

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

REPORT OF ACTUARY

ON THE VALUATION

PREPARED AS OF JUNE 30, 2000

**BUCK
CONSULTANTS**

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July 19, 2001

Board of Trustees
Employees' Retirement System of Georgia
Two Northside 75
Atlanta, Georgia 30318

Members of the Board:

Section 47-2-26 of the law governing the operation of the Employees' Retirement System of Georgia provides that the actuary shall make annual valuations of the contingent assets and liabilities of the Retirement System on the basis of regular interest and the tables last adopted by the Board of Trustees. We are pleased to submit herewith the results of the actuarial valuation prepared as of June 30, 2000. The delay in issuing this report was due solely to the difficulty in being provided credible valuation data from the new ERS data system.

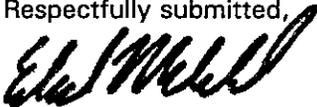
In our opinion the valuation is complete and accurate, and the methodology and assumptions used are reasonable as a basis for the valuation. The employer contribution rate has been determined to be 5.66% of active payroll for Old Plan members and 10.41% of active payroll for New Plan members. The valuation takes into account the effect of all amendments to the System enacted through the 2001 session of the General Assembly as well as the Ad Hoc COLAs effective July 1, 2001 and January 1, 2002. On the basis of the recommended employer contribution rates, the Retirement System is being funded in conformity with the minimum funding standards set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law.

The valuation has been prepared in accordance with the parameters set forth in Statement Nos. 25 and 27 of the Governmental Accounting Standards Board. The annual required contribution rates (ARC) of the employer under GASB for the fiscal year ending June 30, 2002 are 5.66% of active payroll for Old Plan members and 10.41% of active payroll for New Plan members, which will liquidate the unfunded accrued liability over a 40-year period. If contribution rates are continued at the current rates, the system will have an additional negative Net Pension Obligation (NPO) because more than the annual required contribution under GASB 25/27 will be made for the fiscal year ending June 30, 2002.

We trust that the report will meet the approval of the Board and will furnish the desired information concerning the financial condition of the Retirement System.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,



Edward A. Macdonald
Principal and Consulting Actuary

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**EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
REPORT OF ACTUARY
ON THE VALUATION
PREPARED AS OF JUNE 30, 2000**

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 (all dollar amounts are in thousands).

Valuation Date	June 30, 2000	June 30, 1999
Active members:		
Number	75,318	73,009
Annual compensation	\$ 2,304,289	\$ 2,152,072
Retired members and beneficiaries:		
Number	24,488	23,126
Annual allowances	\$ 480,380	\$ 411,946
Assets:		
Market Value	\$ 13,301,163	\$12,572,600
Actuarial Value	10,999,901	9,848,723
Unfunded actuarial accrued liability	\$ (426,493)	\$ (153,109)
Amortization period	40 years	40 years
For Fiscal Year Ending	June 30, 2002	June 30, 2001
Annual required employer contribution rates (ARC):		
Old Plan		
Normal	6.51%	6.59%
Accrued Liability	<u>(0.85)</u>	<u>(0.33)</u>
Total	5.66%	6.26%
New Plan		
Normal (includes 4.75% paid for member)	11.26%	11.34%
Accrued Liability	<u>(0.85)</u>	<u>(0.33)</u>
Total	10.41%	11.01%

2. The major benefit and contribution provisions of the System as reflected in the valuation are summarized in Schedule F. The valuation takes into account the effect of amendments to the System enacted through the 2001 session of the General Assembly. The valuation reflects 1.5% Ad Hoc COLAs effective July 1, 2001 and January 1, 2002.

3. Schedule D of this report outlines the full set of actuarial assumptions and methods used. 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 the actuarial cost method.
5. Comments on the valuation results as of June 30, 2000 are given in Section IV and further discussion of the contributions is set out in Section V.

SECTION II - MEMBERSHIP DATA

1. Data regarding the membership of the System for use as a basis for the valuation were furnished by the Retirement System office. The following table shows the number of active members, their annual compensation and average annual compensation as of June 30, 2000 on the basis of which the valuation was prepared.

**THE NUMBER, ANNUAL COMPENSATION
AND AVERAGE ANNUAL COMPENSATION OF
ACTIVE MEMBERS AS OF JUNE 30, 2000**

NUMBER	ANNUAL COMPENSATION (in thousands)	AVERAGE ANNUAL COMPENSATION
75,318	\$ 2,304,289	\$ 30,594

2. The following table shows the number of retired members and beneficiaries on the roll as of June 30, 2000, together with the amount of their annual retirement 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, 2000**

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES (in thousands)
Service Retirements	17,445	\$ 381,015
Disability Retirements	2,978	60,169
Beneficiaries of Deceased Members	<u>4,065</u>	<u>39,196</u>
Total	24,488	\$ 480,380

3. Tables 1 and 2 of Schedule G give the distributions by age and by years of creditable service of the number and annual compensation of active members included in the valuation, while Tables 3, 4 and 5 give the number and annual retirement allowances of retired members and beneficiaries included in the valuation, distributed by age.

SECTION III - ASSETS

1. Two funds are maintained 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 or on behalf of 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, 2000 the market value of assets credited to the Annuity Savings Fund amounted to \$787,821,000.

