



Cavanaugh Macdonald
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Retirement Systems
of Alabama

**Report on the Actuarial Valuation of the
Employees' Retirement System of Alabama
Prepared as of September 30, 2011**





Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

June 11, 2012

Board of Control
Employees' Retirement System of Alabama
Montgomery, Alabama

Members of the Board:

In this report are submitted the results of the annual actuarial valuation of the Employees' Retirement System of Alabama, prepared as of September 30, 2011 in accordance with Section 36-27-23(p) of the act governing the operation of the System.

The purpose of this report is to provide a summary of the funded status of the system as of September 30, 2011, to recommend rates of contribution and to provide accounting information under Governmental Accounting Standards Board Statements No. 25 and 27 (GASB 25 and 27). While not verifying the data at source, the actuary performed tests for consistency and reasonability. Since the previous valuation, various assumptions and methods have been revised to reflect the results of the experience investigation for the five-year period ending September 30, 2010. These revised assumptions were adopted by the Board on January 27, 2012. The System has been amended to provide a new benefit structure for members hired on or after January 1, 2013. It is anticipated that employer contribution rates will differ for these members.

On the basis of the valuation, it is recommended that the State make contributions to the Retirement System for State employees (members other than State policemen) at the rate of 12.02% of payroll. It is also recommended that the State make contributions to the Retirement System for State policemen at the rate of 35.81% of payroll for the fiscal year ending September 30, 2014. The contribution rates for local employers for the fiscal year beginning October 1, 2013 will be submitted in a separate report and will include the impact of all assumption changes and employer-elected changes through September 30, 2011.

The promised benefits of the System are included in the actuarially calculated contribution rates which are developed using the entry age normal cost method. Five-year smoothed market value of assets is used for actuarial valuation purposes. Gains and losses are reflected in the unfunded accrued liability that is being amortized by regular annual contributions as a level percentage of payroll, on the assumption that payroll will increase by 3.25% annually. The assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the Fund and to reasonable expectations of anticipated experience under the Fund and meet the parameters for the disclosures under GASB 25 and 27.

We have prepared the Schedule of Funding Progress and Trend Information shown in the financial section of the Comprehensive Annual Financial Report, and all supporting schedules including the Schedule of Active Member Valuation Data, the Solvency Test and the Analysis of Financial Experience shown in the actuarial section of the Comprehensive Annual Financial Report.

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

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

In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Edward Macdonald', enclosed in a thin black rectangular box.

Edward A. Macdonald, ASA, FCA, MAAA
President

A handwritten signature in blue ink, appearing to read 'Cathy Turcot'.

Cathy Turcot
Principal and Managing Director

A handwritten signature in blue ink, appearing to read 'Jonathan T. Craven'.

Jonathan T. Craven, ASA, EA, FCA, MAAA
Senior Actuary

EAM/CT/JTC:jcj



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**REPORT ON THE ACTUARIAL VALUATION OF
THE EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA
PREPARED AS OF SEPTEMBER 30, 2011**

SECTION I - SUMMARY OF PRINCIPAL RESULTS

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

SUMMARY OF PRINCIPAL RESULTS FOR STATE EMPLOYEES

VALUATION DATE	September 30, 2011	September 30, 2010
Number of active members	31,185	32,447
Annual compensation*	\$ 1,299,463,347	\$ 1,386,014,318
Number of retired members and beneficiaries	19,658	18,959
Annual retirement allowances*	\$ 391,950,391	\$ 371,715,050
Number of DROP participants	1,856	1,812
Annual compensation*	\$ 112,262,151	\$ 108,425,996
Annual allowances	57,897,272	54,062,685
Assets:		
Actuarial value	\$ 4,428,511,476	\$ 4,649,566,749
Market value	3,750,991,726	3,848,845,856
Unfunded accrued liability	\$ 2,470,572,008	\$ 2,285,906,358
Funded Ratio	64.2%	67.0%
CONTRIBUTIONS FOR FISCAL YEAR ENDING	September 30, 2014	September 30, 2013**
Employer contribution rate***		
Normal	1.05%	2.81%
Accrued liability	10.62	7.91
Death benefit	0.14	0.15
Administration	<u>0.21</u>	<u>0.18</u>
Total	12.02%	11.05%
Amortization period	30 years	30 years

* Amounts shown do not reflect any increase in effect after the valuation date.

** The employer contribution rate has been changed from 11.05% to 10.12% since the previous valuation to reflect the results of the experience investigation for the five-year period ending September 30, 2010.

***The System has been amended to provide a new benefit structure for members hired on or after January 1, 2013. It is anticipated that employer contribution rates will differ for these members.



SUMMARY OF PRINCIPAL RESULTS FOR STATE POLICEMEN

VALUATION DATE	September 30, 2011	September 30, 2010
Number of active members	813	859
Annual compensation*	\$ 50,281,806	\$ 54,547,049
Number of retired members and beneficiaries	808	789
Annual retirement allowances*	\$ 33,866,358	\$ 32,116,041
Number of DROP participants	31	29
Annual compensation*	\$ 2,705,546	\$ 2,718,893
Annual allowances	1,905,673	1,858,436
Assets:		
Actuarial value	\$ 317,968,498	\$ 334,177,906
Market value	268,969,968	276,225,329
Unfunded accrued liability	\$ 225,726,739	\$ 199,030,983
Funded Ratio	58.5%	62.7%
CONTRIBUTION FOR FISCAL YEAR ENDING	September 30, 2014	September 30, 2013**
Employer contribution rate***		
Normal	9.58%	13.30%
Accrued liability	25.88	17.95
Death benefit	0.14	0.15
Administration	<u>0.21</u>	<u>0.18</u>
Total	35.81%	31.58%
Amortization Period	30 years	30 years

* Amounts shown do not reflect any increase in effect after the valuation date.

** The employer contribution rate has been changed from 31.58% to 31.61% since the previous valuation to reflect the results of the experience investigation for the five-year period ending September 30, 2010.

***The System has been amended to provide a new benefit structure for members hired on or after January 1, 2013. It is anticipated that employer contribution rates will differ for these members.



SUMMARY OF PRINCIPAL RESULTS FOR LOCAL EMPLOYEES

VALUATION DATE	September 30, 2011	September 30, 2010
Number of active members	53,635	53,661
Annual compensation*	\$ 2,027,972,266	\$ 2,024,351,664
Number of retired members and beneficiaries	18,619	17,823
Annual retirement allowances*	\$ 317,445,017	\$ 296,586,925
Number of DROP participants	821	752
Annual compensation*	\$ 47,995,481	\$ 43,612,022
Annual allowances	24,209,041	21,989,298
Assets:		
Actuarial value	\$ 4,709,678,034	\$ 4,755,586,161
Market value	4,037,279,609	3,977,913,272
Unfunded accrued liability	\$ 2,214,339,447	\$ 2,059,850,939
Funded Ratio	68.0%	69.8%
CONTRIBUTIONS FOR FISCAL YEAR ENDING	September 30, 2014	September 30, 2013**
Employer contribution rate***		
Normal	Varies	Varies
Accrued liability	Varies	Varies
Death benefit	0.14	0.15
Administration	<u>0.21</u>	<u>0.18</u>
Total	Varies	Varies
Amortization period	Varies	Varies

* Amounts shown do not reflect any increase in effect after the valuation date.

** The employer contribution rates were changed since the previous valuation to reflect the results of the experience investigation for the five-year period ending September 30, 2010. The results of the valuation do not reflect the impact of Act 2011-676. All employers have the option under Act 2011-676 to increase member contribution rates. For those that elected to do so, their employer contribution rate for FY 2013 has been revised.

***The System has been amended to provide a new benefit structure for members hired on or after January 1, 2013. It is anticipated that employer contribution rates will differ for these members.



SUMMARY OF PRINCIPAL RESULTS FOR ALL GROUPS

VALUATION DATE	September 30, 2011	September 30, 2010
Number of active members	85,633	86,967
Annual compensation*	\$ 3,377,717,419	\$ 3,464,913,031
Number of retired members and beneficiaries	39,085	37,571
Annual retirement allowances*	\$ 743,261,766	\$ 700,418,016
Number of DROP participants	2,708	2,593
Annual compensation*	\$ 162,963,178	\$ 154,756,911
Annual allowances	84,011,986	77,910,419
Assets:		
Actuarial value	\$ 9,456,158,008	\$ 9,739,330,816
Market value	8,057,241,303	8,102,984,457
Unfunded accrued liability	\$ 4,910,638,194	\$ 4,544,788,280
Funded Ratio	65.8%	68.2%

* Amounts shown do not reflect any increase in effect after the valuation date.

