

DISTRICT OF COLUMBIA


RETIREMENT BOARD

**Actuarial Valuation as of October 1, 2004
For Fiscal Year 2006**

Prepared by

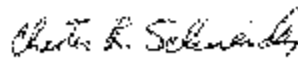


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January 24, 2005
Washington, D.C.



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Table of Contents

Actuarial Certification	1
Summary of Results	2
Section 1: Summary of Fund Provisions, Member Statistics, and Actuarial Assumptions	12
1.1: Brief Outline of Fund Provisions	13
District of Columbia Retirement Program for Teachers.....	13
Retirement Program for District of Columbia Police Officers and Fire Fighters.....	18
1.2: Participant Data as of October 1, 2004.....	23
1.3: Actuarial Methods and Assumptions.....	51
Section 2: Asset Information	57
2.1: Current Value of District Assets as of October 1, 2004.....	58
2.2: Actuarial Value of District Assets as of October 1, 2004	59
Section 3: Actuarial Computations	60
3.1: Computation of Fiscal Year 2006 District Payment.....	61
3.2: Computation of FY 2004 Gain/Loss	62
Total Plan.....	62
Teachers' Retirement Fund Gain/Loss.....	63
Police Officers Retirement Fund Gain/Loss	64
Fire Fighters' Retirement Fund Gain/Loss	65
3.3: Summary of Principal Valuation Results.....	66
Teachers' Retirement Fund	66
Police Officers and Fire Fighters' Retirement Fund (Combined).....	67
Police Officers Retirement Fund.....	68
Fire Fighters' Retirement Fund.....	70
3.4: Present Value of Future and Accrued District Benefits	71
3.5: §1-907.02(c) Adjustment to the Fiscal Year 2006 District Payment.....	72
Section 4: Disclosure Information	73
4.1: Schedules of Funding Status and Employer Contributions Required Under GASB Statement No. 25.....	74

**Required Actuarial Certification
Under D.C. Code 1-907
for Fiscal Year 2006
(Dollars in Millions)**

Certification	Code Section	Teachers	Police	Fire	Police/Fire Combined	Total District
FY 2006 Normal Contribution Rate	1-907.03(a)(3)(A)	4.3%	38.0%	33.7%	36.8%	19.4%
Estimated FY 2006 Covered Payroll	NA	\$364.1	\$227.1	\$90.2	\$317.3	\$681.4
FY 2006 District Payment before 1-907.02(c)	NA	\$15.7	\$86.3	\$30.4	\$116.7	\$132.4
FY 2004 Shortfall/Overpayment	1-907.02(c)	(\$0.2)	\$0.0	\$0.2	\$0.8	\$0.6
FY 2006 District Payment	NA	\$15.5	\$86.9	\$30.6	\$117.5	\$133.0
Present Value of Future Benefits	1-907.03(a)(3)(B)	\$1,361.8	\$2,304.5	\$882.8	\$3,187.4	\$4,549.1
Current Value of Assets ¹	1-907.03(a)(3)(C)	\$994.7	\$1,164.7	\$456.5	\$1,621.2	\$2,615.9
Actuarial Value of Assets ¹	1-907.03(a)(3)(D)	\$998.7	\$1,183.4	\$462.0	\$1,645.4	\$2,644.1



Edward H. Friend, F.S.A., E.A.

10/10/05
(Date)

¹ These amounts are net of the following benefits payable as of September 30, 2004: \$8.6 million for Teachers, \$5.8 million for Police, and \$1.8 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 2005 and Fiscal Year 2006. 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 2005	\$9,200,000	\$111,600,000	\$120,800,000
FY 2006	\$15,500,000	\$117,500,000	\$133,000,000

The total District cost as a percentage of payroll (before adjustments under D.C. Code §1-907.02(c)) increased from 17.5% for FY 2005 to 19.4% for FY 2006, for an increase of 1.9% 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 2006 the District normal contribution rates (before adjustments under D.C. Code §1-907.02(c)) were 4.3% for Teachers and 36.8% 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:

- New entrants to the Plans produced a loss.

Active participation in the Funds decreased slightly in FY 2004. However, new members continue to enter the Plans and by the end of the year, there were 1,028 new entrants and rehired members. As the District's contribution rate for new entrants is greater than the contribution rate for continuing plan members, the District cost increased as a percentage of payroll. In addition, active payroll of the Funds increased by more than 2%, which compounded the dollar impact on District cost, since the District cost is calculated as a percentage of projected payroll.

- Changes in the assumptions used to value the Police and Fire Fighters Plans increased cost.

Several revisions to the assumptions were made for the Police and Fire Fighter Plans in response to legislative changes and new collective bargaining agreements. The long-term expected disability rates have been increased in response to the Limited Duty Bill (DC Law 15-194). Also, the Fire Fighters' salary scale assumptions were adjusted in response to the new collective bargaining agreement which calls for a 30-year longevity payment to be included as covered pay. Finally, there were several plan

changes made (such as changes to post-56 military service in PL108-133) which were assumed to have a de minimis impact on costs, for which no assumption adjustments were made.

All of these changes had the effect of increasing costs as a percentage of payroll.

- Actuarial returns produced a small loss.

The actuarially-determined rate of return on the value of Funds' assets was about 7% during FY 2004, due to losses from previous years which have been deferred by the actuarial smoothing method. This return was slightly 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 assumption changes and new members mentioned above. Therefore, costs increased from FY 2005 to FY 2006.

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

Furthermore, it is likely that the District contribution will increase further in the near future, particularly for the Teachers' Plan. Even assuming that the number of active members remains constant, new members and rehires will continue to generate rate increases each year, until the normal rate for the Plans approach the long-term projected rate. As will be stated later, the long-term normal rate of the Teachers' Plan is still well above the current rate.

Purpose of the Report

This Report presents the results of the October 1, 2004 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 2006 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).

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 assets of the Funds. The actuarial value of the 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 Normal Cost - Teachers

Since the last actuarial valuation was performed as of October 1, 2003, the Teacher's normal cost has increased both in dollars and as a percentage of active members' payroll. The table below shows a brief summary.

<u>District Normal Cost</u>		
<u>Valuation Date (FY Contribution)</u>	<u>(% Payroll)</u>	<u>(\$ in Millions)</u>
October 1, 2003 (FY 2005)	2.8%	\$10.2
October 1, 2004 (FY 2006)	4.3%	\$15.7

The final results of this October 1, 2004 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, 2003 to October 1, 2004.

Change in District Normal Cost from October 1, 2003 to October 1, 2004 - Teachers

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

<u>District Normal Cost</u>		
<u>Valuation Date</u>	<u>(% Payroll)</u>	<u>(\$ in Millions)</u>
October 1, 2003	2.8%	\$10.2
Change Due to Continuing Members, Expected Pay, Expected Assets	-0.4%	-2.4
Change Due to Continuing Members, Actual Pay, Expected Assets	+1.2%	+4.4
Change Due to Continuing Members, Actual Pay, Actual Assets	+0.1%	+0.4
Change Due to All Members, Actual Pay, Actual Assets	+0.6%	+3.1
October 1, 2004	4.3%	\$15.7

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

- Demographic experience was favorable from October 1, 2003 to October 1, 2004.

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 by 0.4% from October 1, 2003 to October 1, 2004, 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 2004 resulted in an actuarial gain of \$2.4 million.

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 more than expected.

Actuarial losses resulted from pay increases among active members. If all continuing members had received pay increases exactly in line with actuarial assumptions, the cost would not have changed. In fact, based on their actual pay as of October 1, 2004, the Fund's cost for these members increased by 1.2% of payroll indicating a significant actuarial loss of \$4.4 million. This loss reflects the terms of the Teachers' contract, which provided for a large pay increase in the last year of the contract to make up for previous forgone increases.

- 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 7.0% during FY 2004. This return was just lower than the 7.25% assumed return, producing an actuarial loss that increased costs to the Fund by \$0.4 million. As can be seen in the table of costs above, as a result of the loss from the investment experience the total cost increased by 0.1% of payroll.

- New members to the Plan increased costs.

There were 530 new entrants and rehired members in the Teacher's Plan during FY 2004. 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 by 0.6% of pay, or \$3.1 million.

Overall, actuarial losses combined with the impact of new entrants outweighed gains during FY 2004, causing the Funds' costs to increase from 2.8% to 4.3% of member payroll, and increased the normal contribution from \$10.2 million to \$15.7 million.

District Normal Cost – Police Officers

Since the last actuarial valuation was performed as of October 1, 2003, the Police Officers' cost has increased both in dollars and as a percentage of active members' payroll. The table below shows a brief summary.

District Normal Cost		
<u>Valuation Date (FY Contribution)</u>	<u>(% Payroll)</u>	<u>(\$ in Millions)</u>
October 1, 2003 (FY 2005)	36.3%	\$80.7
October 1, 2004 (FY 2006)	38.0%	\$86.3

The final results of this October 1, 2004 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, 2003 to October 1, 2004.

Change in District Normal Cost from October 1, 2003 to October 1, 2004 – Police Officers

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

<u>Valuation Date</u>	District Normal Cost	
	<u>(% Payroll)</u>	<u>(\$ in Millions)</u>
October 1, 2003	36.3%	\$80.7
Change Due to Continuing Members, Expected Pay, Expected Assets	-1.2%	-1.6
Change Due to Continuing Members, Actual Pay, Expected Assets	-2.1%	-8.3
Change Due to Continuing Members, Actual Pay, Actual Assets	+0.3%	+0.7
Change Due to Continuing Members, Actual Pay, Actual Assets, New Assumptions	+4.3%	+9.2
Change Due to All Members, Actual Pay, Actual Assets, New Assumptions	+0.4%	+5.6
October 1, 2004	38.0%	\$86.3

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

- Demographic experience caused a demographic gain which decreased the normal rate by 1.2%, for an actuarial gain of \$1.6 million.

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.

There was a large gain due to lower than expected pay increases which decreased the normal rate by 2.1% of payroll, for an actuarial gain of \$8.3 million. This is due to the fact that the most

recent Police contract expired September 30, 2003. We expect that, similar to what occurred with the Teachers' Plan this year, the next contract will bring retroactive Police pay increases which will produce actuarial losses that will at least partially offset this year's gains.

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

As a result of the loss from the investment experience the normal cost increased by 0.3% of payroll, for an actuarial loss of \$0.7 million.

- Changes in the assumptions used to value the Police Plan increased cost.

The long-term expected disability rates have been increased in response to the Limited Duty Bill. This change had the effect of increasing normal cost by 4.3% of payroll, or \$9.2 million.

- New members to the Plan increased costs.

There were 308 new entrants and rehired members in the Police Officers Plan during FY 2004. The long-term normal rate 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 by 0.4%, or \$5.6 million.

Overall, actuarial losses and the impact of new entrants outweighed gains during FY 2004, causing the Funds' costs to increase from 36.3% to 38.0% as a percentage of member payroll, and increased the normal contribution from \$80.7 million to \$86.3 million.

District Normal Cost – Fire Fighters

Since the last actuarial valuation was performed as of October 1, 2003, the Fire Fighters' cost has increased in dollars and as a percentage of active members' payroll. The table below shows a brief summary.

District Normal Cost		
<u>Valuation Date (FY Contribution)</u>	<u>(% Payroll)</u>	<u>(\$ in Millions)</u>
October 1, 2003 (FY 2005)	31.8%	\$25.5
October 1, 2004 (FY 2006)	33.7%	\$30.4

The final results of this October 1, 2004 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, 2003 to October 1, 2004.

Change in District Normal Cost from October 1, 2003 to October 1, 2004 – Fire Fighters

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

<u>Valuation Date</u>	District Normal Cost	
	<u>(% Payroll)</u>	<u>(\$ in Millions)</u>
October 1, 2003	31.8%	\$25.5
Change Due to Continuing Members, Expected Pay, Expected Assets	0.0%	+0.9
Change Due to Continuing Members, Actual Pay, Expected Assets	-0.5%	-0.7
Change Due to Continuing Members, Actual Pay, Actual Assets	+0.2%	+0.2
Change Due to Continuing Members, Actual Pay, Actual Assets, New Assumptions	+1.3%	+1.1
Change Due to All Members, Actual Pay, Actual Assets, New Assumptions	+0.9%	+3.4
October 1, 2004	33.7%	\$30.4

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

- Demographic experience caused very little change in costs. Actuarial gains were offset by similar losses. Therefore the demographics had a negligible effect on costs as a percentage of payroll, and increased the normal contribution by only \$0.9 million.

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.

There was a gain due to pay increases lower than expected which decreased cost by 0.5% of payroll, or \$0.7 million.

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

As a result of the loss from the investment experience the normal cost increased by 0.2% of payroll, for an actuarial loss of \$0.2 million.

- Changes in the assumptions used to value the Fire Fighters Plan increased cost.

The long-term expected disability rates have been increased in response to the Limited Duty Bill. Also, the Fire Fighters' salary scale assumptions were adjusted in response to the new collective bargaining agreement which calls for a 30-year longevity payment to be included as covered pay. These changes had the effect of increasing normal cost by 1.3% of payroll, or \$1.1 million.

- New members to the Plan increased costs.

There were 190 new entrants and rehired members in the Fire Fighters' Plan during FY 2004. The long-term normal rate 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 by 0.9% of payroll, or \$3.4 million.

Overall, actuarial losses and the impact of new entrants outweighed gains during FY 2004, causing the Funds' costs to increase from 31.8% to 33.7% of payroll, and increased the normal contribution from \$25.5 million to \$30.4 million.

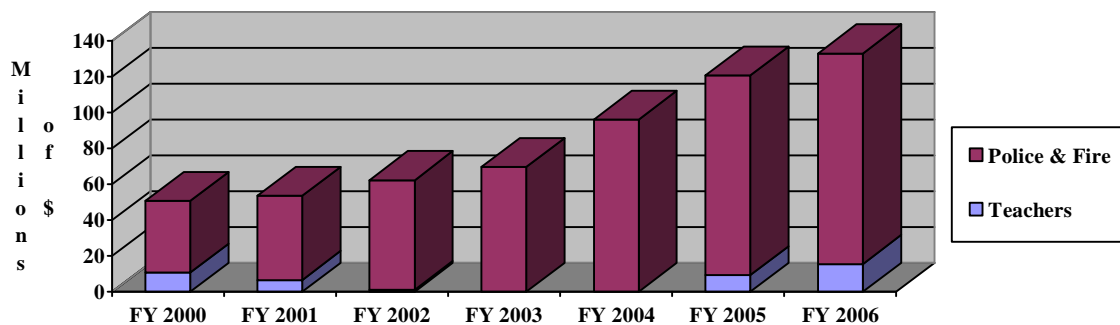
Future Trends - Overall

Contribution rates are below their ultimate level as a percentage of payroll due to the history of the Plans. The estimated long-term contribution rates for the current Tier of benefits are 10.9%, 42.7% and 38.8% 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 a rate increase due to new members.

Also, the Police members are likely to sign a contract that will make up for pay raises forgone during FY 2004. This will likely result in salary-related actuarial losses for the October 1, 2005 valuation of the Police Plan.

Conclusion

The chart below shows the history of the District's required contributions (after adjustment) over the past several years. The District payment has increased as total payroll increases, plan provisions are enhanced, 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,

Handwritten signature of Edward H. Friend, consisting of a stylized 'E' followed by a large 'F' and 'D'.

Edward H. Friend, FSA

Handwritten signature of Graham A. Schmidt in cursive script.

