

## *Hall Actuarial Associates*

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*Charles G. Hall*  
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September 10, 2004

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, 2004.

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  
**LASERS**  
September 10, 2004

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

	<u>June 30, 2004</u>	-----Prior Years-----	
		<u>June 30, 2003</u>	<u>June 30, 2002</u>
I. Membership Census			
1) Retirees	34,780	34,074	33,132
2) Actives	64,149	65,441	64,692
3) DROP	2,835	2,768	2,635
II. Annual Benefits	\$ 515,182,944	\$ 491,416,716	\$ 466,719,066
III. Total Payroll	2,017,726,616	1,924,680,579	1,861,887,735
IV. Valuation Assets	6,071,630,959	6,462,850,028	6,342,414,880
V. Experience Account	0	-634,512,981	-270,929,581
VI. Investment Yield			
Market Value	17.58%	3.83%	-5.63%
Actuarial Value	6.06%	-3.63%	-4.40%
VII. Cost to Fund Annual Pension Accruals (Normal Costs)	310,380,527 15.38%	286,610,069 14.89%	277,099,192 14.88%
VIII. Unfunded Actuarial Accrued Liability	4,165,942,753	3,333,456,048	2,864,319,460
IX. Funded Percentage	59.3%	66.0%	68.9%
X. Funding Requirements to Pay (Mid-year payment)			
1) Employee Contribution Rate	159,625,545 7.682%	151,583,873 7.684%	147,682,661 7.684%
2) Employer Contribution Rate - Current Year	386,979,837 18.6%	343,370,650 17.4%	298,168,077 15.5%
3) Projected Employer Contribution - Next Year	407,603,990 19.1%	348,046,203 17.2%	312,108,688 15.8%

The above funding requirements measure the cost of benefits that were in effect on June 30, 2004, plus Acts of the 2004 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, 2004 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 6/30/2003		\$ 3,333,456,048
<b>INCREASES</b>		
Interest on Unfunded Liability	\$ 275,010,124	
Experience Account Loss	686,860,302	
Employer Shortfall Charge	17,093,381	
Investment Loss	<u>126,485,053</u>	
Incurring Increases	1,105,448,860	
<b>DECREASES</b>		
Employer Amtz. Payment	219,989,305	
Experience Gain	<u>52,972,850</u>	
Incurring Decreases	272,962,155	
Unfunded Liability 6/30/2004		\$ 4,165,942,753

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The initial projected employer contribution rate for the 2004-2005 plan year was 17.2%. The Public Retirement Systems' Actuarial Committee agreed that the negative Experience Account Balance violated constitutional funding requirements. This resulted in an increase in the contribution rate to 19.1% and a 6.2% decrease in the Plan's funded ratio. Act 588's modification of the amortization schedules reduced the rate to 17.9%. PERSAC approved a projected employer contribution rate for the 2004-2005 plan year of 17.8%. The actual employer contribution rate determined for the current plan year is 18.6%. There is an expected contribution shortfall since the current valuation rate is greater than the PERSAC approved rate by .8%.

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 588 of 2004 made significant changes to prospective funding. The outstanding balances of changes in liabilities from 1993 - 1998 were re-amortized as a level dollar amount to 2029. The amortization periods for changes in liabilities beginning with 1999 were extended to a thirty-year period from the date of occurrence. A minimum Employer rate of 15.5% and employer credit account were established for excess contributions. Following the recommendation of PERSAC, the negative Experience Account Balance was removed from the valuation assets. The Experience Account was reset to zero.

### **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 \$26,184,218.
- **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.
- **Employer Credit Account:** This fund accumulates the excess of the minimum employer contribution rate established by Act 588 over the tabular rate, if any. The account has an initial value this year of zero.

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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>2002</u>	<u>2003</u>	<u>2004</u>	<u>3 Yr. Aver.</u>	<u>5 Yr. Aver.</u>	<u>10 Yr. Aver.</u>
-4.40%	-3.63%	6.06%	-0.78%	2.22%	7.18%

The net actuarial rate of return assumed in the valuation was 8.25%. For the plan year ending June 30, 2004, the net realized actuarial rate of return was less than the long-term investment assumption used to project benefits. The result was a net investment experience loss of \$126,485,053 below 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 the later of the year 2029 or a 15-year period to make a mid-course adjustment in future funding requirements. During the 2003-2004 plan year, the system incurred a \$52,972,850 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. 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>
1994	1,546,465	2.8%
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%

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During the last 10 years the aggregate salaries have increased at an annualized rate of 2.70%. 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.

**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, 2004</u>		<u>---Prior Year---</u> <u>June 30, 2003</u>	
	<u>Dollar</u> <u>Amount</u>	<u>% of</u> <u>Salary</u>	<u>Dollar</u> <u>Amount</u>	<u>% of</u> <u>Salary</u>
I. Normal Costs				
Active Members with Complete Data				
a) Retirement Benefits	\$ 239,925,201	11.89%	\$ 223,512,262	11.61%
b) Disability Benefits	5,951,108	.29%	5,600,179	.29%
c) Survivor Benefits	13,712,549	.68%	12,240,267	.64%
d) Voluntary Termination	38,191,669	1.89%	35,257,361	1.83%
e) Expenses	<u>12,600,000</u>	<u>.62%</u>	<u>10,000,000</u>	<u>.52%</u>
TOTAL	310,380,527	15.38%	286,610,069	14.89%
II. Actuarial Accrued Liability				
a) Active Members				
1) Retirement Benefits	3,626,449,819		3,541,988,446	
2) Disability Benefits	79,470,846		78,088,087	
3) Survivor Benefits	131,626,836		128,122,102	
4) Voluntary Termination	<u>338,491,523</u>		<u>327,129,955</u>	
	4,176,039,024		4,075,328,590	
b) Retired and Inactive Members				
1) Regular Retirees	3,849,565,892		3,646,186,560	
2) Disabled Retirees	113,045,425		113,207,142	
3) Survivors	451,937,949		439,989,301	
4) Vested Deferred	75,044,980		66,591,513	
5) Contributions Refunded	37,378,316		34,076,836	
6) DROP Deferred Benefits	1,048,962,210		957,776,782	
7) DROP Account Balances	<u>385,681,308</u>		<u>374,422,462</u>	
	5,961,616,080		5,632,250,596	
c) SUB TOTAL	10,137,655,104		9,707,579,186	