(b) Pension Accumulation Fund

The Pension Accumulation Fund is the fund to which all income from investments and all contributions made by employers 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, 2000 the market value of assets credited to the Pension Accumulation Fund amounted to \$12,513,342,000.

2. As of June 30, 2000 the total market value of assets amounted to \$13,301,163,000 as reported by the independent auditor of the System. The actuarial value of assets used for the current valuation was \$10,999,901,000. Schedule B shows the development of the actuarial value of assets as of June 30, 2000.
3. Schedule C shows the 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, 2000 (all dollar amounts are in thousands). The valuation was prepared in accordance with the actuarial assumptions 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 \$13,605,462 of which \$4,770,919 is for the prospective benefits payable on account of present retired members, beneficiaries of deceased members, and members entitled to deferred vested benefits and \$8,834,543 is for the prospective basic benefits payable on account of present active members. Against these liabilities, the System has total present assets of \$10,999,901 as of June 30, 2000. The difference of \$2,605,561 between the total liabilities and the total present assets represents the present value of contributions to be made in the future. Of this amount, \$1,428,263 is the present value of future contributions expected to be made by or on behalf of members, including employer paid member

contributions of 4.75% of compensation for New Plan members. The balance of \$1,177,298 represents the present value of future contributions payable by the employers.

3. The employer contributions to the System consist of normal contributions, accrued liability contributions and group term life insurance contributions. The normal contribution rate is calculated as the level percentage rate which, if applied to the compensation of the average member during the entire period of his anticipated covered service, would be required in addition to the contributions by or on behalf of the member to meet the cost of all basic benefits (i.e., benefits other than post-retirement supplements) payable on his behalf. The valuation indicates that the employer normal contribution rate is 6.51% of active members' compensation.
4. Prospective employer normal contributions at the rate of 6.51% have a present value of \$1,603,791. When this amount is subtracted from \$1,177,298, which is the present value of total future employer contributions, there remains (\$426,493) as the unfunded actuarial accrued liability.
5. The accrued liability contribution rate is (0.85%) of active members' compensation, which will liquidate the unfunded actuarial liability over a 40 year period, on the assumption that the total payroll of active members will increase by 3.50% each year.

SECTION V - CONTRIBUTIONS PAYABLE BY EMPLOYERS

The following table summarizes the employer contribution rates which were determined by the June 30, 2000 valuation and are recommended for use.

**ANNUAL REQUIRED EMPLOYER CONTRIBUTION RATES (ARC)
FOR FISCAL YEAR ENDING JUNE 30, 2002**

	Old Plan	New Plan
Normal	6.51%	6.51%
Employer paid for member	-	4.75
Accrued liability	<u>(0.85)</u>	<u>(0.85)</u>
Total	5.66%	10.41%

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, 2000**

GROUP	NUMBER
Retirees and beneficiaries currently receiving benefits	24,488
Terminated employees entitled to benefits but not yet receiving benefits	53,182
Active plan members	<u>75,318</u>
Total	<u>152,988</u>

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)
6/30/96	6,140,080	7,243,105	1,103,025	84.8%	1,968,714	56.0%
6/30/97	7,432,306	8,159,345	727,039	91.1	1,977,928	36.8
6/30/98	8,613,575	9,093,758	480,183	94.7	2,055,966	23.4
6/30/99	9,848,723	9,695,614	(153,109)	101.6	2,152,072	(7.1)
6/30/00	10,999,901	10,573,408	(426,493)	104.0	2,304,289	(18.5)

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

<u>Year Ending</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
6/30/97	\$282,249	100%
6/30/98	286,794	100
6/30/99	304,461	100
6/30/00	302,332	100

4. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2000. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/00
Actuarial cost method	Entry age
Amortization method	Level percent of pay, open
Remaining amortization period	40 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.00%
Projected salary increases*	5.20 – 9.00%
Cost-of-living adjustments	None
*Includes inflation at	3.50%

TREND INFORMATION
(\$ in 1,000's)

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation (NPO)</u>
June 30, 1998	\$286,794	100%	\$0
June 30, 1999	304,461	100	0
June 30, 2000	302,332	100	0

SCHEDULE A

VALUATION BALANCE SHEET

**RESULTS OF THE VALUATION AS OF JUNE 30, 2000
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES
OF THE EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
(All dollar amounts are in thousands)**

<u>ACTUARIAL LIABILITIES</u>		
(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	\$ 4,270,385
	- Death and survivor benefits	379,266
	- Deferred vested benefits	<u>121,268</u>
	Total	\$ 4,770,919
(2)	Present value of prospective benefits payable on account of present active members	
	- Retirement and survivor allowances	\$ 8,777,148
	- Refunds of members' contributions	<u>57,395</u>
	Total	<u>8,834,543</u>
(3)	TOTAL ACTUARIAL LIABILITIES	<u>\$ 13,605,462</u>
<u>PRESENT AND PROSPECTIVE ASSETS</u>		
(4)	Actuarial value of assets	\$ 10,999,901
(5)	Present value of total future contributions = (3)-(4)	\$ 2,605,561
(6)	Present value of future member contributions and employer paid member contributions	1,428,263
(7)	Present value of future employer contributions = (5)-(6)	\$ 1,177,298
(8)	Employer normal contribution rate	6.51%
(9)	Present value of future payroll (1%)	\$ 246,358
(10)	Prospective normal contributions = (8) x (9)	1,603,791
(11)	Prospective unfunded accrued liability contributions = (7)-(10)	<u>(426,493)</u>
(12)	TOTAL PRESENT AND PROSPECTIVE ASSETS	<u>\$ 13,605,462</u>