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;
- \$5,280 (if hired before January 1, 1980) or \$5,100; or
- \$15,858 (if hired before January 1, 1980) or \$15,297 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;
- \$6,432 (if hired before January 1, 1980) or \$6,204; or
- \$19,308 (if hired before January 1, 1980) or \$18,596 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;
- \$3,096; or
- \$9,134 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

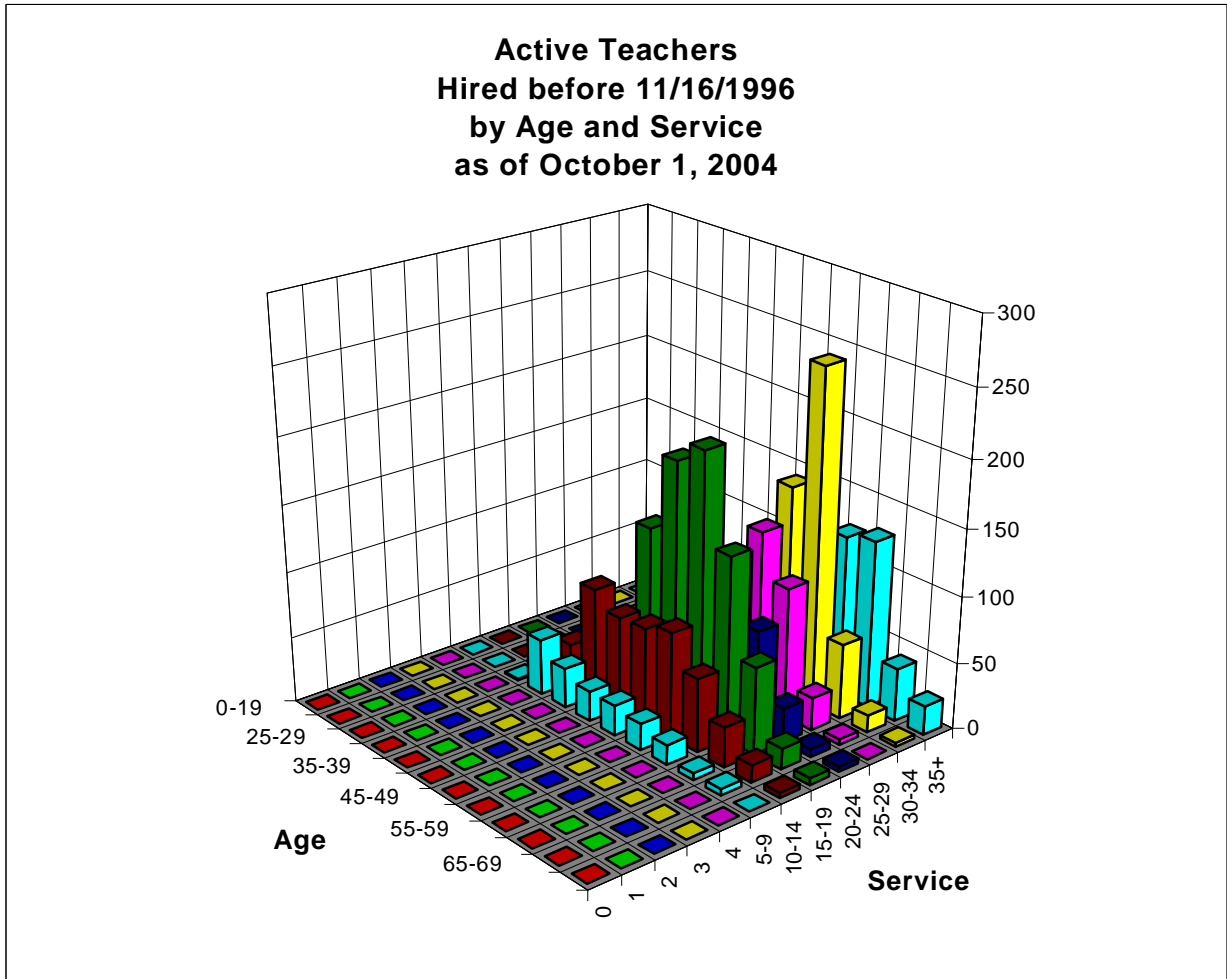
Employees (not beneficiaries) who retired prior to February 15, 1980, receive the same percentage increase as active employees' salary increases.

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.

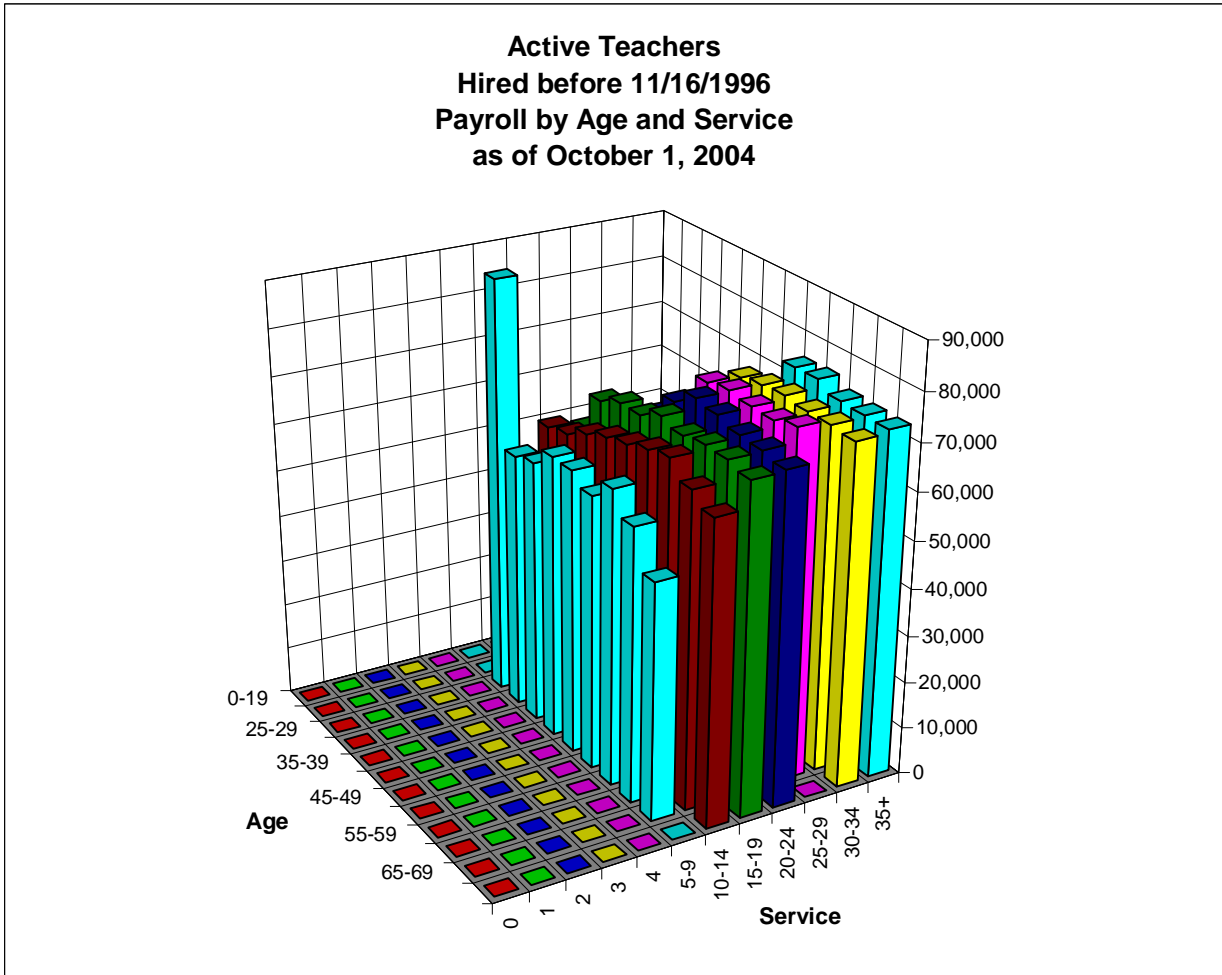
1.2: Participant Data as of October 1, 2004

Active Participants	<u>Teachers</u>		<u>Police Officers</u>		<u>Fire Fighters</u>	
Number	5,564		3,726		1,460	
Average Age	45.53		38.20		38.21	
Average Service	13.01		11.96		13.03	
Average Pay	\$60,587		\$56,952		\$58,185	
Inactive Participants						
Service Retired	District	Total*	District	Total*	District	Total*
Number	1,639	4,802	489	3,149	134	926
Average Age	62.33	71.04	53.72	60.59	54.26	63.92
Average Benefit	\$5,273	\$35,497	\$5,996	\$43,228	\$8,006	\$50,762
Beneficiaries						
Number	58	454	141	1,272	40	495
Average Age	45.15	68.67	28.22	64.70	28.24	69.34
Average Benefit	\$2,825	\$16,514	\$3,342	\$21,211	\$4,186	\$23,020
Disabled						
Number	66	475	139	1,278	39	532
Average Age	56.05	70.36	44.06	63.91	51.16	68.33
Average Benefit	\$21,841	\$24,891	\$21,652	\$36,193	\$15,847	\$42,786
Terminated Vested						
Number	166	191	0	23	0	2
Average Age	49.57	48.34	N/A	36.05	N/A	33.46
Average Benefit	\$6,045	\$16,168	N/A	\$31,590	N/A	\$14,734

* 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	1	0	0	0	0	0	0	1
30-34	0	0	0	0	0	42	30	1	0	0	0	0	73
35-39	0	0	0	0	0	30	83	36	0	0	0	0	149
40-44	0	0	0	0	0	23	71	131	10	1	0	0	236
45-49	0	0	0	0	0	23	73	189	87	39	4	0	415
50-54	0	0	0	0	0	20	80	205	120	131	157	7	720
55-59	0	0	0	0	0	15	56	138	74	98	252	121	754
60-64	0	0	0	0	0	5	30	66	26	25	57	127	336
65-69	0	0	0	0	0	5	13	16	6	4	13	40	97
70+	0	0	0	0	0	0	4	5	4	0	3	22	38
Total	0	0	0	0	0	164	440	787	327	298	486	317	2,819

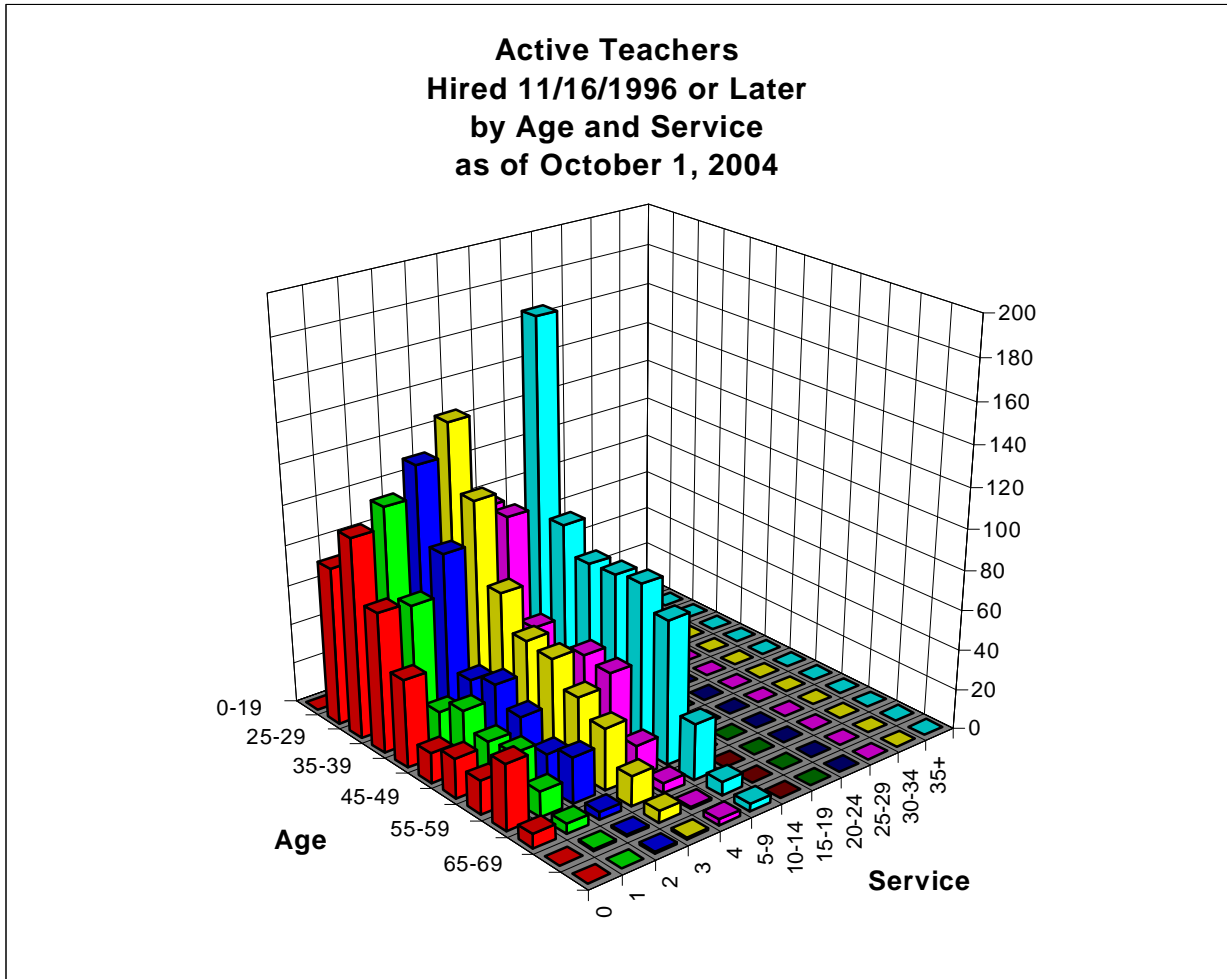


Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	89,717	0	0	0	0	0	0	89,717
30-34	0	0	0	0	0	55,228	59,955	58,370	0	0	0	0	57,214
35-39	0	0	0	0	0	56,657	61,188	66,659	0	0	0	0	61,598
40-44	0	0	0	0	0	60,764	63,806	68,718	65,219	49,206	0	0	66,234
45-49	0	0	0	0	0	60,809	65,888	68,958	70,209	72,644	72,179	0	68,606
50-54	0	0	0	0	0	58,455	67,206	71,395	73,501	73,592	73,208	75,333	71,754
55-59	0	0	0	0	0	62,827	68,934	70,217	72,779	72,930	73,674	75,510	72,584
60-64	0	0	0	0	0	58,257	70,127	71,039	71,472	72,778	73,033	73,636	72,250
65-69	0	0	0	0	0	50,240	66,805	70,983	71,171	74,176	73,038	73,379	70,761
70+	0	0	0	0	0	0	64,343	69,900	70,185	0	72,533	73,205	71,466
Total	0	0	0	0	0	58,288	65,190	69,877	71,964	73,108	73,412	74,326	70,165

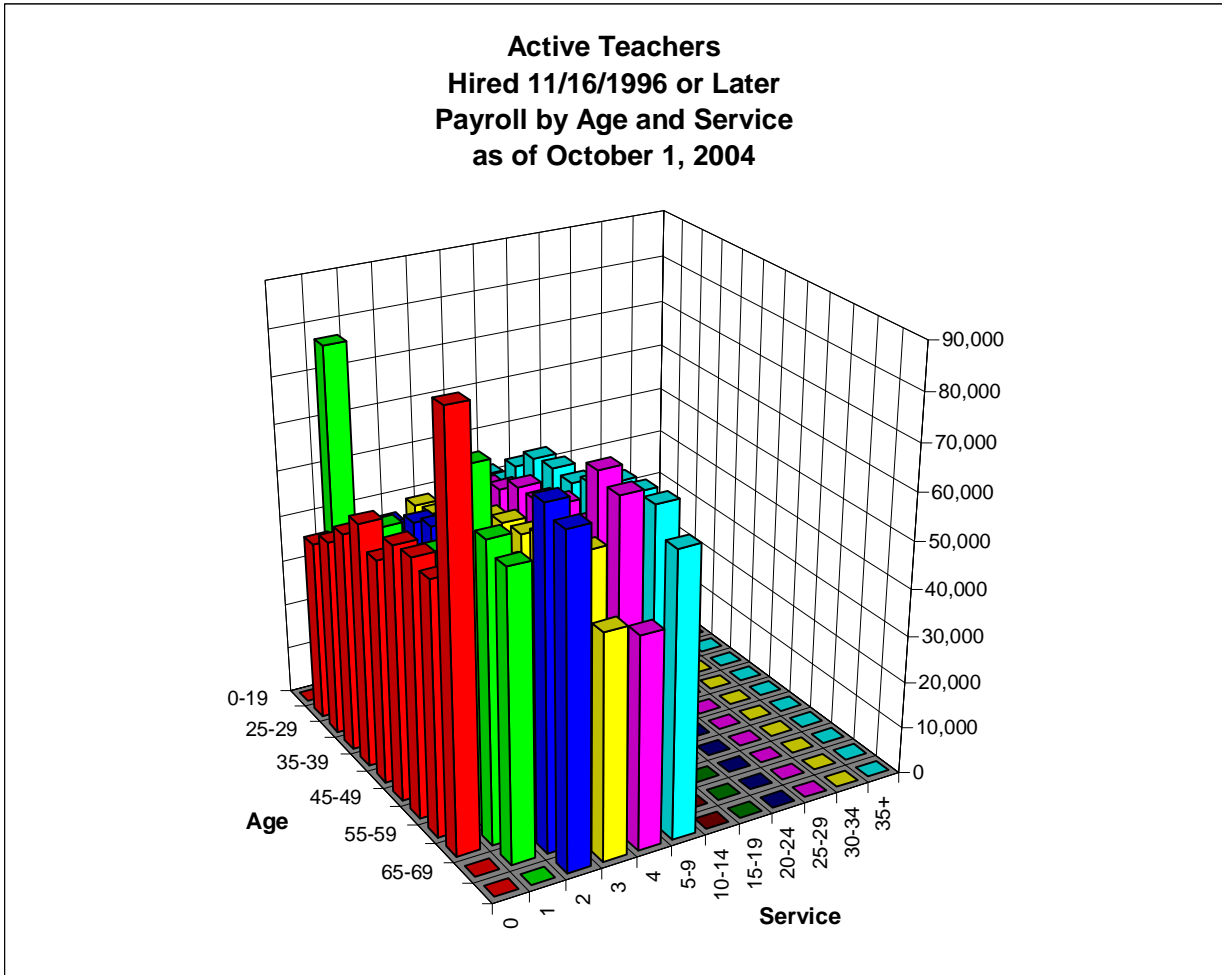
Average Age: 52.95

Average Service: 22.56





Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	1	0	0	0	0	0	0	0	0	0	0	1
20-24	79	47	45	6	0	1	0	0	0	0	0	0	178
25-29	100	110	125	141	95	66	0	0	0	0	0	0	637
30-34	70	68	88	109	96	187	0	0	0	0	0	0	618
35-39	44	22	32	70	47	93	0	0	0	0	0	0	308
40-44	15	30	37	53	37	80	0	0	0	0	0	0	252
45-49	20	22	28	51	47	81	0	0	0	0	0	0	249
50-54	17	24	17	39	45	83	0	0	0	0	0	0	225
55-59	33	13	23	31	16	72	0	0	0	0	0	0	188
60-64	7	5	4	15	5	28	0	0	0	0	0	0	64
65-69	0	1	1	6	1	7	0	0	0	0	0	0	16
70+	0	0	1	1	3	4	0	0	0	0	0	0	9
Total	385	343	401	522	392	702	0	0	0	0	0	0	2,745

