

**TEACHERS' RETIREMENT SYSTEM OF ALABAMA**  
**REPORT OF THE ACTUARY ON THE**  
**SIXTY-SECOND ANNUAL VALUATION**  
**PREPARED AS OF JUNE 30, 2003**



February 13, 2004

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

Members of the Board:

In this report are submitted the results of the sixty-second annual valuation of the assets and liabilities of the Teachers' Retirement System of Alabama, prepared as of June 30, 2003 in accordance with Section 367(15) 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 June 30, 2003, 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. On the basis of the valuation, it is recommended that the State make contributions to the Retirement System at the rate of 9.44% of payroll. The increase in the contribution rate from 7.54% to 9.44% of payroll is primarily due to a recognition of asset losses. Due to the poor recent performance in the markets, we strongly recommend that the Board of Control consider lowering the assumed rate of investment return from 8.0% to 7.75% or 7.50%. This change would require an additional increase in the required employer contribution rate.

The promised benefits of the System are included in the actuarially calculated contribution rates which are developed using the entry age normal cost method. The valuation continues to take into account the provisions of Act 2000-732 which requires that the actuary certify annually to the Teachers' Retirement System that there has been no change in the liquidation period used to determine the accrued liability contribution rate. Under the requirements of Act 2000-732, we have determined an employer contribution rate of 9.44% of payroll based on a 10-year liquidation period. If the section of Act 2000-732 that requires the use of a liquidation period of 10 years was repealed, a liquidation period up to 20 years could be utilized and a lower employer contribution would be required. The repeal of this section of Act 2000-732 would be reasonable and actuarially sound and would result in an employer contribution of 8.17% based on a 20-year liquidation period. Additionally, this would make the TRS and ERS amortization methods the same, as they were prior to the passage of this section of Act 2000-732. Five-year market related 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 4.5% 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.

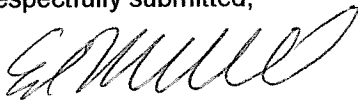
We have prepared the Schedule of Funding Progress and Trend Information shown in the financial section of the Comprehensive Annual Financial Report, and all supporting schedules including the Schedule of Active Member Valuation Data, the Solvency Test and the Analysis of Financial Experience shown in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

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.

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,



Edward A. Macdonald, ASA, FCA, MAAA  
Principal, Consulting Actuary

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**TEACHERS' RETIREMENT SYSTEM OF ALABAMA  
REPORT OF THE ACTUARY ON THE  
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PREPARED AS OF JUNE 30, 2003**

**SECTION I - SUMMARY OF PRINCIPAL RESULTS**

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

VALUATION DATE	June 30, 2003	June 30, 2002
Active members		
Number	129,617	128,649
Annual compensation	\$ 4,486,058,170	\$ 4,332,119,671
Retired members and beneficiaries		
Number	53,552	51,283
Annual allowances	\$ 943,580,992	\$ 871,432,820 <sup>1</sup>
DROP participants		
Number	2,711	973
Annual compensation	\$ 146,552,344	\$ 47,063,551
Annual allowances	84,296,025	27,845,477
Assets		
Actuarial value	\$ 18,110,470,424	\$ 17,904,881,007
Market value	15,178,636,525	15,671,942,375
Unfunded accrued liability	\$ 1,247,264,917	\$ 469,293,297
<b>CONTRIBUTIONS FOR FISCAL YEAR ENDING</b>	<b>September 30, 2006</b>	<b>September 30, 2005</b>
<u>Act 2000-732</u>		
Employer contribution rate		
Normal	5.92%	5.91%
Accrued liability	3.14	1.25
Death benefit	0.12	0.12
Term life	0.05	0.05
Administration	<u>0.21</u>	<u>0.21</u>
Total	9.44%	7.54%
Liquidation period	10 years	10 years

<sup>1</sup> Excludes the additional allowance payable under Act 2002-393. The results of the valuation have been adjusted to include this allowance.

2. Comments on the valuation results as of June 30, 2003 are given in Section IV and further discussion of the contribution levels is set out in Section V.

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 employed in the current valuation. There have been no changes since the previous valuation.
4. Provisions of the System, as summarized in Schedule F, were taken into account in the current valuation. There have been no changes since the previous valuation.
5. The valuation reflects the provisions of Act 2000-732 which requires certification from the actuary on the increase in the contribution rate due to a retirees' cost-of-living increase or an increase in retirement benefits, and certification that there has been no change in the liquidation period used to determine the accrued liability contribution rate. This certification for the 9.44% employer contribution rate based on a 10-year amortization period is in Section VI of this report.

## SECTION II - MEMBERSHIP

1. The following table shows the number of active members and their annual compensation as of June 30, 2003 on the basis of which the valuation was prepared.

**TABLE 1**  
**THE NUMBER AND ANNUAL COMPENSATION OF**  
**ACTIVE MEMBERS AS OF JUNE 30, 2003**

GROUP	NUMBER*	COMPENSATION*
Men	34,058	\$ 1,444,268,563
Women	<u>95,559</u>	<u>3,041,789,607</u>
Total	129,617	\$ 4,486,058,170

\*in addition, there are 2,711 members with compensation of \$146,552,344 who are currently participating in the DROP. Employers of the Retirement System contribute on this payroll.

The table reflects the active membership for whom complete valuation data were submitted. The results of the valuation were adjusted to take account of an additional 16,250 inactive members and members for whom incomplete data were submitted.

