

MARYLAND STATE RETIREMENT AND PENSION SYSTEM
ACTUARIAL VALUATION REPORT
AS OF JUNE 30, 2011

OUTLINE OF CONTENTS

Section	Page
Letter of Transmittal	
I. Board Summary	1-8
II. Valuation Results	1-17
III. Assets	1-10
IV. Accounting Statement Information	1-14

APPENDICES

A. Actuarial Assumptions and Methods	A-1 – A-18
B. Membership Information	B-1 – B-13
C. Summary of Plan Provisions	C-1 – C-40

November 3, 2011

Board of Trustees
Maryland State Retirement and Pension System
120 East Baltimore Street
Baltimore, MD 21202

Dear Members of the Board:

The results of the ***June 30, 2011, annual actuarial valuation*** of the Maryland State Retirement and Pension System (“MSRPS”) are presented in this report.

This report was prepared at your request and is intended for use by the Maryland State Retirement Agency (SRA) and the Board of Trustees of the MSRPS and those designated or approved by the SRA or the Board. This report may be provided to other parties only in its entirety and only with the permission of the SRA or the Board.

The purposes of the valuation are as follows:

- Measure the financial position of MSRPS,
- Assist the Board in determining employer contribution rates necessary to fund the benefits provided by MSRPS, as well as establishing statutory employer contribution rates,
- Indicate trends in the financial progress of the fund,
- Provide actuarial reporting and disclosure information for the System’s financial report, and
- Analyze the experience of the System over the past year.

The individual member data required for the valuations was furnished by the Maryland State Retirement Agency (“MSRA”), together with pertinent data on financial operations (unaudited). The cooperation and collaboration of MSRA staff in furnishing these materials is acknowledged with appreciation. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by MSRA.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement No. 25 of the Governmental Accounting Standards Board (“GASB”). The budgeted contribution rates for Teachers’ Combined System, Employees’ Combined System and State Police are not equal to the GASB No. 25 Annual Required Contribution, due to the statutorily required corridor funding method for TCS and ECS and an effective period for amortization of the unfunded liability of more than 30 years for State Police. Additional calculations are performed for these Systems to develop GASB Annual Required Contribution rates that meet the State of Maryland’s reporting requirements.

Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The June 30, 2011 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2002-2006 period. In addition, an assumption change for capped COLAs was adopted at the Board meeting on September 15, 2009, and first implemented in the valuations as of June 30, 2009. The General Assembly passed pension reforms which are effective July 1, 2011, and required additional changes to the COLA assumptions for current members. In addition, liabilities were adjusted to account for an expected change in factors used by the System to calculate optional forms of benefits.

Future actuarial measurements may differ significantly from the current measurements 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. The actuary did not perform an analysis of the potential range of such future measurements in this actuarial valuation report.

GRS performed an experience study of MSRPS for the period 2006-2010 after completion of the June 30, 2010, valuations. In addition, GRS conducted a Funding Methodology review of MSRPS and recommended combined changes in the asset valuation method and amortization method of amortizing unfunded liabilities and elimination of the corridor funding method. These changes are not reflected in this valuation. GRS is conducting further analysis which incorporates the impact of the pension reform passed by the General Assembly earlier this year. Certain changes require legislative action and the changes as a group may be implemented in a future valuation.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. We certify that, to the best of our knowledge, this report is complete and accurate and has been prepared in accordance with Maryland's Annotated Code and generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice as promulgated by the Actuarial Standards Board. The actuarial assumptions used for the valuation produce results which, individually and in the aggregate, are reasonable.

This report should not be relied on for any purpose other than the purposes previously described.

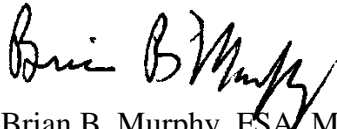
The signing actuaries are independent of the plan sponsor.

Board of Trustees
Maryland State Retirement and Pension System
November 3, 2011
Page 3

This is one of multiple documents comprising the actuarial report. The other documents comprising the actuarial report are the PowerPoint presentation presented to the Board on September 20, 2011, and subsequent PowerPoint presentations presented in October and November.

The signing actuaries are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

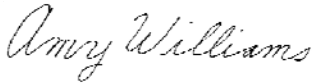
Respectfully submitted,



Brian B. Murphy, FSA, MAAA



Brad L. Armstrong, ASA, MAAA



Amy Williams, ASA, MAAA

BLA:mrb

3108

SECTION I
BOARD SUMMARY

INTRODUCTION

This report presents the results of the June 30, 2011 annual actuarial valuation of the Maryland State Retirement and Pension System (MSRPS). The purposes of the annual valuations are as follows:

- Measure the financial position of MSRPS,
- Assist the Board in determining employer contribution rates necessary to fund the benefits provided by MSRPS, as well as establishing statutory employer contribution rates,
- Indicate trends in the financial progress of the fund,
- Provide actuarial reporting and disclosure information for the System's financial report, and
- Analyze the experience of the System over the past year.

A summary of the primary valuation results as of June 30, 2011 is presented on the following page.

SUMMARY OF VALUATION RESULTS
JUNE 30, 2011
(\$ IN MILLIONS)
(STATE AND MUNICIPAL)

	2011						2010		%	
	TCS	ECS	State Police	Judges	LEOPS	CORS^	Total	Total		Change
A. Demographic Information										
1. Active Number Counts	105,528	85,453	1,295	286	2,411	86	195,059	197,786	-1.4%	
2. Active Payroll	\$ 6,197	\$ 4,028	\$ 76	\$ 39	\$ 135	\$ 4	\$ 10,479	\$ 10,658	-1.7%	
3. Retired Number Counts	60,565	62,569	2,371	358	1,302	6	127,171	120,247	5.8%	
4. Annual Benefits for Retired Members	\$ 1,525	\$ 914	\$ 102	\$ 25	\$ 41	\$ 0	\$ 2,607	\$ 2,435	7.1%	
5. Deferred / Inactive Number Counts	22,617	27,978	91	11	214	0	50,911	51,775	-1.7%	
6. Total Number Counts	188,710	176,000	3,757	655	3,927	92	373,141	369,808	0.9%	
B. Assets										
1. Market Value (MV)	\$ 22,765	\$ 12,851	\$ 1,117	\$ 303	\$ 547	\$ 10	\$ 37,593	\$ 31,924	17.8%	
2. Rate of Return on MV							19.84 % #	14.22 %		
3. Funding Value (FV)	\$ 21,869	\$ 12,388	\$ 1,090	\$ 294	\$ 527	\$ 10	\$ 36,178	\$ 34,688	4.3%	
4. Rate of Return on FV							6.09 %	3.14 %		
5. Ratio of FV to MV							96.2%	108.7%		
C. Actuarial Results										
1. Normal Cost as a % of Payroll	11.60%	10.55%	28.44%	38.31%	19.14%	12.87%	11.52%	12.20%		
2. Actuarial Accrued Liability (AAL)										
a. Active	\$ 14,589	\$ 8,552	\$ 316	\$ 160	\$ 389	\$ 11	\$ 24,016	\$ 24,185	-0.7%	
b. Retired	17,774	10,452	1,430	267	595	4	30,522	28,590	6.8%	
c. Deferred/Inactive	622	719	13	6	20	0	1,379	1,310	5.2%	
d. Total	\$ 32,985	\$ 19,722	\$ 1,760	\$ 433	\$ 1,003	\$ 15	\$ 55,918	\$ 54,085	3.4%	
3. Unfunded AAL (UAAL)	\$ 11,116	\$ 7,334	\$ 669	\$ 139	\$ 476	\$ 5	\$ 19,740	\$ 19,397	1.8%	
4. Funded Ratio	66.3 %	62.8 %	62.0 %	67.8 %	52.5 %	68.8 %	64.7 %	64.1 %		
D. Contribution Rates*										
	STATE PORTION ONLY									
	FY 2013							FY 2012		
1. Pension Contributions										
a. Employer Normal Cost	4.62%	4.17%	20.44%	32.31%	12.35%		4.79%	7.33%		
b. Member Contribution Rate	6.98%	6.71%	8.00%	6.00%	7.00%		6.73%	4.86%		
c. UAAL Contribution Rate	<u>13.14%</u>	<u>15.15%</u>	<u>40.77%</u>	<u>28.87%</u>	<u>34.46%</u>		<u>14.26%</u>	<u>13.47%</u>		
d. Total	24.74%	26.03%	69.21%	67.18%	53.81%		25.78%	25.67%		
2. Total Actuarial Employer Rate (1.a + 1.c)	17.76%	19.32%	61.21%	61.18%	46.81%		19.05%	20.81%		
2a. Total Actuarial Rate (Before Reforms)	21.04%	22.19%	66.68%	61.18%	52.23%		22.22%	NA		
3. Total Employer Budgeted Rate										
a. Prior Year Budgeted Rate	15.45%	13.40%								
b. 20% * (2a. - 3a.)	1.12%	1.76%								
c. Change Due to Pension Reforms (2 - 2a.)	<u>-3.28%</u>	<u>-2.87%</u>								
d. Employer Budgeted Rate@	13.29%	12.29%	61.21%	61.18%	46.81%		13.85%	15.67%		
e. Reinvested Savings@	\$ 129	\$ 56	\$ 3	\$ 0	\$ 3		\$ 191			

* Contribution rates shown in the "Total" column are for informational purposes only and are not used for funding purposes.

Actuarial calculation may differ from figures reported by State Street.

^ Includes CORS Municipal only. State CORS included in ECS.

@ Total contribution is 3d. + 3e.

ACTUARY'S COMMENTS

The System's assets earned **19.84%**¹ for the year ended June 30, 2011, which is more than the 7.75% assumed rate of investment return. However, after applying the asset valuation method and the phase in of prior investment experience, the net result was an actuarial loss on assets. Recognized asset losses from fiscal years 2008 and 2009 offset recognized asset gains from fiscal years 2007, 2010, and 2011 in the actuarial value of assets as of June 30, 2011, under the asset smoothing method, resulting in the loss.

The System's unfunded actuarial liability increased by **\$343 million** to **\$19,740 million** as of June 30, 2011. This compares to **\$19,397 million** of unfunded liability measured as of the June 30, 2010 valuation. The actuarial investment loss increased the unfunded actuarial liability by **\$ 572 million**, offset by a non-investment liability gain of **\$ 982 million**. This indicates that actual non-investment experience during the year ending June 30, 2011 was more favorable than the actuarial assumptions. Thus the total System experienced a net actuarial gain of **\$410 million**. In relative terms, the overall System funding ratio of actuarial value of assets to liabilities increased from 64.14% in 2010, to **64.70%** this year. If market value of assets were the basis for the measurements, the plan would be 67.23% funded. The market value of assets exceeds the retiree liabilities by about 23% in total. This is referred to as a short condition test. It is looking at the current retiree liabilities as the benefits that will be paid the soonest since these benefits are already in pay status. Active liabilities and deferred vested liabilities do not have associated immediate cash flow requirements. Although the market value of assets exceeds the current retiree liabilities in total, this is not true for the smaller systems. For State Police and LEOPS, the market value of assets is less than the retiree liabilities.

	(\$ in Millions)						
	State						
	<u>TCS</u>	<u>ECS</u>	<u>Police</u>	<u>Judges</u>	<u>LEOPS</u>	<u>CORS</u>	<u>Total</u>
Market Value of Assets (MVA)	\$ 22,765	\$ 12,851	\$ 1,117	\$ 303	\$ 547	\$ 10	\$ 37,593
Retiree Liability	17,774	10,452	1,430	267	595	4	30,522
MVA as % of Retiree Liability	128%	123%	78%	113%	92%	269%	123%

In the 2001 legislative session, the Legislature changed the method used to fund the two largest Systems of the MSRPS, the Teachers Combined System and the State portion of the Employees Combined System, to a corridor method. Under this funding approach, the State appropriation is fixed at the prior fiscal year's rate, but adjusted to reflect the cost of any legislative changes, as long as the actuarial funded status of these Systems remains in a corridor of 90% funded to 110% funded. Once the ratio falls outside this corridor, the appropriated or budgeted rate will be adjusted one-fifth of the way toward the underlying actuarially calculated rate, with the exception of the cost of/or the savings from legislative changes, which are fully recognized regardless of whether the Systems are within or outside of the corridor. The Teachers' Combined System (TCS) has remained out of the corridor since the June 30, 2005 valuation and the State portion of the Employees Combined System (ECS) remained out of the corridor since the June 30, 2004 valuation resulting in contribution rates for TCS and ECS that are less than actuarial rates.

¹Actuarial calculation may differ from figures reported by State Street.

In 2011, the General Assembly enacted pension reforms which are effective July 1, 2011, and affect both current actives and new hires. The member contribution rate was increased for members of the Teachers Pension System and Employees Pension System from 5% to 7%, and from 4% to 6% in fiscal year 2012 and 7% in fiscal year 2013 and beyond for LEOPS. In addition, the benefit attributable to service on or after July 1, 2011, will be subject to different cost-of-living adjustments (COLA) that is based on the increase in the Consumer Price Index and capped at 2.5% or 1.0% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation (currently 7.75%). There were also changes to the provisions for members hired on or after July 1, 2011. Because the current valuation was performed as of June 30, 2011, the new hire provisions did not affect this valuation.

The changes attributable to the pension reforms were fully recognized in the corridor funding method, which reduced the contribution rate. As a result, the shortfall of the corridor funding rates compared with the actuarially determined rates for TCS and ECS increased, but not as much as it would have in the absence of the pension reforms.

On the following page is a summary by state system of the budgeted contribution rates, the actuarially determined contribution rates, and the GASB Annual Required Contribution (ARC) rates. The budgeted contribution rates use the corridor funding method for TCS and ECS.

The actuarially determined rates exclude the corridor funding method and are equal to the employer normal cost plus the unfunded actuarial accrued liability contribution rate. The unfunded actuarial contribution rate is equal to the sum of amortization payments resulting from separate unfunded liability bases amortized as a level percentage of pay. The unfunded liability base as of July 1, 2000, is being amortized over a 20-year closed period (with 9 years remaining as of July 1, 2011) plus 25-year closed period amortization of the unfunded liability that emerges in each subsequent year.

The GASB ARC rate is equal to the actuarially determined contribution rate if the single equivalent amortization period for the unfunded liability is less than or equal to 30 years. If the single equivalent amortization period is more than 30 years, which is the maximum period under GASB, then the GASB ARC is equal to the employer normal cost plus 30-year open period amortization of the unfunded liability.

The budgeted rate for TCS is about 75% (86% if with the addition of reinvested savings) of the actuarially determined rate and the GASB ARC rate, and the budgeted rate for ECS is about 64% (73% if with the addition of reinvested savings) of the actuarially determined rate and the GASB ARC rate. Although the budgeted contribution rate for State Police is equal to the actuarially determined rate, it is only about 86% of the GASB ARC (i.e., the rate which amortizes the unfunded liability over 30 years). The single equivalent amortization period for State Police is 52.1 years.

FY2013 Contribution Rates (State Portion Only)

	TCS	ECS	State Police	Judges	LEOPS	Total
Budgeted Contribution Rate ¹	13.29%	12.29%	61.21%	61.18%	46.81%	13.85%
Actuarially Determined Rate ¹	17.76%	19.32%	61.21%	61.18%	46.81%	19.05%
Budgeted / Actuarially Determined Rate	74.83%	63.61%	100.00%	100.00%	100.00%	72.70%
GASB Annual Required Contribution	17.76%	19.32%	71.30%	61.18%	46.81%	19.11%
Budgeted / GASB ARC Rate	74.83%	63.61%	85.85%	100.00%	100.00%	72.46%
Budgeted Contribution Rate with Reinvested Savings	15.30%	14.05%	64.57%	61.18%	50.14%	15.80%
Budgeted with Reinvested Savings / Actuarially Determined Rate	86.17%	72.73%	105.49%	100.00%	107.11%	82.96%

¹Excludes reinvested savings.

Under the present circumstances, the corridor method results in contributions that are less than those determined actuarially and those needed to make sufficient progress toward funding the current unfunded liability. We recommend a return to actuarial funding at the earliest possible time. In addition, based on the amortization payments resulting from the separate amortization bases under the current funding policy, the actuarially determined contribution for State Police is not enough to make sufficient funding progress until the July 1, 2000, base is fully amortized. We recommend that the changes recommended by the Ad Hoc Funding Methodology Committee be adopted at the earliest possible time and the contribution be set at least to the GASB Annual Required Contribution.

The results of this valuation report disclose the actuarially determined rates which will be used for purposes of disclosing the Annual Required Contribution rate under Government Accounting Standards Board Statement (GABS) No. 25 unless the equivalent amortization period for amortizing unfunded actuarial liability is greater than 30 years. We recommend that the contribution rate be set at least equal to the GASB Annual Required Contribution. The analysis in this report will focus on the actuarially determined rate but will footnote the appropriated or budgeted rate where applicable.

PRIOR YEAR EXPERIENCE

ASSETS (STATE AND MUNICIPAL)

Plan assets for this System are measured on both a market value and an actuarial or smoothed value basis. The actuarial smoothing method, described in detail in Appendix A, annually recognizes 20% of the difference between (a) the expected investment return if the market value of assets had earned the assumed rate of 7.75%, and (b) the actual investment return. In addition, there is a market value collar that constrains the actuarial value to be within 20% of the market value of assets. In periods of high returns, this method defers the amount of asset gains above the assumed return of 7.75%. Conversely, in periods of returns below the assumed rate, recognition of the losses is deferred. The primary advantage of this smoothing technique is contribution stability. The System does not immediately feel the full impact of lower (or higher) costs when asset values fluctuate dramatically. In the Teachers' and Employees' Systems, the impact is further reduced by the corridor method. In systems where both the corridor method and the asset collar are in effect, it can take 15 or more years to recognize a single year's gain or loss.

For the plan year ending June 30, 2011, the System's assets earned **19.84%**¹ on a market value basis and **6.09%** on a smoothed or actuarial basis. While on a market basis, the System experienced a market value investment gain of **\$3,822** million, the actuarial basis experienced a loss of **\$ 572** million. A reconciliation of market value and actuarial value of assets are presented below.

(STATE AND MUNICIPAL)

Item (In Millions)	Market Value	Actuarial Value
June 30, 2010 Value	\$ 31,924	\$ 34,688
June 30, 2010 Municipal Withdrawals / New Entrants	-	-
Employer Contributions	1,512	1,512
Member Contributions	528	528
Benefit Payments and Other Disbursements	(2,645)	(2,645)
Expected Investment Earnings (7.75%)	2,451	2,665
Expected Value June 30, 2011	\$ 33,771	\$ 36,749
Investment Gain (Loss)	3,822	(572)
June 30, 2011 Value	\$ 37,593	\$ 36,178

Figures may not add correctly due to rounding

¹Actuarial calculation may differ from figures reported by State Street.

TRENDS (STATE AND MUNICIPAL)

One of the best ways to measure or evaluate the financial condition of a pension plan is to examine the historical trends that are evolving. Below, we present three charts which present trend information from 1993 through the end of 2011, on the System's assets and liabilities, annual cash flows in and out of the fund, and the State contribution rate. Our comments on each follow.

Chart A: Assets/Liabilities

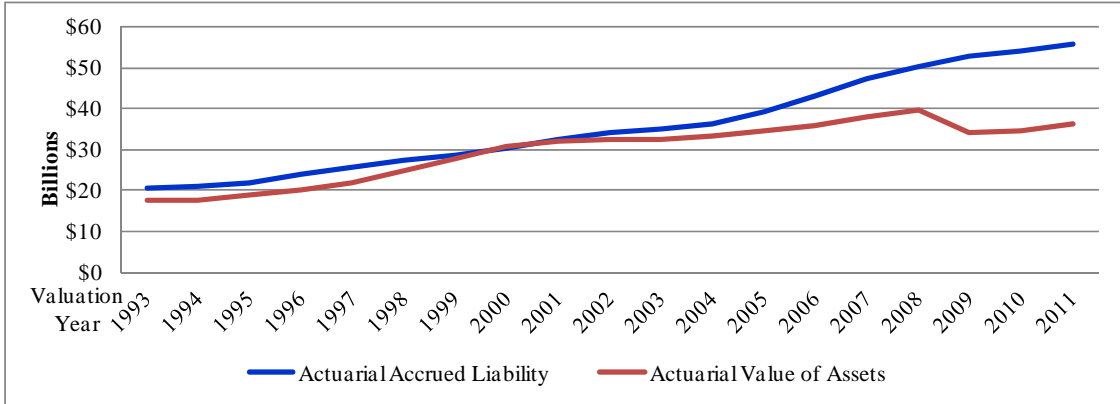


Chart B: Benefits vs. Contributions

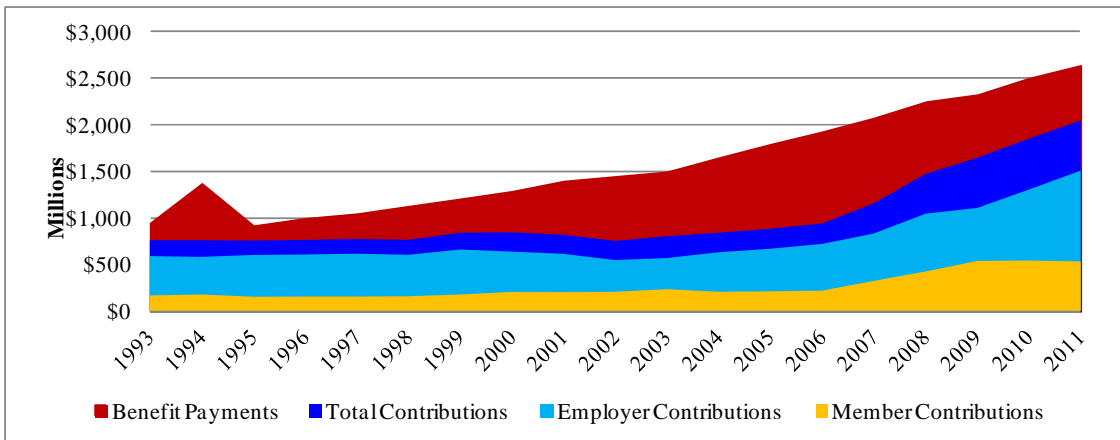
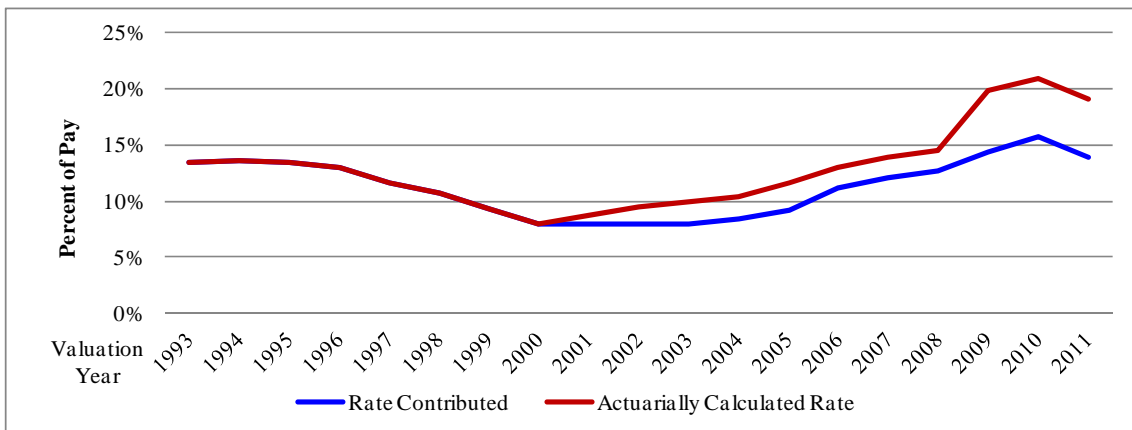


Chart C: State Contribution Rate



COMMENTS

Chart A displays a comparison of the actuarial value of assets and the actuarial accrued liability. As of June 30, 2011, the actuarial value of assets is about 96% of the market value of assets under the 5-year asset smoothing method, compared with 109% as of June 30, 2010. However, it could take another 10 years for the asset losses from fiscal year 2008 and 2009 to be fully reflected in the contribution rates under the current corridor funding policy in the absence of significant future gains.

Chart B presents non-investment cash flow trend information that can have investment implications. Many statewide retirement systems, with the aging and retirements of the baby boom generation, are seeing payments to retirees on the increase. This is expected for mature retirement systems. Benefit payments, which is the total amount below the red line exceeds the total contributions, which is the total amount below the dark blue line. The amount needed to pay excess benefit payments over total contributions comes from investment return or current assets. If the difference between the total benefit payments and total contributions increases, a larger portion of investment return will be needed to pay benefits and may require a change in asset allocation. As long as cash into the fund, from employer and employee contributions, is increasing in a similar manner to benefit payments, the financial objectives of the System will continue to be met. The ECS contribution rate started to be reduced in FY 2006 and the TCS contribution rate in FY 2007 under the corridor method to levels below the actuarial rate. The corridor method increased the extent of negative cash flows, which could affect the manner in which the assets are invested.

Finally, Chart C, looks at the composite actuarially determined and budgeted State contribution rates. The budgeted contribution rates by System determine the fiscal year State appropriation. It shows the impact of the 1990's decade's sustained investment gains, a continuous lowering of the rate until 2000. Effective with the 2001 valuation, the State appropriations were performed under a corridor funding method for the two largest plans. The appropriation remained essentially level for a few years before increasing with the 2004 valuation. In the absence of significant favorable investment and/or demographic experience, the contribution rates can be expected to increase to the level indicated if the corridor method had not been adopted. Without the corridor method, the State contribution in FY 2013 would be 5.20% of payroll higher than the amount to be budgeted under the corridor method. The actual contribution rate for FY 2013 is therefore 27% less than the actuarially determined rate. The actual contribution rate decreased as a result of the pension reforms enacted by the General Assembly in 2011. In addition, the decrease in the contribution rate due to the reforms was fully recognized in the corridor funding contribution rates for TCS and ECS.

Chart C further indicates that since inception, the corridor method had consistently acted to reduce the State's contribution. We recommend that action be taken to raise contributions to actuarial levels as soon as possible.

SECTION II
VALUATION RESULTS

STATE SYSTEMS (EXCLUDES MUNICIPALITIES) VALUATION RESULTS

The combined State System's unfunded actuarial accrued liability increased by \$354 million, from \$18,417 million as of June 30, 2010, to \$18,771 million as of June 30, 2011. There was an expected increase in the unfunded actuarial accrued liability of \$702 million, an increase of \$522 million from assumption and method changes, and a decrease of \$433 million due to changes in benefits due to the 2011 pension reforms. The expected increase in the unfunded actuarial accrued liability was partially offset by a net decrease of \$437 million due to plan experience. The expected increase in the unfunded liability is attributable to faster growth in the actuarial liabilities than in the assets assuming all actuarial assumptions are met and the budgeted contributions are made. The unfunded liability is expected to grow if the total contributions are less than the total normal cost plus interest on the unfunded liability. The member contributions plus the state budgeted contributions are less than the normal cost plus interest on the unfunded liability due to the corridor funding method for Teachers' and Employees' Combined Systems and the current funding policy.