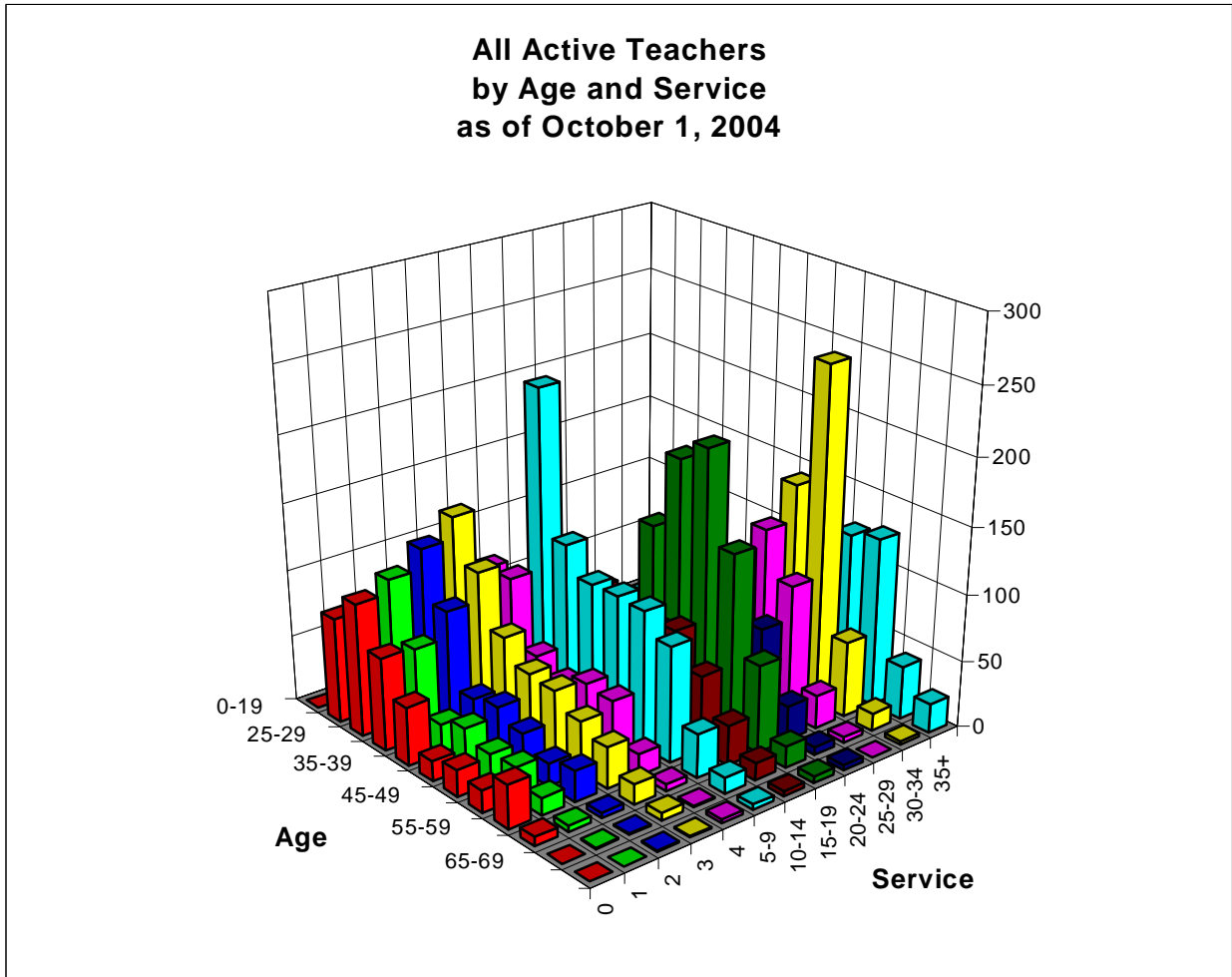


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	76,874	0	0	0	0	0	0	0	0	0	0	76,874
20-24	38,946	38,777	39,708	42,215	0	45,513	0	0	0	0	0	0	39,241
25-29	42,384	41,250	41,645	43,294	45,798	47,007	0	0	0	0	0	0	43,233
30-34	47,179	46,827	46,194	50,222	50,358	53,202	0	0	0	0	0	0	49,853
35-39	52,414	44,868	48,387	55,309	52,728	57,601	0	0	0	0	0	0	53,729
40-44	47,978	45,738	48,343	51,434	56,100	58,416	0	0	0	0	0	0	52,998
45-49	54,083	50,988	51,163	53,410	56,213	58,187	0	0	0	0	0	0	55,080
50-54	54,835	72,604	52,599	54,078	58,415	60,815	0	0	0	0	0	0	59,352
55-59	53,684	74,099	52,546	56,688	57,110	64,031	0	0	0	0	0	0	59,706
60-64	89,349	62,793	50,120	58,898	70,948	64,918	0	0	0	0	0	0	65,559
65-69	0	60,653	71,116	59,963	69,063	65,548	0	0	0	0	0	0	63,715
70+	0	0	69,063	47,436	44,862	60,001	0	0	0	0	0	0	54,565
Total	46,895	47,179	45,563	50,403	52,250	57,001	0	0	0	0	0	0	50,752

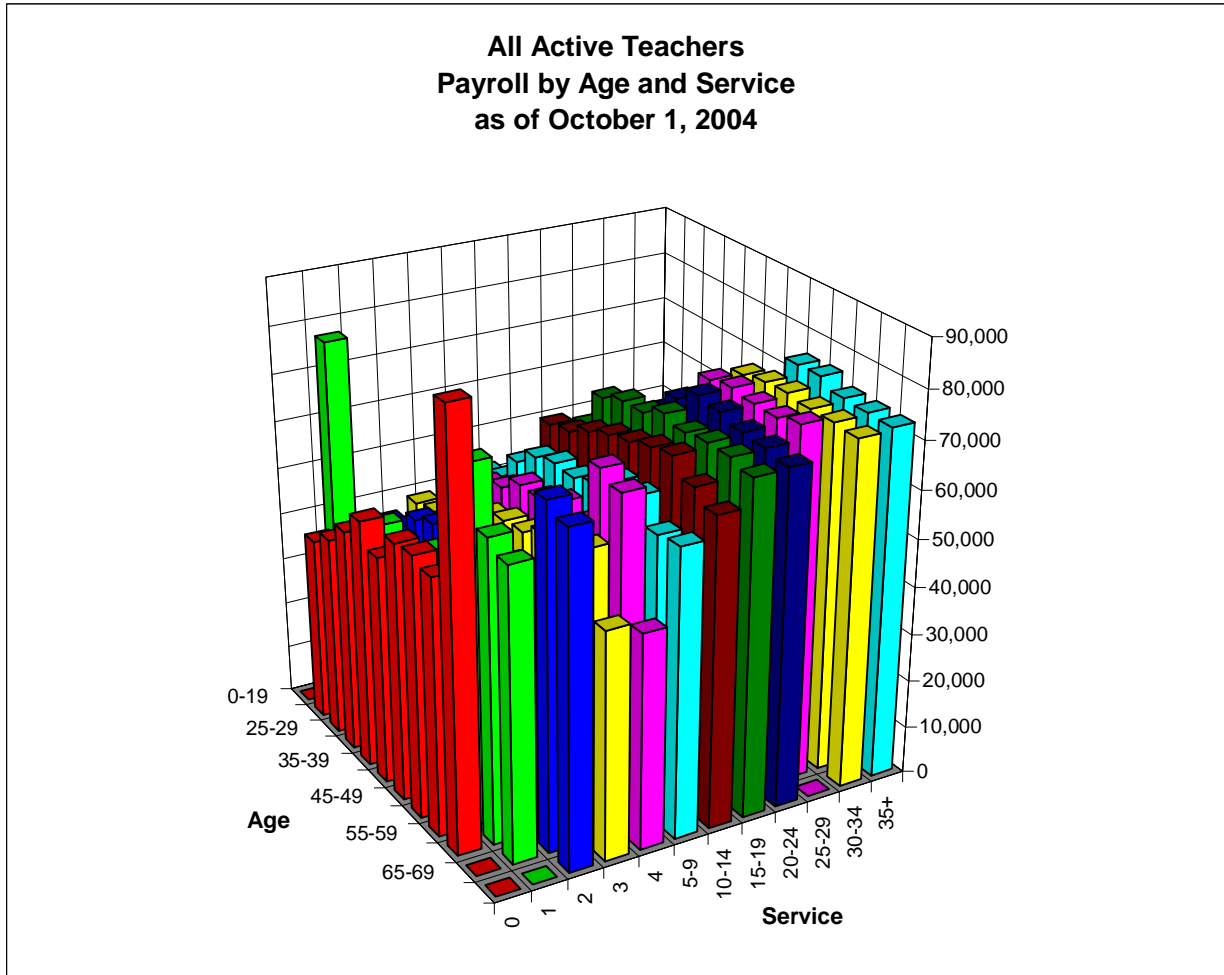
Average Age: 37.91

Average Service: 3.20





Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	1	0	0	0	0	0	0	0	0	0	0	1
20-24	79	47	45	6	0	1	0	0	0	0	0	0	178
25-29	100	110	125	141	95	67	0	0	0	0	0	0	638
30-34	70	68	88	109	96	229	30	1	0	0	0	0	691
35-39	44	22	32	70	47	123	83	36	0	0	0	0	457
40-44	15	30	37	53	37	103	71	131	10	1	0	0	488
45-49	20	22	28	51	47	104	73	189	87	39	4	0	664
50-54	17	24	17	39	45	103	80	205	120	131	157	7	945
55-59	33	13	23	31	16	87	56	138	74	98	252	121	942
60-64	7	5	4	15	5	33	30	66	26	25	57	127	400
65-69	0	1	1	6	1	12	13	16	6	4	13	40	113
70+	0	0	1	1	3	4	4	5	4	0	3	22	47
Total	385	343	401	522	392	866	440	787	327	298	486	317	5,564

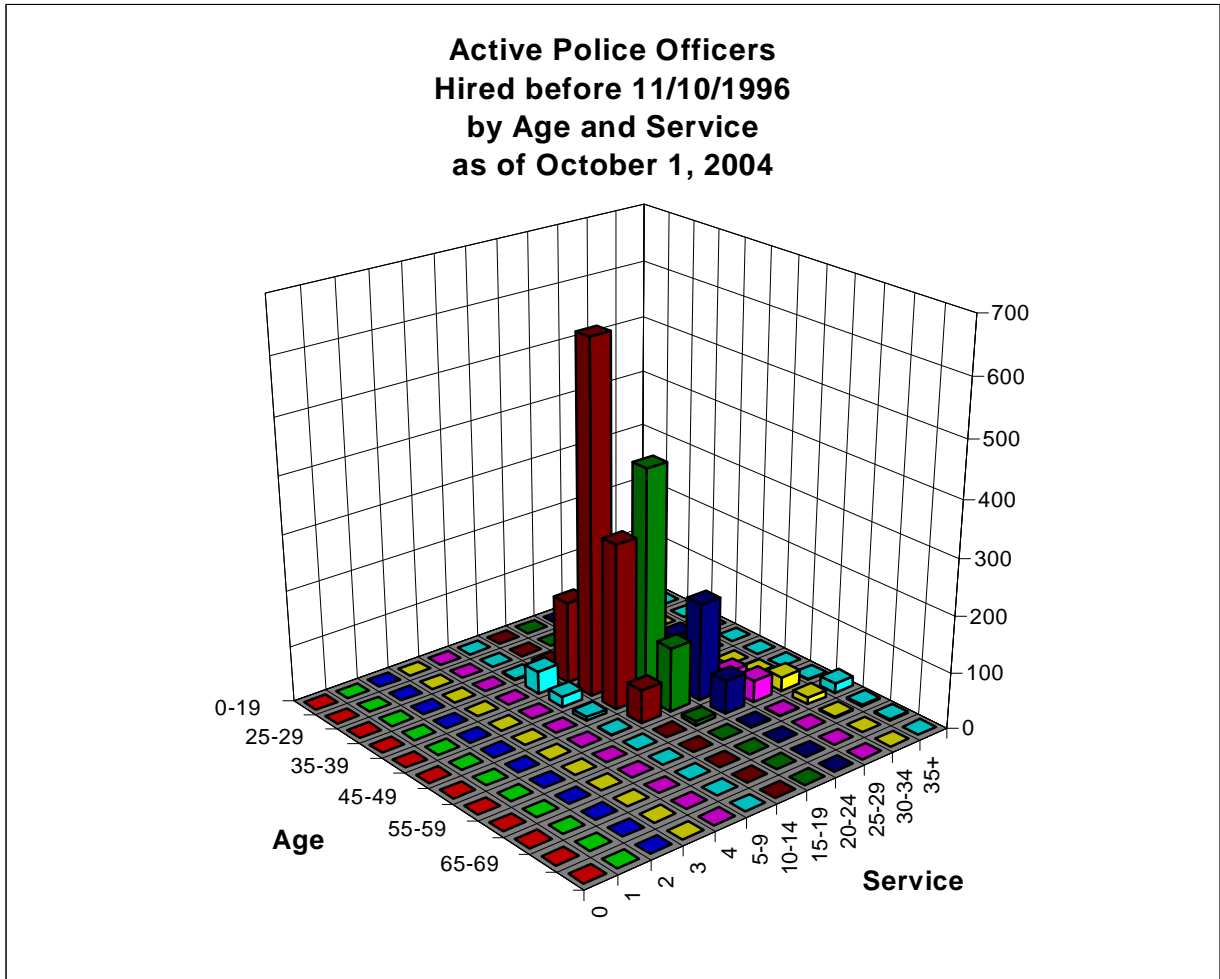


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	76,874	0	0	0	0	0	0	0	0	0	0	76,874
20-24	38,946	38,777	39,708	42,215	0	45,513	0	0	0	0	0	0	39,241
25-29	42,384	41,250	41,645	43,294	45,798	47,644	0	0	0	0	0	0	43,306
30-34	47,179	46,827	46,194	50,222	50,358	53,574	59,955	58,370	0	0	0	0	50,631
35-39	52,414	44,868	48,387	55,309	52,728	57,370	61,188	66,659	0	0	0	0	56,294
40-44	47,978	45,738	48,343	51,434	56,100	58,940	63,806	68,718	65,219	49,206	0	0	59,399
45-49	54,083	50,988	51,163	53,410	56,213	58,767	65,888	68,958	70,209	72,644	72,179	0	63,534
50-54	54,835	72,604	52,599	54,078	58,415	60,356	67,206	71,395	73,501	73,592	73,208	75,333	68,801
55-59	53,684	74,099	52,546	56,688	57,110	63,824	68,934	70,217	72,779	72,930	73,674	75,510	70,014
60-64	89,349	62,793	50,120	58,898	70,948	63,908	70,127	71,039	71,472	72,778	73,033	73,636	71,180
65-69	0	60,653	71,116	59,963	69,063	59,169	66,805	70,983	71,171	74,176	73,038	73,379	69,763
70+	0	0	69,063	47,436	44,862	60,001	64,343	69,900	70,185	0	72,533	73,205	68,230
Total	46,895	47,179	45,563	50,403	52,250	57,244	65,190	69,877	71,964	73,108	73,412	74,326	60,587