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>
6/30/2003 <sup>1</sup>	129,617	\$ 4,486,058,170	\$ 34,610	2.78%
6/30/2002 <sup>2</sup>	128,649	4,332,119,671	33,674	1.74
6/30/2001	130,066	4,305,080,140	33,099	3.96
6/30/2000	129,777	4,131,903,775	31,838	3.03
6/30/1999	128,279	3,964,111,877	30,902	(1.54)
6/30/1998 <sup>3</sup>	125,464	3,937,739,237	31,385	10.60

<sup>1</sup>In addition, there are 2,711 employees with annual compensation of \$146,552,344 who are currently participating in the DROP program. Employers of the Retirement System contribute on this payroll.

<sup>2</sup>In addition, there are 973 employees with annual compensation of \$47,063,551 who are currently participating in the DROP program. Employers of the Retirement System contribute on this payroll.

<sup>3</sup>Includes an 8.5% across-the-board pay increase effective October 1, 1998.

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 ALLOWANCES OF RETIRED MEMBERS AND BENEFICIARIES ON THE ROLL AS OF JUNE 30, 2003**

<b>GROUP</b>	<b>NUMBER</b>	<b>ANNUAL RETIREMENT ALLOWANCES</b>
Service Retirements	47,685	\$ 884,651,412
Disability Retirements	3,310	32,991,568
Beneficiaries of Deceased Members	2,557	25,938,012
DROP Participants	<u>2,711</u>	<u>84,296,025</u>
Total	56,263	\$ 1,027,877,017

Included in the above table are the additional allowances being paid under Acts 23, 2289, 808, 599, 742, 572, 355, 741 and 393.

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

### SECTION III - ASSETS

1. The current retirement law provides for the maintenance of three funds for the purpose of recording the fiscal transactions of the System, namely, the Annuity Savings Fund, the Pension Accumulation Fund, and the Pre-Retirement Death Benefit Fund. Effective February 1, 2002, a separate fund was created for the DROP.

(a) Annuity Savings Fund

The Annuity Savings Fund is the fund to which are credited all contributions made by members together with regular interest thereon. When a member retires or when a survivor allowance becomes payable the amount of the member's accumulated contributions are transferred from the Annuity Savings Fund to the Pension Accumulation Fund. The market value of assets credited to the Annuity Savings Fund on June 30, 2003, which represent the accumulated contributions of active members to that date, including interest, amounted to \$2,744,563,588.

(b) Pension Accumulation Fund

The Pension Accumulation Fund is the fund to which are credited all contributions made by the employer, 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. In addition, the amount of the member's accumulated contributions is transferred from the Annuity Savings Fund to the Pension Accumulation Fund and the annuity is paid from this fund. On June 30, 2003 the market value of assets credited to this fund amounted to \$12,356,244,128.

(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, employer 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 June 30, 2003, the market value of assets credited to this Fund amounted to \$77,828,809.

(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 June 30, 2003, the market value of assets credited to this fund amounted to \$9,237,583.



2. As of June 30, 2003 the total market value of assets reported exclusive of the Pre-Retirement Death Benefit Fund amounted to \$15,178,636,525 as shown in the following table.

**TABLE 4**  
**MARKET VALUE OF ASSETS BY FUND**  
**AS OF JUNE 30, 2003**

FUND	MARKET VALUE OF ASSETS
Annuity Savings Fund	\$ 2,744,563,588
Pension Accumulation Fund	12,356,244,128
DROP Fund	<u>77,828,809</u>
Total Market Value of Assets	\$ 15,178,636,525

3. The five-year market related actuarial value of assets as of June 30, 2003 was \$18,110,470,424. Schedule B shows the development of the actuarial value of assets as of June 30, 2003.
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 sheet which shows the present and prospective assets and liabilities of the System as of June 30, 2003.
2. The valuation balance sheet shows that the System has total prospective liabilities of \$23,594,367,882. Of this amount, \$9,548,773,410 is for the prospective benefits payable on account of present retired members, beneficiaries of deceased members, and DROP participants, and \$14,045,594,472 is for the prospective benefits payable on account of present active and inactive members. Against these liabilities, the System has total present actuarial value of assets, exclusive of the Pre-Retirement Death Benefit Fund, of \$18,110,470,424 as of June 30, 2003. The difference of \$5,483,897,458 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, \$1,940,431,669 is the present value of future contributions expected to be made by members to the Annuity Savings Fund, and the balance of \$3,543,465,789 represents the present value of future contributions payable by the employer.

3. The employer's regular contributions to the System consist of normal contributions and accrued liability contributions. The valuation indicates that employer normal contributions at the rate of 5.92% of payroll are required to provide the benefits of the System for the average new member.
4. Prospective normal contributions at the rate of 5.92% have a present value of \$2,296,200,872. When this amount is subtracted from \$3,543,465,789, which is the present value of the total future contributions to be made by the employer, there remains \$1,247,264,917 as the amount of future accrued liability contributions. Accrued liability contributions of 3.14% of payroll are to be made toward liquidating the unfunded accrued liability, which includes payment for the cost-of-living benefit increases granted under Acts 23, 2289, 808, 599, 742, 572, 355, 741, and 393. Annual accrued liability contributions at the rate of 3.14% of payroll will liquidate the unfunded accrued liability within approximately 10 years from the valuation date on the assumption that the aggregate amount of accrued liability contribution will increase by 4.50% each year.
5. A contribution of 0.12% is required to meet the cost of the pre-retirement death benefit program this year. A contribution of 0.05% is required to meet the cost of group term-life insurance premiums.
6. An additional contribution of 0.21% of payroll is required to cover the expenses of administering the System.

