

**District of Columbia
Retirement Board**

**Actuarial Valuation as of October 1, 2003
For Fiscal Year 2005**

Prepared on
April 5, 2004

EFI^{*} Actuaries · EFI Asset/Liability Management Services, Inc.

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*Ed Friend, Inc.

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Required Actuarial Certification
Under D.C. Code 1-907
for Fiscal Year 2005
(Dollars in Millions)

Certification	Code Section	Teachers	Police	Fire	Police/Fire Combined	Total District
FY 2005 Normal Contribution Rate	1-907.03(a)(3)(A)	2.8%	36.3%	31.8%	35.1%	17.5%
Estimated FY 2005 Covered Payroll	NA	\$364.1	\$222.3	\$80.1	\$302.4	\$666.5
FY 2005 District Payment before 1-907.02(c)	NA	\$10.2	\$80.7	\$25.5	\$106.2	\$116.4
FY 2003 Shortfall/Overpayment	1-907.02(c)	(\$1.0)	\$3.4	\$2.0	\$5.4	\$4.4
FY 2005 District Payment	NA	\$9.2	\$84.1	\$27.5	\$111.6	\$120.8
Present Value of Future Benefits	1-907.03(a)(3)(B)	\$1,227.7	\$2,144.9	\$747.7	\$2,892.6	\$4,120.3
Current Value of Assets*	1-907.03(a)(3)(C)	\$874.7	\$966.2	\$380.6	\$1,346.8	\$2,221.5 ¹
Actuarial Value of Assets*	1-907.03(a)(3)(D)	\$917.8	\$1,026.9	\$400.9	\$1,427.8	\$2,345.6


 Edward H. Friend, F.S.A., L.A. December 12, 2003
 (Date)

* These amounts are net of the following benefits payable as of September 30, 2005:
 \$5.1 million for Teachers, \$4.5 million for Police, and \$1.3 million for Fire.



Summary of Results

A Brief Summary

This actuarial valuation of the D.C. Police Officers and Fire Fighters' Retirement Fund and the D.C. Teachers' Retirement Fund (the Funds) has produced an increase in recommended contributions between Fiscal Year 2004 and Fiscal Year 2005. The contribution derived in this valuation is as follows:

<u>Contribution Date</u>	<u>Teachers' Retirement Fund</u>	<u>Police Officers and Fire Fighters' Retirement Fund</u>	<u>Total District Cost</u>
FY 2004	\$0	\$96,200,000	\$96,200,000
FY 2005	\$9,200,000	\$111,600,000	\$120,800,000

The total District cost as a percentage of payroll (before adjustments under D.C. Code §1-907.02(c)) increased from 15.2% for FY 2004 to 17.5% for FY 2005, for an increase of 2.3% of active member payroll. One must keep in mind that the District cost as a percentage of payroll differs among the Teachers, Police Officers and Fire Fighters. For instance, for FY 2005 the District normal contribution rates (before adjustments under D.C. Code §1-907.02(c)) were 2.8% for Teachers and 35.1% for Police Officers and Fire Fighters.

We have used the District cost as a percentage of **total** payroll in order to show the **net** effects of the various types of gains and losses on District cost. Gains and losses for the individual groups (Teachers, Police, and Fire) are shown in the cost calculations in Section 3. The overall increase in cost was the net result of several factors:

- Demographic experience produced a loss.

The demographic experience of the Funds – rates of retirement, death, disability, and termination – was different than that predicted by the actuarial assumptions.

Gains from excess withdrawals and vested terminations were insufficient to offset the losses from mortality, retirements and disabilities. Accordingly, the demographic experience of the Funds during FY 2003 produced an actuarial loss and an increase in District cost.

- Pay increases were slightly less than expected.

Increases in pay among active members were a bit below those anticipated by the actuarial assumptions. As a result, the District cost was about 0.1% lower as a percentage of payroll than if the actuarial assumptions had been exactly realized.

- New entrants to the Plans produced a loss.

Active participation in the Funds decreased in FY 2003. However, new members continue to enter the Plans and by the end of the year, there were 983 new entrants and rehired members. These new members increase Plan liabilities, but bring with them no assets. As a result, the District cost increased by almost 1.0% of payroll. In addition, active payroll of the Funds increased by nearly 3.4%, which compounded the dollar impact on District cost, since the District cost is calculated as a percentage of projected payroll.

- Actuarial returns produced a loss.

The actuarially-determined rate of return on the value of Funds' assets was about 4.6% during FY 2003, due to losses from previous years which have been deferred by the actuarial smoothing method. This return was lower than the 7.25% assumed return, producing an actuarial loss that increased District costs. The loss from the actuarial return compounded the losses from demographic experience and new members mentioned above. Therefore, costs increased from FY 2004 to FY 2005.

More detail is provided below on the gains and losses occurring since the last valuation.

Furthermore, it is likely that the employer contribution will increase further in the near future. There are several reasons we expect District costs to increase:

- The Funds are still relatively "young." Since the District is only responsible for benefits earned after June 30, 1997, the average amount of service for an active participant is a fraction of their total amount of service.
- The Funds are currently responsible for the benefits of only a small number of current retirees. As time passes, the District will become responsible for the benefits of a greater number of inactive participants.
- Even assuming that the number of active members remains constant, new members and rehires will continue to generate actuarial losses each year, until the cost for the Plans approach the long-term projected cost.

Purpose of the Report

This Report presents the results of the October 1, 2003 actuarial valuation of the D.C. Police Officers and Fire Fighters' Retirement Fund and the D.C. Teachers' Retirement Fund for the District of Columbia Retirement Board. The purposes of this actuarial valuation are:

- To determine the appropriate contribution to the Funds to be paid by the District in Fiscal Year 2005 in accordance with the Replacement Plan Act;
- To review the experience of the Funds over the past year and to discuss reasons for changes in the Funds costs;
- To discuss and project any emerging trends in Fund costs; and

- To present those items required for disclosure under Statement No. 25 of the Governmental Accounting Standards Board (GASB).
- Also, being that this is the first year that EFI has performed the valuation, we have reviewed the results of the previous year's valuation, which was completed by the former actuary, Milliman USA. We have used the same data and assumptions as Milliman, in essence performing an actuarial audit of the plan.

Organization of the Report

This Report is organized in five sections:

- This Summary presents the conclusions of the Report and discusses the reasons for changes since the last valuation. The conclusions and changes are presented separately for each group.
- Section 1 below contains an outline of the Funds' provisions on which our calculations are based, statistical data concerning Fund participants, and a summary of the actuarial assumptions employed to compute liabilities and costs.
- Section 2 presents information concerning the District assets. The actuarial value of the District assets is computed in this Section.
- Section 3 contains the calculation of actuarial liabilities, gains and losses, and District cost.
- Section 4 contains pension plan information required under Statement No. 25 of the Governmental Accounting Standards Board.

District Cost - Teachers

Since the last actuarial valuation was performed as of October 1, 2002, the Teacher's cost has increased both in dollar terms and as a percentage of active members' payroll. The table below shows a brief summary.

<u>Valuation Date (FY Contribution)</u>	<u>Employer Cost (% Payroll)</u>
October 1, 2002 (FY 2004) (Milliman USA)	0.8%
October 1, 2002 (FY 2004) (Recomputed by EFI)	1.9%
October 1, 2003	2.8%

The October 1, 2002 valuation was prepared by the former actuary, Milliman USA. For continuity, we reproduced the results of that valuation independently in preparing this Report. The results of our independent calculations are presented in Section 3.2 below.

The final results of this October 1, 2003 valuation are presented in Section 3.1 below. Section 3.2 also presents intermediate results that serve to determine the reasons for the change in District cost from October 1, 2002 to October 1, 2003.

Change in District Cost from October 1, 2002 to October 1, 2003 - Teachers

The table below summarizes the impact of actuarial experience and changes in benefits on Plan cost.

<u>Valuation Date</u>	<u>District Cost (% Payroll)</u>
October 1, 2002 (Milliman USA)	0.8%
October 1, 2002 (Recomputed by EFI)	1.9%
October 1, 2003 (Continuing Members, Expected Pay, Expected Assets)	1.4%
October 1, 2003 (Continuing Members, Actual Pay, Expected Assets)	1.2%
October 1, 2003 (Continuing Members, Actual Pay, Actual Assets)	2.1%
October 1, 2003 (All Member, Actual Pay, Actual Assets)	2.8%

An analysis of the costs in the table reveals the following:

- Very similar results were recomputed as of October 1, 2002.

To track down any differences in actuarial methods and assumptions, EFI recomputed the actuarial valuation as of October 1, 2002 based on the same member data used by Milliman USA. Very similar costs resulted – 0.8% of payroll versus 1.9% – indicating only small differences in methodology.

There was a slight change in the valuation of inactive liabilities; Milliman had not assigned any liability to the District for payments to current surviving spouses. This practice was changed in the EFI recalculation. Also, EFI began tracking the terminations of participants who were entitled to vested benefits but did not receive a contribution refund. A liability was computed for these “deferred vested” participants.

- Demographic experience was favorable from October 1, 2002 to October 1, 2003.

Demographic experience arises from actual death, disability, termination, and retirement experience during the year in comparison with actuarial assumptions.

We note that the Plan cost decreased from 1.9% of member payroll on October 1, 2002 to 1.4% on October 1, 2003, where the latter figure is based on the Plan's continuing members – i.e., excluding new hires – expected pay for the continuing members, and expected assets – the amount that would be on hand if the assets earned exactly 7.25% on an actuarial basis during the year between valuations. This decrease in Plan cost indicates that actual demographic experience during FY 2003 resulted in an actuarial gain.

In analyzing the demographic experience in detail, we found that more members terminated with vested benefits or withdrew their member contributions than anticipated. This turnover reduced future benefits payable from the Funds and produced actuarial gains.

The detailed data concerning changes in membership of the Fund is shown in Section 1.2 of this Report.

- Pay increases were less than expected.

Actuarial gains resulted from pay increases among active members. If all continuing members had received pay increases exactly in line with actuarial assumptions, the cost would have been 1.4% of payroll as computed in Section 3.1. In fact, based on their actual pay as of October 1, 2003, the Fund's cost for these members was 1.2%, a cost reduction of 0.2% of payroll indicating a small actuarial gain.

- The rate of return on assets was less than expected on an actuarial basis.

As can be seen in Section 2.4, the actuarially-determined rate of return on the value of Fund assets was about 4.6% during FY 2003. This return was lower than the 7.25% assumed return, producing an actuarial loss that increased costs to the Fund. As can be seen in the table of costs above, as a result of the loss from the actuarial rate of return the total cost increased from 1.2% of payroll to 2.1%.

- New members to the Plan increased costs.

There were 649 new entrants and rehired members in the Teacher's Plan during FY 2003. The long-term cost of these new members is significantly above the current cost of the plan. As a result, the Plan cost moved in the direction of the average new entrant cost, in this case increasing from 2.1% to 2.8%.

Overall, actuarial losses outpaced gains during FY 2003, causing the Funds' costs to increase, both in dollar terms and as a percentage of member payroll.

District Cost – Police Officers

Since the last actuarial valuation was performed as of October 1, 2002, the Police Officers' cost has increased both in dollar terms and as a percentage of active members' payroll. The table below shows a brief summary.

<u>Valuation Date (FY Contribution)</u>	<u>Employer Cost (% Payroll)</u>
October 1, 2002 (FY 2004) (Milliman USA)	33.6%
October 1, 2002 (FY 2004) (Recomputed by EFI)	34.3%
October 1, 2003	36.3%

The October 1, 2002 valuation was prepared by the former actuary, Milliman USA. For continuity, we reproduced the results of that valuation independently in preparing this Report. The results of our independent calculations are presented in Section 3.2 below.

The final results of this October 1, 2003 valuation are presented in Section 3.1 below. Section 3.2 also presents intermediate results that serve to explain the change in District cost from October 1, 2002 to October 1, 2003.

Change in District Cost from October 1, 2002 to October 1, 2003 – Police Officers

The table below summarizes the impact of actuarial experience and changes in benefits on Plan cost.

The table below summarizes the impact of actuarial experience and changes in benefits on Plan cost.

<u>Valuation Date</u>	<u>District Cost (% Payroll)</u>
October 1, 2002 (Milliman USA)	33.6%
October 1, 2002 (Recomputed by EFI)	34.3%
October 1, 2003 (Continuing Members, Expected Pay, Expected Assets)	35.1%
October 1, 2003 (Continuing Members, Actual Pay, Expected Assets)	35.0%
October 1, 2003 (Continuing Members, Actual Pay, Actual Assets)	36.1%
October 1, 2003 (All Member, Actual Pay, Actual Assets)	36.3%

An analysis of the costs in the table reveals the following:

- Very similar results were recomputed as of October 1, 2002.

Again, the difference in cost due to the recalculation of Milliman's results was minor; the contribution rate went from 33.6% to 34.3%.

As with the Teachers' Fund, EFI began computing liability to the District for payments to current surviving spouses. Also, there were changes made to the methodology for projecting Retention and Longevity pay increases. Finally, the 40% survivor benefit was valued for current retirees – previously the benefit had only been valued for future retirees.

- Demographic experience caused a demographic loss which increased the contribution rate by 0.8%.

The detailed data concerning changes in membership of the Fund is shown in Section 1.2 of this Report.

- Pay increases were slightly less than expected.

There was a small gain due to pay increases which decreased cost by 0.1% of payroll.

- The rate of return on assets was less than expected on an actuarial basis.

As a result of the loss from the actuarial rate of return the total cost increased from 35.0% of payroll to 36.1%.

- New members to the Plan increased costs.

There were 235 new entrants and rehired members in the Police Officers Plan during FY 2003. The long-term cost of these new members is above the current cost of the plan. As a result, the Plan cost moved in the direction of the average new entrant rate, in this case increasing from 36.1% to 36.3%.

Overall, actuarial losses outpaced gains during FY 2003, causing the Funds' costs to increase, both in dollar terms and as a percentage of member payroll.

District Cost – Fire Fighters

Since the last actuarial valuation was performed as of October 1, 2002, the Fire Fighters' cost has increased in dollar terms but decreased as a percentage of active members' payroll. The table below shows a brief summary.

<u>Valuation Date (FY Contribution)</u>	<u>Employer Cost (% Payroll)</u>
October 1, 2002 (FY 2004) (Milliman USA)	35.3%
October 1, 2002 (FY 2004) (Recomputed by EFI)	30.2%
October 1, 2003	31.8%

The October 1, 2002 valuation was prepared by the former actuary, Milliman USA. For continuity, we reproduced the results of that valuation independently in preparing this Report. The results of our independent calculations are presented in Section 3.2 below.

The final results of this October 1, 2003 valuation are presented in Section 3.1 below. Section 3.2 also presents intermediate results that serve to explain the change in District cost from October 1, 2002 to October 1, 2003.

Change in District Cost from October 1, 2002 to October 1, 2003 – Fire Fighters

The table below summarizes the impact of actuarial experience and changes in benefits on Plan cost.

<u>Valuation Date</u>	<u>District Cost (% Payroll)</u>
October 1, 2002 (Milliman USA)	35.3%
October 1, 2002 (Recomputed by EFI)	30.2%
October 1, 2003 (Continuing Members, Expected Pay, Expected Assets)	30.0%
October 1, 2003 (Continuing Members, Actual Pay, Expected Assets)	30.1%
October 1, 2003 (Continuing Members, Actual Pay, Actual Assets)	31.3%
October 1, 2003 (All Member, Actual Pay, Actual Assets)	31.8%

An analysis of the costs in the table reveals the following:

- The change due to the recalculation of Milliman's results resulted in a decrease in cost from a contribution rate of 35.3% to 30.2%.

The recalculation involved the same methodology changes as used in the Police Plan. The leveraging effect of the funding method resulted in a significant change in cost, even though the change in the present value of benefits was only 3.0%.

- Demographic experience caused a small demographic gain which decreased the contribution rate by 0.2%.

The detailed data concerning changes in membership of the Fund is shown in Section 1.2 of this Report.

- Pay increases were slightly more than expected.

There was a small loss due to pay increases higher than expected which increased cost by 0.1% of payroll.

- The rate of return on assets was less than expected on an actuarial basis.

As a result of the loss from the actuarial rate of return the total cost increased from 30.1% of payroll to 31.3%.

- New members to the Plan increased costs.

There were 99 new entrants and rehired members in the Fire Fighters' Plan during FY 2003. The long-term cost of these new members is above the current cost of the plan. As a result, the Plan cost moved in the direction of the average new entrant cost, in this case increasing from 31.3% to 31.8%. The

Overall, actuarial losses outpaced gains during FY 2003, however, the change in cost due to the recalculation of Milliman's liabilities resulted in a net decrease in contribution rate. The overall dollar cost increased, due to the increase in the projected payroll and the adjustment pursuant to D.C. Code §1-907.02(c).

Future Trends - Overall

We note that the Funds are relatively immature: contribution rates are below their ultimate level as a percentage of payroll. The estimated long-term contribution rates for the current Tier of benefits are 11.3%, 38.6% and 37.8% for the Teachers, Police Officers and Fire Fighters respectively. These rates were calculated as the estimated normal contribution rates for the new entrants to each Plan. Even assuming that the active workforce does not grow, new members will continue to join the plans. For the near future, there will be an actuarial loss due to new members.

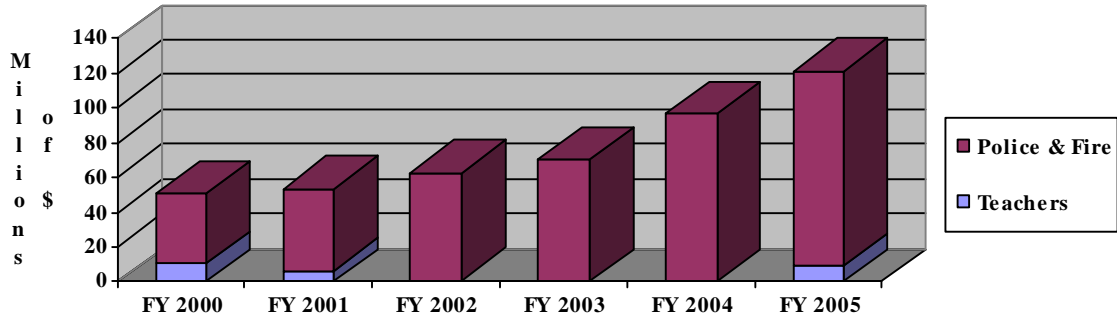
The actuarial value of assets is still above the market value, meaning there are still actuarially deferred losses to carry forward. The actuarial rate of return will be held down by these deferred losses until the market value matches or exceeds the actuarial value of the assets.

Recently, there has been a credit balance for previous overpayments for the Teacher's Fund. This resulted in no required contributions for the Teachers, even though the contribution rate was positive. The credit balance has now been exhausted, and is not expected to return for the foreseeable future.

Also, the current Teacher's contract contains pay raises that exceed the actuarial assumption. This will likely result in salary-related actuarial losses for the October 1, 2004 valuation of the Teacher's Plan.

Conclusion

The chart below shows the history of the District's required contributions (before adjustment) over the past several years. The District payment has increased as total payroll increases, and as the contribution rates begin to approach their projected long-term levels.



This report has been prepared using generally accepted actuarial methods and assumptions. If there are any questions about this report, please feel free to contact us. We enjoy being of service to you and we look forward to doing so in the future.

Respectfully submitted,

Edward H. Friend, FSA

Graham A. Schmidt, ASA

Section 1:

**Summary of Fund Provisions,
Member Statistics, and
Actuarial Assumptions**

1.1: Brief Outline of Fund Provisions

District of Columbia Retirement Program for Teachers

Membership

Eligibility

Permanent, temporary, and probationary teachers for the District of Columbia public day schools become members automatically on their date of employment. Other employees covered by the Retirement of Public School Teachers Act – including librarians, principals, and counselors – also become members on their date of employment. Substitute teachers and employees of the Department of School Attendance and Work Permits are not covered. Some former D.C. teachers working at charter schools are eligible to remain in the Program.

Member Contributions

Members hired before November 16, 1996 are required to contribute 7% of annual pay minus any pay received for summer school. Members hired on or after November 16, 1996 contribute 8% of annual pay minus pay received for summer school.

