

FLORIDA RETIREMENT SYSTEM
Actuarial Valuation
as of
July 1, 2006



December 2006

This work product was prepared solely for the Florida Retirement System for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

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December 1, 2006

Ms. Sarabeth Snuggs
State Retirement Director
Division of Retirement
PO Box 9000
Tallahassee, FL 32315-9000

Dear Ms. Snuggs:

At your request, we have conducted our annual actuarial valuation of the Florida Retirement System (FRS) as of July 1, 2006, for determining contribution payments for Fiscal Year 2008. The major findings of the valuation are contained in the following report.

Section I contains an Executive Summary of the results of our valuation followed by four sections containing detailed information on FRS Assets (Section II), Liabilities (Section III), Contributions (Section IV), and Accounting Statements (Section V). In the Appendices, we provide information regarding actuarial methods and assumptions, a summary of plan provisions, membership statistics, cost projections, and a glossary of terms.

All costs and liabilities shown in this report have been determined on the basis of actuarial assumptions and methods set forth in Appendix A. The actuarial assumptions used in performing this valuation have been recommended by the actuary and adopted by the Actuarial Assumption Conference based on Milliman's most recent review of the System's experience for the period July 1, 1998 through June 30, 2003 completed during Plan Year 2004-2005. We believe these assumptions are reasonable and have used them for purposes of GASB Statements No. 25 and No. 27. For funding purposes, we believe that the assumptions are reasonable except for the retirement assumptions which have been modified to reflect the Assumption Conference decision on funding DROP. The current funding method treats the impact of DROP on a system basis meaning all classes' retirement rates do not explicitly recognize the probability of a member electing DROP participation. The results of this report are dependent upon future experience conforming to these assumptions. Differences between our projections and actual



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amounts depend on the extent to which future experience conforms to the assumptions used in this valuation. It is certain that actual experience will not conform exactly to the assumptions used in this valuation. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Actuarial computations under GASB Statements No. 25 and No. 27 are for purposes of fulfilling financial accounting requirements. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals, and of GASB Statements No. 25 and No. 27. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

In preparing our report we relied, without audit, on information (some oral and some written) supplied by the Division of Retirement. This information includes, but is not limited to, statutory provisions, employee census, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit provision or related expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. There were no known events that were not taken into account in the valuation. We have not assumed any changes in the trend of actuarial experience.

Milliman's work product was prepared exclusively for the Florida Department of Management Services, Division of Retirement for a specific and limited purpose. It is a complex technical analysis that assumes a high level of knowledge concerning the Florida Retirement System's operations, and uses Division data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional





Ms. Sarabeth Snuggs

December 1, 2006

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guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs. Any distribution of this report must be provided in its entirety including this cover letter, unless prior written consent is obtained from Milliman.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with Actuarial Standards of Practice, the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries. I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Respectfully submitted,

Milliman, Inc.

Robert S. Dezube, F.S.A.

Consulting Actuary, Enrollment #05-3397



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FLORIDA RETIREMENT SYSTEM

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SECTION I

EXECUTIVE SUMMARY



FLORIDA RETIREMENT SYSTEM
Actuarial Valuation as of July 1, 2006

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EXECUTIVE SUMMARY

This report presents the results of our July 1, 2006 actuarial valuation of the Florida Retirement System. In this section, we compare the 2005 and 2006 principal valuation results for the total System. This comparison includes an analysis of the primary factors contributing to the change in the FRS's assets, liabilities, and contributions since July 1, 2005. We conclude this section with summary comments regarding the System's overall financial condition.

We would like to point out several key changes reflected in this valuation:

- The composite normal cost rate has increased from 11.43% of pay as of July 1, 2005 to 11.52%. The increase was primarily attributable to the Special Risk Class payroll increasing proportionately more than the Regular Class payroll. Absent this payroll shift, the composite normal cost rate this year would have been 11.47%.
- The unfunded actuarial liability (including DROP Class liability) also changed due to an additional year of experience; in fact the surplus decreased from \$9.0 billion to \$7.6 billion. Florida Law establishes a mechanism for how to develop the resulting usable surplus. This amount is statutorily amortized over 10 years and translates to \$0.157 billion available surplus for the Plan Year 2007-2008.
- Prior to July 1, 2002, all members of the FRS Defined Benefit Program were provided a 90-day election period to elect between the Defined Benefit Program and the Public Employee Optional Retirement Program (PEORP). Members newly hired after the election period for their employee group are provided five months after their month of hire to file an election between the two primary programs. Members who do not make an election default into the Defined Benefit Program. After the period during which a member had the choice to elect the Defined Benefit Program or the PEORP, an employee will have one opportunity, at the employee's discretion, to choose to move from the Defined Benefit Program to the PEORP or from the PEORP to the Defined Benefit Program. During the initial election period, approximately 21,000 members (less than 4% of the active population) elected to transfer from the FRS Defined Benefit Program to the PEORP during the enrollment periods for existing defined benefit plan members. Due to the relatively small percentage making the election, the initial impact on the Defined Benefit Program was de minimus. Approximately \$363 million was transferred from the Defined Benefit Program to the PEORP in 2003 as a result of these elections creating an estimated actuarial gain of \$293 million. Whether the long-term impact will be more significant will be determined by the actions (i.e., elections) of future hires. While to date these elections have also been primarily to the FRS Defined Benefit Program, it is unknown whether this trend will continue.

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Members of the FRS Defined Benefit Program who elected to join PEORP and elected to transfer the present value of their service credits during the initial election period in 2002 and then choose to make a second election back to the Defined Benefit Program will not have to pay to the Defined Benefit Program the full cost of their actuarial liability. The cost of this potential subsidy is considered a contingent liability. This contingent liability is considered pre-funded because legislation enacted in 2001 "walls off" for 25 years the actuarial gain arising from these transfers to PEORP. The remaining contingent liability as of July 1, 2006 is \$238 million. Thus the available surplus of \$7.6 billion was reduced to \$7.4 billion prior to determining the available surplus for budget consideration.

In general, throughout this report, any reference to FRS refers to the FRS Defined Benefit Program, unless noted to the contrary.

The tables immediately following compare July 1, 2005 actuarial valuation results with July 1, 2006 actuarial results. The difference column shows the change between the final July 1, 2006 valuation results and the July 1, 2005 results.

A. Assets and Liabilities

A comparison of the actuarial liabilities and actuarial value of assets follows. These figures are based upon the actuarial assumptions used to determine the actuarial costs of the FRS (see Appendix A).

Valuation Results (numbers in \$ billions)			
	July 1, 2005	July 1, 2006	Difference
Actuarial Liability	\$ 102.5	\$ 109.5	\$ 7.0
Actuarial Value of Assets	\$ 111.5	\$ 117.1	\$ 5.6
Unfunded Actuarial Liability	\$ (9.0)	\$ (7.6)	\$ 1.4

In Section V of this report we present an additional measure of funded status, the "accumulated benefit obligation" (ABO), based on both the actuarial value of assets and the market value of assets.

B. Contributions

Contribution rates for each class are set by statute and consist of a normal cost contribution and an unfunded liability contribution. The unfunded liability amortization payment will consist primarily of costs or savings associated with plan changes,

EXECUTIVE SUMMARY

assumption changes, differences in actual and expected experience, or changes in actuarial methodology (if applicable). As of July 1, 2006 the FRS has a UAL (surplus) of (\$7.6) billion, prior to adjustments for the contingent liability.

The current surplus is 7.0% of the actuarial liability prior to recognition of the contingent liability and 6.8% after recognition of the contingent liability. Thus, ½ of the excess from 5% to 10% is available to be used. After the rate stabilization mechanism is applied approximately \$0.957 billion of the surplus is available for contribution rate reduction, or other Florida Retirement System uses. This surplus pursuant to Florida Law is amortized over 10 years, which translates to \$0.157 billion available for the Plan Year (PY) 2007-2008.

The comparative FRS Regular and Special Risk contribution rates resulting from the 2005 valuation and this valuation (prior to any use of the surplus) are as follows:

	July 1, 2005		July 1, 2006		Difference	
	Valuation Results		Valuation Results			
	FRS Reg	Special Risk	FRS Reg	Special Risk	FRS Reg	Special Risk
Normal Cost	9.55%	21.96%	9.59%	22.01%	0.04%	0.05%
Certain Post-1998 Benefit Increases and Experience Studies	0.00%	0.61%	-0.94%	-0.58%	-0.94%	-1.19%
Initial Surplus Reduction	<u>0.00%</u>	<u>-0.61%</u>	<u>0.94%</u>	<u>0.58%</u>	<u>0.94%</u>	<u>1.19%</u>
Preliminary FRS Contribution Rate	9.55%	21.96%	9.59%	22.01%	0.04%	0.05%
Additional Surplus Reduction	-0.92%	-2.39%				
Administrative Charge	<u>0.00%</u>	<u>0.00%</u>			Not determined	
Enacted DB FRS Contribution Rate (Prior to blending for the uniform rate structure)	8.63%	19.57%			Not determined	

The July 1, 2005 valuation provided proposed contribution rates for plan year 2006-2007. Hence, there is a two-year lag between when the rates are set and when the contribution dollars are coming into the System. The July 1, 2005 preliminary FRS contribution rates for all classes were reduced through use of the available surplus. The Special Risk reduction included an additional 0.61% to offset the cost attributable to the prior 12% increase in benefits for Special Risk Class members who retired prior to July 1, 2000, as shown above.

The current valuation proposes rates for plan year 2007-2008. Included in Section IV of this report we provided the preliminary contribution rate and prepared five possible scenarios assuming the Legislature uses all \$0.157 billion available surplus to reduce

EXECUTIVE SUMMARY

contribution rates. One scenario shows 1.45% is available for rate reduction for all classes except DROP, as compared to the 1.19% reduction last year (Table IV-3). Another scenario assumes the DROP contribution rate is reduced using surplus to 9.80%, the enacted DROP rate for the Plan Year 2006-2007, and the remaining 1.37%, is available for the rate reduction of all classes except DROP (Table IV-4). Tables IV-5, IV-6 and IV-7 show the utilization of all available surplus proportionate to each class's liability, payroll and normal cost, respectively. All tables show the utilization of available surplus for rate reduction after first offsetting the UAL cost by various percentages of payroll for the aforementioned certain post-1998 benefit increases and the 1998 and 2003 experience studies. **Please note these scenarios are meant for illustrative purposes only as possible uses of the surplus.**

The existence of a surplus and/or the rate stabilization mechanism may lead to an accounting disclosure under GASB Statement Number 27 (see Section V).