#### **SECTION V - CONTRIBUTIONS PAYABLE BY EMPLOYER**

1. The retirement law provides that the employer contributions are to be paid from the same source from which employees' salaries are paid.
2. On the basis of the actuarial valuation prepared as of June 30, 2003 it is recommended that the employer make contributions at the following rates:

**TABLE 5**  
**EMPLOYER CONTRIBUTION RATES**  
**AS A PERCENTAGE OF MEMBERS' COMPENSATION**

<u>EMPLOYER CONTRIBUTION</u>	<u>REQUIRED* UNDER ACT 2000-732</u>
Normal	5.92
Accrued Liability	3.14
Death Benefit	0.12
Term-Life	0.05
Administration	<u>0.21</u>
Total	9.44%

\* Based on a 10-year amortization period

3. Contributions at the above rates of payroll are also recommended for payment by the Alabama High School Athletic Association. The following table shows the rates to be paid by special units of the System in addition to the rates shown above and the fiscal year through which these additional rates are required to be paid.

**TABLE 6**  
**ADDITIONAL RATES REQUIRED FOR SPECIAL UNITS OF THE SYSTEM**

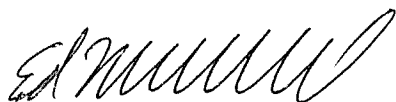
UNIT	ADDITIONAL EMPLOYER RATE	THROUGH FISCAL YEAR ENDING JUNE 30
Organized CAA of North Central Alabama – Decatur	10.20%	2004
Community Services of West Alabama	9.71	2007
Organized Community Action Program – Troy	8.70	2007
Etowah County Community Services Program	13.50	2008
Jefferson County American Federation of Teachers	4.15	2009
Alabama State Employees Association	2.66	2015
Developing Alabama Youth Foundation	2.74	2017
Alabama Congress of Parents and Teachers	2.15	2020
Central Alabama Opportunities Industrialization Center	5.07	2020

**SECTION VI – ANNUAL ACTUARIAL CERTIFICATION**

The following is the annual actuarial certification to the Teachers Retirement System required by Act 2000-732.

1. We hereby certify that there has been no change since the previous valuation in the liquidation period of 10 years used to determine the accrued liability contribution rate of 3.14% as part of the total rate of 9.44% to be paid by employers to the Teachers' Retirement System.

Signed



\_\_\_\_\_  
Edward A. Macdonald  
Principal, Consulting Actuary

**SECTION VII - ANALYSIS OF FINANCIAL EXPERIENCE**

The following table shows the estimated gain or loss from various factors that resulted in an increase of \$777,971,620 in the unfunded accrued liability from \$469,293,297 to \$1,247,264,917 during the year ending June 30, 2003.

**ANALYSIS OF FINANCIAL EXPERIENCE**  
(in millions of dollars)

ITEM	AMOUNT OF INCREASE/ (DECREASE)
Interest (8.00%) added to previous unfunded accrued liability	\$ 37.5
Accrued liability contribution	42.8
Experience:	
Valuation asset growth	733.0
Pensioners' mortality	7.3
Turnover and retirements	13.6
New entrants	42.7
Salary increases	(98.9)
Method changes	0.0
Amendments	0.0
Assumption changes	<u>0.0</u>
Total	\$ 778.0

**SECTION VIII - ACCOUNTING INFORMATION**

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

**NUMBER OF ACTIVE AND RETIRED MEMBERS  
AS OF JUNE 30, 2003**

GROUP	NUMBER
Retirees and beneficiaries currently receiving benefits	53,552
DROP participants	2,711
Terminated employees entitled to benefits but not yet receiving benefits	16,250
Active members	<u>129,617</u>
Total	202,130

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

**SCHEDULE OF FUNDING PROGRESS**  
(Dollar amounts in thousands)

Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<u>Date</u>	<u>(a)</u>	<u>(b)</u>	<u>(b - a)</u>	<u>(a / b)</u>	<u>(c)</u>	<u>((b - a) / c)</u>
6/30/1998	\$14,533,824	\$14,601,426	\$ 67,602	99.5%	\$3,937,739	1.7%
6/30/1999	15,642,066	15,568,192	(73,874)	100.5	3,964,112	(1.9)
6/30/2000	16,703,929	16,291,462	(412,467)	102.5	4,131,904	(10.0)
6/30/2001	17,475,298	17,238,616	(236,682)	101.4	4,305,080	(5.5)
6/30/2002	17,904,881	18,374,174	469,293	97.4	4,379,183	10.7
6/30/2003	18,110,470	19,357,735	1,247,265	93.6	4,632,611	26.9

3. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2003. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/2003
Actuarial cost method	Entry age
Amortization method	Level percent open
Remaining amortization period	10 years
Asset valuation method	Five-year market related value
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected salary increases*	5.00 - 7.75%
Cost-of-living adjustments	None
*Includes inflation at	4.50%

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

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation (NPO)</u>
June 30, 2001	\$267,935	100%	\$0
June 30, 2002	250,629	100	0
June 30, 2003	225,651	100	0

**SCHEDULE A**

**VALUATION BALANCE SHEET  
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES OF  
THE TEACHERS' RETIREMENT SYSTEM OF ALABAMA  
AS OF JUNE 30, 2003**