Members can also make voluntary contributions of up to 10% of annual pay towards an annuity in addition to any vested pension.

Interest is not credited to each Member's accumulated contributions.

Service

School Service

One year of school service is granted for each year of employment with the D.C. public day schools.

Credited Service

Service granted or purchased in addition to school service.

Voluntary Retirement

Eligibility

For participants hired before November 16, 1996:

- Age 62 with 5 years of school service;
- Age 60 with 20 years of total service, including 5 years of school service; or
- Age 55 with 30 years of total service, including 5 years of school service.

For participants hired on or after November 16, 1996:

- Age 62 with 5 years of school service;

- Age 60 with 20 years of total service, including 5 years of school service; or
- Any age with 30 years of total service, including 5 years of school service.

Benefit Amount

For participants hired before November 16, 1996:

- 1.5% of high 3-year average pay times service up to 5 years, plus
- 1.75% of average pay times service between 5 and 10 years, plus
- 2.0% of average pay times service over 10 years.

For participants hired on or after November 16, 1996:

- 2.0% of average pay times service.

For all participants, there is a minimum benefit of 1.0% of average pay plus \$25 for each year of service

Involuntary Retirement

Eligibility

Retired involuntarily for reasons other than misconduct or delinquency with:

- 25 years of total service, including 5 years of school service; or
- Age 50 with 20 years of total service, including 5 years of school service.

Benefit Amount

Voluntary Retirement benefit reduced 1/6% per month (2% per year) that date of retirement precedes age 55.

Disability Retirement Benefit

Eligibility

5 years of school service and a physical or mental disability that prevents the member from performing his/her job.

Benefit Amount

Voluntary Retirement benefit subject to a minimum of the lesser of 40% of average pay and the benefit that the member would receive projecting service to age 60.

Lump Sum Death Benefit

Eligibility

Death before completion of 18 months of school service or death without an eligible spouse, child, or parent.

Benefit Amount

Refund of paid contributions

Installment Benefit Payable upon Death – Spouse Only

Eligibility

Death before retirement and married for at least two years or have a child by the marriage.

Benefit Amount

55% of the Voluntary Retirement benefit subject to the minimums specified in the Disability Retirement Benefit.

Installment Benefit Payable upon Death – Spouse and Dependent Children

Eligibility

For the spouse, as described above; for the children, unmarried and under 18, 22 if full-time student, or any child dependent because of a disability incurred before age 18. Death does not have to occur before retirement for the children's benefits.

Benefit Amount

Spouse benefit as described above, plus a benefit per child of the smallest of:

- 60% of average pay divided by the number of eligible children;
- \$5,198 (if hired before January 1, 1980) or \$5,014; or
- \$15,593 (if hired before January 1, 1980) or \$15,041 divided by the number of children,

payable until the children are no longer eligible.

Installment Benefit Payable upon Death – Dependent Children Only

Eligibility

Same as the children's benefit above.

Benefit Amount

Per child, the smallest of:

- 75% of average pay divided by the number of eligible children;
- \$6,328 (if hired before January 1, 1980) or \$6,094; or
- \$18,985 (if hired before January 1, 1980) or \$18,285 divided by the number of children,

payable until the children are no longer eligible.

Installment Benefit Payable upon Death – Surviving Parents Only

Eligibility

Death before retirement and no eligible spouse or children, and parents receive at least one-half of their total income from member.

Benefit Amount

Spouse benefit as described above.

Deferred Vested Benefit

Eligibility

5 years of school service.

Benefit Amount

Voluntary Retirement Benefit beginning at age 62.

Form of Payment Options

Normal Form of Payment

Single Life Annuity.

Joint and 55% Survivor (to Spouse)

The original benefit is reduced by 2.5% of annual pension up to \$3,600, plus 10% of any amount over \$3,600.

Partial Joint and Survivor (to Spouse)

A joint and survivor annuity with a benefit payable to the spouse of between \$1 and 55% of the unreduced retirement benefit. The original benefit is reduced by dividing the amount of the survivor's annuity by 55%, then reducing the original benefit by 2.5% of this amount up to \$3,600, plus 10% of any amount over \$3,600.

Variable Survivor to a person with an “insurable interest”

A joint and 55% survivor annuity with the original benefit reduced 10% plus an additional 5% for each full 5 years, up to 25 years, the survivor is younger, with a total reduction of 40% for any survivor who is 25 or more years younger.

Insurance Option

Benefits may be reduced and the balance used to purchase life insurance.

Cost-of-Living Adjustments

All participants receive an increase each March based on the annual change in the Consumer Price Index (all items – U.S. City average) from December to December. The annual increase is capped at 3% for members hired on or after November 16, 1996.

Retirement Program for District of Columbia Police Officers and Fire Fighters

Membership

Eligibility

All police officers and fire fighters of the District of Columbia automatically become members on their date of employment. Police Cadets are not eligible.

Member Contributions

Members hired before November 10, 1996 are required to contribute 7% of annual salary, including any differential for special assignment, but excluding overtime, longevity, holiday, or military pay. Members hired on or after November 10, 1996 contribute 8% of annual salary, including any differential for special assignment, but excluding overtime, holiday, or military pay.

Interest is not credited to each Member's accumulated contributions.

Service

Departmental Service

Each full year and additional months of employment with either the Metropolitan Police Force or the D.C. Fire Department.

Credited Service

Service granted or purchased in addition to departmental service.

Average Pay

For those hired before February 15, 1980, basic pay for the highest 12 months. For those hired on or after February 15, 1980, basic pay for the highest 36 months divided by three.

Longevity Pay (Police Only)

Members who complete 25 years of active service prior to retirement are entitled to an additional 15% of their basic compensation. Members who complete 30 years of active service are entitled to an additional 20% of their basic pay.

Normal Retirement Benefit

Eligibility

For participants hired before November 10, 1996:

- Age 60; or
- Age 50 with 25 years of departmental service; or

- No age requirement with 20 years of service (only if hired before February 15, 1980.)

For participants hired on or after November 10, 1996:

- Age 60; or
- No age requirement with 25 years of service.

Benefit Amount

For participants hired before November 10, 1996:

- 2.5% of average pay times departmental service up to 25 years (20 years if hired before February 15, 1980), plus
- 3.0% of average pay times departmental service over 25 (or 20) years, plus
- 2.5% of average pay times credited service.

For participants hired on or after November 10, 1996:

- 2.5% of average pay times total service.

For all participants, there is a maximum benefit of 80% of average pay.

Service-Related Disability Retirement Benefit

Eligibility

Disabled as a result of an illness or injury in the line of duty.

Benefit Amount

For participants hired before February 15, 1980 – 2.5% of average pay times total years of service, subject to a minimum benefit of 66-2/3% of average pay and subject to a maximum benefit of 70% of average pay.

For participants hired on or after February 15, 1980 – 70% of final pay times percentage of disability, subject to a minimum benefit of 40% of final pay.

Non-Service-Related Disability Retirement Benefit

Eligibility

5 years of departmental service and a physical or mental disability that prevents the member from performing his/her job.

Benefit Amount

For participants hired before February 15, 1980 – 2.0% of average pay times total years of service, subject to a minimum benefit of 40% of average pay and subject to a maximum benefit of 70% of average pay.

For participants hired on or after February 15, 1980 – 70% of final pay times percentage of disability, subject to a minimum benefit of 30% of final pay.

Lump Sum Death Benefit

Eligibility

Death occurring in the line of duty, not resulting from willful misconduct, an intention to bring about his/her own death, or drunkenness.

Benefit Amount

\$50,000.

Installment Benefit Payable upon Death – Spouse Only, Member Not Killed in Line of Duty after December 29, 1993

Eligibility

Death and, if retired, married for at least one year or have a child by the marriage.

Benefit Amount

40% of the greater of average pay and the salary for step 6 salary class 1 of the D.C. Police and Fireman's Salary Act in effect, adjusted for cost-of-living increases if death occurs after retirement. The benefit cannot exceed the rate of pay at death (or retirement if death occurs after retirement.)

Installment Benefit Payable upon Death – Spouse Only, Member Killed in Line of Duty after December 29, 1993

Eligibility

Death (killed in line of duty).

Benefit Amount

100% of final pay.

Installment Benefit Payable upon Death – Spouse and Dependent Children

Eligibility

For the spouse, as described above; for the children, unmarried and under 18, 22 if full-time student, or any child dependent because of a disability incurred before age 18. Death does not have to occur before retirement for the children's benefits.

Benefit Amount

Spouse benefit as described above, plus, provided death does not occur in the line of duty, a benefit per child of the smallest of:

- 60% of average pay divided by the number of eligible children;
- \$2,988; or
- \$8,964 divided by the number of children,

payable until the children are no longer eligible.

Installment Benefit Payable upon Death – Dependent Children Only

Eligibility

Same as the children's benefit above.

Benefit Amount

Per child, 75% of average pay divided by the number of eligible children, adjusted for cost-of-living increases.

Refund of Contributions

Eligibility

Death before retirement and no eligible spouse or children.

Benefit Amount

All contributions will be refunded to a named, or statutorily-designated if none named, beneficiary.

Deferred Vested Benefit

Eligibility

5 years of departmental service.

Benefit Amount

Normal Retirement Benefit beginning at age 55.

Form of Payment Options

Normal Form of Payment

Single Life Annuity.

Additional Survivor Benefit

The original benefit is reduced 10%. This 10% amount is reduced by 5% for each full 5 years the survivor is younger (but not more than 40%) and is added to the survivor's benefit.

Cost-of-Living Adjustments

Employees (not beneficiaries) who retired prior to February 15, 1980, receive the same percentage increase as active employees' salary increases.

All other retired participants receive an increase each March based on the annual change in the Consumer Price Index (All Urban Consumers) from December to December. The annual increase is capped at 3% for members hired on or after November 10, 1996.

1.2: Participant Data as of October 1, 2003

Active Participants	<u>Teachers</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Number	6,145	3,654	1,317
Average Age	45.39	38.07	38.92
Average Service	14.35	12.06	14.19
Average Pay	\$54,823	\$57,147	\$57,356

Inactive Participants

Service Retired	District	Total*	District	Total*	District	Total*
Number	1,287	4,572	439	3,142	109	924
Average Age	61.97	71.30	52.95	59.85	53.66	63.50
Average Benefit	\$4,244	\$34,687	\$4,787	\$41,938	\$6,745	\$49,564

Beneficiaries

Number	127	461	433	1,256	159	492
Average Age	59.96	67.27	58.52	64.86	63.45	68.63
Average Benefit	\$1,751	\$16,363	\$1,737	\$20,838	\$1,729	\$22,476

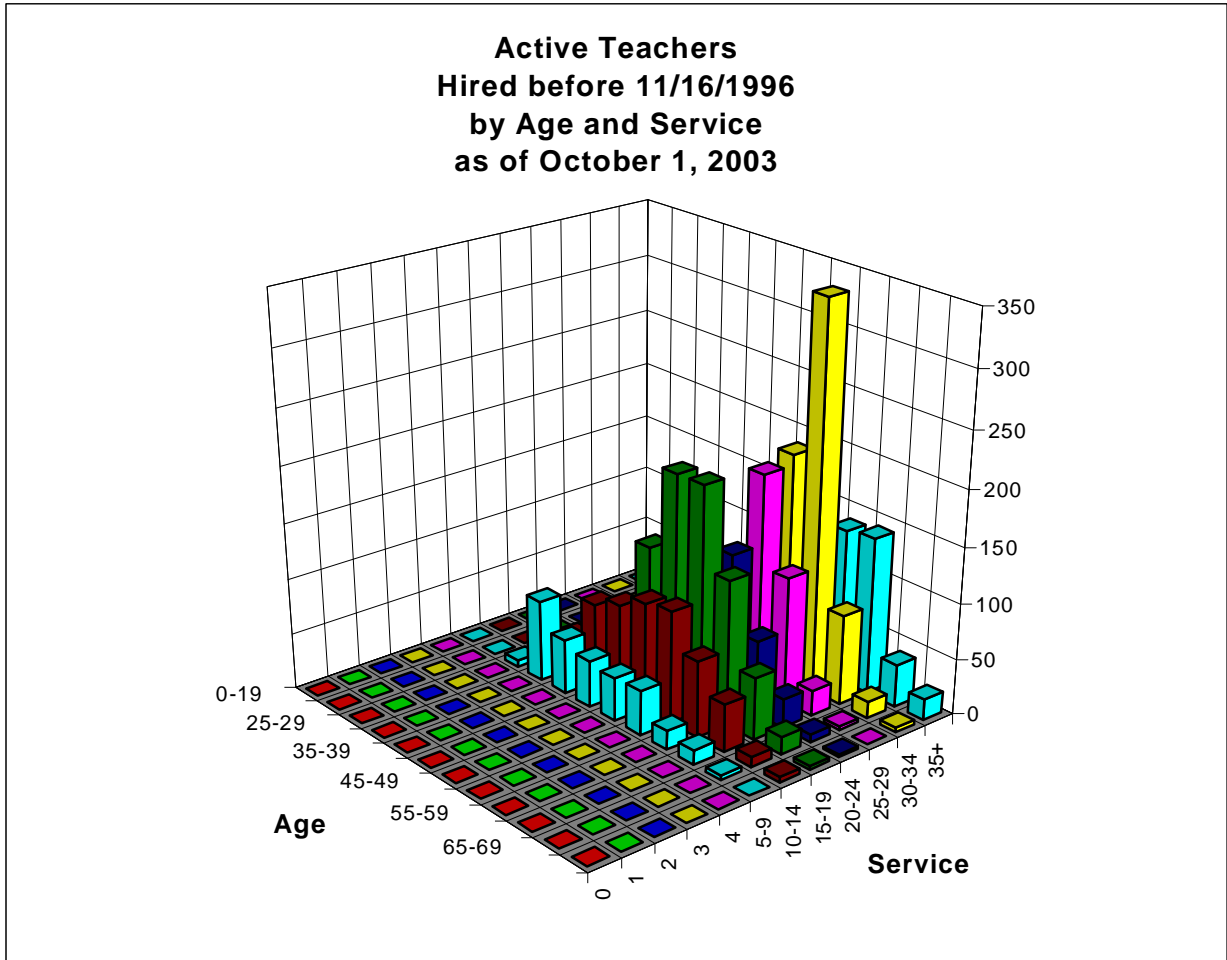
Disabled

Number	62	491	116	1,315	38	555
Average Age	55.12	69.74	43.08	63.85	50.08	67.94
Average Benefit	\$21,176	\$24,501	\$20,412	\$36,229	\$15,798	\$41,867

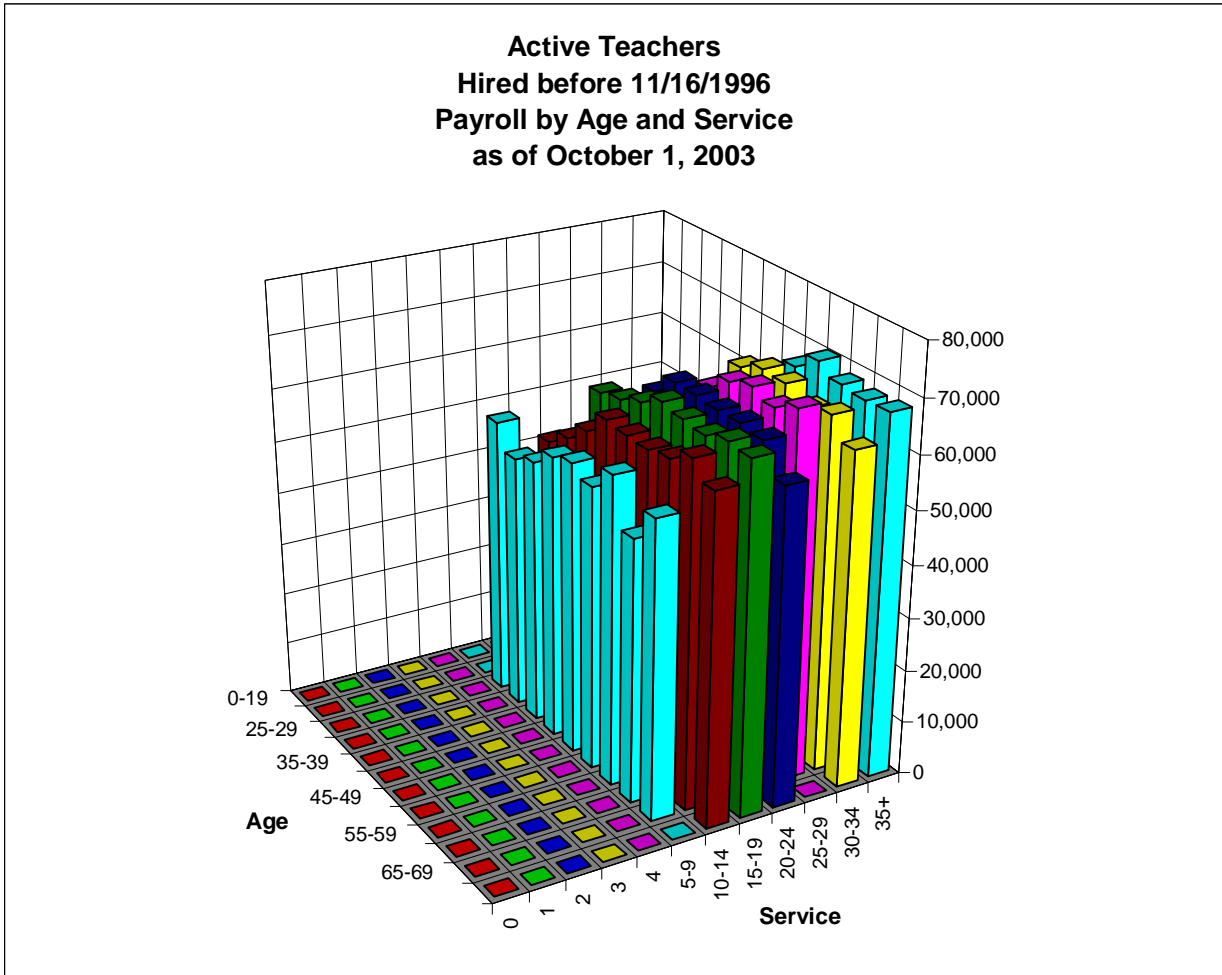
Terminated Vested

Number	102	124	0	0	0	0
Average Age	47.86	46.20	N/A	N/A	N/A	N/A
Average Benefit	\$6,111	\$14,865	N/A	N/A	N/A	N/A

* Federal and District payments combined.



Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	6	0	0	0	0	0	0	6
30-34	0	0	0	0	0	73	31	2	0	0	0	0	106
35-39	0	0	0	0	0	49	72	45	0	0	0	0	166
40-44	0	0	0	0	0	42	83	126	17	0	0	0	268
45-49	0	0	0	0	0	39	96	201	122	30	2	1	491
50-54	0	0	0	0	0	40	101	202	132	194	203	13	885
55-59	0	0	0	0	0	17	69	130	66	113	344	137	876
60-64	0	0	0	0	0	13	43	56	26	23	81	141	383
65-69	0	0	0	0	0	4	9	16	7	3	15	38	92
70+	0	0	0	0	0	0	5	3	2	0	4	19	33
Total	0	0	0	0	0	283	509	781	372	363	649	349	3,306

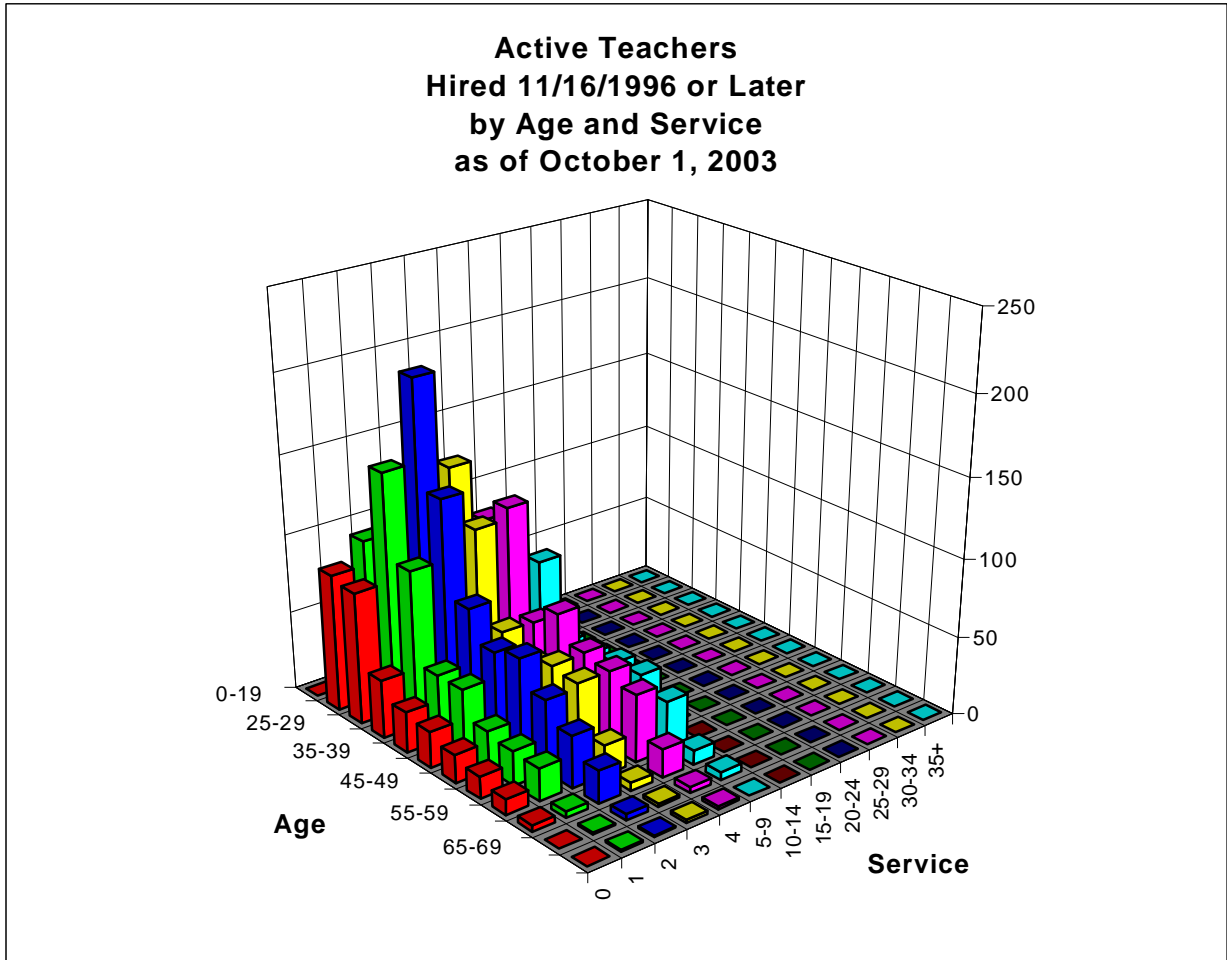


Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	53,160	0	0	0	0	0	0	53,160
30-34	0	0	0	0	0	48,629	50,481	48,938	0	0	0	0	49,176
35-39	0	0	0	0	0	50,462	53,570	60,701	0	0	0	0	54,586
40-44	0	0	0	0	0	53,916	57,367	61,765	61,912	0	0	0	59,182
45-49	0	0	0	0	0	55,386	61,774	63,585	65,834	63,625	66,102	51,869	63,127
50-54	0	0	0	0	0	53,601	61,374	65,992	65,850	66,934	67,948	67,083	65,555
55-59	0	0	0	0	0	58,293	61,210	65,270	65,464	68,369	67,610	70,378	66,947
60-64	0	0	0	0	0	49,580	62,165	64,789	65,632	66,930	65,484	68,395	65,638
65-69	0	0	0	0	0	55,883	64,770	66,258	65,004	69,143	66,741	67,882	66,410
70+	0	0	0	0	0	0	61,769	65,821	59,636	0	62,911	68,120	65,803
Total	0	0	0	0	0	52,188	59,137	64,140	65,532	67,125	67,397	69,006	63,984

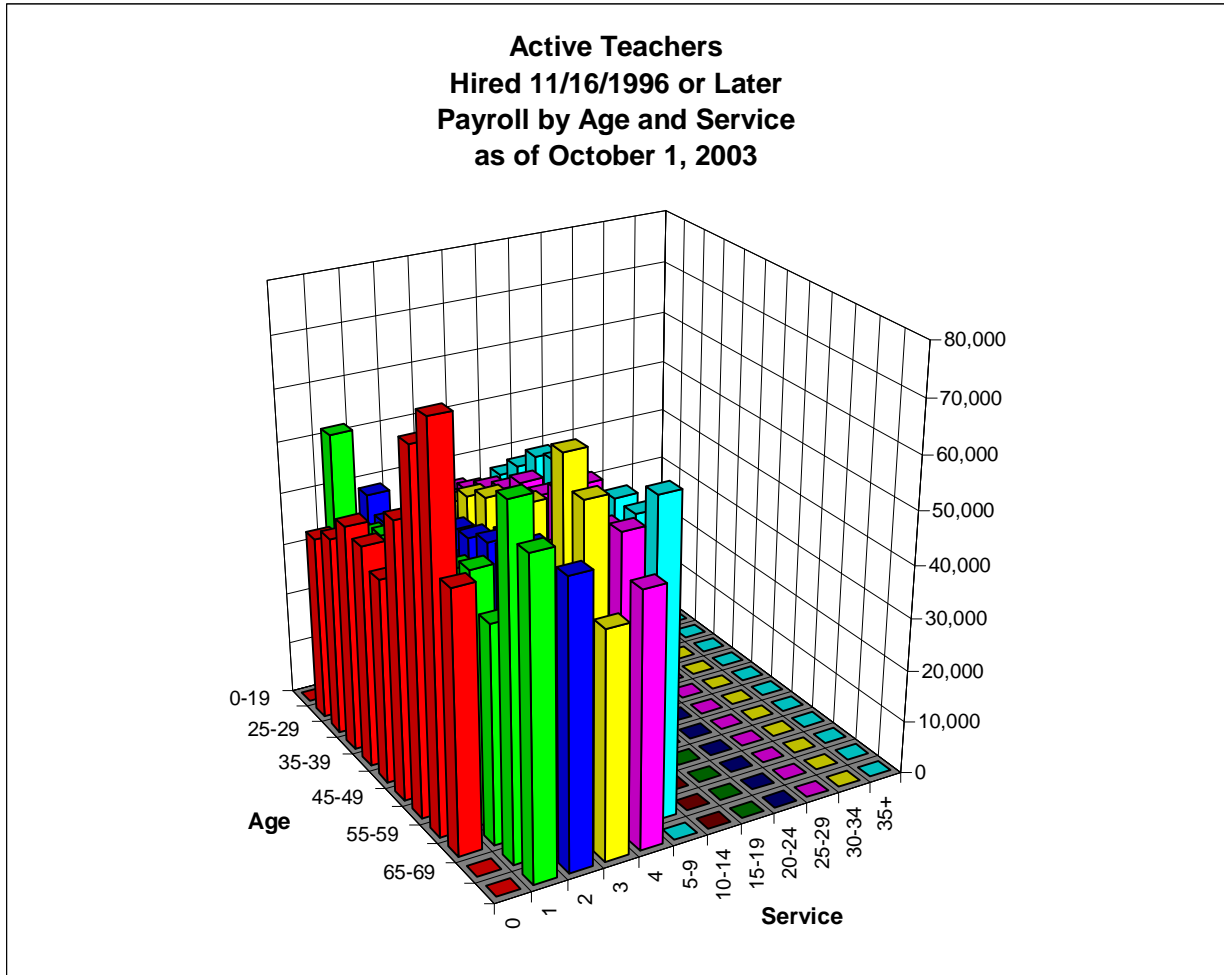
Average Age: 52.65

Average Service: 24.34





Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	1	1	0	0	0	0	0	0	0	0	0	2
20-24	87	102	69	7	1	0	0	0	0	0	0	0	266
25-29	84	152	203	143	104	39	0	0	0	0	0	0	725
30-34	37	99	137	112	119	78	0	0	0	0	0	0	582
35-39	26	42	77	55	54	34	0	0	0	0	0	0	288
40-44	23	42	58	44	68	35	0	0	0	0	0	0	270
45-49	18	25	63	51	52	38	0	0	0	0	0	0	247
50-54	14	22	46	49	49	39	0	0	0	0	0	0	219
55-59	10	21	33	19	43	31	0	0	0	0	0	0	157
60-64	4	4	21	5	18	9	0	0	0	0	0	0	61
65-69	0	1	4	2	4	5	0	0	0	0	0	0	16
70+	0	1	1	2	2	0	0	0	0	0	0	0	6
Total	303	512	713	489	514	308	0	0	0	0	0	0	2,839

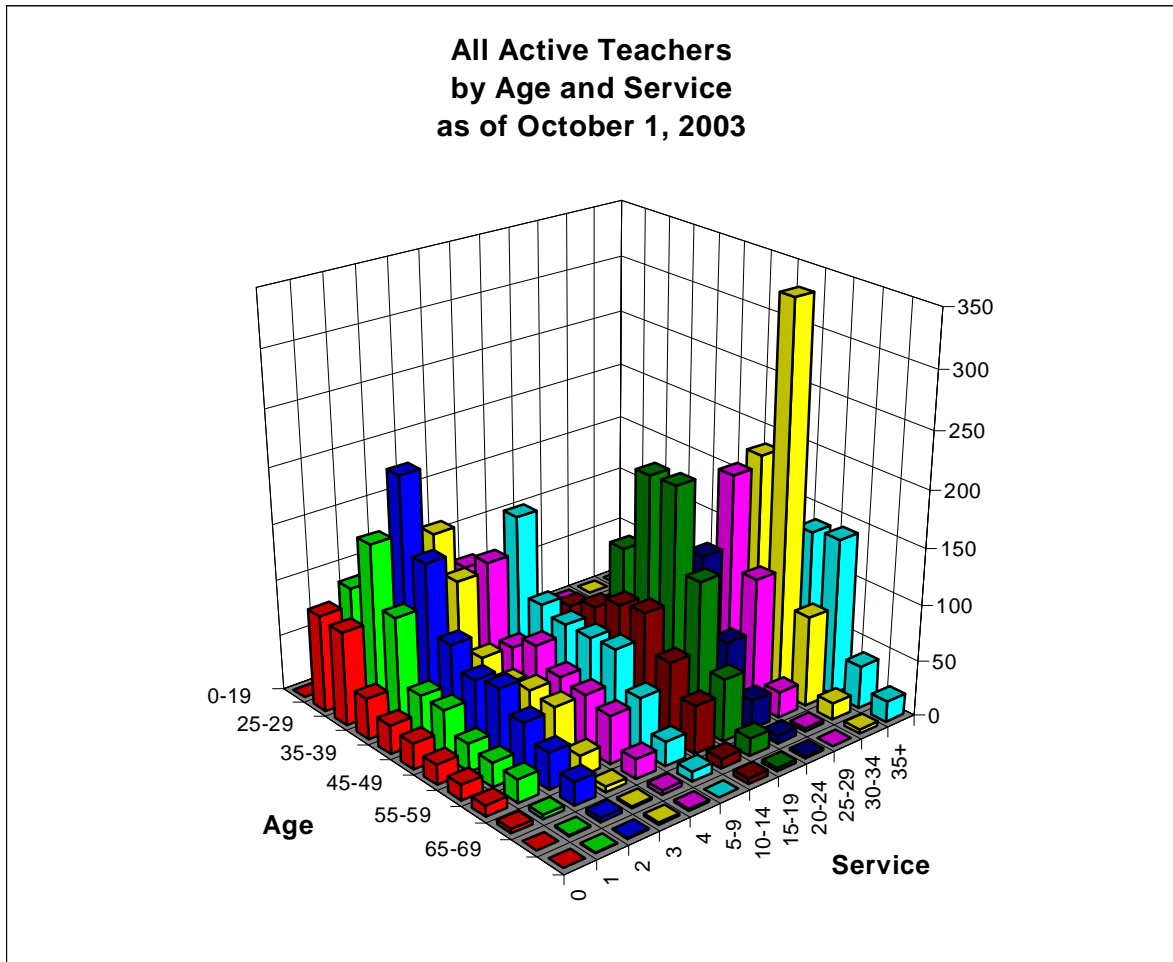


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	51,526	38,477	0	0	0	0	0	0	0	0	0	45,002
20-24	35,516	35,507	35,760	36,971	39,097	0	0	0	0	0	0	0	35,628
25-29	38,311	37,489	37,428	38,506	41,629	43,136	0	0	0	0	0	0	38,665
30-34	43,374	40,121	43,451	43,363	44,562	47,242	0	0	0	0	0	0	43,598
35-39	42,382	43,418	45,918	47,119	47,017	51,513	0	0	0	0	0	0	46,330
40-44	39,034	43,811	45,016	49,456	50,668	53,291	0	0	0	0	0	0	47,539
45-49	52,545	44,657	46,256	45,192	51,018	51,818	0	0	0	0	0	0	48,191
50-54	68,309	45,025	48,249	53,535	54,434	49,904	0	0	0	0	0	0	52,069
55-59	75,295	47,703	49,347	47,540	57,960	54,114	0	0	0	0	0	0	53,861
60-64	49,071	41,138	52,652	67,593	52,838	53,966	0	0	0	0	0	0	53,136
65-69	0	65,244	48,958	62,102	55,108	59,994	0	0	0	0	0	0	56,605
70+	0	58,998	53,551	42,741	47,961	0	0	0	0	0	0	0	48,992
Total	42,125	39,853	42,525	44,516	48,124	49,878	0	0	0	0	0	0	44,155

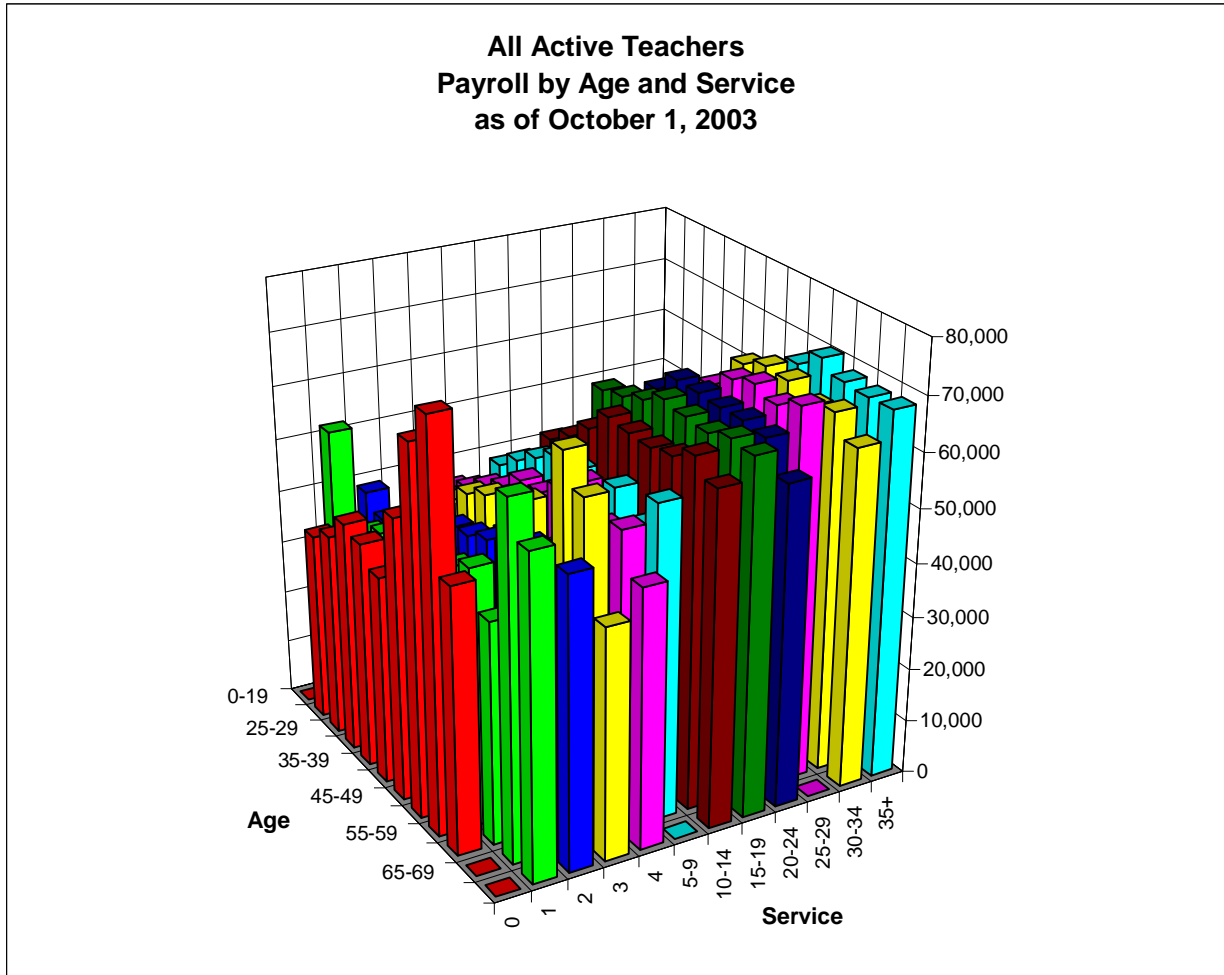
Average Age: 36.94

Average Service: 2.73





Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	1	1	0	0	0	0	0	0	0	0	0	2
20-24	87	102	69	7	1	0	0	0	0	0	0	0	266
25-29	84	152	203	143	104	45	0	0	0	0	0	0	731
30-34	37	99	137	112	119	151	31	2	0	0	0	0	688
35-39	26	42	77	55	54	83	72	45	0	0	0	0	454
40-44	23	42	58	44	68	77	83	126	17	0	0	0	538
45-49	18	25	63	51	52	77	96	201	122	30	2	1	738
50-54	14	22	46	49	49	79	101	202	132	194	203	13	1104
55-59	10	21	33	19	43	48	69	130	66	113	344	137	1033
60-64	4	4	21	5	18	22	43	56	26	23	81	141	444
65-69	0	1	4	2	4	9	9	16	7	3	15	38	108
70+	0	1	1	2	2	0	5	3	2	0	4	19	39
Total	303	512	713	489	514	591	509	781	372	363	649	349	6,145

