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June 24, 2010

Ms. Pamela Pharris
Executive Director
Georgia Public School Employees' Retirement System
Two Northside 75, Suite 300
Atlanta, GA 30318-7778

Dear Ms. Pharris:

Enclosed is a copy of the "Georgia Public School Employees' Retirement System Report of the Actuary on the Valuation Prepared as of June 30, 2009".

Based on a monthly benefit accrual rate of $14.75 effective July 1, 2008, the valuation indicates that employer contributions for the fiscal year ending June 30, 2012 of $15,884,000 or $391.42 per active member are sufficient to support the benefits of the System.

Please let us know if there are any questions concerning the report.

Sincerely yours,

Edward A. Macdonald, ASA, FCA, MAAA	Cathy Turcot
President	Principal and Managing Director

EAM:mjn

Enclosure

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Cavanaugh Macdonald
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EMPLOYEES'
RETIREMENT SYSTEM
OF GEORGIA

GEORGIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

REPORT OF THE ACTUARY ON THE VALUATION PREPARED AS OF JUNE 30, 2009

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June 24, 2010

Board of Trustees
Georgia Public School Employees' Retirement System
Two Northside 75, Suite 300
Atlanta, GA 30318

Members of the Board:

Section 47-4-60 of the law governing the operation of the Georgia Public School Employees' Retirement System provides that the employer contribution shall be actuarially determined and approved by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2009. Based on a monthly benefit accrual rate of $14.75 effective July 1, 2008, the valuation indicates that annual employer contributions of $15,884,000 or $391.42 per active member for the fiscal year ending June 30, 2012 are sufficient to support the benefits of the System.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2009 session of the General Assembly.

The System is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a dollar per active member. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a dollar per active member. Gains and losses are reflected in the unfunded accrued liability which is being amortized as a level dollar per active member within a 30-year period.

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The System is currently being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is currently operating on an actuarially sound basis. However, it is our understanding that the legislature has appropriated an amount less than the annual required contribution (ARC) for fiscal year ending June 30, 2011. At that time, the System will not be funded in conformity with the minimum funding standards and will not be operating on an actuarial sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Sincerely yours,

Cathy Turcot

Edward A. Macdonald, ASA, FCA, MAAA
President

Cathy Turcot
Principal and Managing Director

EAM:mjn

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GEORGIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
REPORT OF THE ACTUARY
ON THE VALUATION
PREPARED AS OF JUNE 30, 2009

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized below:

Valuation Date	June 30, 2009	June 30, 2008
Number of active members	40,581	40,121
Retired members and beneficiaries:		
Number	13,798	13,487
Annual allowances[1]	$ 51,834,562	$ 48,805,317
Deferred vested members:		
Number	3,207	N/A
Annual allowances	$ 8,248,181	N/A
Assets:		
Market Value	$ 597,318,000	$ 740,364,000
Actuarial Value	769,618,000	791,855,000
Unfunded actuarial accrued liability	$ 53,613,829	$ (20,905,174)
Amortization period (years)	30	10
Funded Ratio	93.5%	102.7%
For Fiscal Year Ending	**June 30, 2012**	**June 30, 2011**
Employer contribution rate per active member:		
Normal[2]	$ 279.56	$ 263.07
Accrued liability	111.86	(75.91)
Total	$ 391.42	$ 187.16
Annual Required Employer Contribution (ARC):		
Normal[2]	$ 11,345,000	$ 10,555,000
Accrued liability	4,539,000	(3,046,000)
Total	$ 15,884,000	$ 7,509,000

1 Allowances do not include any increases in benefits effective after the valuation date. The results of the valuation have been adjusted to include these increases.

2 For the June 30, 2009 valuation, the Normal Contribution includes administrative expenses of $588,000. For the June 30, 2008 valuation, administrative expenses are in addition to the ARC.

2. The valuation takes into account the effect of amendments of the System enacted through the 2009 session of the General Assembly. The major benefit and contribution provisions of the System as reflected in the valuation are summarized in Schedule F. The valuation reflects the impact of the Anderson lawsuit based on the most recent information and data provided by the Retirement System.
3. Schedule D of this report outlines the full set of actuarial assumptions and methods used to prepare the current valuation. There have been no changes since the previous valuation.
4. The entry age actuarial cost method was used to prepare the valuation. Schedule E contains a brief description of this method.
5. Comments on the valuation results as of June 30, 2009 are given in Section IV, and further discussion of the contributions is set out in Section V.