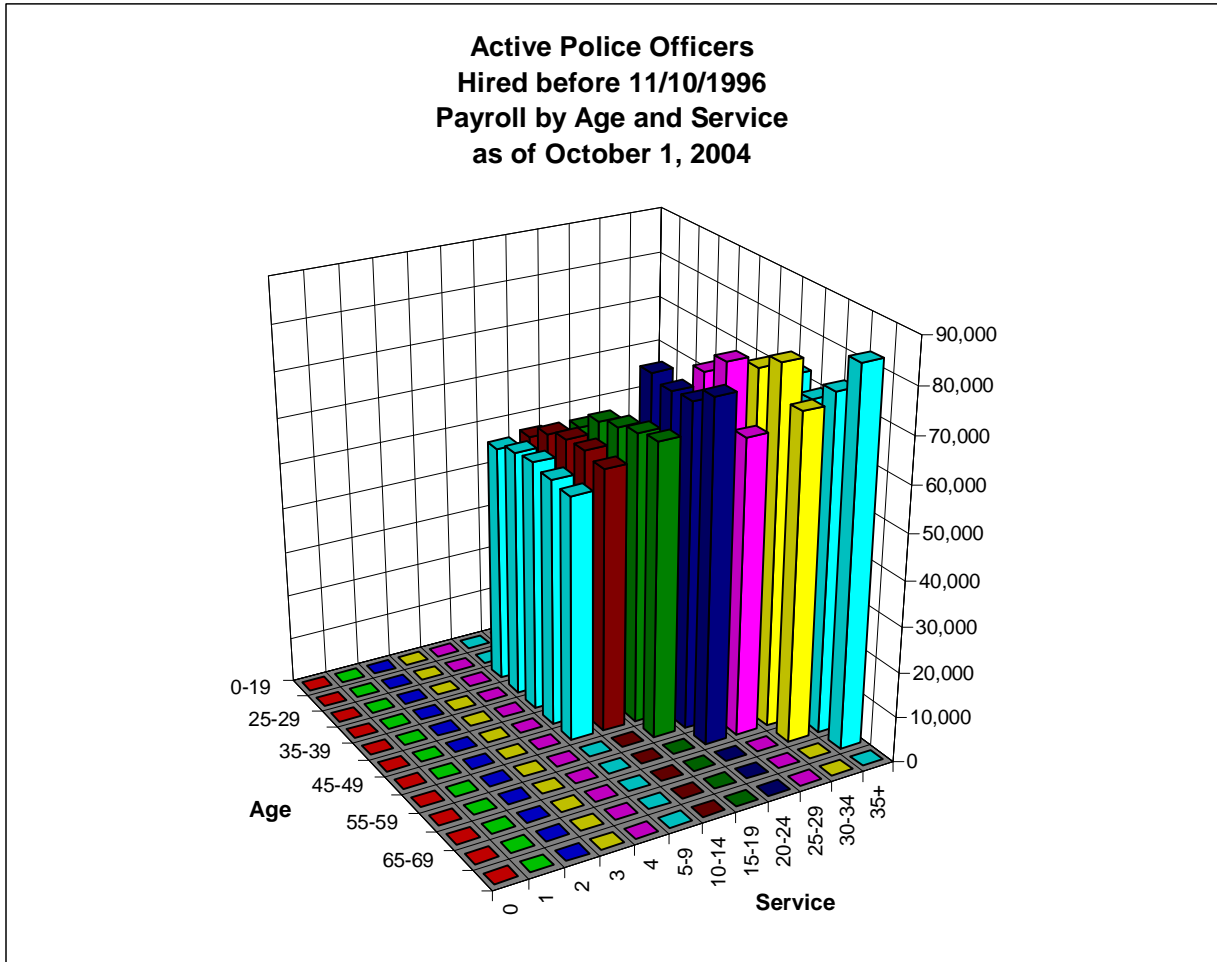
Average Age: 45.53

Average Service: 13.01





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	2	6	0	0	0	0	0	8
30-34	0	0	0	0	0	40	147	14	0	0	0	0	201
35-39	0	0	0	0	0	19	624	195	0	0	0	0	838
40-44	0	0	0	0	0	7	295	409	93	0	0	0	804
45-49	0	0	0	0	0	1	60	115	174	30	8	0	388
50-54	0	0	0	0	0	0	0	7	60	39	25	1	132
55-59	0	0	0	0	0	0	0	0	1	1	12	17	31
60-64	0	0	0	0	0	0	0	0	0	0	3	3	6
65-69	0	0	0	0	0	0	0	0	0	0	0	2	2
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	69	1132	740	328	70	48	23	2,410

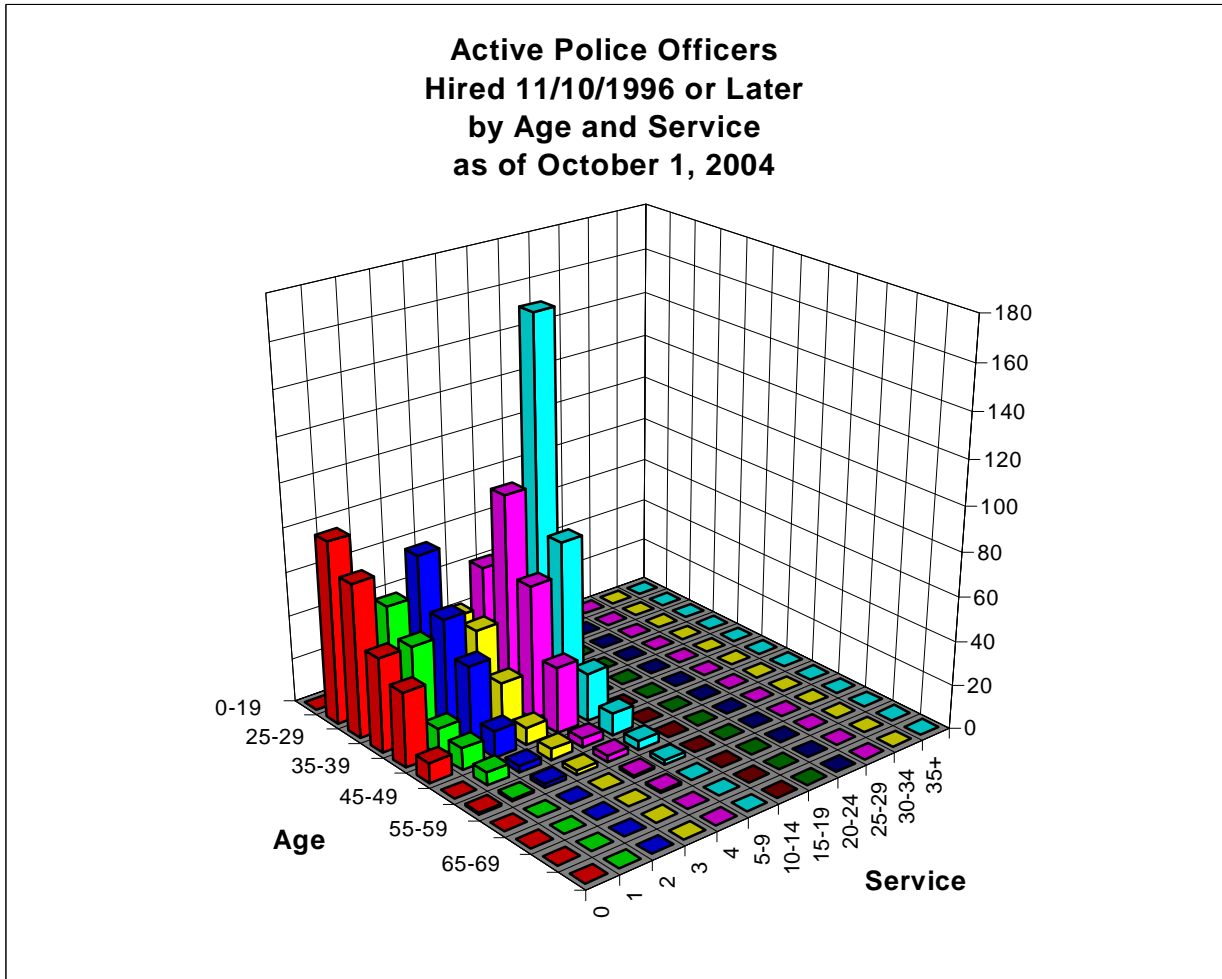


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	52,710	53,743	0	0	0	0	0	53,485
30-34	0	0	0	0	0	54,625	57,125	57,000	0	0	0	0	56,619
35-39	0	0	0	0	0	55,414	58,745	60,919	0	0	0	0	59,175
40-44	0	0	0	0	0	54,565	59,135	62,464	72,429	0	0	0	62,326
45-49	0	0	0	0	0	53,960	58,044	63,901	71,141	73,711	72,525	0	67,153
50-54	0	0	0	0	0	0	0	64,900	71,630	78,291	75,604	72,661	74,002
55-59	0	0	0	0	0	0	0	0	75,183	65,330	79,208	70,133	73,654
60-64	0	0	0	0	0	0	0	0	0	0	71,899	74,342	73,121
65-69	0	0	0	0	0	0	0	0	0	0	0	82,647	82,647
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	54,771	58,573	62,200	71,608	76,143	75,760	71,880	62,331

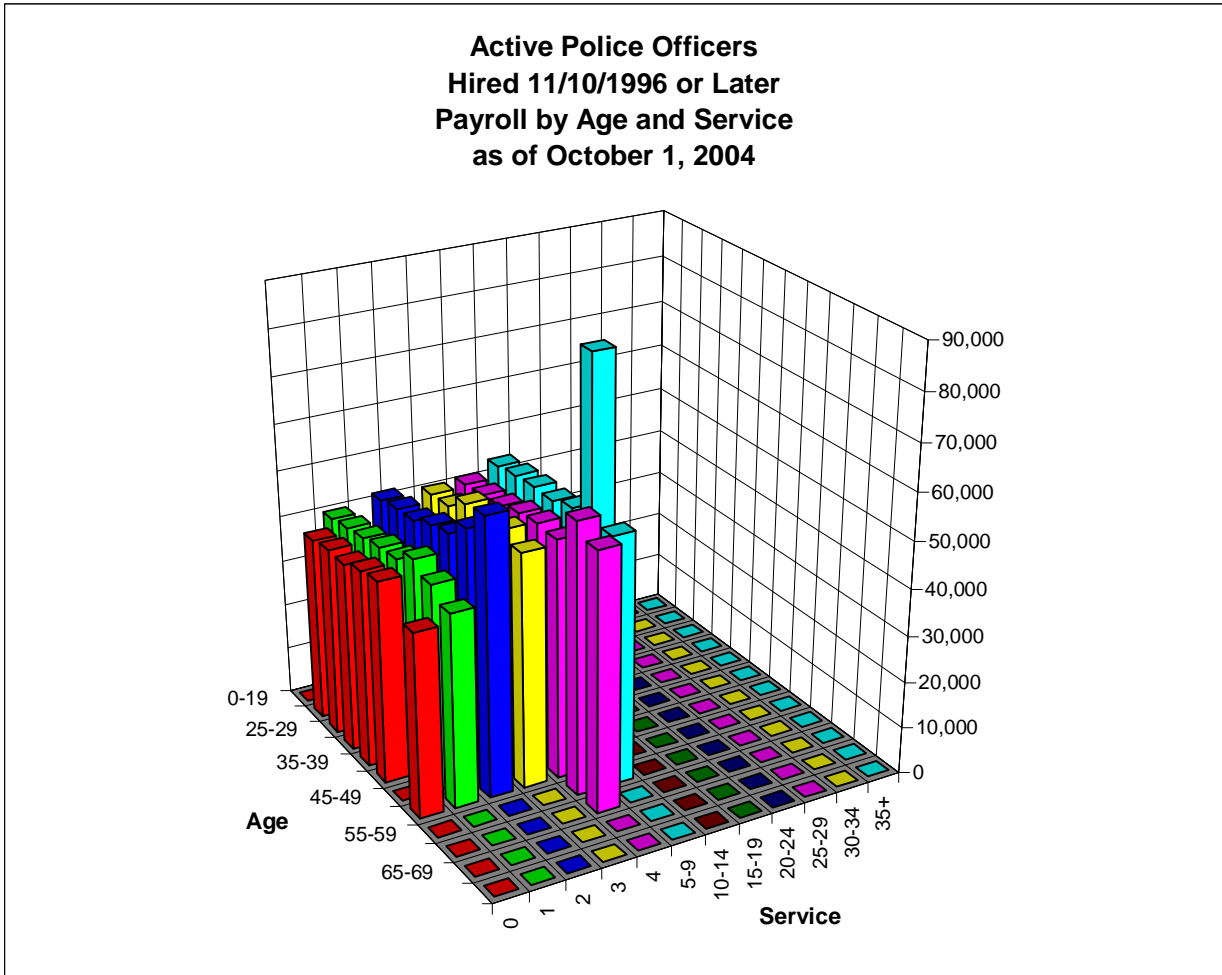
Average Age: 41.42

Average Service: 16.57





Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	1	0	0	0	0	0	0	0	0	0	0	1
20-24	83	27	15	0	0	0	0	0	0	0	0	0	125
25-29	70	55	73	40	58	76	0	0	0	0	0	0	372
30-34	43	43	50	40	96	170	0	0	0	0	0	0	442
35-39	34	12	35	22	61	76	0	0	0	0	0	0	240
40-44	9	10	12	8	30	22	0	0	0	0	0	0	91
45-49	0	6	3	5	4	10	0	0	0	0	0	0	28
50-54	1	1	2	2	3	4	0	0	0	0	0	0	13
55-59	0	0	0	0	1	2	0	0	0	0	0	0	3
60-64	0	0	0	0	1	0	0	0	0	0	0	0	1
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	240	155	190	117	254	360	0	0	0	0	0	0	1,316

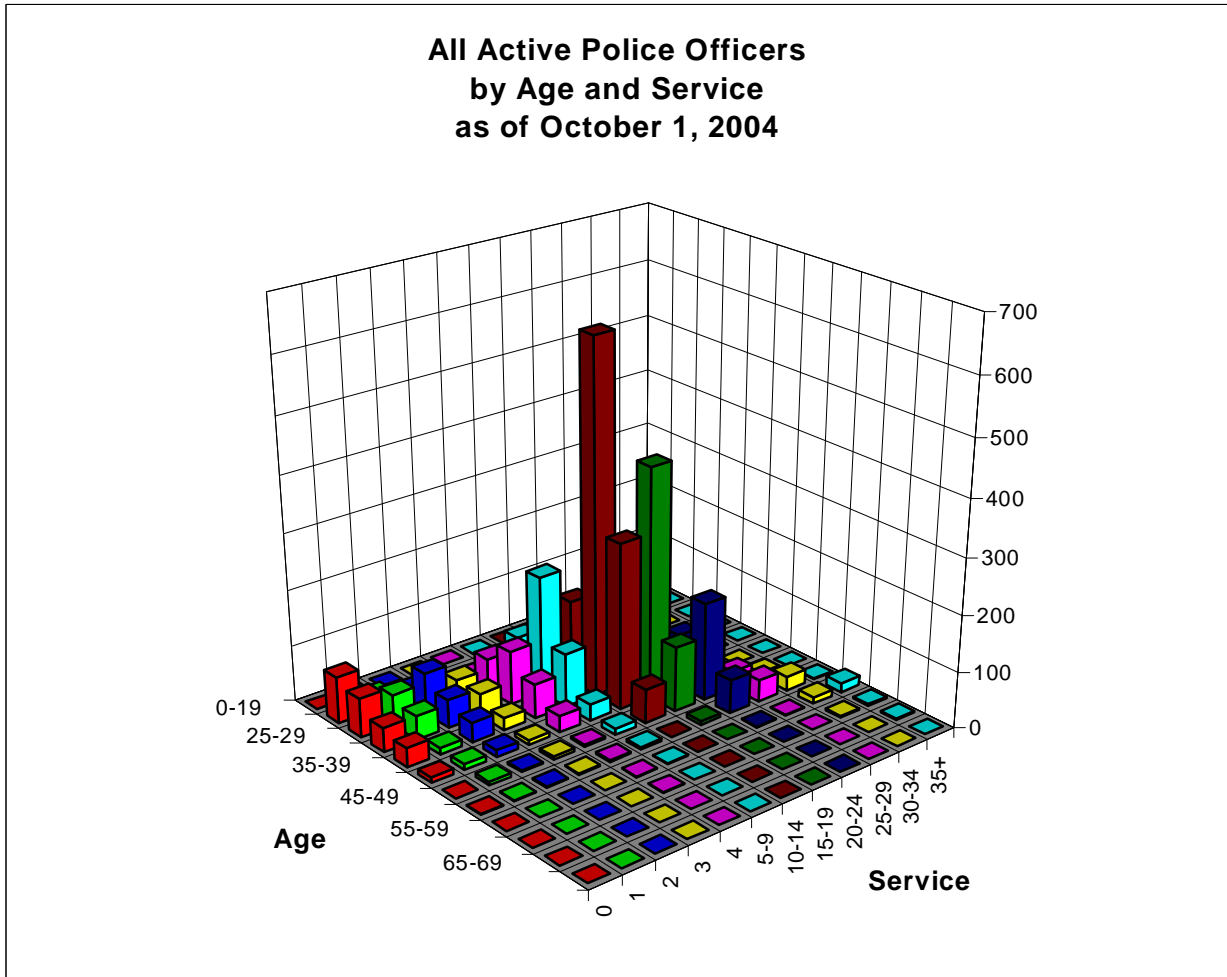


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	39,644	0	0	0	0	0	0	0	0	0	0	39,644
20-24	39,719	40,672	44,992	0	0	0	0	0	0	0	0	0	40,558
25-29	40,701	41,478	46,078	47,578	48,012	50,379	0	0	0	0	0	0	45,728
30-34	40,772	42,626	46,513	48,005	48,613	51,176	0	0	0	0	0	0	47,961
35-39	42,560	43,265	48,548	51,349	49,183	51,635	0	0	0	0	0	0	48,831
40-44	43,544	46,323	49,903	49,042	50,669	51,540	0	0	0	0	0	0	49,453
45-49	0	44,311	53,976	51,968	51,590	53,058	0	0	0	0	0	0	50,878
50-54	39,644	41,626	59,577	50,264	51,253	87,050	0	0	0	0	0	0	61,762
55-59	0	0	0	0	58,124	53,335	0	0	0	0	0	0	54,931
60-64	0	0	0	0	55,356	0	0	0	0	0	0	0	55,356
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	40,740	42,206	47,070	48,767	48,998	51,590	0	0	0	0	0	0	47,102