The net gain due to plan experience of \$437 million is comprised of demographic gains on the liabilities of \$ 967 million which is partially offset by an asset loss of \$ 531 million.

Although the combined State System's market value of assets earned 19.84%¹ for the year ended June 30, 2011, which is more than the 7.75% assumed rate of investment return, the actuarial, or smoothed, rate of return measured from this past year was 6.07%, less than the assumed rate of investment return, which resulted in an actuarial loss on assets. Asset losses from FY2008 and FY2009 were recognized in the actuarial value of assets as of June 30, 2011, under the asset smoothing method, resulting in an overall asset loss of \$ 531 million.

All of the Systems experienced gains on the liabilities due to lower salary increases and COLA increases than assumed. Salaries stayed flat or increased by less than the assumption which resulted in gains. Because COLA increases of 1.284% were granted to eligible retirees who had retired prior to August 1, 2009, and 1.640% for eligible retirees who had retired after July 1, 2009, there was an additional gain. The individual Systems with COLA assumptions that grant unlimited COLAs or COLAs based on pay of active members experienced higher liability gains.

The combined State System funded ratio increased from 63.4% at June 30, 2010, to 63.9% at June 30, 2011.

Before the effect of the 2011 pension reforms, the contribution rates increased for each System from those calculated in the June 30, 2010, valuation to those calculated in the June 30, 2011, valuation which determines the FY2012 and FY2013 contributions, respectively. In addition to the increased unfunded liability, the contribution rates increased as a result of total payroll that was lower than expected under the actuarial assumptions. Total payroll is expected to increase by 3.5% each year, and the total payroll decreased by 1.7% from June 30, 2010. Total payroll decreased for each State System. The unfunded liability contribution increased and the total payroll decreased, putting upward pressure on the contribution rates. The 2011 pension reforms affected all Systems except Judges Retirement System, and resulted in a decrease in the employer contribution rate. The net effect was an overall decrease in the employer contribution rates from those calculated in the June 30, 2010, valuation.

The funded ratios are expected to decrease and the contribution rates are expected to increase as the investment losses from FY2008 and FY2009 are recognized into the actuarial value of assets.

¹ *The actuarially computed rate of return, excluding municipalities.*

DERIVATION OF EXPERIENCE GAIN (LOSS)
YEAR ENDED JUNE 30, 2011
STATE ONLY
(IN MILLIONS)

Actual experience will never (except by coincidence) coincide exactly with assumed experience. Gains and losses often offset one another over a period of years, but sizable year-to-year fluctuations are common.

	Fiscal Year Ended June 30,	
	2011	2010
(1) UAAL* at start of year	\$18,417	\$17,488
(2) Normal cost from last valuation	1,165	1,233
(3) Actual contributions	1,863	1,698
(4) Interest accrual: $[(1) \times .0775 + \{(2)-(3)\} \times \{[1.0775^{.5}]-1\}]$	1,401	1,338
(5) Expected UAAL before changes: (1) + (2) - (3) + (4)	19,119	18,361
(6) Change in benefit provisions	(433)	0
(7) Changes in methods and assumptions	522	0
(8) Expected UAAL after changes: (5) + (6) + (7)	19,208	18,361
(9) Actual UAAL at end of year	18,771	18,417
(10) Gain/(loss): (8) - (9)	\$437	\$ (55)
(10a) Portion of gain/(loss) due to Assets	(531)	(1,442)
(10b) Portion of gain/(loss) due to Liabilities	967	1,387
(10c) Actuarial accrued liabilities at beginning of year	50,280	49,070
(11) Gain (loss) as a percent of beginning accrued liabilities	0.9%	(0.1%)

* *Unfunded actuarial accrued liability.*

**SUMMARY OF VALUATION RESULTS BY SYSTEM
AS OF JUNE 30, 2011
(STATE AND MUNICIPAL)**

State Sponsored Plans	Employees					LEOPS	Total State*
	Teachers	(State)	State Police	Judges	(State)		
Actuarial Liability - Active Members	\$ 14,589,329,939	\$ 6,751,076,285	\$ 316,147,384	\$ 159,977,419	\$ 246,343,212		\$ 22,062,874,239
Actuarial Liability - Retirees, Term. Vested, & Inactives	<u>18,395,814,881</u>	<u>9,258,563,700</u>	<u>1,443,528,512</u>	<u>273,262,158</u>	<u>500,406,883</u>		<u>29,871,576,134</u>
Total Actuarial Liability	\$ 32,985,144,820	\$ 16,009,639,985	\$ 1,759,675,896	\$ 433,239,577	\$ 746,750,095		\$ 51,934,450,373
Actuarial Value of Assets	<u>21,868,875,015</u>	<u>9,508,670,048</u>	<u>1,090,382,601</u>	<u>293,800,575</u>	<u>401,371,555</u>		<u>33,163,099,794</u>
Unfunded Actuarial Accrued Liability (UAAL)	11,116,269,805	6,500,969,937	669,293,295	139,439,002	345,378,540		18,771,350,579
Funded Ratio	66.3%	59.4%	62.0%	67.8%	53.7%		63.9%
Active Member Payroll	\$ 6,196,976,452	\$ 3,019,158,563	\$ 75,551,283	\$ 38,810,261	\$ 84,032,452		\$ 9,414,529,011
UAAL as a Percent of Payroll	179.4%	215.3%	885.9%	359.3%	411.0%		199.4%
Employer Normal Cost Contribution	4.62%	4.17%	20.44%	32.31%	12.35%		4.79%
UAAL Contribution	<u>13.14%</u>	<u>15.15%</u>	<u>40.77%</u>	<u>28.87%</u>	<u>34.46%</u>		<u>14.26%</u>
Total Employer Contribution	17.76%	19.32%	61.21%	61.18%	46.81%		19.05%
Employer Corridor Contribution	13.29%	12.29%	NA	NA	NA		13.85%

Municipal Plans	Employees	LEOPS	CORS	Total Municipal
	(Municipal)	(Municipal)	(Municipal)	
Actuarial Liability - Active Members	\$ 1,800,713,861	\$ 142,234,696	\$ 10,629,126	\$ 1,953,577,683
Actuarial Liability - Retirees, Term. Vested, & Inactives	<u>1,911,909,982</u>	<u>113,722,861</u>	<u>3,881,913</u>	<u>2,029,514,756</u>
Total Actuarial Liability	\$ 3,712,623,843	\$ 255,957,557	\$ 14,511,039	\$ 3,983,092,439
Actuarial Value of Assets	<u>2,879,140,347</u>	<u>125,435,689</u>	<u>9,980,163</u>	<u>3,014,556,199</u>
Unfunded Actuarial Accrued Liability (UAAL)	833,483,496	130,521,868	4,530,876	968,536,240
Funded Ratio	77.6%	49.0%	68.8%	75.7%
Active Member Payroll	\$ 1,008,651,075	\$ 51,144,328	\$ 4,475,151	\$ 1,064,270,554
UAAL as a Percent of Payroll	82.6%	411.0%	101.2%	91.0%

State and Municipal Sponsored Plans	Teachers	Employees	State Police	Judges	LEOPS	CORS	Total SRPS
Actuarial Liability - Active Members	\$ 14,589,329,939	\$ 8,551,790,146	\$ 316,147,384	\$ 159,977,419	\$ 388,577,908	\$ 10,629,126	\$ 24,016,451,922
Actuarial Liability - Retirees, Term. Vested, & Inactives	<u>18,395,814,881</u>	<u>11,170,473,682</u>	<u>1,443,528,512</u>	<u>273,262,158</u>	<u>614,129,744</u>	<u>3,881,913</u>	<u>31,901,090,890</u>
Total Actuarial Liability	\$ 32,985,144,820	\$ 19,722,263,828	\$ 1,759,675,896	\$ 433,239,577	\$ 1,002,707,652	\$ 14,511,039	\$ 55,917,542,812
Actuarial Value of Assets	<u>21,868,875,015</u>	<u>12,387,810,395</u>	<u>1,090,382,601</u>	<u>293,800,575</u>	<u>526,807,244</u>	<u>9,980,163</u>	<u>36,177,655,993</u>
Unfunded Actuarial Accrued Liability (UAAL)	11,116,269,805	7,334,453,433	669,293,295	139,439,002	475,900,408	4,530,876	19,739,886,819
Funded Ratio	66.3%	62.8%	62.0%	67.8%	52.5%	68.8%	64.7%
Active Member Payroll	\$ 6,196,976,452	\$ 4,027,809,638	\$ 75,551,283	\$ 38,810,261	\$ 135,176,780	\$ 4,475,151	\$ 10,478,799,565
UAAL as a Percent of Payroll	179.4%	182.1%	885.9%	359.3%	352.1%	101.2%	188.4%

* Contribution rates shown in the "Total" column are for informational purposes only and are not used for funding purposes.

EFFECT OF PENSION REFORMS (STATE ONLY)

	Teachers	Employees (State)	State Police	Judges	LEOPS (State)	Total State
HYPOTHETICAL VALUES BEFORE PENSION REFORMS						
Actuarial Value of Assets as of 6/30/2011	\$ 21,868,875,015	\$ 9,508,670,048	\$ 1,090,382,601	\$ 293,800,575	\$ 401,371,555	\$ 33,163,099,794
Total Actuarial Liability	33,290,072,404	16,131,496,293	1,762,400,446	433,239,577	750,188,535	52,367,397,255
Unfunded Actuarial Accrued Liability	11,421,197,389	6,622,826,245	672,017,845	139,439,002	348,816,980	19,204,297,461
Funded Ratio	65.69%	58.94%	61.87%	67.81%	53.50%	63.33%
7/1/2011 Valuation Results (FY 2013)						
Employer Normal Cost Contribution	7.49%	6.70%	25.49%	32.31%	17.38%	7.57%
UAAL Contribution	13.55%	15.49%	41.19%	28.87%	34.85%	14.65%
Total Employer Contribution	21.04%	22.19%	66.68%	61.18%	52.23%	22.22%
Employer Corridor Contribution	16.57%	15.16%	NA	NA	NA	17.02%
Illustrated Contribution Dollars	\$ 1,062,778,363	\$ 481,942,969	\$ 53,045,428	\$ 25,001,529	\$ 46,214,429	\$ 1,668,982,718
ACTUAL VALUATION RESULTS AFTER PENSION REFORMS						
Actuarial Value of Assets as of 6/30/2011	\$ 21,868,875,015	\$ 9,508,670,048	\$ 1,090,382,601	\$ 293,800,575	\$ 401,371,555	\$ 33,163,099,794
Total Actuarial Liability	32,985,144,820	16,009,639,985	1,759,675,896	433,239,577	746,750,095	51,934,450,373
Unfunded Actuarial Accrued Liability	11,116,269,805	6,500,969,937	669,293,295	139,439,002	345,378,540	18,771,350,579
Funded Ratio	66.30%	59.39%	61.96%	67.81%	53.75%	63.86%
7/1/2011 Valuation Results (FY 2013)						
Employer Normal Cost Contribution	4.62%	4.17%	20.44%	32.31%	12.35%	4.79%
UAAL Contribution	13.14%	15.15%	40.77%	28.87%	34.46%	14.26%
Total Employer Contribution	17.76%	19.32%	61.21%	61.18%	46.81%	19.05%
Employer Corridor Contribution	13.29%	12.29%	NA	NA	NA	13.85%
Illustrated Contribution Dollars	\$ 852,403,406	\$ 390,704,425	\$ 48,693,921	\$ 25,001,529	\$ 41,418,675	\$ 1,358,221,956
Dollar Reinvested Savings	\$ 129,138,849	\$ 56,006,859	\$ 2,671,176	\$ -	\$ 2,943,878	\$ 190,760,762
Total Illustrated Contribution Dollars ¹	\$ 981,542,255	\$ 446,711,284	\$ 51,365,097	\$ 25,001,529	\$ 44,362,553	\$ 1,548,982,718
Estimated Total Employer Contribution Percentage ¹	15.30%	14.05%	64.57%	61.18%	50.14%	15.80%
¹ Includes reinvestment of savings.						
CHANGE DUE TO PENSION REFORMS (EXCLUDES REINVESTMENT OF SAVINGS)						
Total Employer Contribution Rate	-3.28%	-2.87%	-5.47%	0.00%	-5.42%	-3.17%
Illustrated Contribution Dollars	\$ (210,374,957)	\$ (91,238,544)	\$ (4,351,507)	\$ -	\$ (4,795,754)	\$ (310,760,762)
Funded Ratio	0.61%	0.45%	0.10%	0.00%	0.25%	0.53%

CALCULATION OF REINVESTED SAVINGS (STATE ONLY)

	Teachers	Employees (State)	State Police	Judges	LEOPS (State)	Total State
1. Employer Corridor Contribution Before Reforms	16.57%	15.16%	66.68%	61.18%	52.23%	17.02%
2. Illustrated Contribution Dollars Before Reforms	\$ 1,062,778,363	\$ 481,942,969	\$ 53,045,428	\$ 25,001,529	\$ 46,214,429	\$ 1,668,982,718
3. Employer Corridor Contribution After Reforms	13.29%	12.29%	61.21%	61.18%	46.81%	13.85%
4. Illustrated Contribution Dollars After Reforms	\$ 852,403,406	\$ 390,704,425	\$ 48,693,921	\$ 25,001,529	\$ 41,418,675	\$ 1,358,221,956
5. Illustrated Dollar Savings from Reforms (2. - 4.)	\$ 210,374,957	\$ 91,238,544	\$ 4,351,507	\$ -	\$ 4,795,754	\$ 310,760,762
6. Percent of Total Dollar Saving by System	67.70%	29.36%	1.40%	0.00%	1.54%	100.00%
7. \$120M Reduction in Reinvested Saving Allocated by System (\$-120M x 6.)	\$ (81,236,108)	\$ (35,231,685)	\$ (1,680,331)	\$ -	\$ (1,851,876)	\$ (120,000,000)
8. Total Reinvested Savings by System (5. + 7.)	\$ 129,138,849	\$ 56,006,859	\$ 2,671,176	\$ -	\$ 2,943,878	\$ 190,760,762

SUMMARY OF STATE CONTRIBUTIONS (STATE PORTION ONLY)

		Corridor Rates						
		Teachers' Combined	Employees' Combined	State Police	Judges	LEOPS	Total State#	
7/1/2011 Valuation Results (FY 2013)	Unfunded Actuarial Liability	\$ 11,116,269,805	\$ 6,500,969,937	\$ 669,293,295	\$ 139,439,002	\$ 345,378,540	\$ 18,771,350,579	
	Illustrated Contribution Dollars	\$ 852,403,406	\$ 390,704,425	\$ 48,693,921	\$ 25,001,529	\$ 41,418,675	\$ 1,358,221,956	
	Projected Payroll	\$ 6,413,870,627	\$ 3,179,043,328	\$ 79,552,232	\$ 40,865,526	\$ 88,482,536	\$ 9,801,814,249	
	Total Contributions as Percentage of Payroll**	13.29%	12.29%	61.21%	61.18%	46.81%	13.85%	
	Corridor Percentage of Actuarially Determined Rate	74.83%	63.61%	NA	NA	NA	NA	
7/1/2010 Valuation Results (FY 2012)	Unfunded Actuarial Liability	\$ 11,055,271,979	\$ 6,227,105,438	\$ 637,282,777	\$ 149,571,647	\$ 347,634,170	\$ 18,416,866,011	
	Illustrated Contribution Dollars	\$ 1,000,165,095	\$ 438,771,286	\$ 52,487,563	\$ 25,403,161	\$ 45,488,504	\$ 1,562,315,609	
	Projected Payroll	\$ 6,473,560,483	\$ 3,274,412,579	\$ 86,032,218	\$ 42,077,081	\$ 92,350,442	\$ 9,968,432,803	
	Total Contributions as Percentage of Payroll*	15.45%	13.40%	61.01%	60.37%	49.26%	15.67%	
	Corridor Percentage of Actuarially Determined Rate	77.60%	66.19%	NA	NA	NA	NA	

** The FY 2013 contribution rate would be 17.76% for Teachers, 19.31% for Employees, and 19.05% for the Total State if the corridor method were not in effect. Does not include reinvested savings.

* The FY 2012 contribution rate would be 19.91% for Teachers, 20.25% for Employees, and 20.81% for the Total State if the corridor method were not in effect. Does not include reinvested savings.

Contribution rates shown in the "Total" column are for informational purposes only and are not used for funding purposes.

**STATE CONTRIBUTION RATES BY SYSTEM
FOR THE FISCAL YEARS 1996 TO 2013
(STATE PORTION ONLY)**

Valuation Date June 30,	Fiscal Year	Teachers' Combined	Employees' Combined	State Police	Judges	LEOPS	Total State*
2011	2013	15.30% @	14.05% @	64.57% @	61.18% @	50.14% @	15.80% @
2011	2013	13.29% #	12.29% #	61.21% #	61.18% #	46.81% #	13.85% #
2010	2012	15.45	13.40	61.01	60.37	49.26	15.67
2009	2011	14.34	11.69	57.03	59.07	47.67	14.33
2008	2010	13.15	9.93	30.79	48.89	38.63	12.62
2007	2009	11.70	8.73	20.53	43.61	36.99	11.14
2006	2008	11.60	8.86	15.44	44.12	41.74	11.10
2005	2007	9.71	6.83	13.83	42.43	40.60	9.18
2004	2006	9.35	5.76	8.22	41.12	38.47	8.46
2003	2005	9.35	4.73	0.00	36.72	37.73	7.97
2002	2004	9.35	4.73	7.58	43.74	35.13	7.98
2001	2003	9.35	4.73	5.78	43.92	36.10	7.98
2000	2002	9.35	4.73	5.83	42.66	32.41	7.98
1999	2001	10.95	5.71	8.44	46.75	23.38	9.31
1998	2000	12.54	7.15	1.26	48.18	22.96	10.70
1997	1999	13.99	7.13	10.91	52.12	25.60	11.67
1996	1998	15.48	8.21	13.08	52.49	26.27	12.90
1995	1997	16.09	8.54	17.65	52.56	35.15	13.50
1994	1996	16.22	8.61	19.13	52.51	35.68	13.61

* Contribution rates shown in the "Total" column are for informational purposes only and are not used for funding purposes.

@ Includes effect of reinvested savings.

Excludes effect of reinvested savings.

DETAILED ACTUARIAL INFORMATION

TEACHERS' COMBINED SYSTEM

	<u>Actuarial Valuation Performed</u>		<u>% Change</u>
	<u>June 30, 2011</u> <u>(for FY 2013)</u>	<u>June 30, 2010</u> <u>(for FY 2012)</u>	
A. Demographic Information			
1. Active Number Count	105,528	106,273	-0.7%
2. Retired Member and Beneficiary Count	60,565	57,539	5.3%
3. Vested Former Member Count	22,617	23,017	-1.7%
4. Total Number Count	188,710	186,829	1.0%
5. Active Payroll	\$ 6,196,976,452	\$ 6,254,647,810	-0.9%
6. Annual Benefits for Retired Members	\$ 1,524,849,860	\$ 1,440,590,046	5.8%
B. Actuarial Results			
1. Present Value of Projected Benefits Attributable to:			
a. Retired and Disabled Members, and Beneficiaries	\$ 17,774,310,806	\$ 16,886,478,310	5.3%
b. Terminated Vested Members	621,504,075	597,378,956	4.0%
c. Active Members	21,368,583,747	21,709,555,712	-1.6%
d. Total Present Value	\$ 39,764,398,628	\$ 39,193,412,978	1.5%
2. Less Present Value Total Future Normal Costs	6,779,253,808	7,229,991,715	-6.2%
3. Actuarial Accrued Liability (1d - 2)	\$ 32,985,144,820	\$ 31,963,421,263	3.2%
4. Less Actuarial Value of Assets	21,868,875,015	20,908,149,284	4.6%
5. Unfunded Actuarial Accrued Liability (UAAL) (3 - 4)	\$ 11,116,269,805	\$ 11,055,271,979	0.6%
6. Funded Ratio	66.3%	65.4%	
7. Amortization Payments	\$ 829,194,768	\$ 799,055,557	3.8%
8. Employer Normal Cost	\$ 296,320,823	\$ 468,038,423	-36.7%
9. Total Projected Payroll	\$ 6,413,870,627	\$ 6,473,560,483	-0.9%
10. Total Normal Cost Rate	11.60%	12.28%	
11. Employee Contribution Rate	6.98%	5.05%	
12. Employer Normal Cost Rate	4.62%	7.23%	
13. UAAL Amortization Rate*	13.14%	12.68%	
14. Total Actuarial Employer Contribution Rate	17.76%	19.91%	
14b. Total Actuarial Employer Contribution Rate (Before Reforms)	21.04%	19.91%	
C. Corridor Results			
15. Prior Year Corridor Rate	15.45%	14.34%	
16. 20% of Difference between Preliminary Funding Rate (Before Reforms) and Prior year Corridor Rate (14b - 15) x 20%	1.12%	1.11%	
16b. Change Due to Pension Reforms (14 - 14b)	-3.28%	0.00%	
17. Employer Corridor Contribution Rate	13.29%	15.45%	
18. Estimated Employer Rate after Reinvestment of Savings	15.30%		

* Includes the effects of the two year lag between the valuation date and the contribution period.

**UNFUNDED ACTUARIAL ACCRUED LIABILITY
AMORTIZATION BASES AND PAYMENTS**

TEACHERS' COMBINED SYSTEM

Base Year	Current Balance	Remaining Financing Period	Amortization Factor	Dollar Contribution
2000	\$ 475,645,908	9 yrs.	7.421094	\$ 64,093,773
2001	353,916,283	15	11.068491	31,975,115
2002	740,849,887	16	11.595281	63,892,361
2003	(204,627,934)	17	12.101293	(16,909,593)
2004	33,271,292	18	12.587346	2,643,233
2005	971,224,811	19	13.054227	74,399,258
2006	1,648,809,034	20	13.502693	122,109,641
2007	1,283,005,985	21	13.933471	92,080,862
2008	778,220,652	22	14.347257	54,241,774
2009	4,555,858,134	23	14.744722	308,982,308
2010	446,440,285	24	15.126509	29,513,768
2011	33,655,468	25	15.493238	2,172,268
Unfunded Liability	\$ 11,116,269,805	19.8	13.406102	\$ 829,194,768

The average remaining financing period associated with the average amortization factor is 19.8 years.

DETAILED ACTUARIAL INFORMATION

EMPLOYEES' COMBINED SYSTEM (STATE)

	Actuarial Valuation Performed		% Change
	June 30, 2011 (for FY 2013)	June 30, 2010 (for FY 2012)	
A. Demographic Information			
1. Active Number Count	60,834	62,355	-2.4%
2. Retired Member and Beneficiary Count	48,508	45,584	6.4%
3. Vested Former Member Count	21,482	21,904	-1.9%
4. Total Number Count	130,824	129,843	0.8%
5. Active Payroll	\$ 3,019,158,563	\$ 3,109,731,374	-2.9%
6. Annual Benefits for Retired Members	\$ 750,910,221	\$ 688,826,818	9.0%
B. Actuarial Results			
1. Present Value of Projected Benefits Attributable to:			
a. Retired and Disabled Members, and Beneficiaries	\$ 8,669,515,153	\$ 7,935,925,400	9.2%
b. Terminated Vested Members	589,048,547	564,328,458	4.4%
c. Active Members	9,168,153,087	9,577,493,172	-4.3%
d. Total Present Value	\$ 18,426,716,787	\$ 18,077,747,030	1.9%
2. Less Present Value Total Future Normal Costs	2,417,076,802	2,625,857,403	-8.0%
3. Actuarial Accrued Liability (1d - 2)	\$ 16,009,639,985	\$ 15,451,889,627	3.6%
4. Less Actuarial Value of Assets	9,508,670,048	9,224,784,189	3.1%
5. Unfunded Actuarial Accrued Liability (UAAL) (3 - 4)	\$ 6,500,969,937	\$ 6,227,105,438	4.4%
a. Less Special Liability Payments*	43,439,800	46,751,027	-7.1%
b. State Portion of UAAL (5 - 6)	6,457,530,137	6,180,354,411	4.5%
6. Funded Ratio	59.4%	59.7%	
7. Amortization Payments	\$ 449,657,709	\$ 419,857,893	7.1%
8. Employer Normal Cost	\$ 128,083,195	\$ 204,690,332	-37.4%
9. Total Projected Payroll	\$ 3,071,539,447	\$ 3,163,683,651	-2.9%
10. Total Normal Cost Rate	10.88%	11.46%	
11. Employee Contribution Rate	6.71%	4.99%	
12. Employer Normal Cost Rate	4.17%	6.47%	
13. UAAL Amortization Rate#	15.15%	13.78%	
14. Total Employer Contribution Rate	19.32%	20.25%	
14b. Total Actuarial Employer Contribution Rate (Before Reforms)	22.19%	20.25%	
C. Corridor Results			
15. Prior Year Corridor Rate	13.40%	11.69%	
16. 20% of Difference between Preliminary Funding Rate (Before Reforms) and Prior year Corridor Rate (14b - 15) x 20%	1.76%	1.71%	
16b. Change Due to Pension Reforms (14 - 14b)	-2.87%	0.00%	
17. Employer Corridor Contribution Rate	12.29%	13.40%	
18. Estimated Employer Rate after Reinvestment of Savings	14.05%		

* For Municipalities that withdrew prior to 1996, and thus are part of the State pool.

Includes the effects of the two year lag between the valuation date and the contribution period.

**UNFUNDED ACTUARIAL ACCRUED LIABILITY
AMORTIZATION BASES AND PAYMENTS**

EMPLOYEES' COMBINED SYSTEM (STATE)

Base Year	Current Balance*	Remaining Financing Period	Amortization Factor	Dollar Contribution
2000	\$ (411,199,503)	9 yrs.	7.421094	\$ (55,409,554)
2001	436,046,391	15	11.068491	39,395,287
2002	404,665,663	16	11.595281	34,899,168
2003	473,996,127	17	12.101293	39,169,049
2004	284,180,031	18	12.587346	22,576,645
2005	577,757,599	19	13.054227	44,258,277
2006	703,253,172	20	13.502693	52,082,437
2007	603,508,531	21	13.933471	43,313,583
2008	593,295,039	22	14.347257	41,352,508
2009	2,224,649,503	23	14.744722	150,877,687
2010	333,355,504	24	15.126509	22,037,834
2011	234,022,080	25	15.493238	15,104,788
Unfunded Liability	\$ 6,457,530,137	22.0	14.360991	\$ 449,657,709

* Does not include \$43,439,800 of Special Liability Payments.

The average remaining financing period associated with the average amortization factor is 22.0 years.