SCHEDULE B**DEVELOPMENT OF JUNE 30, 2000 ACTUARIAL VALUE OF ASSETS**

(All dollar amounts are \$1,000's)

(1)	Actuarial Value of Assets on June 30, 1999	\$ 9,848,723
(2)	1999/2000 Net Cash Flow	
	a. Contributions	358,067
	b. Disbursements	<u>467,775</u>
	c. Net Cash Flow	
	(2)a - (2)b	(109,708)
(3)	Expected Investment Return [(1) x .07] + [(2)c x .035]	685,571
(4)	Expected Actuarial Value of Assets on June 30, 2000 (1) + (2)c + (3)	10,424,586
(5)	Market Value of Assets on June 30, 2000	13,301,163
(6)	Excess of Market Value over Expected Actuarial Value (5) - (4)	2,876,577
(7)	20% Adjustment towards Market .20 x (6)	575,315
(8)	Actuarial Value of Assets on June 30, 2000 (4) + (7)	\$ 10,999,901

SCHEDULE C**SUMMARY OF RECEIPTS AND DISBURSEMENTS
(MARKET VALUE)**

	Year Ending	
	June 30, 2000 (in \$ thousand)	June 30, 1999 (in \$ thousand)
<u>Receipts for the Year</u>		
Contributions:		
Members	\$ 55,735	\$ 55,618
Employers	<u>302,332</u>	<u>304,461</u>
Total	\$ 358,067	\$ 360,079
Investment earnings	<u>845,370</u>	<u>1,262,427</u>
TOTAL	\$ 1,203,437	\$ 1,622,506
<u>Disbursements for the Year</u>		
Retirement allowances	\$ 460,358	\$ 398,391
Refunds to members	7,417	8,810
Administrative expense	<u>7,099</u>	<u>8,082</u>
TOTAL	\$ 474,874	\$ 415,283
<u>Excess of Receipts over Disbursements</u>	\$ 728,563	\$ 1,207,223
<u>Reconciliation of Asset Balances - Market Value</u>		
Asset Balance as of the Beginning of Year	\$ 12,572,600	\$ 11,365,377
Excess of Receipts over Disbursements	<u>728,563</u>	<u>1,207,223</u>
Asset Balance as of the End of Year	<u>\$ 13,301,163</u>	<u>\$ 12,572,600</u>

SCHEDULE D

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

VALUATION INTEREST RATE: 7.0% per annum, compounded annually.

SALARY INCREASES:

<u>Age</u>	<u>Annual Rate</u>	<u>Age</u>	<u>Annual Rate</u>
20	9.0%	45	5.2%
25	8.0	50	5.2
30	6.0	55	5.2
35	5.5	60	5.2
40	5.2	65	5.2

SEPARATIONS BEFORE RETIREMENT: Representative values of the assumed annual rates of separation other than retirement are as follows:

	Annual Rates of			
	<u>Death</u>		<u>Disability</u>	
	<u>Men</u>	<u>Women</u>	<u>Men</u>	<u>Women</u>
20	.05%	.03%	.10%	.10%
25	.06	.03	.10	.10
30	.08	.03	.20	.10
35	.08	.04	.30	.10
40	.09	.06	.40	.20
45	.14	.09	.70	.30
50	.21	.12	1.00	.40
55	.36	.19	1.80	.70
60	.63	.34	--	--
65	1.15	.67	--	--
69	1.80	1.08	--	--

Annual Rates of Withdrawal

<u>Age</u>	<u>Years of Service</u>						
	<u>0-1</u>	<u>1-2</u>	<u>2-3</u>	<u>3-4</u>	<u>4-5</u>	<u>5-10</u>	<u>10 & Over</u>
<u>Men</u>							
20	53.1%	34.0%	24.1%	16.2%	11.1%	8.0%	-
25	40.9	25.5	18.3	13.8	10.3	7.0	4.2%
30	33.9	23.8	15.9	13.0	9.5	5.5	4.0
35	32.2	22.1	14.9	11.3	8.7	4.0	2.5
40	30.4	20.4	14.1	10.5	7.9	3.0	2.0
45	28.7	18.7	13.3	9.7	7.1	2.5	1.5
50	27.0	17.0	12.4	8.9	6.3	2.0	1.0
55	24.4	15.3	11.6	8.1	5.5	1.0	0.5
60	5.0	5.0	5.0	5.0	5.0	1.0	0.5
65	5.0	5.0	5.0	5.0	5.0	1.0	0.5
<u>Women</u>							
20	34.6%	29.4%	24.4%	19.5%	14.9%	8.0%	-
25	29.1	24.0	19.1	15.3	11.6	7.0	5.5%
30	23.7	19.6	15.7	11.9	8.3	5.5	4.5
35	20.0	16.0	12.2	8.5	6.6	4.0	3.0
40	18.2	13.3	8.7	6.8	5.8	3.0	2.5
45	17.3	11.6	7.8	5.9	5.4	2.5	1.5
50	16.8	11.1	7.4	5.9	5.4	2.0	1.0
55	16.4	10.7	7.0	5.5	5.0	1.0	0.5
60	5.0	5.0	5.0	5.0	5.0	1.0	0.5
65	5.0	5.0	5.0	5.0	5.0	1.0	0.5