C. Membership

The total membership (active, terminated vested, retired, and DROP) of the FRS Defined Benefit Program increased by 19,108 members from 941,058 as of July 1, 2005, to 960,166 as of July 1, 2006, an increase of 2.0%. The total annualized payroll of active members (exclusive of DROP members) increased by 4.72%, from \$22.45 billion as of July 1, 2005 to \$23.51 billion as of July 1, 2006, an \$1.06 billion increase in payroll. A summary of membership growth by status follows:

	Valuation Results: Counts		
	July 1, 2005	July 1, 2006	% Change
Active Members	598,063	599,816	0.3%
Terminated Vested Members	74,864	79,928	6.8%
Retired Members	236,681	248,740	5.1%
DROP Members	<u>31,450</u>	<u>31,682</u>	0.7%
Total Members	941,058	960,166	2.0%

D. Experience

Several factors contributed to the changes in the FRS's assets, liabilities and contribution rates between July 1, 2005 and July 1, 2006. These factors included:

1. Assets:

The assets of the FRS, measured on an actuarial basis (i.e., smoothed), increased by \$5.620 billion. This change was attributable to the following:

Change Due to:

• Contributions Received	\$2.109
• Payment of Benefits, and Expenses	(5.350)
• Investment Experience	8.861
Total	\$5.620 billion

Of this total change, \$5.278 billion was expected, based on our assumption that the assets of the FRS would earn 7.75% during plan year 2005-2006. However, the actual annualized investment return on the actuarial value of assets was 8.06% resulting in an investment gain of \$0.342 billion. On a market value basis, the assets of the FRS earned 10.65%. On a year-by-year basis, the assets earned the following:

Asset Bases	Rates of Return*		
	2003/2004	2004/2005	2005/2006
Market Value	15.73%	10.71%	10.65%
Actuarial Value	6.93%	7.43%	8.06%

* Assumes net cash-flow occurs mid-year

2. *Liabilities:*

The actuarial liabilities of the FRS increased by \$6.990 billion. This increase is attributable to the following:

Change due to:

• Expected increase based on current assumptions	\$5.156
<u>(Gains) / Losses</u>	
• Healthy Retiree, Beneficiary & Terminated Vested Death	(0.486) ¹
• Disabled Retiree Death	(0.004)
• Inactive Data Clean-Up	1.143
• Active Withdrawal	(0.328) ^{2 & 3}
• Active Retirement	(0.072)
• Active Death	0.014
• Active Disability	(0.010)
• Salary Increases greater than expected	0.644
• New Actives (includes rehires)	0.860 ³
• New Renewed Members	0.081
• Actives Entering DROP	0.272
• Demographics/Other	(0.280)
Total Increase	\$6.990 Billion

The current financing method (see page I-12) for the DROP class makes it inconsistent with traditional gain/loss analysis. First, it makes any new DROP participant a source of actuarial loss since the retirement decrement reflects only expected retirements. Second, individual DROP liabilities are moved back to their original classes when the DROP membership ends. For purposes of this analysis, we have reallocated the DROP class gain/loss (see Table IV-2) to the seven traditional classes of membership.

¹ The retiree mortality experience was a \$30 million gain.

² Includes PEORP and transfers between membership classes.

³ Transfers between membership classes are valued as withdrawals from the prior membership class and new entrants into the new membership class.

3. *Unfunded Liability:*

The net change in the FRS's unfunded actuarial liability was an increase of \$1.370 billion (i.e., a decrease in the surplus of \$1.370 billion). The increase is attributable to the following:

Change due to:

• Expected Increase based on Current Assumptions	(\$0.122)	
• Favorable Investment Experience	(0.342)	
• Unfavorable Liability Experience	1.834	
• Assumption or Benefit Changes	0.000	
Total	\$1.370	Billion

See table on the following page for total gains/losses by class.

UAL (Gain)/Loss by Source (All Amounts in Thousands)

	FRS	---- Special Risk ----		--Elected Officers' Class --			Senior	Grand Total
	Regular	Regular	Administration	Judges	Leg-Atty-Cab	County	Management	
Total UAL (Gain)/Loss	\$1,167,156	\$155,380	\$1,844	\$50,645	\$3,081	\$13,001	\$100,824	\$1,491,930
Investment (Gain)/Loss (excluding DROP)	(\$281,794)	(\$58,528)	(\$269)	(\$2,873)	(\$288)	(\$1,355)	(\$6,313)	(\$351,421)
Allocation of DROP Investment (Gain)/Loss	<u>7,734</u>	<u>1,606</u>	<u>7</u>	<u>79</u>	<u>8</u>	<u>37</u>	<u>173</u>	<u>9,644</u>
Total Investment (Gain)/Loss	(\$274,061)	(\$56,922)	(\$262)	(\$2,794)	(\$280)	(\$1,318)	(\$6,140)	(\$341,777)
Liability (Gain)/Loss (excluding DROP)	\$1,061,165	\$125,699	\$1,714	\$47,187	\$2,532	\$12,130	\$87,602	\$1,338,029
Additional (Gain)/Loss due to DROP	<u>380,052</u>	<u>86,602</u>	<u>393</u>	<u>6,252</u>	<u>829</u>	<u>2,189</u>	<u>19,362</u>	<u>495,678</u>
Total Liability (Gain)/Loss	\$1,441,217	\$212,301	\$2,106	\$53,439	\$3,361	\$14,318	\$106,964	\$1,833,707
Liability (Gain)/Loss by Source								
Healthy Inactive Experience	(\$343,709)	(\$140,854)	(\$1,609)	\$17,963	(\$505)	(\$2,842)	(\$14,438)	(\$485,994)
Disabled Inactive Experience	(4,080)	20	10	0	0	(11)	(167)	(4,228)
Inactive New Entrants	927,778	191,525	1,192	4,926	190	1,241	16,621	1,143,473
Active Withdrawal ¹	(56,657)	(264,714)	(984)	(477)	348	693	(6,437)	(328,228)
Active Retirement	(59,204)	(7,979)	(66)	(324)	(153)	(1,077)	(3,452)	(72,255)
Active Death	14,326	(615)	3	160	7	269	212	14,362
Active Disability	(6,645)	(3,499)	0	(149)	(3)	(23)	679	(9,640)
Salary Increases less than Expected	403,263	200,997	(288)	4,232	(40)	4,760	31,516	644,440
New Actives (includes Rehires) ¹	497,671	341,664	701	1,986	87	394	17,577	860,080
New Renewed Members	80,746	1,393	0	(513)	(43)	(734)	487	81,336
Actives Entering DROP	189,872	77,385	912	9,452	794	2,407	(8,326)	272,497
Demographics/ Other	<u>(202,144)</u>	<u>(183,022)</u>	<u>2,235</u>	<u>16,183</u>	<u>2,679</u>	<u>9,241</u>	<u>72,692</u>	<u>(282,136)</u>
Total Liability (Gain)/Loss	\$1,441,217	\$212,301	\$2,106	\$53,439	\$3,361	\$14,318	\$106,964	\$1,833,707
Total UAL (Gain)/Loss	\$1,167,156	\$155,380	\$1,844	\$50,645	\$3,081	\$13,001	\$100,824	\$1,491,930

¹ Transfers between membership classes are valued as withdrawals from the prior membership class and new entrants into the new membership class.



4. Contributions (prior to the Legislature’s use of the surplus):

On a level-rate-of-pay basis, the FRS contribution rates for each membership class changed as follows:

	FRS	----- Special Risk -----		-- Elected Officers' Class --			Senior
	<u>Regular</u>	<u>Regular</u>	<u>Administration</u>	<u>Judicial</u>	<u>Leg-Atty-Cab</u>	<u>County</u>	<u>Management</u>
• July 1, 2005 Normal Cost	9.55%	21.96%	12.65%	20.44%	14.80%	17.08%	13.29%
• UAL Cost (Special Risk 12% Benefit Increase)	0.00%	0.61%	0.00%	0.00%	0.00%	0.00%	0.00%
• Surplus Used for Rate Reduction	<u>-0.92%</u>	<u>-3.00%</u>	<u>-1.29%</u>	<u>-2.08%</u>	<u>-1.50%</u>	<u>-1.93%</u>	<u>-1.17%</u>
• Subtotal July 1, 2005 Contribution Rate ¹	8.63%	19.57%	11.36%	18.36%	13.30%	15.15%	12.12%
• Impact of							
- Retirements, Disabilities, Terminations, and Transfers within membership classes	-0.01%	-0.01%	-0.74%	-0.05%	0.12%	0.00%	0.03%
- Actual Salary Increases	0.01%	0.02%	-0.01%	-0.01%	0.05%	0.03%	0.01%
- New Entrants (excludes transfers)	0.03%	0.04%	0.00%	0.05%	-0.17%	-0.18%	0.02%
- New Assumptions / Plan Changes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
- Other Experience	0.01%	0.00%	0.00%	0.03%	0.19%	0.22%	0.00%
• July 1, 2006 Normal Cost	9.59%	22.01%	11.90%	20.46%	14.99%	17.15%	13.35%
• UAL Cost (Certain Post-1998 Benefit Increases and 1998 and 2003 Experience Studies)	<u>-0.94%</u>	<u>-0.58%</u>	<u>18.40%</u>	<u>1.39%</u>	<u>1.48%</u>	<u>3.74%</u>	<u>2.38%</u>
• Total July 1, 2006 Contribution Rate ²	8.65%	21.43%	30.30%	21.85%	16.47%	20.89%	15.73%

¹ 2006 Legislation used additional surplus beyond that available under the Rate Stabilization Mechanism to further reduce the contribution rates.

² Before surplus utilization beyond UAL Cost.