DETAILED ACTUARIAL INFORMATION

STATE POLICE

	Actuarial Valuation Performed		
	June 30, 2011 (for FY 2013)	June 30, 2010 (for FY 2012)	% Change
A. Demographic Information			
1. Active Number Count	1,295	1,354	-4.4%
2. Retired Member and Beneficiary Count	2,371	2,282	3.9%
3. Vested Former Member Count	91	77	18.2%
4. Total Number Count	3,757	3,713	1.2%
5. Active Payroll	\$ 75,551,283	\$ 81,705,369	-7.5%
6. Annual Benefits for Retired Members	\$ 102,466,376	\$ 96,321,179	6.4%
B. Actuarial Results			
1. Present Value of Projected Benefits Attributable to:			
a. Retired and Disabled Members, and Beneficiaries	\$ 1,430,466,974	\$ 1,347,941,415	6.1%
b. Terminated Vested Members	13,061,538	8,962,379	45.7%
c. Active Members	461,401,698	544,166,335	-15.2%
d. Total Present Value	\$ 1,904,930,210	\$ 1,901,070,129	0.2%
2. Less Present Value Total Future Normal Costs	145,254,314	178,506,310	-18.6%
3. Actuarial Accrued Liability (1d - 2)	\$ 1,759,675,896	\$ 1,722,563,819	2.2%
4. Less Actuarial Value of Assets	1,090,382,601	1,085,281,042	0.5%
5. Unfunded Actuarial Accrued Liability (UAAL) (3 - 4)	\$ 669,293,295	\$ 637,282,777	5.0%
6. Funded Ratio	62.0%	63.0%	
7. Amortization Payments	\$ 31,245,270	\$ 29,371,160	6.4%
8. Employer Normal Cost	\$ 15,710,605	\$ 21,179,719	-25.8%
9. Total Projected Payroll	\$ 76,862,060	\$ 83,122,916	-7.5%
10. Total Normal Cost Rate	28.44%	33.48%	
11. Employee Contribution Rate	8.00%	8.00%	
12. Employer Normal Cost Rate	20.44%	25.48%	
13. UAAL Amortization Rate*	40.77%	35.53%	
14. Total Employer Contribution Rate	61.21%	61.01%	
15. Estimated Employer Rate after Reinvestment of Savings	64.57%		

* Includes the effects of the two year lag between the valuation date and the contribution period.

**UNFUNDED ACTUARIAL ACCRUED LIABILITY
AMORTIZATION BASES AND PAYMENTS**

STATE POLICE

Base Year	Current Balance	Remaining Financing Period	Amortization Factor	Dollar Contribution
2000	\$ (296,387,732)	9 yrs.	7.421094	\$ (39,938,550)
2001	48,822,265	15	11.068491	4,410,923
2002	44,539,584	16	11.595281	3,841,182
2003	46,191,784	17	12.101293	3,817,095
2004	136,659,695	18	12.587346	10,856,911
2005	82,342,728	19	13.054227	6,307,744
2006	22,180,526	20	13.502693	1,642,674
2007	153,417,565	21	13.933471	11,010,722
2008	65,115,906	22	14.347257	4,538,561
2009	324,470,681	23	14.744722	22,005,887
2010	28,831,134	24	15.126509	1,906,000
2011	13,109,159	25	15.493238	846,121
Unfunded Liability	\$ 669,293,295	52.1	21.420628	\$ 31,245,270

The average remaining financing period associated with the average amortization factor is 52.1 years. This is outside of GASB parameters, and hence the GASB ARC differs from the actuarial contribution.

DETAILED ACTUARIAL INFORMATION

JUDGES

	Actuarial Valuation Performed		
	June 30, 2011 (for FY 2013)	June 30, 2010 (for FY 2012)	% Change
A. Demographic Information			
1. Active Number Count	286	294	-2.7%
2. Retired Member and Beneficiary Count	358	351	2.0%
3. Vested Former Member Count	11	6	83.3%
4. Total Number Count	655	651	0.6%
5. Active Payroll	\$ 38,810,261	\$ 39,960,883	-2.9%
6. Annual Benefits for Retired Members	\$ 24,597,570	\$ 23,868,484	3.1%
B. Actuarial Results			
1. Present Value of Projected Benefits Attributable to:			
a. Retired and Disabled Members, and Beneficiaries	\$ 267,351,134	\$ 261,405,389	2.3%
b. Terminated Vested Members	5,911,024	903,934	553.9%
c. Active Members	241,972,249	249,241,359	-2.9%
d. Total Present Value	\$ 515,234,407	\$ 511,550,682	0.7%
2. Less Present Value Total Future Normal Costs	81,994,830	85,336,077	-3.9%
3. Actuarial Accrued Liability (1d – 2)	\$ 433,239,577	\$ 426,214,605	1.6%
4. Less Actuarial Value of Assets	293,800,575	276,642,958	6.2%
5. Unfunded Actuarial Accrued Liability (UAAL) (3 - 4)	\$ 139,439,002	\$ 149,571,647	-6.8%
6. Funded Ratio	67.8%	64.9%	
7. Amortization Payments	\$ 11,380,154	\$ 11,599,235	-1.9%
8. Employer Normal Cost	\$ 12,757,151	\$ 12,923,965	-1.3%
9. Total Projected Payroll	\$ 39,483,600	\$ 40,654,184	-2.9%
10. Total Normal Cost Rate	38.31%	37.79%	
11. Employee Contribution Rate*	6.00%	6.00%	
12. Employer Normal Cost Rate	32.31%	31.79%	
13. UAAL Amortization Rate#	28.87%	28.58%	
14. Total Employer Contribution Rate	61.18%	60.37%	

* This is the employee contribution rate through 16 years of service. For members with over 16 years of service, the present value of the 6% future employee contributions is included in the actuarial accrued liability.

Includes the effects of the two year lag between the valuation date and the contribution period.

**UNFUNDED ACTUARIAL ACCRUED LIABILITY
AMORTIZATION BASES AND PAYMENTS**

JUDGES

Base Year	Current Balance	Remaining Financing Period	Amortization Factor	Dollar Contribution
2000	\$ 16,610,895	9 yrs.	7.421094	\$ 2,238,335
2001	5,463,385	15	11.068491	493,598
2002	6,904,220	16	11.595281	595,434
2003	5,418,423	17	12.101293	447,756
2004	23,910,164	18	12.587346	1,899,540
2005	6,295,085	19	13.054227	482,226
2006	11,884,577	20	13.502693	880,163
2007	(79,590)	21	13.933471	(5,712)
2008	21,943,614	22	14.347257	1,529,464
2009	51,344,415	23	14.744722	3,482,223
2010	(572,058)	24	15.126509	(37,818)
2011	(9,684,128)	25	15.493238	(625,055)
Unfunded Liability	\$ 139,439,002	17.3	12.252822	\$ 11,380,154

The average remaining financing period associated with the average amortization factor is 17.3 years.

DETAILED ACTUARIAL INFORMATION

LEOPS (STATE)

	<u>Actuarial Valuation Performed</u>		
	<u>June 30, 2011</u> <u>(for FY 2013)</u>	<u>June 30, 2010</u> <u>(for FY 2012)</u>	<u>% Change</u>
A. Demographic Information			
1. Active Number Count	1,483	1,535	-3.4%
2. Retired Member and Beneficiary Count	1,094	1,020	7.3%
3. Vested Former Member Count	158	150	5.3%
4. Total Number Count	<u>2,735</u>	<u>2,705</u>	1.1%
5. Active Payroll	\$ 84,032,452	\$ 87,705,828	-4.2%
6. Annual Benefits for Retired Members	\$ 33,861,735	\$ 30,821,709	9.9%
B. Actuarial Results			
1. Present Value of Projected Benefits Attributable to:			
a. Retired and Disabled Members, and Beneficiaries	\$ 485,396,059	\$ 442,654,547	9.7%
b. Terminated Vested Members	15,010,824	13,388,797	12.1%
c. Active Members	353,743,215	384,623,993	-8.0%
d. Total Present Value	<u>\$ 854,150,098</u>	<u>\$ 840,667,337</u>	1.6%
2. Less Present Value Total Future Normal Costs	<u>107,400,003</u>	<u>125,098,931</u>	-14.1%
3. Actuarial Accrued Liability (1d – 2)	\$ 746,750,095	\$ 715,568,406	4.4%
4. Less Actuarial Value of Assets	<u>401,371,555</u>	<u>367,934,236</u>	9.1%
5. Unfunded Actuarial Accrued Liability (UAAL) (3 - 4)	\$ 345,378,540	\$ 347,634,170	-0.6%
6. Funded Ratio	53.7%	51.4%	
7. Amortization Payments	\$ 29,428,605	\$ 28,414,842	3.6%
8. Employer Normal Cost	\$ 10,558,061	\$ 15,436,354	-31.6%
9. Total Projected Payroll	\$ 85,490,373	\$ 89,227,480	-4.2%
10. Total Normal Cost Rate	19.35%	21.30%	
11. Employee Contribution Rate	<u>7.00%</u>	<u>4.00%</u>	
12. Employer Normal Cost Rate	12.35%	17.30%	
13. UAAL Amortization Rate*	34.46%	31.96%	
14. Total Employer Contribution Rate	46.81%	49.26%	
15. Estimated Employer Rate after Reinvestment of Savings	50.14%		

* Includes the effects of the two year lag between the valuation date and the contribution period.

**UNFUNDED ACTUARIAL ACCRUED LIABILITY
AMORTIZATION BASES AND PAYMENTS**

LEOPS (STATE)

Base Year	Current Balance	Remaining Financing Period	Amortization Factor	Dollar Contribution
2000	\$ 61,892,276	9 yrs.	7.421094	\$ 8,340,048
2001	44,603,196	15	11.068491	4,029,745
2002	(5,503,610)	16	11.595281	(474,642)
2003	23,735,993	17	12.101293	1,961,443
2004	5,599,953	18	12.587346	444,888
2005	43,730,749	19	13.054227	3,349,930
2006	2,020,397	20	13.502693	149,629
2007	53,646,373	21	13.933471	3,850,180
2008	(16,738,518)	22	14.347257	(1,166,670)
2009	112,293,494	23	14.744722	7,615,844
2010	19,800,142	24	15.126509	1,308,970
2011	298,095	25	15.493238	19,240
Unfunded Liability	\$ 345,378,540	16.3	11.736151	\$ 29,428,605

The average remaining financing period associated with the average amortization factor is 16.3 years.

SECTION III
ASSETS

ASSETS

Pension plan assets play a key role in the financial operation of the plan and in the decisions the Trustees may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, negotiated contributions, and the ultimate security of participants' benefits.

In this section we present detailed information on plan assets including:

- **Disclosure** of plan assets at June 30, 2011 and June 30, 2010;
- Statement of the **changes** in market values during the year;
- Development of the Actuarial Value of Assets; and
- An assessment of **investment performance**.

DISCLOSURE

Market values represent "snapshot" or "cash-out" values which provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate. As a result, actuaries have traditionally smoothed market fluctuations when developing long range contribution rates.

Current methods employed by this Fund set the actuarial value equal to the expected adjusted market value plus one-fifth of the difference between the actual market value and the expected adjusted market value. In addition, there is a 20% collar limitation which restricts the actuarial value of assets from differing outside the range of 80% to 120% of the market value of assets.

**DISCLOSURE OF PLAN MARKET VALUE OF ASSETS
(STATE AND MUNICIPAL)
(IN THOUSANDS)**

	June 30,	
	2011	2010
Assets:		
Cash & Cash Equivalents	\$ 2,002,722	\$ 1,630,332
<i>Receivables</i>		
Contributions		
Employers	18,569	14,895
Employers - Long Term	45,311	48,518
Members	9,293	7,584
Accrued Investment Income	(11,901)	340,171
Investment Sales Proceeds	717,709	641,276
Total Receivables	778,981	1,052,444
<i>Investments</i>		
U.S. Government Obligations	3,298,771	3,183,211
Domestic Corporate Obligations	3,133,131	3,159,516
International Obligations	1,078,016	919,603
Domestic Stocks	8,409,004	7,760,239
International Stocks	9,226,097	8,234,789
Mortgages & Mortgage Related Securities	2,582,992	1,670,334
Real Estate	166,376	396,092
Alternative Investments	8,379,900	5,047,137
Collateral For Loaned Securities	4,244,956	4,630,233
Total Investments	40,519,243	35,001,154
Total Assets	43,300,946	37,683,930
Liabilities:		
Accounts Payable & Accrued Expenses	60,012	51,081
Investment Commitments Payable	1,400,909	1,077,127
Obligation For Collateral For Loaned Securities	4,244,956	4,630,233
Other Liabilities	2,318	1,852
Total Liabilities	5,708,195	5,760,293
 Net Assets Held in Trust for Pension Benefits	 \$ 37,592,751	 \$ 31,923,637

CHANGES IN MARKET VALUES (STATE AND MUNICIPAL)

	Teachers	Employees (State)	State Police	Judges	LEOPS (State)	Total State	
State Sponsored Plans							
Market Value of Assets as of 6/30/2010	\$ 19,256,510,005	\$ 8,472,450,649	\$ 995,598,766	\$ 253,087,525	\$ 338,461,190	\$ 29,316,108,134	
Employer Contributions	919,313,299	350,796,276	44,915,133	23,853,634	39,513,902	1,378,392,244	
Member Contributions	316,969,889	156,065,847	6,339,487	1,813,055	3,526,323	484,714,601	
Investment Returns	3,829,451,572	1,642,499,946	168,187,717	48,633,335	66,445,826	5,755,218,396	
Disbursements from the Trust	(1,558,794,105)	(764,965,291)	(98,499,890)	(24,426,613)	(31,561,664)	(2,478,247,563)	
Net Transfers	1,494,030	(1,612,545)	(12,374)	-	130,889	-	
Market Value of Assets as of 6/30/2011	\$ 22,764,944,690	\$ 9,855,234,882	\$ 1,116,528,839	\$ 302,960,936	\$ 416,516,466	\$ 34,456,185,812	
	Employees (Municipal)				LEOPS (Municipal)	CORS (Municipal)	Total Municipal
Municipal Plans							
Market Value of Assets as of 6/30/2010	\$ 2,502,833,150				\$ 96,676,790	\$ 8,018,740	\$ 2,607,528,680
Employer Contributions	115,728,393				17,556,280	795,626	134,080,299
Member Contributions	41,002,697				2,078,359	231,595	43,312,651
Investment Returns	496,629,040				19,822,846	1,666,725	518,118,611
Disbursements from the Trust	(160,710,922)				(5,485,114)	(278,659)	(166,474,695)
Net Transfers	-				-	-	-
Market Value of Assets as of 6/30/2011	\$ 2,995,482,358				\$ 130,649,161	\$ 10,434,027	\$ 3,136,565,546
	Teachers	Employees (State & Municipal)	State Police	Judges	LEOPS (State & Municipal)	CORS (Municipal)	Total State & Municipal
State and Municipal Sponsored Plans							
Market Value of Assets as of 6/30/2010	\$ 19,256,510,005	\$ 10,975,283,799	\$ 995,598,766	\$ 253,087,525	\$ 435,137,980	\$ 8,018,740	\$ 31,923,636,814
Employer Contributions	919,313,299	466,524,669	44,915,133	23,853,634	57,070,182	795,626	1,512,472,543
Member Contributions	316,969,889	197,068,544	6,339,487	1,813,055	5,604,682	231,595	528,027,252
Investment Returns	3,829,451,572	2,139,128,986	168,187,717	48,633,335	86,268,672	1,666,725	6,273,337,007
Disbursements from the Trust	(1,558,794,105)	(925,676,213)	(98,499,890)	(24,426,613)	(37,046,778)	(278,659)	(2,644,722,258)
Net Transfers	1,494,030	(1,612,545)	(12,374)	-	130,889	-	-
Market Value of Assets as of 6/30/2011	\$ 22,764,944,690	\$ 12,850,717,240	\$ 1,116,528,839	\$ 302,960,936	\$ 547,165,627	\$ 10,434,027	\$ 37,592,751,358

SUMMARY OF THE DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS

JUNE 30, 2011

	Total State	Total Municipal	Total MSRPS
Beginning of Year:			
(1) Market Value of Assets	\$29,316,108,135	\$2,607,528,680	\$31,923,636,815
(2) Actuarial Value of Assets	31,862,791,708	2,825,553,988	34,688,345,696
End of Year:			
(3) Market Value of Assets	34,456,185,813	3,136,565,546	37,592,751,359
(4) Net Cash Flow with Adjustment	(615,140,718)	10,918,255	(604,222,463)
(5) Total Investment Income			
=(3)-(1)-(4)	\$ 5,755,218,396	\$ 518,118,611	\$ 6,273,337,007
(6) Projected Rate of Return	7.75%	7.75%	7.75%
(7) Projected Investment Income			
=(1)x(6)+([1+(6)] ^{.5-1})x(4)	\$ 2,248,606,439	\$ 202,498,661	\$ 2,451,105,100
(8) Beginning of Year Asset Adjustment	0	0	0
(9) Investment Income in Excess of Projected Income	\$ 3,506,611,957	\$ 315,619,950	\$ 3,822,231,907
(10) Excess Investment Income Recognized			
This Year (5 year recognition)			
(10a) From This Year	701,322,392	63,123,989	764,446,381
(10b) From One Year Ago	336,478,675	28,994,760	365,473,435
(10c) From Two Years Ago	(791,123,285)	(71,116,494)	(862,239,779)
(10d) From Three Years Ago	(939,393,002)	(75,237,906)	(1,014,630,908)
(10e) From Four Years Ago	359,557,585	29,820,946	389,378,531
(10f) Total Recognized Investment Gain/(Loss)	(333,157,635)	(24,414,705)	(357,572,340)
(11) Change in Actuarial Value of Assets			
=(4)+(7)+(8)+(10f)	1,300,308,086	189,002,211	1,489,310,297
End of Year:			
(3) Market Value of Assets as of 6/30	34,456,185,813	3,136,565,546	37,592,751,359
(12) Preliminary Actuarial Value of Assets = (2)+(11)	33,163,099,794	3,014,556,199	36,177,655,993
(12a) Upper Collar Limit 120% x (3)	41,347,422,975	3,763,878,655	45,111,301,630
(12b) Lower Collar Limit 80% x (3)	27,564,948,651	2,509,252,437	30,074,201,088
(13) Adjustment to Remain within 20% Collar	0	0	0
(14) Final Actuarial Value of Assets as of 6/30	33,163,099,794	3,014,556,199	36,177,655,993
(15) Difference Between Market & Actuarial Values	1,293,086,019	122,009,347	1,415,095,366
(16) Actuarial Value Rate of Return	6.07%	6.29%	6.09%
(17) Market Value Rate of Return	19.84%	19.83%	19.84%
(18) Ratio of Actuarial Value to Market Value	96%	96%	96%

SUMMARY OF THE DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS (STATE PORTION ONLY)

JUNE 30, 2011

	TCS	ECS	State Police	Judges	LEOPS	Total State
Beginning of Year:						
(1) Market Value of Assets	\$19,256,510,005	\$8,472,450,649	\$ 995,598,766	\$253,087,525	\$338,461,190	\$29,316,108,135
(2) Actuarial Value of Assets	20,908,149,284	9,224,784,189	1,085,281,042	276,642,958	367,934,236	31,862,791,708
End of Year:						
(3) Market Value of Assets	22,764,944,690	9,855,234,882	1,116,528,839	302,960,936	416,516,466	34,456,185,813
(4) Net Cash Flow with Adjustment	(321,016,887)	(259,715,713)	(47,257,644)	1,240,076	11,609,450	(615,140,718)
(5) Total Investment Income						
=(3)-(1)-(4)	\$ 3,829,451,572	\$1,642,499,946	\$ 168,187,717	\$ 48,633,335	\$ 66,445,826	\$ 5,755,218,396
(6) Projected Rate of Return	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%
(7) Projected Investment Income						
=(1)x(6)+([1+(6)] ^{.5} -1)x(4)	\$ 1,480,172,224	\$ 646,738,722	\$ 75,361,839	\$ 19,661,440	\$ 26,672,214	\$ 2,248,606,439
(8) Beginning of Year Asset Adjustment	0	0	0	0	0	0
(9) Investment Income in Excess of Projected Income	\$ 2,349,279,348	\$ 995,761,224	\$ 92,825,878	\$ 28,971,895	\$ 39,773,612	\$ 3,506,611,957
(10) Excess Investment Income Recognized This Year (5 year recognition)						
(10a) From This Year	469,855,870	199,152,245	18,565,176	5,794,379	7,954,722	701,322,392
(10b) From One Year Ago	222,868,993	96,754,785	11,075,505	2,410,242	3,369,150	336,478,675
(10c) From Two Years Ago	(519,996,485)	(232,220,784)	(23,645,315)	(6,827,436)	(8,433,265)	(791,123,285)
(10d) From Three Years Ago	(611,967,809)	(275,866,936)	(34,050,347)	(7,593,012)	(9,914,898)	(939,393,002)
(10e) From Four Years Ago	240,809,826	109,043,540	5,052,345	2,471,928	2,179,946	359,557,585
(10f) Total Recognized Investment Gain/(Loss)	(198,429,605)	(103,137,150)	(23,002,636)	(3,743,899)	(4,844,345)	(333,157,635)
(11) Change in Actuarial Value of Assets						
=(4)+(7)+(8)+(10f)	960,725,732	283,885,859	5,101,559	17,157,617	33,437,319	1,300,308,086
End of Year:						
(3) Market Value of Assets as of 6/30	22,764,944,690	9,855,234,882	1,116,528,839	302,960,936	416,516,466	34,456,185,813
(12) Preliminary Actuarial Value of Assets = (2)+(11)	21,868,875,015	9,508,670,048	1,090,382,601	293,800,575	401,371,555	33,163,099,794
(12a) Upper Collar Limit 120% x (3)	27,317,933,628	11,826,281,858	1,339,834,607	363,553,123	499,819,759	41,347,422,975
(12b) Lower Collar Limit 80% x (3)	18,211,955,752	7,884,187,906	893,223,071	242,368,749	333,213,173	27,564,948,651
(13) Adjustment to Remain within 20% Collar	0	0	0	0	0	0
(14) Final Actuarial Value of Assets as of 6/30	21,868,875,015	9,508,670,048	1,090,382,601	293,800,575	401,371,555	33,163,099,794
(15) Difference Between Market & Actuarial Values	896,069,674	346,564,834	26,146,238	9,160,361	15,144,911	1,293,086,019
(16) Actuarial Value Rate of Return	6.18%	5.98%	4.93%	5.74%	5.84%	6.07%
(17) Market Value Rate of Return	20.05%	19.69%	17.30%	19.17%	19.30%	19.84%
(18) Ratio of Actuarial Value to Market Value	96%	96%	98%	97%	96%	96%

DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS TEACHERS' COMBINED SYSTEM

	2010	2011	2012	2013	2014	2015
Beginning of Year:						
(1) Market Value of Assets	\$17,171,348,580	\$19,256,510,005				
(2) Actuarial Value of Assets	20,605,618,296	20,908,149,284				
End of Year:						
(3) Market Value of Assets	19,256,510,005	22,764,944,690				
(4) Net of Contributions and Disbursements	(346,776,203)	(321,016,887)				
(5) Total Investment Income						
=(3)-(1)-(4)	2,431,937,628	3,829,451,572				
(6) Projected Rate of Return	7.75%	7.75%				
(7) Projected Investment Income						
=(1)x(6)+([1+(6)] ^{.5-1})x(4)	1,317,592,665	1,480,172,224				
(8) Beginning of Year Asset Adjustment	0	0				
(9) Investment Income in Excess of Projected Income	1,114,344,963	2,349,279,348				
(10) Excess Investment Income Recognized						
This Year (5 year recognition)						
(10a) From This Year	222,868,993	469,855,870				
(10b) From One Year Ago	(519,996,485)	222,868,993	\$ 469,855,870			
(10c) From Two Years Ago	(611,967,809)	(519,996,485)	222,868,993	\$ 469,855,870		
(10d) From Three Years Ago	240,809,827	(611,967,809)	(519,996,485)	222,868,993	\$ 469,855,870	
(10e) From Four Years Ago	0	240,809,826	(611,967,809)	(519,996,487)	222,868,991	\$ 469,855,868
(10f) Total Recognized Investment Gain/(Loss)	(668,285,474)	(198,429,605)	(439,239,431)	172,728,376	692,724,861	469,855,868
(11) Change in Actuarial Value of Assets						
=(4)+(7)+(8)+(10f)	302,530,988	960,725,732				
End of Year:						
(3) Market Value of Assets	19,256,510,005	22,764,944,690				
(12) Preliminary Actuarial Value of Assets = (2)+(11)	20,908,149,284	21,868,875,015				
(12a) Upper Collar Limit 120% x (3)	23,107,812,005	27,317,933,628				
(12b) Lower Collar Limit 80% x (3)	15,405,208,004	18,211,955,752				
(13) Adjustment to Remain within 20% Collar	0	0				
(14) Final Actuarial Value of Assets as of 6/30	20,908,149,284	21,868,875,015				
(15) Difference Between Market & Actuarial Values	(1,651,639,279)	896,069,674				
(16) Actuarial Value Rate of Return	3.18%	6.18%				
(17) Market Value Rate of Return	14.31%	20.05%				
(18) Ratio of Actuarial Value to Market Value	109%	96%				

DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS EMPLOYEES' COMBINED SYSTEM (STATE)

	2010	2011	2012	2013	2014	2015
Beginning of Year:						
(1) Market Value of Assets	\$7,691,984,308	\$8,472,450,649				
(2) Actuarial Value of Assets	9,230,381,170	9,224,784,189				
End of Year:						
(3) Market Value of Assets	8,472,450,649	9,855,234,882				
(4) Net of Contributions and Disbursements	(288,466,848)	(259,715,713)				
(5) Total Investment Income						
=(3)-(1)-(4)	1,068,933,189	1,642,499,946				
(6) Projected Rate of Return	7.75%	7.75%				
(7) Projected Investment Income						
=(1)x(6)+[(1+(6))^5-1]x(4)	585,159,262	646,738,722				
(8) Beginning of Year Asset Adjustment	0	0				
(9) Investment Income in Excess of Projected Income	483,773,927	995,761,224				
(10) Excess Investment Income Recognized						
This Year (5 year recognition)						
(10a) From This Year	96,754,785	199,152,245				
(10b) From One Year Ago	(232,220,784)	96,754,785	\$ 199,152,245			
(10c) From Two Years Ago	(275,866,936)	(232,220,784)	96,754,785	\$ 199,152,245		
(10d) From Three Years Ago	109,043,540	(275,866,936)	(232,220,784)	96,754,785	\$ 199,152,245	
(10e) From Four Years Ago	0	109,043,540	(275,866,934)	(232,220,784)	96,754,787	\$ 199,152,244
(10f) Total Recognized Investment Gain/(Loss)	(302,289,395)	(103,137,150)	(212,180,688)	63,686,246	295,907,032	199,152,244
(11) Change in Actuarial Value of Assets						
=(4)+(7)+(8)+(10f)	(5,596,981)	283,885,859				
End of Year:						
(3) Market Value of Assets	8,472,450,649	9,855,234,882				
(12) Preliminary Actuarial Value of Assets = (2)+(11)	9,224,784,189	9,508,670,048				
(12a) Upper Collar Limit 120% x (3)	10,166,940,779	11,826,281,858				
(12b) Lower Collar Limit 80% x (3)	6,777,960,519	7,884,187,906				
(13) Adjustment to Remain within 20% Collar	0	0				
(14) Final Actuarial Value of Assets as of 6/30	9,224,784,189	9,508,670,048				
(15) Difference Between Market & Actuarial Values	(752,333,540)	346,564,834				
(16) Actuarial Value Rate of Return	3.11%	5.98%				
(17) Market Value Rate of Return	14.16%	19.69%				
(18) Ratio of Actuarial Value to Market Value	109%	96%				

DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS STATE POLICE

	2010	2011	2012	2013	2014	2015
Beginning of Year:						
(1) Market Value of Assets	\$ 933,138,069	\$ 995,598,766				
(2) Actuarial Value of Assets	1,119,765,683	1,085,281,042				
End of Year:						
(3) Market Value of Assets	995,598,766	1,116,528,839				
(4) Net of Contributions and Disbursements	(62,845,214)	(47,257,644)				
(5) Total Investment Income						
=(3)-(1)-(4)	125,305,911	168,187,717				
(6) Projected Rate of Return	7.75%	7.75%				
(7) Projected Investment Income						
=(1)x(6)+[(1+(6))^5-1]x(4)	69,928,387	75,361,839				
(8) Beginning of Year Asset Adjustment	0	0				
(9) Investment Income in Excess of Projected Income	55,377,524	92,825,878				
(10) Excess Investment Income Recognized						
This Year (5 year recognition)						
(10a) From This Year	11,075,505	18,565,176				
(10b) From One Year Ago	(23,645,315)	11,075,505	\$ 18,565,176			
(10c) From Two Years Ago	(34,050,347)	(23,645,315)	11,075,505	\$ 18,565,176		
(10d) From Three Years Ago	5,052,343	(34,050,347)	(23,645,315)	11,075,505	\$ 18,565,176	
(10e) From Four Years Ago	0	5,052,345	(34,050,347)	(23,645,316)	11,075,504	\$ 18,565,174
(10f) Total Recognized Investment Gain/(Loss)	(41,567,814)	(23,002,636)	(28,054,981)	5,995,365	29,640,680	18,565,174
(11) Change in Actuarial Value of Assets						
=(4)+(7)+(8)+(10f)	(34,484,641)	5,101,559				
End of Year:						
(3) Market Value of Assets	995,598,766	1,116,528,839				
(12) Preliminary Actuarial Value of Assets = (2)+(11)	1,085,281,042	1,090,382,601				
(12a) Upper Collar Limit 120% x (3)	1,194,718,520	1,339,834,607				
(12b) Lower Collar Limit 80% x (3)	796,479,013	893,223,071				
(13) Adjustment to Remain within 20% Collar	0	0				
(14) Final Actuarial Value of Assets as of 6/30	1,085,281,042	1,090,382,601				
(15) Difference Between Market & Actuarial Values	(89,682,276)	26,146,238				
(16) Actuarial Value Rate of Return	2.61%	4.93%				
(17) Market Value Rate of Return	13.90%	17.30%				
(18) Ratio of Actuarial Value to Market Value	109%	98%				

DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS JUDGES

	2010	2011	2012	2013	2014	2015
Beginning of Year:						
(1) Market Value of Assets	\$225,724,608	\$253,087,525				
(2) Actuarial Value of Assets	270,869,530	276,642,958				
End of Year:						
(3) Market Value of Assets	253,087,525	302,960,936				
(4) Net of Contributions and Disbursements	(2,102,019)	1,240,076				
(5) Total Investment Income						
=(3)-(1)-(4)	29,464,936	48,633,335				
(6) Projected Rate of Return	7.75%	7.75%				
(7) Projected Investment Income						
=(1)x(6)+([1+(6)]^5-1)x(4)	17,413,724	19,661,440				
(8) Beginning of Year Asset Adjustment	0	0				
(9) Investment Income in Excess of Projected Income	12,051,212	28,971,895				
(10) Excess Investment Income Recognized						
This Year (5 year recognition)						
(10a) From This Year	2,410,242	5,794,379				
(10b) From One Year Ago	(6,827,436)	2,410,242	\$ 5,794,379			
(10c) From Two Years Ago	(7,593,012)	(6,827,436)	2,410,242	\$ 5,794,379		
(10d) From Three Years Ago	2,471,929	(7,593,012)	(6,827,436)	2,410,242	\$ 5,794,379	
(10e) From Four Years Ago	0	2,471,928	(7,593,013)	(6,827,434)	2,410,244	\$ 5,794,379
(10f) Total Recognized Investment Gain/(Loss)	(9,538,277)	(3,743,899)	(6,215,828)	1,377,187	8,204,623	5,794,379
(11) Change in Actuarial Value of Assets						
=(4)+(7)+(8)+(10f)	5,773,428	17,157,617				
End of Year:						
(3) Market Value of Assets	253,087,525	302,960,936				
(12) Preliminary Actuarial Value of Assets = (2)+(11)	276,642,958	293,800,575				
(12a) Upper Collar Limit 120% x(3)	303,705,030	363,553,123				
(12b) Lower Collar Limit 80% x(3)	202,470,020	242,368,749				
(13) Adjustment to Remain within 20% Collar	0	0				
(14) Final Actuarial Value of Assets as of 6/30	276,642,958	293,800,575				
(15) Difference Between Market & Actuarial Values	(23,555,433)	9,160,361				
(16) Actuarial Value Rate of Return	2.92%	5.74%				
(17) Market Value Rate of Return	13.11%	19.17%				
(18) Ratio of Actuarial Value to Market Value	109%	97%				

DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS LEOPS (STATE)

	2010	2011	2012	2013	2014	2015
Beginning of Year:						
(1) Market Value of Assets	\$295,589,314	\$338,461,190				
(2) Actuarial Value of Assets	354,707,177	367,934,236				
End of Year:						
(3) Market Value of Assets	338,461,190	416,516,466				
(4) Net of Contributions and Disbursements	3,003,729	11,609,450				
(5) Total Investment Income						
=(3)-(1)-(4)	39,868,147	66,445,826				
(6) Projected Rate of Return	7.75%	7.75%				
(7) Projected Investment Income						
=(1)x(6)+([1+(6)]^n-1)x(4)	23,022,395	26,672,214				
(8) Beginning of Year Asset Adjustment	0	0				
(9) Investment Income in Excess of Projected Income	16,845,752	39,773,612				
(10) Excess Investment Income Recognized						
This Year (5 year recognition)						
(10a) From This Year	3,369,150	7,954,722				
(10b) From One Year Ago	(8,433,265)	3,369,150	\$ 7,954,722			
(10c) From Two Years Ago	(9,914,898)	(8,433,265)	3,369,150	\$ 7,954,722		
(10d) From Three Years Ago	2,179,948	(9,914,898)	(8,433,265)	3,369,150	\$ 7,954,722	
(10e) From Four Years Ago	0	2,179,946	(9,914,899)	(8,433,267)	3,369,152	\$ 7,954,724
(10f) Total Recognized Investment Gain/(Loss)	(12,799,065)	(4,844,345)	(7,024,292)	2,890,605	11,323,874	7,954,724
(11) Change in Actuarial Value of Assets						
=(4)+(7)+(8)+(10f)	13,227,059	33,437,319				
End of Year:						
(3) Market Value of Assets	338,461,190	416,516,466				
(12) Preliminary Actuarial Value of Assets = (2)+(11)	367,934,236	401,371,555				
(12a) Upper Collar Limit 120% x (3)	406,153,428	499,819,759				
(12b) Lower Collar Limit 80% x (3)	270,768,952	333,213,173				
(13) Adjustment to Remain within 20% Collar	0	0				
(14) Final Actuarial Value of Assets as of 6/30	367,934,236	401,371,555				
(15) Difference Between Market & Actuarial Values	(29,473,046)	15,144,911				
(16) Actuarial Value Rate of Return	2.87%	5.84%				
(17) Market Value Rate of Return	13.42%	19.30%				
(18) Ratio of Actuarial Value to Market Value	109%	96%				

SECTION IV

ACCOUNTING STATEMENT INFORMATION

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the Plan's financial statements.

GASB STATEMENT NO. 25

Statement No. 25 of the Governmental Standards Board (GASB) establishes standards for disclosure of pension information by public employee retirement systems (PERS) and governmental employers in notes to financial statements and supplementary information.

The GASB-25 actuarial accrued liability is the same as the actuarial liability amount calculated for funding purposes.

The actuarial accrued liability (GASB-25) are determined assuming that the plan is ongoing and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions. Liabilities are discounted at the assumed valuation interest rate of 7.75% per annum.

GASB Statement No. 25 requires the actuarial accrued liability be compared with the actuarial value of assets for funding purposes.

**ACCOUNTING STATEMENT INFORMATION – GASB STATEMENT NO. 25
AS OF JUNE 30, 2011
(STATE AND MUNICIPAL)**

	Teachers' Combined System	Employees' Combined System	State Police	Judges	LEOPS	CORS	Total MSRPS*
1. Actuarial Accrued Liability:							
a. Employee Contributions	\$ 2,229,329,923	\$ 1,365,660,606	\$ 65,521,894	\$ 24,887,823	\$ 46,388,628	\$ 1,145,161	\$ 3,732,934,034
b. Retirees, Term. Vesteds & Inactives	18,395,814,881	11,170,473,682	1,443,528,512	273,262,158	614,129,744	3,881,913	31,901,090,890
c. Active Members	12,360,000,016	7,186,129,540	250,625,490	135,089,596	342,189,280	9,483,965	20,283,517,888
2. Total Actuarial Accrued Liability (1(a) + 1(b) + 1(c))	\$32,985,144,820	\$19,722,263,828	\$1,759,675,896	\$433,239,577	\$1,002,707,652	\$14,511,039	\$55,917,542,812
3. Actuarial Value of Assets	<u>21,868,875,015</u>	<u>12,387,810,395</u>	<u>1,090,382,601</u>	<u>293,800,575</u>	<u>526,807,244</u>	<u>9,980,163</u>	<u>36,177,655,993</u>
4. Unfunded Actuarial Accrued Liability: (2-3)	<u>\$11,116,269,805</u>	<u>\$ 7,334,453,433</u>	<u>\$ 669,293,295</u>	<u>\$139,439,002</u>	<u>\$475,900,408</u>	<u>\$ 4,530,876</u>	<u>\$19,739,886,819</u>
5. Funded Ratio	66.30%	62.81%	61.96%	67.81%	52.54%	68.78%	64.70%
6. Annual Payroll	\$ 6,196,976,452	\$ 4,027,809,638	\$ 75,551,283	\$ 38,810,261	\$135,176,780	\$ 4,475,151	\$10,478,799,565
7. UAAL as % of Payroll	179%	182%	886%	359%	352%	101%	188%
8. Annual Required Contribution (ARC) STATE ONLY	17.76%	19.32%	71.30%	61.18%	46.81%		19.11%
9. Illustrated ARC Contribution Dollars STATE ONLY for FY 2013	\$ 1,139,103,423	\$ 614,191,171	\$ 56,720,677	\$ 25,001,529	\$ 41,418,675		\$ 1,876,435,475
10. Equivalent Single Amortization Period in Years - STATE ONLY for FY 2013	19.781	22.034	30.000	17.307	16.274		20.910

* Contribution rates shown in the "Total" column are for informational purposes only and are not used for funding purposes.

SCHEDULE OF FUNDING PROGRESS
(STATE AND MUNICIPAL)
(IN THOUSANDS)

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Payroll (c)	UAAL as a Percentage of Payroll [(b - a) / c]
2001	\$ 31,914,778	\$ 32,469,942	\$ 555,164	98.29%	\$7,255,036	8%
2002	32,323,263	34,131,284	1,808,021	94.70%	7,867,794	23%
2003	32,631,465	34,974,601	2,343,136	93.30%	8,134,419	29%
2004	33,484,657	36,325,704	2,841,047	92.18%	8,069,481	35%
2005	34,519,500	39,133,450	4,613,949	88.21%	8,603,761	54%
2006	35,795,025	43,243,492	7,448,467	82.78%	9,287,576	80%
2007	37,886,936	47,144,354	9,257,418	80.36%	9,971,012	93%
2008	39,504,284	50,244,047	10,739,763	78.62%	10,542,806	102%
2009	34,284,569	52,729,171	18,444,603	65.02%	10,714,241	172%
2010	34,688,346	54,085,081	19,396,735	64.14%	10,657,944	182%
2011	36,177,656	55,917,543	19,739,887	64.70%	10,478,800	188%

SCHEDULE OF FUNDING PROGRESS
(IN THOUSANDS)

TEACHERS' COMBINED SYSTEM

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Payroll (c)	UAAL as a Percentage of Payroll [(b - a) / c]
2001	\$ 19,182,749	\$ 20,126,943	\$ 944,194	95.31%	\$ 3,994,201	24%
2002	19,424,000	21,117,047	1,693,047	91.98%	4,323,054	39%
2003	19,626,676	21,152,063	1,525,387	92.79%	4,522,202	34%
2004	20,155,415	21,724,178	1,568,764	92.78%	4,543,444	35%
2005	20,801,529	23,305,198	2,503,669	89.26%	4,867,396	51%
2006	21,575,451	25,617,484	4,042,033	84.22%	5,269,185	77%
2007	22,814,760	28,122,575	5,307,815	81.13%	5,709,765	93%
2008	23,784,404	29,868,705	6,084,301	79.63%	6,117,590	99%
2009	20,605,618	31,172,917	10,567,299	66.10%	6,194,734	171%
2010	20,908,149	31,963,421	11,055,272	65.41%	6,254,648	177%
2011	21,868,875	32,985,145	11,116,270	66.30%	6,196,976	179%

SCHEDULE OF FUNDING PROGRESS
(IN THOUSANDS)

EMPLOYEES' COMBINED SYSTEM

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Payroll (c)	UAAL as a Percentage of Payroll [(b - a) / c]
2001	\$ 11,021,958	\$ 10,789,907	\$ (232,051)	102.15%	\$ 3,084,859	-8%
2002	11,162,265	11,385,749	223,484	98.04%	3,356,671	7%
2003	11,244,008	12,083,197	839,189	93.05%	3,424,054	25%
2004	11,514,655	12,621,578	1,106,923	91.23%	3,337,543	33%
2005	11,855,673	13,671,756	1,816,083	86.72%	3,537,602	51%
2006	12,287,942	15,291,091	3,003,149	80.36%	3,793,125	79%
2007	13,026,321	16,385,823	3,359,502	79.50%	4,016,221	84%
2008	13,599,717	17,609,769	4,010,052	77.23%	4,165,013	96%
2009	11,839,115	18,517,486	6,678,371	63.93%	4,249,536	157%
2010	11,937,944	19,009,788	7,071,844	62.80%	4,137,474	171%
2011	12,387,810	19,722,264	7,334,453	62.81%	4,027,810	182%

SCHEDULE OF FUNDING PROGRESS
(IN THOUSANDS)

STATE POLICE

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Payroll (c)	UAAL as a Percentage of Payroll [(b - a) / c]
2001	\$ 1,305,556	\$ 993,847	\$ (311,710)	131.36%	\$ 79,383	-393%
2002	1,300,402	1,030,575	(269,827)	126.18%	83,142	-325%
2003	1,285,201	1,062,383	(222,818)	120.97%	80,839	-276%
2004	1,287,981	1,200,605	(87,376)	107.28%	76,445	-114%
2005	1,289,345	1,284,950	(4,395)	100.34%	76,463	-6%
2006	1,301,877	1,325,875	23,998	98.19%	80,649	30%
2007	1,334,375	1,516,935	182,560	87.97%	83,191	219%
2008	1,343,208	1,601,576	258,367	83.87%	86,464	299%
2009	1,119,766	1,710,356	590,591	65.47%	85,586	690%
2010	1,085,281	1,722,564	637,283	63.00%	81,705	780%
2011	1,090,383	1,759,676	669,293	61.96%	75,551	886%

SCHEDULE OF FUNDING PROGRESS
(IN THOUSANDS)

JUDGES

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Payroll (c)	UAAL as a Percentage of Payroll [(b - a) / c]
2001	\$ 229,022	\$ 254,913	\$ 25,891	89.84%	\$ 30,554	85%
2002	234,558	267,532	32,974	87.67%	31,824	104%
2003	240,208	279,008	38,801	86.09%	33,169	117%
2004	250,272	312,285	62,013	80.14%	32,937	188%
2005	260,125	328,033	67,908	79.30%	33,074	205%
2006	273,679	352,537	78,858	77.63%	35,939	219%
2007	293,052	371,987	78,936	78.78%	37,638	210%
2008	306,716	406,782	100,066	75.40%	37,943	264%
2009	270,870	421,039	150,169	64.33%	40,266	373%
2010	276,643	426,215	149,572	64.91%	39,961	374%
2011	293,801	433,240	139,439	67.81%	38,810	359%

SCHEDULE OF FUNDING PROGRESS
(IN THOUSANDS)

LEOPS

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Payroll (c)	UAAL as a Percentage of Payroll [(b - a) / c]
2001	\$ 165,478	\$ 290,504	\$ 125,026	56.96%	\$ 60,438	207%
2002	191,100	312,058	120,958	61.24%	65,916	184%
2003	225,111	382,287	157,176	58.89%	69,470	226%
2004	271,587	454,815	183,228	59.71%	77,369	237%
2005	310,087	537,736	227,648	57.67%	87,220	261%
2006	352,416	649,826	297,410	54.23%	106,669	279%
2007	414,153	738,549	324,396	56.08%	122,015	266%
2008	465,386	748,005	282,619	62.22%	133,445	212%
2009	441,827	895,099	453,273	49.36%	140,071	324%
2010	471,728	950,236	478,508	49.64%	140,199	341%
2011	526,807	1,002,708	475,900	52.54%	135,177	352%

SCHEDULE OF FUNDING PROGRESS
(IN THOUSANDS)

CORS

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Payroll (c)	UAAL as a Percentage of Payroll [(b - a) / c]
2009	\$ 7,373	\$ 12,273	\$ 4,900	60.08%	\$ 4,048	121%
2010	8,601	12,858	4,257	66.89%	3,956	108%
2011	9,980	14,511	4,531	68.78%	4,475	101%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
(STATE AND MUNICIPAL)
(IN THOUSANDS)**

Fiscal Year Ended June 30,	Annual Required Contributions	Actual Contributions	Percentage Contributed
2001	\$ 634,309	\$ 634,309	100%
2002	574,019	574,019	100%
2003	654,578	602,212	92%
2004	710,632	632,462	89%
2005	805,564	668,618	83%
2006	874,079	716,745	82%
2007	1,025,972	831,037	81%
2008	1,183,765	1,053,551	89%
2009	1,313,560	1,109,564	84%
2010	1,519,980	1,308,920	86%
2011	2,035,401	1,512,473	74%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
BY SYSTEM
(STATE AND MUNICIPAL)
(IN THOUSANDS)**

	Fiscal Year Ended June 30,	Annual Required Contributions	Actual Contributions	Percentage Contributed
Teachers' Combined System	2009	\$ 753,475	\$ 673,256	89%
	2010	889,605	820,867	92%
	2011	1,224,606	919,313	75%
Employees' Combined System	2009	464,633	354,682	76%
	2010	524,797	394,125	75%
	2011	677,783	466,525	69%
State Police	2009	31,040	17,214	55%
	2010	37,114	25,465	69%
	2011	51,292	44,915	88%
Judges	2009	17,520	17,520	100%
	2010	19,955	19,955	100%
	2011	23,854	23,854	100%
LEOPS	2009	46,140	46,140	100%
	2010	47,756	47,756	100%
	2011	57,070	57,070	100%
CORS (Muni)	2009	752	752	100%
	2010	753	753	100%
	2011	796	796	100%
Total State	2009	1,207,471	1,003,474	83%
	2010	1,417,209	1,206,149	85%
	2011	1,901,320	1,378,392	72%
Total Municipal	2009	106,089	106,089	100%
	2010	102,771	102,771	100%
	2011	134,080	134,080	100%
Total MSRPS	2009	1,313,560	1,109,563	84%
	2010	1,519,980	1,308,920	86%
	2011	2,035,401	1,512,473	74%

REQUIRED SUPPLEMENTARY INFORMATION FOR COMPLIANCE WITH GASB STATEMENT NO. 25

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation date follows:

Valuation date	June 30, 2011
Actuarial cost method	Individual entry age
Amortization method for unfunded actuarial accrued liabilities (UAAL)	Level percent closed
Amorization Period	9 years remaining as of June 30, 2011 for prior UAAL existing on June 30, 2000. 25 years from each subsequent valuation date for each year's additional UAAL. 30 years is used wherever the equivalent single amortization period exceeds 30 years.

Asset valuation method	5-year smoothed market (max. 120% and min. 80% of market value)
------------------------	---

Actuarial assumptions:

Investment rate of return	7.75%
Projected salary increases including wage inflation at 3.5%	3.5% - 12.0%
Cost-of-living adjustments	2.75% - 3.50% for service prior to July 1, 2011.* 1.70% - 3.50% for service after June 30, 2011.*

*Based on System and provisions. See page C-1 for details.

Membership consisted of the following at June 30, 2011:

Retirees and beneficiaries receiving benefits	127,171
Terminated plan members entitled to but not yet receiving benefits	50,911
Active plan members	<u>195,059</u>
Total	373,141

**REQUIRED SUPPLEMENTARY INFORMATION
FOR COMPLIANCE WITH GASB STATEMENT NO. 27
(STATE AND MUNICIPAL)
(IN THOUSANDS)**

	Fiscal Year Ending June 30,	
	2011	2010
Annual Required Contribution (ARC)	\$2,035,401	\$1,519,980
Interest on NPO	94,686	77,617
Adjustment to ARC	(83,290)	(68,430)
Annual Pension Cost	<u>\$2,046,797</u>	<u>\$1,529,167</u>
Contributions Made	<u>1,512,473</u>	<u>1,308,920</u>
Increase in NPO	\$ 534,324	\$ 220,247
NPO Beginning of Year	<u>1,221,760</u>	<u>1,001,513</u>
NPO End of Year	\$1,756,084	\$1,221,760
Percent of ARC Contributed	74.3%	86.1%
Amortization Period (Years)	22.806	22.722

**SUMMARY OF NET PENSION OBLIGATION BY SYSTEM
(STATE PORTION ONLY)
(IN THOUSANDS)**

FISCAL YEAR ENDING JUNE 30, 2011

	<u>TCS</u>	<u>ECS (State)</u>	<u>State Police</u>	<u>Judges</u>	<u>LEOPS (State)</u>	<u>Total State</u>
Annual Required Contribution (ARC)	\$1,224,606	\$562,054	\$51,292	\$23,854	\$39,514	\$1,901,320
Interest on NPO	32,017	61,100	2,741	-	-	95,858
Adjustment to ARC	(29,105)	(51,893)	(2,066)	-	-	(83,064)
Annual Pension Cost (APC)	<u>\$1,227,518</u>	<u>\$571,261</u>	<u>\$51,967</u>	<u>\$23,854</u>	<u>\$39,514</u>	<u>\$1,914,114</u>
Contributions Made	<u>919,313</u>	<u>350,796</u>	<u>44,915</u>	<u>23,854</u>	<u>39,514</u>	<u>1,378,392</u>
Increase in NPO	<u>\$ 308,205</u>	<u>\$220,465</u>	<u>\$7,052</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 535,722</u>
NPO Beginning of Year	<u>413,125</u>	<u>788,381</u>	<u>35,373</u>	<u>-</u>	<u>-</u>	<u>1,236,879</u>
NPO End of Year	<u>\$721,330</u>	<u>\$1,008,846</u>	<u>\$42,426</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,772,601</u>
Percent of ARC Contributed	75.1%	62.4%	87.6%	100.0%	100.0%	72.5%
Percent of APC Contributed	74.9%	61.4%	86.4%	100.0%	100.0%	72.0%
Amortization Period (Years)	21.625	24.177	30.000	19.672	17.962	22.517

APPENDIX A

ACTUARIAL ASSUMPTIONS AND METHODS

ACTUARIAL ASSUMPTIONS AND METHODS

A. ACTUARIAL ASSUMPTIONS

	1. Valuation Interest Rate	2. Annual Rate of Increase in Cost of Living			3. Aggregate Payroll Growth
		Service Before 7/1/11	Service After 7/1/11		
Teachers' Retirement	7.75%	2.75%	2.75%		3.5%
Teachers' Pension	7.75%	2.75%	1.70%	***,#	3.5%
Employees' Retirement					
Regular	7.75%	2.75%	2.75%	#	3.5%
Correctional	7.75%	3.00%	1.70%	***	3.5%
Legislative	7.75%	3.50%	3.50%		3.5%
Employees' Pension	7.75%	2.75%	1.70%	*,***	3.5%
State Police Retirement	7.75%	3.00%	1.70%	***	3.5%
Judges Pension	7.75%	3.50%	3.50%		3.5%
LEOPS	7.75%	2.75%	1.70%	**,***,#	3.5%
CORS Municipal	7.75%	3.00%	1.70%	***	3.5%

* A 3% simple rate is applicable for municipal members of these Systems, who do not elect to be covered under the improved plan.

** A 3% simple rate is applicable for former EPS members.

*** The increase is capped at the lesser of 2.5% and increase in CPI if the most recent calendar year market value rate of return was greater than or equal to the assumed rate (currently 7.75% as approved by the Board of Trustees). The increase is capped at the lesser of 1% and increase in CPI if the market value return was less than the assumed rate of 7.75%.

For groups whose COLA is capped at 5% a 2.95% COLA was assumed. A 3.00% COLA was assumed for groups with an unlimited COLA, 2.75% is assumed for groups that are capped at 3%.

ACTUARIAL ASSUMPTIONS AND METHODS

A. ACTUARIAL ASSUMPTIONS

Rates of Salary Increases

Years of Service	Annual Rates of Salary Increases for First 10 Years of Service							
	Teachers' Retirement & Pension	Employees' Retirement			Employees' Pension	State Police	Judges	LEOPS
		Regular	Correctional	Legislative				
0	7.25%	5.50%	8.25%	8.00%	5.50%	12.00%	3.50%	8.00%
1	7.25	5.50	7.25	8.00	5.50	12.00	3.50	8.00
2	7.25	5.50	5.75	8.00	5.50	8.75	3.50	6.50
3	7.25	5.50	5.75	8.00	5.50	7.50	3.50	6.50
4	7.25	5.50	5.75	8.00	5.50	6.00	3.50	5.75
5	7.25	5.00	5.00	8.00	5.00	5.00	3.50	5.50
6	7.25	4.50	5.00	8.00	4.50	4.00	3.50	5.50
7	7.25	4.50	5.00	8.00	4.50	4.00	3.50	5.00
8	7.25	4.50	5.00	8.00	4.50	4.00	3.50	5.00
9	7.25	4.50	4.50	8.00	4.50	4.00	3.50	4.50

CORS Municipal assumptions were the same as shown for Employees' Retirement Correctional.