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

	<u>June 30, 2004</u>	---Prior Year--- <u>June 30, 2003</u>
II. Actuarial Accrued Liability		
c) SUB TOTAL (Preceding page)	\$ 10,137,655,104	\$ 9,707,579,186
d) Adjustments to Regular Plan		
1) Active Judges	91,394,261	79,456,102
2) Active Legislators	8,524,347	9,270,788
Adjusted TOTAL	10,237,573,712	9,796,306,076
III. Valuation Assets	6,071,630,959	6,462,850,028
IV. Unfunded Actuarial Accrued Liabilities - Projected Unit Credit <sup>1</sup>	4,165,942,753	3,333,456,048
a) Change over prior year	832,486,705	469,136,588
b) Funded Percentage	59.3%	66.0%
V. Employer Contributions To Fund Current Plan Year <sup>1</sup>		
a) Employer Portion of Normal Cost	147,037,937	131,930,424
b) Amortization Payments	230,152,404	206,920,823
c) Prior Contribution Variance	9,789,496	4,519,403
TOTAL Required Contribution	386,979,837	343,370,650
	18.6%	17.4%
Actuarial Forecast Rate <sup>2</sup>	17.8%	15.8%
Employer Normal Cost Rate	7.0762%	6.6877%
VI. Projected Employer Contributions To Fund Next Plan Year <sup>1</sup>		
a) Employer Portion of Normal Cost	151,153,983	135,154,866
b) Amortization Payments	242,599,320	207,243,766
c) Prior Contribution Variance	13,850,687	5,647,571
TOTAL Projected Contribution	407,603,990	348,046,203
	19.1%	17.2%
VII. Current Payroll	2,017,726,616	1,924,680,579
Projected Payroll - Mid Year	2,077,916,500	1,972,720,892
Projected Payroll - Next Year	2,136,083,794	2,020,935,123

<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, 2004</u>	-----Prior Years-----	
		<u>June 30, 2003</u>	<u>June 30, 2002</u>
<b><u>OPERATING REVENUES:</u></b>			
1. Contribution Income			
Member	\$ 163,277,178	\$ 159,469,854	\$ 151,350,321
Employer	335,991,617	292,290,126	256,079,880
ORP	398,180	392,718	241,424
2. Other Income			
Legislative Appropriations	765,963	4,881,115	4,714,958
Transfers/Purchases	2,557,724	2,961,102	4,534,953
Miscellaneous	<u>5,603,521</u>	<u>6,902,102</u>	<u>5,167,374</u>
TOTAL CONTRIBUTIONS	508,594,183	466,897,017	422,088,910
3. Investment Income			
Investments	1,016,290,821	229,752,773	-325,607,247
Less, investment expenses	<u>-20,266,725</u>	<u>-16,901,210</u>	<u>-17,213,862</u>
TOTAL INVESTMENT INCOME	996,024,096	212,851,563	-342,821,109
4. Total Revenues	1,504,618,279	679,748,580	79,267,801
<b><u>OPERATING EXPENSES:</u></b>			
1. General Administration	12,629,058	10,196,507	8,315,745
Other Expenses	795,260	1,632,930	4,943,827
2. Benefits Paid			
a) Pension Benefits	573,152,747	544,009,581	498,392,717
b) Return of Contrib.	<u>28,760,064</u>	<u>25,043,817</u>	<u>31,391,355</u>
TOTAL BENEFITS PAID	601,912,811	569,053,398	529,784,072
3. Total Operating Expenses	615,337,129	580,882,835	543,043,644
<b><u>NET INCOME:</u></b>	889,281,150	98,865,745	-463,775,843

**EXHIBIT 2 (Continued)**  
**Financial Summary**

**FINANCIAL SUMMARY**  
**STATEMENT OF ASSETS**  
**FOR FISCAL YEAR ENDING**

	<u>June 30, 2004</u>	<u>-----Prior Years-----</u>	
		<u>June 30, 2003</u>	<u>June 30, 2002</u>
<b>ASSETS:</b>			
1. Short Term Assets			
Cash/Cash Equivalencies	\$ 48,821,649	\$ 91,561,494	\$ 30,376,173
Short term Investments	406,659,192	172,524,924	72,507,610
2. Bonds (at market)			
Bonds/Government/Agency	410,983,149	590,911,229	528,483,359
Bonds/Municipal/Other	46,349,700	11,636,121	43,965,839
U.S. Government Obligations	42,200,460	84,270,277	66,783,822
Corporate Foreign Issues	1,033,128,112	1,221,989,099	1,311,167,557
3. Equities			
Common Stock	2,997,721,042	2,370,603,802	2,355,436,090
Foreign Stock	1,091,400,132	848,776,994	822,500,042
Preferred Stock	2,607,755	3,501,906	7,920,353
4. Other Assets			
Fixed Assets	5,317,429	5,657,742	6,155,527
Mortgages/Real Estate	503,323,937	326,129,911	320,770,281
5. Receivables(-) Payables	<u>19,512,572</u>	<u>-8,819,520</u>	<u>53,811,581</u>
TOTAL ASSETS			
Market Value	6,608,025,129	5,718,743,979	5,619,878,234
Cost Value	6,072,442,497	5,813,983,564	5,954,335,016