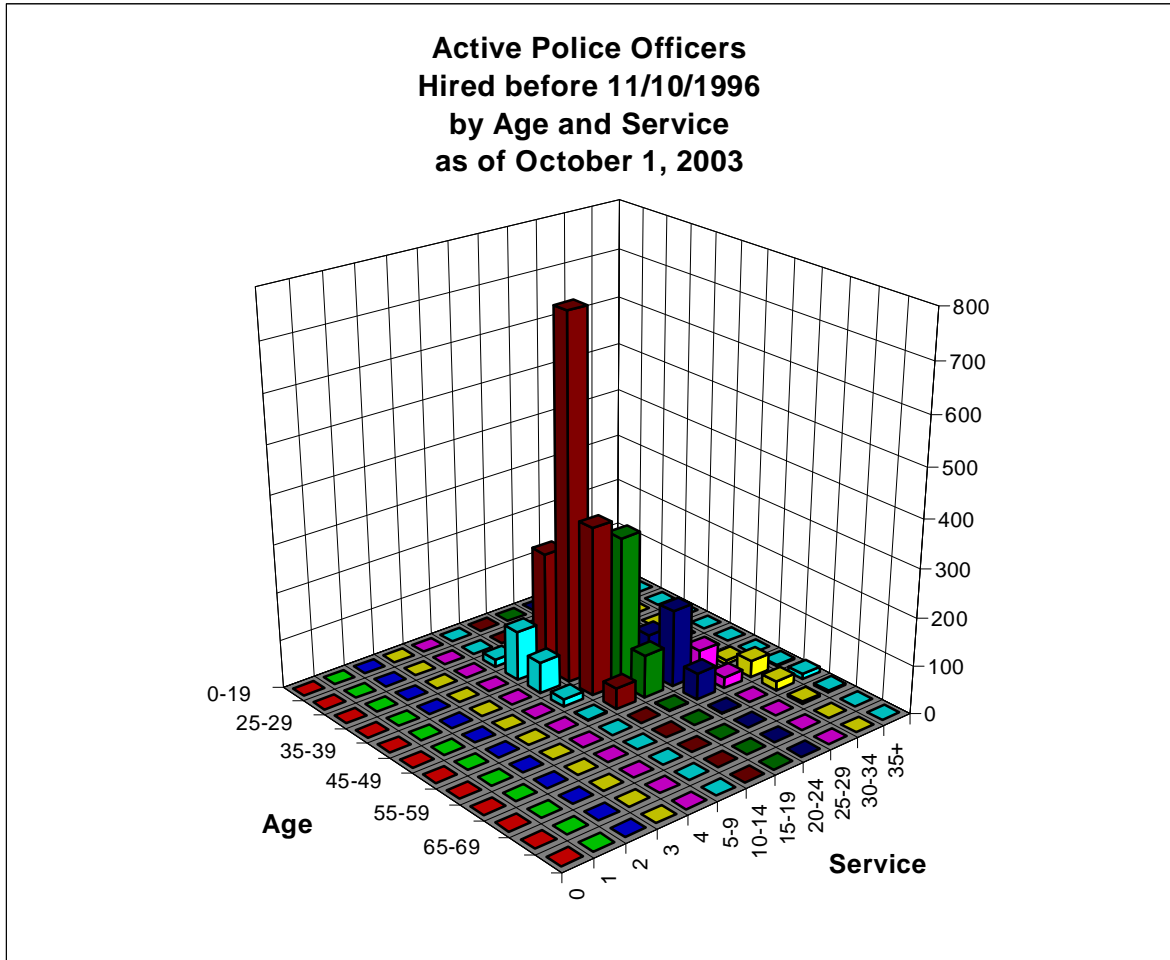


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	51,526	38,477	0	0	0	0	0	0	0	0	0	45,002
20-24	35,516	35,507	35,760	36,971	39,097	0	0	0	0	0	0	0	35,628
25-29	38,311	37,489	37,428	38,506	41,629	44,472	0	0	0	0	0	0	38,784
30-34	43,374	40,121	43,451	43,363	44,562	47,913	50,481	48,938	0	0	0	0	44,458
35-39	42,382	43,418	45,918	47,119	47,017	50,893	53,570	60,701	0	0	0	0	49,349
40-44	39,034	43,811	45,016	49,456	50,668	53,632	57,367	61,765	61,912	0	0	0	53,339
45-49	52,545	44,657	46,256	45,192	51,018	53,625	61,774	63,585	65,834	63,625	66,102	51,869	58,128
50-54	68,309	45,025	48,249	53,535	54,434	51,776	61,374	65,992	65,850	66,934	67,948	67,083	62,880
55-59	75,295	47,703	49,347	47,540	57,960	55,594	61,210	65,270	65,464	68,369	67,610	70,378	64,958
60-64	49,071	41,138	52,652	67,593	52,838	51,374	62,165	64,789	65,632	66,930	65,484	68,395	63,921
65-69	0	65,244	48,958	62,102	55,108	58,167	64,770	66,258	65,004	69,143	66,741	67,882	64,957
70+	0	58,998	53,551	42,741	47,961	0	61,769	65,821	59,636	0	62,911	68,120	63,217
Total	42,125	39,853	42,525	44,516	48,124	50,984	59,137	64,140	65,532	67,125	67,397	69,006	54,823

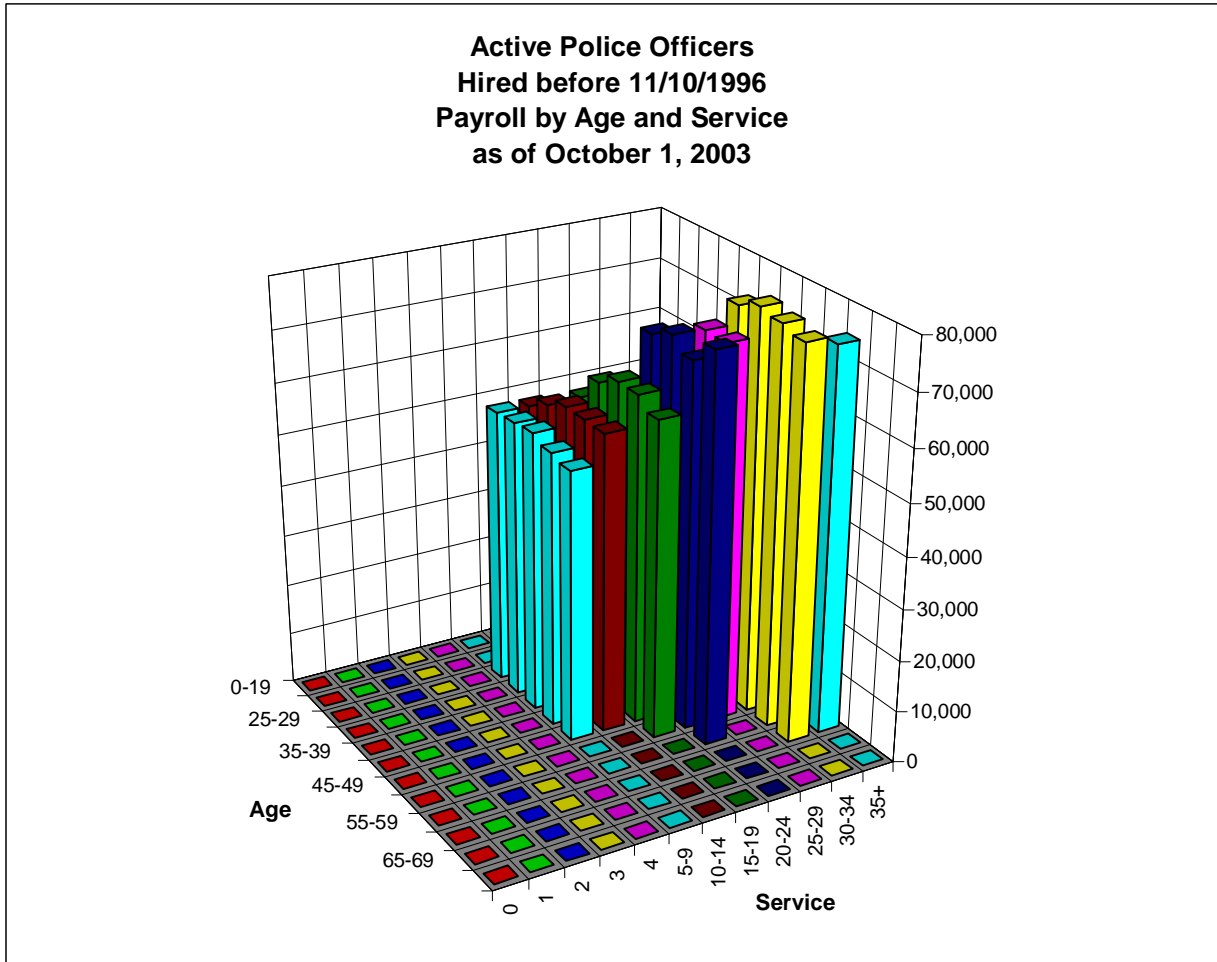
Average Age: 45.39

Average Service: 14.35





Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	15	6	0	0	0	0	0	21
30-34	0	0	0	0	0	103	245	11	0	0	0	0	359
35-39	0	0	0	0	0	65	749	88	0	0	0	0	902
40-44	0	0	0	0	0	16	349	307	81	0	0	0	753
45-49	0	0	0	0	0	2	43	89	160	52	8	0	354
50-54	0	0	0	0	0	0	0	2	55	23	35	3	118
55-59	0	0	0	0	0	0	0	0	1	0	19	11	31
60-64	0	0	0	0	0	0	0	0	0	0	5	4	9
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	201	1392	497	297	75	67	18	2,547

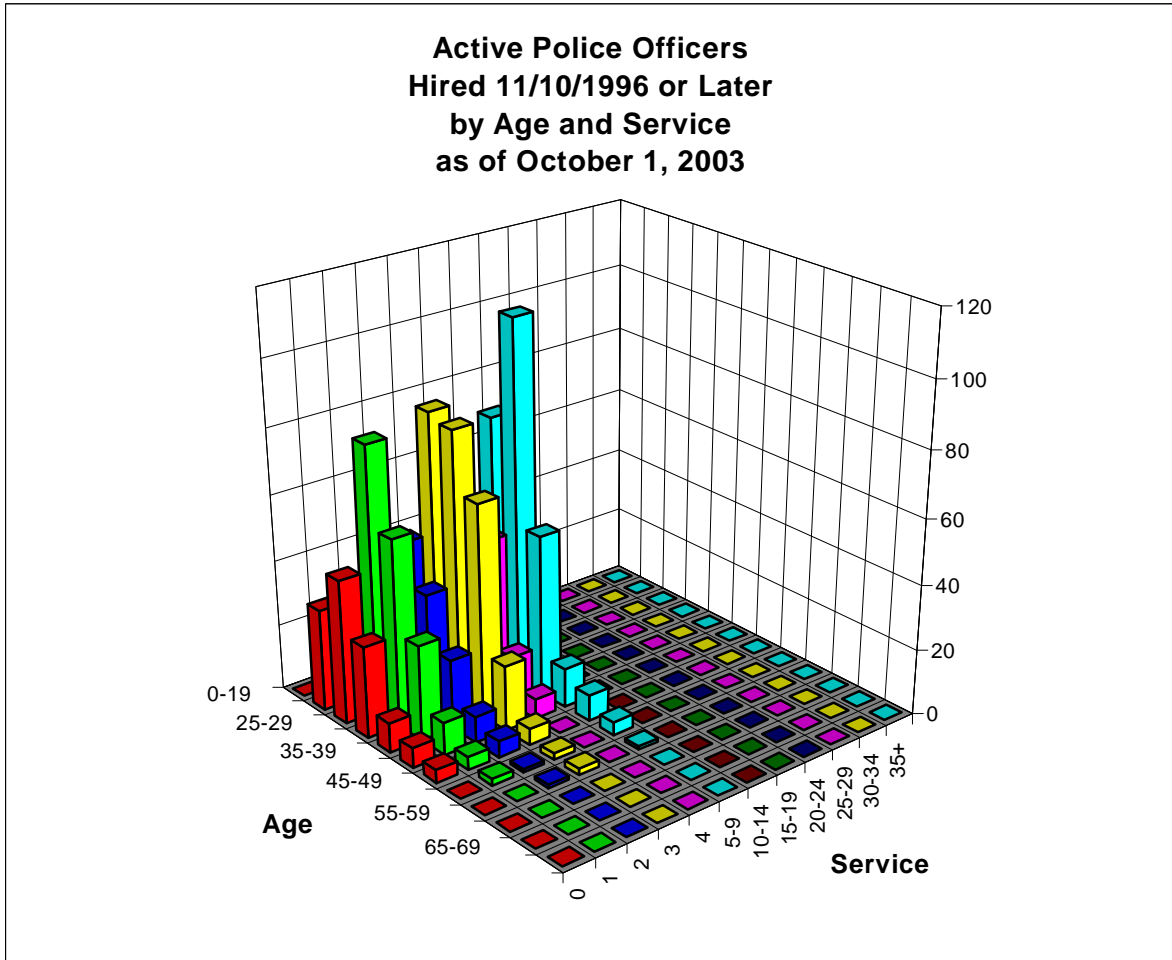


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	53,866	53,743	0	0	0	0	0	53,831
30-34	0	0	0	0	0	54,274	56,306	56,467	0	0	0	0	55,728
35-39	0	0	0	0	0	54,798	58,304	61,558	0	0	0	0	58,369
40-44	0	0	0	0	0	53,513	58,333	64,027	71,559	0	0	0	61,975
45-49	0	0	0	0	0	52,710	58,166	63,903	73,549	73,149	76,477	0	69,145
50-54	0	0	0	0	0	0	0	61,654	71,077	72,895	78,288	70,641	73,399
55-59	0	0	0	0	0	0	0	0	75,183	0	77,414	67,839	73,944
60-64	0	0	0	0	0	0	0	0	0	0	76,198	74,553	75,467
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	54,337	57,936	63,391	72,554	73,071	77,668	69,798	61,469

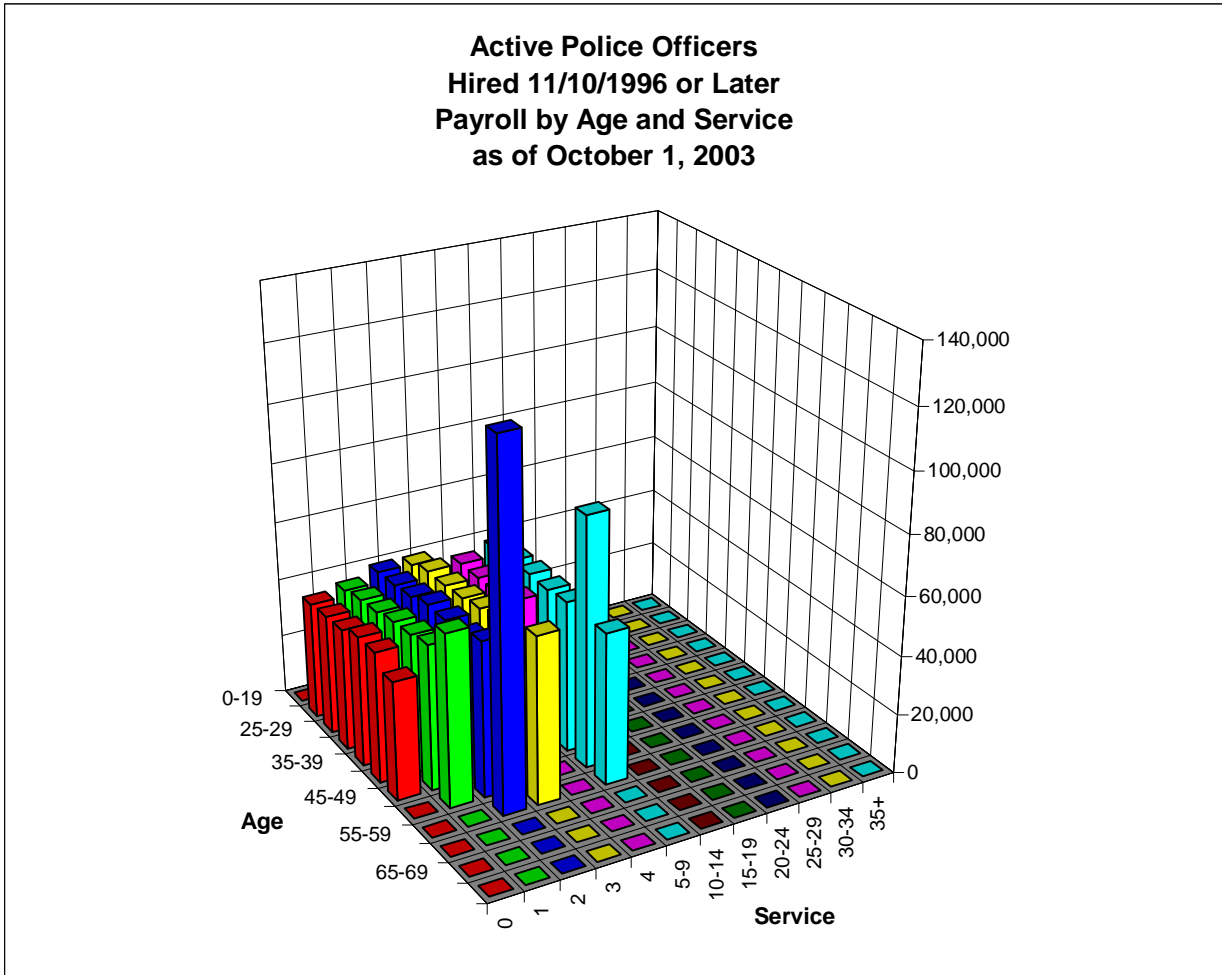
Average Age: 40.64

Average Service: 15.87





Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	31	30	7	4	0	0	0	0	0	0	0	0	72
25-29	44	81	49	85	47	78	0	0	0	0	0	0	384
30-34	28	57	37	83	47	110	0	0	0	0	0	0	362
35-39	9	29	21	65	15	49	0	0	0	0	0	0	188
40-44	6	10	8	20	6	12	0	0	0	0	0	0	62
45-49	4	4	5	5	0	8	0	0	0	0	0	0	26
50-54	0	2	1	2	0	4	0	0	0	0	0	0	9
55-59	0	0	1	2	0	1	0	0	0	0	0	0	4
60-64	0	0	0	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	122	213	129	266	115	262	0	0	0	0	0	0	1,107

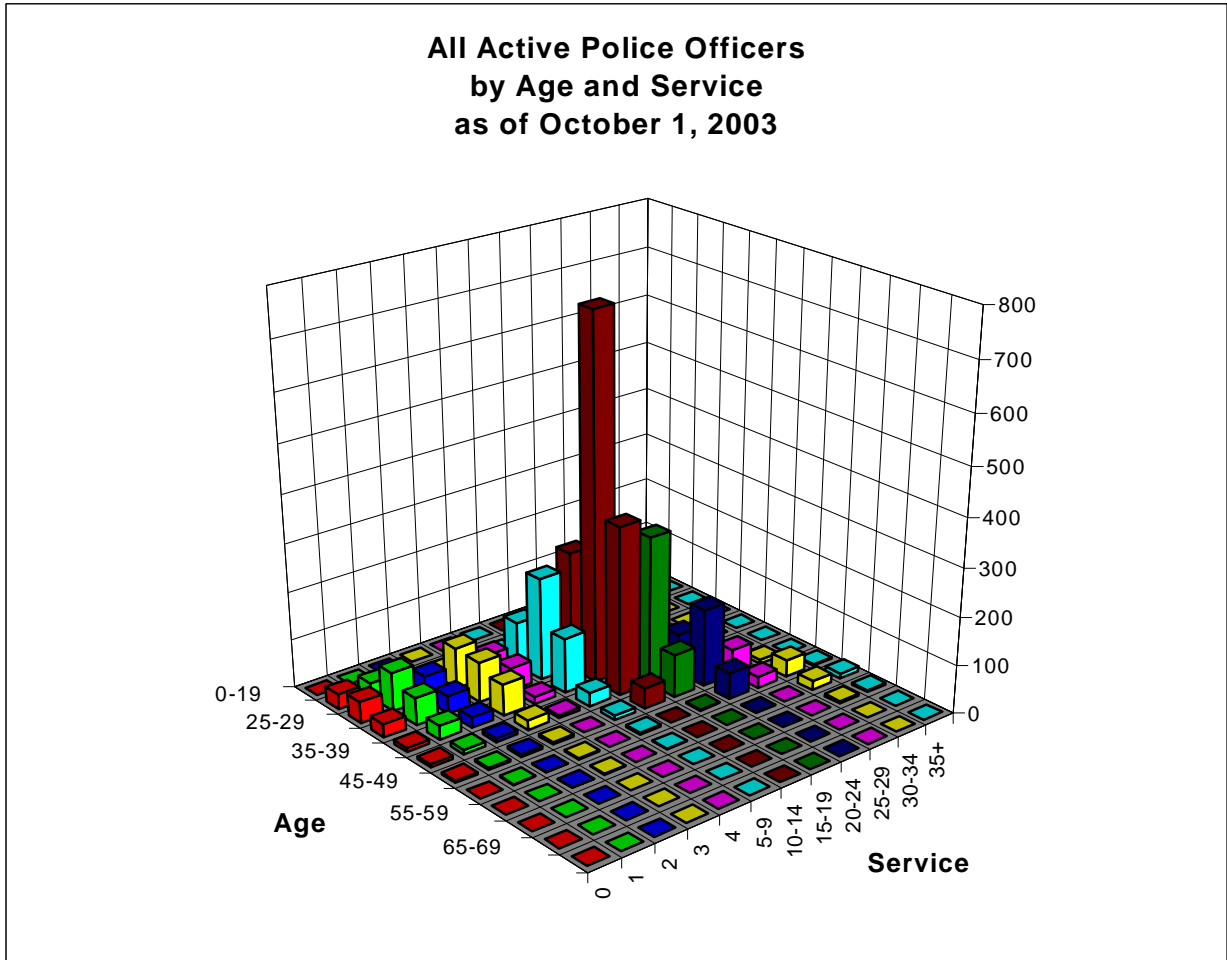


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	39,708	41,805	45,232	45,083	0	0	0	0	0	0	0	0	41,417
25-29	40,667	43,440	45,773	47,640	47,466	50,206	0	0	0	0	0	0	46,217
30-34	41,390	44,493	46,869	47,674	47,562	50,558	0	0	0	0	0	0	47,467
35-39	44,288	46,325	49,321	48,484	47,666	50,912	0	0	0	0	0	0	48,611
40-44	44,510	47,279	49,158	50,144	49,681	50,565	0	0	0	0	0	0	49,046
45-49	40,140	49,294	48,639	51,940	0	51,447	0	0	0	0	0	0	48,931
50-54	0	58,405	52,710	46,680	0	84,875	0	0	0	0	0	0	66,931
55-59	0	0	122,111	56,740	0	51,459	0	0	0	0	0	0	71,763
60-64	0	0	0	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	41,028	44,315	47,602	48,149	47,647	51,074	0	0	0	0	0	0	47,203