SECTION II - MEMBERSHIP

1. Data regarding the membership of the System for use as a basis of the valuation were furnished by the Retirement System office. The valuation included 40,581 active members.
2. For the June 30, 2009 valuation, data was provided by the Retirement System for inactive members who are eligible for deferred vested benefits. The valuation included 3,207 deferred vested members with annual allowances totaling $8,248,181.
3. The following table shows the number of retired members and beneficiaries on the roll as of June 30, 2009, together with the amount of their annual allowances payable under the System as of that date.

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF RETIRED MEMBERS AND BENEFICIARIES ON THE ROLL AS OF JUNE 30, 2009

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES
Service Retirements	11,960	$ 44,800,312
Disability Retirements	1,072	5,236,001
Beneficiaries of Deceased Members	766	1,798,249
Total	13,798	$ 51,834,562

SECTION III - ASSETS

1. The retirement law provides for the maintenance of two funds for the purpose of recording the financial transactions of the System; namely, the Annuity Savings Fund and the Pension Accumulation Fund.

(a) Annuity Savings Fund

The Annuity Savings Fund is the fund to which are credited all contributions made by members together with regular interest thereon. When a member retires, or if a death benefit allowance becomes payable to his beneficiary, his accumulated contributions are transferred from the Annuity Savings Fund to the Pension Accumulation Fund. The portion of the allowance which these contributions provide is then paid from the Pension Accumulation Fund. On June 30, 2009 the value of assets credited to the Annuity Savings Fund amounted to $23,398,000.

(b) Pension Accumulation Fund

The Pension Accumulation Fund is the fund to which all income from investments and all contributions made by employers of members of the System and by the State for members of local retirement funds are credited. All retirement allowance and death benefit allowance payments are disbursed from this fund. Upon the retirement of a member, or upon his death if a death benefit allowance is payable, his accumulated contributions are transferred from the Annuity Savings Fund to this fund to provide the member-contributed portion of the allowance. On June 30, 2009 the market value of assets credited to the Pension Accumulation Fund amounted to $573,920,000.

2. As of June 30, 2009 the total market value of assets amounted to $597,318,000 as reported by the Auditor of the System. The actuarial value of assets used for the current valuation was $769,618,000. Schedule B shows the development of the actuarial value of assets as of June 30, 2009.

3. Schedule C shows receipts and disbursements of the System for the two years preceding the valuation date and a reconciliation of the fund balances at market value.

SECTION IV – COMMENTS ON VALUATION

1. Schedule A of this report contains the valuation balance sheet which shows the present and prospective assets and liabilities of the System as of June 30, 2009. The valuation was prepared in accordance with the actuarial assumptions and methods set forth in Schedule D and the actuarial cost method which is described in Schedule E.

2. The valuation balance sheet shows that the System has total prospective liabilities of $884,606,686, of which $506,658,918 is for the prospective benefits payable on account of present retired members, beneficiaries of deceased members, and members entitled to deferred vested benefits, and $377,947,768 is for the prospective benefits payable on account of present active members. Against these liabilities, the System has total present assets for valuation purposes of $769,618,000 as of June 30, 2009. The difference of $114,988,686 between the total liabilities and the total present assets represents the present value of contributions to be made in the future. Of this amount, $7,338,564 is the present value of future contributions expected to be made by or on behalf of members, and the balance of $107,650,122 represents the present value of future contributions payable by the employers to the Pension Accumulation Fund.

3. The employer's contributions to the System consist of normal contributions and accrued liability contributions. The valuation indicates that annual employer normal contributions at the rate of $265.08 per active member are required to provide the currently accruing benefits of the System. An additional $14.48 per active member is required to fund the administrative expenses of the System.

4. Prospective normal contributions (net of expenses) at the rate of $265.08 have a present value of $54,036,293. When this amount is subtracted from $107,650,122, which is the present value of the total future contributions to be made by the employers, the result is a prospective unfunded actuarial accrued liability of $53,613,829.