**ACTUARIAL VALUE OF ASSETS:**

TOTAL ASSETS	\$ 6,608,025,129	\$ 5,718,743,979	\$ 5,619,878,234
Change in Unrealized (G/L)			
Plan Year - 2 (wt. 1/4)	-330,061,237	-594,652,672	-99,654,016
Plan Year - 1 (wt. 2/4)	239,217,198	-330,061,237	-594,652,672
Plan Year (wt. 3/4)	<u>630,822,217</u>	<u>239,217,198</u>	<u>-330,061,237</u>
Actuarial Value of Assets	<u>6,097,815,177</u>	<u>5,853,024,867</u>	<u>6,189,664,001</u>

**INVESTMENT YIELD:**

Yield to Actuarial Value	6.06%	-3.63%	-4.40%
Five Year Actuarial Value	2.22%	3.54%	6.88%
Yield to Market Value	17.58%	3.83%	-5.63%
DROP Account Yield	5.56%	0.00%	0.00%

**EXHIBIT 2 (Continued)**  
**Financial Summary**

**FINANCIAL SUMMARY**  
**STATEMENT OF ASSETS**  
**FOR FISCAL YEAR ENDING**

	<u>June 30, 2004</u>	-----Prior Years-----	
		<u>June 30, 2003</u>	<u>June 30, 2002</u>
<b><u>EMPLOYER CREDIT ACCOUNT<sup>1</sup>:</u></b>			
Prior Year Ending Balance	n/a	n/a	n/a
+ Contributions	n/a	n/a	n/a
- Disbursements	n/a	n/a	n/a
+ Accumulated Interest	n/a	n/a	n/a
Account Balance - Year End	<u>0</u>	<u>n/a</u>	<u>n/a</u>
<b><u>TEXACO SETTLEMENT FUND:</u></b>			
Prior Year Ending Balance	24,687,820	118,178,702	123,622,555
+ Current Year Allocation	0	-89,200,275	0
+ Accumulated Interest	1,496,398	-4,290,607	-5,443,853
Fund Balance - Year End	<u>26,184,218</u>	<u>24,687,820</u>	<u>118,178,702</u>
<b><u>EXPERIENCE ACCOUNT FUND:</u></b>			
Prior Year Ending Balance	-634,512,981	-270,929,581	184,023,157
+ Experience Account Allocation	-63,242,527	-373,419,794	-394,359,141
- Benefit Disbursements	0	0	52,489,937
+ Accumulated Interest	-38,459,611	9,836,394	-8,103,660
Fund Balance - Year End	<u>0<sup>2</sup></u>	<u>-634,512,981</u>	<u>-270,929,581</u>
<b><u>DEVELOPMENT OF VALUATION ASSETS:</u></b>			
Actuarial Value of Assets	6,097,815,177	5,853,024,867	6,189,664,001
- Employer Credit Account	0	n/a	n/a
- Texaco Settlement Fund	26,184,218	24,687,820	118,178,702
- Experience Account Fund	0	-634,512,981	-270,929,581
Valuation Assets	<u>6,071,630,959</u>	<u>6,462,850,028</u>	<u>6,342,414,880</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)
1995	3,665,863	5,696,909	2,031,046	64.3	1,547,977	131.2
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

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by \$441,267,636 from June 30, 2003 to June 30, 2004. There was a net experience loss of \$113,159,407.

<sup>1</sup>UAAL differs from the UFAL for funding purposes. UFAL for funding purposes excludes Texaco Settlement Fund Assets, which appears on page 5.

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

<b>Fiscal Year</b>	<b>Actuarial Required Contribution</b>	<b>Percent Contributed</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation*</b>
1995	196,931,081	103.5	198,321,499	203,773,245	102.7	- 8,113,103
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

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	367,881,226
(2) Interest on Net Pension Obligation	1,751,076
(3) Amortization of Net Pension Obligation	<u>4,702,134</u>
(4) Annual Pension Cost (1)+(2)-(3)	364,930,168
(5) Employer Contribution	350,787,845
(6) Increase (decrease) in Net Pension Obligation	14,142,323
(7) Net Pension Obligation Beginning of Year	21,225,164
(8) Net Pension Obligation End of Year (6)+(7)	35,367,487

\*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> <sup>1</sup>	<u>Investment</u> <u>Income</u>	<u>Total</u>
1995	123,370,058	217,590,817	317,004,128	657,965,003
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 <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	212,851,563	679,748,580
2004	163,277,178	345,317,005	996,024,096	1,504,618,279

**Expenses by Type**

<u>Fiscal</u> <u>Year</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative</u> <u>Expenses</u> <sup>3</sup>	<u>Total</u>
1995	288,641,870	25,072,191	6,465,576	320,179,637
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

<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>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 31 records purged from the database containing errors or categorized as suspicious data, which is not necessarily significant. These records had the basic characteristic of a 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 35,955 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:

	---2004---	---2003---
	<u>Census</u>	<u>Census</u>
Active Members	64,149	65,441
Regular Retirees	26,945	26,275
Disability Retirees	1,203	1,220
Survivors	5,308	5,262
Vested & Reciprocals	1,324	1,317
Due Refunds	35,955	30,940
DROP Participants	<u>2,835</u>	<u>2,768</u>
TOTAL	137,719	133,223