	JUNE 30, 2003	JUNE 30, 2002
<b>ASSETS</b>		
Actuarial Value of Present Assets	\$ 18,110,470,424	\$ 17,904,881,007
Present value of future members' contributions to the Annuity Savings Fund	\$ 1,940,431,669	\$ 1,857,166,845
Present value of future employer contributions to the Pension Accumulation Fund		
Normal contributions	\$ 2,296,200,872	\$ 2,193,639,475
Unfunded accrued liability contributions	<u>1,247,264,917</u>	<u>469,293,297</u>
Total prospective employer contributions	\$ 3,543,465,789	\$ 2,662,932,772
Total Assets	<u>\$ 23,594,367,882</u>	<u>\$ 22,424,980,624</u>
<b>LIABILITIES</b>		
Present value of benefits payable on account of retired members, beneficiaries of deceased members now drawing retirement allowances, and DROP participants	\$ 9,548,773,410	\$ 8,526,609,397
Present value of prospective benefits payable on account of present active and inactive members:		
Service retirement allowances	\$ 13,256,569,568	\$ 13,147,308,811
Disability retirement allowances	429,737,248	407,973,957
Survivor allowances	86,872,843	85,491,540
Refunds of members' contributions	<u>272,414,813</u>	<u>257,596,919</u>
Total	\$ 14,045,594,472	\$ 13,898,371,227
Total Liabilities	<u>\$ 23,594,367,882</u>	<u>\$ 22,424,980,624</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)
6/30/2003	\$2,750,536	\$9,548,773	\$7,058,426	\$18,110,470	100%	100%	82.3%
6/30/2002 <sup>1</sup>	2,690,967	8,526,609	7,156,598	17,904,881	100	100	93.4
6/30/2001 <sup>2</sup>	2,607,236	7,471,415	7,159,965	17,475,298	100	100	103.3
6/30/2000	2,405,186	7,075,177	6,811,099	16,703,929	100	100	106.1
6/30/1999 <sup>3</sup>	2,335,475	6,582,401	6,650,316	15,642,066	100	100	101.1
6/30/1998 <sup>4</sup>	2,140,753	5,833,899	6,626,774	14,533,824	100	100	99.0

<sup>1</sup> Reflects effect of amendments to the System and additional allowance payable under Act 2002-393. Beginning 6/30/2002, Item (1) and Item (2) include DROP Participants.

<sup>2</sup> Reflects changes in actuarial assumptions.

<sup>3</sup> Reflects additional allowance payable under Act 2000-741.

<sup>4</sup> Reflects change in asset method from market value to market related value, 8.5% across-the-board pay increase effective October 1, 1998 and additional allowance payable under Act 98-355.

**SCHEDULE B****DEVELOPMENT OF JUNE 30, 2003 ACTUARIAL VALUE OF ASSETS**

(1)	Actuarial Value of Assets on June 30, 2002	\$ 17,904,881,007
(2)	2002/2003 Net Cash Flow	
	a. Contributions	469,993,911
	b. Disbursements	<u>944,842,554</u>
	c. Net Cash Flow	
	(2)a - (2)b	(474,848,643)
(3)	Expected Investment Return [(1) x .08] + [(2)c x .04]	1,413,396,535
(4)	Expected Actuarial Value of Assets on June 30, 2003 (1) + (2)c + (3)	18,843,428,899
(5)	Market Value of Assets on June 30, 2003	15,178,636,525
(6)	Excess of Market Value over Expected Actuarial Value (5) - (4)	(3,664,792,374)
(7)	20% Adjustment towards Market Value .20 x (6)	(732,958,475)
(8)	Actuarial Value of Assets on June 30, 2003 (4) + (7)	\$ 18,110,470,424
(9)	Rate of Return on Actuarial Value of Assets	3.85%

**SCHEDULE C****SUMMARY OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDING JUNE 30, 2003**

<u>Receipts for the Year</u>		
Contributions:		
Members	\$ 244,342,437	
Employer	<u>225,651,474</u>	
Total		\$ 469,993,911
Investment Income		<u>(18,457,207)</u>
TOTAL		\$ 451,536,704
<u>Disbursements for the Year</u>		
Benefit Payments		\$ 913,255,133
Refunds to Members		29,652,171
DROP Distributions		156,576
Miscellaneous:	\$ 1,555,007	
Transfers to Expense Fund	<u>223,667</u>	
Transfers to Pre-Retirement Death Benefit Fund		
Total		<u>1,778,674</u>
TOTAL		\$ 944,842,554
<u>Excess of Receipts over Disbursements</u>		\$ (493,305,850)
<u>Reconciliation of Asset Balances</u>		
Market Value of Assets as of June 30, 2002		\$ 15,671,942,375
Excess of Receipts over Disbursements		<u>(493,305,850)</u>
Market Value of Assets as of June 30, 2003		<u>\$15,178,636,525</u>
Rate of Return on Market Value of Assets		(0.12%)

**SCHEDULE D****OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS**

The assumptions and methods used in the valuation were selected by the Actuary based on the actuarial experience study prepared as of June 30, 2000, submitted on November 14, 2001, and adopted by the Board in January 2002.

INVESTMENT RATE OF RETURN: 8% per annum, compounded annually.

SALARY INCREASES: Representative values of the assumed annual rates of future salary increases are as follows and include inflation at 4.50% per annum:

<u>Age</u>	<u>Annual Rate</u>
20	7.25%
25	7.25
30	7.75
35	7.00
40	6.50
45	6.25
50	6.00
55	5.50
60	5.00
65	5.00

SEPARATIONS BEFORE SERVICE RETIREMENT: Representative values of the assumed annual rates of death, disability, and withdrawal are as follows:

<u>Age</u>	<u>Annual Rate of</u>		
	<u>Death</u>	<u>Disability</u>	<u>Withdrawal*</u>
		<u>Male</u>	
20	0.05%	0.05%	23.83%
25	0.06	0.06	11.59
30	0.08	0.07	7.86
35	0.08	0.12	6.08
40	0.09	0.14	4.78
45	0.14	0.24	3.75
50	0.21	0.61	2.82
55	0.36	1.35	1.85
60	0.63	2.50	1.41
65	1.15		
69	1.80		
		<u>Female</u>	
20	0.03%	0.07%	23.83%
25	0.03	0.07	11.14
30	0.03	0.07	7.93
35	0.04	0.10	6.08
40	0.06	0.16	4.35
45	0.09	0.32	3.71
50	0.12	0.65	2.57
55	0.19	0.95	2.07
60	0.34	1.89	1.95
65	0.67		
69	1.08		

\*Withdrawal rates are higher during first three years of service.