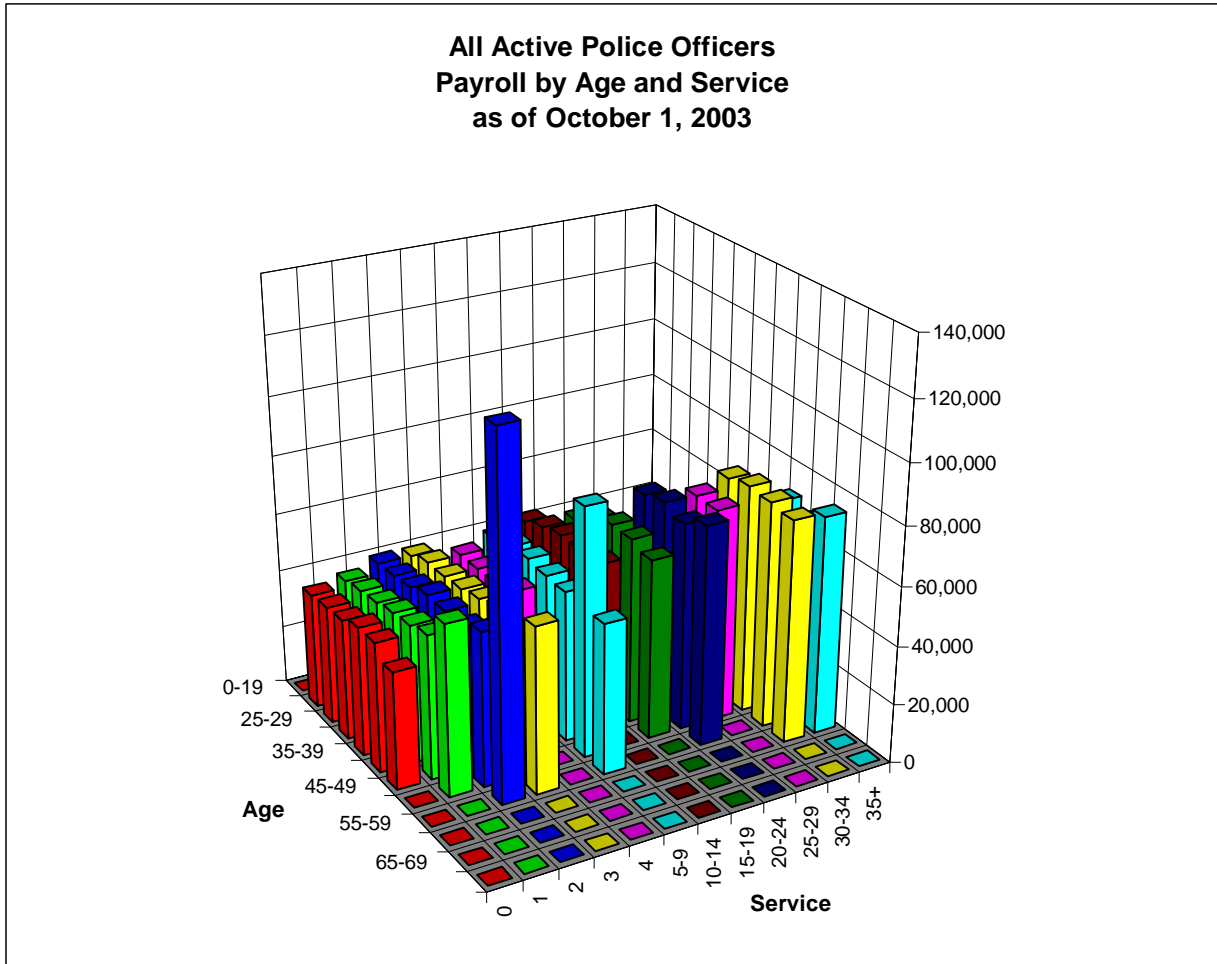
Average Age: 32.16

Average Service: 3.28





Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	31	30	7	4	0	0	0	0	0	0	0	0	72
25-29	44	81	49	85	47	93	6	0	0	0	0	0	405
30-34	28	57	37	83	47	213	245	11	0	0	0	0	721
35-39	9	29	21	65	15	114	749	88	0	0	0	0	1090
40-44	6	10	8	20	6	28	349	307	81	0	0	0	815
45-49	4	4	5	5	0	10	43	89	160	52	8	0	380
50-54	0	2	1	2	0	4	0	2	55	23	35	3	127
55-59	0	0	1	2	0	1	0	0	1	0	19	11	35
60-64	0	0	0	0	0	0	0	0	0	0	5	4	9
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	122	213	129	266	115	463	1392	497	297	75	67	18	3,654

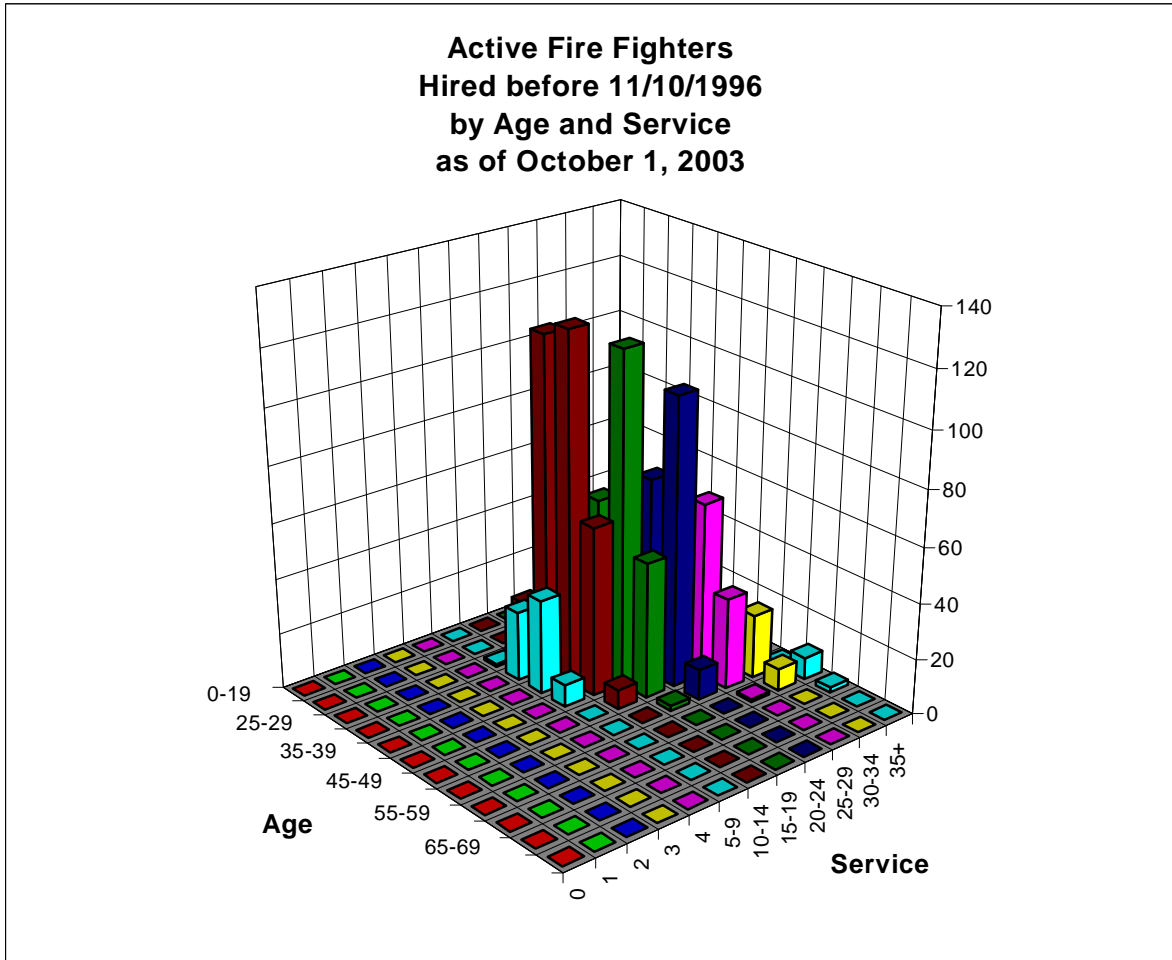


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	39,708	41,805	45,232	45,083	0	0	0	0	0	0	0	0	41,417
25-29	40,667	43,440	45,773	47,640	47,466	50,796	53,743	0	0	0	0	0	46,611
30-34	41,390	44,493	46,869	47,674	47,562	52,355	56,306	56,467	0	0	0	0	51,580
35-39	44,288	46,325	49,321	48,484	47,666	53,128	58,304	61,558	0	0	0	0	56,686
40-44	44,510	47,279	49,158	50,144	49,681	52,249	58,333	64,027	71,559	0	0	0	60,991
45-49	40,140	49,294	48,639	51,940	0	51,700	58,166	63,903	73,549	73,149	76,477	0	67,762
50-54	0	58,405	52,710	46,680	0	84,875	0	61,654	71,077	72,895	78,288	70,641	72,941
55-59	0	0	122,111	56,740	0	51,459	0	0	75,183	0	77,414	67,839	73,695
60-64	0	0	0	0	0	0	0	0	0	0	76,198	74,553	75,467
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	41,028	44,315	47,602	48,149	47,647	52,491	57,936	63,391	72,554	73,071	77,668	69,798	57,147

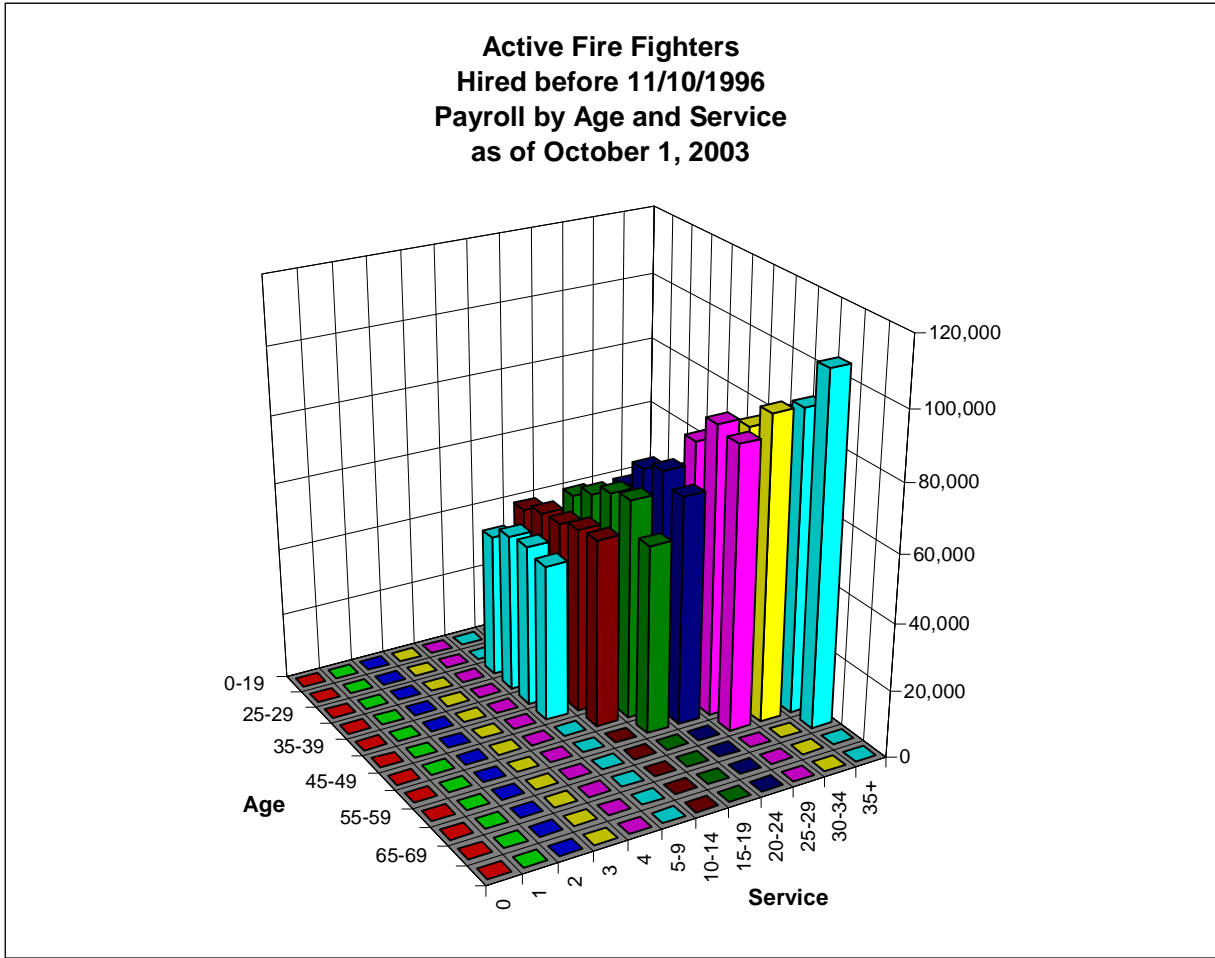
Average Age: 38.07

Average Service: 12.06





Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	1	20	0	0	0	0	0	21
30-34	0	0	0	0	0	25	120	38	0	0	0	0	183
35-39	0	0	0	0	0	34	125	63	2	0	0	0	224
40-44	0	0	0	0	0	8	61	119	71	3	0	0	262
45-49	0	0	0	0	0	0	7	49	104	63	1	0	224
50-54	0	0	0	0	0	0	0	2	11	33	23	1	70
55-59	0	0	0	0	0	0	0	0	0	1	8	8	17
60-64	0	0	0	0	0	0	0	0	0	0	0	2	2
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	68	333	271	188	100	32	11	1,003

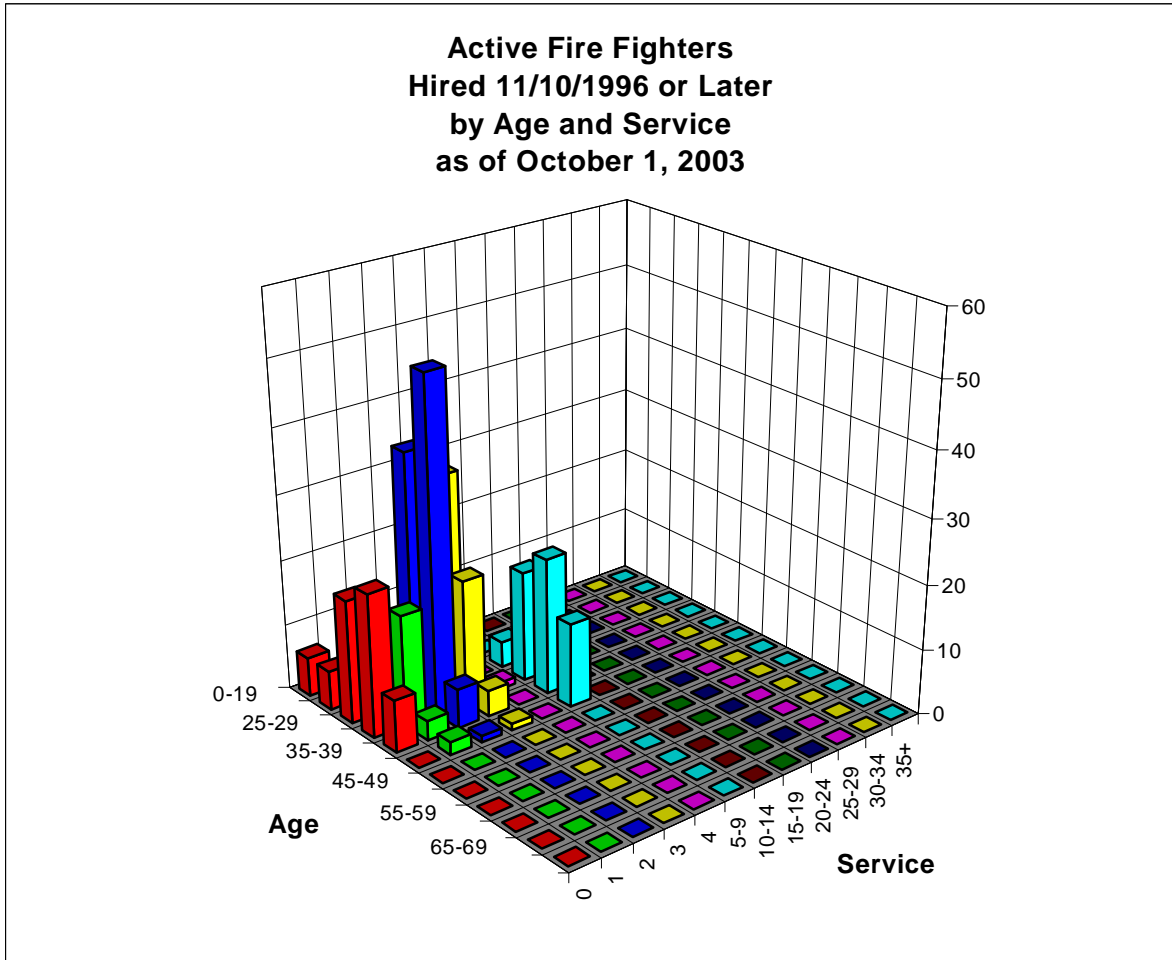


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	42,878	49,046	0	0	0	0	0	48,752
30-34	0	0	0	0	0	47,189	51,916	54,885	0	0	0	0	51,887
35-39	0	0	0	0	0	48,277	52,868	59,297	59,570	0	0	0	54,039
40-44	0	0	0	0	0	46,768	55,110	63,513	68,415	64,682	0	0	62,387
45-49	0	0	0	0	0	0	56,145	65,481	71,640	77,929	61,777	0	71,533
50-54	0	0	0	0	0	0	0	56,236	68,134	86,534	83,707	84,703	81,822
55-59	0	0	0	0	0	0	0	0	0	84,703	91,095	90,662	90,515
60-64	0	0	0	0	0	0	0	0	0	0	0	104,850	104,850
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	47,620	52,775	61,625	70,089	80,439	84,869	92,700	62,282