SECTION V – CONTRIBUTIONS PAYABLE BY EMPLOYERS

1. The contributions of employers consist of a normal contribution and an accrued liability contribution as determined by actuarial valuation.
2. The normal contribution rate is calculated as the level dollar which, if applied for the average member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf. On the basis of the valuation, the normal contribution rate was determined to be $265.08 per active member, or $10,757,000 based on 40,581 active members as of June 30, 2009. An additional $588,000, or $14.48 per active member, is required to fund the administrative expenses of the System
3. The accrued liability contribution is the level annual amount which will be sufficient to amortize the unfunded actuarial accrued liability within 30 years following the valuation date. The annual accrued liability contribution determined on this basis by the June 30, 2009 valuation is $4,539,000, or $111.86 per active member.
4. The following table summarizes the employer contribution rates which were determined by the June 30, 2009 valuation and are recommended for use

ANNUAL REQUIRED EMPLOYER CONTRIBUTION (ARC)
FOR FISCAL YEAR ENDING JUNE 30, 2012

CONTRIBUTION	PER ACTIVE MEMBER	ANNUAL AMOUNT
Normal	$ 279.56	$ 11,345,000
Accrued Liability	111.86	4,539,000
Total	$ 391.42	$ 15,884,000

5. Schedule H shows the allocation of the annual required contribution for fiscal year ending June 30, 2012 by school system.

SECTION VI – ACCOUNTING INFORMATION

1. Governmental Accounting Standards Board Statements 25 and 27 set forth certain items of required supplementary information to be disclosed in the financial statements of the System and the employer. One such item is a distribution of the number of employees by type of membership, as follows:

**NUMBER OF ACTIVE AND RETIRED MEMBERS
AS OF JUNE 30, 2009**

GROUP	NUMBER
Retirees and beneficiaries currently receiving benefits	13,798
Terminated employees entitled to benefits but not yet receiving benefits	69,027
Active plan members	40,581
Total	123,406

2. Another such item is the schedule of funding progress as shown below.

SCHEDULE OF FUNDING PROGRESS
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) / c)
6/30/2004	$ 743,815	$ 666,883	$ (76,932)	111.5%	N/A	N/A
6/30/2005*	753,767	671,040	(82,727)	112.3	N/A	N/A
6/30/2006	766,277	691,651	(74,626)	110.8	N/A	N/A
6/30/2007**	785,460	746,078	(39,382)	105.3	N/A	N/A
6/30/2008	791,855	770,950	(20,905)	102.7	N/A	N/A
6/30/2009	769,618	823,232	53,614	93.5	N/A	N/A

All figures prior to 6/30/2005 were reported by prior actuarial firm.
*Reflects increase in benefit accrual rate to $14.00.
**Reflects increase in benefit accrual rate to $14.75.

3. The following shows the schedule of employer contributions (all dollar amounts are in thousands).

Year Ending	Annual Required Contribution	Percentage Contributed
6/30/2004	$ 833	100%
6/30/2005	833	100
6/30/2006	3,634	100
6/30/2007	6,484	100
6/30/2008	2,866	100
6/30/2009	5,529	100

All figures prior to 6/30/2005 were reported by the prior actuarial firm.

4. Following is the calculation of the annual pension cost and net pension obligation for the fiscal year ending June 30, 2009. Since PSERS is a cost sharing multiple employer pension plan, GASB Statement 27 does not require the participating employers to disclose this information.

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending June 30, 2009

(a)	Employer annual required contribution	$	5,529,000
(b)	Interest on net pension obligation		(1,174,000)
(c)	Adjustment to annual required contribution		(1,535,000)
(d)	Annual pension cost (a) + (b) – (c)	$	5,890,000
(e)	Employer contributions made for fiscal year ending 06/30/09		5,529,000
(f)	Increase (decrease) in net pension obligation (d) – (e)	$	361,000
(g)	Net pension obligation beginning of fiscal year		(15,647,000)
(h)	Net pension obligation end of fiscal year (f) + (g)	$	(15,286,000)

TREND INFORMATION
(Dollar amounts in thousands)

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2007	$ 6,720	97%	$ (15,796)
June 30, 2008	3,018	95	(15,647)
June 30, 2009	5,890	94	(15,286)

5. The annual required contribution (ARC) of the employer in dollars, determined in accordance with the parameters of GASB 25/27 is shown below. The accrued liability rate is based on amortization of the unfunded accrued liability of $53,613,829 within a 30-year period from the valuation date.