RETIREMENT:

<u>Age</u>	<u>Annual Rate</u>	<u>Age</u>	<u>Annual Rate</u>
50	5%	64	25%
55	5	65	60
60	15	66	25
61	10	67	25
62	30	68	25
63	15	69	25
		70 & over	100

An additional 10% of active New Plan members are expected to retire in the year in which they attain 30 years of service. It is also assumed that 75% of active Old Plan members will retire during the year in which they attain 34 years of service and 1% of eligible Old Plan members will retire on involuntary separation each year.

DEATHS AFTER RETIREMENT: The 1971 Group Annuity Table rated back one year is used for the period after service retirement and for dependent beneficiaries. A special mortality table is used for the period after disability retirement.

Representative values of the assumed annual rates of mortality after service retirement are as follows:

<u>Age</u>	<u>Men</u>	<u>Women</u>	<u>Age</u>	<u>Men</u>	<u>Women</u>
40	.151%	.087%	65	1.198%	0.861%
45	.257	.129	70	3.243	1.446
50	.474	.197	75	5.122	2.863
55	.781	.298	80	7.969	5.062
60	1.192	.490	85	12.112	8.150

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 actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected actuarial value.

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

SPOUSES: It is assumed that 85% of the membership is married with the husband three years older than his wife.

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 7.0%), of each member's expected basic benefit (i.e. benefits other than post-retirement adjustments after the valuation date) at retirement or death is determined, based on his age, service, sex, and compensation. 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. Future salary increases are also anticipated. The present value of the expected basic benefits payable on account of the active members is added to the present value of the expected future payments to retired members and beneficiaries to obtain the present value of all expected basic benefits payable from the System on account of the present group of members and beneficiaries.
2. The employer contributions required to support the basic benefits of the System are determined following a level funding approach, and consist of a normal contribution and an 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 percentage rate which, if applied to the compensation of 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 basic benefits payable on his behalf.
4. The unfunded accrued liability is determined by subtracting the present value of prospective employer normal contributions and member contributions, together with the current actuarial value of assets held, from the present value of expected basic benefits to be paid from the System.

SCHEDULE F**SUMMARY OF MAIN SYSTEM PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES**

The Employees' Retirement System of Georgia (ERS) was established February 3, 1949 to provide retirement allowances and other benefits to employees of the State of Georgia. The commencement date was January 1, 1950. "Old Plan" means the plan applicable to members beginning employment prior to July 1, 1982, while "New Plan" means the plan applicable to members employed on or after July 1, 1982. The following summary describes the main provisions of the System.

1 - DEFINITIONS**Member**

An employee of a department participating in ERS. Membership is a condition of employment.

Prior Service

Service rendered as an employee prior to January 1, 1954.

For employees of departments which became participants in ERS after the date of establishment (1950), any service prior to January 1, 1954.

Some active duty military service before January 1, 1954 may be included as prior service for employees who were members of the System prior to April 1, 1972, provided that service was not used for military or other government retirement.

Membership Service

Service after January 1, 1954 as a contributing member of a participating department.

For employees of departments which became participants in ERS after the date of establishment (1950), any service which is purchased by the employee between January 1, 1954 and the date of participation by the department.

Some service as a teacher in the public schools of Georgia may be included provided that service is not being used for teacher retirement and contributions are left on deposit.

Forfeited Leave

Six months or more of forfeited annual or sick leave for which a member is not eligible for payment at retirement. Each 20 days of such forfeited leave is equivalent to one month of service.

Creditable Service

Old Plan

Prior service plus membership service plus forfeited leave. Upon retirement, a member with 34 years of service will receive credit for the 34 years plus membership credit for the period between the 34th year and his or her 65th birthday.

New Plan

Service for which employee and employer contributions have been paid.

Average Final Compensation

The average annual compensation of a member during the 24 consecutive calendar months of his creditable service that will yield the highest average. An adjustment will be made to allow for any contribution previously made by the member which is now made by the State.

2 - BENEFITS

Normal Retirement Allowance

Condition for Retirement

A member is eligible for normal retirement upon the attainment of age 65 and 10 years of creditable service (age 65 and 5 years service if a member before July 1, 1968), or 30 years of creditable service regardless of age.

Amount of Allowance

Old Plan

(A) x (B) x (C), where

(A) = 60% of average final compensation up to \$4,200 plus 100% of average final compensation over \$4,200.

(B) = creditable service, and

(C) = .0115 + .0003 x (creditable service up to 35 years).

The minimum benefit is 2.00% of average final compensation times years of creditable service.