2. Comments on the valuation results as of September 30, 2011 are given in Section IV and further discussion of the contribution levels is set out in Section V. The valuation results for local employees do not include the impact of any changes elected by local employers after the valuation date. The contribution rates for local employers for fiscal year beginning October 1, 2013 will be submitted in a separate report.
3. Schedule B shows the development of the actuarial value of assets. Schedule D of this report outlines the full set of actuarial assumptions and methods used in the current valuation. Since the previous valuation various assumptions and methods have been revised to reflect the results of the experience investigation for the five year period ending September 30, 2010. These revised assumptions as summarized in the following table were adopted by the Board on January 27, 2012.



Summary of Recommended Assumptions	
Economic Assumptions	
Price Inflation	Changed from 4.50% to 3.00%.
Real Rate of Investment Return	Changed from 3.50% to 5.00%.
Total Rate of Investment Return	No change in 8.00% assumption.
Real Rate of Wage Inflation	Changed from 0.00% to 0.25%.
Wage Inflation	Changed from 4.50% to 3.25%.
Payroll Growth	Changed from 4.50% to 3.25%.
Demographic Assumptions	
Withdrawal	Changed assumed rates.
Retirement	Changed assumed rates.
Mortality	Changed assumed rates.
Disability	Changed assumed rates.
Merit/Promotion Scale	Changed to a service based salary merit scale increase assumption.
Other Assumptions and Methods and Administrative Changes	
Unused Sick Leave	Changed assumption.
Asset Smoothing	No change in method.
Pre-retirement Death Benefit	Changed assumption.
Administrative Expenses	Changed assumption.
Separation from Service	Changed assumption.
All others	No change to other actuarial methods.

4. The valuation takes into account the effect of amendments to the System through the valuation date. Provisions of the System, as summarized in Schedule F, were taken into account in the current valuation. Subsequent to the valuation, the System has been amended to provide a new benefit structure for members hired on or after January 1, 2013.
5. The valuation indicates that employer contributions at the rate of 12.02% of payroll for State employees and 35.81% for State policemen and varying rates for local employees, along with expected member contributions are sufficient to support the benefits of the System.



SECTION II – MEMBERSHIP DATA

1. Data regarding the membership of the System for use as a basis of the valuation were furnished by the Retirement System office. The following table shows the number of active members and their annual compensation as of September 30, 2011 on the basis of which the valuation was prepared.

TABLE 1
THE NUMBER AND ANNUAL COMPENSATION OF
ACTIVE MEMBERS AS OF SEPTEMBER 30, 2011

GROUP	NUMBER	COMPENSATION*
State Employees	31,185	\$ 1,299,463,347
State Policemen	813	50,281,806
Local Employees	<u>53,635</u>	<u>2,027,972,266</u>
Total	85,633	\$ 3,377,717,419

*Does not include pay increases effective after the valuation date.

The table reflects the active membership for whom complete valuation data were submitted. The results of the valuation include an estimated liability for an additional 10,416 non-contributing inactive members and members for whom incomplete data were submitted. In addition, there were 2,708 members with annual compensation of \$162,963,178 who were participating in the DROP program as of September 30, 2011.



2. The following table shows a six-year history of active member valuation data.

TABLE 2
SCHEDULE OF ACTIVE MEMBER VALUATION DATA

<u>Valuation Date</u>	<u>Number</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase in Average Pay</u>
9/30/2011 ¹	85,633	\$ 3,377,717,419	\$ 39,444	- 1.00%
9/30/2010 ²	86,967	3,464,913,031	39,842	0.38
9/30/2009 ³	87,647	3,478,635,402	39,689	3.65
9/30/2008 ⁴	88,002	3,369,696,707	38,291	4.71
9/30/2007 ⁵	86,668	3,169,432,161	36,570	4.65
9/30/2006 ⁶	84,482	2,952,186,813	34,945	3.05

¹In addition, there are 2,708 members with compensation of \$162,963,178 who are currently participating in the DROP. Employers of the Retirement System contribute on this payroll.

²In addition, there are 2,593 members with compensation of \$154,756,911 who are currently participating in the DROP. Employers of the Retirement System contribute on this payroll.

³In addition, there are 2,371 members with compensation of \$141,607,707 who are currently participating in the DROP. Employers of the Retirement System contribute on this payroll.

⁴In addition, there are 2,184 members with compensation of \$130,111,885 who are currently participating in the DROP. Employers of the Retirement System contribute on this payroll.

⁵In addition, there are 2,039 members with compensation of \$118,877,383 who are currently participating in the DROP. Employers of the Retirement System contribute on this payroll.

⁶In addition, there are 1,905 members with compensation of \$115,812,131 who are currently participating in the DROP. Employers of the Retirement System contribute on this payroll.



3. The following table shows the number and annual retirement allowances payable to retired members and their beneficiaries on the roll of the Retirement System as of the valuation date.

TABLE 3
THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES¹
OF RETIRED MEMBERS AND BENEFICIARIES OF
DECEASED MEMBERS ON THE ROLL AS OF SEPTEMBER 30, 2011

TYPE OF RETIREMENT	GROUP			
	STATE EMPLOYEES	STATE POLICEMEN	LOCAL EMPLOYEES ²	TOTAL
Service:				
Number	16,165	666	15,143	31,974
Annual Allowances	\$ 349,477,573	\$ 30,807,330	\$ 281,661,399	\$ 661,946,302
Disability:				
Number	1,984	39	1,661	3,684
Annual Allowances	\$ 25,392,717	\$ 1,060,152	\$ 19,839,647	\$ 46,292,516
Beneficiaries:				
Number	1,509	103	1,815	3,427
Annual Allowances	\$ 17,080,101	\$ 1,998,876	\$ 15,943,971	\$ 35,022,948
DROP participants:				
Number	1,856	31	821	2,708
Annual Allowances	\$ 57,897,272	\$ 1,905,673	\$ 24,209,041	\$ 84,011,986
Total:				
Number	21,514	839	19,440	41,793
Annual Allowances	\$ 449,847,663	\$ 35,772,031	\$ 341,654,058	\$ 827,273,752

¹ Amounts shown do not reflect any increase in effect after the valuation date.

² In addition, there are 45 terminated vested members with annual deferred allowances totaling \$257,513.

4. Tables in Schedule G show the distribution by age and service of the number and average annual compensation of active members included in the valuation. In addition, tables in Schedule G show the distribution by age and benefit type of the number, annual benefits, and average annual benefits of retired members included in the valuation.



SECTION III - ASSETS

1. The current retirement law provides for the maintenance of four funds for the purpose of recording the fiscal transactions of the System, namely, the Annuity Savings Fund, the Pension Accumulation Fund, the Pre-Retirement Death Benefit Fund, and the Deferred Retirement Option Plan Fund.

- (a) Annuity Savings Fund

The Annuity Savings Fund is the fund to which are credited all contributions made by members, except those contributions made by members who are participating in DROP, together with regular interest thereon. When a member retires or when a survivor allowance becomes payable or a member enters DROP, the amount of the member's accumulated contributions are transferred from the Annuity Savings Fund to the Pension Accumulation Fund. On September 30, 2011, the market value of assets credited to this Fund amounted to \$2,112,356,359 which represent the contributions of members to this date.

- (b) Pension Accumulation Fund

The Pension Accumulation Fund is the fund to which are credited all contributions made by the employers, except those contributions made to the Pre-Retirement Death Benefit Fund which was created October 1, 1983. When a member retires or when a survivor allowance becomes payable, the pension is paid from this fund. When a members enters DROP, the deferred pension is transferred from this fund to the DROP Fund. On September 30, 2011 the market value of assets credited to this fund amounted to \$5,620,702,623.

- (c) DROP Fund

The DROP Fund is the fund to which are credited deferred retirement benefits on behalf of members who elect to participate in the DROP, together with regular interest thereon. In addition, member contributions while participating in the DROP, together with regular interest therein, are credited to the Fund. At the end of the DROP deferral period, the member receives the amount of the deferred retirement benefits and contributions plus interest in the member's DROP account. On September 30, 2011, the market value of assets credited to this Fund amounted to \$324,182,321.

- (d) Pre-Retirement Death Benefit Fund

The Pre-Retirement Death Benefit Fund is the fund to which are credited contributions made by the employer for the special pre-retirement death benefit which became effective October 1, 1983. On September 30, 2011, the market value of assets credited to this fund amounted to \$21,351,102. These assets are not included in the valuation and the liabilities associated with these death benefits are not included in the valuation.



2. As of September 30, 2011 the total market value of assets exclusive of the Pre-Retirement Death Benefit Fund amounted to \$8,057,241,303 as shown in the following table.

TABLE 4
MARKET VALUE OF ASSETS BY FUND
AS OF SEPTEMBER 30, 2011

FUND	MARKET VALUE OF ASSETS
Annuity Savings Fund	\$ 2,112,356,359
Pension Accumulation Fund	5,620,702,623
DROP Fund	<u>324,182,321</u>
Total Market Value of Assets	\$ 8,057,241,303

3. The five-year market related actuarial value of assets used for the current valuation was \$9,456,158,008. Schedule B shows the development of the actuarial value of assets as of September 30, 2011. The following table shows the actuarial value of assets allocated among State employees, State policemen and local employees.