# 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 6/30/2004

Age/Years	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	Total
[ 0 - 19)	135	22	0	0	0	0	0	0	0	157
	982003	320088	0	0	0	0	0	0	0	1302091
[20 - 24)	1029	1197	49	0	0	0	0	0	0	2275
	10319158	23396953	981637	0	0	0	0	0	0	34697749
[25 - 29)	1015	2899	794	17	0	0	0	0	0	4725
	11756246	73309684	20383320	414203	0	0	0	0	0	105863453
[30 - 34)	768	2260	2021	569	15	0	0	0	0	5633
	9424956	60287164	61929284	18536615	442794	0	0	0	0	150620813
[35 - 39)	669	1875	1884	1664	562	68	0	0	0	6722
	7814757	49322045	58184975	60963928	20004414	2451724	0	0	0	198741843
[40 - 44)	580	1920	1837	1863	1283	1570	198	0	0	9251
	6909421	49280506	56796502	65562036	50409924	59602777	7654229	0	0	296215394
[45 - 49)	499	1795	1764	1827	1256	2160	1724	27	0	11052
	6441341	46649136	54019507	65688286	47342188	89220290	70118012	1179047	0	380657809
[50 - 54)	389	1331	1584	1646	1085	1512	1969	138	0	9654
	4796564	37071271	48940993	59168734	42275624	60771385	91483744	6631372	0	351139686
[55 - 59)	179	824	1094	1215	803	906	216	80	17	5334
	2815468	22795298	33712896	43392423	31189160	37199693	9203725	4032490	854931	185196084
[60 - 64)	43	199	424	322	142	117	63	10	27	1347
	846703	5992662	12648488	11645534	5469925	4610915	2774506	429220	1384682	45802635
[65 - 69)	8	35	91	86	64	52	27	8	6	377
	330785	931283	2665629	3209997	2334480	2384435	1092520	236866	272916	13458911
[70 - 74)	4	18	18	24	17	21	14	0	8	124
	63600	408001	656744	949400	588280	856033	396479	0	415150	4333687
<b>Total</b>	<b>5318</b>	<b>14375</b>	<b>11560</b>	<b>9233</b>	<b>5227</b>	<b>6406</b>	<b>4211</b>	<b>263</b>	<b>58</b>	<b>56651</b>
	62501002	369764090	350919975	329531156	200056789	257097252	182723215	12508995	2927679	1768030154

AVERAGES --- Attained Age 43.64  
Service Years 10.65  
Active Salary 31,209

# Hall Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM  
ACTIVE LEGISLATORS

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	Total
[ 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	3	1	0	0	0	0	0	4
[40 - 44)	0	0	1	2	0	0	0	0	0	3
[45 - 49)	0	0	3	3	0	0	0	0	0	6
[50 - 54)	0	1	3	8	0	2	0	0	0	14
[55 - 59)	0	0	2	3	2	0	2	0	0	9
[60 - 64)	0	0	1	1	4	2	0	0	0	8
[65 - 69)	0	0	2	0	1	1	0	0	0	4
[70 - 74)	0	0	0	5	0	0	0	1	0	6
Total	0	1	15	23	7	5	2	1	0	54
Total	0	34900	546662	1096886	280070	199073	109070	36956	0	2303617

AVERAGES --- Attained Age 55.76  
Service Years 13.48  
Active Salary 42,660

# Hall Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM  
ACTIVE JUDGES

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	Total
[ 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)	1 59715	0	0	0	0	0	0	0	0	1 59715
[35 - 39)	1 61705	8 843194	2 156190	0	0	0	0	0	0	11 1061089
[40 - 44)	2 91848	9 887455	22 2290998	3 323601	2 212207	0	0	0	0	38 3806109
[45 - 49)	1 52890	18 1876441	28 2782876	19 1864824	5 480618	3 295207	0	0	0	74 7352856
[50 - 54)	1 105780	15 1474671	30 3004596	32 3339462	8 794145	2 210297	1 105780	0	1 86775	90 9121506
[55 - 59)	0	14 1485712	16 1566426	18 1796943	11 1116116	5 499799	5 496217	1 112041	0	70 7073254
[60 - 64)	0	2 211560	11 1176102	4 409516	5 536336	4 435642	2 169050	1 121593	0	29 3059799
[65 - 69)	0	0	6 640941	2 211560	1 105780	0	1 105780	0	0	10 1064061
[70 - 74)	0	0	0	1 49077	0	0	0	0	0	1 49077
Total	6	66	115	79	32	14	9	2	1	324
Total	371938	6779033	11618129	7994983	3245202	1440945	876827	233634	86775	32647466

AVERAGES --- Attained Age      52.12  
Service Years      10.08  
Active Salary      100,764