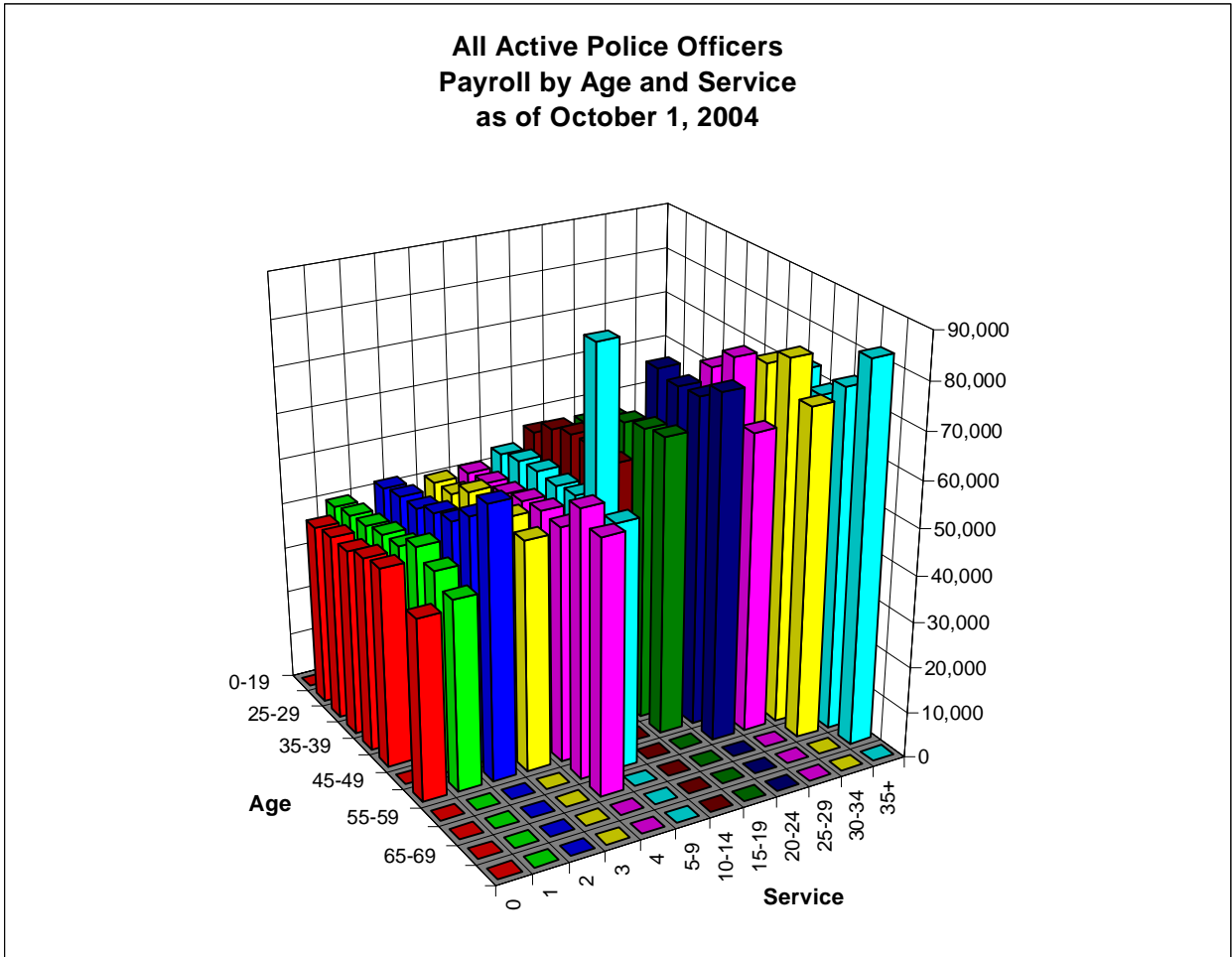
Average Age: 32.31

Average Service: 3.51





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	0	0	0	0	0	0	0	0	0	0	1
20-24	83	27	15	0	0	0	0	0	0	0	0	0	125
25-29	70	55	73	40	58	78	6	0	0	0	0	0	380
30-34	43	43	50	40	96	210	147	14	0	0	0	0	643
35-39	34	12	35	22	61	95	624	195	0	0	0	0	1078
40-44	9	10	12	8	30	29	295	409	93	0	0	0	895
45-49	0	6	3	5	4	11	60	115	174	30	8	0	416
50-54	1	1	2	2	3	4	0	7	60	39	25	1	145
55-59	0	0	0	0	1	2	0	0	1	1	12	17	34
60-64	0	0	0	0	1	0	0	0	0	0	3	3	7
65-69	0	0	0	0	0	0	0	0	0	0	0	2	2
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	240	155	190	117	254	429	1132	740	328	70	48	23	3,726

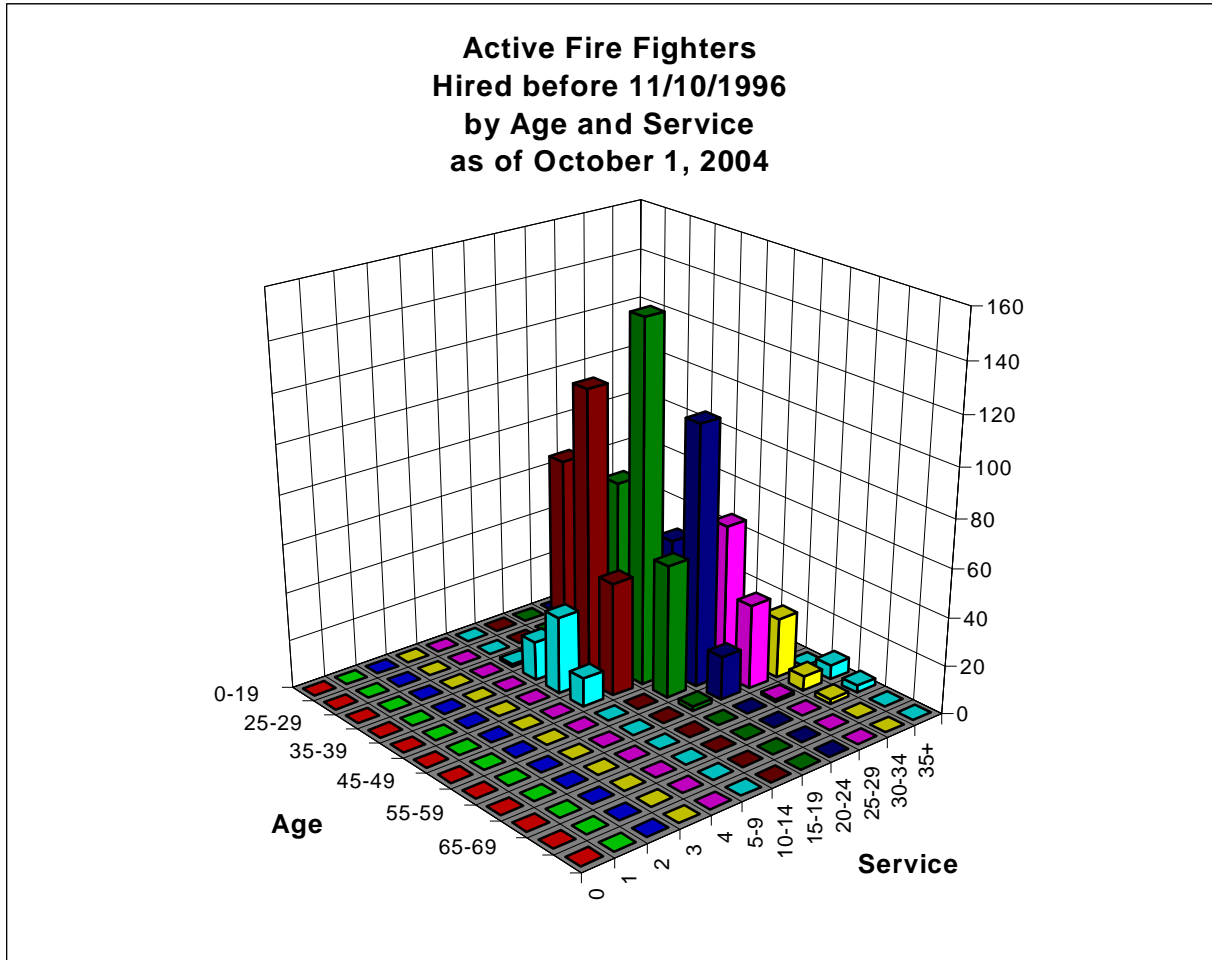


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	39,644	0	0	0	0	0	0	0	0	0	0	39,644
20-24	39,719	40,672	44,992	0	0	0	0	0	0	0	0	0	40,558
25-29	40,701	41,478	46,078	47,578	48,012	50,439	53,743	0	0	0	0	0	45,891
30-34	40,772	42,626	46,513	48,005	48,613	51,833	57,125	57,000	0	0	0	0	50,667
35-39	42,560	43,265	48,548	51,349	49,183	52,391	58,745	60,919	0	0	0	0	56,872
40-44	43,544	46,323	49,903	49,042	50,669	52,270	59,135	62,464	72,429	0	0	0	61,018
45-49	0	44,311	53,976	51,968	51,590	53,140	58,044	63,901	71,141	73,711	72,525	0	66,057
50-54	39,644	41,626	59,577	50,264	51,253	87,050	0	64,900	71,630	78,291	75,604	72,661	72,904
55-59	0	0	0	0	58,124	53,335	0	0	75,183	65,330	79,208	70,133	72,002
60-64	0	0	0	0	55,356	0	0	0	0	0	71,899	74,342	70,583
65-69	0	0	0	0	0	0	0	0	0	0	0	82,647	82,647
70+	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	40,740	42,206	47,070	48,767	48,998	52,102	58,573	62,200	71,608	76,143	75,760	71,880	56,952

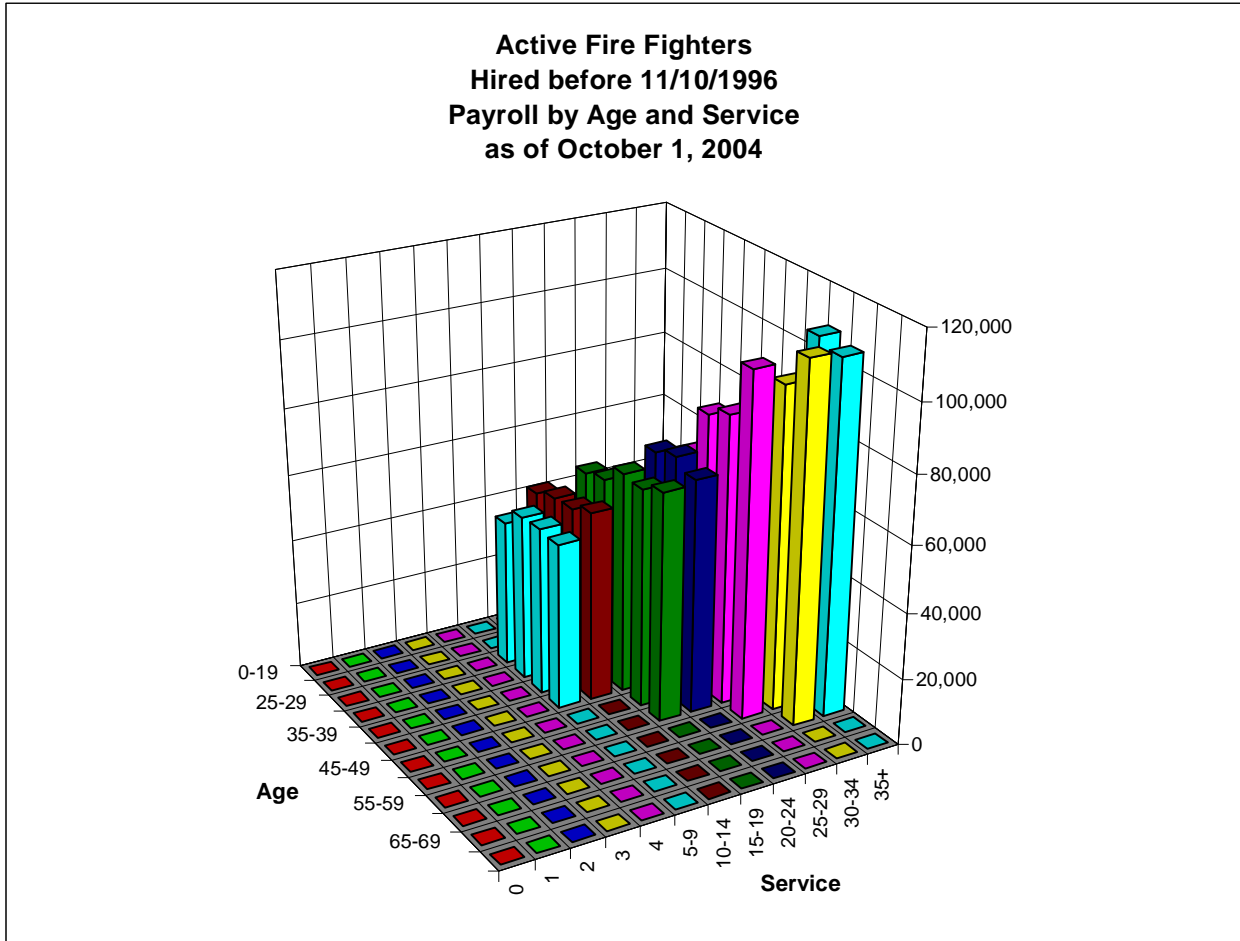
Average Age: 38.20

Average Service: 11.96





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	6	0	0	0	0	0	7
30-34	0	0	0	0	0	16	87	33	0	0	0	0	136
35-39	0	0	0	0	0	32	120	79	1	0	0	0	232
40-44	0	0	0	0	0	12	47	148	56	2	0	0	265
45-49	0	0	0	0	0	0	0	55	108	63	3	0	229
50-54	0	0	0	0	0	0	0	2	18	35	25	0	80
55-59	0	0	0	0	0	0	0	0	0	1	6	6	13
60-64	0	0	0	0	0	0	0	0	0	0	2	3	5
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	61	260	317	183	101	36	9	967