TABLE 5
COMPARISON OF ACTUARIAL VALUE OF ASSETS
AT SEPTEMBER 30, 2011 AND SEPTEMBER 30, 2010

GROUP	SEPTEMBER 30, 2011 ACTUARIAL VALUE	SEPTEMBER 30, 2010 ACTUARIAL VALUE
State Employees	\$ 4,428,511,476	\$ 4,649,566,749
State Policemen	317,968,498	334,177,906
Local Employees	<u>4,709,678,034</u>	<u>4,755,586,161</u>
Total Assets	\$ 9,456,158,008	\$ 9,739,330,816

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



SECTION IV - COMMENTS ON VALUATION

1. Schedule A of this report contains the valuation balance sheets which show the present and prospective assets and liabilities of the System as of September 30, 2011. Separate balance sheets are shown for each employee group as well as in total for all groups.
2. The total valuation balance sheet shows that the System has total prospective liabilities of \$16,541,116,065. Of this amount, \$7,722,942,146 is for the prospective benefits payable on account of present retired members, beneficiaries of deceased members, and DROP participants, \$251,155,035 is for the prospective benefits payable on account of present inactive members and \$8,567,018,884 is for the prospective benefits payable on account of present active members. Against these liabilities the System has total actuarial value of assets of \$9,456,158,008 as of September 30, 2011. The difference of \$7,084,958,057 between the total liabilities and the total present actuarial value of assets represents the present value of contributions to be made in the future. Of this amount, \$1,531,935,588 is the present value of future contributions expected to be made by members to the Annuity Savings Fund, and the balance of \$5,553,022,469 represents the present value of future contributions payable by the employers.
3. The employers' contributions to the System consist of normal contributions, accrued liability contributions and current disbursement cost-of-living benefit increase contributions. The valuation indicates that employer normal contributions at the rate of 1.05% of payroll are required to provide the benefits of the System for State employees. For State policemen, employer normal contributions at the rate of 9.58% of payroll are required. For local employees, varying rates of employer normal contributions are required.
4. Prospective employer normal contributions at the above rates have a present value of \$642,384,275. When this amount is subtracted from \$5,553,022,469, which is the present value of the total future contributions to be made by the employers, there remains \$4,910,638,194 as the amount of future cost-of-living and accrued liability contributions.
5. For State employees, it is recommended that the accrued liability contribution rate payable by the State be set at 10.62% of payroll. For State policemen, it is recommended that the accrued liability



contribution rate payable by the State be set at 25.88% of payroll. These rates are sufficient to amortize the unfunded accrued liability of \$2,470,572,008 for State employees and \$225,726,739 for State policemen within 30 years on the assumption that the aggregate amount of accrued liability contribution will increase by 3.25% each year. However, if the amortization period continues to be set at 30 years each year, the unfunded accrued liability will never be fully amortized.

6. For all employers, an additional contribution of 0.14% of payroll will be required to meet the cost of the pre-retirement death benefit program established under Act No. 83-616. The assets and liabilities of the program are not included in the valuation.
7. For all employers, an additional contribution of 0.21% is required to cover the expenses of administering the System.

SECTION V - CONTRIBUTIONS PAYABLE BY EMPLOYERS

1. The retirement act provides that the Board of Control shall certify to the chief fiscal officer of each employer the rates of contribution required to be paid by the employer.
2. On the basis of the actuarial valuation prepared as of September 30, 2011 it is recommended that the State make contributions at the following rates for the fiscal year beginning October 1, 2013:

**TABLE 6
RECOMMENDED CONTRIBUTION RATES**

CONTRIBUTION	PERCENTAGE OF MEMBERS' COMPENSATION FOR FISCAL YEAR ENDING SEPTEMBER 20, 2014	
	STATE EMPLOYEES	STATE POLICEMEN
Normal	1.05%	9.58%
Accrued liability	10.62	25.88
Death benefit	0.14	0.14
Administration	<u>0.21</u>	<u>0.21</u>
Total	12.02%	35.81%



3. Contribution rates for Local Employers will be submitted in a separate report. The rates for the fiscal year beginning October 1, 2013 will be determined as of September 30, 2011, and will reflect any elections made pursuant to Act 2011-676 as of September 30, 2011.

SECTION VI – ANALYSIS OF FINANCIAL EXPERIENCE

The following table shows the estimated gain or loss from various factors that resulted in an increase in the unfunded accrued liability during the year ending September 30, 2011. For State employees, the unfunded accrued liability increased \$184,665,650: for State policemen, the unfunded accrued liability increased \$26,695,756. Since the benefits, assumptions and accrued liability rates vary by location for the Local employees, we do not develop an analysis of financial experience for this group. The most significant item contributing to the \$184.7 million increase for State employees was a \$384.7 million loss due to less than expected investment return on the actuarial value of assts. For State policemen the asset loss was \$28.4 million of the \$26.7 million increase in the unfunded accrued liability. The results also show a significant gain of \$187.6 million for State employees due to salary increases that were less than expected. In addition there was a decrease of \$141.6 million for state employees and an increase of \$4.1 million for state policemen due to the changes in assumptions adopted by the Board based on the experience investigation prepared as of September 30, 2010.



ANALYSIS OF FINANCIAL EXPERIENCE

(in millions of dollars)

ITEM	AMOUNT OF INCREASE / (DECREASE)	
	<u>STATE EMPLOYEES</u>	<u>STATE POLICEMEN</u>
Interest (8.00%) added to previous unfunded accrued liability	\$ 182.9	\$ 15.9
Accrued liability contribution*	(103.1)	(9.7)
Experience:		
Valuation asset growth	384.3	28.4
Pensioners' mortality	9.7	1.7
Turnover and retirements	23.0	(0.3)
New entrants	11.6	0.4
Salary increases	(187.6)	(14.0)
Method changes	0.0	0.0
Amendments	0.0	0.0
Assumption changes	(141.6)	4.1
Data changes	(3.1)	(0.2)
Miscellaneous	<u>8.6</u>	<u>0.4</u>
Total	\$ 184.7	\$ 26.7

* Equal to the total contribution made to the System less the normal cost for the year adjusted for interest to September 30, 2011.



SECTION VII - ACCOUNTING INFORMATION

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

**NUMBER OF ACTIVE AND RETIRED MEMBERS
AS OF SEPTEMBER 30, 2011**

GROUP	NUMBER			
	State Employees	State Police	Local Employees	Total
Retirees and beneficiaries currently receiving benefits	19,658	808	18,619	39,085
DROP participants	1,856	31	821	2,708
Terminated employees entitled to benefits but not yet receiving benefits	3,134	11	7,316	10,461
Active Members	<u>31,185</u>	<u>813</u>	<u>53,635</u>	<u>85,633</u>
Total	55,833	1,663	80,391	137,887



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

SCHEDULE OF FUNDING PROGRESS

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
<u>TOTAL ALL GROUPS</u>						
9/30/2006	\$9,287,531	\$11,457,564	\$2,170,033	81.1%	\$3,070,146	70.7%
9/30/2007	9,770,897	12,370,342	2,599,445	79.0	3,389,156	76.7
9/30/2008	9,905,766	13,078,687	3,172,921	75.7	3,553,330	89.3
9/30/2009	9,928,104	13,756,176	3,828,072	72.2	3,620,243	105.7
9/30/2010	9,739,331	14,284,119	4,544,788	68.2	3,619,670	125.6
9/30/2011	9,456,158	14,366,796	4,910,638	65.8	3,540,681	138.7
<u>STATE EMPLOYEES</u>						
9/30/2006	\$4,765,294	\$5,884,307	\$1,119,013	81.0%	\$1,289,743	86.8%
9/30/2007	4,922,133	6,377,127	1,454,994	77.2	1,490,522 ²	97.6
9/30/2008	4,912,248	6,613,798	1,701,550	74.3	1,531,217 ²	111.1
9/30/2009	4,817,987	6,795,389	1,977,402	70.9	1,510,157	130.9
9/30/2010	4,649,567	6,935,473	2,285,906	67.0	1,494,440	153.0
9/30/2011	4,428,511	6,899,084	2,470,572	64.2	1,411,725	175.0
<u>STATE POLICEMEN</u>						
9/30/2006	\$342,051	\$451,702	\$109,651	75.7%	\$45,304 ¹	242.0%
9/30/2007	350,437	475,409	124,972	73.7	50,987 ²	245.1
9/30/2008	350,686	489,058	138,372	71.7	51,495 ²	268.7
9/30/2009	345,246	502,065	156,819	68.8	53,705	292.0
9/30/2010	334,178	533,209	199,031	62.7	57,266	347.6
9/30/2011	317,968	543,695	225,727	58.5	52,987	426.0
<u>LOCAL EMPLOYEES</u>						
9/30/2006	\$4,180,186	\$5,121,555	\$941,369	81.6%	\$1,735,099	54.3%
9/30/2007	4,498,327	5,517,806	1,019,479	81.5	1,847,647	55.2
9/30/2008	4,642,832	5,975,831	1,332,999	77.7	1,970,618	67.6
9/30/2009	4,764,871	6,458,721	1,693,850	73.8	2,056,381	82.4
9/30/2010	4,755,586	6,815,437	2,059,851	69.8	2,067,964	99.6
9/30/2011	4,709,678	6,924,018	2,214,339	68.0	2,075,968	106.7

¹ Includes pay increases granted under Act 2006-231.