E. Graphs

Chart A: ASSET / LIABILITIES

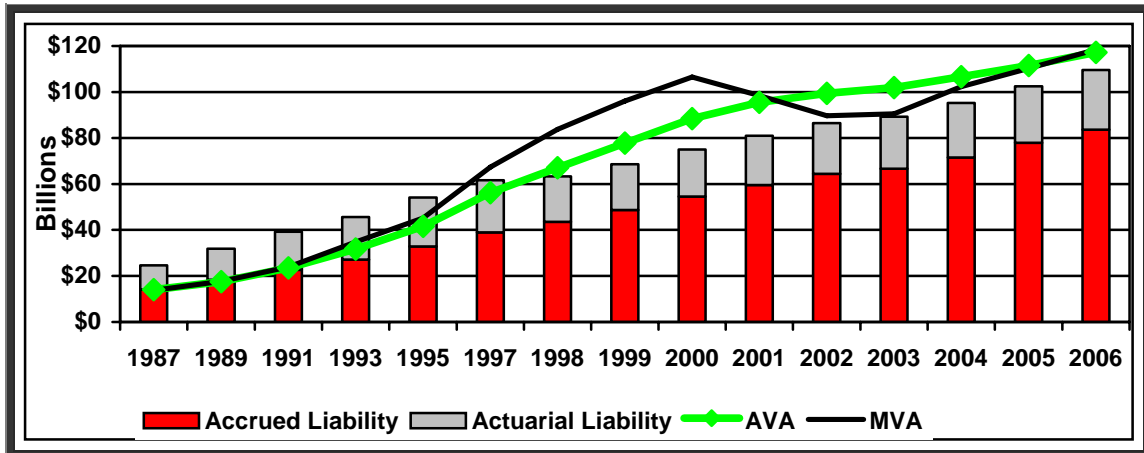


Chart B: CASH FLOWS

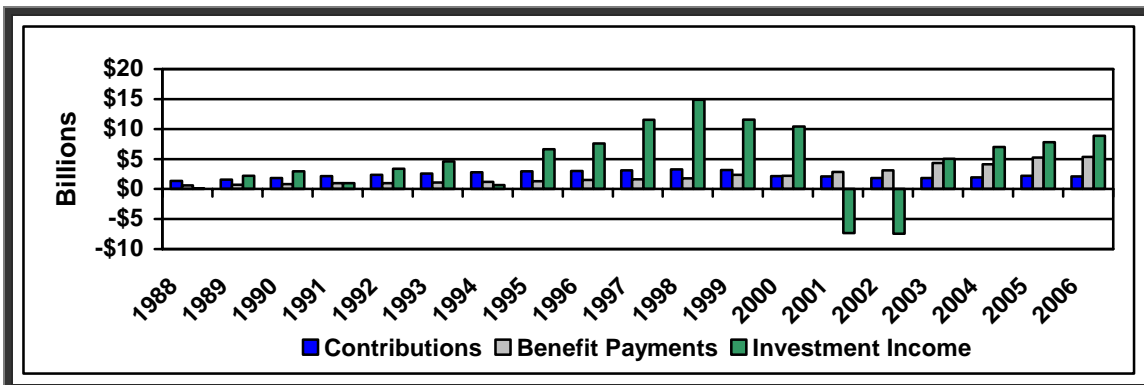
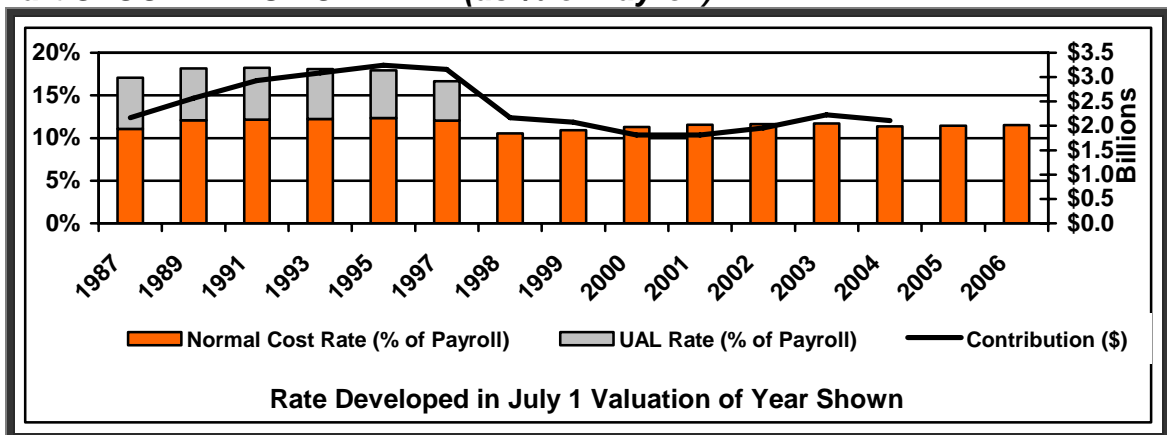


Chart C: CONTRIBUTION RATE (as % of Payroll)



* As discussed earlier, the contribution rate developed in this report is for plan year 2007 – 2008. Therefore, our graph above accounts for the two-year lag between the development of the contribution rate and the actual contribution to the System.

F. Summary Comments

We caution that the results herein are applicable only for the next year. With the following caveats, we expect that as the available surplus diminishes, contribution rates will continue to trend toward the normal cost rates (subject to the net impact of charge and credit amortization bases.)

- Benefit and payroll increases always have a direct impact on costs and liabilities.
- The state of the economy affects membership turnover (i.e., if job mobility or security is uncertain, people tend to stay, hence increasing benefits earned).
- The extremely favorable investment returns prior to 2000 helped to mitigate the unfavorable investment returns in 2001-2003 and maintain the actuarial surplus. The FRS experienced favorable investment returns in PY 2003-04, PY 2004-05, and PY 2005-06. In fact, this is the first year in several that the market value of assets has exceeded the actuarial value of assets. Investment return on an actuarial basis (8.06%) exceeded the 7.75% investment assumption. Unfavorable investment returns in the future would erode the actuarial surplus. For example, returns as shown in the following table would produce the corresponding estimated surplus amounts assuming no liability gains or losses.

Market Return		UAL / (Surplus) ¹⁾ measured as of		
PY 2006–2007	PY 2007–2008	July 1, 2006	July 1, 2007	July 1, 2008
7.75%	7.75%	\$ (7,402)	\$ (8,079)	\$ (8,916)
0.00%	7.75%	(7,402)	(6,257)	(5,383)
0.00%	0.00%	(7,402)	(6,257)	(3,596)
6.70% ²⁾	6.70%	(7,402)	(7,837)	(8,193)

¹⁾ Numbers in Millions

²⁾ The estimated market value as of September 30, 2006 was \$124.45 billion as supplied by the State Board of Administration. The 6.70% is the necessary market return required to reflect a \$124.45 billion market value as of July 1, 2007.

- The reader should note that while the effect of the implementation of PEORP is included in this report, the initial election percentage was less than 5%. Current election percentages are around 7.5% of total active membership. Elections by future hires may have a more material impact if a much larger percentage elect PEORP.

- The most recent experience study covered the period from July 1, 1998 to June 30, 2003. Typically experience studies are performed every five years and compare actual plan experience to the assumptions set forth in this report. This valuation reflects the assumption changes proposed by the June 30, 2003 experience study and adopted in plan year 2004 - 2005.

We mention these caveats because the actuarial process merely measures the impact of these factors on FRS costs and liabilities after they have occurred. Unanticipated benefit or salary changes, changes in member behavior (e.g. withdrawal rates, rates of retirement, etc.), or changes in investment return could necessitate a change in the contribution rates.

Finally, we caution the readers of this report not to overemphasize the results of any single valuation; the trends are more important.

G. DROP Contribution Rate

Since the FRS funds the DROP through a separate contribution rate, we have developed a contribution rate associated with the actual cost of the DROP. We isolated the cost of the DROP by comparing the results of two scenario valuations:

- One in which the DROP did not exist. In this scenario we estimated that half of those electing to go into DROP would have retired in the absence of the DROP.
- One in which the DROP exists as it does today.

The difference in the dollar amount of the normal cost and amortization cost of the two scenarios is the amount needed to fund the DROP. We divided this dollar amount by current DROP payroll to determine the new DROP contribution rate of 10.89%, which is the same as that calculated last year.

SECTION II

ASSETS



FLORIDA RETIREMENT SYSTEM
Actuarial Valuation as of July 1, 2006

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In many respects, an actuarial valuation can be considered as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is July 1, 2006. On that date the assets available for the payment of benefits are appraised. The 2005 asset values do not reflect any changes made to the financial statements after preparation of the 2005 actuarial valuation report. These assets are compared with the actuarial liabilities. The actuarial process thus leads to a method of determining what contributions by members and/or their employers are needed to systematically eliminate the shortfall, if any.

This section of the report deals with the asset determination. In the next section, the actuarial liabilities will be discussed. Section IV will deal with the process for determining required contributions, based upon the relationship between the assets and actuarial liabilities.

Two measures of FRS assets are presented in the valuation:

The market value of assets tends to be the more erratic of the two asset measures and therefore is not used for determining the required payroll contribution rates.

The actuarial value of assets is a second measure of FRS asset holdings. It is the market value of all assets with a smoothing technique applied to mitigate market fluctuations. It is developed and used to stabilize the required FRS contributions.

The actuarial valuation measure, implemented in 1989, reflects a five-year averaging methodology, as required by Florida Law (S.121.031(3)(a), Florida Statutes). Under this method, the expected actuarial value of assets is determined by crediting the rate of investment return assumed in our valuation (8% through June 30, 2004, 7.75% beginning July 1, 2004) to the prior year's actuarial value of assets. Then, 20% of the difference between the actual market value and the expected actuarial value of assets is recognized. Table II-3 presents the details of this calculation.

Five tables are presented in this section, summarizing the financial resources of the System on July 1, 2006. The assets are analyzed by category in Table II-1. Table II-2 shows the reconciliation of assets from July 1, 2005 to July 1, 2006. Table II-3 provides a detailed development of the July 1, 2006 actuarial value of assets. In Table II-4, the actuarial value of assets is allocated to each employee group, based on estimated cash flows. Finally in Table II-5, rates of return are presented along with a comparison of asset allocation figures between 2005 and 2006.

The data for Table II-1 (Market Value as of July 1, 2006) was furnished to us by the Division of Retirement. The values have been accepted for use in this report without audit, but have been reviewed for consistency and reasonableness, when compared to prior reports.

Table II-1
Florida Retirement System
Summary of Assets (Market)
(by Asset Category)
(\$ in Thousands)

<u>Asset Category</u>	Market Value as of July 1,	
	<u>2005</u>	<u>2006</u>
1. Common Stock	\$78,594,946	\$85,531,185
2. Bonds	\$27,629,030	\$25,462,843
3. Real Estate	\$4,596,263	\$5,205,999
4. Temporary Investments	\$5,566,378	\$19,394,432
5. Cash – Including Certificates of Deposit	\$286,074	\$825,606
6. Receivables	\$2,877,357	\$2,836,720
7. Miscellaneous	\$745	\$657
8. Reverse Purchase Agreements	\$816,749	\$560,064
Gross Assets	\$120,367,542	\$139,817,506
9. Current Liabilities and Reserves	(\$10,161,648)	(\$21,290,782)
Total Net Assets	\$110,205,894	\$118,526,724

**Table II-2
Florida Retirement System**

Reconciliation of Market Value of Assets

Total Net Assets as of June 30, 2005	\$110,205,894,407
+ Contributions by Source:	
Pension Contributions – State ¹	537,215,151
Pension Contributions - Non-State ¹	1,781,877,843
Pension Contributions - PEORP	13,589,409
Pension Contributions - Employees	30,723,313
Transfer from ORP	2,446
Transfer from OAP	0
Other	0
+ Interest and Dividends:	
Interest Income	1,313,272,444
Dividend Income	1,405,760,887
Real Estate Income	299,270,855
Other ²	(143,578,791)
+Net Realized and Unrealized Appreciation: 8,686,904,009	
- Pension Payments:	4,537,473,049
- Contribution Refunds:	3,185,597
- Disbursements – PEORP	1,035,245,564
- Expenses: ²	14,804,051
- Transfers to Other Funds and Departments ¹ :	13,499,937
Total Net Assets as of June 30, 2006	\$118,526,723,775

¹ Includes PEORP Administrative fees.

² Effective with the implementation of GASB #25, certain investment expenses (contractual services and fees) are used to offset investment income rather than being classified as expenses.

**Table II-3
Florida Retirement System
Development of 2006
Actuarial Value of Assets**

1. Market Value of Assets on July 1, 2005	\$110,205,894,407
2. Actuarial Value of Assets on July 1, 2005	\$111,539,878,303
3. 2005/2006 Net Cash Flow (Contributions less Benefits and Expenses)	(\$3,240,800,036)
4. Value of Assets, July 1, 2006, if items 2 and 3 earned an assumed rate of 7.75%	\$116,817,837,834
5. Market Value of Assets, July 1, 2006	\$118,526,723,775
6. Net Assets (Actuarial Value Basis) Available for Benefits 4 + ((5 - 4) x 20%)	\$117,159,615,022
7. 120% of Market Value [120% (5)]	\$142,232,068,530
8. 80% of Market Value [80% (5)]	\$94,821,379,020
9. Actuarial Value of Assets on July 1, 2006 Lesser of (6) and (7), but not less than (8)	<u>\$117,159,615,022</u>

Table II-4
Florida Retirement System
Breakdown of Actuarial Value of Assets
By Membership Class
(\$ in Thousands)

	FRS	----- Special Risk -----		-- Elected Officers' Class --			Senior	Total	
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	DROP	System
1. Allocated Actuarial Value of Assets by Class, July 1, 2005	\$91,847,097	\$18,816,491	\$89,135	\$936,319	\$94,565	\$447,575	\$2,037,002	(\$2,728,306)	\$111,539,878
2. Total Contribution for the Plan Year	1,229,820	577,691	269	18,663	867	7,169	43,573	161,435	2,109,488
3. Benefit Payments and other Disbursements	3,737,290	564,099	5,401	42,892	4,730	30,957	56,475	908,443	5,350,288
4. Estimated Investment Earnings during the Year	7,305,495	1,517,333	6,977	74,499	7,467	35,120	163,681	(250,035)	8,860,537
5. Net Transfers	(110,747)	0	0	0	0	12,008	98,739	0	0
6. Allocated Actuarial Value of Assets by Class, July 1, 2006	\$96,604,375	\$20,347,416	\$90,980	\$986,589	\$98,169	\$470,915	\$2,286,520	(\$3,725,349)	\$117,159,615

As previously discussed in Section I, Executive Summary, in aggregate the Unfunded Actuarial Liability is eliminated. On the basis of prior discussions with the Division of Retirement (dating back to 1998 when all existing UAL was considered fully amortized), assets, on an actuarial basis, were transferred from the Regular Class of membership to the Senior Management Class (\$98.739 million) and the Elected County Officers' Class (\$12.008 million) to eliminate the Unfunded Actuarial Liability for those classes of membership. Thus, the actuarial value of assets will equal or exceed the actuarial liabilities for every class of FRS membership other than DROP.