**SERVICE RETIREMENT:** Representative values of the assumed annual rates of service retirement are as follows:

For members first eligible for unreduced benefits before age 50 or after age 60, rates are as follows:

<u>Age</u>	<u>Annual Rate</u>	
	<u>Male</u> <sup>1</sup>	<u>Female</u> <sup>2</sup>
45	7.0%	4.0%
50	12.0	8.0
55	45.0	45.0
60	15.0	15.0
62	35.0	35.0
65	40.0	40.0
70	100.0	100.0

<sup>1</sup> Retirement rates are increased by 10% in year when member first becomes eligible for unreduced service retirement.

<sup>2</sup> Retirement rates are increased by 20% in year when member first becomes eligible for unreduced service retirement.

For members first eligible for unreduced benefits on or after age 50 but before age 60, no withdrawal or retirement is assumed to occur for the five years prior to DROP eligibility and 45% are assumed to retire in the first year eligible for DROP participation. The rates, thereafter, are as follows:

<u>Age</u>	<u>Annual Rate</u>	
	<u>Male</u>	<u>Female</u>
58	15.0%	15.0%
60	15.0	15.0
62	35.0	35.0
65	40.0	40.0
70	100.0	100.0

**DEATHS AFTER RETIREMENT:** Rates of mortality for the period after service retirement are according to the 1982 George B. Buck Men Teachers Mortality Study Table set back one year for males and the UP94 Mortality Table set back one year for females. Special tables are used for the period after disability retirement. Representative values of the assumed annual rates of death after service and disability retirement are as follows:

## Annual Rate of Death after

<u>Age</u>	<u>Service Retirement</u>		<u>Disability Retirement</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
40	0.1%	0.1%	3.3%	2.6%
50	0.3	0.1	3.8	2.5
55	0.5	0.2	4.2	2.7
60	0.8	0.4	4.9	3.0
65	1.5	0.8	6.0	3.4
70	2.6	1.4	7.6	4.1
75	3.9	2.2	10.2	5.2
80	5.9	3.8	14.2	6.8
85	9.2	6.6	20.1	9.5
90	14.3	11.2	28.7	13.5
95	20.5	18.4	40.4	19.4

**SPOUSE'S BENEFIT:** For those eligible for spouse's benefits, it is assumed that 75% will elect the lump sum death benefit and 25% will elect the spouse's benefit.

**VALUATION METHOD:** Entry age normal cost method. Actuarial gains and losses are reflected in the unfunded actuarial accrued liability.

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

**SCHEDULE E****ACTUARIAL COST METHOD**

1. The valuation is prepared on the projected benefit basis, under which the present value, at the interest rate assumed to be earned in the future (currently 8%), of each member's expected benefit payable at retirement or death is determined, based on his age, service, sex and compensation. The calculations take into account the probability of a member's death or termination of employment prior to becoming eligible for a benefit, as well as the probability of his terminating with a service, disability or survivor's benefit. Future salary increases are also anticipated. The present value of the expected benefits payable on account of the active members is added to the present value of the expected future payments to retired members and beneficiaries to obtain the present value of all expected benefits payable from the System on account of the present group of members and beneficiaries.
2. The employer contributions required to support the benefits of the System are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution.
3. The normal contribution is determined using the "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 the average 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 contributions are determined by subtracting the present value of prospective employer normal contributions and member contributions together with the current assets held from the present value of expected benefits to be paid from the System.

**SCHEDULE F**

**SUMMARY OF MAIN PLAN PROVISIONS  
AS INTERPRETED FOR VALUATION PURPOSES**

The Teachers' Retirement System of Alabama was established on September 15, 1939 and went into effect September 30, 1941. The valuation took into account amendments to the System 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 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 employer contributions.

Retirement Allowance – the sum of the annuity and pension.

**2 - BENEFITS**

**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 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 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.

The member may elect to receive a reduced retirement allowance in order to provide an allowance to a designated beneficiary after the member's death (see "Special Privileges at Retirement" below).



## Disability Retirement Allowance

### Condition for Allowance

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

### Amount of Allowance

On 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 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.

The member may elect to receive a reduced retirement allowance in order to provide an allowance to a designated beneficiary after the member's death (see "Special Privileges at Retirement" below).

### Benefits Payable on Separation from Service

Any member who withdraws from service is entitled to receive his or her 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 defined below under "Special Privileges at Retirement" or (2) to receive a return of member contributions and total earned interest plus a death benefit equal to the salary on which the member made retirement contributions for the previous scholastic year (July 1-June 30).\*

In the event of the death of a member with more than one year of service who is not eligible to retire, the designated beneficiary shall receive the return of member contributions and total earned interest. Also, the designated beneficiary shall receive an additional death benefit equal to the salary on which retirement contributions were made for the previous scholastic year (July 1-June 30).\*

In the event of a job-related death of a member with less than one year of service, the designated beneficiary shall receive the return of member contributions and total earned interest plus a death benefit equal to the annual earnable compensation of the member at the time of death.\*

In the event of the death of a member with less than one year of service that is not job-related, the designated beneficiary shall receive the return of member contributions and total earned interest plus a matching death benefit which is limited to a \$5,000 maximum.

\*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.

#### Special Privileges at Retirement

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 annuity payments have equaled the present value of the annuity at the date of retirement, the balance is paid to a designated beneficiary or to his 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 such other person as the member shall designate 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.

#### 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 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 would 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 including interest.