² Includes pay increases granted under Act 2007-297.



3. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at September 30, 2011. Additional information as of the latest actuarial valuation follows.

	<u>State Employees</u>	<u>State Policemen</u>	<u>Local Employees</u>
Valuation date	9/30/2011	9/30/2011	9/30/2011
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percent Open	Level percent Open	Level percent Open
Remaining amortization period	30 years	30 years	Within 30 years - Varies by employer
Asset valuation method	5 year smoothed Market	5 year smoothed market	5 year smoothed market
Actuarial assumptions:			
Investment rate of return*	8.00%	8.00%	8.00%
Projected salary increases*	3.75 – 7.25%	5.00%	3.75 – 7.25%
Cost-of-living adjustment	None	None	None
*Includes inflation at	3.00%	3.00%	3.00%

TREND INFORMATION

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percent Of APC Contributed</u>	<u>Net Pension Obligation (NPO)</u>
<u>State Employees</u>			
9/30/2009	\$171,097,038	100%	\$0
9/30/2010	162,718,309	100	0
9/30/2011	162,923,038	100	0
<u>State Policemen</u>			
9/30/2009	\$16,912,176	100%	\$0
9/30/2010	17,281,367	100	0
9/30/2011	16,723,246	100	0
<u>Local Employees</u>			
9/30/2009	Varies	Varies	Varies
9/30/2010	Varies	Varies	Varies
9/30/2011	Varies	Varies	Varies



SCHEDULE A

**VALUATION BALANCE SHEET
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES OF
THE EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA**

STATE EMPLOYEES

	SEPTEMBER 30, 2011
<u>ASSETS</u>	
Actuarial Value of Assets	\$ 4,428,511,476
Present value of future members' contributions to the Annuity Savings Fund	\$ 704,869,395
Present value of future employer contributions to the Pension Accumulation Fund	
Normal contributions	\$ 96,760,179
Unfunded accrued liability contributions	<u>2,470,572,008</u>
Total prospective employer contributions	\$ 2,567,332,187
Total Assets	<u>\$ 7,700,713,058</u>
<u>LIABILITIES</u>	
Present value of benefits payable on account of retired members and beneficiaries of deceased members now drawing retirement allowances	
Service Retirements	\$ 3,652,440,185
Disability Retirements	207,048,768
Beneficiaries of Deceased Members	124,904,951
DROP Participant Accounts	<u>237,489,965</u>
Total	\$ 4,221,883,869
Inactive Members	\$ 98,240,035
Present value of prospective benefits payable on account of present active members:	
Service retirement allowances	\$ 2,905,126,491
Disability retirement allowances	150,144,990
Death Benefits	36,117,730
Termination Benefits	<u>289,199,943</u>
Total	\$ 3,380,589,154
Total Liabilities	<u>\$ 7,700,713,058</u>



SCHEDULE A (Continued)

**VALUATION BALANCE SHEET
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES OF
THE EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA**

STATE POLICEMEN

	SEPTEMBER 30, 2011
<u>ASSETS</u>	
Actuarial Value of Assets	\$ 317,968,498
Present value of future members' contributions to the Annuity Savings Fund	\$ 43,356,640
Present value of future employer contributions to the Pension Accumulation Fund	
Normal contributions	\$ 43,282,190
Unfunded accrued liability contributions	<u>225,726,739</u>
Total prospective employer contributions	\$ 269,008,929
Total Assets	<u>\$ 630,334,067</u>
<u>LIABILITIES</u>	
Present value of benefits payable on account of retired members and beneficiaries of deceased members now drawing retirement allowances	
Service Retirements	\$ 302,155,035
Disability Retirements	7,583,183
Beneficiaries of Deceased Members	14,925,855
DROP Participant Accounts	<u>7,344,960</u>
Total	\$ 332,009,033
Inactive Members	\$ 1,800,543
Present value of prospective benefits payable on account of present active members:	
Service retirement allowances	\$ 282,064,148
Disability retirement allowances	5,786,315
Death Benefits	1,616,530
Termination Benefits	<u>7,057,498</u>
Total	\$ 296,524,491
Total Liabilities	<u>\$ 630,334,067</u>



SCHEDULE A (Continued)

**VALUATION BALANCE SHEET
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES OF
THE EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA**

LOCAL EMPLOYEES

	SEPTEMBER 30, 2011
<u>ASSETS</u>	
Actuarial Value of Assets	\$ 4,709,678,034
Present value of future members' contributions to the Annuity Savings Fund	\$ 783,709,553
Present value of future employer contributions to the Pension Accumulation Fund	
Normal contributions	\$ 502,341,906
Unfunded accrued liability contributions	<u>2,214,339,447</u>
Total prospective employer contributions	\$ 2,716,681,353
Total Assets	<u>\$ 8,210,068,940</u>
<u>LIABILITIES</u>	
Present value of benefits payable on account of retired members and beneficiaries of deceased members now drawing retirement allowances	
Service Retirements	\$ 2,802,291,119
Disability Retirements	162,959,391
Beneficiaries of Deceased Members	124,451,338
DROP Participant Accounts	<u>79,347,396</u>
Total	\$ 3,169,049,244
Inactive Members	\$ 151,114,457
Present value of prospective benefits payable on account of present active members:	
Service retirement allowances	\$ 4,160,975,046
Disability retirement allowances	231,173,485
Death Benefits	54,558,820
Termination Benefits	<u>443,197,888</u>
Total	\$ 4,889,905,239
Total Liabilities	<u>\$ 8,210,068,940</u>



SCHEDULE A (Continued)

**VALUATION BALANCE SHEET
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES OF
THE EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA**

TOTAL - ALL GROUPS

	SEPTEMBER 30, 2011
<u>ASSETS</u>	
Actuarial Value of Assets	\$ 9,456,158,008
Present value of future members' contributions to the Annuity Savings Fund	\$ 1,531,935,588
Present value of future employer contributions to the Pension Accumulation Fund	
Normal contributions	\$ 642,384,275
Unfunded accrued liability contributions	<u>4,910,638,194</u>
Total prospective employer contributions	\$ 5,553,022,469
Total Assets	<u>\$ 16,541,116,065</u>
<u>LIABILITIES</u>	
Present value of benefits payable on account of retired members, beneficiaries of deceased members now drawing retirement allowances, and DROP participants	
Service Retirements	\$ 6,756,886,339
Disability Retirements	377,591,342
Beneficiaries of Deceased Members	264,282,144
DROP Participant Accounts	<u>324,182,321</u>
Total	\$ 7,722,942,146
Inactive Members	\$ 251,155,035
Present value of prospective benefits payable on account of present active members:	
Service retirement allowances	\$ 7,348,165,685
Disability retirement allowances	387,104,790
Death Benefits	92,293,080
Termination Benefits	<u>739,455,329</u>
Total	\$ 8,567,018,884
Total Liabilities	<u>\$ 16,541,116,065</u>



SCHEDULE A (continued)

SOLVENCY TEST
(\$1000's)

Valuation Date	Aggregate Accrued Liabilities For			Reported Assets	Portion of Accrued Liabilities Covered by Reported Asset		
	(1) Active Member Contributions	(2) Retirants and Beneficiaries	(3) Active Members (Employer Financed Portion)		(1)	(2)	(3)
9/30/2011 ¹	\$2,112,356	\$7,722,942	\$4,531,498	\$9,456,158	100%	95%	0%
9/30/2010	2,050,051	7,130,938	4,535,113	9,739,331	100	100	12.3
9/30/2009	1,973,511	6,707,240	5,075,425	9,928,104	100	100	24.6
9/30/2008 ²	1,860,095	6,275,136	4,943,455	9,905,766	100	100	35.8
9/30/2007 ²	1,777,331	5,911,861	4,681,149	9,770,897	100	100	44.5
9/30/2006 ³	1,705,372	5,540,766	4,211,426	9,287,531	100	100	48.5

¹ Reflects changes in actuarial assumptions.

² Reflects pay increases payable under Act 2007-297.

³ Reflects changes in actuarial assumptions.