**Table II-5
Florida Retirement System**

A. Rates of Return on Investments ¹

<u>Asset Bases</u>	Rates of Return		
	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>
Market Value	15.73%	10.71%	10.65%
Actuarial Value	6.93%	7.43%	8.06%

¹ Assumes net cash flow occurs mid-year.

B. Allocation of Assets at Market Value

<u>Asset Category</u>	<u>July 1, 2005</u>	<u>July 1, 2006</u>
Stocks	71.32%	72.16%
Bonds	25.07%	21.48%
Real Estate	4.17%	4.39%
Temporary Investments	5.05%	16.36%
Cash	0.26%	0.70%
Other (includes receivables & payables)	-5.87%	-15.09%
	100%	100%

SECTION III

LIABILITIES



FLORIDA RETIREMENT SYSTEM
Actuarial Valuation as of July 1, 2006

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In the previous section, an actuarial valuation was compared to an inventory process, and an analysis was given of the inventory of assets of the FRS as of the valuation date, July 1, 2006. In this section, the discussion will focus upon the commitments of the FRS, which will be referred to as its actuarial liabilities. In later sections, other liabilities are presented (Section V) based on accounting principles of FASB and GASB. It is important to note that the accountant's liabilities are presented for disclosure and comparison purposes and that the actuarial liabilities in this section are used for determining the FRS contribution requirements.

The liabilities presented in this report differ by whether future anticipated salary increases or service credits are included in the calculation. Actuarial liabilities include future salary increases and service credits. The GASB No. 25 accounting liabilities include future salary increases and service credits (actuarial liabilities). FASB accounting liabilities do not include either future salary increases or future service credits. See Section V of this report for further information on GASB No. 25 and other accounting liabilities.

A fundamental principle in financing a retirement program is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit distribution. There are several methods that could be used in making such a determination.

The method used for this valuation is referred to as the "entry age actuarial cost method." Under this method, a level percent of pay (employer cost) is determined which will pay for projected benefits at retirement for a new entrant into the plan if future experience actually matches the actuarial assumptions. The level percent required is called the normal cost rate and the product of that rate and payroll is the normal cost.

The actuarial liability is that portion of the actuarial present value of projected benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and funds accumulated as of the same date is referred to as the unfunded actuarial liability (UAL). (If the difference is negative, the excess of the funds accumulated over the liabilities may be referred to as the surplus.) If the employer's contributions exceed the employer's normal cost for the year, after allowing for interest earned on the previous balance of the UAL, this UAL will be reduced. Benefit improvements, actuarial gains and losses, and changes in actuarial procedures will also have an effect on the total actuarial liability and on the UAL.

After the amount of the UAL has been determined, a schedule of contributions is established to amortize it. Section IV of the report discusses the contribution schedules in detail.

Table III-1 contains a breakdown of the actuarial liabilities and unfunded actuarial liabilities/(surplus) in the FRS for both the 2005 and 2006 valuations. In Table III-2, the 2006 liabilities are shown for each employee group.

Legislation enacted in 2001 “walls off,” for 25 years, the actuarial gains arising from former Pension Plan participants electing the Investment Plan option. The “walled off” amount is called the contingent liability. The actuarial liabilities generally do not include the contingent liability. However, surplus used for contribution rate reductions is net of the contingent liability. Table III-3 shows contingent liability and the number of participants, by class, who elected to transfer from the Retirement Plan to the Investment Plan.

**Table III-1
Florida Retirement System
Actuarial Liabilities
(\$ in Thousands)**

	<u>July 1, 2005</u>	<u>July 1, 2006</u>
1. Actuarial Liabilities for:		
(a) Active Members	\$51,314,707	\$53,984,772
(b) Retired, Disabled and Beneficiary Members	35,742,438	39,352,163
(c) Terminated Vested Members	3,322,825	3,539,361
(d) DROP	<u>12,149,046</u>	<u>12,642,747</u>
2. Total Actuarial Liability	\$102,529,016	\$109,519,043
3. Actuarial Value of Assets	<u>\$111,539,878</u>	<u>117,159,615</u>
4. Unfunded Actuarial Liability / (Surplus)	(\$9,010,862)	(\$7,640,572)
5. PEORP Contingent Liability ¹⁾	<u>249,949</u>	<u>238,465</u>
6. Surplus Available for Rate Reduction	(\$8,760,913)	(\$7,402,107)

1) See Table III-3.

**Table III-2
Florida Retirement System
Actuarial Liabilities
July 1, 2006
(\$ in Thousands)**

	FRS Regular	---- Special Risk ---- Regular	Administration	Judicial	-- Elected Officers' Class -- Leg-Atty-Cab	County	Senior Management	DROP	Total System
1. Present Value of Benefits for:									
a. Active Members	\$56,708,099	\$20,190,907	\$16,953	\$598,425	\$34,025	\$235,076	\$2,089,213	\$0	\$79,872,698
b. Retired, Disabled and Beneficiary Members	31,526,657	6,394,921	57,271	385,300	45,227	283,332	659,455	12,642,747	51,994,910
c. Terminated Vested Members	<u>2,894,555</u>	<u>492,104</u>	<u>1,611</u>	<u>17,676</u>	<u>6,296</u>	<u>19,699</u>	<u>107,420</u>	<u>0</u>	<u>3,539,361</u>
d. Total Present Value of Benefits (a)+(b)+(c)	\$91,129,311	\$27,077,932	\$75,835	\$1,001,401	\$85,548	\$538,107	\$2,856,088	\$12,642,747	\$135,406,969
2. Present Value of Future Normal Cost (Actives):	\$16,291,031	\$8,735,186	\$3,276	\$213,936	\$7,737	\$67,192	\$569,568	\$0	\$25,887,926
3. Actuarial Liabilities for:									
a. Active Members (1a – 2)	\$40,417,068	\$11,455,721	\$13,677	\$384,489	\$26,288	\$167,884	\$1,519,645	\$0	\$53,984,772
b. Retired, Disabled and Beneficiary Members (1b)	31,526,657	6,394,921	57,271	385,300	45,227	283,332	659,455	12,642,747	51,994,910
c. Terminated Vested Members (1c)	<u>2,894,555</u>	<u>492,104</u>	<u>1,611</u>	<u>17,676</u>	<u>6,296</u>	<u>19,699</u>	<u>107,420</u>	<u>0</u>	<u>3,539,361</u>
d. Total Actuarial Liability (a)+(b)+(c)	\$74,838,280	\$18,342,746	\$72,559	\$787,465	\$77,811	\$470,915	\$2,286,520	\$12,642,747	\$109,519,043
4. Actuarial Value of Assets	<u>\$96,604,375</u>	<u>\$20,347,416</u>	<u>\$90,980</u>	<u>\$986,589</u>	<u>\$98,169</u>	<u>\$470,915</u>	<u>\$2,286,520</u>	<u>(\$3,725,349)</u>	<u>\$117,159,615</u>
5. Unfunded Actuarial Liability / (Surplus)	(\$21,766,095)	(\$2,004,670)	(\$18,421)	(\$199,124)	(\$20,358)	\$0	\$0	\$16,368,096 ¹	(\$7,640,572)
6. Present Value of Future Pay	\$173,862,943	\$40,063,466	\$26,321	\$1,061,793	\$52,171	\$401,638	\$4,298,917	\$0	\$219,767,249

¹ This is a bookkeeping item. DROP liabilities include the total present value of benefits to all members currently in DROP. When a member leaves DROP, their liability is transferred to the class of membership from which they retired.



Table III-3
Public Employee Optional Retirement Program (PEORP)
Contingent Actuarial Liabilities
July 1, 2006
(\$ in Thousands)

	<u>FRS</u> <u>Regular</u>	<u>----Special Risk----</u> <u>Regular</u> <u>Administration</u>	<u>----Elected Officers' Class----</u> <u>Judicial</u> <u>Leg-Atty-Cab</u> <u>County</u>	<u>Senior</u> <u>Management</u>	<u>DROP</u>	<u>Total</u> <u>System</u>
<u>As of July 1, 2005</u>						
Contingent Liability	\$226,808	\$11,885 (\$28)	(\$621) \$167 \$157	\$11,580	N/A	\$249,949
Participant Counts	13,672	476 2	8 7 26	376	N/A	14,567
<u>As of July 1, 2006</u>						
Contingent Liability ^{1&2}	\$216,895	\$11,703 (\$30)	(\$752) \$180 \$149	\$10,320	N/A	\$238,465
Participant Counts	12,134	435 2	9 7 23	311	N/A	12,921

¹ The contingent liability is not included in the actuarial liabilities of FRS and is removed from the surplus.

² The contingent liability as of July 1, 2006 is calculated as the July 1, 2003 contingent liability increased by three years of interest, adjusted for the proportion of original transfers remaining in PEORP.

SECTION IV

CONTRIBUTIONS



FLORIDA RETIREMENT SYSTEM
Actuarial Valuation as of July 1, 2006

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If there were a difference between the actuarial liabilities and the assets it would have to be made up of (1) the excess of future contributions over normal costs and (2) the excess of actual investment returns over assumed returns. An actuarial valuation sets out a schedule of future contributions that will deal with this deficiency in an orderly fashion. Since FRS has an actuarial surplus, contributions are allowed to fall below the Normal Cost. In this section we develop and present the possible FRS contribution rates based on the July 1, 2006 membership data to be effective for the Plan Year beginning July 1, 2007.

First, we present a description of the actuarial method used to determine the FRS contribution. This is followed by a series of tables presenting the details of our calculations.

A. Funding Methods

The actuarial cost method used to determine the pattern of future contributions is called the "entry age actuarial cost method". Under this method (as is the case for most actuarial cost methods), the contributions required are based on two elements:

- The normal cost
- The amortization payment to liquidate the unfunded actuarial liability (UAL) or surplus.

These elements are described in more detail below.

1. Normal Cost

Under the entry age actuarial cost method, the normal cost rate is that level percentage of pay, which would fully fund a member's benefit at retirement, if paid from the year of entry (i.e., "entry age") to the year of retirement if future experience exactly matches the actuarial assumptions.

We have determined the normal cost rates for the FRS separately by type of employee and benefit. These are summarized in Table IV-1.

2. Unfunded Actuarial Liability (UAL)

The term "fully funded" is often applied to a system where contributions at the normal cost rate are completely adequate to pay for the benefits of all existing employees. More often than not, systems are not fully funded, either because benefit improvements in the past have not been completely paid for, or because actuarial

deficiencies have occurred due to experience that has not been as favorable as anticipated. Under these circumstances, an unfunded actuarial liability (UAL) exists. For the FRS, this is the ninth year that it has an actuarial surplus.

Table IV-2 shows how the UAL/surplus was derived for the FRS. A key consideration in appraising the adequacy of the funding of the FRS is how the UAL, if any, is being funded.

Since the 1998 actuarial valuation, all UAL bases in existence at that time are considered fully amortized. Plan changes, assumption changes, and funding method changes that arise after that date are amortized over 30 years, with future gains and losses being combined into a single base each valuation period and then amortized at 10% per year (i.e. approximately a 17-year period). However, future gains and losses would not be subject to amortization unless a UAL reemerges.