#### Member Contributions

Regular members contribute 5% of salary. Certified police officers and firefighters contribute 6% of salary. DROP participants continue to contribute during the DROP period, but receive a refund of these contributions and interest upon retirement.

**SCHEDULE G****TABLE 1**

**THE NUMBER AND ANNUAL COMPENSATION OF  
ACTIVE MEMBERS DISTRIBUTED BY AGE  
AS OF JUNE 30, 2003**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
18	2	\$ 31,125		
19	13	167,438	14	\$ 190,854
20	25	380,981	42	543,745
21	52	809,819	81	1,160,624
22	79	1,359,799	177	2,944,021
23	168	3,481,864	540	11,522,882
24	283	6,798,001	1,032	25,443,271
25	385	10,378,896	1,384	35,483,036
26	457	12,816,880	1,652	45,738,376
27	513	15,105,502	1,756	51,237,064
28	643	19,032,601	1,821	55,288,277
29	632	20,325,954	1,858	57,103,938
30	659	22,458,762	1,972	62,239,007
31	735	25,934,982	2,060	65,241,162
32	814	29,705,723	2,428	77,748,587
33	941	35,131,135	2,500	80,749,095
34	866	33,000,223	2,326	73,956,961
35	847	33,732,861	2,316	73,821,184
36	857	34,156,179	2,258	70,346,420
37	817	32,827,776	2,218	68,952,765
38	826	33,635,417	2,334	70,672,746
39	948	38,258,347	2,569	77,470,067
40	901	38,236,613	2,549	77,630,765
41	984	40,211,413	2,733	81,520,482
42	989	39,835,607	2,831	86,673,283
43	946	39,867,049	2,991	91,559,470
44	1,003	43,516,046	3,088	96,916,877
45	984	43,001,250	3,290	108,195,327
46	1,074	47,548,534	3,477	114,314,616
47	1,121	50,750,537	3,610	121,642,950
48	1,135	52,568,262	3,521	119,389,020
49	1,126	52,515,639	3,487	118,455,012
50	1,112	50,656,605	3,405	118,505,676
51	1,057	50,868,559	3,363	117,637,558
52	1,135	54,478,014	3,209	112,792,531
53	1,034	50,370,719	2,974	105,451,687
54	1,038	51,180,997	2,866	101,779,624

**TABLE 1**  
**THE NUMBER AND ANNUAL COMPENSATION OF**  
**ACTIVE MEMBERS DISTRIBUTED BY AGE**  
**AS OF JUNE 30, 2003**  
**(CONTINUED)**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
55	968	\$ 48,747,872	2,608	\$ 90,359,442
56	969	49,088,666	2,341	77,201,956
57	734	35,240,615	1,890	60,647,760
58	581	29,659,978	1,552	48,299,913
59	549	27,066,813	1,406	43,720,886
60	599	29,640,705	1,279	38,904,390
61	474	23,652,643	991	29,468,724
62	391	20,176,912	710	20,386,975
63	291	15,237,553	475	13,033,073
64	247	11,412,527	380	10,444,599
65	222	9,466,010	316	8,646,084
66	165	6,808,106	210	5,392,838
67	127	5,155,323	148	3,558,685
68	114	4,297,055	113	2,395,952
69	89	2,955,122	112	2,679,891
70	81	2,488,720	66	1,375,623
71	59	1,892,760	63	1,346,079
72	41	1,406,003	40	968,364
73	34	1,407,055	40	791,162
74	32	858,519	28	646,211
75	30	864,589	12	250,366
76	18	351,241	17	345,689
77	23	652,168	13	334,408
78	8	239,535	8	161,293
79	8	261,365	7	89,732
80	3	104,599	2	20,552
TOTAL	34,058	\$ 1,444,268,563	95,559	\$ 3,041,789,607

TABLE 2

**THE NUMBER AND ANNUAL COMPENSATION OF  
ACTIVE MEMBERS DISTRIBUTED BY SERVICE  
AS OF JUNE 30, 2003**

YEARS OF SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
0	717	\$ 21,088,799	1,509	\$ 34,426,633
1	3,484	99,738,337	8,846	195,817,494
2	2,422	81,420,501	6,234	161,988,530
3	2,250	78,702,596	6,097	163,217,259
4	2,050	76,260,020	5,742	160,074,067
5	1,919	72,701,819	5,740	168,086,649
6	1,720	67,360,315	4,986	146,713,713
7	1,488	59,497,101	4,291	128,070,345
8	1,282	51,074,898	3,658	112,162,968
9	1,386	57,722,043	3,749	118,637,259
10	1,295	54,929,584	3,638	121,089,251
11	1,154	51,592,024	3,517	118,161,808
12	918	43,272,996	2,836	94,929,142
13	1,084	52,023,999	3,326	115,300,324
14	1,079	50,346,420	3,141	106,287,879
15	1,029	48,224,086	3,056	105,360,966
16	822	39,962,138	2,719	95,373,027
17	670	34,700,014	1,984	71,213,295
18	738	36,518,795	2,084	76,798,796
19	757	37,021,010	2,112	77,786,154
20	591	30,538,053	1,810	68,155,300
21	584	30,584,204	1,517	57,720,179
22	583	30,584,051	1,656	64,366,000
23	583	31,948,984	1,763	68,995,605
24	561	30,341,114	2,011	80,115,168
25	525	29,855,379	1,722	71,083,360
26	442	25,135,247	1,322	54,505,612
27	387	21,074,092	1,091	46,070,889
28	337	20,880,135	886	39,120,067
29	287	17,615,349	815	37,438,655
30	271	16,859,990	574	27,118,942
31	184	11,903,237	403	18,917,910
32	143	9,483,686	304	14,861,923
33	91	6,604,392	165	8,404,713
34	59	4,627,550	80	3,985,921
35	37	2,589,659	43	2,122,575
36	32	2,653,135	37	1,916,555
37	24	1,361,733	30	1,635,534
38	25	1,726,569	18	993,321