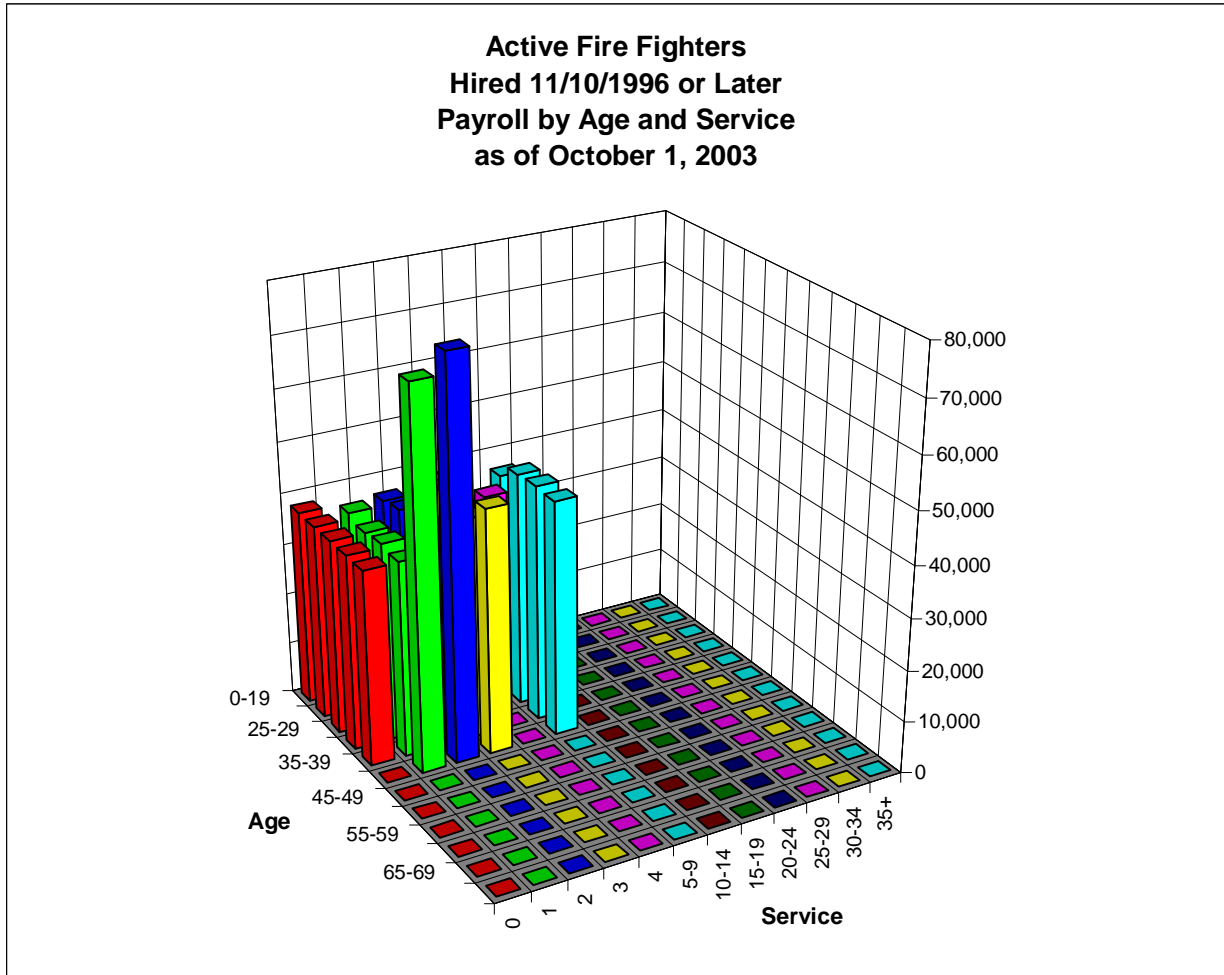
Average Age: 41.39

Average Service: 17.71





Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	6	0	0	0	0	0	0	0	0	0	0	0	6
20-24	6	3	8	2	0	0	0	0	0	0	0	0	19
25-29	19	9	38	33	0	4	0	0	0	0	0	0	103
30-34	22	17	51	19	1	17	0	0	0	0	0	0	127
35-39	8	3	6	4	0	21	0	0	0	0	0	0	42
40-44	0	2	1	1	0	13	0	0	0	0	0	0	17
45-49	0	0	0	0	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0	0	0	0	0	0
55-59	0	0	0	0	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	61	34	104	59	1	55	0	0	0	0	0	0	314

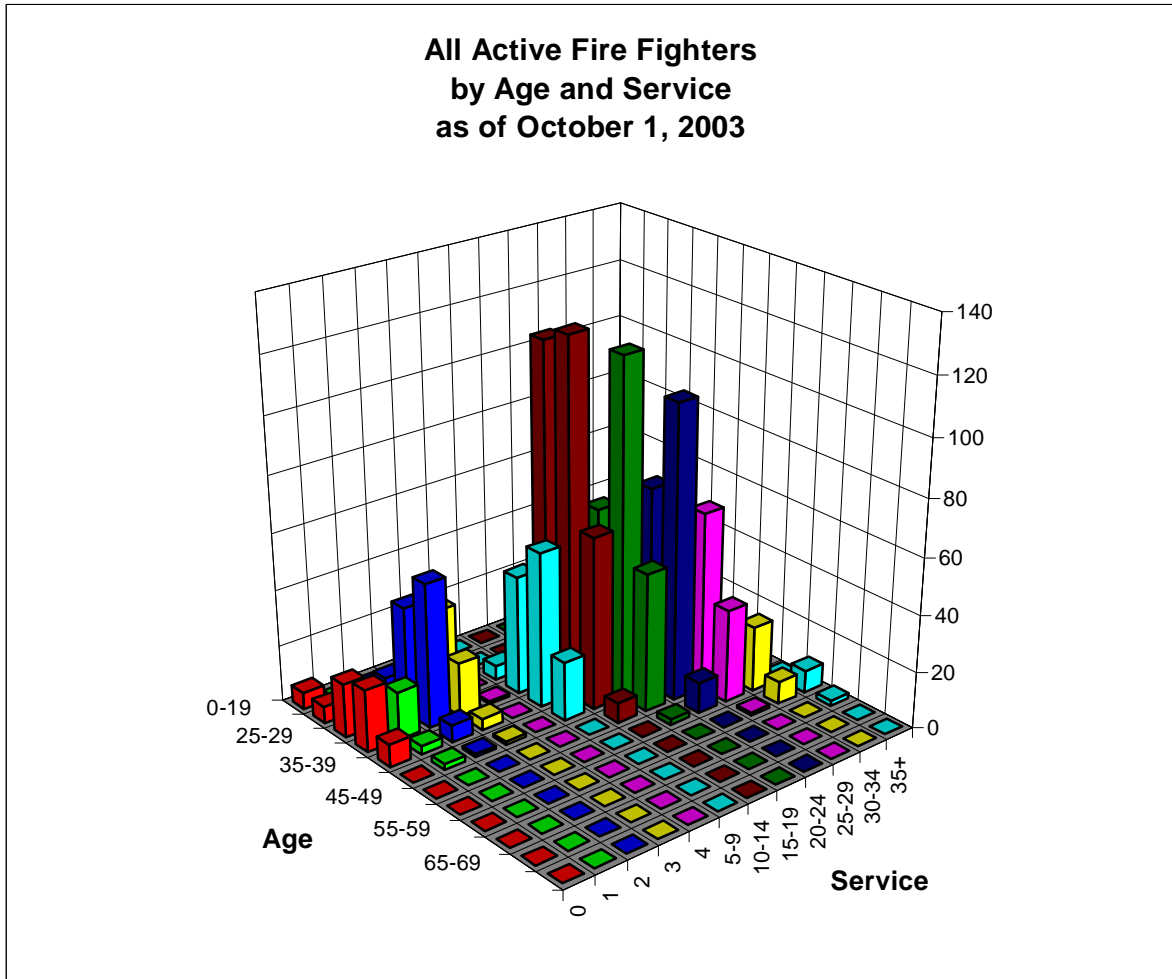


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	37,946	0	0	0	0	0	0	0	0	0	0	0	37,946
20-24	37,946	39,084	39,890	42,878	0	0	0	0	0	0	0	0	39,463
25-29	37,946	37,946	40,801	43,050	0	42,878	0	0	0	0	0	0	40,826
30-34	37,946	38,549	41,055	42,978	42,878	45,686	0	0	0	0	0	0	41,103
35-39	37,946	37,946	40,981	42,878	0	46,022	0	0	0	0	0	0	42,887
40-44	0	72,906	76,870	47,431	0	45,768	0	0	0	0	0	0	50,888
45-49	0	0	0	0	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0	0	0	0	0	0
55-59	0	0	0	0	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	37,946	40,404	41,213	43,084	42,878	45,629	0	0	0	0	0	0	41,621

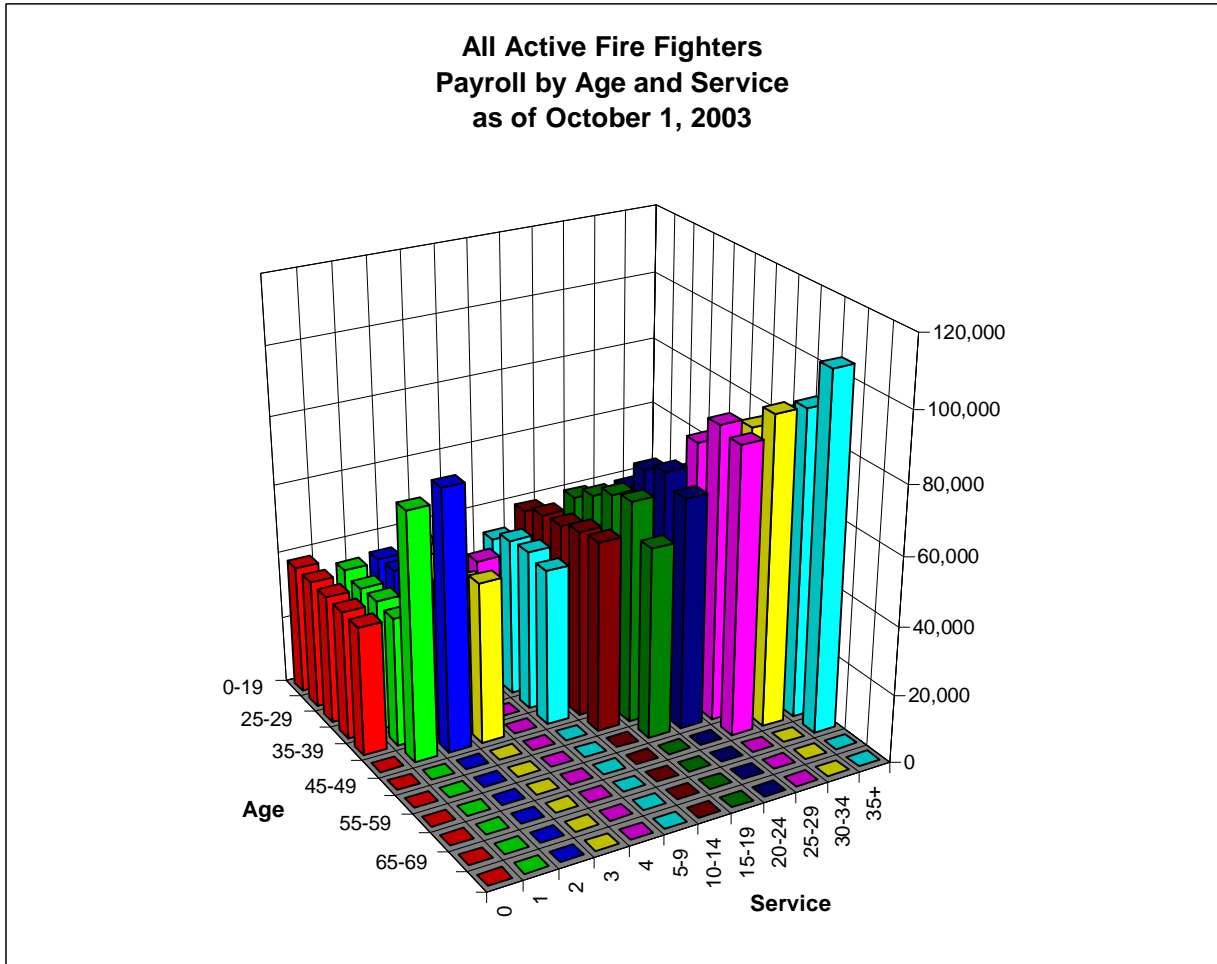
Average Age: 31.02

Average Service: 2.94





Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	6	0	0	0	0	0	0	0	0	0	0	0	6
20-24	6	3	8	2	0	0	0	0	0	0	0	0	19
25-29	19	9	38	33	0	5	20	0	0	0	0	0	124
30-34	22	17	51	19	1	42	120	38	0	0	0	0	310
35-39	8	3	6	4	0	55	125	63	2	0	0	0	266
40-44	0	2	1	1	0	21	61	119	71	3	0	0	279
45-49	0	0	0	0	0	0	7	49	104	63	1	0	224
50-54	0	0	0	0	0	0	0	2	11	33	23	1	70
55-59	0	0	0	0	0	0	0	0	0	1	8	8	17
60-64	0	0	0	0	0	0	0	0	0	0	0	2	2
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	61	34	104	59	1	123	333	271	188	100	32	11	1,317



Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	37,946	0	0	0	0	0	0	0	0	0	0	0	37,946
20-24	37,946	39,084	39,890	42,878	0	0	0	0	0	0	0	0	39,463
25-29	37,946	37,946	40,801	43,050	0	42,878	49,046	0	0	0	0	0	42,168
30-34	37,946	38,549	41,055	42,978	42,878	46,581	51,916	54,885	0	0	0	0	47,469
35-39	37,946	37,946	40,981	42,878	0	47,416	52,868	59,297	59,570	0	0	0	52,278
40-44	0	72,906	76,870	47,431	0	46,149	55,110	63,513	68,415	64,682	0	0	61,686
45-49	0	0	0	0	0	0	56,145	65,481	71,640	77,929	61,777	0	71,533
50-54	0	0	0	0	0	0	0	56,236	68,134	86,534	83,707	84,703	81,822
55-59	0	0	0	0	0	0	0	0	0	84,703	91,095	90,662	90,515
60-64	0	0	0	0	0	0	0	0	0	0	0	104,850	104,850
65-69	0	0	0	0	0	0	0	0	0	0	0	0	0
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	37,946	40,404	41,213	43,084	42,878	46,730	52,775	61,625	70,089	80,439	84,869	92,700	57,356

Average Age: 38.92

Average Service: 14.19



Inactive Teachers

Service Retirees

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 35	0	\$0	0	\$0
35-39	0	\$0	0	\$0
40-44	0	\$0	0	\$0
45-49	0	\$0	0	\$0
50-54	15	\$5,847	17	\$35,501
55-59	472	\$5,332	541	\$36,283
60-64	493	\$3,696	806	\$35,490
65-69	228	\$3,394	897	\$35,407
70-74	70	\$3,381	842	\$33,704
75-79	7	\$2,274	568	\$32,309
80-84	2	\$4,686	417	\$33,217
85-89	0	\$0	263	\$34,275
90-94	0	\$0	158	\$36,664
95-99	0	\$0	56	\$40,893
100 and over	0	\$0	7	\$44,679
Total	1,287	\$4,244	4,572	\$34,687

Beneficiaries

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 19	18	\$1,646	40	\$6,146
20-24	1	\$437	13	\$5,171
25-29	0	\$0	0	\$0
30-34	0	\$0	1	\$5,196
35-39	0	\$0	1	\$1,512
40-44	0	\$0	4	\$7,443
45-49	6	\$3,038	9	\$13,772
50-54	4	\$2,454	11	\$12,364
55-59	21	\$1,951	37	\$14,608
60-64	14	\$1,926	45	\$14,464
65-69	12	\$1,274	38	\$16,420
70-74	20	\$1,775	56	\$16,335
75-79	15	\$1,493	67	\$17,524
80-84	10	\$1,570	53	\$18,482
85-89	3	\$1,155	44	\$22,654
90-94	3	\$1,318	31	\$25,889
95-99	0	\$0	10	\$21,533
100 and over	0	\$0	1	\$35,448
Total	127	\$1,751	461	\$16,363

**Inactive Teachers
 Disabled**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 25	0	\$0	0	\$0
25-29	0	\$0	0	\$0
30-34	1	\$17,352	1	\$17,352
35-39	1	\$18,888	1	\$18,888
40-44	0	\$0	5	\$17,380
45-49	8	\$21,653	11	\$20,252
50-54	15	\$22,598	23	\$21,761
55-59	28	\$23,278	76	\$22,560
60-64	7	\$15,094	59	\$21,671
65-69	2	\$3,530	80	\$22,982
70-74	0	\$0	60	\$22,674
75-79	0	\$0	64	\$26,473
80-84	0	\$0	63	\$31,111
85-89	0	\$0	37	\$28,582
90-94	0	\$0	8	\$25,026
95-99	0	\$0	3	\$26,472
100 and over	0	\$0	0	\$0
Total	62	\$21,176	491	\$24,501

Terminated Vested

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 25	0	\$0	0	\$0
25-29	0	\$0	2	\$4,764
30-34	9	\$4,410	17	\$5,361
35-39	13	\$5,327	19	\$7,537
40-44	15	\$5,973	16	\$12,078
45-49	20	\$6,631	22	\$14,809
50-54	23	\$6,641	24	\$21,088
55-59	15	\$6,661	16	\$23,305
60-64	5	\$5,461	6	\$17,487
65-69	2	\$6,120	2	\$48,222
70-74	0	\$0	0	\$0
75-79	0	\$0	0	\$0
80-84	0	\$0	0	\$0
85-89	0	\$0	0	\$0
90-94	0	\$0	0	\$0
95-99	0	\$0	0	\$0
100 and over	0	\$0	0	\$0
Total	102	\$6,111	124	\$14,865

**Inactive Police Officers
 Service Retirees**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 35	0	\$0	0	\$0
35-39	0	\$0	0	\$0
40-44	0	\$0	0	\$0
45-49	101	\$5,784	140	\$40,584
50-54	214	\$4,887	670	\$39,571
55-59	107	\$3,725	1,068	\$40,710
60-64	17	\$4,287	598	\$42,231
65-69	0	\$0	365	\$40,697
70-74	0	\$0	145	\$48,627
75-79	0	\$0	104	\$56,840
80-84	0	\$0	24	\$58,627
85-89	0	\$0	21	\$61,387
90-94	0	\$0	6	\$46,370
95-99	0	\$0	1	\$52,356
100 and over	0	\$0	0	\$0
Total	439	\$4,787	3,142	\$41,938

Beneficiaries

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 19	56	\$768	91	\$5,108
20-24	8	\$595	16	\$8,561
25-29	0	\$0	0	\$0
30-34	3	\$8,554	10	\$18,829
35-39	7	\$3,616	10	\$20,208
40-44	8	\$3,831	21	\$18,510
45-49	30	\$2,339	58	\$17,775
50-54	44	\$1,947	97	\$19,149
55-59	46	\$1,911	130	\$19,876
60-64	38	\$2,372	124	\$21,225
65-69	39	\$1,900	128	\$23,390
70-74	41	\$1,794	117	\$23,499
75-79	40	\$1,359	133	\$23,119
80-84	34	\$1,239	138	\$24,158
85-89	29	\$1,107	124	\$25,000
90-94	9	\$1,276	42	\$24,292
95-99	1	\$1,258	15	\$24,762
100 and over	0	\$0	2	\$22,158
Total	433	\$1,737	1,256	\$20,838

**Inactive Police Officers
 Disabled**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 25	0	\$0	0	\$0
25-29	1	\$17,232	1	\$17,232
30-34	12	\$25,044	13	\$24,321
35-39	32	\$24,435	41	\$22,451
40-44	27	\$26,195	51	\$22,396
45-49	26	\$19,037	77	\$29,211
50-54	14	\$3,709	152	\$33,246
55-59	3	\$3,730	210	\$32,633
60-64	1	\$2,794	175	\$34,514
65-69	0	\$0	153	\$37,689
70-74	0	\$0	130	\$41,285
75-79	0	\$0	165	\$43,632
80-84	0	\$0	71	\$42,211
85-89	0	\$0	53	\$47,439
90-94	0	\$0	20	\$50,889
95-99	0	\$0	3	\$62,558
100 and over	0	\$0	0	\$0
Total	116	\$20,412	1,315	\$36,229