2011/2012 FISCAL YEAR
ANNUAL REQUIRED CONTRIBUTION (ARC)
BASED ON THE VALUATION AS OF JUNE 30, 2009

ANNUAL REQUIRED CONTRIBUTION (ARC)	AMOUNT
Normal	$ 11,345,000
Accrued Liability	4,539,000
Total	$ 15,884,000

6. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2009. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/2009
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	7-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.50%
Projected salary increases*	N/A
Cost-of-living adjustments	3.00% Annually
*Includes inflation at	3.75%

SECTION VII – EXPERIENCE

1. The last experience investigation was prepared for the four-year period ending June 30, 2004, and based on the results of the investigation, new rates of separation and mortality were adopted by the Board on April 20, 2006. The next experience investigation will be prepared for the period July 1, 2004 through June 30, 2009.

2. The following table shows the estimated gain or loss from various factors that resulted in an increase of $74,519,003 in the unfunded accrued liability from ($20,905,174) to $53,613,829 during the fiscal year ending June 30, 2009.

ANALYSIS OF THE INCREASE IN UNFUNDED ACCRUED LIABILITY
(in thousands of dollars)

ITEM	AMOUNT OF INCREASE/ (DECREASE)
Interest (7.50%) added to previous unfunded accrued liability	$ (1,567.9)
Accrued liability contribution	5,026.0
Experience:	
Valuation asset growth	34,015.0
Pensioners' mortality	973.7
Turnover and retirements	6,201.3
New entrants	3,267.7
Method changes	0.0
Assumption changes	0.0
Lawsuit	2,168.0
Data changes	24,199.5
Allotment for expenses	433.0
Miscellaneous	(197.3)
Total	$ 74,519.0

SCHEDULE A

VALUATION BALANCE SHEET
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES OF THE GEORGIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
AS OF JUNE 30, 2009

	ACTUARIAL LIABILITIES		
(1)	Present value of prospective benefits payable on account of present retired members, beneficiaries of deceased members, and members entitled to deferred vested benefits		
	- Service and disability benefits	$ 433,512,351	
	- Death and survivor benefits	18,800,846	
	- Deferred vested benefits	54,345,721	
	Total		$ 506,658,918
(2)	Present value of prospective benefits payable on account of present active members		377,947,768
(3)	TOTAL ACTUARIAL LIABILITIES		$ 884,606,686
	PRESENT AND PROSPECTIVE ASSETS		
(4)	Actuarial value of assets		$ 769,618,000
(5)	Present value of total future contributions = (3)-(4)	$ 114,988,686	
(6)	Present value of future member contributions		7,338,564
(7)	Present value of future employer contributions = (5)-(6)	$ 107,650,122	
(8)	Employer normal contribution rate (net of expenses)	$ 265.08	
(9)	Present value of future membership service	203,849	
(10)	Prospective normal contributions = (8) x (9)		54,036,293
(11)	Prospective unfunded actuarial accrued liability contributions = (7)-(10)		53,613,829
(12)	TOTAL PRESENT AND PROSPECTIVE ASSETS		$ 884,606,686

SCHEDULE B

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

(1)	Actuarial Value Beginning of Year		$ 791,855,000
(2)	Market Value End of Year		$ 597,318,000
(3)	Market Value Beginning of Year		$ 740,364,000
(4)	Cash Flow		
	(a)	Contributions	$ 7,156,000
	(b)	Benefit Payments and Expenses	(53,046,000)
	(c)	Net: (4)(a) + (4)(b)	$ (45,890,000)
(5)	Investment Income		
	(a)	Market Total: (2) – (3) – (4)(c)	$ (97,156,000)
	(b)	Assumed Rate	7.50%
	(c)	Amount for Immediate Recognition: [(3) x (5)(b)] + [(4)(c) x (5)(b) x 0.5]	$ 53,806,000
	(d)	Amount for Phased-In Recognition: (5)(a) - (5)(c)	(150,962,000)
(6)	Phased-In Recognition of Investment Income		
	(a)	Current Year: (5)(d) / 7	$ (21,566,000)
	(b)	First Prior Year	(12,324,000)
	(c)	Second Prior Year	7,502,000
	(d)	Third Prior Year	(3,765,000)
	(e)	Fourth Prior Year	0
	(f)	Fifth Prior Year	0
	(g)	Sixth Prior Year	0
	(h)	Total Recognized Investment Gain	$ (30,153,000)
(7)	Actuarial Value End of Year: (1) + (4)(c) + (5)(c) + (6)(h)		$ 769,618,000
(8)	Difference Between Market & Actuarial Values: (2) – (7)		$ (172,300,000)
(9)	Rate of Return on Actuarial Value		3.08%