SCHEDULE B

**DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS
AS OF SEPTEMBER 30, 2011**

STATE EMPLOYEES

(1)	Actuarial Value Beginning of Year	
	a. Actuarial Value Beginning of Year	\$ 4,649,566,749
	b. Adjustment	<u>7,691,452</u>
	c. Adjusted Actuarial Value Beginning of Year	\$ 4,657,258,201
(2)	Market Value End of Year	\$ 3,750,991,726
(3)	Market Value Beginning of Year	
	a. Market Value Beginning of Year	\$ 3,848,845,856
	b. Adjustment	<u>7,289,865</u>
	c. Adjusted Market Value Beginning of Year	\$ 3,856,135,721
(4)	Cash Flow	
	a. Contributions	\$ 241,908,761
	b. Benefit Payments	(438,239,188)
	c. Investment Expenses	<u>(4,345,866)</u>
	d. Net	\$ (200,676,293)
(5)	Investment Income	
	a. Market total: (2) – (3)c – (4)d	\$ 95,532,298
	b. Assumed Rate	8.00%
	c. Amount for Immediate Recognition [(3)c x (5)b] + [(4)a + (4)b] * (5)b * 0.5] – (4)c	\$ 304,983,507
	d. Amount for Phased-in Recognition (5)a – (5)c	\$ (209,451,209)
(6)	Phased-In Recognition of Investment Income	
	a. Current Year: 0.20*(5)d	\$ (41,890,242)
	b. First Prior Year	10,025,383
	c. Second Prior Year	(152,153,596)
	d. Third Prior Year	(239,770,134)
	e. Fourth Prior Year	<u>90,734,650</u>
	f. Total Recognized Investment Gain	\$ (333,053,939)
(7)	Actuarial Value End of Year: (1)c + (4)d + (5)c + (6)f	\$ 4,428,511,476



SCHEDULE B (Continued)

**DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS
AS OF SEPTEMBER 30, 2011**

STATE POLICEMEN

(1)	Actuarial Value Beginning of Year	\$	334,177,906
(2)	Market Value End of Year	\$	268,969,968
(3)	Market Value Beginning of Year	\$	276,225,329
(4)	Cash Flow		
	a. Contributions	\$	22,310,830
	b. Benefit Payments		<u>(36,296,998)</u>
	c. Net	\$	(13,986,168)
(5)	Investment Income		
	a. Market total: (2) – (3) – (4)c	\$	6,730,807
	b. Assumed Rate		8.00%
	c. Amount of Immediate Recognition [(3) x (5)b] + [(4)c * (5)b * 0.5]	\$	21,538,580
	d. Amount for Phased-in Recognition (5)a – (5)c	\$	(14,807,773)
(6)	Phased-In Recognition of Investment Income		
	a. Current Year: 0.20*(5)d	\$	(2,961,555)
	b. First Prior Year		644,494
	c. Second Prior Year		(11,068,040)
	d. Third Prior Year		(16,949,719)
	e. Fourth Prior Year		<u>6,573,000</u>
	f. Total Recognized Investment Gain	\$	(23,761,820)
(7)	Actuarial Value End of Year: (1) + (4)c + (5)c + (6)f	\$	317,968,498



SCHEDULE B (Continued)

**DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS
AS OF SEPTEMBER 30, 2011**

LOCAL EMPLOYEES

(1)	Actuarial Value Beginning of Year	
a.	Actuarial Value Beginning of Year	\$ 4,755,586,161
b.	Adjustment	<u>(7,691,452)</u>
c.	Adjusted Actuarial Value Beginning of Year	\$ 4,747,894,709
(2)	Market Value End of Year	\$ 4,037,279,609
(3)	Market Value Beginning of Year	
a.	Market Value Beginning of Year	\$ 3,977,913,272
b.	Adjustment	<u>(7,289,865)</u>
c.	Adjusted Market Value Beginning of Year	\$ 3,970,623,407
(4)	Cash Flow	
a.	Contributions	\$ 314,805,221
b.	Benefit Payments	<u>(347,171,504)</u>
c.	Net	\$ (32,366,283)
(5)	Investment Income	
a.	Market total: (2) – (3)c – (4)c	\$ 99,022,485
b.	Assumed Rate	8.00%
c.	Amount of Immediate Recognition [(3)c x (5)b] + [(4)c * (5)b * 0.5]	\$ 316,355,221
d.	Adjustment for Employer Lump Sums	\$ 516,574
e.	Adjusted Amount for Immediate Recognition (5)c + (5)d	\$ 316,871,795
f.	Amount for Phased-In Recognition (5)a – (5)e	\$ (217,849,310)
(6)	Phased-In Recognition of Investment Income	
a.	Current Year: 0.20*(5)f	\$ (43,569,862)
b.	First Prior Year	11,798,547
c.	Second Prior Year	(150,627,609)
d.	Third Prior Year	(221,373,757)
e.	Fourth Prior Year	<u>81,050,494</u>
f.	Total Recognized Investment Gain	\$ (322,722,187)
(7)	Actuarial Value End of Year: (1)c + (4)c + (5)e + (6)f	\$ 4,709,678,034



SCHEDULE B (Continued)

**SEPTEMBER 30, 2011
DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS**

TOTAL - ALL GROUPS

(1)	Actuarial Value Beginning of Year	\$	9,739,330,816
(2)	Market Value End of Year	\$	8,057,241,303
(3)	Market Value Beginning of Year	\$	8,102,984,457
(4)	Cash Flow		
	a. Contributions	\$	579,024,812
	b. Benefit Payments		(821,707,690)
	c. Investment Expenses		(4,345,866)
	d. Net	\$	(247,028,744)
(5)	Investment Income		
	a. Market total: (2) – (3) – (4)d	\$	201,285,590
	b. Assumed Rate		8.00%
	c. Amount for Immediate Recognition [(3)c x (5)b] + [(4)a + (4)b] * (5)b * 0.5 – (4)c	\$	642,877,307
	d. Adjusted for Employer Lump Sums	\$	(3,160)
	e. Adjusted Amount for Immediate Recognition (5)c + (5)d	\$	643,393,882
	f. Amount for Phased-In Recognition (5)a – (5)e	\$	(442,108,292)
(6)	Phased-In Recognition of Investment Income		
	a. Current Year: 0.20*(5)f	\$	(88,421,658)
	b. First Prior Year		22,468,424
	c. Second Prior Year		(313,849,245)
	d. Third Prior Year		(478,093,610)
	e. Fourth Prior Year		178,358,144
	f. Total Recognized Investment Gain	\$	(679,537,946)
(7)	Actuarial Value End of Year: (1) + (4)d + (5)e + (6)f	\$	9,456,158,008

<u>Date</u>	<u>Investment Gain/(Loss)</u>	<u>Amount Recognized</u>	<u>Remaining Balance as of 9/30/2011</u>
9/30/2011	\$ (441,588,558)	\$ (88,317,712)	\$ (353,270,846)
9/30/2010	98,981,351	19,796,270	59,388,811
9/30/2009	(1,569,593,406)	(313,918,681)	(627,837,362)
9/30/2008	(2,389,556,662)	(477,911,332)	(477,911,332)
9/30/2007	891,727,033	178,345,407	0



SCHEDULE C

SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDING SEPTEMBER 30, 2011

Receipts for the Year

Contributions:		
Members	\$ 195,709,253	
Employers	<u>383,315,559</u>	
Total		\$ 579,024,812
Net Investment Income*		<u>199,247,472</u>
TOTAL		\$ 778,272,284

Disbursements for the Year

Benefit Payments		\$ (710,313,381)
Refunds to Members		(32,258,054)
DROP Distributions		72,686,284
Miscellaneous:		
Transfers to TRS/JRF	\$ (2,156,877)	
Transfers to Plant Fund	(165,562)	
Transfers to Expense Fund	(4,780,237)	
Transfers to Pre-retirement Death Benefit Fund	<u>(1,655,041)</u>	
TOTAL		(8,757,717)
TOTAL		\$ 824,015,436

Excess of Receipts Over Disbursements \$ (45,743,154)

Reconciliation of Asset Balances

Market Value of Assets as of September 30, 2010	\$ 8,102,984,457
Excess of Receipts Over Disbursements	(45,743,154)
Market Value of Assets as of September 30, 2011	<u>\$ 8,057,241,303</u>

*Net of \$2,038,121 in investment expenses.



SCHEDULE D

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methods used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2010, submitted to and adopted by the Board on January 27, 2012.

INVESTMENT RATE OF RETURN: 8% per annum, compounded annually, including inflation at 3%.