ACTUARIAL ASSUMPTIONS AND METHODS

A. ACTUARIAL ASSUMPTIONS

Rates of Salary Increases

Sample Ages	Annual Rates of Salary Increases for Sample Ages with 10 or More Years of Service							
	Teachers' Retirement & Pension	Employees' Retirement			Employees' Pension	State Police	Judges	LEOPS
		Regular	Correctional	Legislative				
25	7.50%	5.00%	5.75%	8.00%	5.00%	4.50%	3.50%	5.00%
30	7.25	5.00	5.75	8.00	5.00	4.00	3.50	5.00
35	6.75	4.50	4.75	8.00	4.50	3.75	3.50	4.75
40	5.50	4.25	4.75	8.00	4.25	3.50	3.50	4.75
45	4.75	4.00	4.75	8.00	4.00	3.50	3.50	4.25
50	4.25	3.75	4.75	8.00	3.75	3.50	3.50	3.50
55	4.00	3.75	4.50	8.00	3.75	3.50	3.50	3.50
60	3.75	3.50	4.50	8.00	3.50	3.50	3.50	3.50
65	3.50	3.50	3.50	8.00	3.50	3.50	3.50	3.50

CORS Municipal assumptions were the same as shown for Employees' Retirement Correctional.

ACTUARIAL ASSUMPTIONS AND METHODS

A. ACTUARIAL ASSUMPTIONS

Rates of Withdrawal

Sample Ages	Years of Service	Annual Rates of Withdrawal from Active Service													
		Teachers' Retirement & Pension		Employees' Retirement					Employees' Pension		State Police		Judges	LEOPS	
		Male	Female	Regular		Correctional		Legislative	Male	Female	Male	Female		Male	Female
				Male	Female	Male	Female						Male		
All	0	15.00%	14.00%	20.00%	20.00%	18.00%	17.00%	0.00%	20.00%	20.00%	9.50%	11.00%	0.00%	12.00%	16.00%
	1	15.00	14.00	15.00	13.00	18.00	17.00	0.00%	15.00	13.00	7.50	9.00	0.00	10.00	15.00
	2	13.00	12.00	12.00	10.00	14.00	11.00	0.00%	12.00	10.00	5.50	8.00	0.00	9.00	13.00
	3	11.00	10.00	9.00	8.00	12.00	11.00	0.00%	9.00	8.00	4.00	7.00	0.00	8.00	11.00
	4	9.00	8.00	8.00	6.00	8.00	10.00	0.00%	8.00	6.00	3.00	6.00	0.00	7.50	9.00
	5	7.00	7.00	7.00	6.00	8.00	10.00	0.00%	7.00	6.00	3.00	5.00	0.00	7.00	8.00
	6	6.00	6.00	6.00	6.00	7.00	10.00	0.00%	6.00	6.00	3.00	4.00	0.00	6.00	7.00
	7	5.50	5.50	6.00	5.50	7.00	10.00	20.00%	6.00	5.50	2.50	0.67	0.00	5.00	6.00
	8	5.00	5.00	5.00	5.00	7.00	10.00	0.00%	5.00	5.00	2.50	0.67	0.00	4.00	5.00
	9	4.00	5.00	5.00	4.50	4.00	10.00	*	5.00	4.50	2.50	0.67	0.00	2.00	3.00
25	10	4.00	5.00	5.00	4.50	4.00	5.00	*	5.00	4.50	1.00	0.67	0.00	1.50	3.00
30	& Over	4.00	5.00	4.00	3.00	4.00	5.00	*	4.00	3.00	1.00	0.67	0.00	1.50	3.00
35		4.00	5.00	4.00	3.00	4.00	5.00	*	4.00	3.00	1.00	0.67	0.00	1.50	3.00
40		2.00	3.00	3.00	2.50	4.00	5.00	*	3.00	2.50	1.00	0.67	0.00	1.50	3.00
45		1.00	2.50	2.50	2.50	3.00	5.00	*	2.50	2.50	1.00	0.67	0.00	1.50	3.00
50		1.00	1.00	2.50	2.00	3.00	5.00	*	2.50	2.00	1.00	0.67	0.00	1.50	3.00
55		1.00	1.00	2.00	1.50	2.50	2.50	*	2.00	1.50	1.00	0.67	0.00	1.50	3.00
60		1.00	1.00	2.00	1.50	2.50	2.50	*	2.00	1.50	1.00	0.67	0.00	1.50	3.00
65		1.00	1.00	2.00	1.50	2.50	2.50	*	2.00	1.50	1.00	0.67	0.00	1.50	3.00

CORS Municipal assumptions were the same as shown for Employees' Retirement Correctional.

* 20% of legislative members are assumed to withdraw after 8 years and each fourth year thereafter.

ACTUARIAL ASSUMPTIONS AND METHODS

A. ACTUARIAL ASSUMPTIONS

Healthy Retired Mortality

Sample Ages	Actuarial Present Value of \$1 Monthly for Life (Without COLA)											
	Teachers' Retirement & Pension		Employees' Retirement & Pension		Employees' Retirement Correctional & Legislative		State Police		Judges		LEOPS	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
50	\$144.05	\$146.77	\$139.21	\$144.83	\$139.21	\$144.83	\$141.78	\$142.63	\$144.05	\$146.77	\$141.78	\$142.63
55	137.81	141.43	131.36	138.80	131.36	138.80	134.76	135.85	137.81	141.43	134.76	135.85
60	129.52	134.26	121.36	130.83	121.36	130.83	125.62	127.08	129.52	134.26	125.62	127.08
65	119.10	125.08	109.36	120.89	109.36	120.89	114.36	116.46	119.10	125.08	114.36	116.46
70	106.76	114.14	95.75	109.32	95.75	109.32	101.39	104.20	106.76	114.14	101.39	104.20
75	92.85	101.56	80.72	96.13	80.72	96.13	86.87	90.52	92.85	101.56	86.87	90.52
80	77.62	87.65	65.13	81.78	65.13	81.78	71.38	75.75	77.62	87.65	71.38	75.75

Sample Ages	Future Life Expectancy (Years)											
	Teachers' Retirement & Pension		Employees' Retirement & Pension		Employees' Retirement Correctional & Legislative		State Police		Judges		LEOPS	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
50	34.60	37.44	30.84	35.53	30.84	35.53	32.72	33.64	34.60	37.44	32.72	33.64
55	29.90	32.69	26.22	30.81	26.22	30.81	28.05	28.95	29.90	32.69	28.05	28.95
60	25.31	28.03	21.78	26.21	21.78	26.21	23.53	24.42	25.31	28.03	23.53	24.42
65	20.93	23.54	17.65	21.82	17.65	21.82	19.26	20.16	20.93	23.54	19.26	20.16
70	16.87	19.36	13.92	17.79	13.92	17.79	15.36	16.27	16.87	19.36	15.36	16.27
75	13.22	15.54	10.61	14.12	10.61	14.12	11.88	12.78	13.22	15.54	11.88	12.78
80	10.00	12.13	7.79	10.89	7.79	10.89	8.86	9.72	10.00	12.13	8.86	9.72

CORS Municipal assumptions were the same as shown for Employees' Retirement Correctional.

ACTUARIAL ASSUMPTIONS AND METHODS

A. ACTUARIAL ASSUMPTIONS

Disabled Retired Mortality

Sample Ages	Actuarial Present Value of \$1 Monthly for Life (Without COLA)											
	Teachers' Retirement & Pension		Employees' Retirement & Pension		Employees' Retirement Correctional & Legislative		State Police		Judges		LEOPS	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
50	\$121.94	\$126.33	\$109.40	\$123.44	\$109.40	\$123.44	\$104.19	\$123.44	\$121.94	\$126.33	\$104.19	\$123.44
55	115.29	119.00	102.91	115.98	102.91	115.98	97.74	115.98	115.29	119.00	97.74	115.98
60	107.68	111.33	96.42	108.08	96.42	108.08	90.90	108.08	107.68	111.33	90.90	108.08
65	98.74	102.89	89.43	99.17	89.43	99.17	83.10	99.17	98.74	102.89	83.10	99.17
70	88.40	93.21	81.40	89.04	81.40	89.04	74.16	89.04	88.40	93.21	74.16	89.04
75	76.86	82.61	72.27	78.27	72.27	78.27	64.61	78.27	76.86	82.61	64.61	78.27
80	64.81	71.74	62.71	67.40	62.71	67.40	55.40	67.40	64.81	71.74	55.40	67.40

Sample Ages	Future Life Expectancy (Years)											
	Teachers' Retirement & Pension		Employees' Retirement & Pension		Employees' Retirement Correctional & Legislative		State Police		Judges		LEOPS	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
50	24.60	26.62	20.25	25.15	20.25	25.15	18.25	25.15	24.60	26.62	18.25	25.15
55	21.39	23.06	17.78	21.73	17.78	21.73	15.98	21.73	21.39	23.06	15.98	21.73
60	18.35	19.83	15.55	18.62	15.55	18.62	13.86	18.62	18.35	19.83	13.86	18.62
65	15.43	16.85	13.44	15.70	13.44	15.70	11.80	15.70	15.43	16.85	11.80	15.70
70	12.67	14.04	11.39	12.98	11.39	12.98	9.81	12.98	12.67	14.04	9.81	12.98
75	10.12	11.47	9.43	10.53	9.43	10.53	7.99	10.53	10.12	11.47	7.99	10.53
80	7.88	9.23	7.65	8.42	7.65	8.42	6.43	8.42	7.88	9.23	6.43	8.42

CORS Municipal assumptions were the same as shown for Employees' Retirement Correctional.

ACTUARIAL ASSUMPTIONS AND METHODS

A. ACTUARIAL ASSUMPTIONS

Based on the experience study for the period July 1, 2006, through June 30, 2010, we estimate that the current mortality assumption contains the following estimated margin for future improvements:

<u>System</u>	Margin for Improvement*					
	Non-Disabled Retired Mortality			Disabled Retired Mortality		
	<u>Males</u>	<u>Females</u>	<u>Total</u>	<u>Males</u>	<u>Females</u>	<u>Total</u>
Teachers Combined System, Judges	14%	16%	15%	24%	8%	11%
Employees Combined System (Includes CORS)	5%	26%	15%	-5%	15%	5%
State Police, LEOPS	4%	159%	11%	-78%	-47%	-75%

**Margin for future mortality improvement based on the ratio of actual to expected deaths based on the current assumptions. The experience for some of the groups has very limited credibility due to small sample sizes. GRS recommended changes in the mortality assumption from the experience study. The recommended changes have not been adopted as of the date of this valuation report.*

ACTUARIAL ASSUMPTIONS AND METHODS

A. ACTUARIAL ASSUMPTIONS

Rates of Disability

Sample Ages	Annual Rates of Disability															
	Teachers' Retirement *		Teachers' Pension *		Employees' Retirement										Employees' Pension	
					Ordinary					Accidental						
	Male		Female		Regular		Correctional		Legislative	Regular		Correctional		Legislative	Ordinary	
					Male	Female	Male	Female		Male	Female	Male	Female		Male	Female
25	0.007%	0.015%	0.031%	0.028%	0.041%	0.038%	0.298%	0.459%	0.000%	0.010%	0.009%	0.053%	0.081%	0.000%	0.123%	0.087%
30	0.007	0.015	0.031	0.028	0.040	0.037	0.357	0.459	0.000	0.010	0.009	0.063	0.081	0.000	0.122	0.086
35	0.007	0.035	0.031	0.063	0.070	0.065	0.451	0.459	0.000	0.014	0.013	0.080	0.081	0.000	0.211	0.148
40	0.022	0.069	0.102	0.128	0.133	0.120	0.569	0.510	0.000	0.018	0.017	0.101	0.090	0.000	0.400	0.274
45	0.045	0.119	0.204	0.219	0.168	0.178	0.714	0.587	0.000	0.016	0.017	0.126	0.104	0.000	0.507	0.406
50	0.067	0.173	0.306	0.319	0.203	0.255	1.012	0.765	0.000	0.014	0.018	0.179	0.135	0.000	0.613	0.581
55	0.089	0.297	0.408	0.546	0.271	0.353	1.309	1.173	0.000	0.014	0.018	0.231	0.207	0.000	0.818	0.805
60	0.111	0.297	0.510	0.546	0.354	0.488	1.606	2.066	0.000	0.014	0.019	0.284	0.365	0.000	1.069	1.113

* It is assumed that 1% of disability retirements are due to accidents in the performance of duty.

Sample Ages	Annual Rates of Disability											
	Employees' Pension		State Police				Judges		LEOPS			
	Accidental		Ordinary		Accidental				Ordinary		Accidental	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
	25	0.029%	0.020%	0.783%	2.430%	0.522%	1.620%	0.031%	0.028%	0.286%	0.469%	0.190%
30	0.030	0.021	0.998	2.603	0.554	1.446	0.031	0.028	0.366	0.503	0.203	0.279
35	0.042	0.030	1.255	2.627	0.680	1.423	0.031	0.064	0.458	0.507	0.248	0.275
40	0.055	0.038	1.666	3.057	0.787	1.443	0.103	0.129	0.606	0.595	0.286	0.281
45	0.049	0.039	2.233	3.721	0.872	1.454	0.206	0.221	0.813	0.721	0.318	0.282
50	0.044	0.041	3.191	4.885	1.219	1.865	0.309	0.322	1.163	0.947	0.444	0.362
55	0.041	0.041	4.103	7.459	1.590	2.891	0.412	0.552	1.495	1.446	0.579	0.560
60	0.042	0.044	5.032	13.107	1.965	5.118	0.515	0.552	1.834	2.537	0.716	0.991

CORS Municipal assumptions were the same as shown for Employees' Retirement Correctional.

ACTUARIAL ASSUMPTIONS AND METHODS

A. ACTUARIAL ASSUMPTIONS

Rates of Normal Retirement

Ages	Annual Rates of Normal Retirement															
	Teachers' Retirement				Teachers' Pension				Employees' Retirement *				Employees' Pension			
	First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
45	25%	25%	15%	15%	15%	13%	10%	10%	17%	21%	5%	12%	14%	16%	7%	10%
46	25	25	15	15	15	13	10	10	17	21	5	12	14	16	7	10
47	25	25	15	15	15	13	10	10	17	21	5	12	14	16	7	10
48	25	25	15	15	15	13	10	10	17	21	5	12	14	16	7	10
49	25	25	15	15	15	13	10	10	17	21	11	12	14	16	7	10
50	25	25	15	15	15	13	10	10	17	21	11	12	14	16	7	10
51	25	25	15	15	15	13	10	10	17	21	11	12	14	17	7	10
52	25	25	15	15	15	13	10	10	17	21	11	12	14	17	7	10
53	25	25	15	15	15	13	10	10	17	21	11	12	14	17	7	10
54	25	25	15	15	15	13	10	10	17	21	11	15	14	17	7	10
55	25	25	15	15	15	13	10	10	17	21	11	15	14	17	7	10
56	25	25	15	15	15	13	10	10	17	21	11	15	14	17	7	10
57	25	25	15	20	15	24	10	10	17	21	11	15	14	17	7	10
58	25	25	15	20	15	24	10	10	17	21	11	15	14	26	7	11
59	25	25	18	20	20	24	10	10	17	21	11	15	14	26	11	11
60	25	25	18	20	20	24	17	13	17	21	11	15	14	26	11	16
61	25	25	18	20	20	24	17	13	17	21	20	15	14	26	18	16
62	25	25	20	30	20	24	25	24	17	21	40	30	22	26	34	35
63	25	25	18	25	20	7	14	17	17	21	20	22	5	6	14	16
64	25	25	18	20	20	7	14	17	17	21	20	22	5	6	14	16
65	25	25	20	30	20	7	22	20	17	21	20	30	5	6	20	23
66	25	25	18	25	20	7	16	20	17	21	20	22	5	6	15	16
67	25	25	18	20	20	7	16	15	17	21	20	22	5	6	15	16
68	25	25	18	20	20	7	16	15	17	21	20	22	5	6	15	16
69	25	25	18	20	20	7	16	15	17	21	20	22	5	6	15	16
70	25	100	20	20	20	7	16	15	17	21	20	22	5	6	15	16
71	25		20	20	20	7	16	15	17	21	20	22	5	6	15	16
72	25		10	20	20	7	16	15	17	21	20	22	5	6	15	16
73	25		10	20	20	7	16	15	17	21	20	22	5	6	15	16
74	25		10	20	20	7	16	15	17	21	20	22	5	6	15	16
75 & Over	100		100	100	100	100	100	100	100	100	100	100	100	100	100	100

* 100% of Legislative members are assumed to retire at first eligibility.

ACTUARIAL ASSUMPTIONS AND METHODS

A. ACTUARIAL ASSUMPTIONS

Rates of Normal Retirement

Ages	Annual Rates of Normal Retirement															
	Correctional Officers				State Police *				Judges				LEOPS			
	First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
40	24%	24%	12%	12%	30%	30%	30%	30%					53%	53%	15%	15%
41	24	24	12	12	30	30	30	30					53	53	15	15
42	24	24	12	12	30	30	30	30					53	53	15	15
43	24	24	12	12	30	30	30	30					53	53	15	15
44	24	24	12	12	30	30	30	30					53	53	15	15
45	24	24	12	12	30	30	30	30					53	53	15	15
46	24	24	12	12	30	30	30	30					53	53	15	15
47	24	24	12	12	30	30	30	30					53	53	15	15
48	24	24	12	12	30	30	30	30					53	53	15	15
49	24	24	12	12	30	30	30	30					53	53	15	15
50	24	24	12	12	30	30	30	30					23	23	15	15
51	24	24	12	12	30	30	30	30					23	23	15	15
52	24	24	12	12	30	30	30	30					23	23	15	15
53	24	24	12	12	30	30	30	30					23	23	15	15
54	24	24	12	12	30	30	30	30					23	23	15	15
55	24	24	12	12	30	30	60	60					23	23	20	20
56	24	24	12	12	30	30	38	38					23	23	20	20
57	24	24	12	12	30	30	45	45					23	23	20	20
58	24	24	12	12	30	30	60	60					23	23	20	20
59	24	24	12	12	30	30	75	75					23	23	20	20
60	30	30	12	12	100	100	100	100	10%	30%	10%	20%	23	23	30	30
61	30	30	12	12					10	30	10	20	23	23	30	30
62	30	30	31	31					10	30	10	20	100	100	40	40
63	30	30	21	21					10	30	10	20			40	40
64	30	30	21	21					10	30	10	20			40	40
65	99	99	21	21					10	30	10	20			100	100
66	99	99	21	21					10	30	10	20				
67	99	99	21	21					10	30	10	20				
68	99	99	21	21					10	30	20	20				
69	99	99	21	21					10	30	50	50				
70 & Over	100	100	100	100					10	30	100	100				

* 50% of participants are expected to elect DROP participation.

ACTUARIAL ASSUMPTIONS AND METHODS

A. ACTUARIAL ASSUMPTIONS

Rates of Early Retirement

Ages	Annual Rates of Early Retirement *															
	Teachers' Retirement				Teachers' Pension				Employees' Retirement				Employees' Pension			
	First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years		First Year Eligible		Subsequent Years	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
40	3.0%	1.0%	1.0%	1.0%					2.5%	2.0%	2.0%	2.0%				
41	3.0	1.0	1.0	1.0					2.5	2.0	2.0	2.0				
42	3.0	1.0	1.0	1.0					2.5	2.0	2.0	2.0				
43	3.0	1.0	1.0	1.0					2.5	2.0	2.0	2.0				
44	3.0	1.0	1.0	1.0					2.5	2.0	2.0	2.0				
45	3.0	1.0	1.0	1.0					2.5	2.0	2.0	2.0				
46	3.0	1.0	1.0	1.0					2.5	2.0	2.0	2.0				
47	3.0	2.0	1.0	1.0					2.5	2.0	2.0	2.0				
48	3.0	2.0	1.0	1.0					2.5	2.0	2.0	2.0				
49	3.0	2.0	1.0	1.5					2.5	2.0	2.0	2.0				
50	3.0	2.0	1.0	1.5					2.5	2.0	2.0	2.0				
51	3.0	2.0	1.0	1.5					2.5	2.0	4.0	3.0				
52	3.0	2.0	2.0	2.0					2.5	2.0	4.0	3.0				
53	3.0	4.0	2.0	2.5					2.5	2.0	4.0	3.0				
54	3.5	4.0	3.0	2.5					2.5	2.0	4.0	3.0				
55	4.0	6.5	3.0	2.5	2.0%	4.5%	2.0%	4.5%	8.0	9.0	6.0	2.0	3.0%	3.5%	7.0%	10.0%
56	5.0	8.5	3.0	3.5	6.0	4.5	2.5	3.5	8.0	9.0	6.0	2.0	3.0	3.5	2.5	3.5
57	5.5	10.0	3.0	4.5	6.0	4.5	2.5	3.5	8.0	9.0	6.0	2.0	3.0	3.5	2.5	3.5
58	6.0	12.5	3.0	5.0	6.0	4.5	2.5	3.5	8.0	9.0	7.0	6.0	3.0	3.5	2.5	3.5
59	6.5	15.0	3.0	5.5	6.0	8.0	4.5	5.0	8.0	9.0	7.0	6.0	3.0	3.5	4.5	5.5
60					6.0	8.0	4.5	5.0					8.0	8.0	4.5	5.5
61					6.0	8.0	6.0	8.0					8.0	8.0	13.0	13.0
62																

* Divisions without early retirement eligibility are not shown.

ACTUARIAL ASSUMPTIONS AND METHODS

A. ACTUARIAL ASSUMPTIONS

Ages	Probability of Leaving Contributions in the Plan Upon Withdrawal						
	Teachers' Retirement and Pension		Employees' Retirement and Pension		Correctional & Legislative	State Police & LEOPS	Judges
	Male	Female	Male	Female			
20	75.0%	66.7%	87.5%	94.4%	100.0%	100.0%	50.0%
25	91.5	91.3	76.8	86.9	100.0	100.0	50.0
30	90.3	93.0	70.6	87.2	100.0	100.0	100.0
35	88.4	93.5	68.2	84.6	100.0	100.0	100.0
40	100.0	100.0	100.0	100.0	100.0	100.0	100.0

ACTUARIAL ASSUMPTIONS AND METHODS

A. ACTUARIAL ASSUMPTIONS

Social Security Covered Compensation

Teachers' Retirement	Not applicable
Teachers' Pension	Future covered compensation levels, used to estimate member contributions and retirement allowances, were calculated using a 3.5% per annum compounded increase in the 2011 Social Security Maximum Taxable Wage Base.
Employees' Retirement	Not applicable
Employees' Pension	Future covered compensation levels, used to estimate member contributions and retirement allowances, were calculated using a 3.5% per annum compounded increase in the 2011 Social Security Maximum Taxable Wage Base.
State Police Retirement	Not applicable
Judges' Pension	Not applicable
LEOPS	Future covered compensation levels, used to estimate member contributions and retirement allowances, were calculated using a 3.5% per annum compounded increase in the 2011 Social Security Maximum Taxable Wage Base.
Correctional Officers' Retirement System	Not applicable

ACTUARIAL ASSUMPTIONS AND METHODS

B. ACTUARIAL PROCEDURES

1. Asset Valuation Method

Teachers' Retirement & Pension	<p>All six Systems use a method based on the principle that the difference between actual and expected investment returns should be subject to partial recognition to smooth out fluctuations in the total return achieved by the fund from year to year. Under this method, the actuarial value of assets reflects annually one-fifth of the market value gains or losses for the five prior years. The resulting value is restricted to be not less than 80% of market value nor greater than 120% of market value. As of June 30, 2007, the calculation of market gains or losses included the difference between market and actuarial assets as of June 30, 2006.</p>
Employees' Retirement & Pension	
State Police	
Judges	
LEOPS	
Correctional Officers' Retirement System	

For the Employees' Retirement & Pension System and for LEOPS, assets must be allocated between State and Municipal Corporation members. Beginning July 1, 1984, this allocation is based upon actual cash flows and shared investment results.

ACTUARIAL ASSUMPTIONS AND METHODS

B. ACTUARIAL PROCEDURES

2. Funding Method

Teachers' Retirement & Pension	All six Systems use the individual entry age normal method to determine costs. Under this funding method, a total contribution rate is determined which consists of two elements, the normal cost rate and the unfunded actuarial liability (UAL) rate.
Employees' Retirement & Pension	
State Police	The individual Entry Age Normal cost rate is determined as the value, as of age at entry into the plan, of the member's projected future benefits, and divided by the value, also as of the member's entry age, of the member's expected future salary. For purposes of calculating the normal cost rate, the benefit accrual rate and COLA assumption for future service are assumed. The benefit provisions applicable to each member are used in developing his/her individual normal cost rate.
Judges	
LEOPS	
Correctional Officers' Retirement System	In addition to contributions required to meet the System's normal cost, contributions will be required to fund the System's unfunded actuarial liability. Actuarial liability is defined as the present value of future benefits less the present value of future normal costs. The unfunded actuarial liability for all members less the actuarial value of the System's assets. If the System's unfunded actuarial liability is increased by plan changes or actuarial losses or decreased by actuarial gains, these amounts will be included as part of the unfunded actuarial liability and funded over a 25-year amortization period. Actuarial contributions for the Teachers and Employees Systems are based on a corridor method as described elsewhere. A portion of the savings from the 2011 pension reforms passed by the General Assembly are to be reinvested as additional contributions into the Systems. In fiscal year 2012, \$120 million will be reduced from the rates that were certified by the Board from the 2010 valuation. In fiscal year 2013, additional contributions will be made equal to the total savings from the pension reforms less \$120 million. In fiscal years 2014 and later, additional contributions will be made equal to the total savings from the pension reforms, capped at \$300 million.

SUMMARY OF ASSUMPTIONS USED
JUNE 30, 2011
MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Marriage Assumption:	75% of males and females are assumed to be married for purposes of death-in-service benefits.
Pay Increase Timing:	Teachers' Systems assume beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date. All other Systems assume middle of (Fiscal) year. This is equivalent to assuming that reported pays represent the annualized rate of pay at the beginning of the (Fiscal) year.
Decrement Timing:	Decrements of all types are assumed to occur mid-year, except for Teachers' Systems which assumed beginning of year (i.e., July 1) for retirement and termination.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and rounded integer service on the date the decrement is assumed to occur.
Benefit Service:	Exact fractional service is used to determine the amount of benefit payable.
Decrement Operation:	Disability operates during retirement eligibility.
Incidence of Contributions:	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made. New entrant normal cost contributions are applied to the funding of new entrant benefits.
Unused Sick Leave:	Each member is assumed to have an additional 5 months of service at retirement attributable to sick leave.
Unknown Data for Participants:	Average characteristics of the group as a whole are used to fill in the unknown data.
Age of Spouse:	In the absence of complete data, females are assumed to be 4 years younger than males.
Liability Adjustments:	It was assumed optional forms of payment were actuarially equivalent to the normal form of payment.
Reinvested Savings Allocation:	Total savings from the 2011 pension reforms that are to be reinvested in each of the Systems as additional contributions are allocated between the Systems in proportion to the savings.