SCHEDULE C

SUMMARY OF RECEIPTS AND DISBURSEMENTS
(Market Value)

	YEAR ENDING	
Receipts for the Year	June 30, 2009 ($1,000's)	June 30, 2008 ($1,000's)
Contributions:		
Members	$ 1,472	$ 1,451
Employer	5,529*	2,869
Subtotal	$ 7,001	$ 4,320
Investment Earnings	(97,156)	(27,052)
Administrative Expense Allowance	155*	588
TOTAL	$ (90,000)	$ (22,144)
Disbursements for the Year		
Benefit Payments	$ 52,197	$ 48,245
Refunds to Members	261	308
Administration Expense	588	588
TOTAL	$ 53,046	$ 49,141
Excess of Receipts over Disbursements	$ (143,046)	$ (71,285)
Reconciliation of Asset Balances		
Asset Balance as of the Beginning of Year	$ 740,364	$ 811,649
Excess of Receipts over Disbursements	(143,046)	(71,285)
Asset Balance as of the End of Year	$ 597,318	$ 740,364
Rate of Return	-13.54%	-3.43%

*Revised from audit report based on information received from Retirement System accounting department.

SCHEDULE D

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

Adopted by the Board April 20, 2006, with the exception of the valuation interest rate, which was adopted June 16, 2005.

VALUATION INTEREST RATE: 7.50% per annum, compounded annually.

SEPARATIONS BEFORE SERVICE RETIREMENT: Representative values of the assumed annual rates of separation before service retirement are as follows:

	Annual Rates of Withdrawal		
	Years of Service		
Age	0-4	5-9	10 & Over
		Males	
20	36.0%		
25	31.0	19.0%	
30	28.0	16.0	13.0%
35	27.0	15.0	9.0
40	24.0	14.0	8.0
45	21.0	12.5	7.0
50	19.5	11.0	6.5
55	16.0	9.0	6.0
		Females	
20	36.0%		
25	28.0	18.0%	
30	24.0	16.0	11.0%
35	20.0	14.0	10.0
40	19.0	12.5	9.0
45	17.5	11.0	8.0
50	16.0	9.5	7.0
55	13.0	8.0	6.0

Age	Annual Rates of Death Males	Annual Rates of Death Females	Annual Rates of Disability
20	0.06%	0.03%	0.00%
25	0.08	0.03	0.00
30	0.08	0.04	0.00
35	0.10	0.06	0.01
40	0.15	0.08	0.02
45	0.23	0.11	0.07
50	0.40	0.17	0.17
55	0.71	0.29	0.45
60	1.29	0.58	0.70
65	2.17	1.08	0.00

RETIREMENT:

Age	Annual Rate	Age	Annual Rate
60	17%	68	25%
61	17	69	25
62	26	70	28
63	18	71	28
64	21	72	28
65	32	73	28
66	25	74	28
67	25	75 & Over	100

DEATHS AFTER RETIREMENT: The 1994 Group Annuity Table set forward four years for males and set forward two years for females is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disability Mortality Table set forward 5 years for males is used for the period after disability retirement. Representative values of the assumed annual rates of mortality for service retirements and beneficiaries are as follows:

Age	Men	Women	Age	Men	Women
40	0.146%	0.083%	65	2.173%	1.076%
45	0.233	0.111	70	3.405	1.651
50	0.398	0.173	75	5.586	2.837
55	0.709	0.292	80	8.961	4.915
60	1.294	0.583	85	13.945	8.402

ASSETS: Actuarial value, as developed in Schedule B. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected value of assets, based on the assumed valuation rate of return. The amount recognized each year is 1/7 of the difference between market value and expected market value.