SALARY INCREASES: Representative values of the assumed annual rates of future salary increases are as follows and include inflation at 3.25% per annum:

STATE AND LOCAL EMPLOYEES

Service	Annual Rate	Service	Annual Rate
0	7.25 %	7	5.00 %
1	7.25	8	5.00
2	6.00	9 to 13	4.75
3	5.50	14 to 16	4.50
4	5.25	17	4.00
5	5.25	18 & Over	3.75
6	5.25		

STATE POLICEMEN

5% per year for all years of service



SEPARATIONS BEFORE SERVICE RETIREMENT: Representative values of the assumed annual rates of death, disability and withdrawal are shown in the following tables:

STATE AND LOCAL EMPLOYEES

<u>Age</u>	<u>Death*</u>	<u>Annual Rate of</u>					
		<u>Disability</u>		<u>Withdrawal</u>			
		Years of Service		Years of Service			
		<u>0-24</u>	<u>25+</u>	<u>0-4</u>	<u>5-9</u>	<u>10-20</u>	<u>20+</u>
<u>Male</u>							
20	0.03%	0.04%		28.00%			
25	0.03	0.06		19.50	10.00%		
30	0.05	0.08		17.50	7.00	5.00%	
35	0.08	0.10		16.00	6.00	4.75	
40	0.10	0.27		15.50	4.50	3.50	2.50%
45	0.14	0.42	0.25%	14.00	4.00	3.00	2.25
50	0.20	0.77	0.25	13.00	4.00	2.75	2.00
55	0.36	1.53	0.25	12.00	3.75	2.75	2.00
60	0.71	2.50	0.25	12.00	4.25		
65	1.30			16.00	7.00		
69	1.99			17.00	7.00		

<u>Age</u>	<u>Death*</u>	<u>Annual Rate of</u>					
		<u>Disability</u>		<u>Withdrawal</u>			
		Years of Service		Years of Service			
		<u>0-24</u>	<u>25+</u>	<u>0-4</u>	<u>5-9</u>	<u>10-20</u>	<u>20+</u>
<u>Female</u>							
20	0.01%	0.04%		34.00%			
25	0.01	0.06		24.00	12.00%		
30	0.02	0.08		20.00	8.25	6.50%	
35	0.03	0.14		18.00	7.25	6.00	
40	0.04	0.29		16.00	6.00	4.00	3.00%
45	0.07	0.43	0.25%	14.75	5.25	3.75	2.50
50	0.10	0.69	0.25	14.00	4.50	3.50	2.50
55	0.19	1.24	0.25	14.00	4.00	3.00	2.50
60	0.38	0.25	0.25	14.00	4.00		
65	0.71			14.00	8.50		
69	1.09			14.00	8.50		

* Rates of pre-retirement mortality are according to the sex distinct RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and set forward one year for females with an adjustment factor of 0.90% for males and 0.70% for females.



SERVICE RETIREMENT: The assumed annual rates of service retirement are as follows:

Age	Annual Rate			
	Under age 65 with 25 or more years of service		Under age 65 with less than 25 years of service & All over age 65	
	Male ¹	Female ²	Male	Female
47 & Under	16.00%	13.00%		
48 to 51	11.00	11.00		
52 to 54	10.00	10.00		
55 to 59	16.00	16.00		
60	16.00	25.00	12.00%	16.00%
61	20.00	16.00	11.00	13.00
62	42.00	32.00	28.00	26.00
63	35.00	28.00	23.00	20.00
64	30.00	25.00	18.00	15.00
65			30.00	28.00
66			30.00	28.00
67			25.00	23.00
68 to 74			23.00	23.00
75 & Above			100.00	100.00

¹Rates are increased by 10% in year when member attains 25 years of service at or before age 60.

²Rates are increased by 7% in year when member attains 25 years of service at or before age 60.



STATE POLICEMEN

Annual Rate of

Age	<u>Death</u> ²		<u>Disability</u>	<u>Withdrawal</u> ¹	<u>Service Retirement</u>		
	<u>Male</u>	<u>Female</u>			Under Age 60 with <20 years of service and <u>All over age 60</u>	Under Age 60 with between 20 and 24 years of <u>service</u>	Under Age 60 with 25 or more years of <u>service</u>
20	0.03%	0.01%	0.08%	3.00%			
25	0.03	0.01	0.10	3.00			
30	0.05	0.02	0.14	2.50			
35	0.08	0.03	0.22	1.75			
40	0.10	0.04	0.34	1.75			25.00%
45	0.14	0.07	0.46	1.75			25.00
50	0.20	0.10	0.60				25.00
55	0.36	0.19			10.00%	15.00%	25.00
60	0.71	0.38			40.00		
62	0.91	0.50			40.00		
65	1.30	0.71			100.00		

¹ A rate of 4.00% is assumed during the first four years of employment.

² Rates of pre-retirement mortality are according to the sex distinct RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and set forward one year for females with an adjustment factor of 0.90% for males and 0.70% for females.

DEATH AFTER RETIREMENT: The rates of mortality for the period after service retirement are according to the sex distinct RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Mortality Table.

DEATH IN ACTIVE SERVICE BENEFIT: For those eligible for service retirement who die in active service, it is assumed that 75% of beneficiaries will elect the lump sum death benefit and 25% will elect the Option 3 allowance.

BENEFITS PAYABLE UPON SEPARATION FROM SERVICE: For active members who separate from service prior to eligibility for a service retirement allowance, the liability is assumed to be the greater of the value of the refund of contributions and the value of the deferred annuity.

UNUSED SICK LEAVE: 2.25% load on service retirement liabilities for active members.

PERCENT MARRIED: 100% of employees are assumed to be married, with the wife 3 years younger than the husband.

ACTUARIAL METHOD: Individual entry age normal cost method. Actuarial gains and losses are reflected in the unfunded actuarial accrued liability.



ASSET METHOD: Actuarial value, as developed in Schedule B. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected value.

LIABILITY FOR CURRENT INACTIVE MEMBERS: Member Contribution Balance is multiplied by a factor of 2.5 for State Employees, and 3.0 for Local Employees and State Policemen.



SCHEDULE E

ACTUARIAL COST METHOD

1. The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 8%). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to retired members and beneficiaries to obtain the present value of all expected benefits payable to the present group of members and beneficiaries.
2. The employer contributions required to support the benefits of the System are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution.
3. The normal contribution is determined using the "individual entry age normal" method. Under this method, a calculation is made to determine the uniform and constant percentage rate of employer contribution which, if applied to the compensation of each new member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf.
4. The unfunded accrued liability is determined by subtracting the current assets and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from the System. The accrued liability contribution amortizes the balance of the unfunded accrued liability over a period of years from the valuation date.



SCHEDULE F

SUMMARY OF MAIN SYSTEM PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES

The Employees' Retirement System of Alabama was established on October 1, 1945. The valuation took into account amendments to the System effective through the valuation date. The following summary describes the main benefit and contribution provisions of the System as interpreted for the valuation.

1 – DEFINITIONS

Average Final Compensation - the average compensation of a member for the 3 highest years in the last 10 years of creditable service.

Membership Service – all service rendered while a member of the Retirement System and for which contributions are made.

Creditable Service – the sum of membership service, prior service, and any other previous service established as creditable in accordance with the provisions of the retirement law.

Annuity – payments for life derived from accumulated contributions of a member.

Pension – payments for life derived from the accumulated contributions of an employer.

Retirement Allowance – the sum of the annuity and pension payments.

2 - BENEFITS

MEMBERS CLASSIFIED OTHER THAN STATE POLICEMEN

Service Retirement Allowance

Condition for Allowance

A retirement allowance is payable upon the request of any member who has completed 25 years of creditable service, (except for employees of local employers who did not elect 25-year retirement), or who has attained age 60 and completed at least 10 years of creditable service.



Amount of Allowance

Upon service retirement a member receives a retirement allowance equal to 2.0125% of the member's average final compensation multiplied by the number of years of his creditable service. At retirement, a member receives one additional year of creditable service in determining the retirement allowance for each five years of service as a full-time certified firefighter, police officer or correctional officer.

Disability Retirement Allowance

Condition for Allowance

A disability retirement allowance may be granted to a member who has 10 or more years of creditable service and becomes permanently incapacitated for duty before reaching eligibility for service retirement.

Amount of Allowance

Upon retirement for disability, a member receives a retirement allowance equal to 2.0125% of the member's average final compensation multiplied by the number of years of his creditable service. At retirement, a member receives one additional year of creditable service in determining the retirement allowance for each five years of service as a full-time certified firefighter, police officer or correctional officer.

Benefits Payable on
Separation from Service

Any member who withdraws from service is entitled to receive a return of member contributions with allowable interest. A member who has completed 10 years of creditable service may, after separation from service, continue in the membership of the System and file for service retirement after reaching age 60.