New Plan

2.00% of average final compensation multiplied by years of creditable service.

Uniform division and judicial members may be eligible for additional minimum allowances.

Early Retirement Allowance

Condition for Early Retirement

A member is eligible for early retirement upon the attainment of age 60 and 10 years of creditable service or 25 years of creditable service regardless of age.

Amount of Allowance

The annual early retirement allowance is determined in the same manner as the normal retirement allowance based on creditable service and average final compensation as of the early retirement date. If the member is less than age 60, the retirement allowance is reduced by the lesser of:

- (i) 7% for each year by which his age is less than 60, and
- (ii) 7% for each year by which his creditable service at retirement is less than 30.

Uniform division and judicial members may be eligible for additional minimum allowances.

Disability Retirement Allowance

Condition for Disability Retirement

A member is eligible for disability retirement after having at least 13 years and 4 months of service and being certified by the medical board as permanently disabled for the further performance of the duties of the position held at the time of disability.

Amount of Allowance

The annual disability retirement allowance is an immediate benefit with the amount depending upon service at the time of disability.

Uniform division members may be eligible for an additional allowance if disabled in line of duty.

Service at DisabilityAllowance

- | | |
|--|--|
| (1) 13 years 4 months
to 18 years | 75% of what the normal retirement benefit would have been had the member continued to work until age 60 with no further change in compensation |
| (2) over 18 years
to 22 years 9 months | 100% of age 60 benefit |
| (3) over 22 years 9 months
to 27 years 6 months | 75% of age 65 benefit |
| (4) over 27 years 6 months | 100% of age 65 benefit |

Involuntary RetirementCondition for Involuntary Retirement

Member prior to April 1, 1972, termination is involuntary and without prejudice, and member has more than 18 years of membership service.

For members prior to February 13, 1962, the service requirement is more than 18 years of creditable service.

Amount of Allowance

Computed as for disability retirement.

Death BenefitConditionsAllowance

- | | |
|--|---|
| (1) Before retirement, before age 60, before completing 13 years 4 months service | Refund of all employee contributions plus allowable interest. |
| (2) Before retirement, before age 60, after completing 13 years 4 months service | Benefit equal to disability retirement immediately prior to death under Option 2. |
| (3) Before retirement, after age 60, more than 10 years creditable service (5 years service if member prior to July 1, 1968) | Benefit equal to retirement immediately prior to death under Option 2. |
| (4) After retirement | Payments continued to spouse as determined by options (if any) elected before retirement. |

Termination Benefits

Conditions

- (1) Termination with less than 10 years membership service
- (2) Termination with 10 years or more membership service

Allowance

Return of all member contributions and employer contributions made on behalf of member with allowable interest. Life insurance premiums paid by the employee are not refundable.

Refund of contributions plus interest as above or, if contributions retained in fund, a deferred retirement benefit at age 60 or later for early or normal retirement. Life insurance premiums paid by the employee are not refundable.

Optional Benefits

At application for retirement, a member must choose one of the following methods of payment. All forms are of equivalent actuarial value.

Maximum Benefit

Life annuity, payable to member for the member's life with the final payment (for month of member's death) going to member's designated beneficiary.

Option 1

Modified cash refund, paying a reduced retirement benefit to member so that, upon member's death, the beneficiary receives a lump sum cash settlement equal to the difference between the member's accumulated contributions at retirement and the benefit payments due to member contributions received prior to member's death.

Option 2

Joint and 100% to survivor. Member receives a reduced allowance for life with the same allowance continuing for life of beneficiary upon member's death.

Option 3

Joint and 50% to survivor. Member receives a reduced allowance for life with one-half member's allowance continuing to beneficiary for life upon member's death.

Other Options

Other optional forms are available with certain restrictions.

Post-Retirement Adjustments

Conditions for Adjustments

Retiree must have been receiving benefits for the previous seven months and (1) be age 45, (2) have 30 or more years of service, or (3) have a disability entitlement from the Social Security Administration. Members retiring on service retirement with less than 30 years of service or before age 60 are not eligible for adjustments until the earlier of such time as the member reaches age 60 or would have obtained 30 years of service.

Amount of Adjustment

(1) Semi-annual cost-of-living adjustments may be made in January and July of each year upon the recommendation of the Board of Trustees.

Each adjustment in the year preceding the valuation was 1-1/2% of the base retirement allowance (original allowance before deductions plus previous cost-of-living adjustments).

(2) Supplemental adjustments, when authorized, are made in January of each year.

3 - CONTRIBUTIONS

By Members

Old Plan

4% of annual compensation up to \$4,200 plus 6% of annual compensation over \$4,200. A member with 34 or more years of service may cease contributing until age 65, when he must resume contributing if he continues employment and wishes to receive additional service credit. The State pays member contributions except for 1-1/4% of annual compensation. These State contributions paid in behalf of members are included in the member's account for refund purposes. Covered tax officials and their employees and covered employees of State Courts continue to pay their full member contributions.

New Plan

Member contributions are 1-1/4% of annual compensation.

By Employers

The employers contribute at a specified percentage of active member payroll determined annually by actuarial valuation. The State contribution is not subject to refund upon member termination.