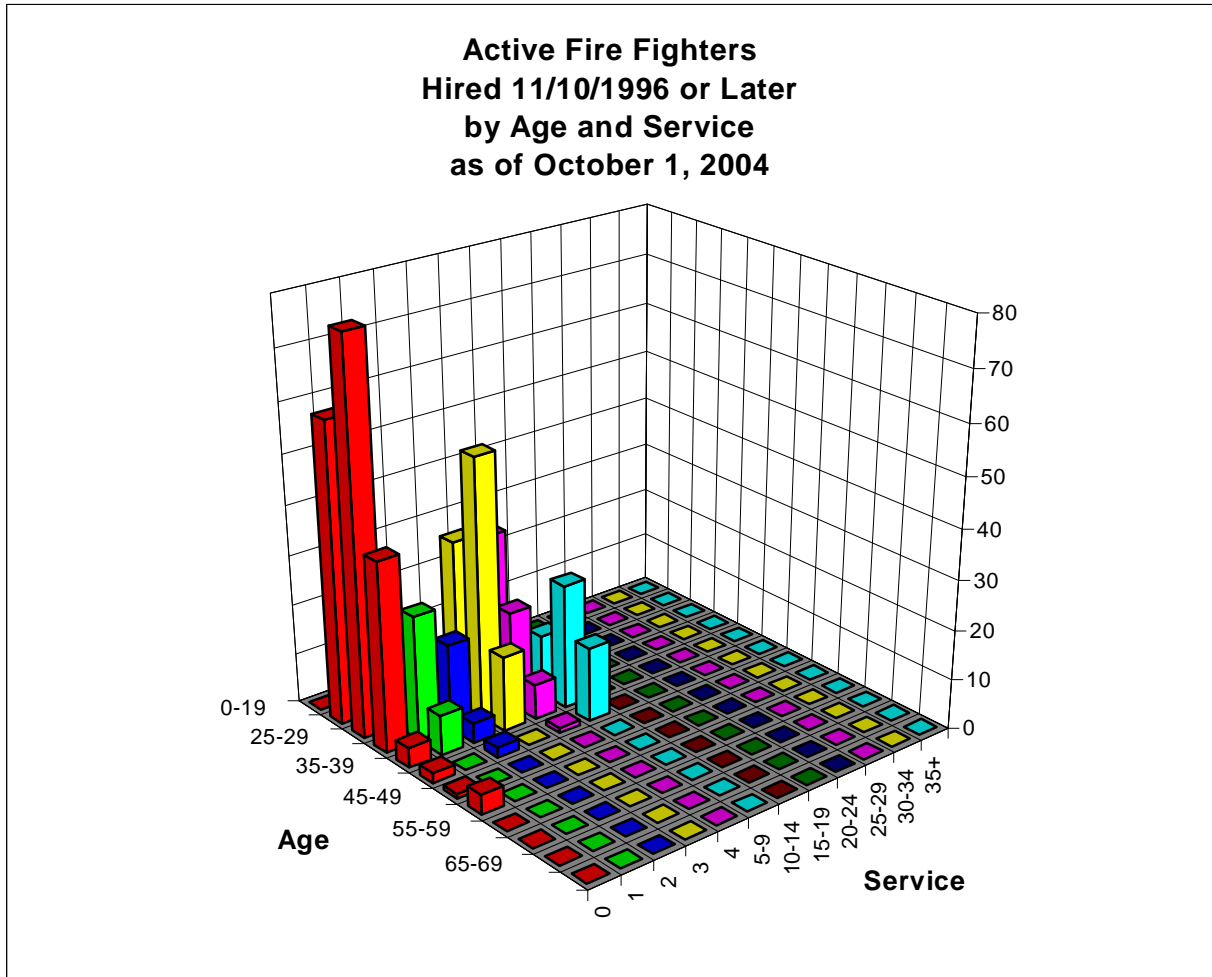


Service Age	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	44,486	51,311	0	0	0	0	0	50,336
30-34	0	0	0	0	0	50,269	53,828	59,209	0	0	0	0	54,715
35-39	0	0	0	0	0	50,863	54,603	61,093	49,999	0	0	0	56,277
40-44	0	0	0	0	0	50,327	57,426	66,854	71,042	68,407	0	0	65,330
45-49	0	0	0	0	0	0	0	66,144	73,494	83,693	74,893	0	74,553
50-54	0	0	0	0	0	0	0	69,261	70,509	87,058	87,914	0	83,157
55-59	0	0	0	0	0	0	0	0	0	103,405	97,208	108,671	102,975
60-64	0	0	0	0	0	0	0	0	0	0	107,904	106,241	106,906
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	50,497	54,778	64,514	72,322	84,752	89,488	107,861	65,937

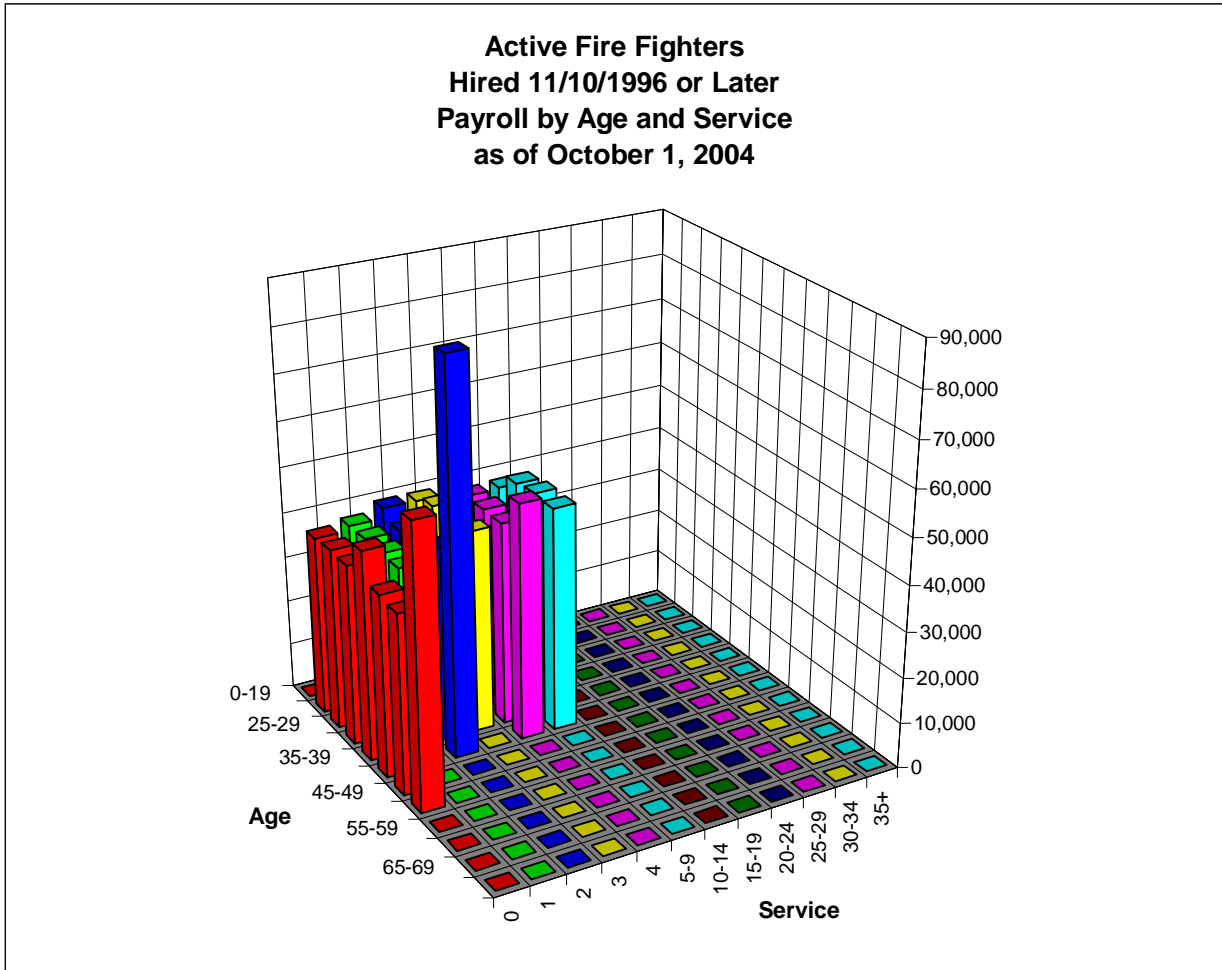
Average Age: 42.14

Average Service: 18.32





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	60	7	3	2	0	0	0	0	0	0	0	0	72
25-29	78	16	7	33	32	4	0	0	0	0	0	0	170
30-34	38	25	17	52	19	12	0	0	0	0	0	0	163
35-39	4	8	4	15	7	25	0	0	0	0	0	0	63
40-44	2	0	2	0	1	15	0	0	0	0	0	0	20
45-49	1	0	0	0	0	0	0	0	0	0	0	0	1
50-54	4	0	0	0	0	0	0	0	0	0	0	0	4
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	187	56	33	102	59	56	0	0	0	0	0	0	493

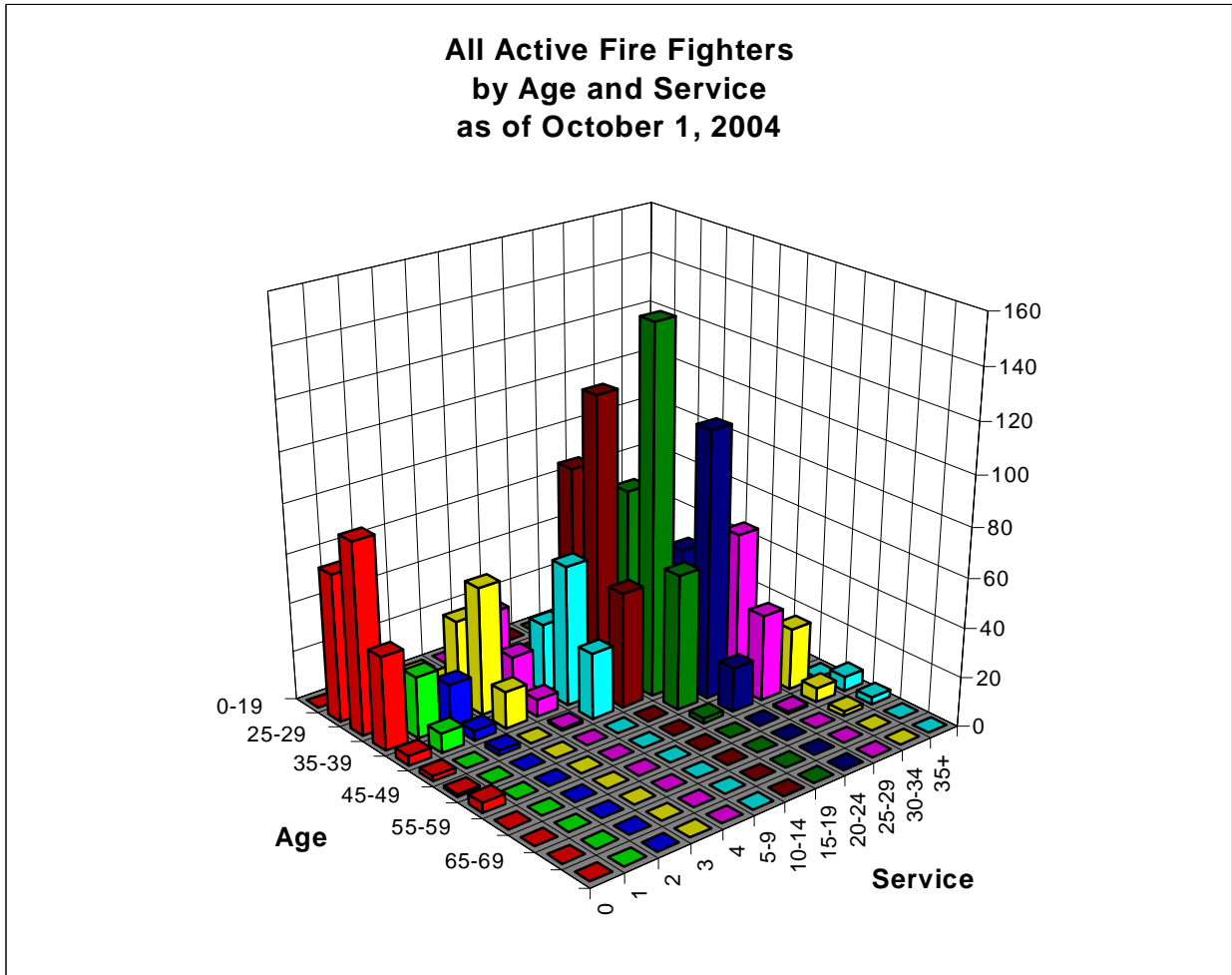


Service	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age													
0-19	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	39,369	40,381	42,518	42,518	0	0	0	0	0	0	0	0	39,686
25-29	39,904	40,550	40,550	44,307	44,732	44,978	0	0	0	0	0	0	41,874
30-34	39,783	40,550	41,013	44,747	44,797	48,778	0	0	0	0	0	0	42,859
35-39	45,963	40,550	42,912	44,617	44,767	49,504	0	0	0	0	0	0	46,034
40-44	39,960	0	85,552	0	51,967	49,238	0	0	0	0	0	0	52,078
45-49	39,369	0	0	0	0	0	0	0	0	0	0	0	39,369
50-54	61,446	0	0	0	0	0	0	0	0	0	0	0	61,446
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	40,296	40,529	43,981	44,542	44,880	48,954	0	0	0	0	0	0	42,980

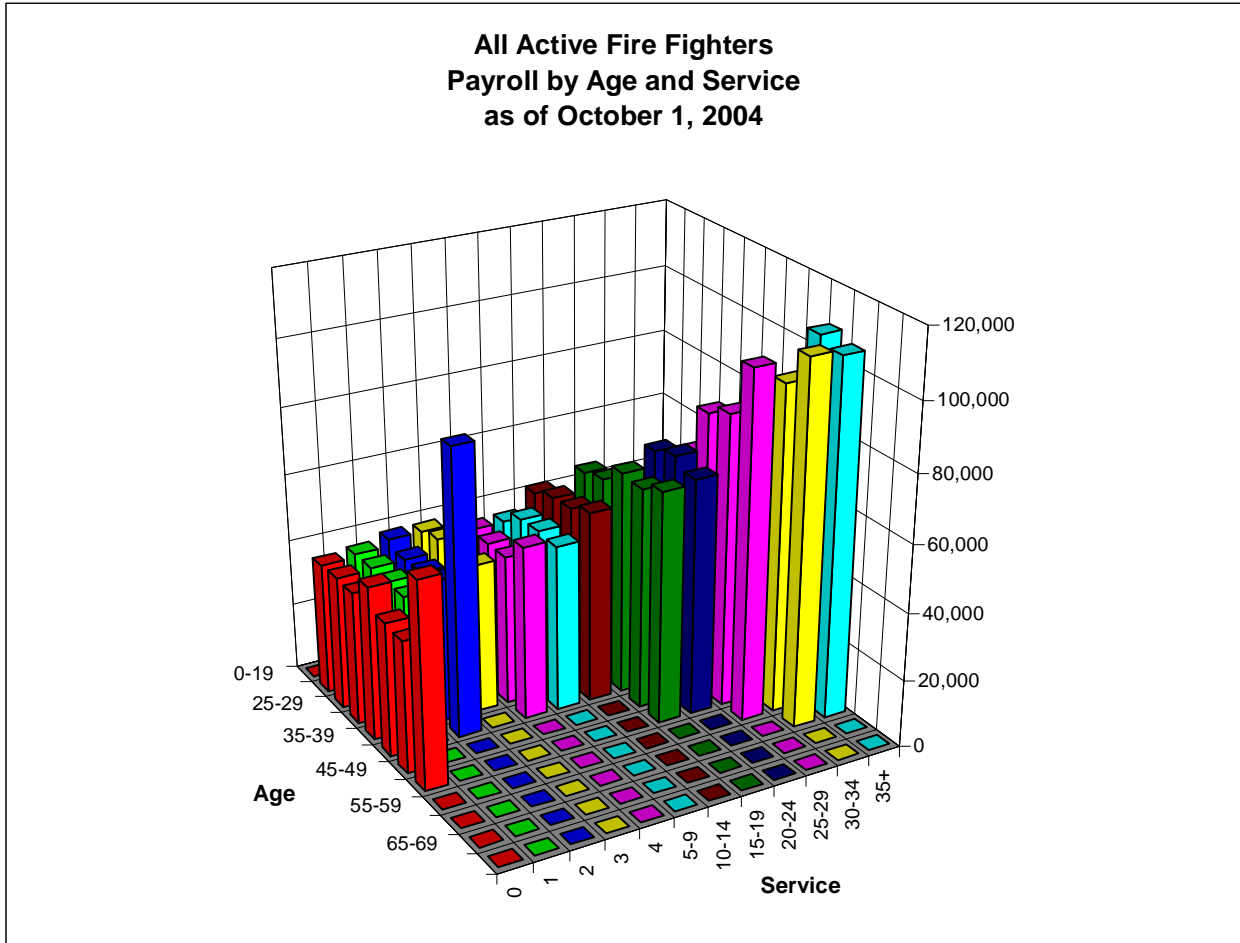
Average Age: 30.50

Average Service: 2.65





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	60	7	3	2	0	0	0	0	0	0	0	0	72
25-29	78	16	7	33	32	5	6	0	0	0	0	0	177
30-34	38	25	17	52	19	28	87	33	0	0	0	0	299
35-39	4	8	4	15	7	57	120	79	1	0	0	0	295
40-44	2	0	2	0	1	27	47	148	56	2	0	0	285
45-49	1	0	0	0	0	0	0	55	108	63	3	0	230
50-54	4	0	0	0	0	0	0	2	18	35	25	0	84
55-59	0	0	0	0	0	0	0	0	0	1	6	6	13
60-64	0	0	0	0	0	0	0	0	0	0	2	3	5
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	187	56	33	102	59	117	260	317	183	101	36	9	1,460



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	39,369	40,381	42,518	42,518	0	0	0	0	0	0	0	0	39,686
25-29	39,904	40,550	40,550	44,307	44,732	44,880	51,311	0	0	0	0	0	42,209
30-34	39,783	40,550	41,013	44,747	44,797	49,630	53,828	59,209	0	0	0	0	48,252
35-39	45,963	40,550	42,912	44,617	44,767	50,267	54,603	61,093	49,999	0	0	0	54,090
40-44	39,960	0	85,552	0	51,967	49,722	57,426	66,854	71,042	68,407	0	0	64,400
45-49	39,369	0	0	0	0	0	0	66,144	73,494	83,693	74,893	0	74,400
50-54	61,446	0	0	0	0	0	0	69,261	70,509	87,058	87,914	0	82,123
55-59	0	0	0	0	0	0	0	0	0	103,405	97,208	108,671	102,975
60-64	0	0	0	0	0	0	0	0	0	0	107,904	106,241	106,906
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	40,296	40,529	43,981	44,542	44,880	49,759	54,778	64,514	72,322	84,752	89,488	107,861	58,185