TABLE 2

**THE NUMBER AND ANNUAL COMPENSATION OF  
ACTIVE MEMBERS DISTRIBUTED BY SERVICE  
AS OF JUNE 30, 2003  
(CONTINUED)**

YEARS OF SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
39	15	\$ 1,178,792	11	\$ 790,976
40	5	333,979	8	364,544
41	10	976,696	10	544,708
42	7	509,496	4	190,483
43	1	70,846	2	132,175
44	4	260,595	4	257,219
45			1	57,720
46			3	213,590
47	2	148,350	2	131,392
48	2	137,965	2	83,012
50	1	64,962		
54	1	62,828		
<b>TOTAL</b>	<b>34,058</b>	<b>\$ 1,444,268,563</b>	<b>95,559</b>	<b>\$ 3,041,789,607</b>

TABLE 3

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL  
RETIREMENT ALLOWANCES OF RETIRED MEMBERS  
AS OF JUNE 30, 2003**

**SERVICE RETIREMENTS**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
42	1	\$ 17,186		
43	1	17,007	1	\$ 19,015
44	4	65,197	5	80,543
45	8	150,665	8	135,273
46	18	381,118	40	772,572
47	35	765,524	100	2,013,938
48	49	1,083,349	150	3,076,600
49	59	1,285,763	209	4,396,702
50	93	2,349,227	336	7,256,504
51	130	3,244,106	407	8,860,356
52	144	3,657,025	549	12,318,657
53	198	5,054,701	580	12,933,637
54	253	6,522,333	690	15,624,331
55	313	8,947,663	825	18,852,448
56	535	16,182,082	1,151	27,027,424
57	487	15,502,592	1,050	24,773,965
58	416	13,741,476	832	19,350,738
59	445	14,384,697	872	20,554,334
60	458	14,785,870	1,098	24,399,626
61	525	16,247,679	1,193	23,286,282
62	533	15,891,726	1,298	23,447,010
63	539	15,090,733	1,337	23,462,217
64	589	16,253,572	1,350	23,085,716
65	498	14,078,565	1,430	24,101,897
66	531	14,724,857	1,277	20,012,246
67	549	13,234,738	1,345	20,909,232
68	541	14,035,595	1,246	19,649,497
69	534	12,643,788	1,201	18,488,107
70	540	13,578,999	1,100	16,666,006
71	530	12,186,894	1,158	17,179,257
72	505	11,708,352	1,091	16,258,035
73	443	9,618,597	1,148	16,789,838
74	440	9,916,892	1,004	14,521,676
75	400	8,496,918	995	13,554,092
76	389	8,318,480	970	13,864,648
77	309	6,183,153	814	11,170,301
78	296	6,039,646	771	10,475,607
79	294	5,166,664	662	8,852,649
80	268	5,228,514	622	7,448,474
81	222	4,154,919	610	7,411,685
82	199	3,113,107	565	7,203,697

TABLE 3

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL  
RETIREMENT ALLOWANCES OF RETIRED MEMBERS  
AS OF JUNE 30, 2003**

**SERVICE RETIREMENTS  
(CONTINUED)**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
83	185	\$ 3,077,424	582	\$ 7,195,322
84	135	2,029,926	470	5,756,443
85	115	1,726,689	430	5,260,844
86	108	1,508,280	344	4,162,595
87	87	1,335,818	340	4,163,641
88	68	1,043,721	318	3,751,726
89	52	787,066	288	3,531,729
90	45	713,069	253	3,149,099
91	38	591,399	206	2,541,422
92	15	225,378	206	2,667,847
93	22	301,413	147	1,922,213
94	16	218,622	138	1,850,920
95	9	148,355	107	1,416,646
96	9	114,059	58	732,247
97	6	101,160	65	865,501
98	1	14,629	40	536,142
99	3	44,606	29	408,971
100			25	332,175
101	1	6,753	8	103,629
102			5	64,604
103	1	13,073	4	33,420
104			2	34,939
105			1	14,760
108			1	9,657
<b>TOTAL</b>	<b>14,237</b>	<b>\$ 358,051,405</b>	<b>36,157</b>	<b>\$ 610,791,323</b>

Includes 2,709 members with annual benefits totalling \$84,191,316 who are participating in the DROP as of June 30, 2003.

**SUMMARY**

Life Annuity	2,180	\$ 50,925,860	9,584	\$ 146,448,111
Cash Refund	5,818	150,288,984	21,296	374,314,821
100% J&S	3,428	81,186,437	2,242	35,743,862
50% J&S	2,775	74,148,690	3,023	53,921,618
Other	36	1,501,434	12	362,911



TABLE 4

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL  
RETIREMENT ALLOWANCES OF RETIRED MEMBERS  
AS OF JUNE 30, 2003**