VALUATION METHOD: Entry age actuarial cost method. See Schedule E for a brief description of this method.

COST-OF-LIVING ADJUSTMENT (COLA): 3% per year.

SCHEDULE E

ACTUARIAL COST METHOD

1. The valuation is prepared on the projected benefit basis, under which the present value, at the interest rate assumed to be earned in the future (currently 7.50%), of each member's expected benefits at retirement or death is determined, based on age, service and sex. The calculations take into account the probability of a member's death or termination of employment prior to becoming eligible for a benefit, as well as the possibility of his terminating with a service, disability or survivor's benefit. The present value of the expected benefits payable on account of the active members is added to the present value of the expected future payments to retired members, beneficiaries and members entitled to deferred vested benefits to obtain the present value of all expected benefits payable from the System on account of the present group of members and beneficiaries.
2. The employer contributions required to support the benefits of the System are determined following a level funding approach, and consist of a normal contribution and an unfunded actuarial accrued liability contribution.
3. The normal contribution is determined using the entry age actuarial cost method. Under this method, a calculation is made to determine the level amount which, if applied for the average member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf.
4. The unfunded actuarial accrued liability contributions are determined by subtracting the present value of prospective employer normal contributions and member contributions, together with the current actuarial value of assets, from the present value of expected benefits to be paid from the System.

SCHEDULE F

SUMMARY OF MAIN SYSTEM PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES

The Public School Employees' Retirement System (PSERS) is a cost-sharing multiple employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances and other benefits for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia.

Normal Retirement Benefit	
Eligibility	Age 65 and 10 years of creditable service.
Benefit	Monthly benefit is $14.75 multiplied by years of creditable service. A one-time 1.75% increase is made at time of retirement.
Early Retirement Benefit	
Eligibility	Age 60 and 10 years of creditable service.
Benefit	Accrued benefit reduced by 6% for each year member is under age 65.
Disability Retirement Benefit	
Eligibility	15 years of creditable service.
Benefit	Accrued benefit payable immediately.
Deferred Vested Retirement Benefit	
Eligibility	10 years of creditable service. Member contributions not withdrawn.
Benefit	Accrued benefit deferred to age 65 or reduced benefit payable at age 60.
Death Benefit	
Eligibility	Death in service and the member is at least age 60 and has at least 10 years of creditable service.
Benefit	Benefit payable to beneficiary under the joint and survivor annuity payment option. If the member dies in service under age 60 or with less than 10 years of creditable service his beneficiary receives a refund of the member's accumulated contributions.

Termination Benefit	
Eligibility	Less than 10 years of creditable service.
Benefit	Return of the member’s accumulated contributions.
Payment Options	(1) Life annuity. Guaranteed payment of accumulated member contributions.
	(2) Joint and survivorship annuity.
	(3) Certain and life annuity.
Post-Retirement Adjustments	The Board may from time to time grant a Cost of Living Adjustment.
Contributions	
By Members	Members contribute $4 per month.
By Employers	Employer contributions are actuarially determined and approved and certified by the Board.

SCHEDULE G

NUMBER OF ACTIVE MEMBERS
BY AGE AND SERVICE AS OF JUNE 30, 2009

Attained Age	*Years of Service*									
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & Up	Total
Under 25	101	394	8	0	0	0	0	0	0	503
25 to 29	151	721	163	3	0	0	0	0	0	1,038
30 to 34	180	1,197	386	91	7	0	0	0	0	1,861
35 to 39	236	1,921	984	304	84	3	0	0	0	3,532
40 to 44	307	2,297	1,482	743	231	95	9	0	0	5,164
45 to 49	316	2,417	1,871	1,133	485	275	85	3	0	6,585
50 to 54	232	2,263	1,542	1,028	601	430	184	71	7	6,358
55 to 59	213	1,848	1,375	891	574	520	271	139	45	5,876
60 to 64	168	1,647	1,336	729	456	353	226	157	79	5,151
65 to 69	99	957	829	405	171	147	92	82	60	2,842
70 & Up	34	442	599	288	124	79	29	41	35	1,671
Total	2,037	16,104	10,575	5,615	2,733	1,902	896	493	226	40,581