# Hall Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS EMPLOYED

STATE EMPLOYEES' SYSTEM  
ACTIVE WILDLIFE AGENTS

CELLS DEPICT - MEMBER COUNT  
TOTAL SALARY

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	Total
[ 0 - 19)	0	0	0	0	0	0	0	0	0	0
[ 0 - 19)	0	0	0	0	0	0	0	0	0	0
[20 - 24)	7	5	1	0	0	0	0	0	0	13
[20 - 24)	105016	152040	24418	0	0	0	0	0	0	281474
[25 - 29)	1	27	8	0	0	0	0	0	0	36
[25 - 29)	15003	881162	299767	0	0	0	0	0	0	1195932
[30 - 34)	2	21	20	7	0	0	0	0	0	50
[30 - 34)	30005	684542	770626	321308	0	0	0	0	0	1806481
[35 - 39)	0	6	12	12	3	0	0	0	0	33
[35 - 39)	0	189715	474757	559455	151428	0	0	0	0	1375355
[40 - 44)	0	2	2	14	4	3	0	0	0	25
[40 - 44)	0	67424	87438	695731	209348	185292	0	0	0	1245233
[45 - 49)	0	0	1	4	7	9	4	0	0	25
[45 - 49)	0	0	43935	195303	341027	538119	248022	0	0	1366406
[50 - 54)	0	0	2	3	1	11	4	1	0	22
[50 - 54)	0	0	80052	136684	58902	609403	229509	93153	0	1207703
[55 - 59)	0	0	0	0	3	7	2	0	0	12
[55 - 59)	0	0	0	0	150866	419502	108721	0	0	679089
[60 - 64)	0	0	0	0	0	1	0	0	0	1
[60 - 64)	0	0	0	0	0	48499	0	0	0	48499
[65 - 69)	0	0	0	0	0	0	0	0	0	0
[65 - 69)	0	0	0	0	0	0	0	0	0	0
[70 - 74)	0	0	0	0	0	0	0	0	0	0
[70 - 74)	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>10</b>	<b>61</b>	<b>46</b>	<b>40</b>	<b>18</b>	<b>31</b>	<b>10</b>	<b>1</b>	<b>0</b>	<b>217</b>
<b>Total</b>	<b>150024</b>	<b>1974883</b>	<b>1780993</b>	<b>1908481</b>	<b>911571</b>	<b>1800815</b>	<b>586252</b>	<b>93153</b>	<b>0</b>	<b>9206172</b>

AVERAGES --- Attained Age 38.38  
Service Years 10.81  
Active Salary 42,425

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 6/30/2004

Age/Years	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	Total
[ 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	36	4	0	0	0	40
[40 - 44)	0	0	0	0	65	40	2	0	0	107
[45 - 49)	0	0	0	0	61	34	11	0	0	106
[50 - 54)	0	0	0	0	40	24	4	0	0	68
[55 - 59)	0	0	0	0	51	11	2	0	0	64
[60 - 64)	0	0	0	0	8	3	1	1	0	13
[65 - 69)	0	0	0	0	3	3	0	0	1	7
[70 - 74)	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	264	119	20	1	1	405
Total	0	0	0	0	11104514	5288236	797151	51398	41673	17282972

AVERAGES --- Attained Age 48.44  
Service Years 20.00  
Active Salary 42,674

# 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 6/30/2004

Age/Years	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	Total
[ 0 - 19)	68	17	0	0	0	0	0	0	0	85
	584657	329900	0	0	0	0	0	0	0	914557
[20 - 24)	212	339	18	0	0	0	0	0	0	569
	1797898	7424704	456867	0	0	0	0	0	0	9679469
[25 - 29)	138	427	135	3	0	0	0	0	0	703
	1429729	10036121	3579504	95778	0	0	0	0	0	15141132
[30 - 34)	90	321	269	98	1	0	0	0	0	779
	835997	7708923	7828634	3381124	35230	0	0	0	0	19789908
[35 - 39)	90	276	186	209	73	0	0	0	0	834
	737997	6588676	5432227	7669306	2844645	0	0	0	0	23272851
[40 - 44)	68	265	157	157	67	0	0	0	0	714
	656998	6353318	4506442	5801945	2620263	0	0	0	0	19938966
[45 - 49)	46	171	121	115	57	0	0	0	0	510
	426476	4086792	3562015	4073828	2221154	0	0	0	0	14370265
[50 - 54)	39	122	97	105	53	0	0	0	0	416
	325498	3021789	2814611	3861377	2089317	0	0	0	0	12112592
[55 - 59)	7	57	56	76	36	0	0	0	0	232
	80593	1376983	1683187	2688722	1362113	0	0	0	0	7191598
[60 - 64)	7	16	21	20	4	0	0	0	0	68
	75908	414873	624766	695290	148298	0	0	0	0	1959135
[65 - 69)	2	1	3	4	1	0	0	0	0	11
	32725	23952	86269	147081	33697	0	0	0	0	323724
[70 - 74)	0	0	0	1	1	0	0	0	0	2
	0	0	0	37180	38327	0	0	0	0	75507
<b>Total</b>	<b>767</b>	<b>2012</b>	<b>1063</b>	<b>788</b>	<b>293</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4923</b>
<b>Total</b>	<b>6984476</b>	<b>47366031</b>	<b>30574522</b>	<b>28451631</b>	<b>11393044</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>124769704</b>

AVERAGES --- Attained Age 37.61  
Service Years 5.73  
Active Salary 25,344

# 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 6/30/2004

Age/Years	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20- )	Total
[ 0 - 34)	0	0	0	0	0	0	0	0	0	0
	48725	0	198766	56272	0	0	0	0	0	303763
	31440	0	61728	17244	0	0	0	0	0	110412
[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)	2	0	4	1	0	0	0	0	0	7
	48725	0	198766	56272	0	0	0	0	0	303763
	31440	0	61728	17244	0	0	0	0	0	110412
[45 - 49)	5	2	5	7	8	1	0	0	0	28
	152554	108717	255551	304561	376518	75431	0	0	0	1273332
	80244	37476	81444	97632	114792	22212	0	0	0	433800
[50 - 54)	65	35	20	7	7	9	0	0	0	143
	1370711	1534371	837574	388084	438428	545021	0	0	0	5114189
	1733664	790800	423864	132168	174504	161604	0	0	0	3416604
[55 - 59)	179	118	56	42	25	29	0	0	0	449
	4559628	5833439	3106696	2052546	1394941	1447606	0	0	0	18394856
	4919376	3147756	1666140	1062288	703860	682368	0	0	0	12181788
[60 - 64)	128	149	90	53	37	51	0	0	0	508
	2708312	6273170	4299186	2584925	1829374	2544207	0	0	0	20239174
	2050392	2487900	2103096	1239696	859752	1213200	0	0	0	9954036
[65 - 69)	32	35	71	61	48	56	1	0	0	304
	614374	1566898	2908993	2517090	2169002	2610359	31573	0	0	12418289
	467496	593376	1000536	842640	694392	1020252	11712	0	0	4630404
[70 - 74)	6	18	10	27	23	51	1	0	0	136
	149595	703400	404187	1267733	984424	2058413	25152	0	0	5592904
	96408	272580	97872	424836	316368	658968	11832	0	0	1878864
<b>Total</b>	<b>417</b>	<b>357</b>	<b>256</b>	<b>198</b>	<b>148</b>	<b>197</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1575</b>
<b>Total</b>	<b>9603899</b>	<b>16019995</b>	<b>12010953</b>	<b>9171211</b>	<b>7192687</b>	<b>9281037</b>	<b>56725</b>	<b>0</b>	<b>0</b>	<b>63336507</b>
<b>Total</b>	<b>9379020</b>	<b>7329888</b>	<b>5434680</b>	<b>3816504</b>	<b>2863668</b>	<b>3758604</b>	<b>23544</b>	<b>0</b>	<b>0</b>	<b>32605908</b>