SCHEDULE G**TABLE 1**

**THE NUMBER AND ANNUAL COMPENSATION
OF MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2000**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
18	6	\$ 101,476		
19	34	662,489	31	\$ 571,064
20	102	1,988,005	88	1,627,287
21	159	3,127,127	136	2,623,598
22	240	5,009,597	243	4,740,328
23	303	6,489,298	436	9,082,240
24	387	8,579,948	577	12,308,637
25	424	9,731,655	761	17,235,901
26	587	13,788,510	889	20,355,996
27	647	15,514,155	904	20,662,806
28	644	15,908,137	1,041	24,938,934
29	747	19,292,675	1,046	25,055,316
30	754	19,557,493	1,066	25,986,919
31	775	21,064,920	1,102	27,755,695
32	791	21,844,703	1,022	26,209,791
33	796	22,341,589	1,030	26,437,159
34	791	22,965,563	1,101	28,576,361
35	833	23,559,229	1,186	30,712,396
36	843	24,892,544	1,246	32,972,084
37	815	24,243,586	1,220	33,436,204
38	870	26,983,013	1,270	34,377,062
39	830	25,909,787	1,266	35,092,702
40	957	29,809,237	1,318	36,323,315
41	959	30,246,687	1,392	40,033,979
42	853	27,646,835	1,377	40,154,072
43	947	30,815,077	1,399	41,621,982
44	926	31,788,173	1,437	43,033,812
45	907	30,722,180	1,495	46,184,091
46	987	35,231,850	1,434	44,465,243
47	1,011	35,510,586	1,456	45,522,851
48	1,048	39,259,094	1,475	47,824,889
49	970	37,192,363	1,459	46,829,863
50	979	38,772,913	1,459	47,576,231
51	1,050	42,460,006	1,386	45,923,373
52	1,027	41,979,521	1,436	46,987,918
53	1,052	42,325,612	1,275	44,042,598
54	816	33,014,595	1,073	35,636,143
55	615	24,529,174	889	28,910,658

TABLE 1

**THE NUMBER AND ANNUAL COMPENSATION
OF MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2000**

CONTINUED

AGE	NUMBER	MEN		WOMEN	
		NUMBER	AMOUNT	NUMBER	AMOUNT
56	581		\$ 23,942,306	824	\$ 27,127,460
57	534		21,970,794	766	24,349,669
58	472		18,340,198	696	22,363,593
59	405		16,541,713	561	17,198,001
60	360		13,863,717	521	16,626,663
61	291		11,742,608	429	13,404,903
62	237		8,641,133	348	11,044,910
63	140		5,377,991	210	6,368,119
64	125		4,851,979	143	4,389,145
65	112		4,585,007	115	3,311,252
66	67		2,916,930	68	2,238,185
67	45		2,252,420	40	1,206,841
68	34		1,411,838	33	1,173,392
69	35		1,770,138	21	749,790
70	27		1,212,284	25	699,749
71	21		899,054	16	428,166
72	8		356,794	11	407,727
73	8		494,718	11	386,317
74	8		495,468	9	241,272
75	8		456,525	7	235,188
76	5		185,598	2	54,312
77	5		136,530	6	168,337
78	5		277,623	1	37,164
79	2		146,292	5	162,510
80	1		67,116	3	64,164
81				1	32,712
82	1		51,924	1	16,980
83	3		90,103		
84				2	35,169
TOTAL	31,022		\$ 1,027,938,203	44,296	\$ 1,276,351,188

TABLE 2

**THE NUMBER AND ANNUAL COMPENSATION
OF MEMBERS DISTRIBUTED BY YEARS OF
CREDITED SERVICE AS OF JUNE 30, 2000**

YEARS OF SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
0	2,114	\$ 48,794,448	3,513	\$ 77,946,325
1	3,004	77,028,309	5,124	119,494,496
2	2,370	64,150,964	3,794	92,764,229
3	1,814	49,726,374	2,562	63,352,515
4	1,327	38,496,247	1,790	47,458,754
5	1,338	39,980,188	1,825	47,734,610
6	1,611	47,566,567	1,977	53,246,693
7	1,406	41,559,325	1,730	46,726,443
8	1,221	37,890,328	1,351	37,412,084
9	678	21,699,764	982	27,825,513
10	1,143	37,326,463	1,702	49,785,357
11	1,427	45,606,370	1,847	53,323,634
12	1,119	37,758,548	1,476	43,331,072
13	960	32,714,538	1,276	38,548,751
14	852	30,381,246	1,213	38,043,774
15	873	31,959,426	1,230	38,404,470
16	773	28,839,754	1,042	34,150,959
17	629	24,168,802	771	26,512,713
18	561	21,645,261	685	23,490,983
19	468	19,281,055	725	26,127,436
20	486	20,371,975	800	28,057,068
21	545	23,084,472	827	29,815,873
22	495	21,415,429	708	26,360,500
23	416	18,748,406	706	26,337,657
24	371	17,306,283	676	25,323,948
25	339	16,368,470	534	21,012,216
26	432	21,014,282	806	29,948,204
27	471	23,152,458	638	24,022,308
28	497	24,357,899	578	22,722,746
29	430	21,825,447	440	17,954,225
30	378	19,401,622	350	14,118,771
31	251	12,521,292	271	11,142,286
32	147	7,654,970	208	8,529,441
33	42	2,083,296	105	3,951,214
34	9	530,844	24	936,607
35	6	300,780	3	120,990
36	9	448,546	4	193,923
37	3	238,956	2	82,794
38	1	91,442		
39	3	205,015		
40	2	183,314	1	39,606
42	1	59,028		
TOTAL	31,022	\$ 1,027,938,203	44,296	\$ 1,276,351,188

