.0% of Compensation	7.5%	eff. 7/1/89
Agents of DOC	8.5% of Compensation	9.0%, 7.5% after DROP	
Wildlife Agents	8.0% of Compensation	8.5%, 9.5%	eff. 7/1/03
Legislators, Judges	11.0% of Compensation	11.5%	eff. 7/1/89
Peace Officers	7.5% of Compensation	9.0%	eff. 7/1/06

**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. Peace officers receive 3.33% of average compensation per year.
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) (1) (A) 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	\$39,506	56	\$90,613	64	\$175,000
49	43,191	57	99,792	65	175,000
50	47,254	58	110,040	66	187,769
51	51,738	59	121,505	67	201,700
52	56,693	60	134,362	68	216,916
53	62,176	61	148,816	69	233,555
54	68,254	62	175,000	70	251,776
55	82,373	63	175,000		

**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:

	<b><u>Regular</u></b> <b><u>Members</u></b>	<b><u>Correction</u></b> <b><u>Members</u></b>	<b><u>Wildlife</u></b> <b><u>&amp; Judges</u></b>
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 \$15,200,000 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, 2006**

<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	23	2,857,131,226	185,366,954
1993	Change in Liability	L	25	-176,172,713	23	-171,334,550	-16,202,391
1994	Change in Liability	L	25	-62,475,258	23	-60,759,524	-5,745,774
1995	Change in Liability	L	25	-72,078,533	23	-70,099,068	-6,628,975
1996	Change in Liability	L	25	85,912,731	23	83,553,343	7,901,290
1997	Change in Liability	L	25	-281,911,688	23	-274,169,657	-25,927,077
1998	Change in Liability	L	25	-105,825,000	23	-102,918,769	-9,732,597
1999	Change in Liability	I	25	103,608,120	23	107,298,060	6,961,358
2000	Change in Liability	I	26	46,867,925	24	48,689,707	3,073,735
2001	Change in Liability	I	27	109,177,843	25	113,749,068	6,998,669
2002	Change in Liability	I	28	468,578,945	26	489,495,839	29,397,278
2003	Change in Liability	I	29	1,142,857,936	27	1,196,804,017	70,254,058
2004	Change in Liability	L	30	113,159,407	28	111,172,626	9,889,817
2005	Change in Liability	L	30	-60,625,273	29	-60,114,147	-5,298,480
2006	Change in Liability	L	30	-156,583,505	30	<u>-156,583,505</u>	<u>-13,684,962</u>
TOTAL OUTSTANDING BALANCE						4,111,914,666	236,622,903
<b>EMPLOYERS' CREDIT BALANCE</b>							
2002	Contribution Variance	L	5	7,779,882	1	1,811,896	1,885,156
2003	Contribution Variance	L	5	16,739,921	2	7,500,165	4,056,278
2004	Contribution Variance	L	5	17,093,381	3	11,055,818	4,141,925
2005	Contribution Variance	L	5	3,452,173	4	2,866,654	836,502
2006	Contribution Variance	L	5	29,394,615	5	<u>29,394,615</u>	<u>7,122,657</u>
TOTAL CREDIT BALANCE						52,629,148	18,042,518
<b>TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY</b>						4,164,543,814	

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