Average Age: 51.1
Average Service: 8.0

SCHEDULE G
(Continued)

NUMBER OF RETIRED MEMBERS
AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	0	$ 0	$ 0
50 – 54	0	0	0
55 – 59	0	0	0
60 – 64	1,033	2,725,086	2,638
65 – 69	2,485	7,893,604	3,177
70 – 74	2,765	9,810,894	3,548
75 – 79	2,445	9,720,152	3,976
80 – 84	1,695	7,496,197	4,423
85 – 89	990	4,534,731	4,581
90 – 94	422	2,007,569	4,757
95 & Over	125	612,079	4,897
Total	11,960	$ 44,800,312	$ 3,746

NUMBER OF BENEFICIARIES
AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	145	$ 243,653	$ 1,680
50 – 54	62	125,437	2,023
55 – 59	61	127,798	2,095
60 – 64	64	138,765	2,168
65 – 69	93	205,489	2,210
70 – 74	84	212,019	2,524
75 – 79	92	255,239	2,774
80 – 84	78	237,049	3,039
85 – 89	50	153,746	3,075
90 – 94	20	62,130	3,107
95 & Over	17	36,924	2,172
Total	766	$ 1,798,249	$ 2,348

SCHEDULE G
(Continued)

NUMBER OF DISABLED RETIREES AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	20	$ 75,506	$ 3,775
50 – 54	66	264,215	4,003
55 – 59	135	560,523	4,152
60 – 64	224	1,038,043	4,634
65 – 69	281	1,407,475	5,009
70 – 74	188	995,878	5,297
75 – 79	97	531,306	5,477
80 – 84	38	229,503	6,040
85 – 89	17	99,630	5,861
90 – 94	6	33,922	5,654
95 & Over	0	0	0
Total	1,072	$ 5,236,001	$ 4,884

NUMBER OF DEFERRED VESTED MEMBERS AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 35	7	$ 13,863	$ 1,980
35 – 39	53	112,551	2,124
40 – 44	183	417,322	2,280
45 – 64	489	1,171,727	2,396
50 – 54	763	1,959,900	2,569
55 – 59	879	2,346,622	2,670
60 – 64	562	1,491,437	2,654
65 – 69	164	441,473	2,692
70 – 74	49	123,483	2,520
75 & Over	58	169,803	2,928
Total	3,207	$ 8,248,181	$ 2,572

SCHEDULE H

ALLOCATION OF 2011-2012
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
1	Appling	$ 30,530
2	Atkinson	14,091
3	Bacon	20,354
4	Baker	5,088
5	Baldwin	57,929
6	Banks	35,619
7	Barrow	130,733
8	Bartow	149,129
9	Ben Hill	32,096
10	Berrien	23,876
11	Bibb	268,902
12	Bleckley	33,662
13	Brantley	39,141
14	Brooks	30,530
15	Bryan	62,235
16	Bulloch	124,078
17	Burke	68,889
18	Butts	52,841
19	Calhoun	9,394
20	Camden	92,765
21	Candler	21,528
22	Carroll	169,483
23	Catoosa	124,861
24	Charlton	21,136
25	Chatham	203,536
26	Chattahoochee	5,088
27	Chattooga	32,487
28	Cherokee	360,102
29	Clarke	174,180
30	Clay	5,088
31	Clayton	574,988
32	Clinch	13,308
33	Cobb	1,039,989
34	Coffee	73,586
35	Colquitt	104,899
36	Columbia	240,329
37	Cook	40,316
38	Coweta	266,553
39	Crawford	21,919

SCHEDULE H
(continued)