B. EMPLOYER CONTRIBUTION RATES

Table IV-3, Table IV-4, Table IV-5, Table IV-6 and Table IV-7 present a range of possible employer contribution rates. Each table shows the use of all available surplus; first to pay the UAL attributable to certain post-1998 benefit increases and the 1998 and 2003 experience studies, and then for rate reduction for all actives.

Table IV-3 assumes all the remaining available surplus is used for rate reduction evenly for all classes except DROP.

Table IV-4 assumes all the remaining available surplus is first used to reduce the DROP class contribution rate to 9.80% (the legislated rate for plan year 2006-2007) and then any remaining surplus is applied to reduce the contribution rates evenly over all the other classes.

Table IV-5 assumes the available surplus is allocated to each class based on its proportion of the total Actuarial Accrued Liability.

Table IV-6 assumes the available surplus is allocated to each class based on its proportion of the Total Active Payroll.

Table IV-7 assumes the available surplus is allocated to each class based on its proportion of the Normal Cost, and to DROP based on the expected contribution.

As previously mentioned, since July 1, 1998, the actuarial value of assets exceeded the actuarial liabilities. Because of this, all pre-1998 amortization bases were

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considered to be fully amortized and therefore extinguished. The contribution rate is therefore equal to:

The normal cost *less* the sum of:

- The amortization of the changes in liabilities attributable to certain post-1998 benefit increases and the 1998 and 2003 experience studies.
- Any additional rate reductions possible due to surplus available under the rate stabilization mechanism.

The FRS has been enjoying the surplus position for several years and legislation was enacted pertaining to how that surplus is used. House Bill 2393 passed during the 2000 Legislative Session implemented a rate stabilization methodology to monitor use of the surplus. The final contribution rates enacted by the Legislature since Plan Year 2000-2001 reflected the use of the surplus available under the rate stabilization mechanism to lower contribution rates.

Since the funding surplus developed in this actuarial valuation exceeds 5% of the actuarial liability (the actual percentage is 7.0% of the actuarial liability prior to recognition of the contingent liability and 6.8% after recognition of the contingent liability), ½ of the excess from 5% to 10% is available for use under the rate stabilization mechanism. After the rate stabilization mechanism is applied, approximately \$0.957 billion of the surplus is available for contribution rate reduction or other Florida Retirement System uses. This surplus, pursuant to Florida Law, is amortized over 10 years, which translates to \$0.157 billion available for the 2007-2008 Plan Year.

Below is an excerpt from Table D-3, which provides a projection of the available surplus. This table assumes several prior rate reductions, credits, or offsets would continue for plan year 2007-2008. These items (in aggregate a credit) increase the total available surplus of \$0.157 billion to \$0.356 billion. Item (7) then reflects the Legislature then enacting rates to make use of the total surplus. If these items are adopted by the Legislature, none of the available surplus will remain. Table IV-4 presents this possible scenario.

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	2007 – 2008 Plan Year (in millions)
1 Estimated Surplus Available RSM	\$157.4
2 Increase in Available Surplus from prior year	(\$140.3)
<u>Surplus Utilization</u>	
3 12% Increase in Special Risk benefits (in pay status before 07/01/2000)	(\$20.7)
4 Special Risk Minimum In-Line-of-Duty Disability Increased to 65%	\$0.3
5 1993-1998 Experience Study Assumption Changes	\$26.5
6 1998-2003 Experience Study Assumption Changes	<u>\$192.7</u>
Subtotal [(3) + (4) + (5) + (6)]	\$198.8
7 Across the Board Rate Reduction of -1.45%	<u>(\$354.6)</u>
Total [Subtotal + (7)]	(\$155.8)
8 Surplus Available After Previously Legislated Rate Reduction and using remaining available surplus for Rate Reduction for all classes but DROP [(1) + Total] =	(\$1.6)

Please refer to table D-3 for important footnotes that should be understood when reading this table.

C. CHANGES SINCE PRIOR VALUATION

None.

**Table IV-1
Florida Retirement System
Normal Cost Rates by Decrement
July 1, 2006**

	FRS	----- Special Risk -----		-- Elected Officers' Class --			Senior	DROP	Composite Rate
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management		
1. Vested Benefits and Early Retirement	2.90%	3.80%	3.17%	3.27%	7.75%	5.55%	3.25%	NA	3.05%
2. Regular Retirement	5.89%	16.16%	7.49%	15.20%	6.25%	10.34%	9.22%	NA	7.48%
3. Non-Duty Death	0.17%	0.36%	0.18%	0.90%	0.38%	0.54%	0.29%	NA	0.21%
4. Line of Duty Death	0.14%	0.31%	0.28%	0.29%	0.24%	0.25%	0.18%	NA	0.16%
5. Non-Duty Disability	0.39%	0.80%	0.37%	0.64%	0.27%	0.36%	0.33%	NA	0.45%
6. Line of Duty Disability	0.10%	0.58%	0.41%	0.16%	0.10%	0.11%	0.08%	NA	0.17%
7. Total Normal Cost	<u>9.59%</u>	<u>22.01%</u>	<u>11.90%</u>	<u>20.46%</u>	<u>14.99%</u>	<u>17.15%</u>	<u>13.35%</u>	<u>NA</u>	<u>11.52%</u>

**Table IV-2
Florida Retirement System
Unfunded Actuarial Liability (UAL) Bases
July 1, 2006
(\$ in Thousands)**

	FRS	----- Special Risk -----		-- Elected Officers' Class --			Senior		Total
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	DROP	
1. Expected UAL / (Surplus)	(\$22,656,211)	(\$2,071,841)	(\$19,866)	(\$243,438)	(\$22,602)	\$1,233	\$17,450	\$15,862,773	(\$9,132,502)
2. Actuarial Accrued Liability (Table III-2)	\$74,838,280	\$18,342,746	\$72,559	\$787,465	\$77,811	\$470,915	\$2,286,520	\$12,642,747	\$109,519,043
3. Actuarial Value of Assets (Table II-4)	<u>96,604,375</u>	<u>20,347,416</u>	<u>90,980</u>	<u>986,589</u>	<u>98,169</u>	<u>470,915</u>	<u>2,286,520</u>	<u>(3,725,349)</u>	<u>117,159,615</u>
4. Total UAL / (Surplus) (2 - 3)	(\$21,766,095)	(\$2,004,670)	(\$18,421)	(\$199,124)	(\$20,358)	\$0	\$0	\$16,368,096	(\$7,640,572)
5. Net Transfers	<u>110,747</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(12,008)</u>	<u>(98,739)</u>	<u>0</u>	<u>0</u>
6. New UAL Base Attributable to 2005-2006 (Gain)/Loss (4 - 5 - 1)	\$779,369	\$67,171	\$1,445	\$44,314	\$2,244	\$10,775	\$81,289	\$505,323	\$1,491,930



**Table IV-3
Florida Retirement System
Possible Employer Contribution Rates
July 1, 2006 Valuation for Plan Year Beginning July 1, 2007**

**Possible scenario assuming the Legislature chooses to use all available surplus for rate reduction:
The contribution rate is reduced by 1.45% for all classes except DROP.**

	FRS	---- Special Risk ----		-- Elected Officers' Class --			Senior	Composite	Composite	
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	(excluding DROP)	DROP ¹	(including DROP)
1. Normal Cost	9.59%	22.01%	11.90%	20.46%	14.99%	17.15%	13.35%	11.52% ³	10.89%	11.47%
2. UAL Cost ²	-0.94%	-0.58% ²	18.40%	1.39%	1.48%	3.74%	2.38%	-0.80%	-0.20%	-0.75%
3. Total Cost [(1) + (2)]	8.65%	21.43%	30.30%	21.85%	16.47%	20.89%	15.73%	10.72%	10.69%	10.72%
4. UAL Cost Paid from Surplus ⁴	0.94%	0.58% ²	-18.40%	-1.39%	-1.48%	-3.74%	-2.38%	0.80%	0.20%	0.75%
5. Rate Reduction Paid from Surplus ⁴	-1.45%	-1.45%	-1.45%	-1.45%	-1.45%	-1.45%	-1.45%	-1.45%	0.00%	-1.35%
6. Total Adjusted Contribution [(3) + (4) + (5)]	8.14%	20.56%	10.45%	19.01%	13.54%	15.70%	11.90%	10.07%	10.89%	10.12%

¹ DROP rates are special charges to cover the assumed cost of DROP participants; they are not Normal Cost or UAL Cost according to the actuarial funding method.

² The reader should be aware that if the surplus were to be eliminated there would be an additional cost/savings for each class attributable to prior benefit improvements and/or prior experience studies, which is currently being paid from the surplus. See Table IV-8.

³ Due to the relatively different payrolls by membership class, this year the composite contribution rate (excluding DROP) is 0.09% more than last year's rate of 11.43%.

⁴ Florida law provides for items 4 and 5 above to be paid from the surplus for the plan year 2006-2007.

Table IV-4
Florida Retirement System
Possible Employer Contribution Rates
July 1, 2006 Valuation for Plan Year Beginning July 1, 2007

**Possible scenario assuming the Legislature chooses to use all available surplus for rate reduction:
The DROP contribution rate is reduced to 9.80% and the contribution rates for all other classes are reduced by 1.37%.**

	FRS	---- Special Risk ----		-- Elected Officers' Class --			Senior	Composite	Composite	
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	(excluding DROP)	DROP ¹	(including DROP)
1. Normal Cost	9.59%	22.01%	11.90%	20.46%	14.99%	17.15%	13.35%	11.52% ³	10.89%	11.47%
2. UAL Cost ²	-0.94%	-0.58% ²	18.40%	1.39%	1.48%	3.74%	2.38%	-0.80%	-0.20%	-0.75%
3. Total Cost [(1) + (2)]	8.65%	21.43%	30.30%	21.85%	16.47%	20.89%	15.73%	10.72%	10.69%	10.72%
4. UAL Cost Paid from Surplus ⁴	0.94%	0.58% ²	-18.40%	-1.39%	-1.48%	-3.74%	-2.38%	0.80%	0.20%	0.75%
5. Rate Reduction Paid from Surplus ⁴	-1.37%	-1.37%	-1.37%	-1.37%	-1.37%	-1.37%	-1.37%	-1.37%	-1.09%	-1.35%
6. Total Adjusted Contribution [(3) + (4) + (5)]	8.22%	20.64%	10.53%	19.09%	13.62%	15.78%	11.98%	10.15%	9.80%	10.12%

¹ DROP rates are special charges to cover the assumed cost of DROP participants; they are not Normal Cost or UAL Cost in the traditional sense.

² The reader should be aware that if the surplus were to be eliminated there would be an additional cost/savings for each class attributable to prior benefit improvements and/or prior experience studies, which is currently being paid from the surplus. See Table IV-8.

³ Due to the relatively different payrolls by membership class, this year the composite contribution rate is 0.09% more than last year's rate of 11.43%.

⁴ Florida law provides for items 4 and 5 above to be paid from the surplus for the plan year 2006-2007.