DEFINITIONS OF TECHNICAL TERMS

Accrued Service - Service credited under the system which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability - The difference between the actuarial present value of system benefits and the actuarial present value of future normal costs. Also referred to as "past service liability."

Actuarial Assumptions - Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method - A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future benefits" between future normal costs and actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent - One series of payments is said to be actuarially equivalent to another series of payments if the two series have the same actuarial present value.

Actuarial Gain (Loss) - The difference between actual unfunded actuarial accrued liabilities and anticipated unfunded actuarial accrued liabilities -- during the period between two valuation dates. It is a measurement of the difference between actual and expected experience.

Actuarial Present Value - The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payments.

Amortization - Paying off an interest-discounted amount with periodic payments of interest and (generally) principal -- as opposed to paying off with a lump sum payment.

Normal Cost - The portion of the actuarial present value of future benefits that is assigned to the current year by the actuarial cost method. Sometimes referred to as "current service cost."

Projected Benefit Obligation - The portion of a member's projected benefit attributable to service before the valuation date - allocated based on the ratio of accrued service to projected total service and based on anticipated future compensation.

Unfunded Actuarial Accrued Liabilities - The difference between actuarial accrued liabilities and valuation assets. Sometimes referred to as "unfunded past service liability" or "unfunded supplemental present value."

Most retirement systems have unfunded actuarial accrued liabilities. They arise each time new benefits are added and each time an actuarial loss occurs.

The existence of unfunded actuarial accrued liabilities is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial accrued liabilities do not represent a debt that is payable today. What is important is the ability to amortize the unfunded actuarial accrued liabilities and the trend in their amount (after due allowance for devaluation of the dollar).

APPENDIX B

MEMBERSHIP INFORMATION

STATE RETIREMENT AND PENSION SYSTEM
SUMMARY OF MEMBERSHIP DATA AS OF JUNE 30, 2011
(STATE AND MUNICIPAL)

		Active Members		Retirees and Beneficiaries				Vested Former Members (Includes Inactives)	Total
		Number	Salary	Number	Benefits	Ave. Age	Avg. Age at Ret.*	Number	Number
Teachers' Retirement	Total	2,589	\$ 225,118,122						
	Vested	2,589	\$ 225,118,122						
	Non-vested	0	\$ -	30,012	\$ 970,280,317	74.6	58.7	750	33,351
Teachers' Pension	Total	102,939	\$ 5,971,858,330						
	Vested	78,620	\$ 4,896,001,619						
	Non-vested	24,319	\$ 1,075,856,711	30,553	\$ 554,569,543	68.0	61.2	21,867	155,359
Employees' Retirement	Total	9,189	\$ 432,469,190						
	Vested	6,066	\$ 311,630,209						
	Non-vested	3,123	\$ 120,838,981	23,230	\$ 450,218,141	72.8	57.8	950	33,369
Employees' Pension	Total	76,264	\$ 3,595,340,448						
	Vested	57,039	\$ 2,853,920,218						
	Non-vested	19,225	\$ 741,420,230	39,339	\$ 463,366,375	67.6	61.7	27,028	142,631
State Police	Total	1,295	\$ 75,551,283						
	Vested	947	\$ 61,001,840						
	Non-vested	348	\$ 14,549,443	2,371	\$ 102,466,376	60.3	48.0	91	3,757
Judges	Total	286	\$ 38,810,261						
	Vested	286	\$ 38,810,261						
	Non-vested	0	\$ -	358	\$ 24,597,570	76.2	65.0	11	655
LEOPS	Total	2,411	\$ 135,176,780						
	Vested	1,771	\$ 106,253,839						
	Non-vested	640	\$ 28,922,941	1,302	\$ 40,920,859	57.3	52.5	214	3,927
CORS	Total	86	\$ 4,475,151						
	Vested	53	\$ 3,162,354						
	Non-vested	33	\$ 1,312,797	6	\$ 252,141	57.4	56.7	0	92
Total Systems	Total	195,059	\$ 10,478,799,565						
	Vested	147,371	\$ 8,495,898,462						
	Non-vested	47,688	\$ 1,982,901,103	127,171	\$ 2,606,671,323	70.1	59.9	50,911	373,141

* Includes normal and early service retirees only.

STATE RETIREMENT AND PENSION SYSTEM
SUMMARY OF MEMBERSHIP DATA AS OF JUNE 30, 2011
(STATE ONLY)

		<u>Active Members</u>		<u>Retirees and Beneficiaries</u>				<u>Vested Former Members (Includes Inactives)</u>	<u>Total Number</u>
		<u>Number</u>	<u>Salary</u>	<u>Number</u>	<u>Benefits</u>	<u>Ave. Age</u>	<u>Avg. Age at Ret.*</u>	<u>Number</u>	
Teachers' Retirement	Total	2,589	\$ 225,118,122						
	Vested	2,589	\$ 225,118,122						
	Non-vested	0	\$ -	30,012	\$ 970,280,317	74.6	58.7	750	33,351
Teachers' Pension	Total	102,939	\$ 5,971,858,330						
	Vested	78,620	\$ 4,896,001,619						
	Non-vested	24,319	\$ 1,075,856,711	30,553	\$ 554,569,543	68.0	61.2	21,867	155,359
Employees' Retirement	Total	8,973	\$ 419,963,817						
	Vested	5,850	\$ 299,124,836						
	Non-vested	3,123	\$ 120,838,981	19,277	\$ 386,274,677	72.0	57.3	890	29,140
Employees' Pension	Total	51,861	\$ 2,599,194,746						
	Vested	39,007	\$ 2,054,741,023						
	Non-vested	12,854	\$ 544,453,723	29,231	\$ 364,635,544	67.4	61.3	20,592	101,684
State Police	Total	1,295	\$ 75,551,283						
	Vested	947	\$ 61,001,840						
	Non-vested	348	\$ 14,549,443	2,371	\$ 102,466,376	60.3	48.0	91	3,757
Judges	Total	286	\$ 38,810,261						
	Vested	286	\$ 38,810,261						
	Non-vested	0	\$ -	358	\$ 24,597,570	76.2	65.0	11	655
LEOPS	Total	1,483	\$ 84,032,452						
	Vested	1,074	\$ 65,384,881						
	Non-vested	409	\$ 18,647,571	1,094	\$ 33,861,735	58.1	52.5	158	2,735
Total Systems	Total	169,426	\$ 9,414,529,011						
	Vested	128,373	\$ 7,640,182,582						
	Non-vested	41,053	\$ 1,774,346,429	112,896	\$ 2,436,685,763	70.1	59.6	44,359	326,681

* Includes normal and early service retirees only.

STATE RETIREMENT AND PENSION SYSTEM
SUMMARY OF MEMBERSHIP DATA AS OF JUNE 30, 2011
(MUNICIPAL ONLY)

		<u>Active Members</u>		<u>Retirees and Beneficiaries</u>				<u>Vested Former Members (Includes Inactives)</u>	<u>Total Number</u>
		<u>Number</u>	<u>Salary</u>	<u>Number</u>	<u>Benefits</u>	<u>Avg. Age</u>	<u>Avg. Age at Ret.*</u>	<u>Number</u>	
Employees' Retirement	Total	216	\$ 12,505,373						
	Vested	216	\$ 12,505,373						
	Non-vested	0	\$ -	3,953	\$ 63,943,464	76.7	60.4	60	4,229
Employees' Pension	Total	24,403	\$ 996,145,702						
	Vested	18,032	\$ 799,179,195						
	Non-vested	6,371	\$ 196,966,507	10,108	\$ 98,730,831	68.3	63.1	6,436	40,947
LEOPS	Total	928	\$ 51,144,328						
	Vested	697	\$ 40,868,958						
	Non-vested	231	\$ 10,275,370	208	\$ 7,059,123	53.2	52.1	56	1,192
CORS	Total	86	\$ 4,475,151						
	Vested	53	\$ 3,162,354						
	Non-vested	33	\$ 1,312,797	6	\$ 252,141	57.4	56.7	0	92
Total Systems	Total	25,633	\$ 1,064,270,554						
	Vested	18,998	\$ 855,715,880						
	Non-vested	6,635	\$ 208,554,674	14,275	\$ 169,985,560	70.4	62.2	6,552	46,460

* Includes normal and early service retirees only.

ACTIVE MEMBERSHIP INFORMATION

Maryland State Retirement and Pension System				
Active Membership Statistics				
June 30, 2011				
System	Number	Average Age	Average Service	Average Salary
Teachers' Retirement	2,589	61.3	35.8	\$ 86,952
Teachers' Pension	102,939	44.8	11.4	58,014
Employees' Retirement – State	1,009	59.8	35.7	66,389
Employees' Retirement – Municipal	216	60.2	35.3	57,895
Employees' Retirement – Legislators	182	54.5	10.1	43,643
Employees' Retirement – Correctional Officers	7,782	40.9	9.7	44,337
Employees' Retirement – Total	<u>9,189</u>	<u>43.7</u>	<u>13.2</u>	<u>47,064</u>
Employees' Pension – State	51,861	48.1	12.9	50,118
Employees' Pension – Municipal	24,403	48.9	10.8	40,821
Employees' Pension – Total	<u>76,264</u>	<u>48.3</u>	<u>12.2</u>	<u>47,143</u>
State Police	1,295	35.0	10.5	58,341
Judges	286	57.9	9.5	135,700
LEOPS – State	1,483	41.6	10.9	56,664
LEOPS – Municipal	928	38.5	10.1	55,112
LEOPS – Total	<u>2,411</u>	<u>40.4</u>	<u>10.6</u>	<u>56,067</u>
CORS	86	42.6	9.3	52,037
TOTAL SYSTEMS	195,059	46.3	12.1	53,721
	Teachers' Retirement		Employees' Retirement	
	Number	Earnings	Number	Earnings
Unlimited COLA	1,611	\$ 142,134,211	764	\$ 49,620,764
5% COLA Cap	627	53,170,990	368	23,913,764
Bifurcate	351	29,812,921	93	5,957,458
	<u>2,589</u>	<u>\$ 225,118,122</u>	<u>1,225</u>	<u>\$ 79,491,986</u>

ACTIVE MEMBERSHIP – AGE & SERVICE DISTRIBUTION JUNE 30, 2011

TEACHERS' COMBINED SYSTEM

Age Nearest Birthday	Years of Service at Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	178							178	\$ 7,161,935
20-24	2,042	45						2,087	81,645,550
25-29	7,732	3,890	19					11,641	526,091,385
30-34	3,337	7,167	2,123	4				12,631	661,127,568
35-39	2,410	3,364	4,699	1,055	6			11,534	679,769,762
40-44	2,501	2,977	3,247	3,274	871	6		12,876	786,527,742
45-49	2,313	2,836	2,561	1,642	2,077	678	17	12,124	714,855,429
50-54	1,788	2,858	2,819	1,677	1,520	1,622	724	13,008	768,413,589
55-59	1,078	2,132	2,578	2,016	1,810	1,368	3,068	14,050	921,449,005
60	187	323	396	376	395	300	843	2,820	195,448,725
61	134	289	355	323	358	263	729	2,451	172,721,131
62	126	273	325	265	365	243	638	2,235	153,372,443
63	117	213	270	217	259	207	548	1,831	126,639,786
64	87	228	213	178	264	186	441	1,597	110,407,498
65	68	149	185	134	170	135	359	1,200	82,177,664
66	42	121	111	78	101	104	205	762	51,517,048
67	43	83	97	50	80	83	190	626	42,136,693
68	27	78	63	30	45	54	167	464	31,372,212
69	15	67	61	24	38	32	127	364	23,537,415
70	13	44	43	15	33	25	99	272	16,921,154
71	19	30	20	15	15	18	69	186	11,014,722
72	15	24	18	5	10	7	38	117	7,252,466
73	13	17	18	8	13	6	30	105	5,333,670
74	9	11	10	6	2	5	26	69	4,063,359
75	12	7	15	2	9	4	43	92	5,243,614
76	6	11	5	3	4	2	18	49	2,652,870
77	2	6	6	6	5	5	14	44	2,040,007
78	5	4	5	3		1	15	33	1,912,433
79		11	15	6	7	5	38	82	4,169,577
Totals	24,319	27,258	20,277	11,412	8,457	5,359	8,446	105,528	\$6,196,976,452

**ACTIVE MEMBERSHIP – AGE & SERVICE DISTRIBUTION
JUNE 30, 2011**

EMPLOYEES' COMBINED SYSTEM

Age Nearest Birthday	Years of Service at Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	264							264	\$ 8,666,073
20-24	1,538	109						1,647	52,206,930
25-29	3,814	1,408	46					5,268	195,435,200
30-34	3,013	2,526	807	22				6,368	264,812,465
35-39	2,593	2,285	2,096	450	26			7,450	331,082,203
40-44	2,702	2,460	2,539	1,515	911	103		10,230	476,028,438
45-49	2,741	2,594	2,639	1,592	1,908	1,339	145	12,958	620,803,702
50-54	2,413	2,451	2,579	1,636	1,947	1,990	1,409	14,425	715,926,628
55-59	1,735	2,012	2,165	1,440	1,620	1,605	2,665	13,242	681,990,299
60	254	308	354	250	303	275	548	2,292	119,002,369
61	256	324	353	227	266	253	498	2,177	112,653,448
62	207	309	313	212	232	190	416	1,879	96,212,835
63	191	252	277	173	160	136	324	1,513	79,292,528
64	144	230	260	146	147	108	256	1,291	66,606,602
65	100	203	181	122	131	91	185	1,013	52,500,198
66	67	125	113	96	86	68	130	685	34,576,013
67	69	101	111	77	71	45	94	568	27,303,165
68	68	81	99	60	48	49	72	477	21,928,750
69	45	70	71	45	47	31	78	387	17,971,367
70	28	52	58	34	29	28	44	273	11,577,704
71	33	45	41	17	31	16	29	212	8,721,908
72	13	36	45	19	22	14	32	181	7,724,078
73	11	25	31	23	12	16	24	142	5,912,776
74	11	23	29	15	17	6	19	120	4,778,782
75	12	17	25	9	10	10	10	93	3,131,118
76	7	13	17	13	13	6	10	79	2,928,304
77	7	16	20	6	4	4	10	67	2,467,327
78	2	4	7	3	5	5	5	31	1,409,760
79	11	20	28	12	17	13	20	121	4,158,668
Totals	22,349	18,099	15,304	8,214	8,063	6,401	7,023	85,453	\$4,027,809,638

ACTIVE MEMBERSHIP – AGE & SERVICE DISTRIBUTION JUNE 30, 2011

STATE POLICE

Age Nearest Birthday	Years of Service at Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	7							7	\$ 166,572
20-24	123	4						127	4,939,704
25-29	144	117	5					266	12,753,909
30-34	38	84	95	5				222	12,264,658
35-39	20	53	84	83	2			242	15,231,087
40-44	13	25	54	93	81			266	18,431,469
45-49	2	15	15	30	53	4	1	120	8,494,744
50-54	1	3	5	9	10	5	2	35	2,490,137
55-59		1	3		1	1	4	10	779,003
60								0	0
Totals	348	302	261	220	147	10	7	1,295	\$75,551,283

**ACTIVE MEMBERSHIP – AGE & SERVICE DISTRIBUTION
JUNE 30, 2011**

JUDGES

Age Nearest Birthday	Years of Service at Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20								0	\$ 0
20-24								0	0
25-29								0	0
30-34								0	0
35-39	1							1	127,252
40-44	5	1						6	789,712
45-49	11	13	2					26	3,413,354
50-54	18	20	11	4				53	7,196,759
55-59	16	23	19	17				75	10,143,581
60	1	2	2	5				10	1,434,420
61	1	6	6	7				20	2,698,040
62	1	5	8	5				19	2,546,710
63	1	4	3	8				16	2,150,613
64	4	2	3	6				15	2,065,080
65	1	3	2	4				10	1,386,220
66	1	4	1	4				10	1,395,420
67		1		4				5	697,560
68	3	1	1	5				10	1,392,120
69			1	5				6	825,112
70	1			3				4	548,308
71								0	0
72								0	0
73								0	0
74								0	0
75								0	0
76								0	0
77								0	0
78								0	0
79								0	0
Totals	65	85	59	77	0	0	0	286	\$38,810,261

ACTIVE MEMBERSHIP – AGE & SERVICE DISTRIBUTION JUNE 30, 2011

LEOPS

Age Nearest Birthday	Years of Service at Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20								0	\$ 0
20-24	105	9						114	4,685,472
25-29	178	101	5					284	12,829,943
30-34	103	172	71	2				348	17,211,000
35-39	64	110	118	47	4			343	18,651,066
40-44	66	98	134	140	60	5		503	29,421,823
45-49	53	51	47	71	137	22	1	382	24,519,564
50-54	36	31	27	35	44	23	12	208	13,420,567
55-59	27	42	13	17	17	13	13	142	8,765,301
60	2	6	3	5	1	1	3	21	1,396,105
61	2	1	5	4	4		8	24	1,621,395
62	2	2	3	3				10	660,856
63	2	6	2				2	12	744,118
64		1	1	3		1	1	7	445,697
65		4		2			1	7	463,970
67								0	0
68		1		1	1			3	170,514
69								0	0
Totals	640	636	429	332	268	65	41	2,411	\$135,176,780

**ACTIVE MEMBERSHIP – AGE & SERVICE DISTRIBUTION
JUNE 30, 2011**

CORS

Age Nearest Birthday	Years of Service at Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20								0	\$ 0
20-24	3							3	116,238
25-29	7							7	280,828
30-34	6	3	2					11	496,840
35-39	5	3	7	1				16	820,212
40-44	4	2	2	2				10	496,583
45-49	3	2	1	1	1	1		9	471,767
50-54	4	4	2	5		5	1	21	1,298,868
55-59	1		3			1		5	297,492
60		2						2	93,766
63								0	0
69								0	0
Totals	33	17	18	9	1	7	1	86	\$4,475,151

RETIRED MEMBERSHIP STATISTICS
JUNE 30, 2011
(STATE AND MUNICIPAL)

System	Number	Average Age	Average Credited Service*	Average Final Average Salary*	Average Benefit
Teachers' Retirement	30,012	74.6	27.9	\$ 46,004	\$ 32,330
Teachers' Pension	30,553	68.0	21.9	51,103	18,151
Employees' Retirement – State	19,277	72.0	24.1	\$ 33,458	\$ 20,038
Employees' Retirement – Municipal	3,953	76.7	23.3	26,279	16,176
Employees' Retirement – Total	<u>23,230</u>	72.8	23.9	32,235	19,392
Employees' Pension – State	29,231	67.4	20.3	\$ 39,238	\$ 12,474
Employees' Pension – Municipal	10,108	68.3	16.7	32,626	9,768
Employees' Pension – Total	<u>39,339</u>	67.6	19.4	37,539	11,779
State Police	2,371	60.3	24.1	\$ 47,384	\$ 43,217
Judges	358	76.2	14.0	\$ 134,997	\$ 68,708
LEOPS – State	1,094	58.1	23.5	\$ 53,258	\$ 30,952
LEOPS – Municipal	208	53.2	23.1	59,962	33,938
LEOPS – Total	<u>1,302</u>	57.3	23.5	54,329	31,429
CORS – Municipal	6	57.4	30.7	\$ 75,286	\$ 42,024
Total - State	112,896	70.1	23.5	\$ 43,871	\$ 21,583
Total - Municipal	<u>14,275</u>	70.4	18.6	31,264	11,908
TOTAL SYSTEMS	<u>127,171</u>	70.1	22.9	42,456	20,497

* Only non-zero values included in averages.

RETIRED MEMBERSHIP STATISTICS –BY TYPE
JUNE 30, 2011
(STATE AND MUNICIPAL)

System	Service Retirees		Disabilities		Beneficiaries	
	Number	Average Age	Number	Average Age	Number	Average Age
Teachers' Retirement	26,709	74.5	978	73.4	2,325	77.3
Teachers' Pension	26,651	68.8	3,032	61.2	870	67.5
Employees' Retirement – State	14,946	72.1	1,629	61.7	2,702	77.8
Employees' Retirement – Municipal	3,011	76.7	318	73.1	624	78.7
Employees' Retirement – Total	<u>17,957</u>	72.8	<u>1,947</u>	63.5	<u>3,326</u>	78.0
Employees' Pension – State	22,762	68.9	4,937	60.5	1,532	68.2
Employees' Pension – Municipal	7,391	70.7	2,190	59.9	527	68.3
Employees' Pension – Total	<u>30,153</u>	69.3	<u>7,127</u>	60.3	<u>2,059</u>	68.2
State Police	1,539	61.7	579	52.4	253	69.7
Judges	250	75.0	5	69.2	103	79.3
LEOPS – State	810	60.3	224	50.5	60	57.1
LEOPS – Municipal	151	55.7	53	46.0	4	51.9
LEOPS – Total	<u>961</u>	59.6	<u>277</u>	49.6	<u>64</u>	56.8
CORS – Municipal	6	57.4				
Total - State	93,667	70.8	11,384	61.3	7,845	74.2
Total - Municipal	<u>10,559</u>	72.2	<u>2,561</u>	61.2	<u>1,155</u>	73.9
TOTAL SYSTEMS	<u>104,226</u>	70.9	<u>13,945</u>	61.3	<u>9,000</u>	74.2

RETIRED MEMBERSHIP – ATTAINED AGE
JUNE 30, 2011
(STATE AND MUNICIPAL)

Attained Age	Teachers'		Employees		State Police		Judges		LEOPS		CORS (Municipal)		Total	
	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits
Under 30	26	\$ 529,086	44	\$ 517,827	6	\$ 153,535	-	-	11	\$ 216,802	-	-	87	\$ 1,417,251
30-34	25	554,741	56	978,136	16	538,409	-	-	10	303,653	-	-	107	2,374,938
35-39	54	1,439,741	147	2,833,772	58	2,411,050	-	-	30	985,902	-	-	289	7,670,466
40-44	110	2,651,946	496	9,670,714	145	6,642,665	-	-	66	2,274,171	-	-	817	21,239,496
45-49	203	4,425,332	1,349	25,732,736	305	13,757,460	-	-	129	4,581,227	-	-	1,986	48,496,755
50-54	551	13,172,178	2,780	53,862,033	294	13,208,664	2	\$ 63,626	256	8,567,741	2	\$ 71,928	3,885	88,946,170
55-59	3,210	100,099,181	5,538	106,870,507	322	14,431,694	3	107,008	293	9,599,166	2	56,582	9,368	231,164,139
60-64	12,551	347,667,694	11,303	188,601,525	417	17,768,136	35	2,640,656	268	8,093,396	1	55,484	24,575	564,826,891
65-69	14,175	351,511,301	12,334	178,577,676	306	12,908,706	49	3,520,178	136	3,656,614	1	68,147	27,001	550,242,621
70-74	10,374	244,997,486	9,879	124,504,354	236	8,850,003	81	5,861,535	61	1,625,579	-	-	20,631	385,838,956
75-79	8,053	191,774,273	7,885	95,147,211	150	5,795,468	70	4,744,447	31	778,509	-	-	16,189	298,239,908
80-84	6,037	145,777,851	5,655	67,757,040	67	2,868,569	55	3,594,904	9	200,302	-	-	11,823	220,198,666
85-89	3,381	77,307,993	3,425	39,799,283	39	2,372,688	40	2,489,028	2	37,798	-	-	6,887	122,006,789
90-94	1,387	30,920,832	1,340	14,795,129	6	377,765	18	1,303,061	-	-	-	-	2,751	47,396,787
95-99	371	10,515,845	303	3,485,961	4	381,564	5	273,127	-	-	-	-	683	14,656,497
100-104	51	1,293,837	33	439,663	-	-	-	-	-	-	-	-	84	1,733,500
105-109	6	210,542	2	10,948	-	-	-	-	-	-	-	-	8	221,490
	60,565	\$ 1,524,849,860	62,569	\$ 913,584,516	2,371	\$ 102,466,376	358	\$ 24,597,570	1,302	\$ 40,920,859	6	\$ 252,141	127,171	\$ 2,606,671,323

RETIRED MEMBERSHIP* – BY CALENDAR YEAR OF RETIREMENT
JUNE 30, 2011
(STATE AND MUNICIPAL)

Attained Age	Teachers'		Employees		State Police		Judges		LEOPS		CORS (Municipal)		Total	
	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits
Before 1981	1,542	\$ 44,906,869	921	\$ 15,869,644	66	\$ 2,464,248	1	\$ 52,145	-	-	-	-	2,530	\$ 63,292,906
1981	443	11,028,464	360	5,329,923	26	885,548	2	178,403	-	-	-	-	831	17,422,338
1982	507	12,043,280	339	4,355,558	22	736,399	-	-	-	-	-	-	868	17,135,237
1983	716	17,697,402	499	6,841,738	34	1,087,947	2	187,136	-	-	-	-	1,251	25,814,223
1984	695	17,621,756	653	9,148,238	42	1,338,147	-	-	-	-	-	-	1,390	28,108,141
1985	636	14,516,546	561	7,835,859	46	1,599,497	6	486,873	-	-	-	-	1,249	24,438,775
1986	820	19,408,665	618	8,266,961	37	1,262,871	3	271,971	-	-	-	-	1,478	29,210,467
1987	704	16,330,703	741	10,405,855	38	1,334,447	6	519,752	-	-	-	-	1,489	28,590,756
1988	827	21,152,105	838	11,899,591	41	1,330,409	4	365,539	-	-	-	-	1,710	34,747,645
1989	990	24,956,299	859	12,689,248	51	2,034,103	3	151,687	-	-	-	-	1,903	39,831,337
1990	1,011	25,805,598	895	12,597,214	44	1,649,481	7	626,107	11	\$ 261,796	-	-	1,968	40,940,196
1991	1,205	34,652,939	1,128	16,333,039	42	1,737,508	2	187,136	14	398,966	-	-	2,391	53,309,588
1992	1,794	52,991,851	1,374	19,499,349	88	3,736,595	6	496,959	17	494,953	-	-	3,279	77,219,707
1993	1,419	37,096,400	1,293	16,763,374	61	2,457,728	5	351,388	13	354,977	-	-	2,791	57,023,867
1994	1,516	36,940,757	1,367	17,630,072	66	2,754,381	5	404,547	11	331,719	-	-	2,965	58,061,477
1995	1,688	40,203,893	1,608	21,523,065	54	2,272,044	12	960,423	13	384,906	-	-	3,375	65,344,332
1996	1,867	45,621,650	2,727	41,848,826	76	3,004,089	8	712,520	13	375,595	-	-	4,691	91,562,680
1997	1,977	48,319,018	1,886	26,620,441	57	2,243,160	7	631,441	16	333,930	-	-	3,943	78,147,989
1998	2,149	54,672,062	1,729	21,401,304	60	2,384,219	7	470,835	18	469,164	-	-	3,963	79,397,584
1999	2,597	67,812,813	1,833	24,091,446	61	2,846,294	10	892,432	32	697,144	-	-	4,533	96,340,129
2000	2,605	65,751,209	2,012	25,282,966	135	6,394,648	10	945,355	69	1,950,250	-	-	4,831	100,324,429
2001	2,537	63,970,342	2,077	27,883,347	95	4,593,056	10	768,179	98	3,174,726	-	-	4,817	100,389,649
2002	2,679	66,141,818	2,329	31,918,216	89	4,551,839	10	847,769	87	2,849,734	-	-	5,194	106,309,376
2003	2,656	67,841,837	2,779	41,119,700	103	5,431,310	11	937,025	91	3,330,168	-	-	5,640	118,660,040
2004	3,047	78,498,012	3,114	47,613,755	96	4,704,703	14	1,065,741	81	2,677,347	-	-	6,352	134,559,558
2005	3,075	74,481,894	3,319	51,057,761	114	5,201,163	14	1,132,022	94	3,220,769	-	-	6,616	135,093,608
2006	2,692	66,522,897	3,005	45,789,501	87	3,916,567	16	1,157,132	87	2,842,180	-	-	5,887	120,228,278
2007	2,985	77,709,811	3,307	53,048,026	99	4,194,855	22	1,693,852	91	2,834,560	-	-	6,504	139,481,105
2008	3,008	76,765,866	3,388	54,554,767	82	3,523,047	13	1,039,164	95	3,194,077	-	-	6,586	139,076,920
2009	2,868	68,788,404	3,433	54,308,056	69	3,136,865	17	1,378,301	120	3,979,286	-	-	6,507	131,590,912
2010	3,404	91,636,760	3,973	68,804,260	74	3,859,288	15	1,254,506	97	3,328,791	3	\$ 106,653	7,566	168,990,258
2011	711	15,916,056	2,219	42,264,625	63	2,858,474	7	605,833	70	2,544,978	3	145,488	3,073	64,335,453
	57,370	\$ 1,457,803,976	57,184	\$ 854,595,723	2,118	\$ 91,524,929	255	\$ 20,772,172	1,238	\$ 40,030,017	6	\$ 252,141	118,171	\$ 2,464,978,959

* Does not include beneficiaries.