TABLE 3
THE DISTRIBUTION OF THE NUMBER AND ANNUAL
RETIREMENT ALLOWANCES OF RETIREES
DISTRIBUTED BY AGE AS OF JUNE 30, 2000

SERVICE RETIREMENTS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
43			1	\$ 11,697
44	1	\$ 11,974	1	13,317
45			1	9,100
46	2	24,618	3	39,536
47	5	73,600	6	154,973
48	2	37,826	8	191,575
49	10	328,638	21	480,560
50	23	853,925	25	636,103
51	38	1,591,249	32	1,014,601
52	87	3,718,177	66	1,900,104
53	131	5,908,136	88	2,833,870
54	140	5,856,136	93	2,793,838
55	153	6,677,142	102	3,299,654
56	178	7,834,906	126	4,448,136
57	235	10,049,143	147	5,147,938
58	221	10,015,454	135	4,627,169
59	263	11,588,000	138	4,424,682
60	261	10,592,066	171	5,060,483
61	307	11,547,069	226	5,294,472
62	328	11,658,813	278	5,551,523
63	402	12,490,581	345	6,448,817
64	361	10,661,733	355	5,926,704
65	383	10,530,577	332	5,266,208
66	410	10,756,945	384	6,015,985
67	383	9,954,871	394	6,088,241
68	374	9,054,069	377	5,073,968
69	364	8,527,179	379	5,420,505
70	318	6,949,758	336	4,558,343
71	323	6,804,360	313	4,037,265
72	310	6,639,498	295	3,961,411
73	297	6,176,543	320	4,319,988
74	263	5,645,906	299	4,063,270
75	264	5,481,373	332	4,160,387
76	240	4,916,992	285	3,670,229
77	230	3,720,377	255	3,034,083
78	217	3,697,408	267	3,131,085
79	213	3,546,129	247	2,608,892
80	190	3,410,598	228	2,406,614

TABLE 3

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL
RETIREMENT ALLOWANCES OF RETIREES
DISTRIBUTED BY AGE AS OF JUNE 30, 2000**

SERVICE RETIREMENTS

CONTINUED

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
81	149	\$ 2,290,942	184	\$ 1,936,588
82	147	2,506,176	168	1,695,856
83	91	1,302,680	150	1,443,765
84	91	1,479,786	133	1,461,123
85	74	998,952	101	929,139
86	63	879,965	106	1,010,101
87	51	968,066	66	698,941
88	54	784,689	81	874,887
89	38	671,494	50	372,030
90	36	475,486	43	482,714
91	21	202,839	40	374,205
92	20	198,588	30	294,235
93	14	132,015	35	377,409
94	7	88,398	16	163,680
95	5	126,883	14	97,438
96	2	26,375	5	29,848
97	2	4,601	9	90,201
98	1	912	2	29,537
99	2	16,309	2	16,191
100			2	9,693
101			1	5,271
102			1	9,477
TOTAL	8,795	\$ 240,486,923	8,650	\$ 140,527,655

TABLE 4

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL
RETIREMENT ALLOWANCES OF RETIREES
DISTRIBUTED BY AGE AS OF JUNE 30, 2000**

DISABILITY RETIREMENTS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
36	3	\$ 48,029	1	\$ 36,359
37	1	25,458	2	31,949
38	4	85,072	3	31,334
39	5	67,446	4	78,211
40	7	131,311	6	115,278
41	2	52,359	8	142,696
42	9	167,653	8	131,849
43	8	149,851	15	288,427
44	15	375,558	16	328,199
45	28	678,946	18	378,087
46	29	749,433	26	573,657
47	32	803,308	29	486,407
48	41	1,032,559	41	911,991
49	45	1,244,943	42	813,666
50	57	1,422,392	43	917,126
51	74	2,118,629	52	1,010,755
52	65	1,787,558	49	1,079,581
53	91	2,507,710	59	1,132,621
54	86	2,224,470	66	1,360,505
55	62	1,606,997	46	839,090
56	71	1,782,318	64	1,155,803
57	69	1,922,424	64	975,095
58	69	1,728,948	66	1,127,239
59	66	1,452,662	67	1,126,619
60	68	1,728,779	75	1,251,673
61	52	1,087,192	62	951,289
62	63	1,299,570	60	775,008
63	50	1,053,527	43	544,651
64	44	797,993	38	500,178
65	34	703,577	34	495,741
66	25	530,563	35	415,890
67	38	698,134	19	247,689
68	33	607,419	23	279,942
69	17	352,916	27	344,388
70	29	568,894	8	168,330
71	17	340,941	18	189,381
72	24	425,962	18	262,551
73	12	281,023	13	144,305