**Table IV-5
Florida Retirement System
Possible Employer Contribution Rates
July 1, 2006 Valuation for Plan Year Beginning July 1, 2007**

**Possible scenario assuming the Legislature chooses to use all available surplus for rate reduction:
The surplus is allocated to each class based on its proportion of the total Actuarial Accrued Liability.**

	FRS	---- Special Risk ----		-- Elected Officers' Class --			Senior	Composite	Composite	
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	(excluding DROP)	DROP ¹	(including DROP)
1. Normal Cost	9.59%	22.01%	11.90%	20.46%	14.99%	17.15%	13.35%	11.52% ³	10.89%	11.47%
2. UAL Cost ²	-0.94%	-0.58% ²	18.40%	1.39%	1.48%	3.74%	2.38%	-0.80%	-0.20%	-0.75%
3. Total Cost [(1) + (2)]	8.65%	21.43%	30.30%	21.85%	16.47%	20.89%	15.73%	10.72%	10.69%	10.72%
4. UAL Cost Paid from Surplus ⁴	0.94%	0.58% ²	-18.40%	-1.39%	-1.48%	-3.74%	-2.38%	0.80%	0.20%	0.75%
5. Rate Reduction Paid from Surplus ⁴	-1.20%	-1.70%	-7.72%	-2.32%	-3.24%	-2.94%	-1.50%	-1.29%	-2.20%	-1.35%
6. Total Adjusted Contribution [(3) + (4) + (5)]	8.39%	20.31%	4.18%	18.14%	11.75%	14.21%	11.85%	10.23%	8.69%	10.12%

¹ DROP rates are special charges to cover the assumed cost of DROP participants; they are not Normal Cost or UAL Cost in the traditional sense.

² The reader should be aware that if the surplus were to be eliminated there would be an additional cost/savings for each class attributable to prior benefit improvements and/or prior experience studies, which is currently being paid from the surplus. See Table IV-8.

³ Due to the relatively different payrolls by membership class, this year the composite contribution rate is 0.09% more than last year's rate of 11.43%.

⁴ Florida law provides for items 4 and 5 above to be paid from the surplus for the plan year 2006-2007.

**Table IV-6
Florida Retirement System
Possible Employer Contribution Rates
July 1, 2006 Valuation for Plan Year Beginning July 1, 2007**

**Possible scenario assuming the Legislature chooses to use all available surplus for rate reduction:
The surplus is allocated to each class based on its proportion of the total Active Payroll.**

	FRS	---- Special Risk ----		-- Elected Officers' Class --			Senior	Composite	Composite	
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	(excluding DROP)	DROP ¹	(including DROP)
1. Normal Cost	9.59%	22.01%	11.90%	20.46%	14.99%	17.15%	13.35%	11.52% ³	10.89%	11.47%
2. UAL Cost ²	-0.94%	-0.58% ²	18.40%	1.39%	1.48%	3.74%	2.38%	-0.80%	-0.20%	-0.75%
3. Total Cost [(1) + (2)]	8.65%	21.43%	30.30%	21.85%	16.47%	20.89%	15.73%	10.72%	10.69%	10.72%
4. UAL Cost Paid from Surplus ⁴	0.94%	0.58% ²	-18.40%	-1.39%	-1.48%	-3.74%	-2.38%	0.80%	0.20%	0.75%
5. Rate Reduction Paid from Surplus ⁴	-1.35%	-1.35%	-1.35%	-1.35%	-1.35%	-1.35%	-1.35%	-1.35%	-1.35%	-1.35%
6. Total Adjusted Contribution [(3) + (4) + (5)]	8.24%	20.66%	10.55%	19.11%	13.64%	15.80%	12.00%	10.17%	9.54%	10.12%

¹ DROP rates are special charges to cover the assumed cost of DROP participants; they are not Normal Cost or UAL Cost in the traditional sense.

² The reader should be aware that if the surplus were to be eliminated there would be an additional cost/savings for each class attributable to prior benefit improvements and/or prior experience studies, which is currently being paid from the surplus. See Table IV-8.

³ Due to the relatively different payrolls by membership class, this year the composite contribution rate is 0.09% more than last year's rate of 11.43%.

⁴ Florida law provides for items 4 and 5 above to be paid from the surplus for the plan year 2006-2007.

Table IV-7
Florida Retirement System
Possible Employer Contribution Rates
July 1, 2006 Valuation for Plan Year Beginning July 1, 2007

**Possible scenario assuming the Legislature chooses to use all available surplus for rate reduction:
The surplus is allocated based on its proportion of the total Normal Cost, and to DROP based on the expected contribution.**

	FRS	---- Special Risk ----		-- Elected Officers' Class --			Senior	Composite	Composite	
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	(excluding DROP)	DROP ¹	(including DROP)
1. Normal Cost	9.59%	22.01%	11.90%	20.46%	14.99%	17.15%	13.35%	11.52% ³	10.89%	11.47%
2. UAL Cost ²	-0.94%	-0.58% ²	18.40%	1.39%	1.48%	3.74%	2.38%	-0.80%	-0.20%	-0.75%
3. Total Cost [(1) + (2)]	8.65%	21.43%	30.30%	21.85%	16.47%	20.89%	15.73%	10.72%	10.69%	10.72%
4. UAL Cost Paid from Surplus ⁴	0.94%	0.58% ²	-18.40%	-1.39%	-1.48%	-3.74%	-2.38%	0.80%	0.20%	0.75%
5. Rate Reduction Paid from Surplus ⁴	-1.13%	-2.59%	-1.40%	-2.41%	-1.77%	-2.02%	-1.57%	-1.36%	-1.28%	-1.35%
6. Total Adjusted Contribution [(3) + (4) + (5)]	8.46%	19.42%	10.50%	18.05%	13.22%	15.13%	11.78%	10.16%	9.61%	10.12%

¹ DROP rates are special charges to cover the assumed cost of DROP participants; they are not Normal Cost or UAL Cost in the traditional sense.

² The reader should be aware that if the surplus were to be eliminated there would be an additional cost/savings for each class attributable to prior benefit improvements and/or prior experience studies, which is currently being paid from the surplus. See Table IV-8.

³ Due to the relatively different payrolls by membership class, this year the composite contribution rate is 0.09% more than last year's rate of 11.43%.

⁴ Florida law provides for items 4 and 5 above to be paid from the surplus for the plan year 2006-2007.

**Table IV-8
Florida Retirement System
Possible UAL / (Surplus)
July 1, 2006**

	FRS	----- Special Risk -----		-- Elected Officers' Class --			Senior		Total
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	DROP	
1. Previous UAL Bases**									
a. Special Risk-Regular 12% Pre-2000 Retired Benefit Increase (2000)	0.00%	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%
b. Special Risk 65% In-Line-of-Duty Disability (2000)	0.00%	-0.01%	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
c. 1998 Experience Study (1999)***	-0.10%	-0.17%	-0.72%	0.00%	0.00%	0.00%	-0.04%	0.00%	-0.10%
d. 2003 Experience Study (2004)	<u>-0.84%</u>	<u>-0.99%</u>	<u>19.01%</u>	<u>1.39%</u>	<u>1.48%</u>	<u>3.74%</u>	<u>2.42%</u>	<u>-0.20%</u>	<u>-0.73%</u>
e. Total UAL Bases	-0.94%	-0.58%	18.40%	1.39%	1.48%	3.74%	2.38%	-0.20%	-0.75%
2. 2005-2006 (Gains) / Losses *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3. 2005-2006 Assumption Changes	NA	NA	NA	NA	NA	NA	NA	NA	NA
4. 2005-2006 Plan Changes	NA	NA	NA	NA	NA	NA	NA	NA	NA
5. Use of Surplus									
a. UAL Cost	0.94%	0.58%	-18.40%	-1.39%	-1.48%	-3.74%	-2.38%	0.20%	0.75%
b. Rate reduction (See Table IV-8)	<u>-1.45%</u>	<u>-1.45%</u>	<u>-1.45%</u>	<u>-1.45%</u>	<u>-1.45%</u>	<u>-1.45%</u>	<u>-1.45%</u>	<u>0.00%</u>	<u>-1.35%</u>
c. Total surplus Utilization	-0.51%	-0.87%	-19.85%	-2.84%	-2.93%	-5.19%	-3.83%	0.20%	-0.60%
6. Total	-1.45%	-1.45%	-1.45%	-1.45%	-1.45%	-1.45%	-1.45%	0.00%	-1.35%

* Due to Actuarial Value of Assets exceeding Actuarial Liabilities, all prior Gain / Loss bases are considered fully amortized.

** Year in parentheses refers to year when bases were calculated.

*** For classes with 0.00%, amortization payments are being made; however as a percentage of payroll they round to less than 0.005%.



SECTION V

ACCOUNTING STATEMENTS



FLORIDA RETIREMENT SYSTEM
Actuarial Valuation as of July 1, 2006

This work product was prepared solely for the Florida Retirement System for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

ACCOUNTING STATEMENT

Statement No. 35 of the Financial Accounting Standards Board (FASB) previously required the Florida Retirement System to disclose certain information regarding the Plan's funded status. Statement No. 25 of the Governmental Standards Board (GASB) establishes standards for disclosure of pension information by public employee retirement systems (PERS) and governmental employers in notes to financial statements and supplementary information.

The FASB-35 disclosures are intended to provide a "snap shot" view of how the Plan's assets compare to its liabilities if contributions stopped and accrued benefit claims had to be satisfied. The present value of accrued benefits (ABO) are determined assuming that the plan is ongoing and participants continue to terminate employment, retire, and otherwise act in accordance with the actuarial assumptions. Liabilities are discounted at the assumed valuation interest rate of 7.75% per annum.

Table V-1 presents the ABO for the Florida Retirement System determined as of July 1, 2006. All of the calculations presented in that table are based on the actuarial assumptions used in the valuation, as described in Appendix A, except no salary projection. Values of the ABO are shown by type of member and by class. The active members' values are also divided between the employee-financed (accumulated member contributions) and employer-financed portions, with the employer-financed portions shown separately for vested benefits and non-vested benefits.

Table V-2 presents the total ABO for the FRS for current and prior valuations. The prior year results displayed are always after any plan and/or assumptions changes.

Table V-3 reconciles the ABO determined as of the prior valuation, July 1, 2005, to the ABO as of July 1, 2006. This reconciliation indicates the impact of the assumption changes and plan changes, if any.

GASB Statement No. 25 requires the actuarial accrued liability (AAL) to be compared with the actuarial value of assets used for funding purposes. The report includes two tables for GASB No. 25 disclosures and a third table used in the Comprehensive Annual Financial Report. Table V-4 shows the GASB No. 25 Accounting Statement Information by membership class. Table V-5 shows similar information for the total FRS comparing several years' results in addition to the July 1, 2006 results. Table V-6 shows the Solvency Test for the FRS for the 2004, 2005, and 2006 valuations. The Solvency Test compares the actuarial accrued liabilities to the market value of assets. Starting with the July 1, 2005 valuation, which will also determine the Annual Required Contribution (Table V-7) for 2006-2007, the Statement No. 25 liabilities are based on DROP retirees being included in the class of membership from which they retired, and active liabilities are based on the full retirement rates (per page I-12.)



ACCOUNTING STATEMENT

The trend of the FRS's funding status, as measured by the unfunded AAL or ABO over a period of time, is one indication of the progress being made in accumulating sufficient assets to pay benefits when due. Some of the basic trend data for this valuation and the prior two valuations (i.e., as of July 1, 2004 and July 1, 2005) for the FRS are shown in Table V-2 (ABO) and Table V-5 (AAL). Past and future results are affected by changes in actuarial assumptions, benefit provisions, accounting policies, etc.