APPENDIX C

SUMMARY OF PLAN PROVISIONS

TABLE OF CONTENTS

	<u>Page</u>
Teachers' Retirement System	C-2
Teachers' Pension System	C-7
Employees' Retirement System	C-12
Employees' Pension System	C-19
State Police Retirement System	C-25
Judges' Retirement System	C-29
Law Enforcement Officers' Pension System	C-32

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

1. Membership

System closed to new members hired on or after January 1, 1980. Members on December 31, 1979 continue to be members unless they elected to transfer into the Teachers' Pension System (established January 1, 1980) prior to January 1, 2005.

Membership includes any teacher, helping teacher, principal, supervisor, superintendent, or clerk employed in public day school within the State of Maryland, or controlled by the State; any librarian or clerical employee of a library established or operated under the Education Article; any professional or clerical employee of a community college established or operated under the Education Article; or staff employee of the University System of Maryland, Morgan University or St. Mary's College who is a member as of January 1, 1998.

2. Member Contributions

Retirement System members participate under one of three elections (effective July 1, 1984):

- Plan A: Generally 7% of earnable compensation to maintain all benefits, including unlimited compounded cost-of-living adjustments.
- Plan B: Generally 5% of earnable compensation to maintain all benefits, except the compounded cost-of-living adjustments which are capped at 5%.
- Plan C: 5% of earnable compensation as determined under the employee contribution for the Teachers' Pension System (Plan C provides a two-part benefit based on benefits of the Teachers' Retirement System and the Teachers' Pension System).

Interest earned on all employee contributions is 4% per year.

3. Service Retirement Allowance

Eligibility: 30 years of eligibility service or attainment of age 60.

Allowance: $1/55^{\text{th}}$ of average final compensation for the three highest years as a member for each year of creditable service. Creditable service is based on a full normal working time for teachers – ten months equals one year.

Plan C: For creditable service before election date, the amount determined by the service retirement formula for Teachers' Retirement System; for creditable service after election date, the amount determined by the service retirement formula for the Teachers' Pension System.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

4. Early Retirement Allowance

Eligibility: 25 years of eligibility service.

Allowance: Service Retirement allowance reduced by .005 for each month that date of retirement precedes the earlier of age 60 or the date the member would have completed 30 years of eligibility service. The maximum reduction is 30%.

Plan C: For creditable service before election date, the amount determined by the service retirement formula for Teachers' Retirement System with a maximum reduction of 30%; for creditable service after election date, the amount determined by the service retirement formula for the Teachers' Pension System with a .005 reduction for each month retirement occurs prior to age 62 (maximum reduction of 42%).

5. Disability Retirement Allowance

Ordinary

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is permanent.

Allowance: The benefit is 1/55th of average final compensation for the three highest years as a member for each year of creditable service. The minimum benefit is 25% of average final compensation; the maximum benefit can be no greater than 1/55th of average final compensation for each year of creditable service the member would have accrued if employment continued to age 60.

Plan C: The benefit is the greater of the Teachers' Retirement System allowance noted above, or the ordinary disability benefit of the Teachers' Pension System.

Accidental

Eligibility: Certification of the medical board designated by the Board of Trustees that member is totally and permanently incapacitated from the performance of the normal duties of the member's position as the natural and proximate result of an accident that occurred in the actual performance of duty.

Allowance: The benefit is 66 2/3% of average final compensation for the three highest years as a member, plus the annuity provided by accumulated member contributions. The maximum benefit cannot be greater than the average final compensation.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

6. Death Benefits

Eligibility: One year of eligibility service.

Benefit: One time lump sum payment of member's annual earnable compensation at time of death plus accumulated contributions. If member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

Spouse Law

Eligibility: Surviving spouse designated as the sole primary beneficiary and the deceased member was eligible to retire or was age 55 with at least 15 years of eligibility service.

Benefit: Surviving spouse may elect a one time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions, or a monthly allowance under Option 2 (100% survivor benefit).

Special Death Benefit

Eligibility: Killed in line of duty.

Benefit: 66 2/3% of average final compensation for the three highest years as a member payable to a surviving spouse, dependent children or dependent parents. Accumulated member contributions are paid to the designated beneficiary(ies).

Note: Death benefits outlined above are payable upon death of an active member. If member is not active, only accumulated member contributions are payable at time of death.

7. Vested Retirement Allowance

Eligibility: Five years of eligibility service.

Allowance: Accrued retirement allowance payable at age 60, provided member does not withdraw accumulated contributions.

8. Cost-of-Living Adjustments (COLA)

Retirement allowances may be adjusted based on the Consumer Price Index. The adjustments are effective July 1 for all benefits which have been in payment for one year.

- Plan A: Unlimited and compounded.
- Plan B: Capped at 5% and compounded.
- Plan C: Combination of COLA for Plan A or Plan B - depending on member election prior to electing Plan C - for benefit calculated under the Teachers' Retirement System, plus capped 3% compounded COLA on benefit calculated under the Teachers' Pension System.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

In years in which COLAs would be less than zero due to a decline in the Consumer Price Index, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

9. Optional Forms of Payment

Normal service allowance is a single life annuity.

Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.

Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 3: 50% joint and survivor annuity.

Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.

Option 5: 100% "pop-up" joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 6: 50% "pop-up" joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

For Option 5 and 6 – If the designated beneficiary predeceases the retiree, a new beneficiary may be named. However, the retirement allowance will be re-calculated.

Retirees who are to receive a service retirement, early service retirement, disability benefit, or vested allowance of less than \$50 a month may elect to receive a lump-sum payment equal to the present value in lieu of a monthly benefit.

10. Reduction for Benefits Payable under Workers' Compensation

Disability retirement allowances, excluding annuity reserves, are reduced for workers' compensation benefits payable after retirement from injury occurring during employment by the State if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid for the same period of time for which the retirement benefits are paid.

11. Change in Benefits

Effective April 2010, the July 2010 cost-of-living adjustment for eligible retirees was determined to be 0.00 with the actual negative adjustment (-.0356) to be offset against a future positive cost-of-living adjustment.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

Effective July 1, 2011, in years in which COLAs would be less than zero due to a decline in the Consumer Price Index, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

Effective July 1, 2011, the number of years a retiree of the Teachers' Retirement System must wait in order to be exempt from a reemployment earnings limitation if the retiree is hired by the individual's last employer prior to retirement is reduced to five years.

TEACHERS' PENSION SYSTEM OF THE STATE OF MARYLAND

1. Membership

Membership is a condition of employment for all teachers hired on or after January 1, 1980. Certain eligible higher education employees may elect to join an optional defined contribution program provided by the State. Included in the definition of teacher is any teacher, helping teacher, principal, supervisor, superintendent, or clerk employed in public day school within the State of Maryland, or controlled by the State; any faculty employee of an educational institution supported or controlled by the State; any librarian or clerical employee of a library established or operated under the Education Article; any professional or clerical employee of a community college established or operated under the Education Article.

All members of the Teacher's Pension System participate in the Alternate Contributory Pension Selection (ACPS) except for the few members who transferred from the Teachers' Retirement System after April 1, 1998 or former vested members who terminated employment prior to July 1, 1998.

2. Member Contributions

Members are required to make contributions of 5% of earnable compensation. Effective July 1, 2011, members are required to make contributions of 7% of earnable compensation.

Contributions earn interest at 5% per year.

3. Service Retirement Allowance

Eligibility - 30 years of eligibility service or attainment of one of the following:

- Age 62 with 5 years of eligibility service.
- Age 63 with 4 years of eligibility service.
- Age 64 with 3 years of eligibility service.
- Age 65 and older with 2 years of eligibility service.

Allowance - The greater of (i) or (ii), plus (iii), as described below:

- (i) 1.2% of average final compensation for the three highest consecutive years as an employee for each year of creditable service on or before June 30, 1998;
- (ii) 0.8% of average final compensation for the three highest consecutive years as an employee up to the Social Security integration level plus 1.5% of average final compensation over the integration level for each year of creditable service on or before June 30, 1998;
- (iii) 1.8% of average final compensation for the three highest consecutive years as an employee for each year of creditable service after June 30, 1998.

TEACHERS' PENSION SYSTEM OF THE STATE OF MARYLAND

The Social Security integration level (SSIL) is the average of all Social Security Wage Bases over the thirty –five (35) calendar years prior to your retirement. Eligibility service is given based on a full normal working time in one year equal to ten months.

Note: Members who transferred into the Teachers' Pension System, on or after April, 1, 1998, receive benefits based on the provisions of the NCPS (refer to page C-17) as in effect of January 1, 1980 except for COLA benefits. The COLAs are capped at a maximum of 3% compounded annually.

4. Early Retirement Allowance

Eligibility: Attainment of age 55 with at least 15 years of eligibility service.

Allowance: Service retirement allowance computed as of early retirement date, reduced by .005 for each month that early retirement date precedes age 62 (maximum reduction is 42%).

5. Disability Retirement Allowance

Ordinary

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is permanent.

Allowance: The benefit is the service retirement allowance computed on the basis that service continues until age 62 without any change in rate of earnable compensation. If disability occurs after age 62, the benefit is based on creditable service at time of retirement.

Accidental

Eligibility: Certification of the medical board designated by the Board of Trustees that member is totally and permanently incapacitated from the performance of the normal duties of the member's position as the natural and proximate result of an accident that occurred in the actual performance of duty.

Allowance: The benefit is 66 2/3% of average final compensation for the three highest consecutive years as a member plus the annuity provided by accumulated member contributions. The maximum benefit cannot be greater than the average final compensation.

TEACHERS' PENSION SYSTEM OF THE STATE OF MARYLAND

6. Death Benefits

Eligibility: One year of eligibility service.

Benefit: One time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions. If member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

Spouse Law

Eligibility: Surviving spouse designated as the sole primary beneficiary and the deceased member was eligible to retire or had at least 25 years of eligibility service, or was at least 55 years old with at least 15 years of eligibility service.

Benefit: Surviving spouse may elect one time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions or a monthly allowance under Option 2 (100% survivor benefit).

Special Death Benefit

Eligibility: Killed in line of duty.

Benefit: 66 2/3% of average final compensation for the three highest consecutive years as a member payable to a surviving spouse, dependent children or dependent parents. Accumulated contributions are paid to the designated beneficiary(ies).

Note: Death benefits outlined above are payable upon death of an active member. If member is not active, only accumulated member contributions are payable at time of death.

7. Vested Retirement Allowance

Eligibility: Five years of eligibility service.

Allowance: Accrued retirement allowance payable at age 62 provided member does not withdraw accumulated contributions. A member who has completed 15 years of eligibility service may begin to receive benefit payments at any time on or after attainment of age 55, reduced by .005 for each month that benefit commencement date precedes age 62.

If member does not commence to receive benefit payments, and dies before attaining age 62, only accumulated member contributions are returned.

TEACHERS' PENSION SYSTEM OF THE STATE OF MARYLAND

8. Cost-of-Living Adjustments (COLA)

Retirement allowances may be adjusted each year based on the Consumer Price Index. Effective July 1, 1998, the adjustment is capped at a maximum 3% compounded and is applied to all benefits which have been in payment for one year. For benefits attributable to service on or after July 1, 2011, the increase is capped at the lesser of 2.5% and increase in CPI if the most recent calendar year market value rate of return was greater than or equal to the assumed rate (currently 7.75% as approved by the Board of Trustees). The increase is capped at the lesser of 1% and increase in CPI if the market value return was less than the assumed rate of 7.75%.

In years in which COLAs would be less than zero due to a decline in the Consumer Price Index, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

Any adjustments are effective July 1.

9. Optional Forms of Payment

Normal service allowance is a single life annuity.

Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.

Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 3: 50% joint and survivor annuity.

Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.

Option 5: 100% "pop-up" joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 6: 50% "pop-up" joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

For Option 5 and 6 – If the designated beneficiary predeceases the retiree, a new beneficiary may be named. However, the retirement allowance will be re-calculated.

Retirees who are to receive a service retirement, early service retirement, disability benefit, or vested allowance of less than \$50 a month may elect to receive a lump-sum payment equal to the present value in lieu of a monthly benefit.

TEACHERS' PENSION SYSTEM OF THE STATE OF MARYLAND

10. Reduction for Benefits Payable under Workers' Compensation

Disability retirement allowances, excluding annuity reserves and COLA, are reduced for workers' compensation benefits payable after retirement from injury occurring during employment by the State, if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid for the same period of time for which the retirement benefits are paid.

11. Change in Benefits

Effective April 2010, the July 2010 cost-of-living adjustment for eligible retirees was determined to be 0.00 with the actual negative adjustment (-.0356) to be offset against a future positive cost-of-living adjustment.

Effective July 1, 2011, for all members of the Teachers' Pension System, COLA for service on or after July 1, 2011, is capped based on CPI and whether the market value return was greater or less than the assumed rate of 7.75%.

Effective July 1, 2011, in years in which COLAs would be less than zero due to a decline in the Consumer Price Index, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

Effective July 1, 2011, a second plan in the Teachers' Pension System was created – the Reformed Contributory Pension Benefit (RCPB) for all new hires on or after July 1, 2011, with member contributions equal to 7% of earnable compensation and a 1.5% benefit multiplier.

Effective July 1, 2011, member contributions are increased to 7% of earnable compensation for all members of the ACPS.

Effective July 1, 2011, all new hires of the Teachers' Pension System are subject to different benefit provisions including:

- 5-year final average compensation period
- Eligibility for normal (unreduced) retirement if age plus service equals at least 90 (Rule of 90) or age 65 with 10 years of service
- Eligibility for early (reduced) retirement if age 60 with 15 years of service
- Vesting after 10 years of service
- The same member contribution and COLA provisions effective July 1, 2011 for current members

Effective July 1, 2011, the number of years a retiree of the Teachers' Pension System must wait in order to be exempt from a reemployment earnings limitation if the retiree is hired by the individual's last employer prior to retirement is reduced to five years.

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

1. Membership

System closed to new members hired on or after January 1, 1980. Members on December 31, 1979 continue to be members unless they elected to transfer into the Employees' Pension System (established January 1, 1980) prior to January 1, 2005.

Membership includes employees of the State and approximately 121 participating employers.

2. Member Contributions

- Plan A: Generally 7% of earnable compensation to maintain all benefits, including unlimited compounded cost-of-living adjustments.
- Plan B: Generally 5% of earnable compensation to maintain all benefits, except the compounded cost-of-living adjustments which are capped at 5%.
- Plan C: (Plan C provides a two-part benefit based on benefits of the Employees' Retirement System and the Employees' Pension System). Employee contributions, if any are based on participation of the employer in one of the three plans under the Employees' Pension System (refer to summary of Employees' Pension System).

Interest earned on all employee contributions is 4% per year.

3. Service Retirement Allowance

Eligibility: 30 years of eligibility service or attainment of age 60.

Allowance: $1/55^{\text{th}}$ of average final compensation for the three highest years as a member for each year of creditable service.

Plan C: For creditable service before election date, the amount determined by the service retirement formula for Employees' Retirement System; for creditable service after election date, the amount determined by the service retirement formula for the Employees' Pension System under which the employer participates.

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

4. Early Retirement Allowance

Eligibility: 25 years of eligibility service.

Allowance: Service retirement allowance reduced by .005 for each month that date of retirement precedes the earlier of age 60 or the date the member would have completed 30 years of eligibility service. The maximum reduction is 30%.

Plan C: For creditable service before election date, the amount determined by the service retirement formula for Employees' Retirement System with a maximum reduction of 30%; for creditable service after election date, the amount determined by the service retirement formula for the Employees' Pension System under which the employer participates with a .005 reduction for each month retirement occurs prior to age 62 (maximum reduction of 42%).

5. Disability Retirement Allowance

Ordinary

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is permanent.

Allowance: The benefit is $1/55^{\text{th}}$ of average final compensation for the three highest years as a member for each year of creditable service. The minimum benefit is 25% of average final compensation; the maximum benefit can be no greater than $1/55^{\text{th}}$ of average final compensation for each year of creditable service the member would have accrued if employment continued to age 60.

Plan C: The benefit is the greater of the Employees' Retirement System allowance noted above, or the ordinary disability benefit of the Employees' Pension System.

Accidental

Eligibility: Certification of the medical board designated by the Board of Trustees that member is totally and permanently incapacitated from the performance of the normal duties of the member's position as the natural and proximate result of an accident that occurred in the actual performance of duty.

Allowance: The benefit is $66 \frac{2}{3}\%$ of average final compensation for the three highest years as a member, plus the annuity provided by accumulated member contributions. The maximum benefit cannot be greater than the average final compensation.

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

6. Death Benefits

Eligibility: One year of eligibility service.

Benefit: One time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions. If member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

Spouse Law

Eligibility: Surviving spouse designated as the sole primary beneficiary and the deceased member was eligible to retire or was at least age 55 with at least 15 years of eligibility service.

Benefit: Surviving spouse may elect a one time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions, or a monthly allowance under Option 2 (100% survivor benefit).

Special Death Benefit

Eligibility: Killed in line of duty.

Benefit: 66 2/3% of average final compensation for the three highest years as a member payable to a surviving spouse, dependent children or dependent parents. Accumulated member contributions are paid to the designated beneficiary(ies).

Note: Death benefits outlined above are payable upon death of an active member. If member is not active, only accumulated member contributions are payable at time of death.

7. Vested Retirement Allowance

Eligibility: Five years of eligibility service.

Allowance: Accrued retirement allowance payable at age 60, provided member does not withdraw accumulated member contributions.

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

8. Cost-of-Living Adjustments (COLA)

Retirement allowances may be adjusted based on the Consumer Price Index. Any adjustments are effective July 1 for all benefits which have been in payment for one year.

- Plan A: Unlimited and compounded.
- Plan B: Capped at 5% and compounded.
- Plan C: Combination of COLA for either Plan A or Plan B - (depending on member selection prior to electing Plan C) - for benefit calculated under the Employees' Retirement System, plus capped at 3% compounded COLA on benefit calculated under the Employees' Pension System.

In years in which COLAs would be less than zero due to a decline in the Consumer Price Index, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

9. Optional Forms of Payment

Normal service allowance is a single life annuity.

Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.

Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 3: 50% joint and survivor annuity.

Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.

Option 5: 100% "pop-up" joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 6: 50% "pop-up" joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Retirees who are to receive a service retirement, early service retirement, disability benefit, or vested allowance of less than \$50 a month may elect to receive a lump-sum payment equal to the present value in lieu of a monthly benefit.

For Option 5 and 6 – If the designated beneficiary predeceases the retiree, a new beneficiary may be named. However, the retirement allowance will be re-calculated.

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

10. Reduction for Benefits Payable Under Workers' Compensation

Disability retirement allowances, excluding annuity reserves and COLA, are reduced for workers' compensation benefits payable after retirement from injury occurring during employment by the State, if the workers' compensation benefits are for the same injury for which disability retirement was granted and are paid for the same period of time for which the retirement benefits are paid.

11. Miscellaneous Provisions

For Members of the General Assembly

The retirement allowance is equal to 3.00% of current legislative salary for each year of creditable service (maximum 22 years 3 months) upon attainment of age 60 and at least eight years of creditable service. Reduced benefits are payable upon attainment of age 50 and completion of 8 years of creditable service. The benefit is reduced by .005 for each month between ages 50 and 60 that the early retirement date precedes age 60.

A member with eight years of creditable service who has not attained age 60 may leave contributions in the system and receive a retirement allowance at age 60, or a reduced benefit on or after age 50. If termination occurs before the completion of eight years of creditable service, the member may make contributions equal to the member's and the State's required contributions until the member would have completed eight years of eligibility service, (and receive 24% of creditable compensation at age 60 or a reduced benefit on or after age 50).

A member who is certified as disabled by the Medical Board and approved by the Board of Trustees for a disability retirement benefit after attaining at least 8 years of creditable service may resign from the General Assembly and immediately receive a retirement allowance based on their creditable service.

The **member's surviving spouse receives 50% of the member's retirement allowance** if the member i) is retired, ii) is eligible for a deferred vested benefit, or iii) is active and has eight years of creditable service. The surviving spouse of a member who had accrued less than eight years of creditable service and dies in office shall receive a lump sum death benefit of accumulated contributions plus an amount equal to the deceased's annual earnable compensation at the time of death.

Members contribute 5% of their earnable compensation during their first 22 years 3 months of service with contributions earning interest at 4% per year.

All retirement allowances are recalculated each time the salaries for current members of the General Assembly are increased.

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

For Correctional Officers

Correctional officers serving in the first six job classifications, maximum security attendants at Clifton T. Perkins Hospital Center, a Correctional Dietary, Maintenance or Supply Officer, Maryland Correctional Enterprise Officers and Trainees, Plant Supervisors, Plant Managers, and Regional Managers; and Laundry Officers participate under this System. In addition, effective July 1, 2006, Maryland counties may elect to participate on behalf of their detention center officers.

An immediate service retirement allowance is payable to a correctional officer if, on or before the retirement, the officer has completed 20 years of eligibility service and served at least five years in one of the positions noted above immediately preceding retirement. The vested retirement allowance of a correctional officer who was in the first six job classifications for at least five years preceding retirement commences at age 55; for the security attendant it commences at age 60.

For benefits attributable to service on or after July 1, 2011, the Cost-of-living increase for Correctional Officers is capped at the lesser of 2.5% and increase in CPI if the most recent calendar year market value rate of return was greater than or equal to the assumed rate (currently 7.75% as approved by the Board of Trustees). The increase is capped at the lesser of 1% and increase in CPI if the market value return was less than the assumed rate of 7.75%.

12. (a) Change in Benefits for Employees' Retirement System

Effective July 1, 2011, the number of years a retiree of the Employees' Retirement System must wait in order to be exempt from a reemployment earnings limitation if the retiree is hired by the individual's last employer prior to retirement is reduced to five years.

(b) Changes in Benefits for Correctional Officers

Effective July 1, 2011, for members of the Correctional Officers' Retirement System, COLA for service on or after July 1, 2011, is capped based on CPI and whether the market value return was greater or less than the assumed rate of 7.75%.

Effective July 1, 2011, new hires are subject to different benefit provisions including:

- 5-year final average compensation period
- Vesting after 10 years of service
- The COLA provisions effective July 1, 2011 for current members

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

(c) Changes Benefits for Employees' Retirement System and Correctional Officers

Effective April 2010, the July 2010 cost-of-living adjustment for eligible retirees was determined to be 0.00 with the actual negative adjustment (-.0356) to be offset against a future positive cost-of-living adjustment.

Effective July 1, 2011, in years in which COLAs would be less than zero due to a decline in the Consumer Price Index, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND

1. Membership

Membership is a condition of employment for all regular employees of the State of Maryland hired on or after January 1, 1980, excluding those eligible for the Teachers' Retirement System, Teachers' Pension System, State Police Retirement System, certain judges, correctional officers, and members of the General Assembly. Certain governmental units also have elected to participate in the System.

There are three plans under the Employees' Pension System.

- Noncontributory Pension System (**NCPS**) - The original pension system established on January 1, 1980 that only applies to certain participating governmental units that did not elect to participate in the Contributory Pension System or the Alternate Contributory Pension Selection
- Employees' Contributory Pension System (**ECPS**) – The ECPS established July 1, 1998 that only applies to certain participating governmental units that elected the ECPS but did not elect to participate in the Alternate Contributory Pension Selection
- Alternate Contributory Pension Selection (**ACPS**) - Applies to all State employees and those participating governmental units that elected the ACPS effective July 1, 2006

2. Member Contributions

NCPS: Members are only required to make contributions of 5% on earnable compensation that exceeds the Social Security Taxable Wage Base.

ECPS: Members are required to make contributions of 2% of earnable compensation.

ACPS: Members are required to make contributions of 5% of earnable compensation. Effective July 1, 2011, members are required to make contributions of 7% of earnable compensation.

Contributions earn interest at 5% per year.

3. Service Retirement Allowance

Eligibility - 30 years of eligibility service or attainment of one of the following:

- Age 62 with 5 years of eligibility service
- Age 63 with 4 years of eligibility service
- Age 64 with 3 years of eligibility service
- Age 65 or older with 2 years of eligibility service

NCPS Allowance:

0.8% of average final compensation up to the SSIL for the three highest consecutive years as a member plus 1.5% of average final compensation over the SSIL for each year of creditable service;

EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND

ECPS Allowance: The greater of (i) or (ii), plus (iii), as described below:

- (i) 1.2% of average final compensation for the three highest consecutive years as an employee for each year of creditable service on or before June 30, 1998;
- (ii) 0.8% of average final compensation up to the SSIL for the three highest consecutive years as a member plus 1.5% of average final compensation over the SSIL for each year of creditable service on or before June 30, 1998;
- (iii) 1.4% of average final compensation for the three highest consecutive years as an employee for each year of creditable service after June 30, 1998.