Inactive Fire Fighters

Service Retirees

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 35	0	\$0	0	\$0
35-39	0	\$0	0	\$0
40-44	0	\$0	0	\$0
45-49	17	\$7,764	19	\$40,487
50-54	55	\$7,571	97	\$48,107
55-59	31	\$5,516	221	\$49,266
60-64	6	\$2,624	252	\$49,375
65-69	0	\$0	162	\$45,411
70-74	0	\$0	89	\$51,665
75-79	0	\$0	50	\$59,483
80-84	0	\$0	24	\$61,914
85-89	0	\$0	7	\$65,290
90-94	0	\$0	2	\$50,862
95-99	0	\$0	1	\$57,204
100 and over	0	\$0	0	\$0
Total	109	\$6,745	924	\$49,564

Beneficiaries

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 19	17	\$2,886	34	\$4,486
20-24	3	\$206	5	\$3,019
25-29	0	\$0	1	\$25,788
30-34	1	\$12,324	1	\$18,948
35-39	1	\$805	2	\$35,016
40-44	2	\$1,957	9	\$15,911
45-49	6	\$1,137	9	\$17,107
50-54	9	\$2,682	17	\$16,495
55-59	12	\$1,413	32	\$22,493
60-64	18	\$1,864	56	\$21,126
65-69	10	\$1,710	41	\$24,980
70-74	16	\$1,789	57	\$23,382
75-79	24	\$1,039	72	\$25,751
80-84	23	\$1,480	65	\$25,087
85-89	14	\$1,328	58	\$28,438
90-94	3	\$1,150	25	\$25,608
95-99	0	\$0	7	\$20,302
100 and over	0	\$0	1	\$22,188
Total	159	\$1,729	492	\$22,476

**Inactive Fire Fighters
 Disabled**

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 25	0	\$0	0	\$0
25-29	0	\$0	0	\$0
30-34	1	\$27,060	1	\$27,060
35-39	1	\$16,788	1	\$16,788
40-44	1	\$20,292	4	\$16,470
45-49	14	\$25,993	30	\$31,684
50-54	17	\$9,896	50	\$37,850
55-59	4	\$1,019	55	\$38,311
60-64	0	\$0	96	\$40,984
65-69	0	\$0	83	\$39,887
70-74	0	\$0	69	\$42,501
75-79	0	\$0	60	\$46,536
80-84	0	\$0	61	\$46,849
85-89	0	\$0	39	\$51,895
90-94	0	\$0	5	\$58,236
95-99	0	\$0	1	\$33,811
100 and over	0	\$0	0	\$0
Total	38	\$15,798	555	\$41,867

**Changes in Plan Membership
 Teachers**

	Actives	Non-Vested Terminations Due Refunds	Vested Terminations	Disabled	Retired	Beneficiaries	Total Participants
October 1, 2002	6,558	0	0	493	4,396	445	11,892
New Entrants	611	-	-	-	-	-	611
Rehires	38	-	-	-	-	-	38
Disabilities	(18)	-	-	19	(1)	-	0
Retirements	(290)	-	-	-	290	-	0
Vested Terminations	(124)	-	124	-	-	-	0
Died, With Beneficiaries' Benefit Payable	(3)	-	-	(2)	(23)	28	0
Died, Without Beneficiary, and Other Terminations	(433)	429	-	(20)	(103)	-	(127)
Transfers	-	-	-	-	-	-	0
Refund of Contributions	(193)	-	-	-	-	-	(193)
Beneficiary Deaths	-	-	-	-	-	(22)	(22)
Domestic Relations Orders	-	-	-	-	-	1	1
Data Corrections	(1)	1	-	1	13	9	23
October 1, 2003	6,145	430	124	491	4,572	461	12,223

**Changes in Plan Membership
 Police Officers**

	Actives	Non-Vested Terminations Due Refunds	Vested Terminations	Disabled	Retired	Beneficiaries	Total Participants
October 1, 2002	3,543	0	0	1,343	3,145	1,222	9,253
New Entrants	173	-	-	-	-	-	173
Rehires	62	-	-	-	-	-	62
Disabilities	(20)	-	-	20	-	-	0
Retirements	(32)	-	-	-	32	-	0
Vested Terminations	-	-	-	-	-	-	0
Died, With Beneficiaries' Benefit Payable	(5)	-	-	(22)	(32)	67	8
Died, Without Beneficiary, and Other Terminations	(23)	23	-	(27)	(6)	-	(56)
Transfers	(2)	-	-	-	-	-	(2)
Refund of Contributions	(41)	-	-	-	-	-	(18)
Beneficiary Deaths	-	-	-	-	-	(64)	(64)
Domestic Relations Orders	-	-	-	-	-	12	12
Data Corrections	(1)	-	-	1	3	19	22
October 1, 2003	3,654	23	0	1,315	3,142	1,256	9,390

**Changes in Plan Membership
 Fire Fighters**

	Actives	Non-Vested Terminations Due Refunds	Vested Terminations	Disabled	Retired	Beneficiaries	Total Participants
October 1, 2002	1,273	0	0	571	916	492	3,252
New Entrants	98	-	-	-	-	-	98
Rehires	1	-	-	-	-	-	1
Disabilities	(1)	-	-	1	-	-	0
Retirements	(24)	-	-	-	24	-	0
Vested Terminations	(1)	-	1	-	-	-	0
Died, With Beneficiaries' Benefit Payable	(2)	-	-	(5)	(13)	20	0
Died, Without Beneficiary, and Other Terminations	(23)	23	-	(12)	(3)	-	(15)
Transfers	2	-	-	-	-	-	2
Refund of Contributions	(6)	-	-	-	-	-	(6)
Beneficiary Deaths	-	-	-	-	-	(28)	(28)
Domestic Relations Orders	-	-	-	-	-	2	2
Data Corrections	-	-	-	-	-	6	6
October 1, 2003	1,317	23	1	555	924	492	3,312

1.3: Actuarial Methods and Assumptions

Actuarial Funding Method

The funding method required by the “Replacement Plan Act” is the aggregate funding method. Under this Method, the District must contribute the level percent of pay that – combined with the actuarial value of assets, expected investment earnings, and future employee contributions – will pay for the benefits of the current participants by the time the current workforce leaves employment.

Actuarial Assumptions

Valuation Date All assets and liabilities are computed as of October 1, 2003.

Rate of Return The annual rate of return on all Fund assets is assumed to be 7.25%, net of investment and administrative expenses.

Cost of Living The cost of living as measured by the Consumer Price Index (CPI) will increase at the rate of 5.00% per year.

Increases in Pay Assumed pay increases for active Members consist of increases due to cost of living adjustments and promotion and increases due to longevity and retention incentives. Cost of living increases are assumed to result in a general wage increase of 5.0% for all employees. Sample rates for the increases due to promotions are given in the table below. Rates for the longevity and retention incentives are given separately.

	Service	Teachers	Police Officers	Fire Fighters
	0	4.000%	5.000%	2.500%
	5	4.000%	3.563%	2.500%
	10	3.000%	2.584%	2.500%
	15	2.000%	2.314%	2.500%
	20	1.000%	2.000%	2.500%
	25	0.159%	1.100%	2.500%
	30	0.393%	0.500%	2.500%
	35	0.331%	0.000%	2.500%
	40	0.270%	0.000%	0.000%

Active Member Mortality Rates of mortality for active male Teachers are given by the 1994 Uninsured Pension (UP94) Male Table with generational improvement using Projection Scale AA, with a one-year age set forward. Rates of mortality for active female Teachers are given by the 1994 Uninsured Pension (UP94) Female Table with generational improvement using Projection Scale AA, with a one-year age set forward.

Rates of mortality for active male Police Officers and Fire



Fighters are given by the 1994 Uninsured Pension (UP94) Male Table with generational improvement using Projection Scale AA, with a three-year age set forward. Rates of mortality for active female Police Officers and Fire Fighters are given by the 1994 Uninsured Pension (UP94) Female Table with generational improvement using Projection Scale AA, with a three-year age set forward.

25% of all Police Officer and Fire Fighter active deaths are assumed to occur in the line of duty.

Retired Member Mortality

Rates of mortality for retired male Teachers are given by the 1994 Uninsured Pension (UP94) Male Table with generational improvement using Projection Scale AA. Rates of mortality for active female Teachers are given by the 1994 Uninsured Pension (UP94) Female Table with generational improvement using Projection Scale AA.

Rates of mortality for active male Police Officers and Fire Fighters are given by the 1994 Uninsured Pension (UP94) Male Table with generational improvement using Projection Scale AA, with a two-year age set forward. Rates of mortality for active female Police Officers and Fire Fighters are given by the 1994 Uninsured Pension (UP94) Female Table with generational improvement using Projection Scale AA, with a two-year age set forward.

Disabled Member Mortality

Rates of mortality among disabled Members are specified for male and female members; separate tables are used for Teachers and for Public Safety disabled members. Sample rates for Teachers are as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	2.4000%	2.4000%
30	2.4000%	2.4000%
40	2.4000%	2.4000%
50	2.4545%	2.4000%
60	2.5910%	2.4000%
70	3.8006%	2.4000%
80	7.2111%	4.1413%
90	13.1554%	10.0013%

Sample rates for Police Officers and Fire Fighters are as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.9033%	0.5616%
30	0.9033%	0.5616%
40	0.9033%	0.5616%



50	0.9033%	0.5616%
60	1.3029%	0.8310%
70	2.6405%	1.7147%
80	6.4974%	4.2282%
90	15.6801%	12.2128%

Service Retirement

Retirement is assumed to occur among Teachers in accordance with the table below:

<u>Age</u>	<u>First Year Eligible</u>	<u>Subsequent Years</u>
50	20%	20%
51	20%	20%
52	20%	20%
53	20%	20%
54	20%	20%
55	20%	20%
56	40%	20%
57	60%	20%
58	60%	20%
59	60%	20%
60	20%	20%
61	20%	20%
62	20%	20%
63	20%	20%
64	20%	20%
65	20%	20%
66	20%	20%
67	20%	20%
68	20%	20%
69	20%	20%
70	100%	100%

For Police Officers and Fire Fighters, the following rates of retirement are assumed.

<u>Age</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
40	7.5%	2.0%
41	10.0%	3.0%
42	12.0%	4.0%
43	15.0%	5.0%
44	15.0%	5.0%
45	15.0%	6.0%
46	15.0%	7.0%
47	17.0%	8.0%
48	19.0%	9.0%
49	21.0%	11.0%
50	23.0%	13.0%
51	25.0%	15.0%

52	25.0%	20.0%
53	25.0%	25.0%
54	30.0%	30.0%
55	40.0%	35.0%
56	50.0%	35.0%
57	50.0%	35.0%
58	50.0%	35.0%
59	50.0%	35.0%
60	100%	100%

It is assumed that all Police Officers and Fire Fighters retire after 31 years of service.

Disability

Separate rates of disability are assumed among Teachers and Safety Employees (Police Officers and Fire Fighters), with rates for both sexes combined. Below are sample rates:

<u>Age</u>	<u>Teachers</u>	<u>Safety</u>
25	0.0300%	0.2630%
30	0.0572%	0.3450%
35	0.0932%	0.5100%
40	0.1292%	0.7500%
45	0.2040%	1.1780%
50	0.3212%	1.9500%
55	0.5520%	3.4650%
60	0.5700%	4.9500%
65	0.0000%	4.9500%

For Police Officers and Fire Fighters, it is assumed that 50% of the disabilities are due to accidents in the line of duty.

The benefit amount for some members is defined to be based on the “% of disability.” For all Police Officer and Fire Fighter disabilities, the “% of disability” is assumed to be 100%.

Withdrawal

Separate rates of withdrawal/termination are assumed among Teachers, Police Officers, and Fire Fighters, with rates for both sexes combined. Withdrawal rates are not applied to Members eligible for service retirement.

<u>Age</u>	<u>Teachers</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
20	25.00%	12.13%	1.60%
25	23.00%	6.57%	1.60%
30	16.00%	4.23%	1.60%
35	11.00%	2.32%	1.60%
40	6.80%	1.33%	1.60%



45	4.80%	1.03%	1.60%
50	3.60%	0.00%	0.00%
55	0.00%	0.00%	0.00%
60	0.00%	0.00%	0.00%

For Police and Fire Fighters, all terminations are assumed to result in the withdrawal of contributions, with no further benefits payable. For Teachers with more than 5 years of service, terminated employees are expected to receive a deferred vested benefit. Teachers with less than 5 years of service receive a refund of accumulated contributions.

Pay for Benefits

Allowances have been made for special increases in Compensation prior to termination or retirement. For Police Officers, an additional increase of 5.0% is given for the Base Retention Differential after 20 years of service. Also, Police Officers are assumed to receive a longevity increase of 15.0% after 25 years of service, and an additional 5.0% after 30 years of service. Fire fighters receive retention incentives of 5.0%, 10.0%, and 15.0% applied to base pay after 15, 20, and 25 years of service, respectively.

Family Composition

64% of Teachers and 80% of Police Officers and Fire Fighters are assumed to be married. Male spouses are assumed to be three years older than their wives. Active employees are assumed to have one dependent child aged 10.

Employment Status

No future transfers among member groups are assumed.

Actuarial Value of Plan Assets

The actuarial value of District assets is modified market-related value. The actuarial value of assets method approved by the Board is the expected actuarial value of assets (assuming a 7.25% rate of return) plus 1/3 of the difference between the expected and actual market value of assets. There is then a final adjustment made for the effect of the adjustment pursuant to D.C. Code §1-907.02(c). This adjustment is explained and developed in Section 3.5.

The detailed calculation of the actuarial value of District assets is shown in Section 2.5.

Participant Data

Data on active and inactive Members and their beneficiaries as of the valuation date was supplied by the Office of Pay and Retirement Services on electronic media. As is usual in studies of this type, Member data was neither verified nor audited.

Certain assumptions were made with respect to information provided by the District of Columbia:



- Charter school teachers data is not available, so the active liabilities and payroll were increased by 1.5%
- The data is incomplete with respect to former members who have a deferred vested benefit.
- For Police Officers and Fire Fighters, we have assumed that all who terminate prior to retirement withdraw their contributions and are no longer eligible for a retirement benefit.
- For Teachers, we have begun to track vested members who terminate and do not receive a refund of contributions. Our database of terminations will improve as we accumulate more experience.
- To value the pre-retirement death benefit for Police Officers and Fire Fighters, the benefit form for all retirements (normal or disabled) is assumed to be a 54.2% Joint and Survivor annuity for all participants.

Section 2:
Asset Information

2.1: Current Value of District Assets as of October 1, 2003

The allocation of benefit payments and investment income between police and fire are approximations based on the most recent information available from the District of Columbia and the D.C. Retirement Board.

All \$ amounts in millions.

	Teachers	Police	Fire	Police & Fire	Total Fund
(1) Current Value of Assets as of October 1, 2002 ²	\$733.1	\$774.9	\$309.4	\$1,084.3	\$1,817.4
(2) FY 2003 District Contributions	\$0.0	\$52.5	\$16.4	\$68.9	\$68.9
(3) FY 2003 Employee Contributions	\$26.0	\$14.3	\$5.4	\$19.7	\$45.7
(4) FY 2003 Actual Benefit Payments ³	\$0.0	(\$0.2)	(\$0.1)	(\$0.3)	(\$0.3)
(5) FY 2003 Investment Earnings	\$120.7	\$129.2	\$50.8	\$180.0	\$300.7
(6) Actual Current Value of Assets as of October 1, 2003	\$879.8	\$970.7	\$381.9	\$1,352.6	\$2,232.4
(7) Benefits Payable for FY 2003	(\$5.1)	(\$4.5)	(\$1.3)	(\$5.8)	(\$10.9)
(8) Final Current Value of Assets as of October 1, 2003	\$874.7	\$966.2	\$380.6	\$1,346.8	\$2,221.5
(9) Approximate Rate of Return					16.3%

² The current value of assets as of October 1, 2002 was equal to the market value less estimated benefits payable of \$3.8 million for the Teachers, \$1.9 million for the Police Officers, and \$1.0 million for the Fire Fighters.

³ The fund paid \$6.7 million in benefits which was already reflected as benefits payable.

2.2: Actuarial Value of District Assets as of October 1, 2003

The current actuarial value of assets method approved by the Board is the expected actuarial value of assets (assuming a 7.25% return on the previous year's AVA) plus 1/3 of the difference between the expected and actual current value of assets. There is then a final adjustment made for the effect of the adjustment pursuant to D.C. Code §1-907.02(c).

All \$ amounts in millions.

	Teachers	Police	Fire	Police & Fire	Total Fund
(1) Actuarial Value of Assets as of October 1, 2002	\$860.9	\$916.7	\$362.1	\$1,278.9	\$2,139.8
(2) FY 2003 District Contributions	\$0.0	\$52.5	\$16.4	\$68.9	\$68.9
(3) FY 2003 Employee Contributions	\$26.0	\$14.3	\$5.4	\$19.7	\$45.7
(4) FY 2003 Estimated Benefit Payments	(\$5.1)	(\$4.7)	(\$1.4)	(\$6.1)	(\$11.2)
(5) FY 2003 Expected Investment Earnings	\$63.2	\$70.6	\$27.6	\$98.2	\$161.4
(6) Expected Actuarial Value of Assets as of October 1, 2003	\$945.0	\$1,049.4	\$410.1	\$1,459.6	\$2,404.6
(7) Final Current Value of Assets as of October 1, 2003	\$874.7	\$966.2	\$380.6	\$1,346.8	\$2,221.5
(8) Smoothed Value of Assets as of October 1, 2003 [(6) + 1/3 x (7 - 6)]	\$921.6	\$1,021.7	\$400.3	\$1,422.0	\$2,343.6
(9) Present Value of D.C. Code §1-907.02(c) Adjustment	(\$3.8)	\$5.2	\$0.6	\$5.8	\$2.0
(10) Final Actuarial Value of Assets as of October 1, 2003 [(8) + (9)]	\$917.8	\$1,026.9	\$400.9	\$1,427.8	\$2,345.6
(10) Approximate Rate of Return (on AVA)	4.6%	4.5%	4.8%	4.6%	4.6%

Section 3:
Actuarial Computations

3.1: Computation of Fiscal Year 2005 District Payment

This table shows the development of the fiscal year 2005 District payment. It represents the values used for the Required Actuarial Certification under D.C. Code §1-907. All \$ amounts in millions.

	Teachers	Police	Fire	Total
(1) Present Value of Future District Benefits	\$1,227.7	\$2,144.9	\$747.7	\$4,120.3
(2) Actuarial Value of Assets (Section 2.2)	917.8	1,026.9	400.9	2,345.6
(3) Present Value of Future Employee Contributions	223.7	189.7	65.2	478.6
(4) Present Value of Future Normal Costs [(1) – (2) – (3), not less than \$0]	\$86.2	\$928.3	\$281.6	\$1,296.2
(5) Present Value Future Payroll	\$3,052.0	\$2,560.4	\$884.8	\$6,497.2
(6) Normal Contribution Rate [(4) ÷ (5)]	2.8%	36.3%	31.8%	17.5%
(7) Projected FY 2005 Payroll	\$364.1	\$222.3	\$80.1	\$666.5
(8) Projected FY 2005 Payment Before §1-907.02(c) [(6) x (7)]	\$10.2	\$80.7	\$25.5	\$116.4
(9) D.C. Code §1-907.02(c) Adjustment (Section 3.5)	(\$1.0)	\$3.4	\$2.0	\$4.4
(10) FY 2005 Payment [(8) + (9), not less than \$0]	\$9.2	\$84.1	\$27.5	\$120.8

3.2: Computation of FY 2003 Gain/Loss

Total Plan

This table shows the development of the gains & losses for the FY 2005 payment. All \$ amounts in millions
Changes are due to (in order): change in actuary / valuation system, non-salary based demographics, salary changes, new entrants and asset returns.