TABLE 4

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL
RETIREMENT ALLOWANCES OF RETIREES
DISTRIBUTED BY AGE AS OF JUNE 30, 2000**

DISABILITY RETIREMENTS

CONTINUED

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
74	16	\$ 316,851	15	\$ 177,372
75	17	387,810	6	80,975
76	14	249,860	12	127,440
77	13	188,545	9	97,149
78	15	236,164	16	230,378
79	18	336,683	5	52,798
80	15	193,850	11	86,991
81	8	155,130	11	145,336
82	5	59,820	8	115,270
83	8	133,723	5	63,257
84	2	38,881	6	88,252
85	3	38,592	4	46,634
86	2	44,250	5	21,005
87	3	42,605	2	11,270
88			1	2,053
89			4	53,979
90	1	8,658	4	34,396
92			1	16,554
TOTAL	1,585	\$ 37,073,948	1,393	\$ 23,094,669

TABLE 5

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL
RETIREMENT ALLOWANCES OF RETIREES
DISTRIBUTED BY AGE AS OF JUNE 30, 2000**

**BENEFICIARIES OF DECEASED
ACTIVE AND RETIRED MEMBERS**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
5	1	\$ 18,028		
8			1	\$ 2,634
9			1	3,602
13			1	3,975
15	1	5,629	1	2,918
16			3	20,220
17			1	14,858
18	1	4,749	2	20,128
19	1	6,750	4	33,415
20	4	16,904	1	4,793
21	4	12,822	2	17,083
22	2	7,438	3	44,301
23	1	11,980	2	20,637
24	3	23,667	1	1,998
25	2	18,930	3	13,214
26	3	26,976	4	26,622
27	3	19,054	4	35,047
28	7	32,334	3	16,715
29	2	11,042	10	49,188
30	5	35,951	8	44,052
31	4	17,756	8	75,624
32	6	84,062	8	18,857
33	5	22,450	4	32,241
34	10	42,323	10	32,291
35	8	27,246	13	79,812
36	9	24,839	11	55,647
37	12	48,118	14	66,866
38	7	63,422	7	48,190
39	11	71,312	14	76,302
40	8	23,958	10	139,262
41	13	55,142	15	133,804
42	6	29,376	20	164,466
43	9	47,895	17	98,229
44	4	20,052	18	140,063
45	14	55,836	26	194,718
46	11	45,945	15	88,209
47	8	27,875	29	264,519

TABLE 5

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL
RETIREMENT ALLOWANCES OF RETIREES
DISTRIBUTED BY AGE AS OF JUNE 30, 2000**

**BENEFICIARIES OF DECEASED
ACTIVE AND RETIRED MEMBERS**

CONTINUED

AGE	NUMBER	MEN		WOMEN	
		AMOUNT	NUMBER	AMOUNT	NUMBER
48	11	\$ 99,881	27	\$ 281,609	
49	13	71,872	26	323,100	
50	12	97,639	27	362,189	
51	18	97,050	35	467,181	
52	15	71,434	35	361,291	
53	15	182,319	39	655,967	
54	19	193,824	47	735,325	
55	15	137,125	37	529,936	
56	14	165,527	43	648,219	
57	12	119,196	54	771,242	
58	16	231,250	38	581,374	
59	8	83,693	49	728,884	
60	10	129,894	42	456,505	
61	13	118,848	51	597,795	
62	12	146,036	55	661,177	
63	10	125,553	65	867,626	
64	13	200,098	75	842,216	
65	11	58,196	77	968,774	
66	9	94,291	79	771,257	
67	15	152,473	73	864,744	
68	10	109,543	76	842,594	
69	10	99,285	97	1,103,209	
70	11	78,516	105	1,179,413	
71	9	129,621	79	932,943	
72	12	84,841	111	1,164,752	
73	8	65,295	106	1,102,586	
74	8	95,598	105	1,247,976	
75	13	138,090	116	1,243,465	
76	5	45,133	93	887,417	
77	8	51,540	131	1,260,448	
78	5	29,372	118	874,110	
79	7	68,460	130	1,038,815	
80	2	10,676	111	928,247	
81	9	97,568	109	901,500	
82	8	47,505	92	721,672	

TABLE 5

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL
RETIREMENT ALLOWANCES OF RETIREES
DISTRIBUTED BY AGE AS OF JUNE 30, 2000**

**BENEFICIARIES OF DECEASED
ACTIVE AND RETIRED MEMBERS**

CONTINUED

AGE	NUMBER	MEN		WOMEN	
		NUMBER	AMOUNT	NUMBER	AMOUNT
83	8		\$ 84,748	76	\$ 611,939
84	2		4,512	81	546,887
85	4		17,008	77	576,887
86	6		59,200	73	442,482
87	3		9,355	51	330,818
88	3		20,707	62	440,769
89				45	242,645
90				39	229,626
91				46	388,647
92	1		6,851	16	110,113
93				16	141,723
94				11	57,609
95				8	42,754
96				6	63,425
97				6	24,429
98				4	57,618
99				1	4,954
100				2	3,555
TOTAL	598		\$ 4,889,485	3,467	\$ 34,306,936