ACPS Allowance: The greater of (i) or (ii), plus (iii), as described below:

- (i) 1.2% of average final compensation for the three highest consecutive years as an employee for each year of creditable service on or before June 30, 1998;
- (ii) 0.8% of average final compensation up to the SSIL for the three highest consecutive years as a member plus 1.5% of average final compensation over the SSIL for each year of creditable service on or before June 30, 1998;
- (iii) 1.8% of average final compensation for the three highest consecutive years as an employee for each year of creditable service after June 30, 1998.

The Social Security Integration Level (SSIL) is the average of all Social Security Wage Bases over the thirty –five (35) calendar years prior to your retirement.

Note: Members who transferred into the Employees' Pension System, on or after April 1, 1998, receive benefits based on the provisions of the NCPS as in effect on January 1, 1980 except for COLA benefits. The COLAs are capped at a maximum of 3% compounded annually.

4. Early Retirement Allowance

Eligibility: Attainment of age 55 and at least 15 years of eligibility service.

Allowance: Service retirement allowance computed as of early retirement date, reduced by .005 for each month that early retirement date precedes age 62 (maximum reduction is 42%).

5. Disability Retirement Allowance

Ordinary

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is permanent.

EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND

Allowance: The benefit is the service retirement allowance computed on the basis that service continues until age 62 without any change in the rate of earnable compensation. If disability occurs on or after age 62, the benefit is based on creditable service at time of retirement.

Accidental

Eligibility: Certification of the medical board designated by the Board of Trustees that member is totally and permanently incapacitated from the performance of the normal duties of the member's position as the natural and proximate result of an accident that occurred in the actual performance of duty.

Allowance: The benefit is 66 2/3% of average final compensation for the three highest consecutive years as a member, plus the annuity provided by accumulated member contributions. The maximum benefit cannot be greater than the average final compensation.

6. Death Benefits

Eligibility: One year of eligibility service.

Benefit: One time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions. If member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

Spouse Law

Eligibility: Surviving spouse designated as the sole primary beneficiary and the deceased member was eligible to retire or had at least 25 years of eligibility service, or was at least 55 years old with at least 15 years of eligibility service.

Benefit: Surviving spouse may elect one time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions or a monthly allowance under Option 2 (100% survivor benefit).

Special Death Benefit

Eligibility: Killed in line of duty.

Benefit: 66 2/3% of average final compensation for the three highest consecutive years as a member payable to a surviving spouse, dependent children or dependent parents. Accumulated member contributions are paid to the designated beneficiary(ies).

Note: Death benefits outlined above are payable upon death of an active member. If member is not active, only accumulated member contributions are payable at time of death.

EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND

7. Vested Retirement Allowance

Eligibility: Five years of eligibility service.

Allowance: Accrued retirement allowance payable at age 62. A member who has completed 15 years of eligibility service may begin to receive benefit payments at any time on or after attainment of age 55, reduced by .005 for each month that benefit commencement date precedes age 62.

If member does not commence to receive benefit payments, and dies before attaining age 62, only accumulated member contributions are returned.

8. Cost-of-Living Adjustments (COLA)

Retirement allowances may be adjusted each year based on the Consumer Price Index. Effective July 1, 1998, the adjustment is capped at a maximum of 3% compounded COLA, and is applied to all benefits which have been in payment for one year. All adjustments are effective July 1.

Retirement allowances of NCPS retirees (retirees of participating employers who did not elect the ECPS or ACPS) have a COLA that is capped at a maximum of 3% of the initial benefit. The COLA is applied to all benefits which have been in payment for one year. All adjustments are effective July 1.

For benefits attributable to service on or after July 1, 2011, the increase is capped at the lesser of 2.5% and increase in CPI if the most recent calendar year market value rate of return was greater than or equal to the assumed rate (currently 7.75% as approved by the Board of Trustees). The increase is capped at the lesser of 1% and increase in CPI if the market value return was less than the assumed rate of 7.75%.

In years in which COLAs would be less than zero due to a decline in the Consumer Price Index, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

9. Optional Forms of Payment

Normal service allowance is in a single life annuity.

Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.

Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 3: 50% joint and survivor annuity.

EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND

- Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.
- Option 5: 100% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.
- Option 6: 50% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

For Option 5 and 6 – If the designated beneficiary predeceases the retiree, a new beneficiary may be named. However, the retirement allowance will be re-calculated.

Retirees who are to receive a service retirement, early service retirement, disability benefit, or vested allowance of less than \$50 a month may elect to receive a lump-sum payment equal to the present value in lieu of a monthly benefit.

10. Reduction for Benefits Payable Under Workers’ Compensation

Disability retirement allowances, excluding annuity reserves and COLA, are reduced for workers’ compensation benefits payable after retirement from injury occurring during employment by the State, if the workers’ compensation benefits are for the same injury for which disability retirement was granted and are paid for the same period of time for which the retirement benefits are paid.

11. Change in Benefits

Effective April 2010, the July 2010 cost-of-living adjustment for eligible retirees was determined to be 0.00 with the actual negative adjustment (-.0356) to be offset against a future positive cost-of-living adjustment.

Effective July 1, 2011, in years in which COLAs would be less than zero due to a decline in the Consumer Price Index, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

Effective July 1, 2011, a fourth plan in the Employees' Pension System was created - the Reformed Contributory Pension Benefit (RCPB) for all new hires on or after July 1, 2011, with member contributions equal to 7% of earnable compensation and a 1.5% benefit multiplier.

Effective July 1, 2011, member contributions are increased to 7% of earnable compensation for all members of the ACPS.

Effective July 1, 2011, for all members of the Employees' Pension System, COLA for service on or after July 1, 2011, is capped based on CPI and whether the market value return was greater or less than the assumed rate of 7.75%.

EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND

Effective July 1, 2011, the number of years a retiree of the Employees' Pension System must wait in order to be exempt from a reemployment earnings limitation if the retiree is hired by the individual's last employer prior to retirement is reduced to five years.

Effective July 1, 2011, all new hires of the Employees' Pension System are subject to different benefit provisions including:

- 5-year final average compensation period
- Eligibility for normal (unreduced) retirement if age plus service equals at least 90 (Rule of 90) or age 65 with 10 years of service
- Eligibility for early (reduced) retirement if age 60 with 15 years of service
- Vesting after 10 years of service
- The same member contribution and COLA provisions effective July 1, 2011 for current members

STATE POLICE RETIREMENT SYSTEM OF THE STATE OF MARYLAND

1. Membership

Membership is a condition of employment for all officers of the Maryland State Police. The Superintendent of the Maryland State Police may elect membership in this System or the Employees' Pension System.

2. Member Contributions

Members are required to contribute 8% of earnable compensation.

Contributions earn interest at 4% per year.

3. Service Retirement Allowance

Eligibility: 22 years of eligibility service or attainment of age 50. Retirement at age 60 is mandatory for all but the Superintendent.

Allowance: 2.55% of average final compensation for the three highest years as a member for each of the first 28 years of creditable service. Maximum benefit is 71.4% of average final compensation.

4. Early Retirement Allowance

Not applicable to this System.

5. Disability Retirement Allowance

Ordinary

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is mentally or physically incapacitated from the performance of the normal duties of the member's position, and that incapacity is permanent.

Allowance: 2.55% of average final compensation for the three highest years as a member for each of the first 28 years of creditable service. Minimum payable is 35% of average final compensation.

Special (Accidental)

Eligibility: Total and permanent disability as certified by the medical board arising out of or in the course of the actual performance of duty.

Allowance: The benefit is 66 2/3% of average final compensation plus the annuity provided by accumulated member contributions with a maximum of average final compensation.

STATE POLICE RETIREMENT SYSTEM OF THE STATE OF MARYLAND

6. Death Benefits

Normal

Eligibility: 1 through 2 years of eligibility service and not eligible for special death benefit as noted below.

Benefit: One time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions. If member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

Special Death Benefit

Eligibility: Two or more years of eligibility service or death in the performance of duty.

Benefit: Accumulated member contributions paid to designated beneficiary plus an allowance of one-half (two-thirds if death arises out of or in the course of the actual performance of duty) of the member's average final compensation. Payment is made to the surviving spouse; however, if there is no surviving spouse or spouse dies before youngest child reaches age 18, one-half of average final compensation continues until the youngest child reaches age 18. If there is no surviving spouse or children under the age of 18, payment is made to dependent parents. If none of the above conditions are met, the normal death benefit is paid to the designated beneficiary (ies).

Note: Death benefits outlined above are payable upon death of an active member. If member is not active, only accumulated member contributions are payable at time of death, unless benefit payment has commenced.

7. Vested Retirement Allowance

Eligibility: Five years of eligibility service.

Allowance: Service retirement allowance payable at age 50.

8. Cost-of-Living Adjustments (COLA)

Retirement allowances may be adjusted each year based on the Consumer Price Index. Unlimited compounded COLAs are effective July 1 and are applied to all benefits which have been in payment for one year.

For benefits attributable to service on or after July 1, 2011, the increase is capped at the lesser of 2.5% and increase in CPI if the most recent calendar year market value rate of return was greater than or equal to the assumed rate (currently 7.75% as approved by the Board of Trustees). The increase is capped at the lesser of 1% and increase in CPI if the market value return was less than the assumed rate of 7.75%.

STATE POLICE RETIREMENT SYSTEM OF THE STATE OF MARYLAND

In years in which COLAs would be less than zero due to a decline in the Consumer Price Index, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

Retirees and beneficiaries receiving a retirement allowance on or before June 30, 1999, who receive an annual adjustment to their benefit ranging from \$1,200 to \$2,100 may receive separate COLAs on this adjustment commencing effective July 1, 2000.

9. Optional Forms of Payment

Normal service allowance is 80% joint and survivor annuity with spouse, if any. If there is no surviving spouse or upon the death of the surviving spouse, payment is made to any children of the deceased retiree under the age of 18 years, until each child becomes age 18. If there is no spouse at time of retirement, member may select an optional allowance.

Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.

Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 3: 50% joint and survivor annuity.

Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.

Option 5: 100% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 6: 50% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

For Option 5 and 6 – If the designated beneficiary predeceases the retiree, a new beneficiary may be named. However, the retirement allowance will be re-calculated

10. Reduction for Benefits Payable Under Workers’ Compensation

Disability retirement allowances, excluding annuity reserves and COLA, are reduced for workers’ compensation benefits payable after retirement from injury occurring during employment if the workers’ compensation benefits are for the same injury for which disability retirement was granted and are paid for the same period of time for which the retirement benefits are paid.

STATE POLICE RETIREMENT SYSTEM OF THE STATE OF MARYLAND

11. Deferred Retirement Option Program (DROP)

For members who are less than 60 years old, DROP participation is the lesser of 4 years or the difference between 28 years and the member's creditable service. Members who enter DROP are retired and cease making member contributions, and cease accruing service credit and additional benefits. The service retirement allowance, with COLA adjustments, is credited to an account earning interest at the rate of 6% per year, compounded monthly. When the DROP period ends, members terminate employment and begin receiving their monthly allowance plus the lump sum payment from their DROP account. During the DROP period, members remain eligible for Special Disability benefits if incapacitated while in DROP.

12. Changes in Benefits

Effective April 2010, the July 2010 cost-of-living adjustment for eligible retirees was determined to be 0.00 with the actual negative adjustment (-.0356) to be offset against a future positive cost-of-living adjustment.

Effective July 1, 2011, in years in which COLAs would be less than zero due to a decline in the Consumer Price Index, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

Effective July 1, 2011, COLA for service on or after July 1, 2011, is capped based on CPI and whether the market value return was greater or less than the assumed rate of 7.75%. DROP accounts established on or after July 1, 2011, earn interest at the rate of 4% per year, compounded annually, and the DROP period is extended to 29 years.

Effective July 1, 2011, new hires are subject to different benefit provisions including:

- 5-year final average compensation period
- Eligibility for normal (unreduced) retirement if age 50 with 25 years of service
- Vesting after 10 years of service
- The COLA and DROP provisions effective July 1, 2011 for current members

JUDGES RETIREMENT SYSTEM OF THE STATE OF MARYLAND*

1. Membership

Membership is a condition of employment for a judge of the Court of Appeals, Court of Special Appeals, Circuit Court, or District Court of Maryland. Members of the State Workers' Compensation Commission also participate.

2. Member Contributions

Members are required to make contributions of 6% of salary until they have accrued 16 years of service credit.

Contributions earn interest at 4% per year.

3. Service Retirement Allowance

Eligibility: Attainment of age 60, or retired by order of the Court of Appeals.

Allowance: $66 \frac{2}{3}\%$ of current judicial salary for 16 years of service. With less than 16 years, the benefit is prorated based on the ratio of years of service to 16.

4. Early Retirement Allowance

Not applicable to this System.

5. Disability Retirement Allowance

Eligibility: Certification of the medical board designated by the Board of Trustees that member is incapacitated for the performance of duty, and that incapacity is permanent.

Allowance: Same as service allowance payable immediately. However, if a judge has at least three years of service, the pension will not be less than $\frac{1}{3}$ of the judge's salary.

** This summary includes provisions of the contributory plan only, as all members currently belong to that plan.*

JUDGES RETIREMENT SYSTEM OF THE STATE OF MARYLAND

6. Death Benefits

Monthly Allowance

Eligibility: Death of a judge or former judge at any age, leaving a surviving spouse or dependent children under the age of 18.

Allowance: 50% of the pension that would have been payable to the judge or former judge at the date of death as if the judge or former judge was eligible to receive a retirement allowance is payable to surviving spouse. If there is no spouse, payment is paid to children until age 18.

Lump Sum

Eligibility: Termination of service by death of a judge leaving no spouse, or children under age 18.

Allowance: Annual salary at time of death plus return of accumulated member contributions paid to designated beneficiary.

7. Deferred Vested Allowance

Eligibility: Termination of service prior to age 60.

Allowance: Same as service allowance payable at age 60.

In lieu of a deferred vested allowance pension, a former judge may elect to withdraw accumulated contributions within six months following the judge's termination of service.

8. Cost-of-Living Adjustments

Allowances are recalculated each time the salary for a sitting judge from the Court from which the judge retired increases.

NOTE: Masters who retire from the Judges' Retirement System receive COLA benefits equal to the percentage increase in salary provided to judges of the Circuit Court.

JUDGES RETIREMENT SYSTEM OF THE STATE OF MARYLAND

9. Optional Forms of Payment

Normal service allowance is 50% joint and survivor annuity with spouse. However, a judge or former judge, who at the time of retirement, does not have a spouse or eligible minor children, may elect one of the following optional forms of payment:

Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.

Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 3: 50% joint and survivor annuity.

Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.

Option 5: 100% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 6: 50% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

For Option 5 and 6 – If the designated beneficiary predeceases the retiree, a new beneficiary may be named. However, the retirement allowance will be re-calculated

Special note: After retirement neither the option nor designation of beneficiary may be changed.

10. Change in Benefits

Effective July 1, 2010 a retired judge may be re-employed by the State in any position and not be subject to an earnings limitation.

**LAW ENFORCEMENT OFFICERS PENSION SYSTEM
OF THE STATE OF MARYLAND
(RETIREMENT PLAN)**

A. Retirement System Provisions

1. Membership

The retirement tier was closed to new participants effective January 1, 2005.

2. Member Contributions

Members who transferred from Employees' Retirement System (Plan A) are required to contribute 7% of earnable compensation. Members who transferred from the Employees' Retirement System (Plan B) contribute 5% of earnable compensation.

Contributions earn interest at 4% per year.

3. Service Retirement Allowance

Eligibility: 25 years of eligibility service or attainment of age 50.

Allowance: 2.3% of average final compensation for the three highest years as a member for each of the first 30 years of creditable service, plus 1.0% of average final compensation for each additional year.

4. Early Retirement Allowance

Not applicable to this System.

5. Disability Retirement Allowance

Ordinary

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is incapacitated for the performance of duty, and that incapacity is permanent.

Allowance: Service retirement allowance with a minimum of 25% of average final compensation.

Accidental

Eligibility: Total and permanent disability as certified by the medical board arising out of or in the course of the actual performance of duty.

**LAW ENFORCEMENT OFFICERS PENSION SYSTEM
OF THE STATE OF MARYLAND
(RETIREMENT PLAN)**

Allowance: The benefit is 66 2/3% of average final compensation plus an annuity provided by accumulated contributions with a maximum of average final compensation.

6. Death Benefits

Ordinary

Eligibility: 1 through 2 years of eligibility service and not eligible for special death benefit.

Benefit: Member's annual earnable compensation at time of death plus accumulated contributions.

Regardless of length of service, members' accumulated contributions are paid.

Special Benefit

Eligibility: Two or more years of eligibility service.

Benefit: Accumulated contributions paid to designated beneficiary plus an allowance of 50% of the ordinary disability benefit. Payment is made to the surviving spouse; however if there is no surviving spouse or spouse dies before youngest child reaches age 18, one-half of average final compensation continues until the youngest child reaches age 18. If none of the above conditions are met, the ordinary death benefit is paid to the designated beneficiary(ies).

Eligibility: Death arises out of or in the course of the actual performance of duty.

Benefit: Accumulated contributions paid to designated beneficiary plus an allowance of 66 2/3% of the member's average final compensation. Payment is made to the surviving spouse; however if there is no surviving spouse or spouse dies before youngest child reaches age 18, one-half of average final compensation continues until the youngest child reaches age 18. If none of the above conditions are met, the ordinary death benefit is paid to the designated beneficiary(ies).

Note: Death benefits outlined above are payable upon death of an active member. If member is not active, only member accumulated contributions and interest are payable at time of death, unless benefit payment has commenced.

**LAW ENFORCEMENT OFFICERS PENSION SYSTEM
OF THE STATE OF MARYLAND
(RETIREMENT PLAN)**

7. Vested Retirement Allowance

Eligibility: Five years of eligibility service.

Allowance: Accrued retirement allowance payable at age 50 if the member does not withdraw the member's accumulated contributions.

8. Cost-of-Living Adjustments (COLA)

Retirement allowances may be adjusted each year based on the Consumer Price Index. COLAs are effective July 1 and are applied to all benefits which have been in payment for one year. For members contributing 7% of earnable compensation, unlimited COLA is compounded annually. For members contributing 5% of earnable compensation, the cost-of-living adjustment is capped at a maximum 5% compounded annually.

In years in which COLAs would be less than zero due to a decline in the Consumer Price Index, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

9. Optional Forms of Payment

The normal service allowance is a 50% joint and survivor annuity with spouse, if any; or if there is no surviving spouse or upon the death of the surviving spouse, to any children of the deceased under the age of 18 years, until every child dies or becomes 18 years.

Other forms of payment may be elected if there is no spouse at time of retirement.

Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.

Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 3: 50% joint and survivor annuity.

Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.

Option 5: 100% "pop-up" joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

**LAW ENFORCEMENT OFFICERS PENSION SYSTEM
OF THE STATE OF MARYLAND
(RETIREMENT PLAN)**

Option 6: 50% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

For Option 5 and 6 – If the designated beneficiary predeceases the retiree, a new beneficiary may be named. However, the retirement allowance will be re-calculated

10. Reduction for Benefits Payable under Workers’ Compensation

Disability retirement allowances, excluding the annuity reserves and COLA, are reduced for workers’ compensation benefits payable after retirement from injury occurring during employment with the State, if the workers’ compensation benefits are for the same injury for which disability retirement was granted and are paid for the same period of time for which the retirement benefits are paid.

11. Deferred Retirement Option Program (DROP)

Members with 25 years of eligibility service, but less than 30 years of eligibility service, may elect to enter the DROP program for no more than five years. Members who enter DROP are retired and cease making member contributions, and cease accruing service credit and additional benefits. The service retirement allowance, with annual COLA adjustments, is credited to an account earning interest at the rate of 6% per year, compounded monthly. When the DROP period ends, members terminate employment and begin receiving their monthly allowance plus the lump sum payment from their DROP account. During the DROP period, members remain eligible for Accidental Disability benefits if incapacitated while in DROP.

12. Change in Benefit

Effective April 2010, the July 2010 cost-of-living adjustment for eligible retirees was determined to be 0.00 with the actual negative adjustment (-.0356) to be offset against a future positive cost-of-living adjustment.

Effective July 1, 2011, in years in which COLAs would be less than zero due to a decline in the Consumer Price Index, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

Effective July 1, 2011, DROP accounts established on or after July 1, 2011, earn interest at the rate of 4% per year, compounded annually.

LAW ENFORCEMENT OFFICERS PENSION SYSTEM OF THE STATE OF MARYLAND

B. Pension System Provisions

1. Membership

Membership is a condition of employment for all law enforcement officers who are employees of the State as provided in the Annotated Code of Maryland, State Personnel and Pensions Article, Title 26, Section 26-201. This includes participating governmental units who elect to have their law enforcement officers or firefighters/paramedics participate in the System.

2. Member Contributions

Members are required to contribute 4% of earnable compensation. Effective July 1, 2011, members are required to make contributions of 6% of earnable compensation in fiscal year 2012 and 7% of earnable compensation beginning in fiscal year 2013.

Contributions earn interest at 5% per year.

3. Service Retirement Allowance

Eligibility: 25 years of eligibility service or attainment of age 50.

Allowance: 2.0% of average final compensation for the three highest consecutive years as an employee for each of the first 30 years of creditable service. Maximum benefit is 60% of average final compensation.

4. Early Retirement Allowance

Not applicable to this System.

5. Disability Retirement Allowance

Ordinary

Eligibility: Five years of eligibility service and certification of the medical board designated by the Board of Trustees that member is incapacitated for the performance of duty, and that incapacity is permanent.

Allowance: Service retirement allowance computed on the basis that service continues until age 50 without any change in rate of earnable compensation. If disability occurs after age 50, the benefit is based on creditable service at time of retirement.

LAW ENFORCEMENT OFFICERS PENSION SYSTEM OF THE STATE OF MARYLAND

Accidental

Eligibility: Total and permanent disability as certified by the medical board arising out of or in the course of the actual performance of duty.

Allowance: The benefit is 66 2/3% of average final compensation plus an annuity provided by accumulated member contributions with a maximum of average final compensation.

6. Death Benefits

Normal

Eligibility: 1 through 2 years of eligibility service and not eligible for special death benefit as noted below.

Benefit: One time lump sum payment of member's annual earnable compensation at time of death plus accumulated member contributions. If member dies prior to accruing one year of service, payment is only the return of accumulated member contributions.

Special Death Benefit

Eligibility: Two or more years of eligibility service.

Benefit: Accumulated member contributions paid to designated beneficiary plus an allowance of 50% of the ordinary disability benefit. Payment is made to the surviving spouse; however if there is no surviving spouse or spouse dies before youngest child reaches age 18, one-half of average final compensation continues until the youngest child reaches age 18. If none of the above conditions are met, the ordinary death benefit is paid to the designated beneficiary(ies).

Eligibility: Death arises out of or in the course of the actual performance of duty.

Benefit: Accumulated member contributions paid to designated beneficiary plus an allowance of 66 2/3% of the member's average final compensation. Payment is made to the surviving spouse; however if there is no surviving spouse or spouse dies before youngest child reaches age 18, one-half of average final compensation continues until the youngest child reaches age 18. If none of the above conditions are met, the ordinary death benefit is paid to the designated beneficiary(ies).

Note: Death benefits outlined above are payable upon death of an active member. If member is not active, only accumulated member contributions are payable at time of death, unless benefit payment has commenced.

LAW ENFORCEMENT OFFICERS PENSION SYSTEM OF THE STATE OF MARYLAND

7. Vested Retirement Allowance

Eligibility: Five years of eligibility service.

Allowance: Accrued retirement allowance payable at age 50 if the member does not withdraw their accumulated member contributions.

8. Cost-of-Living Adjustments (COLA)

Retirement allowances may be adjusted each year based on the Consumer Price Index. Effective July 1, 2000, the adjustment is capped at a maximum 3% compounded and is applied to all benefits which have been in payment for one year. All adjustments are effective July 1.

For benefits attributable to service on or after July 1, 2011, the increase is capped at the lesser of 2.5% and increase in CPI if the most recent calendar year market value rate of return was greater than or equal to the assumed rate (currently 7.75% as approved by the Board of Trustees). The increase is capped at the lesser of 1% and increase in CPI if the market value return was less than the assumed rate of 7.75%.

In years in which COLAs would be less than zero due to a decline in the Consumer Price Index, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

9. Optional Forms of Payment

The normal service allowance is a 50% joint and survivor annuity with spouse, if any; or if there is no surviving spouse or upon the death of the surviving spouse, to any children of the deceased under the age of 18 years, until every child attains 18 years of age.

Other forms of payment may be elected if there is no spouse at time of retirement.

Option 1: Cash refund equal to excess of present value of retirement allowance at date of retirement over total amount of payments made to date of death.

Option 2: 100% joint and survivor annuity. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 3: 50% joint and survivor annuity.

Option 4: This option guarantees a return of accumulated member contributions remaining at date of death.

LAW ENFORCEMENT OFFICERS PENSION SYSTEM OF THE STATE OF MARYLAND

Option 5: 100% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree. Your named beneficiary cannot be more than 10 years younger than you unless the beneficiary is your spouse or disabled child.

Option 6: 50% “pop-up” joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

For Option 5 and 6 – If the designated beneficiary predeceases the retiree, a new beneficiary may be named. However, the retirement allowance will be re-calculated.

10. Reduction for Benefits Payable under Workers’ Compensation

Disability retirement allowances, excluding the annuity reserves and COLA, are reduced for workers’ compensation benefits payable after retirement from injury occurring during employment with the State if the workers’ compensation benefits are for the same injury for which disability retirement was granted and are paid for the same period of time for which the retirement benefits are paid.

11. Deferred Retirement Option Plan (DROP)

DROP participation is the lesser of 5 years or the difference between 30 years and the member’s creditable service. Members who enter DROP are retired and cease making member contributions, and cease accruing service credit and additional benefits. The service retirement allowance, with annual COLA adjustments, is credited to an account earning interest at the rate of 6% per year, compounded monthly. When the DROP period ends, members terminate employment and begin receiving their monthly allowance plus the lump sum payment from their DROP account. During the DROP period, members remain eligible for Accidental Disability benefits if incapacitated while in DROP.

12. Changes in Benefits

Effective April 2010, the July 2010 cost-of-living adjustment for eligible retirees was determined to be 0.00 with the actual negative adjustment (-.0356) to be offset against a future positive cost-of-living adjustment.

Effective July 1, 2011, in years in which COLAs would be less than zero due to a decline in the Consumer Price Index, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

Effective July 1, 2011, member contributions are increased to 6% of earnable compensation in fiscal year 2012 and 7% of earnable compensation beginning in fiscal year 2013 and COLA for service on or after July 1, 2011, is capped based on CPI and whether the market value return was greater or less than the assumed rate of 7.75%.

LAW ENFORCEMENT OFFICERS PENSION SYSTEM OF THE STATE OF MARYLAND

Effective July 1, 2011, DROP accounts established on or after July 1, 2011, earn interest at the rate of 4% per year, compounded annually.

- 5-year final average compensation period
- Vesting after 10 years of service
- The member contributions, COLA and DROP provisions effective July 1, 2011 for current members