Average Age: 38.21

Average Service: 13.03



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	10	\$7,369	11	\$35,428
55-59	527	\$6,933	575	\$38,266
60-64	703	\$4,838	948	\$36,344
65-69	295	\$3,893	898	\$35,835
70-74	84	\$3,650	857	\$34,889
75-79	18	\$2,702	598	\$32,737
80-84	2	\$4,766	433	\$33,740
85-89	0	\$0	270	\$34,613
90-94	0	\$0	148	\$35,996
95-99	0	\$0	60	\$40,916
100 and over	0	\$0	4	\$54,369
Total	1,639	\$5,273	4,802	\$35,497

Beneficiaries

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 19	15	\$2,221	36	\$5,097
20-24	2	\$1,791	6	\$5,200
25-29	0	\$0	0	\$0
30-34	0	\$0	1	\$5,280
35-39	1	\$9,278	2	\$7,248
40-44	0	\$0	1	\$10,848
45-49	5	\$3,070	11	\$11,423
50-54	7	\$3,334	13	\$13,478
55-59	14	\$3,750	35	\$15,428
60-64	9	\$1,673	42	\$14,429
65-69	4	\$1,971	43	\$16,326
70-74	0	\$0	58	\$16,681
75-79	1	\$3,550	59	\$18,434
80-84	0	\$0	61	\$17,975
85-89	0	\$0	42	\$20,168
90-94	0	\$0	27	\$27,845
95-99	0	\$0	13	\$21,192
100 and over	0	\$0	4	\$19,335
Total	58	\$2,825	454	\$16,514

**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	\$17,652	1	\$17,652
35-39	0	\$0	0	\$0
40-44	1	\$19,212	5	\$18,257
45-49	4	\$21,042	8	\$18,861
50-54	14	\$24,512	19	\$23,917
55-59	34	\$23,164	78	\$22,397
60-64	9	\$19,167	59	\$22,770
65-69	3	\$5,738	66	\$22,585
70-74	0	\$0	57	\$23,263
75-79	0	\$0	70	\$25,657
80-84	0	\$0	61	\$30,692
85-89	0	\$0	35	\$31,791
90-94	0	\$0	11	\$23,468
95-99	0	\$0	4	\$31,312
100 and over	0	\$0	1	\$37,500
Total	66	\$21,841	475	\$24,891

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	1	\$3,347	4	\$4,391
30-34	9	\$3,370	17	\$3,960
35-39	23	\$3,608	27	\$4,761
40-44	22	\$6,455	24	\$13,117
45-49	27	\$5,367	31	\$10,376
50-54	29	\$6,155	30	\$16,484
55-59	33	\$7,632	34	\$27,492
60-64	17	\$7,317	19	\$28,073
65-69	4	\$9,637	4	\$56,456
70-74	1	\$6,587	1	\$49,835
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	166	\$6,045	191	\$16,168

**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	81	\$7,907	99	\$44,504
50-54	242	\$6,362	590	\$42,188
55-59	143	\$4,527	1,075	\$41,497
60-64	22	\$4,562	646	\$42,969
65-69	1	\$4,085	407	\$41,976
70-74	0	\$0	161	\$47,938
75-79	0	\$0	115	\$55,273
80-84	0	\$0	31	\$58,967
85-89	0	\$0	19	\$63,884
90-94	0	\$0	5	\$43,145
95-99	0	\$0	1	\$45,840
100 and over	0	\$0	0	\$0
Total	489	\$5,996	3,149	\$43,228

Beneficiaries

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 19	74	\$1,381	95	\$5,076
20-24	8	\$987	17	\$8,861
25-29	0	\$0	0	\$0
30-34	7	\$10,059	9	\$16,207
35-39	8	\$10,848	15	\$21,634
40-44	8	\$8,867	19	\$18,490
45-49	15	\$4,808	50	\$18,240
50-54	12	\$2,654	98	\$19,364
55-59	4	\$4,251	139	\$20,747
60-64	2	\$632	124	\$21,179
65-69	1	\$7,991	140	\$23,647
70-74	0	\$0	116	\$24,277
75-79	1	\$2,245	133	\$23,604
80-84	1	\$500	129	\$24,767
85-89	0	\$0	116	\$24,885
90-94	0	\$0	53	\$25,131
95-99	0	\$0	14	\$29,540
100 and over	0	\$0	5	\$22,644
Total	141	\$3,342	1,272	\$21,211

**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	\$17,556	1	\$17,556
30-34	10	\$24,898	11	\$24,084
35-39	35	\$24,781	42	\$23,238
40-44	34	\$26,564	52	\$23,843
45-49	25	\$26,887	66	\$28,655
50-54	27	\$10,098	157	\$32,840
55-59	4	\$4,265	195	\$33,416
60-64	3	\$3,590	174	\$34,775
65-69	0	\$0	155	\$37,166
70-74	0	\$0	117	\$40,683
75-79	0	\$0	161	\$42,729
80-84	0	\$0	79	\$42,858
85-89	0	\$0	51	\$47,667
90-94	0	\$0	14	\$50,851
95-99	0	\$0	3	\$71,172
100 and over	0	\$0	0	\$0
Total	139	\$21,652	1,278	\$36,193

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	3	\$20,399
30-34	0	\$0	6	\$23,851
35-39	0	\$0	10	\$32,591
40-44	0	\$0	4	\$49,091
45-49	0	\$0	0	\$0
50-54	0	\$0	0	\$0
55-59	0	\$0	0	\$0
60-64	0	\$0	0	\$0
65-69	0	\$0	0	\$0
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	0	\$0	23	\$31,590

**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	15	\$9,828	15	\$44,392
50-54	65	\$9,071	98	\$49,808
55-59	45	\$6,816	191	\$50,851
60-64	9	\$3,220	251	\$49,670
65-69	0	\$0	188	\$47,756
70-74	0	\$0	97	\$50,744
75-79	0	\$0	55	\$62,107
80-84	0	\$0	20	\$59,705
85-89	0	\$0	8	\$69,444
90-94	0	\$0	3	\$71,140
95-99	0	\$0	0	\$0
100 and over	0	\$0	0	\$0
Total	134	\$8,006	926	\$50,762

Beneficiaries

	<u>District Count</u>	<u>Average District Benefit</u>	<u>Total Count</u>	<u>Combined District and Fed Benefit</u>
Under 19	22	\$4,064	31	\$5,705
20-24	3	\$1,436	5	\$3,089
25-29	0	\$0	1	\$26,278
30-34	1	\$12,558	1	\$19,308
35-39	0	\$0	1	\$22,944
40-44	1	\$30,768	8	\$19,581
45-49	1	\$781	8	\$17,766
50-54	6	\$2,757	19	\$17,078
55-59	2	\$3,248	31	\$22,211
60-64	0	\$0	48	\$22,540
65-69	3	\$1,518	57	\$23,679
70-74	0	\$0	47	\$24,247
75-79	1	\$2,030	77	\$25,585
80-84	0	\$0	68	\$25,991
85-89	0	\$0	57	\$28,308
90-94	0	\$0	26	\$25,039
95-99	0	\$0	7	\$28,459
100 and over	0	\$0	3	\$16,664
Total	40	\$4,186	495	\$23,020

**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	0	\$0	0	\$0
35-39	2	\$22,344	2	\$22,344
40-44	1	\$20,676	3	\$17,092
45-49	9	\$32,924	20	\$29,899
50-54	20	\$12,314	52	\$37,591
55-59	7	\$1,438	58	\$39,451
60-64	0	\$0	88	\$40,640
65-69	0	\$0	82	\$41,679
70-74	0	\$0	57	\$42,798
75-79	0	\$0	68	\$47,592
80-84	0	\$0	55	\$46,976
85-89	0	\$0	41	\$53,590
90-94	0	\$0	6	\$62,448
95-99	0	\$0	0	\$0
100 and over	0	\$0	0	\$0
Total	39	\$15,847	532	\$42,786

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	0	\$0
30-34	0	\$0	2	\$14,734
35-39	0	\$0	0	\$0
40-44	0	\$0	0	\$0
45-49	0	\$0	0	\$0
50-54	0	\$0	0	\$0
55-59	0	\$0	0	\$0
60-64	0	\$0	0	\$0
65-69	0	\$0	0	\$0
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	0	\$0	2	\$14,734

**Changes in Plan Membership
 Teachers**

	Actives	Non-Vested Terminations Due Refunds	Vested Terminations	Disabled	Retired	Beneficiaries	Total Participants
October 1, 2003	6,145	430	124	491	4,572	461	12,223
New Entrants	511	-	-	-	-	-	511
Rehires	19	(2)	(14)	-	-	-	3
Disabilities	(6)	(1)	-	7	-	-	0
Retirements	(356)	-	(1)	-	357	-	0
Vested Terminations	(70)	(3)	73	-	-	-	0
Died, With Beneficiaries' Benefit Payable	(5)	-	(1)	(1)	(18)	25	0
Died, Without Beneficiary, and Other Terminations	(479)	478	-	(22)	(124)	-	(147)
Transfers	-	-	-	-	-	-	0
Refund of Contributions	(195)	(31)	(3)	-	-	-	(229)
Beneficiary Deaths	-	-	-	-	-	(33)	(33)
Domestic Relations Orders	-	-	-	-	-	-	0
Data Corrections/Not Reported	-	2,924	13	-	15	1	2,953
October 1, 2004	5,564	3,795	191	475	4,802	454	15,281

**Changes in Plan Membership
 Police Officers**

	Actives	Non-Vested Terminations Due Refunds	Vested Terminations	Disabled	Retired	Beneficiaries	Total Participants
October 1, 2003	3,654	23	0	1,315	3,142	1,256	9,390
New Entrants	296	-	-	-	-	-	296
Rehires	12	(1)	-	-	-	-	11
Disabilities	(21)	-	-	21	-	-	0
Retirements	(57)	-	-	-	57	-	0
Vested Terminations	(22)	-	22	-	-	-	0
Died, With Beneficiaries' Benefit Payable	(3)	-	-	(32)	(22)	69	12
Died, Without Beneficiary, and Other Terminations	(58)	58	-	(28)	(30)	-	(58)
Transfers	-	-	-	-	-	-	0
Refund of Contributions	(74)	(6)	-	-	-	-	(80)
Beneficiary Deaths	-	-	-	-	-	(58)	(58)
Domestic Relations Orders	-	-	-	-	-	9	9
Data Corrections/Not Reported	(1)	572	1	2	2	(4)	572
October 1, 2004	3,726	646	23	1,278	3,149	1,272	10,094

**Changes in Plan Membership
 Fire Fighters**

	Actives	Non-Vested Terminations Due Refunds	Vested Terminations	Disabled	Retired	Beneficiaries	Total Participants
October 1, 2003	1,317	23	1	555	924	492	3,312
New Entrants	190	-	-	-	-	-	190
Rehires	-	-	-	-	-	-	0
Disabilities	(1)	-	-	1	-	-	0
Retirements	(26)	-	-	-	26	-	0
Vested Terminations	(1)	-	1	-	-	-	0
Died, With Beneficiaries' Benefit Payable	(1)	-	-	(10)	(10)	24	3
Died, Without Beneficiary, and Other Terminations	(12)	12	-	(14)	(14)	-	(28)
Transfers	-	-	-	-	-	-	0
Refund of Contributions	(6)	(6)	-	-	-	-	(12)
Beneficiary Deaths	-	-	-	-	-	(22)	(22)
Domestic Relations Orders	-	-	-	-	-	4	4
Data Corrections/Not Reported	-	181	-	-	-	(3)	178
October 1, 2004	1,460	210	2	532	926	495	3,625

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, 2004.

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, Police Officers and Fire Fighters, with rates for both sexes combined. Below are sample rates:

<u>Age</u>	<u>Teachers</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
25	0.0300%	0.4383%	0.2893%
30	0.0572%	0.5750%	0.3795%
35	0.0932%	0.8500%	0.5610%
40	0.1292%	1.2500%	0.8250%
45	0.2040%	1.9633%	1.2958%
50	0.3212%	3.2500%	2.1450%
55	0.5520%	5.7750%	3.8115%
60	0.5700%	8.2500%	5.4450%
65	0.0000%	8.2500%	5.4450%

In previous valuations, the Safety employees (Police Officers and Fire Fighters) used a common disability table. Below are sample rates:

<u>Age</u>	<u>Safety</u>
25	0.2630%
30	0.3450%
35	0.5100%
40	0.7500%
45	1.1780%
50	1.9500%
55	3.4650%
60	4.9500%
65	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. Beginning with the October 1, 2004 valuation, Fire Fighters also receive an additional 5.0% after 30 years of service.

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, 2004

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, 2003 ¹	\$874.7	\$966.2	\$380.6	\$1,346.8	\$2,221.5
(2) FY 2004 District Contributions	\$0.0	\$70.9	\$25.8	\$96.7	\$96.7
(3) FY 2004 Employee Contributions	\$26.1	\$15.0	\$5.6	\$20.6	\$46.7
(4) FY 2004 Actual Benefit Payments ²	\$0.0	(\$0.2)	(\$0.1)	(\$0.3)	(\$0.3)
(5) FY 2004 Investment Earnings	\$102.5	\$118.6	\$46.4	\$165.0	\$267.5
(6) Actual Current Value of Assets as of October 1, 2004	\$1,003.3	\$1,170.5	\$458.3	\$1,628.8	\$2,632.1
(7) Benefits Payable for FY 2004	(\$8.6)	(\$5.8)	(\$1.8)	(\$7.6)	(\$16.2)
(8) Final Current Value of Assets as of October 1, 2004	\$994.7	\$1,164.7	\$456.5	\$1,621.2	\$2,615.9
(9) Approximate Rate of Return					11.9%

¹ The current value of assets as of October 1, 2003 was equal to the market value less estimated benefits payable of \$5.1 million for the Teachers, \$4.5 million for the Police Officers, and \$1.3 million for the Fire Fighters.

² The fund paid \$10.9 million in benefits which was already reflected as benefits payable.

2.2: Actuarial Value of District Assets as of October 1, 2004

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, 2003	\$917.8	\$1,026.9	\$400.9	\$1,427.8	\$2,345.6
(2) FY 2004 District Contributions	\$0.0	\$70.9	\$25.8	\$96.7	\$96.7
(3) FY 2004 Employee Contributions	\$26.1	\$15.0	\$5.6	\$20.6	\$46.7
(4) FY 2004 Estimated Benefit Payments	(\$8.6)	(\$6.0)	(\$1.9)	(\$7.9)	(\$16.5)
(5) FY 2004 Expected Investment Earnings	\$67.2	\$79.9	\$31.1	\$111.0	\$178.2
(6) Expected Actuarial Value of Assets as of October 1, 2004	\$1,002.5	\$1,186.7	\$461.5	\$1,648.2	\$2,650.7
(7) Final Current Value of Assets as of October 1, 2004	\$994.7	\$1,164.7	\$456.5	\$1,621.2	\$2,615.9
(8) Smoothed Value of Assets as of October 1, 2004 [(6) + 1/3 x (7 - 6)]	\$999.9	\$1,179.4	\$459.8	\$1,639.2	\$2,639.1
(9) Present Value of D.C. Code §1-907.02(c) Adjustment	(\$1.2)	\$4.0	\$2.2	\$6.2	\$5.0
(10) Final Actuarial Value of Assets as of October 1, 2004 [(8) + (9)]	\$998.7	\$1,183.4	\$462.0	\$1,645.4	\$2,644.1
(10) Approximate Rate of Return (on AVA)	7.0%	6.8%	7.1%	6.9%	6.9%

Section 3:
Actuarial Computations

3.1: Computation of Fiscal Year 2006 District Payment

This table shows the development of the fiscal year 2006 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	\$1,361.8	\$2,304.5	\$882.8	\$4,549.1
(2) Actuarial Value of Assets (Section 3.2)	998.7	1,183.4	462.0	2,644.1
(3) Present Value of Future Employee Contributions	230.3	183.4	76.5	490.3
(4) Present Value of Future Normal Costs [(1) – (2) – (3), not less than \$0]	\$132.7	\$937.7	\$344.3	\$1,414.7
(5) Present Value Future Payroll	\$3,119.1	\$2,465.1	\$1,022.3	\$6,606.5
(6) Normal Contribution Rate [(4) ÷ (5)]	4.3%	38.0%	33.7%	n/a
(7) Projected FY 2006 Payroll	\$364.1	\$227.1	\$90.2	\$681.4
(8) Projected FY 2006 Payment Before §1-907.02(c) [(6) x (7)]	\$15.7	\$86.3	\$30.4	\$132.4
(9) D.C. Code §1-907.02(c) Adjustment (Section 3.3)	(\$0.2)	\$0.6	\$0.2	\$0.6
(10) FY 2006 Payment [(8) + (9), not less than \$0]	\$15.5	\$86.9	\$30.6	\$133.0

3.2: Computation of FY 2004 Gain/Loss

Total Plan

This table shows the development of the gains & losses for the FY 2006 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.