For fiscal 1999-00 because the System was in a surplus position and the FRS employers contributed the normal cost (which was more than the actuarially determined contribution level), an accounting disclosure under GASB Statement Number 27 first became necessary. For fiscal 2000-01, the System continued in a surplus position and FRS employers again contributed more than the GASB actuarially determined contribution. For fiscal 2001-02 through fiscal 2003-04, because of the rate stabilization mechanism, the FRS employers have contributed less than the actuarially determined contribution, whereas in fiscal 2004-2005 the employers contributed more than the actuarially determined contribution. For fiscal 2005-2006, actual contributions were less than expected meaning the FRS employers contributed less than the actuarially determined contributions, assuming 30 year amortization of the surplus. To date, the accumulation impact remains a negative number (i.e., cumulative contributions exceed actuarially determined contributions, both adjusted with interest). The Annual Required Contribution (ARC) developed in the 2004 annual valuation which applies to FY 2005-2006, \$2,193,928,000, included the sum of the composite contribution rate (excluding DROP) of 11.37% and the DROP contribution rate of 8.00% offset by the minimum UAL amortization payment required by GASB. As shown on Table V-7, the Annual Pension Cost (APC) is \$2,189,452,000 and the total employer contribution was actually \$2,096,884,000. Therefore, if GASB 27 applies, the State's CAFR must reflect a Net Pension Obligation (NPO) of (\$98,914,000), as compared to an NPO of (\$191,482,000) as of the prior year.

ACCOUNTING STATEMENT

Table V-1
Florida Retirement System
Accumulated Benefit Obligation - FASB Statement #35
July 1, 2006
(All Amounts in Thousands)

	FRS	---- Special Risk ----		-- Elected Officers' Class --			Senior	DROP	Total
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management		
A. Accumulated Benefit Obligation									
1. Active Members									
a. Accumulated Member Contributions	\$46,258	\$8,026	\$0	\$597	\$47	\$485	\$2,268	\$0	\$57,681
Employer - Financed									
b. Vested Benefits	22,084,755	5,745,852	7,468	226,359	16,687	99,331	826,566	0	29,007,018
c. Non - Vested Benefits	734,668	239,912	54	6,701	496	5,555	11,693	0	999,079
d. Total	<u>\$22,865,681</u>	<u>\$5,993,790</u>	<u>\$7,522</u>	<u>\$233,657</u>	<u>\$17,230</u>	<u>\$105,371</u>	<u>\$840,527</u>	<u>\$0</u>	<u>\$30,063,778</u>
2. Annuitants	\$31,526,657	\$6,394,921	\$57,271	\$385,300	\$45,227	\$283,332	\$659,455	\$12,642,747	\$51,994,910
3. Other Inactive Members	<u>\$2,894,555</u>	<u>\$492,104</u>	<u>\$1,611</u>	<u>\$17,676</u>	<u>\$6,296</u>	<u>\$19,699</u>	<u>\$107,420</u>	<u>\$0</u>	<u>\$3,539,361</u>
4. Total Accumulated Benefit Obligation	<u>\$57,286,893</u>	<u>\$12,880,815</u>	<u>\$66,404</u>	<u>\$636,633</u>	<u>\$68,753</u>	<u>\$408,402</u>	<u>\$1,607,402</u>	<u>\$12,642,747</u>	<u>\$85,598,049</u>
B. Assets Available for Benefits									
1. Market	\$97,731,630	\$20,584,845	\$92,042	\$998,101	\$99,315	\$476,410	\$2,313,201	(\$3,768,819)	\$118,526,725
2. Actuarial Basis	\$96,604,375	\$20,347,416	\$90,980	\$986,589	\$98,169	\$470,915	\$2,286,520	(\$3,725,349)	\$117,159,615
C. Unfunded Total Accumulated Benefit Obligation,									
Assets at:									
1. Market	(\$40,444,737)	(\$7,704,030)	(\$25,638)	(\$361,468)	(\$30,562)	(\$68,008)	(\$705,799)	\$16,411,566	(\$32,928,676)
2. Actuarial Basis	(\$39,317,482)	(\$7,466,601)	(\$24,576)	(\$349,956)	(\$29,416)	(\$62,513)	(\$679,118)	\$16,368,096	(\$31,561,566)
D. Percent of Accumulated Obligation Funded,									
Assets at:									
1. Market	170.60%	159.81%	138.61%	156.78%	144.45%	116.65%	143.91%	-29.81%	138.47%
2. Actuarial Basis	168.63%	157.97%	137.01%	154.97%	142.79%	115.31%	142.25%	-29.47%	136.87%



ACCOUNTING STATEMENT

Table V-2
Florida Retirement System
Analysis of Funding Progress - FASB Statement #35
(All Amounts in Thousands)

	July 1, 2004 Valuation Basis	July 1, 2005 Valuation Basis	July 1, 2006 Valuation Basis
A. Accumulated Benefit Obligation			
1. Active Members			
a. Accumulated Member Contributions	\$74,554	\$64,001	\$57,681
Employer - Financed			
b. Vested Benefits	26,001,583	27,285,526	29,007,018
c. Non - Vested Benefits	908,819	957,867	999,079
d. Total	\$26,984,956	\$28,307,394	\$30,063,778
2. Annuitants	\$32,696,707	\$47,891,484	\$39,352,163
3. Other Inactive Members	\$2,999,704	\$3,322,825	\$3,539,361
3. DROP	\$10,320,520	\$0	\$12,642,747
4. Total Accumulated Benefit Obligation	\$73,001,887	\$79,521,703	\$85,598,049
B. Assets Available for Benefits			
1. Market	\$102,388,155	\$110,205,894	\$118,526,724
2. Actuarial Basis	\$106,707,425	\$111,539,878	\$117,159,615
C. Unfunded/(Surplus) Total Accumulated Benefit Obligation,			
Assets at:			
1. Market	(\$29,386,268)	(\$30,684,191)	(\$32,928,675)
2. Actuarial Basis	(\$33,705,538)	(\$32,018,175)	(\$31,561,566)
D. Percent of Accumulated Benefit Obligation Funded,			
Assets at:			
1. Market	140.25%	138.59%	138.47%
2. Actuarial Basis	146.17%	140.26%	136.87%
E. Annual Salaries¹	\$23,115,581	\$24,185,983	\$25,327,922
F. Unfunded/(Surplus) Accumulated Benefit Obligation as a			
Percent of Salary, Assets at:			
1. Market	-127.13%	-126.87%	-130.01%
2. Actuarial Basis	-145.81%	-132.38%	-124.61%

¹ Includes Drop Salaries



ACCOUNTING STATEMENT

Table V-3
Florida Retirement System
Statement of Changes in Total Actuarial
Present Value of All Accrued Benefits
(All Amounts in Thousands)

	<u>Accumulated Benefit Obligation</u>
Actuarial Present Value of Accrued Benefits at July 1, 2005	\$79,521,703
Increase (Decrease) During Year Attributable to:	
Increase for Interest Due to Decrease in Discount Period	\$5,959,477
Benefits Paid – PY 2006	(\$5,350,288)
Benefits Accrued & Other Gains / Losses	\$5,467,157
Plan Provision / Assumption Changes	\$0
Net Increase (Decrease)	\$6,076,346
Actuarial Present Value of Accrued Benefits at July 1, 2006	\$85,598,049

ACCOUNTING STATEMENT

Table V-4
Florida Retirement System
Accounting Statement Information - GASB Statement #25
July 1, 2006
(All Amounts in Thousands)

	FRS Regular	----- Special Risk ----- Regular Administration	----- Elected Officers' Class ----- Judicial Leg-Atty-Cab County			Senior Management	Total	
1. Actuarial Accrued Liability:								
a. Active Member Contributions	\$46,258	\$8,026	\$0	\$597	\$47	\$485	\$2,268	\$57,681
b. Annuitants	41,480,115	8,475,925	68,818	542,467	62,076	345,337	1,020,173	51,994,911
c. Other Inactive Members	2,894,555	492,104	1,611	17,676	6,296	19,699	107,420	3,539,361
d. Active Members	<u>41,433,091</u>	<u>11,781,482</u>	<u>13,978</u>	<u>398,833</u>	<u>27,081</u>	<u>171,968</u>	<u>1,559,445</u>	<u>55,385,878</u>
2. Total Actuarial Accrued Liability [1(a) + 1(b) + 1(c) + 1(d)]	\$85,854,019	\$20,757,537	\$84,407	\$959,573	\$95,500	\$537,489	\$2,689,306	\$110,977,831
3. Actuarial Value of Assets	93,632,395	19,740,130	86,049	947,722	93,721	446,172	2,213,426	117,159,615
4. Unfunded Actuarial Accrued Liability / (Surplus) (UAAL), [2 - 3]	(\$7,778,376)	\$1,017,407	(\$1,642)	\$11,851	\$1,779	\$91,317	\$475,880	(\$6,181,784)
5. Funded Ratio	109.06%	95.10%	101.95%	98.76%	98.14%	83.01%	82.30%	105.57%
6. Covered Payroll	\$21,034,890	\$3,580,075	\$4,024	\$120,641	\$9,214	\$55,917	\$523,161	\$25,327,922
7. UAAL / (Surplus) as a % of Payroll	-36.98%	28.42%	-40.81%	9.82%	19.31%	163.31%	90.96%	-24.41%



ACCOUNTING STATEMENT

Table V-5
Florida Retirement System
Accounting Statement Information - GASB Statement #25
(All Amounts in Thousands)

	July 1, 2004 Valuation Basis	July 1, 2005 Valuation Basis	July 1, 2006 Valuation Basis
1. Actuarial Accrued Liability:			
a. Active Member Contributions	\$74,554	\$64,001	\$57,681
b. Annuitants	43,017,227	47,891,484	51,994,911
c. Other Inactive Members	2,999,704	3,322,825	3,539,361
d. Active Members	<u>49,093,948</u>	<u>52,647,188</u>	<u>55,385,878</u>
2. Total Actuarial Accrued Liability [1(a) + 1(b) + 1(c) + 1(d)]	\$95,185,433	\$103,925,498	\$110,977,831
3. Actuarial Value of Assets	\$106,707,425	\$111,539,878	\$117,159,615
4. Unfunded Actuarial Accrued Liability / (Surplus) (UAAL), [2 - 3]	(\$11,521,992)	(\$7,614,380)	(\$6,181,784)
5. Funded Ratio	112.10%	107.33%	105.57%
6. Covered Payroll ¹	\$23,115,581	\$24,185,983	\$25,327,922
7. UAAL / (Surplus) as a % of Payroll	-49.85%	-31.48%	-24.41%

¹ Includes Drop Salaries

ACCOUNTING STATEMENT

Table V-6
Florida Retirement System
Solvency Test
(All Amounts in Thousands)

	<u>July 1, 2004</u> <u>Valuation Basis</u>	<u>July 1, 2005</u> <u>Valuation Basis</u>	<u>July 1, 2006</u> <u>Valuation Basis</u>
1. Actuarial Accrued Liability for:			
a. Retired and Disabled Members, and Survivors	\$43,017,227	\$47,891,484	\$51,994,911
b. Vested Deferred and Inactive Status Members	2,999,704	3,322,825	3,539,361
c. Active Members			
i) Accumulated employee contributions with interest	74,554	64,001	57,681
ii) Employer-financed liabilities	<u>49,093,948</u>	<u>52,647,188</u>	<u>55,385,878</u>
d. Total	\$95,185,433	\$103,925,498	\$110,977,831
2. Net Assets Available for Benefits at Market Value	\$102,388,155	\$110,205,894	\$118,526,724
3. Ratio of Assets to Actuarial Accrued Liabilities: [2 / 1]	107.57%	106.04%	106.80%

ACCOUNTING STATEMENT

Table V-7
Florida Retirement System
Net Pension Obligation - GASB Statement #27
(All Amounts in Thousands)

	ACTUAL		PROJECTED
	<u>7/1/2004 - 6/30/2005</u>	<u>7/1/2005 - 6/30/2006</u>	<u>7/1/2006 - 6/30/2007</u>
1. Annual Required Contribution:	\$2,141,862	\$2,193,928	\$2,457,440
2. Interest on Net Pension Obligation:	(12,098)	(14,840)	(7,666)
3. Adjustment to Annual Required Contribution:	<u>7,467</u>	<u>10,364</u>	<u>5,354</u>
4. Annual Pension Cost: [1 + 2 + 3]	\$2,137,231	\$2,189,452	\$2,455,128
5. Contributions Made:	<u>\$2,177,492</u>	<u>\$2,096,884</u>	<u>NA</u>
6. Increase in Net Pension Obligation: [4 - 5]	(40,261)	92,568	NA
7. Net Pension Obligation at Beginning of Year:	<u>(151,221)</u>	<u>(191,482)</u>	<u>(98,914)</u>
8. Net Pension Obligation at End of Year:	(191,482)	(98,914)	NA

APPENDIX A

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS



FLORIDA RETIREMENT SYSTEM
Actuarial Valuation as of July 1, 2006

This work product was prepared solely for the Florida Retirement System for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

The actuarial procedures and assumptions used in this valuation are described herein.