Benefits Payable upon
Death in Active Service

In the event of the death of a member eligible for service retirement, the designated beneficiary may elect: (1) to exercise option 3 as defined below under "Special Privileges at Retirement – All Employees" or (2) to receive a return of member contributions and total interest earned plus a death benefit payable from the pre-retirement death benefit fund equal to the salary on which the member made retirement contributions for the previous fiscal year (October 1 – September 30).*



In the event of the death of a member with more than one year of service who is not eligible for retirement, the designated beneficiary shall receive a return of member contributions and total interest earned. Also, the designated beneficiary shall receive an additional death benefit payable from the pre-retirement death benefit fund equal to the salary on which their retirement contributions were made for the previous fiscal year (October 1 – September 30).*

In the event of a job-related death of a member at any age with less than 1 year of service, the designated beneficiary shall receive the return of member contributions and total earned interest plus a death benefit payable from the pre-retirement death benefit fund equal to the annual earnable compensation of the member at the time death occurs.*

In the event of a non job-related death of a member with less than 1 year of service, the beneficiary shall receive the return of member contributions and total interest earned plus a matching death benefit which is limited to a maximum of \$5,000.

* However, if the death occurred more than 180 calendar days after the member's last day in pay status, or if the deceased had applied for a refund of contributions or terminated employment, the lump sum will be the same as if the member had less than one year of service and the death was not job-related.

Deferred Retirement Option Plan (DROP)

A member may elect to participate in the Deferred Retirement Option Plan (DROP) upon completion of at least 25 years of service (at least 30 years for employers that did not elect 25 year retirement) of creditable service (excluding sick leave) and attainment of at least 55 years of age. Under the DROP, the member may defer receipt of a retirement allowance and continue employment for a period not to exceed five years, nor to be less than three years. At the end of this period, the member may withdraw from active service and receive the retirement benefit based on his or her years of service credit at the time of enrollment in the DROP, and also receive a payment for the deferred retirement benefits, employee contributions while participating in the DROP, and interest earned on DROP deposits.

The effect of Act 2011-27 is that no new participants will be allowed to enter DROP with an effective participation date after June 1, 2011.



Member Contributions

Prior to October 1, 2011, regular members contributed 5.0% of salary. Certified police officers and firefighters contributed 6.0% of salary. DROP participants continue to contribute during the DROP period, but receive a refund of these contributions and regular interest upon retirement.

Beginning October 1, 2011, the contribution rates were increased to 7.25% for regular members and 8.25% for police officers and firefighters for all State employees and for local employees whose employers elect to do so.

Beginning October 1, 2012, the contribution rates will increase to 7.50% for regular members and 8.50% for police officers and firefighters for all State employees and for local employees whose employers elect to do so.

If positive investment performance results in a decrease in the total contribution rate paid by employers and employees participating in the System, the Retirement System of Alabama shall first reduce the employee contribution rate.

“Regular Interest” is 4% which is the rate adopted by the Board and applied to the balance in each member’s account every year; however, if a member receives a refund of contributions, the interest rate applied to the refund is lower than the 4% regular rate (Based on Section 36-27-16.3(c)(1)).

MEMBERS CLASSIFIED AS STATE POLICEMEN

Service Retirement Allowance

Condition for Allowance

A retirement allowance is payable upon the request of any member who has completed 25 years of creditable service or who has attained age 52 and completed at least 10 years of creditable service.

Amount of Allowance

Upon service retirement a member receives a retirement allowance equal to 2.875% of the member's average final compensation multiplied by the number of years of his creditable service.

A member who has attained 20 or more years of creditable service and retires prior to age 60 is eligible to receive a “bonus service credit” up to 4 years as follows:

- Age 56 or older – bonus service of 4 years reduced by 1 month for each month over the age of 56.
- Age 52 to 56 – bonus service of 4 years.



- Age 52 or less (disability retirement only) – bonus service of 4 years.
- Age 52 or less with 25 or more years of service – bonus service of 4 years.

Disability Retirement Allowance

Condition for Allowance

A disability retirement allowance may be granted to a member who has 10 or more years of creditable service or who becomes disabled as a result of his employment in line of duty without regard to his years of creditable service, and who becomes permanently incapacitated, mentally or physically, for the further performance of duty before reaching the minimum age for service retirement.

Amount of Allowance

Upon retirement for disability, a member receives a retirement allowance equal to 2.875% of the member's average final compensation multiplied by the number of years of his creditable service.

Benefits Payable on Separation from Service

Any member who withdraws from service is entitled to receive a return of member contributions with allowable interest. A member who has completed 10 years of creditable service may, after separation from service, continue in the membership of the System and file for service retirement after reaching age 52.

Benefits Payable upon Death in Active Service

In the event of the death of a member who is eligible for service retirement, the designated beneficiary may elect: (1) to exercise option 3 as defined below under "Special Privileges at Retirement – All Employees" or (2) to receive a return of member contributions and total interest earned plus a death benefit payable from the pre-retirement death benefit fund equal to the salary on which the member made retirement contributions for the previous fiscal year (October 1 – September 30).*

In the event of the death of a member with more than one year of service who is not eligible for retirement, the designated beneficiary shall receive a return of member contributions and total interest earned. Also, the designated beneficiary shall receive an additional death benefit payable from the pre-retirement death benefit fund equal to the salary on which their retirement contributions were made for the previous fiscal year (October 1 – September 30).*



In the event of a job-related death of a member at any age with less than 1 year of service, the designated beneficiary shall receive the return of member contributions and total earned interest plus a death benefit payable from the pre-retirement death benefit fund equal to the annual earnable compensation of the member at the time death occurs.*

In the event of a non job-related death of a member with less than 1 year of service, the beneficiary shall receive the return of member contributions and total interest earned plus a matching death benefit which is limited to a maximum of \$5,000.

* However, if the death occurred more than 180 calendar days after the member's last day in pay status, or if the deceased had applied for a refund of contributions or terminated employment, the lump sum will be the same as if the member had less than one year of service and the death was not job-related.

Deferred Retirement Option Plan (DROP)

A member may elect to participate in the Deferred Retirement Option Plan (DROP) upon completion of at least 25 years of creditable service (excluding sick leave) and attainment of at least 52 years of age. Under the DROP, the member may defer receipt of a retirement allowance and continue employment for a period not to exceed five years, nor to be less than three years. At the end of this period, the member may withdraw from active service and receive the retirement benefit based on his or her years of service credit at the time of enrollment in the DROP, and also receive a payment for the deferred retirement benefits, employee contributions while participating in the DROP, and interest earned on DROP deposits.

The effect of Act 2011-27 is that no new participants will be allowed to enter DROP with an effective participation date after June 1, 2011.

Member Contributions

Each member contributes 10% of salary. DROP participants continue to contribute during the DROP period, but receive a refund of these contributions with interest upon retirement.

3 - SPECIAL PRIVILEGES AT RETIREMENT – ALL MEMBERS

In lieu of the full retirement allowance, any member may, at retirement, elect to receive a reduced retirement allowance equal in value to the full allowance, with the provision that:



Option 1. If the member dies before the annuity payments equal or exceed the present value of the member's annuity at the date of retirement, the balance is paid to a designated beneficiary or to the estate, or

Option 2. After the member's death, the member's allowance is continued throughout the life of the designated beneficiary, or

Option 3. After the member's death, one half of the member's allowance is continued throughout the life of the designated beneficiary, or

Option 4. Some other benefit is paid either to the member or to the designated beneficiary provided such benefit, together with the reduced retirement allowance, is of equivalent actuarial value to his retirement allowance and is approved by the Board of Control.



SCHEDULE G

**SCHEDULE OF MEMBERSHIP DATA
AS OF SEPTEMBER 30, 2011**

ACTIVE STATE EMPLOYEES

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	303	505	14								822
Avg. Pay	\$28,178	\$28,123	\$26,943								\$28,123
25 to 29	446	1,643	514	7							2,610
Avg. Pay	\$31,113	\$31,624	\$31,697	\$33,146							\$31,555
30 to 34	259	1,317	1,619	351	6						3,552
Avg. Pay	\$32,901	\$32,407	\$37,052	\$38,282	\$43,243						\$35,159
35 to 39	183	966	1,270	912	171	5					3,507
Avg. Pay	\$34,270	\$33,507	\$39,178	\$42,927	\$45,130	\$40,653					\$38,627
40 to 44	200	848	1,041	881	848	349	6				4,173
Avg. Pay	\$33,866	\$32,663	\$38,805	\$43,199	\$52,068	\$49,857	\$47,319				\$41,879
45 to 49	184	720	880	708	785	1,241	305	6			4,829
Avg. Pay	\$34,181	\$32,483	\$37,267	\$43,684	\$49,986	\$54,733	\$55,507	\$40,576			\$45,090
50 to 54	122	645	780	630	595	1,080	765	249	15		4,881
Avg. Pay	\$34,899	\$33,477	\$35,755	\$39,987	\$49,415	\$52,934	\$59,274	\$55,061	\$59,775		\$46,190
55 to 59	81	453	663	592	535	813	245	134	39		3,555
Avg. Pay	\$37,106	\$31,605	\$37,642	\$39,656	\$47,526	\$51,309	\$59,063	\$60,330	\$53,451		\$44,314
60 to 64	139	430	448	357	334	465	64	23	16		2,276
Avg. Pay	\$57,396	\$50,363	\$39,402	\$42,244	\$48,128	\$51,470	\$51,956	\$60,695	\$55,103		\$47,442
65 to 69	21	162	141	124	106	138	16	8	4	1	721
Avg. Pay	\$59,703	\$61,358	\$40,716	\$43,039	\$46,398	\$54,764	\$52,436	\$59,256	\$128,209	\$113,481	\$50,883
70 & up	8	49	48	49	37	45	11	8		4	259
Avg. Pay	\$70,900	\$47,453	\$46,097	\$44,304	\$56,684	\$61,997	\$61,943	\$48,071		\$63,112	\$52,052
Total	1,946	7,738	7,418	4,611	3,417	4,136	1,412	428	74	5	31,185
Avg. Pay	\$34,600	\$33,875	\$37,484	\$41,870	\$49,543	\$52,875	\$57,985	\$56,758	\$59,131	\$73,186	\$41,670

Average Age: 44.86 Average Service: 10.93

In addition there are 1,856 employees with annual compensation of \$112,262,151 participating in the DROP as of September 30, 2011.