AVERAGES --- Attained Age 61.79  
 Post Drop Years 2.49  
 Active Salary 40,214  
 Annual Benefit 20,702

# Hall Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS RETIRED

STATE EMPLOYEES' SYSTEM  
REGULAR RETIREES

CELLS DEPICT - MEMBER COUNT  
TOTAL BENEFITS

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20- )	Total
[ 0 - 39)	2	0	0	0	0	0	0	0	0	2
	30744	0	0	0	0	0	0	0	0	30744
[40 - 44)	29	34	34	18	12	13	0	0	0	140
	387852	425544	469632	192096	123876	160392	0	0	0	1759392
[45 - 49)	77	75	85	72	52	126	4	0	0	491
	1294776	1148160	1149852	812928	501732	1483656	58104	0	0	6449208
[50 - 54)	279	230	218	143	109	272	23	1	0	1275
	7277076	4807320	4527600	2716692	1664076	3834708	329700	21156	0	25178328
[55 - 59)	421	457	426	345	326	716	70	18	1	2780
	10876332	10406016	9651540	7795860	7462632	14341464	1279104	266076	6228	62085252
[60 - 64)	461	471	449	458	464	1588	330	232	43	4496
	6704988	7123284	7523820	8514180	9439272	34697196	5826156	3532260	390264	83751420
[65 - 69)	81	120	236	333	425	2161	674	1044	95	5169
	1170072	2041740	3341580	4839624	5899368	37849968	12747000	18150852	1141896	87182100
[70 - 74)	28	34	43	67	103	1370	1152	1327	342	4466
	501060	809184	754836	1087128	1649676	21481716	15468756	21187788	5209044	68149188
[75 - 79)	2	9	11	19	25	390	929	1618	822	3825
	11532	78828	236556	285780	414096	7583172	12244644	20886588	13288908	55030104
[80 - 84)	0	2	3	5	10	69	240	963	1375	2667
	0	53004	42264	55848	144672	1397100	3252288	12266880	17557920	34769976
[85 - 89)	0	0	0	0	1	9	20	156	980	1166
	0	0	0	0	10272	230112	450888	2312412	10926972	13930656
[90 - 99)	0	0	0	0	0	0	1	6	461	468
	0	0	0	0	0	0	7008	78192	4578516	4663716
<b>Total</b>	<b>1380</b>	<b>1432</b>	<b>1505</b>	<b>1460</b>	<b>1527</b>	<b>6714</b>	<b>3443</b>	<b>5365</b>	<b>4119</b>	<b>26945</b>
<b>Total</b>	<b>28254432</b>	<b>26893080</b>	<b>27697680</b>	<b>26300136</b>	<b>27309672</b>	<b>123059484</b>	<b>51663648</b>	<b>78702204</b>	<b>53099748</b>	<b>442980084</b>

AVERAGES --- Attained Age 69.49  
Years Retired 11.35  
Annual Benefit 16,440



# Hall Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS RETIRED

STATE EMPLOYEES' SYSTEM  
DISABILITY RETIREES

CELLS DEPICT - MEMBER COUNT  
TOTAL BENEFITS

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20- )	Total
[ 0 - 39)	3	3	4	3	3	0	0	0	0	16
	26568	30828	39612	15780	33660	0	0	0	0	146448
[40 - 44)	11	17	14	17	10	14	6	2	0	91
	155148	196644	152868	193908	100584	97608	39444	10080	0	946284
[45 - 49)	28	42	31	32	15	67	17	5	1	238
	391788	523656	383328	407376	196008	702636	105876	28704	4008	2743380
[50 - 54)	40	49	26	49	37	138	60	16	5	420
	568764	659748	378996	654156	437040	1583700	535080	119544	32892	4969920
[55 - 59)	32	31	43	37	32	129	73	44	12	433
	379992	390108	467532	415236	363288	1406232	626376	381912	106056	4536732
[60 - 64)	0	0	0	1	0	0	1	1	0	3
	0	0	0	10272	0	0	6576	7248	0	24096
[65 - 69)	0	0	0	0	0	0	1	0	0	1
	0	0	0	0	0	0	42036	0	0	42036
[70 - 74)	0	0	0	0	0	0	0	0	1	1
	0	0	0	0	0	0	0	0	23220	23220
[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
<b>Total</b>	<b>114</b>	<b>142</b>	<b>118</b>	<b>139</b>	<b>97</b>	<b>348</b>	<b>158</b>	<b>68</b>	<b>19</b>	<b>1203</b>
<b>Total</b>	<b>1522260</b>	<b>1800984</b>	<b>1422336</b>	<b>1696728</b>	<b>1130580</b>	<b>3790176</b>	<b>1355388</b>	<b>547488</b>	<b>166176</b>	<b>13432116</b>