	2002 Results Milliman Calculations	2002 Results EFI Recalculation	2003 Results, Returning Members, Expected Salaries, Expected Assets	2003 Results, Returning Members, Actual Salaries, Expected Assets	2003 Results, Returning Members, Actual Salaries, Actual Assets	2003 Results, All Members, Actual Salaries, Actual Assets
(1) Present Value of Future District Benefits	\$3,768.3	\$3,733.8	\$3,986.4	\$3,976.8	\$3,976.8	\$4,120.3
(2) Actuarial Value of Assets	2,139.8	2,139.8	2,406.5	2,406.5	2,345.6	2,345.6
(3) Present Value of Future Employee Contributions	<u>473.4</u>	<u>463.3</u>	<u>443.0</u>	<u>441.8</u>	<u>441.8</u>	<u>478.6</u>
(4) Present Value of Future Normal Costs	\$1,155.1	\$1,130.7	\$1,136.9	\$1,128.5	\$1,189.4	\$1,296.2
(5) Present Value Future Payroll	\$6,430.5	\$6,329.0	\$6,056.3	\$6,038.8	\$6,038.8	\$6,497.2
(6) Normal Contribution Rate	15.2%	15.3%	16.4%	16.3%	17.3%	17.5%
(7) Projected FY 2005 Payroll	\$646.5	\$649.3	\$630.7	\$628.8	\$628.8	\$666.6
(8) Projected FY 2005 Payment before Adjustments	\$98.4	\$99.3	\$103.2	\$102.3	\$108.5	\$116.4
(9) (Gain)/Loss (% of payroll)	N/A	0.1%	1.1%	(0.1%)	1.0%	0.2%
(10) (Gain)/Loss (\$ Amount)	N/A	\$0.9	\$3.9	(\$0.9)	\$6.2	\$7.9



Teachers' Retirement Fund Gain/Loss

This table shows the development of the gains & losses for the Teachers' FY 2005 payment. All \$ amounts in millions.
 Changes are due to (in order): change in actuary / valuation system, non-salary based demographics, salary changes, asset returns, and new entrants.

	2002 Results Milliman Calculations	2002 Results EFI Recalculation	2003 Results, Returning Members, Expected Salaries, Expected Assets	2003 Results, Returning Members, Actual Salaries, Expected Assets	2003 Results, Returning Members, Actual Salaries, Actual Assets	2003 Results, All Members, Actual Salaries, Actual Assets
(1) Present Value of Future District Benefits	\$1,117.6	\$1,146.8	\$1,184.2	\$1,178.7	\$1,178.7	\$1,227.7
(2) Actuarial Value of Assets	860.9	860.9	941.2	941.2	917.8	917.8
(3) Present Value of Future Employee Contributions	<u>231.1</u>	<u>226.4</u>	<u>204.5</u>	<u>203.5</u>	<u>203.5</u>	<u>223.7</u>
(4) Present Value of Future Normal Costs	\$25.6	\$59.6	\$38.4	\$34.0	\$57.4	\$86.2
(5) Present Value Future Payroll	\$3,108.8	\$3,106.3	\$2,811.3	\$2,796.9	\$2,796.9	\$3,052.0
(6) Normal Contribution Rate	0.8%	1.9%	1.4%	1.2%	2.1%	2.8%
(7) Projected FY 2005 Payroll	\$366.1	\$371.5	\$339.1	\$337.5	\$337.5	\$364.1
(8) Projected FY 2005 Payment before Adjustments	\$2.9	\$7.1	\$4.7	\$4.1	\$7.1	\$10.2
(9) (Gain)/Loss (% of payroll)	N/A	1.1%	(0.5%)	(0.2%)	0.9%	0.7%
(10) (Gain)/Loss (\$ Amount)	N/A	\$4.2	(\$2.4)	(\$0.6)	\$3.0	\$3.1



Police Officers Retirement Fund Gain/Loss

This table shows the development of the gains & losses for the Police Officers' FY 2005 payment. All \$ amounts in millions.
 Changes are due to (in order): change in actuary / valuation system, non-salary based demographics, salary changes, new entrants and asset returns.

	2002 Results Buck Calculations	2002 Results EFI Recalculation	2003 Results, Returning Members, Expected Salaries, Expected Assets	2003 Results, Returning Members, Actual Salaries, Expected Assets	2003 Results, Returning Members, Actual Salaries, Actual Assets	2003 Results, All Members, Actual Salaries, Actual Assets
(1) Present Value of Future District Benefits	\$1,959.1	\$1,916.0	\$2,089.7	\$2,083.0	\$2,083.0	\$2,144.9
(2) Actuarial Value of Assets	916.7	916.7	1,054.6	1,054.6	1,026.9	1,026.9
(3) Present Value of Future Employee Contributions	<u>186.3</u>	<u>176.9</u>	<u>179.5</u>	<u>178.9</u>	<u>178.9</u>	<u>189.7</u>
(4) Present Value of Future Normal Costs	\$856.1	\$822.3	\$855.6	\$849.5	\$877.2	\$928.3
(5) Present Value Future Payroll	\$2,547.1	\$2400.2	\$2,436.1	\$2,428.0	\$2,428.0	\$2,560.4
(6) Normal Contribution Rate	33.6%	34.3%	35.1%	35.0%	36.1%	36.3%
(7) Projected FY 2005 Payroll	\$203.7	\$203.2	\$215.4	\$214.8	\$214.8	\$222.3
(8) Projected FY 2005 Payment before Adjustments	\$68.4	\$69.7	\$75.6	\$75.2	\$77.5	\$80.7
(9) (Gain)/Loss (% of payroll)	N/A	0.7%	0.8%	(0.1%)	1.1%	0.2%
(10) (Gain)/Loss (\$ Amount)	N/A	\$1.3	\$5.9	(\$0.4)	\$2.3	\$3.2



Fire Fighters' Retirement Fund Gain/Loss

This table shows the development of the gains & losses for the Fire Fighters' FY 2005 payment. All \$ amounts in millions.
 Changes are due to (in order): change in actuary / valuation system, non-salary based demographics, salary changes, new entrants and asset returns.

	2002 Results Buck Calculations	2002 Results EFI Recalculation	2003 Results, Returning Members, Expected Salaries, Expected Assets	2003 Results, Returning Members, Actual Salaries, Expected Assets	2003 Results, Returning Members, Actual Salaries, Actual Assets	2003 Results, All Members, Actual Salaries, Actual Assets
(1) Present Value of Future District Benefits	\$691.6	\$671.0	\$712.6	\$715.2	\$715.2	\$747.7
(2) Actuarial Value of Assets	362.2	362.2	410.7	410.7	400.9	400.9
(3) Present Value of Future Employee Contributions	<u>56.0</u>	<u>60.0</u>	<u>59.0</u>	<u>59.4</u>	<u>59.4</u>	<u>65.2</u>
(4) Present Value of Future Normal Costs	\$273.4	\$248.7	\$242.9	\$245.0	\$254.8	\$281.6
(5) Present Value Future Payroll	\$774.6	\$822.5	\$808.8	\$814.0	\$814.0	\$884.8
(6) Normal Contribution Rate	35.3%	30.2%	30.0%	30.1%	31.3%	31.8%
(7) Projected FY 2005 Payroll	\$76.7	\$74.6	\$76.3	\$76.5	\$76.5	\$80.1
(8) Projected FY 2005 Payment before Adjustments	\$27.1	\$22.5	\$22.9	\$23.0	\$23.9	\$25.5
(9) (Gain)/Loss (% of payroll)	N/A	(5.1%)	(0.2%)	0.1%	1.2%	0.5%
(10) (Gain)/Loss (\$ Amount)	N/A	(\$4.6)	\$0.4	\$0.1	\$0.9	\$1.6



3.3: Summary of Principal Valuation Results

Teachers' Retirement Fund (\$ in millions)

	<u>Participant Data</u>		<u>Change in</u>	
	October 1, 2003	October 1, 2002	<u>Value</u>	<u>%</u>
Active Members				
Hired Prior to November 16, 1996	3,306	3,736	(430)	(11.5%)
Hired After November 16, 1996	2,839	2,822	17	0.6%
Total	6,145	6,558	(413)	(8.3%)
Retired Members, Beneficiaries and Terminated Vested (Post June 30, 1997)	1,578	1,062	516	48.6%
Total Participants	7,723	7,620	103	1.4%
Annual Salaries of Active Members	\$339.2	\$340.9	(\$ 1.7)	(0.5%)
Annual Retirement Benefits for Retirees & Beneficiaries (Post June 30, 1997)	\$7.1	\$4.5	\$ 2.6	57.8%
	<u>Assets and Liabilities</u>			
Present Value of Future District Benefits	\$1,227.7	\$1,117.6	\$ 110.1	9.9%
District Assets of Valuation Purposes (Actuarial Value)	917.8	860.9	56.9	6.6%
Present Value of Future Employee Contributions	223.7	231.1	(7.4)	(3.2%)
Present Value of Future District Contributions	86.2	25.6	60.6	236.7%
Present Value of Future Salaries	3,052.0	3,108.8	(56.8)	(1.8%)
Current Value of District Assets	874.7	733.1	141.6	19.3%
	<u>Contribution Results</u>			
	FY 2005	FY 2004		
Normal Contribution Rate	2.8%	0.8%	2.0%	250.0%
Projected Payroll	\$364.1	\$366.1	(\$ 2.0)	(0.5%)
District Payment Before Adjustment	\$10.2	\$2.9	\$ 7.3	251.7%
District Payment After Adjustment	\$9.2	\$0.0	\$ 9.2	n/a

Police Officers and Fire Fighters' Retirement Fund (Combined)
(\$ in millions)

	<u>Participant Data</u>		<u>Change in</u>	
	October 1, 2003	October 1, 2002	<u>Value</u>	<u>%</u>
Active Members				
Hired Prior to February 15, 1980	393	453	(60)	(13.2%)
Hired Between February 15, 1980 and November 10, 1996	3,157	3,164	(7)	(0.2%)
Hired After November 10, 1996	1,421	1,199	222	18.5%
Total	4,971	4,816	155	3.2%
Retired Members and Beneficiaries (Post June 30, 1997)	1,294	678	616	90.9%
Total Participants	6,265	5,494	771	14.0%
Annual Salaries of Active Members	\$274.7	\$252.9	\$ 21.8	8.6%
Annual Retirement Benefits for Retirees & Beneficiaries (Post June 30, 1997)	\$6.8	\$3.2	\$ 3.6	112.5%
	<u>Assets and Liabilities</u>			
Present Value of Future District Benefits	\$2,892.6	\$2,650.7	\$ 241.9	9.1%
District Assets of Valuation Purposes (Actuarial Value)	1,427.8	1,278.9	148.9	11.6%
Present Value of Future Employee Contributions	254.9	242.3	12.6	5.2%
Present Value of Future District Contributions	1,209.9	1,129.5	80.4	7.1%
Present Value of Future Salaries	3,445.2	3,321.7	123.5	3.7%
Current Value of District Assets	1,346.8	1,084.3	262.5	24.2%
	<u>Contribution Results</u>			
	FY 2005	FY 2004		
Normal Contribution Rate	35.1%	34.1%	1.0%	2.9%
Projected Payroll	\$302.4	\$280.4	\$ 22.0	7.8%
District Payment Before Adjustment	\$106.2	\$95.5	\$ 10.7	11.2%
District Payment After Adjustment	\$111.6	\$96.2	\$ 15.4	16.0%

Police Officers Retirement Fund
(\$ in millions)

	<u>Participant Data</u>		<u>Change in</u>	
	October 1, 2003	October 1, 2002	<u>Value</u>	<u>%</u>
Active Members				
Hired Prior to February 15, 1980	209	237	(28)	(11.8%)
Hired Between February 15, 1980 and November 10, 1996	2,338	2,336	2	0.1%
Hired After November 10, 1996	1,107	970	137	14.1%
Total	3,654	3,543	111	3.1%
Retired Members and Beneficiaries (Post June 30, 1997)	988	528	460	87.1%
Total Participants	4,642	4,071	571	14.0%
Annual Salaries of Active Members	\$202.7	\$186.1	\$ 16.6	8.9%
Annual Retirement Benefits for Retirees & Beneficiaries (Post June 30, 1997)	\$5.2	\$2.1	\$ 3.1	147.6%

Assets and Liabilities

Present Value of Future District Benefits	\$2,144.9	\$1,959.1	\$ 185.8	9.5%
District Assets of Valuation Purposes (Actuarial Value)	1,026.9	916.7	110.2	12.0%
Present Value of Future Employee Contributions	189.7	186.3	3.4	1.8%
Present Value of Future District Contributions	928.3	856.1	72.2	8.4%
Present Value of Future Salaries	2,560.4	2,547.1	13.3	0.5%
Current Value of District Assets	966.2	744.9	221.3	29.7%

Contribution Results

	FY 2005	FY 2004		
Normal Contribution Rate	36.3%	33.6%	2.7%	8.0%
Projected Payroll	\$222.3	\$203.7	\$ 18.6	9.1%
District Payment Before Adjustment	\$80.7	\$68.4	\$ 12.3	18.0%
District Payment After Adjustment	\$84.1	\$70.4	\$ 13.7	19.5%

Fire Fighters' Retirement Fund
 (\$ in millions)

	<u>Participant Data</u>		<u>Change in</u>	
	October 1, 2003	October 1, 2002	<u>Value</u>	<u>%</u>
Active Members				
Hired Prior to February 15, 1980	184	216	(32)	(14.8%)
Hired Between February 15, 1980 and November 10, 1996	819	828	(9)	(1.1%)
Hired After November 10, 1996	314	229	85	37.1%
Total	1,317	1,273	44	3.5%
Retired Members and Beneficiaries (Post June 30, 1997)	306	150	156	104.0%
Total Participants	1,623	1,423	200	14.1%
Annual Salaries of Active Members	\$72.0	\$66.8	\$ 5.2	7.8%
Annual Retirement Benefits for Retirees & Beneficiaries (Post June 30, 1997)	\$1.6	\$1.1	\$ 0.5	45.5%

Assets and Liabilities

Present Value of Future District Benefits	\$747.7	\$691.6	\$ 56.1	8.1%
District Assets of Valuation Purposes (Actuarial Value)	400.9	362.2	38.7	10.7%
Present Value of Future Employee Contributions	65.2	56.0	9.2	16.4%
Present Value of Future District Contributions	281.6	273.4	8.2	3.0%
Present Value of Future Salaries	884.8	774.6	110.2	14.2%
Current Value of District Assets	380.6	309.4	71.2	23.0%

Contribution Results

	FY 2005	FY 2004		
Normal Contribution Rate	31.8%	35.3%	(3.5%)	(9.9%)
Projected Payroll	\$80.1	\$76.7	\$ 3.4	4.4%
District Payment Before Adjustment	25.5	27.1	(\$ 1.6)	(5.9%)
District Payment After Adjustment	27.5	25.8	\$ 1.7	6.6%

3.4: Present Value of Future and Accrued District Benefits

This table shows the present value of the future District benefits, as well as the value of the benefits already accrued.

The present value of future benefits represents the total lump sum value on the valuation date that would be sufficient to pay for all future benefits of current participants and beneficiaries considering expected future salary increases, service credits, employment termination, mortality, and cost of living adjustments.

The present value of accrued benefits represents the total lump sum value on the valuation date that would be sufficient to pay for all benefits accrued to the valuation date if everyone stopped working or if the Funds were terminated. The fact that plan assets exceed these liabilities does not constitute "overfunding". Under the Aggregate Funding Method, liabilities accruing each year are not paid for as earned in that year. Rather, benefits for all participants are funded as a level percentage of pay of all active participants during their anticipated working life. Therefore assets are expected to exceed accrued liabilities, since for each participant the value of the annual accrual increases with age and service.

All \$ amounts in millions.

	Teachers	Police	Fire	Total
Present Value of Future District Benefits as of October 1, 2003				
Active Present Value of Future District Benefits	\$1,100.9	\$2,031.2	\$717.0	\$3,849.1
Inactive Present Value of Future District Benefits				
Retirees	103.4	49.5	16.7	169.6
Disabled Employees	14.7	54.0	10.6	79.3
Beneficiaries	3.0	10.2	3.5	16.7
Terminated Vested	<u>5.5</u>	<u>N/A</u>	<u>N/A</u>	<u>5.5</u>
Total Inactive	126.7	113.7	30.7	271.2
Total Present Value of Future District Benefits	1,227.7	2,144.9	747.7	4,120.3
Present Value of Accrued District Benefits as of October 1, 2003				
Active Present Value of Accrued District Benefits	\$295.9	\$260.0	\$128.0	\$683.9
Inactive Present Value of Accrued District Benefits	126.7	113.7	30.7	271.1
Total Present Value of Accrued District Benefits	422.6	373.7	158.7	955.0

3.5: §1-907.02(c) Adjustment to the Fiscal Year 2005 District Payment

Beginning in fiscal year 2001, the District payment was adjusted pursuant to D.C. Code §1-907.02(c). this section stipulates that "... the enrolled actuary shall determine whether the amount appropriated for the applicable fiscal year resulted in an overpayment or a shortfall based upon the actual covered payroll."

The D.C. Code §1-907.02(c) adjustment to the fiscal year 2005 District payment is calculated by taking the actual fiscal year 2003 covered payroll for each employee class (which is provided by the District) and then multiplying by the fiscal year 2003 normal contribution rates for each employee class, which were certified in the October 1, 2001 report. This result gives the fiscal year 2003 contribution that was required to be made by the District. The required contribution is then compared to the fiscal year 2003 contribution that was actually paid by the District. The difference between the required and actual contributions is the preliminary D.C. Code §1-907.02(c) adjustment.

For FY 2004, the teachers had a credit balance of \$1.0 million. There is no carryover amount that can be applied in future years.

All \$ amounts in millions.

	Teachers	Police	Fire
(1) Actual FY 2003 Covered Payroll	\$329.6	\$197.1	\$72.3
(2) FY 2003 Normal Contribution Rate	0.0%	28.5%	26.3%
(3) Actual FY 2003 Contribution Required	\$0.0	\$56.2	\$19.0
(4) Actual FY 2003 Contribution Paid	\$0.0	\$52.8	\$17.0
(5) Preliminary D.C. Code §1-907.02(c) Adjustment to FY 2005 Payment [(3) - (4)]	\$0.0	\$3.4	\$2.0
(6) FY 2004 Unrecognized Amount	(\$1.0)	\$0.0	\$0.0
(7) Final D.C. Code §1-907.02(c) Adjustment to FY 2005 Payment [(5) + (6)]	(\$1.0)	\$3.4	\$2.0

Section 4:
Disclosure Information

4.1: Schedules of Funding Status and Employer Contributions Required Under GASB Statement No. 25

The Governmental Accounting Standards Board (GASB) Statements No. 25 and 27 relate to the disclosure of pension liabilities on a public employer's financial statements. For accounting periods beginning after June 15, 1996, information required under these statements must be prepared for a public employer who seeks compliance with generally accepted accounting principles (GAAP) on behalf of its public employee retirement system.

GASB Statement No. 25 requires preparation of schedules of funding status and employer contributions, as well as the disclosure of plan provisions, actuarial assumptions, and other information.

The required schedules are shown below. In each case, we have relied upon information from our files and contained in the reports of other actuaries employed by the District in completing the schedules. While we have no reason to believe the information in our files or in other actuaries' reports is inaccurate, we strongly recommend that employer personnel verify the schedules below before they are included in the District's financial statements.

Schedule of Funding Status (Dollar Amounts in Millions)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percent of Payroll</u>
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The District of Columbia Retirement Board uses the aggregate actuarial cost method and is therefore not required to disclose a schedule of funding progress.

**Schedule of Employer Contributions
 (\$ in Millions)**

<u>Year Ending</u>	Teachers' Retirement Fund		Police Officers and Fire Fighters' Retirement Fund		Total Fund	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
9/30/1998	\$9.6	100%	\$47.7	100%	\$57.3	100%
9/30/1999	\$12.8	145%	\$35.1	100%	\$47.9	112%
9/30/2000	\$10.7	100%	\$39.9	100%	\$50.6	100%
9/30/2001	\$6.6	100%	\$47.0	100%	\$53.6	100%
9/30/2002	\$1.0	100%	\$61.4	100%	\$62.4	100%
9/30/2003	\$0.0	100%	\$69.8	100%	\$69.8	100%

The table below summarizes certain information about this actuarial report.

Valuation date	October 1, 2003
Actuarial cost method	Aggregate
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Actuarial value: 1/3 Excess earnings subtracted from expected actuarial value.
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.4% - 9.0% for Teachers, 5.5% - 10.0% for Police Officers and Fire Fighters
*Includes inflation at	5.0%
Cost of living adjustments	5.0% (Post-1996 hire have COLAs capped at 3.0%)