ALLOCATION OF 2010-2011
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
40	Crisp	$ 54,407
41	Dade	23,093
42	Dawson	40,707
43	Decatur	65,366
44	Dekalb	891,251
45	Dodge	40,707
46	Dooly	23,093
47	Dougherty	190,619
48	Douglas	270,859
49	Early	19,962
50	Echols	7,045
51	Effingham	111,945
52	Elbert	40,316
53	Emanuel	49,318
54	Evans	21,136
55	Fannin	37,184
56	Fayette	168,700
57	Floyd	95,505
58	Forsyth	333,877
59	Franklin	53,232
61	Gilmer	50,492
62	Glascock	8,611
63	Glynn	147,563
64	Gordon	63,801
65	Grady	47,753
66	Greene	24,268
67	Gwinnett	1,473,285
68	Habersham	83,763
69	Hall	284,950
70	Hancock	22,702
71	Haralson	37,576
72	Harris	52,841
73	Hart	46,970
74	Heard	19,962
75	Henry	366,364
76	Houston	295,127
77	Irwin	14,091
78	Jackson	83,763

SCHEDULE H
(continued)

ALLOCATION OF 2010-2011
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
79	Jasper	$ 27,790
80	Jeff Davis	32,879
81	Jefferson	37,967
82	Jenkins	16,831
83	Johnson	14,874
84	Jones	59,886
85	Lamar	35,227
86	Lanier	10,960
87	Laurens	69,672
88	Lee	70,455
89	Liberty	135,821
90	Lincoln	20,745
91	Long	29,356
92	Lowndes	115,467
93	Lumpkin	49,318
94	Macon	26,616
95	Madison	64,583
96	Marion	15,265
97	McDuffie	47,361
98	McIntosh	23,485
99	Meriwether	49,710
100	Miller	14,091
101	Mitchell	22,702
102	Monroe	54,015
103	Montgomery	14,874
104	Morgan	34,836
105	Murray	82,589
106	Muscogee	401,983
107	Newton	225,846
108	Oconee	82,589
109	Oglethorpe	24,268
110	Paulding	271,642
111	Peach	53,624
112	Pickens	57,538
113	Pierce	33,270
114	Pike	41,881
115	Polk	66,149
116	Pulaski	17,614
117	Putnam	41,490

SCHEDULE H
(continued)

ALLOCATION OF 2010-2011
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
118	Quitman	$ 4,306
119	Rabun	33,662
120	Randolph	21,136
121	Richmond	370,670
122	Rockdale	202,753
123	Schley	11,742
124	Screven	30,530
125	Seminole	18,788
126	Spalding	139,344
127	Stephens	57,147
128	Stewart	11,351
129	Sumter	68,498
130	Talbot	9,785
131	Taliaferro	4,306
132	Tattnall	43,056
133	Taylor	20,745
134	Telfair	15,265
135	Terrell	19,179
136	Thomas	45,796
137	Tift	57,929
138	Toombs	36,402
139	Towns	14,482
140	Treutlen	11,742
141	Troup	162,829
142	Turner	18,396
143	Twiggs	15,657
144	Union	35,619
145	Upson	61,061
146	Walker	116,642
147	Walton	144,823
148	Ware	73,195
149	Warren	12,525
150	Washington	30,922
151	Wayne	65,758
152	Webster	5,871
153	Wheeler	10,960
154	White	40,707
155	Whitfield	124,470
156	Wilcox	15,265

SCHEDULE H
(continued)

ALLOCATION OF 2010-2011
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
157	Wilkes	$ 24,659
158	Wilkinson	19,962
159	Worth	39,533
205	Bremen	13,308
206	Buford	25,051
207	Calhoun	22,702
209	Carrollton	50,884
210	Cartersville	26,225
212	Chickamauga	9,394
214	Commerce	14,874
216	Dalton	44,621
217	Decatur	22,311
219	Dublin	20,354
221	Gainesville	40,316
224	Jefferson	25,051
226	Marietta	86,894
230	Pelham	10,960
232	Rome	39,141
247	Social Circle	16,831
236	Thomasville	17,222
239	Trion	9,003
240	Valdosta	84,937
241	Vidalia	19,571
	Atlanta Metropolitan College	50,101
	Brighten Academy	391
	Charter Conservatory for L and T	391
	DeKalb Technical College	391
	Fulton Educational Services Inc	391
	Fulton Science Academy CS	391
	Georgia Magnet Charter School	391
	Georgia Military College	20,354
	Gwinnett Technical College	783
	Imagine Wesley International Academy	391
	International Community School	1,566
	Kidspeace School of Georgia	1,957
	KIPP Metro Atlanta Collaborative Inc	2,348
	KIPP South Fulton Academy	2,348
	University Community Academy	1,957