AVERAGES --- Attained Age 52.59  
Years Retired 6.24  
Annual Benefit 11,166

# Hall Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS RETIRED

STATE EMPLOYEES' SYSTEM  
SURVIVOR BENEFITS

CELLS DEPICT - MEMBER COUNT  
TOTAL BENEFITS

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20- )	Total
[ 0 - 39)	2	4	2	2	4	11	5	3	2	35
	26748	66120	46896	37812	45792	164076	63468	20952	7848	479712
[40 - 44)	6	6	9	8	4	22	8	6	1	70
	108648	85752	137532	136200	90516	340860	106860	72696	3816	1082880
[45 - 49)	7	11	23	13	13	40	18	12	5	142
	201744	280620	382164	250428	201000	674064	250428	132276	37548	2410272
[50 - 54)	14	15	15	23	11	63	44	42	12	239
	328992	311340	361608	1098588	215280	947736	580884	450888	74904	4370220
[55 - 59)	20	22	24	14	17	71	79	56	45	348
	453816	489528	408600	239004	485820	1219176	984720	608496	397044	5286204
[60 - 64)	17	15	17	17	15	93	84	102	87	447
	313776	187644	272964	260916	218484	1578096	1157112	1265496	865044	6119532
[65 - 69)	9	16	13	14	11	85	124	187	181	640
	173316	256920	219636	280164	272052	1059096	1613112	2093664	1604268	7572228
[70 - 74)	12	5	11	4	9	65	108	259	340	813
	216336	48276	176256	51420	104976	755232	1216308	2629704	3319116	8517624
[75 - 79)	6	4	4	5	5	25	76	251	605	981
	143508	45552	94236	48672	48648	391404	896472	2512680	5322588	9503760
[80 - 84)	1	1	0	1	0	11	28	139	647	828
	10152	8028	0	8700	0	121668	332400	1447392	5523648	7451988
[85 - 89)	0	0	0	0	0	3	5	34	437	479
	0	0	0	0	0	38436	34080	449304	3346260	3868080
[90 - 99)	0	1	0	0	0	0	0	2	283	286
	0	18936	0	0	0	0	0	22044	2067264	2108244
<b>Total</b>	<b>94</b>	<b>100</b>	<b>118</b>	<b>101</b>	<b>89</b>	<b>489</b>	<b>579</b>	<b>1093</b>	<b>2645</b>	<b>5308</b>
<b>Total</b>	<b>1977036</b>	<b>1798716</b>	<b>2099892</b>	<b>2411904</b>	<b>1682568</b>	<b>7289844</b>	<b>7235844</b>	<b>11705592</b>	<b>22569348</b>	<b>58770744</b>

AVERAGES --- Attained Age 72.88  
Years Retired 19.23  
Annual Benefit 11,072

# 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 6/30/2004

Age/Years	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35- )	Total
[ 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	3	0	1	0	0	0	0	0	4
[30 - 34)	0	0	1	13	0	0	0	0	0	14
[35 - 39)	0	0	0	82	29	1	0	0	0	112
[40 - 44)	0	0	0	100	80	47	3	0	0	230
[45 - 49)	0	1	4	95	67	87	28	3	0	285
[50 - 54)	0	2	2	96	61	78	62	23	0	324
[55 - 59)	0	1	3	72	75	53	31	32	10	277
[60 - 64)	0	0	0	10	7	10	9	7	6	49
[65 - 69)	0	0	0	1	1	1	2	0	1	6
[70 - 74)	0	0	0	1	0	1	2	1	18	23
Total	0	7	10	471	320	278	137	66	35	1324
Total	0	6259	162486	3897771	3869662	3973084	1850827	940722	210793	14911604

AVERAGES --- Attained Age 50.10  
Service Years 18.99  
Annual Benefit 11,263

Hall Actuarial Associates

MEMBERSHIP PROFILE  
CATEGORIZED BY AGE AND YEARS RETIRED

STATE EMPLOYEES' SYSTEM  
DROP PARTICIPANTS

CELLS DEPICT - MEMBER COUNT  
TOTAL BENEFITS

VALUATION DATE 6/30/2004

Age/Years	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20- )	Total
[ 0 - 39)	2	0	0	0	0	0	0	0	0	2
	39480	0	0	0	0	0	0	0	0	39480
[40 - 44)	17	9	8	0	0	0	0	0	0	34
	323676	164280	127152	0	0	0	0	0	0	615108
[45 - 49)	85	32	11	0	0	0	0	0	0	128
	2216736	802716	205332	0	0	0	0	0	0	3224784
[50 - 54)	254	261	168	0	0	0	0	0	0	683
	7644360	7702164	4745832	0	0	0	0	0	0	20092356
[55 - 59)	375	449	353	0	0	0	0	0	0	1177
	9475440	11805996	9651804	0	0	0	0	0	0	30933240
[60 - 64)	277	268	204	0	0	0	0	0	0	749
	4067448	3840588	3347916	0	0	0	0	0	0	11255952
[65 - 69)	14	20	16	0	0	0	0	0	0	50
	119796	248844	294084	0	0	0	0	0	0	662724
[70 - 74)	1	3	6	0	0	0	0	0	0	10
	14748	33348	47040	0	0	0	0	0	0	95136
[75 - 79)	0	2	0	0	0	0	0	0	0	2
	0	18780	0	0	0	0	0	0	0	18780
[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
Total	1025	1044	766	0	0	0	0	0	0	2835
Total	23901684	24616716	18419160	0	0	0	0	0	0	66937560