SCHEDULE G (Continued)

**SCHEDULE OF MEMBERSHIP DATA
AS OF SEPTEMBER 30, 2011**

ACTIVE STATE POLICE

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25 Avg. Pay											
25 to 29 Avg. Pay		33 \$46,669	29 \$48,864								62 \$47,696
30 to 34 Avg. Pay		31 \$46,867	60 \$50,238	33 \$54,296							124 \$50,475
35 to 39 Avg. Pay	1 \$54,529	14 \$49,366	49 \$50,823	70 \$60,127	27 \$64,731						161 \$57,097
40 to 44 Avg. Pay		12 \$45,962	37 \$49,228	63 \$60,748	65 \$71,974	27 \$81,063	2 \$87,101				206 \$64,278
45 to 49 Avg. Pay		12 \$52,969	14 \$53,669	19 \$52,583	38 \$69,217	43 \$79,692	25 \$85,018	2 \$94,203			153 \$70,307
50 to 54 Avg. Pay	1 \$94,017	5 \$54,439	5 \$54,309	7 \$61,981	9 \$77,741	29 \$75,975	15 \$83,498	5 \$87,084			76 \$74,506
55 to 59 Avg. Pay	2 \$59,237	6 \$71,263	3 \$52,185	3 \$75,508	5 \$66,134	5 \$79,832					24 \$69,124
60 to 64 Avg. Pay		2 \$82,718			1 \$78,833	1 \$86,688					4 \$82,739
65 to 69 Avg. Pay		2 \$67,865									2 \$67,865
70 & up Avg. Pay					1 \$86,808						1 \$86,808
Total Avg. Pay	4 \$66,755	117 \$50,190	197 \$50,368	195 \$58,909	146 \$70,221	105 \$79,091	42 \$84,574	7 \$89,118			813 \$61,847

Average Age: 40.92 Average Service: 12.98

In addition there are 31 employees with annual compensation of \$2,705,546 participating in the DROP as of September 30, 2011.



SCHEDULE G (Continued)

**SCHEDULE OF MEMBERSHIP DATA
AS OF SEPTEMBER 30, 2011**

ACTIVE LOCAL EMPLOYEES

Attained Age	Completed Years of Service										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up		
Under 25	1,018	1,258	50									2,327
Avg. Pay	\$21,264	\$26,024	\$31,730									\$24,066
25 to 29	1,062	2,875	1,108	26								5,071
Avg. Pay	\$23,479	\$29,599	\$36,217	\$37,873								\$29,806
30 to 34	710	2,201	1,984	769	17							5,681
Avg. Pay	\$25,201	\$30,743	\$38,142	\$42,595	\$43,147							\$34,276
35 to 39	607	1,860	1,824	1,591	655	22						6,558
Avg. Pay	\$25,365	\$31,118	\$38,454	\$45,031	\$51,121	\$55,799						\$38,082
40 to 44	602	1,659	1,626	1,652	1,408	617	15					7,579
Avg. Pay	\$25,690	\$29,962	\$38,024	\$43,996	\$51,433	\$53,835	\$55,003					\$40,393
45 to 49	451	1,583	1,500	1,333	1,165	1,128	452	15				7,627
Avg. Pay	\$26,612	\$29,727	\$35,597	\$41,764	\$48,746	\$53,904	\$58,268	\$67,913				\$41,048
50 to 54	409	1,250	1,385	1,307	995	1,017	693	311	13			7,380
Avg. Pay	\$26,363	\$30,349	\$35,206	\$39,930	\$45,378	\$51,890	\$58,402	\$60,192	\$53,656			\$41,664
55 to 59	276	1,000	1,156	1,093	888	840	392	233	80			5,958
Avg. Pay	\$28,885	\$28,835	\$34,223	\$38,319	\$44,028	\$48,483	\$53,808	\$59,664	\$61,383			\$39,943
60 to 64	151	586	751	677	524	450	184	95	47	20		3,485
Avg. Pay	\$33,042	\$30,722	\$34,178	\$39,595	\$43,940	\$49,450	\$50,633	\$53,850	\$61,441	\$63,458		\$39,981
65 to 69	60	218	319	261	182	142	49	27	13	8		1,279
Avg. Pay	\$29,961	\$32,025	\$32,101	\$40,020	\$45,319	\$46,884	\$50,623	\$53,277	\$48,872	\$79,309		\$38,748
70 & up	30	146	180	126	71	72	40	14	3	8		690
Avg. Pay	\$23,245	\$24,095	\$24,659	\$31,925	\$35,675	\$43,452	\$37,028	\$42,791	\$54,023	\$60,492		\$30,528
Total	5,376	14,636	11,883	8,835	5,905	4,288	1,825	695	156	36		53,635
Avg. Pay	\$24,847	\$29,750	\$36,306	\$41,775	\$47,668	\$51,489	\$55,893	\$58,696	\$59,572	\$66,321		\$37,778

Average Age:44.09 Average Service:9.64

In addition there are 821 employees with annual compensation of \$47,995,481 participating in the DROP as of September 30, 2011.



SCHEDULE G (Continued)

**SCHEDULE OF MEMBERSHIP DATA
AS OF SEPTEMBER 30, 2011**

**NUMBER OF RETIRED MEMBERS
AND THEIR BENEFITS BY AGE**

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	334	\$ 10,109,754	\$ 30,269
50 – 54	1558	43,580,214	27,972
55 – 59	2949	78,609,113	26,656
60 – 64	6335	149,098,866	23,536
65 – 69	6672	138,951,562	20,826
70 – 74	5309	102,365,865	19,282
75 – 79	4094	70,653,006	17,258
80 – 84	2667	41,147,892	15,429
85 – 89	1424	19,601,341	13,765
90 – 94	497	6,354,543	12,786
95 & Over	135	1,474,145	10,920
Total	31,974	\$ 661,946,301	\$ 20,703

Average Age:68.92

**NUMBER OF DROP PARTICIPANTS
AND THEIR BENEFITS BY AGE**

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 60	1693	\$ 54,888,809	\$ 32,421
60 – 64	844	24,539,440	29,075
65 – 69	136	3,595,373	26,437
70 – 74	25	710,974	28,439
75 – 79	8	225,374	28,172
80 – 84	2	52,016	26,008
85 & Over			
Total	2,708	\$ 84,011,986	\$ 31,024

Average Age:59.32



SCHEDULE G (Continued)

**SCHEDULE OF MEMBERSHIP DATA
AS OF SEPTEMBER 30, 2011**

**NUMBER OF BENEFICIARIES
AND THEIR BENEFITS BY AGE**

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	136	\$ 1,245,308	\$ 9,157
50 – 54	102	1,052,754	10,321
55 – 59	169	1,984,233	11,741
60 – 64	281	3,162,303	11,254
65 – 69	381	4,483,193	11,767
70 – 74	513	6,200,640	12,087
75 – 79	586	5,995,155	10,231
80 – 84	565	5,429,201	9,609
85 – 89	428	3,607,076	8,428
90 – 94	206	1,523,714	7,397
95 & Over	60	339,370	5,656
Total	3,427	\$ 35,022,947	\$ 10,220

Average Age: 73.98

**NUMBER OF DISABLED RETIREES
AND THEIR BENEFITS BY AGE**

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	327	\$ 4,344,090	\$ 13,285
50 – 54	496	6,497,432	13,100
55 – 59	769	10,021,833	13,032
60 – 64	848	11,121,051	13,114
65 – 69	591	6,880,743	11,643
70 – 74	307	3,504,638	11,416
75 – 79	197	2,265,529	11,500
80 – 84	103	1,198,411	11,635
85 – 89	31	342,163	11,038
90 – 94	11	80,971	7,361
95 & Over	4	35,654	8,914
Total	3,684	\$ 46,292,515	\$ 12,566

Average Age:61.45