	2003 Results	2004 Results, Returning Members, Expected Salaries, Expected Assets	2004 Results, Returning Members, Actual Salaries, Expected Assets	2004 Results, Returning Members, Actual Salaries, Actual Assets	2004 Results, Returning Members, Actual Salaries, Actual Assets, New Assumptions	2004 Results, All Members, Actual Salaries, Actual Assets, New Assumptions
(1) Present Value of Future District Benefits	\$4,120. 3	\$4,324.7	\$4,264.6	\$4,264.6	\$4,327.3	\$4,549.1
(2) Actuarial Value of Assets	2,345.6	2,655.7	2,655.7	2,644.1	2,644.1	2,644.1
(3) Present Value of Future Employee Contributions	<u>478.6</u>	<u>449.5</u>	<u>450.5</u>	<u>450.5</u>	<u>441.7</u>	<u>490.3</u>
(4) Present Value of Future Normal Costs	\$1,296. 2	\$1,219.5	\$1,158.4	\$1,170.0	\$1,241.5	\$1,417.7
(5) Present Value Future Payroll	\$6,497. 2	\$6,103.6	\$6,115.9	\$6,115.9	\$6,003.4	\$6,606.5
(6) Normal Contribution Rate	17.5%	17.9%	17.1%	17.3%	18.9%	19.4%
(7) Projected FY 2006 Payroll	\$666.6	\$633.1	\$636.8	\$636.8	\$636.8	\$681.4
(8) Projected FY 2006 Payment before Adjustments	\$116.4	\$113.3	\$108.7	\$110.0	\$120.3	\$132.4
(9) (Gain)/Loss (% of payroll)	N/A	0.4%	(0.8%)	0.2%	1.6%	0.5%
(10) (Gain)/Loss (\$ Amount)	N/A	(\$3.1)	(\$4.6)	\$1.3	\$10.3	\$12.1

Teachers' Retirement Fund Gain/Loss

This table shows the development of the gains & losses for the Teachers' FY 2006 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.

	2003 Results	2004 Results, Returning Members, Expected Salaries, Expected Assets	2004 Results, Returning Members, Actual Salaries, Expected Assets	2004 Results, Returning Members, Actual Salaries, Actual Assets	2004 Results, Returning Members, Actual Salaries, Actual Assets, New Assumptions	2004 Results, All Members, Actual Salaries, Actual Assets, New Assumptions
(1) Present Value of Future District Benefits	\$1,227.7	\$1,267.2	\$1,315.6	\$1,315.6	\$1,315.6	\$1,361.8
(2) Actuarial Value of Assets	917.8	1,001.3	1,001.3	998.7	998.7	998.7
(3) Present Value of Future Employee Contributions	<u>223.7</u>	<u>200.5</u>	<u>210.8</u>	<u>210.8</u>	<u>210.8</u>	<u>230.3</u>
(4) Present Value of Future Normal Costs	\$86.2	\$65.4	\$103.5	\$106.1	\$106.1	\$132.7
(5) Present Value Future Payroll	\$3,052.0	\$2,735.7	\$2,873.9	\$2,873.9	\$2,873.9	\$3,119.1
(6) Normal Contribution Rate	2.8%	2.4%	3.6%	3.7%	3.7%	4.3%
(7) Projected FY 2006 Payroll	\$364.1	\$324.7	\$339.9	\$339.9	\$339.9	\$364.1
(8) Projected FY 2006 Payment before Adjustments	\$10.2	\$7.8	\$12.2	\$12.6	\$12.6	\$15.7
(9) (Gain)/Loss (% of payroll)	N/A	(0.4%)	1.2%	0.1%	N/A	0.6%
(10) (Gain)/Loss (\$ Amount)	N/A	(\$2.4)	\$4.4	\$0.4	N/A	\$3.1



Police Officers Retirement Fund Gain/Loss

This table shows the development of the gains & losses for the Police Officers' FY 2006 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.

	2003 Results	2004 Results, Returning Members, Expected Salaries, Expected Assets	2004 Results, Returning Members, Actual Salaries, Expected Assets	2004 Results, Returning Members, Actual Salaries, Actual Assets	2004 Results, Returning Members, Actual Salaries, Actual Assets, New Assumptions	2004 Results, All Members, Actual Salaries, Actual Assets, New Assumptions
(1) Present Value of Future District Benefits	\$2,144.9	\$2,249.3	\$2,148.3	\$2,148.3	\$2,202.7	\$2,304.6
(2) Actuarial Value of Assets	1,026.9	1,190.7	1,190.7	1,183.4	1,183.4	1,183.4
(3) Present Value of Future Employee Contributions	<u>189.7</u>	<u>184.2</u>	<u>175.6</u>	<u>175.6</u>	<u>167.2</u>	<u>183.4</u>
(4) Present Value of Future Normal Costs	\$928.3	\$874.4	\$782.0	\$789.3	\$852.2	\$937.7
(5) Present Value Future Payroll	\$2,560.4	\$2,488.9	\$2,371.2	\$2,371.2	\$2,264.7	\$2,465.1
(6) Normal Contribution Rate	36.3%	35.1%	33.0%	33.3%	37.6%	38.0%
(7) Projected FY 2006 Payroll	\$222.3	\$225.4	\$214.7	\$214.7	\$214.7	\$227.1
(8) Projected FY 2006 Payment before Adjustments	\$80.7	\$79.1	\$70.8	\$71.5	\$80.7	\$86.3
(9) (Gain)/Loss (% of payroll)	N/A	(1.2%)	(2.1%)	0.3%	4.3%	0.4%
(10) (Gain)/Loss (\$ Amount)	N/A	(\$1.6)	(\$8.3)	\$0.7	\$9.2	\$5.6



Fire Fighters' Retirement Fund Gain/Loss

This table shows the development of the gains & losses for the Fire Fighters' FY 2006 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.

	2003 Results	2004 Results, Returning Members, Expected Salaries, Expected Assets	2004 Results, Returning Members, Actual Salaries, Expected Assets	2004 Results, Returning Members, Actual Salaries, Actual Assets	2004 Results, Returning Members, Actual Salaries, Actual Assets, New Assumptions	2004 Results, All Members, Actual Salaries, Actual Assets, New Assumptions
(1) Present Value of Future District Benefits	\$747.7	\$808.2	\$800.7	\$800.7	\$809.0	\$882.8
(2) Actuarial Value of Assets	400.9	463.7	463.7	462.0	462.0	462.0
(3) Present Value of Future Employee Contributions	<u>65.2</u>	<u>64.7</u>	<u>64.1</u>	<u>64.1</u>	<u>63.7</u>	<u>76.5</u>
(4) Present Value of Future Normal Costs	\$281.6	\$279.8	\$272.9	\$274.6	\$283.2	\$344.3
(5) Present Value Future Payroll	\$884.8	\$879.0	\$870.8	\$870.8	\$864.8	\$1,022.3
(6) Normal Contribution Rate	31.8%	31.8%	31.3%	31.5%	32.8%	33.7%
(7) Projected FY 2006 Payroll	\$80.1	\$83.0	\$82.2	\$82.2	\$82.3	\$90.2
(8) Projected FY 2006 Payment before Adjustments	\$25.5	\$26.4	\$25.7	\$25.9	\$27.0	\$30.4
(9) (Gain)/Loss (% of payroll)	N/A	0.0%	(0.5%)	0.2%	1.3%	0.9%
(10) (Gain)/Loss (\$ Amount)	N/A	\$0.9	(\$0.7)	\$0.2	\$1.1	\$3.4



3.3: Summary of Principal Valuation Results

Teachers' Retirement Fund (\$ in millions)

	<u>Participant Data</u>		<u>Change in</u>	
	October 1, 2004	October 1, 2003	<u>Value</u>	<u>%</u>
Active Members				
Hired Prior to November 16, 1996	2,819	3,306	(487)	(14.7%)
Hired After November 16, 1996	2,745	2,839	(94)	(3.3%)
Total	5,564	6,145	(581)	(9.5%)
Retired Members, Beneficiaries and Terminated Vested (Post June 30, 1997)	1,986	1,659	327	19.7%
Total Participants	7,550	7,804	(254)	(3.3%)
Annual Salaries of Active Members	\$338.9	\$339.2	(\$ 0.3)	(0.1%)
Annual Retirement Benefits for Retirees & Beneficiaries (Post June 30, 1997)	\$11.3	\$7.1	\$ 4.2	59.2%
	<u>Assets and Liabilities</u>			
Present Value of Future District Benefits	\$1,361.8	\$1,227.7	\$ 134.1	10.9%
District Assets of Valuation Purposes (Actuarial Value)	998.7	917.8	80.9	8.8%
Present Value of Future Employee Contributions	230.3	223.7	6.6	3.0%
Present Value of Future District Contributions	132.7	86.2	46.5	53.9%
Present Value of Future Salaries	3,119.1	3,052.0	67.1	2.2%
Current Value of District Assets (Market Value)	994.7	874.7	120.0	13.7%
	<u>Contribution Results</u>			
	FY 2006	FY 2005		
Normal Contribution Rate	4.3%	2.8%	1.5%	53.6%
Projected Payroll	\$364.1	\$364.1	\$ 0.0	0.0%
District Payment Before Adjustment	\$15.7	\$10.2	\$ 5.5	53.9%
District Payment After Adjustment	\$15.5	\$9.2	\$ 6.3	68.5%

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

	<u>Participant Data</u>		<u>Change in</u>	
	October 1, 2004	October 1, 2003	<u>Value</u>	<u>%</u>
Active Members				
Hired Prior to February 15, 1980	299	393	(94)	(23.9%)
Hired Between February 15, 1980 and November 10, 1996	3,078	3,157	(79)	(2.5%)
Hired After November 10, 1996	1,809	1,421	388	27.3%
Total	5,186	4,971	215	4.3%
Retired Members and Beneficiaries (Post June 30, 1997)	1,004	1,372	(368)	(26.8%)
Total Participants	6,190	6,343	(153)	(2.4%)
Annual Salaries of Active Members	\$287.9	\$274.7	\$ 13.2	4.8%
Annual Retirement Benefits for Retirees & Beneficiaries (Post June 30, 1997)	\$8.0	\$6.8	\$ 1.2	17.6%

Assets and Liabilities

Present Value of Future District Benefits	\$3,187.4	\$2,892.6	\$ 294.8	10.2%
District Assets of Valuation Purposes (Actuarial Value)	1,645.4	1,427.8	217.6	15.2%
Present Value of Future Employee Contributions	260.0	254.9	5.1	2.0%
Present Value of Future District Contributions	1,282.0	1,209.9	72.1	6.0%
Present Value of Future Salaries	3,487.4	3,445.2	42.2	1.2%
Current Value of District Assets (Market Value)	1,621.2	1,346.8	274.4	20.4%

Contribution Results

	FY 2006	FY 2005		
Normal Contribution Rate	36.8%	35.1%	1.7%	4.8%
Projected Payroll	\$317.3	\$302.4	\$ 14.9	4.9%
District Payment Before Adjustment	\$116.7	\$106.2	\$ 10.5	9.9%

District Payment After Adjustment	\$117.5	\$111.6 ⁴	\$ 5.9	5.3%
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Police Officers Retirement Fund
 (\$ in millions)

	<u>Participant Data</u>		<u>Change in</u>	
	October 1, 2004	October 1, 2003	<u>Value</u>	<u>%</u>
Active Members				
Hired Prior to February 15, 1980	146	209	(63)	(30.1%)
Hired Between February 15, 1980 and November 10, 1996	2,264	2,338	(74)	(3.2%)
Hired After November 10, 1996	1,316	1,107	209	18.9%
Total	3,726	3,654	72	2.0%
Retired Members and Beneficiaries (Post June 30, 1997)	774	1,027	(253)	(24.6%)
Total Participants	4,500	4,681	(181)	(3.9%)
Annual Salaries of Active Members	\$206.9	\$202.7	\$ 4.2	2.1%
Annual Retirement Benefits for Retirees & Beneficiaries (Post June 30, 1997)	\$6.2	\$5.2	\$ 1.0	19.2%
 <u>Assets and Liabilities</u>				
Present Value of Future District Benefits	\$2,304.5	\$2,144.9	\$ 159.6	7.4%
District Assets of Valuation Purposes (Actuarial Value)	1,183.4	1,026.9	156.5	15.2%
Present Value of Future Employee Contributions	183.4	189.7	(6.3)	(3.3%)
Present Value of Future District Contributions	937.7	928.3	9.4	1.0%
Present Value of Future Salaries	2,465.1	2,560.4	(95.3)	(3.7%)
Current Value of District Assets (Market Value)	1,164.7	966.2	198.5	20.5%

Contribution Results

⁴ There was an additional \$0.5 million contribution made in recognition of the District longevity service amendment, bringing the total FY 2005 District contribution to \$112.1 million.

	FY 2006	FY 2005		
Normal Contribution Rate	38.0%	36.3%	1.7%	4.7%
Projected Payroll	\$227.1	\$222.3	\$ 4.8	2.2%
District Payment Before Adjustment	\$86.3	\$80.7	\$ 5.6	6.9%
District Payment After Adjustment	\$86.9	\$84.1	\$ 2.8	3.3%

Fire Fighters' Retirement Fund
 (\$ in millions)

	<u>Participant Data</u>		<u>Change in</u>	
	October 1, 2004	October 1, 2003	<u>Value</u>	<u>%</u>
Active Members				
Hired Prior to February 15, 1980	153	184	(31)	(16.8%)
Hired Between February 15, 1980 and November 10, 1996	814	819	(5)	(0.6%)
Hired After November 10, 1996	493	314	179	57.0%
Total	1,460	1,317	143	10.9%
Retired Members and Beneficiaries (Post June 30, 1997)	230	345	(115)	(33.3%)
Total Participants	1,690	1,662	28	1.7%
Annual Salaries of Active Members	\$81.1	\$72.0	\$ 9.1	12.6%
Annual Retirement Benefits for Retirees & Beneficiaries (Post June 30, 1997)	\$1.8	\$1.6	\$ 0.2	12.5%

Assets and Liabilities

Present Value of Future District Benefits	\$882.8	\$747.7	\$ 135.1	18.1%
District Assets of Valuation Purposes (Actuarial Value)	462.0	400.9	61.1	15.2%
Present Value of Future Employee Contributions	76.5	65.2	11.3	17.3%
Present Value of Future District Contributions	344.3	281.6	62.7	22.3%
Present Value of Future Salaries	1,022.3	884.8	137.5	15.5%
Current Value of District Assets (Market Value)	456.5	380.6	75.9	19.9%

Contribution Results

	FY 2006	FY 2005		
Normal Contribution Rate	33.7%	31.8%	1.9%	6.0%
Projected Payroll	\$90.2	\$80.1	\$ 10.1	12.6%
District Payment Before Adjustment	30.4	25.5	\$ 4.9	19.2%
District Payment After Adjustment	30.6	27.5	\$ 3.1	11.3%

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, 2004				
Active Present Value of Future District Benefits	\$1,157.4	\$2,161.0	\$845.6	\$4,164.0
Inactive Present Value of Future District Benefits				
Retirees	164.6	66.5	23.9	255.0
Disabled Employees	15.1	68.0	10.8	93.9
Beneficiaries	2.7	9.1	2.6	14.4
Terminated Vested	<u>22.0</u>	<u>N/A</u>	<u>N/A</u>	<u>22.0</u>
Total Inactive	204.4	143.6	37.2	385.2
Total Present Value of Future District Benefits	1,361.8	2,304.5	882.8	4,549.1
Present Value of Accrued District Benefits as of October 1, 2004				
Active Present Value of Accrued District Benefits	\$330.8	\$285.7	\$151.9	\$768.4
Inactive Present Value of Accrued District Benefits	204.4	143.6	37.2	385.2
Total Present Value of Accrued District Benefits	535.2	429.3	189.1	1,153.6

3.5: §1-907.02(c) Adjustment to the Fiscal Year 2006 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 2006 District payment is calculated by taking the actual fiscal year 2004 covered payroll for each employee class (which is provided by the District) and then multiplying by the fiscal year 2004 normal contribution rates for each employee class, which were certified in the October 1, 2002 report. This result gives the fiscal year 2004 contribution that was required to be made by the District. The required contribution is then compared to the fiscal year 2004 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.

All \$ amounts in millions.

	Teachers	Police	Fire
(1) Actual FY 2004 Covered Payroll	\$334.0	\$205.3	\$77.4
(2) FY 2004 Normal Contribution Rate	0.8%	33.6%	35.3%
(3) Actual FY 2004 Contribution Required	\$2.7	\$69.0	\$27.3
(4) Actual FY 2004 Contribution Paid	\$2.9	\$68.4	\$27.1
(5) Preliminary D.C. Code §1-907.02(c) Adjustment to FY 2006 Payment [(3) - (4)]	(\$0.2)	\$0.6	\$0.2
(6) FY 2005 Unrecognized Amount	\$0.0	\$0.0	\$0.0
(7) Final D.C. Code §1-907.02(c) Adjustment to FY 2006 Payment [(5) + (6)]	(\$0.2)	\$0.6	\$0.2

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>	<u>Teachers' Retirement Fund</u>		<u>Police Officers and Fire Fighters' Retirement Fund</u>		<u>Total Fund</u>	
	<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%
9/30/2004	\$2.9	100%	\$106.2	100%	\$109.1	100%

The table below summarizes certain information about this actuarial report.

Valuation date	October 1, 2004
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%)