AVERAGES --- Attained Age 56.84  
Years Retired 1.40  
Annual Benefit 23,611

**EXHIBIT 5**

**PRINCIPLE PROVISIONS OF THE PLAN  
(Including Acts of 2004 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:**

		<b><u>After June 30, 1989</u></b>
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	\$31,376	56	\$65,525	64	\$147,819
49	34,303	57	72,163	65	165,000
50	37,530	58	79,573	66	177,039
51	41,091	59	87,864	67	190,175
52	45,027	60	97,161	68	204,521
53	49,382	61	107,614	69	220,209
54	54,209	62	119,396	70	237,388
55	59,567	63	132,716		

**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.

**MAXIMUM 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 \$12,600,000 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(1)

**AMORTIZATION of UNFUNDED  
ACTUARIAL ACCRUED LIABILITY**  
Prior to ACT 588 of the 2004 Legislative Session  
JUNE 30, 2004

<u>DATE</u> <u>6/30</u>	<u>DESCRIPTION</u>	<u>AMTZ.</u> <u>METHOD</u>	<u>AMTZ.</u> <u>PERIOD</u>	<u>INITIAL</u> <u>LIABILITY</u>	<u>YEARS</u> <u>REMAIN</u>	<u>REMAINING</u> <u>BALANCE</u>	<u>MID-YEAR</u> <u>PAYMENT</u>
1993	Initial Liability	I	26	2,704,738,763	25	2,758,875,551	169,746,072
1993	Change in Liability	I	36	-133,232,174	25	-176,172,713	-10,839,426
1994	Change in Liability	I	35	-48,680,987	25	-62,475,258	-3,843,932
1995	Change in Liability	I	34	-57,826,272	25	-72,078,533	-4,434,795
1996	Change in Liability	I	33	70,910,540	25	85,912,731	5,285,976
1997	Change in Liability	I	32	-239,190,250	25	-281,911,688	-17,345,256
1998	Change in Liability	I	31	-92,217,582	25	-105,825,000	-6,511,123
1999	Change in Liability	I	30	92,641,287	25	103,608,120	6,374,724
2000	Change in Liability	I	29	42,956,768	25	46,867,925	2,883,655
2001	Change in Liability	I	28	102,461,684	25	109,177,843	6,717,414
2002	Change in Liability	I	27	449,748,199	25	468,578,945	28,830,382
2003	Change in Assumptions	I	30	21,541,026	29	22,080,631	1,242,963
2003	Change in Liability	I	26	1,098,784,547	25	1,120,777,305	68,958,364
2004	Change in Liability	I	25	113,159,407	25	<u>113,159,407</u>	<u>6,962,389</u>
TOTAL OUTSTANDING BALANCE						4,130,575,266	254,027,407
<b>EMPLOYERS' CREDIT BALANCE</b>							
2000	Contribution Variance	L	5	535,256	1	124,658	129,699
2001	Contribution Variance	L	5	-1,748,006	2	-783,178	-423,562
2002	Contribution Variance	L	5	7,779,882	3	5,031,945	1,885,156
2003	Contribution Variance	L	5	16,739,921	4	13,900,681	4,056,278
2004	Contribution Variance	L	5	17,093,381	5	<u>17,093,381</u>	<u>4,141,925</u>
TOTAL CREDIT BALANCE						35,367,487	9,789,496
<b>TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY</b>						4,165,942,753	

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

## EXHIBIT A(2)

**AMORTIZATION of UNFUNDED  
ACTUARIAL ACCRUED LIABILITY**  
Includes ACT 588 of the 2004 Legislative Session  
JUNE 30, 2004

<u>DATE</u> <u>6/30</u>	<u>DESCRIPTION</u>	<u>AMTZ.</u> <u>METHOD</u>	<u>AMTZ.</u> <u>PERIOD</u>	<u>INITIAL</u> <u>LIABILITY</u>	<u>YEARS</u> <u>REMAIN</u>	<u>REMAINING</u> <u>BALANCE</u>	<u>MID-YEAR</u> <u>PAYMENT</u>
1993	Initial Liability	I	26	2,704,738,763	25	2,758,875,551	169,746,072
1993	Change in Liability	L	25	-176,172,713	25	-176,172,713	-16,202,391
1994	Change in Liability	L	25	-62,475,258	25	-62,475,258	-5,745,774
1995	Change in Liability	L	25	-72,078,533	25	-72,078,533	-6,628,975
1996	Change in Liability	L	25	85,912,731	25	85,912,731	7,901,290
1997	Change in Liability	L	25	-281,911,688	25	-281,911,688	-25,927,077
1998	Change in Liability	L	25	-105,825,000	25	-105,825,000	-9,732,597
1999	Change in Liability	I	25	103,608,120	25	103,608,120	6,374,724
2000	Change in Liability	I	26	46,867,925	25	46,867,925	2,814,711
2001	Change in Liability	I	27	109,177,843	25	109,177,843	6,408,891
2002	Change in Liability	I	28	468,578,945	25	468,578,945	26,919,968
2003	Change in Liability	I	29	1,142,857,936	29	1,142,857,936	64,333,745
2004	Change in Liability	L	30	113,159,407	30	<u>113,159,407</u>	<u>9,889,817</u>
TOTAL OUTSTANDING BALANCE						4,130,575,266	230,152,404
<b>EMPLOYERS' CREDIT BALANCE</b>							
2000	Contribution Variance	L	5	535,256	1	124,658	129,699
2001	Contribution Variance	L	5	-1,748,006	2	-783,178	-423,562
2002	Contribution Variance	L	5	7,779,882	3	5,031,945	1,885,156
2003	Contribution Variance	L	5	16,739,921	4	13,900,681	4,056,278
2004	Contribution Variance	L	5	17,093,381	5	<u>17,093,381</u>	<u>4,141,925</u>
TOTAL CREDIT BALANCE						35,367,487	9,789,496
<b>TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY</b>						4,165,942,753	

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