**DISABILITY RETIREMENTS**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
34			1	\$ 3,399
35	1	\$ 2,583		
36	2	10,692	2	12,126
37	3	24,203	4	26,671
38	2	10,171	7	54,869
39	1	1,590	6	33,991
40	6	45,562	6	37,255
41	4	22,143	8	55,309
42	5	45,815	12	77,090
43	6	32,584	10	61,818
44	6	38,014	13	92,191
45	5	44,137	23	197,775
46	7	60,158	30	251,793
47	8	90,027	40	391,623
48	13	119,642	55	550,612
49	13	139,713	65	666,333
50	14	128,218	64	708,318
51	21	266,826	61	623,349
52	24	226,459	86	830,277
53	32	430,490	96	1,082,468
54	23	234,937	108	1,079,939
55	37	450,411	115	1,083,779
56	30	360,496	127	1,330,366
57	27	323,847	129	1,248,557
58	26	352,880	122	1,167,162
59	29	388,663	130	1,179,027
60	33	408,475	114	1,027,926
61	39	493,792	138	1,171,800
62	35	419,184	98	939,511
63	34	400,684	101	892,725
64	31	373,184	79	691,347
65	20	250,101	73	680,221
66	20	252,934	72	660,243
67	19	208,078	60	594,692
68	9	96,125	51	436,878
69	13	158,997	47	392,370
70	11	118,235	55	507,651
71	15	186,436	34	337,549
72	13	134,911	41	360,979
73	12	133,318	31	318,461
74	9	109,759	24	218,433

TABLE 4

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL  
RETIREMENT ALLOWANCES OF RETIRED MEMBERS  
AS OF JUNE 30, 2003**

**DISABILITY RETIREMENTS  
(CONTINUED)**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
75	3	\$ 79,512	35	\$ 373,980
76	5	65,268	31	300,829
77	5	43,626	17	161,335
78	3	29,197	28	292,613
79	6	56,102	19	171,788
80	9	135,686	18	178,797
81	3	51,135	17	176,469
82	3	32,571	20	194,599
83	2	22,489	17	162,225
84	6	76,188	14	146,758
85	2	10,022	15	168,931
86	3	30,948	10	93,002
87			3	34,244
88			5	65,194
89			5	53,926
90			3	37,557
91			2	20,270
92			2	21,784
95			2	23,866
96			1	9,304
<b>TOTAL</b>	<b>708</b>	<b>\$ 8,227,213</b>	<b>2,602</b>	<b>\$ 24,764,355</b>

**SUMMARY**

Life Annuity	246	\$ 2,826,560	1,298	\$ 11,691,996
Cash Refund	269	3,134,620	1,070	10,786,426
100% J&S	90	1,059,822	78	762,058
50% J&S	102	1,190,523	156	1,523,875
Other	1	15,689		

TABLE 5

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL  
RETIREMENT ALLOWANCES OF RETIRED MEMBERS  
AS OF JUNE 30, 2003**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
20			1	\$ 3,443
21			1	2,388
22	2	\$ 17,120	2	12,099
23			1	2,735
24	1	14,821	1	8,799
25	5	37,709	1	1,420
26	4	24,480		
27			2	6,773
28			3	10,058
29	3	20,206		
30	2	17,249	1	11,793
32	1	6,729	2	5,757
33	3	19,600	2	20,450
34	3	8,112	2	6,243
35	3	26,435	7	51,957
36	2	17,127	2	25,261
37	3	22,578	7	37,782
38	1	12,839	4	30,825
39	4	20,179	6	44,541
40	6	52,699	5	49,510
41	6	62,360	10	71,819
42	3	38,509	11	55,715
43	9	41,101	7	52,979
44	8	53,994	10	59,632
45	4	26,720	5	34,247
46	10	54,533	7	47,206
47	7	50,546	8	120,233
48	7	49,610	13	88,830
49	10	125,865	10	70,302
50	7	53,619	8	53,007
51	10	57,498	14	168,917
52	10	72,345	16	147,789
53	11	113,938	9	62,211
54	20	189,024	22	202,167
55	7	48,661	19	217,814
56	9	112,235	20	268,333
57	9	101,856	23	279,133
58	18	305,327	26	273,050
59	18	149,219	34	477,479
60	10	101,771	27	301,764
61	11	88,571	26	223,359

TABLE 5

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL  
RETIREMENT ALLOWANCES OF RETIRED MEMBERS  
AS OF JUNE 30, 2003**

**BENEFICIARIES OF DECEASED MEMBERS  
(CONTINUED)**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
62	13	\$ 93,576	28	\$ 301,969
63	8	63,005	35	391,462
64	10	78,244	18	251,093
65	11	90,201	56	808,325
66	10	98,187	45	549,811
67	8	63,325	46	681,783
68	10	104,352	41	581,121
69	11	91,056	59	758,657
70	13	139,911	48	621,123
71	17	150,551	46	574,265
72	17	141,383	60	713,662
73	14	102,227	66	662,189
74	8	88,961	58	726,745
75	18	136,242	66	762,453
76	8	82,764	84	920,363
77	11	147,181	70	801,674
78	16	133,139	62	753,700
79	12	89,266	79	838,051
80	15	124,998	80	970,869
81	20	162,989	73	687,536
82	13	90,053	62	690,364
83	14	122,929	60	579,584
84	15	133,075	46	437,896
85	14	107,850	59	470,400
86	8	55,756	39	353,200
87	10	64,914	42	264,983
88	11	102,584	32	248,664
89	7	39,162	22	148,029
90	6	29,851	18	121,676
91	2	6,640	17	122,307
92	1	8,287	14	75,469
93	2	9,849	10	80,148
94	4	41,616	9	104,069
95	1	5,101	9	49,156
96	1	3,903	6	38,706
97	2	8,080	3	17,635

TABLE 5

**THE DISTRIBUTION OF THE NUMBER AND ANNUAL  
RETIREMENT ALLOWANCES OF RETIRED MEMBERS  
AS OF JUNE 30, 2003**

**BENEFICIARIES OF DECEASED MEMBERS  
(CONTINUED)**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
98			4	\$ 27,738
99			3	10,246
103			1	11,381
<b>TOTAL</b>	<b>608</b>	<b>\$ 5,226,397</b>	<b>1,951</b>	<b>\$ 20,816,324</b>

Includes 2 beneficiaries of deceased DROP participants with annual benefits totalling \$104,709.