Table A-I summarizes the assumptions. The pre and post-retirement mortality rates are taken from the sources listed. The other rates were developed from the experience of the FRS and are illustrated in Tables A-2 through A-9, as noted.

The actuarial assumptions are intended to estimate the future experience of the members of the FRS and of the FRS in other areas that affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the FRS' benefits. These assumptions are based on the most recent experience study of the period from July 1, 1998 through June 30, 2003.

All tables in this section give independent rates of decrement expressed as percentages. The independent rates of decrement are referred to by the general symbol "q" in actuarial notation. The underlying theory is described more fully in Life Contingencies, by C. Wallace Jordan, Society of Actuaries (Second Edition, 1967), page 278.

ACTUARIAL COST METHOD

The actuarial valuation is prepared using the entry age actuarial cost method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets, and (b) the actuarial present value of future normal costs, is called the unfunded actuarial liability (UAL). In the past, the UAL was amortized as level percentages of the projected payroll (salaries of present and future members of the FRS) during various amortization periods.

Effective July 1, 1998, changes in the UAL were to be amortized as level dollar. Had the FRS not maintained a surplus position, each plan, method or assumption change would have set up a new base (layer) to be amortized over a period of 30 years. All other changes, (i.e., experience gains and losses), would have been maintained in a single base. Since the UAL remained negative (i.e., surplus position), it was not amortized. In the future, if the base is positive (i.e., UAL exists), it will be amortized



ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

on a rolling 10% basis. In other words, 10% of the outstanding balance will be recognized each year.

The normal cost for the valuation year was calculated separately for each individual, based on his or her age at entry into the FRS. The individual normal costs were then aggregated and divided by the total current compensation of the individuals included in the valuation to determine the normal cost rate as a percentage of compensation.

RECORDS AND DATA

The data used in this valuation consist of financial information and records of age, service and income of active members, annuitants and other inactive members. All of the data was supplied by the FRS, and was accepted for valuation purposes without audit.

REPLACEMENT OF TERMINATED MEMBERS

The ages and relative salaries at entry of future members are assumed to follow a new entrant distribution based on the current active population. Under this assumption, the normal cost rates for active members will remain valid in future years, unless the governing law or actuarial assumptions are changed.

GROWTH IN MEMBERSHIP

The membership of the FRS is assumed to grow at the rate of 0.0% per year. This assumption was changed in the July 1, 1997 valuation from 1.50% in the July 1, 1995 valuation, as required by GASB No. 25.

ADMINISTRATIVE EXPENSE

Administrative expenses are paid from investment earnings. It is assumed that investments will yield 7.75% as the valuation assumption and 0.25% to cover the administrative expenses.

VALUATION OF ASSETS

The asset valuation method determines the actuarial value as follows:

- Step 1.** Determine the total yield on the investments of the FRS using the full investment return (including capital gains) measured by the difference in the actuarial value of the assets at the beginning of the plan year just



ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

ended and the market value of assets at the end of the year. For the first year this method is employed, the market value of assets is used for the beginning of the plan year.

- Step 2.** Calculate the excess of the yield determined in Step 1 over the expected yield for the same year according to the actuarial assumptions.
- Step 3.** Calculate an adjusted yield equal to the expected yield plus one-fifth of the yield determined in Step 2.
- Step 4.** The actuarial value of assets used in this valuation equals the amount that would have existed if the actual yield on the assets had been at the yield determined in Step 3.

The resulting actuarial value of the assets shall be not less than 80% nor more than 120% of the market value.

This method conforms to Section 121.031(3)(a), Florida Statutes, calling for an averaging method acceptable under U.S. Treasury Regulations.

INVESTMENT EARNINGS

The future investment earnings of the assets of the FRS are assumed to accrue at an annual rate of 7.75%, compounded annually, net of investment expenses.

POST-RETIREMENT BENEFIT INCREASES

A post-retirement increase of 3% per year is assumed.

INTEREST ON EMPLOYEE CONTRIBUTIONS

Interest is only credited on accounts held by members of TRS. A 6.5% annual rate of interest is assumed to be credited on these accounts.

FUTURE SALARIES

Salaries are assumed to increase between 4.00% and 10.00% per year depending on the member's age and service. In addition to increases in salary due to promotions and longevity, this scale includes an assumed 4.00% per annum rate of increase in the average wage level of the membership. Table A-2 shows merit (i.e., promotion and longevity) scale rates at representative ages, by class.



ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

SERVICE RETIREMENT

Members are assumed to take unreduced retirement at the rates shown in Table A-3. Rates of reduced early retirement are included in rates of other terminations of employment.

All members who have attained age 80 (age 60 for TRS and SCOERS) in active service are assumed to retire immediately.

DISABLEMENT

Note that the frequency of disablement reflects not only the impairments but also the policies underlying the approval of claims and the administration of disability benefits. The more liberal the administration or conditions under which an employee may qualify for disability, the greater the expected incidence of disability.

Line-of-Duty Disability Incidence Rates

The rates used to estimate the likelihood of line-of-duty disability were initially based on Social Security disability experience reported in the Social Security Administration's disability study published as Actuarial Study Number 74, adjusted to recognize the FRS line-of-duty disability incidence experience. These tables were adjusted slightly based on the line-of-duty disability incidence experience for the five plan years ending June 30, 2003.

Not-in-Line-of-Duty Disability Incidence Rates

The rates used to estimate the likelihood of not-in-line-of-duty disability were initially based on Social Security disability experience reported in the Social Security Administration's disability study published as Actuarial Study Number 74, adjusted to recognize the FRS not-in-line-of-duty disability incidence experience. These rates were modified to be more in line with FRS experience during the five plan years ending June 30, 2003.

The rates of disablement used in the valuation are illustrated in Tables A-4 and A-5.

PRE-RETIREMENT MORTALITY

Mortality rates for members who die in service are based on the RPA – 2000 Employee Mortality tables for males and females. Table A-6 shows these rates at representative ages.



ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

To allocate active member deaths between duty and non-duty death, the following percentages of total active member deaths were assumed to be duty deaths.

Age	FRS-Special Risk		FRS-All Other Groups	
	Men	Women	Men	Women
37	60%	60%	25%	15%
42	40	40	25	15
47	30	30	15	10
52	25	25	15	10

POST-RETIREMENT MORTALITY

Mortality rates for all members once in retirement status are based on the RPA-2000 Healthy White Collar tables for males and females, as projected from the year 2001 using Projection Scale AA, adjusted by the following percentages:

	Males	Females
Regular and Special Risk Classes	133.6%	115.0%
Elected Officers', Senior Management Service, and Special Risk Administrative Support Classes	91.5%	56.7%

Table A-7 shows these rates for representative ages.

DISABILITY MORTALITY RATES

Disability mortality rates are based on 92.4% of the RPS –2000 Disabled Retiree Table for males, and 103.6% of the PBGC Disabled with Social Security Table for females. Representative rates of disability mortality are illustrated in Table A-8.

OTHER TERMINATIONS OF EMPLOYMENT

Table A-9 shows, for representative ages, the rates assumed in this valuation for future withdrawal from active service for reasons other than death, disability or

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

retirement with an unreduced benefit. These rates contain the probability of retiring with a reduced immediate pension.

ELIGIBLE SURVIVORS

It is assumed that 80% of deceased active members will have survivors eligible for lifetime benefits upon their death. Males are assumed to be three years older than their female spouses.

MILITARY SERVICE AND OUT-OF-STATE SERVICE CREDITS

Each member is assumed to have the following additional years of service credit purchased:

Type of Service Credit	FRS-Special Risk		FRS-All Other Groups	
	Men	Women	Men	Women
Military Service Credit ¹⁾	0.2818	0	0.1853	0
Out-of-State Service Credit	0	0	0.0910	0.0910

No extra service credit was assumed for TRS and SCOERS participants.

ANNUAL LEAVE CREDIT

Unused annual leave in the amount of 139 hours is assumed to be credited to each retiring member to increase the salary used for calculating the retirement benefits. An increase in the retirement benefit of 1.66% is assumed to result from this factor.

¹⁾ Pre-1987 hires only.

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

TABLE A-1
Summary of Valuation Assumptions
July 1, 2006

I. Economic Assumptions

A. General Wage Increases	4.00%*
B. Investment Earnings	7.75%*
C. Growth in Membership	0.00%
D. Post-Retirement Benefit Increases	3.00%

* Including a 3.0% inflation assumption.

II. Non-Economic Assumptions

A. Salary Increases Due to Promotion and Longevity	Table A-2
B. Service Retirement	Table A-3
C. Disablement	Tables A-4 and A-5
D. Pre-Retirement Mortality	RPA – 2000 Mortality Tables for males and females. Table A-6
E. Post-Retirement Mortality	RPA – 2000 Healthy White Collar Tables for males and females, projected from 2001 using Projection Scale AA. Table A-7
F. Disabled Termination (Mortality and Recovery)	Table A-8
G. Other Terminations of Employment	Table A-9

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

Table A-2 Salary										
REGULAR – Male										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
1	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
2	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
3	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
4	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
5	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
6	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
7	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
8	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
9	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
10 or more	3.00%	3.00%	3.00%	3.00%	2.50%	2.00%	1.50%	0.50%	0.50%	0.50%
REGULAR - Female										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
1	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
2	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
3	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
4	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
5	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
6	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
7	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
8	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
9	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
10 or more	3.00%	3.00%	3.00%	3.00%	2.50%	2.00%	1.00%	0.00%	0.00%	0.00%
ECO, ESO – Male and Female										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
2	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
4	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
5	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
6	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
7	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
8	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
9	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
10 or more	1.50%	1.50%	1.50%	1.50%	1.50%	1.25%	1.00%	0.00%	0.00%	0.00%



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ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

**Table A-2 (cont.)
Salary**

JUDICIAL – Male and Female											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
2	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
4	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
5	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
6	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
7	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
8	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
9	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
10 or more	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	0.50%	0.50%	0.50%	0.50%
SENIOR MANAGEMENT SERVICE – Male											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
1	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
2	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
3	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
4	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
5	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
6	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
7	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
8	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
9	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
10 or more	3.00%	3.00%	3.00%	3.00%	2.50%	2.00%	1.50%	1.50%	1.50%	1.50%	1.50%
SENIOR MANAGEMENT SERVICE - Female											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
1	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
2	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
3	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
4	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
5	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
6	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
7	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
8	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
9	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
10 or more	3.50%	3.50%	3.50%	3.50%	2.50%	2.25%	1.50%	0.50%	0.50%	0.50%	0.50%



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ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

Table A-2 (cont.) Salary											
SPECIAL RISK – Male											
Combined Years of Service	20	25	30	35	Attained Age		50	55	60	65	
					40	45					
0	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
1	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
3	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
4	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
5	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
6	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
7	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
8	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
9	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
10 or more	2.50%	2.50%	2.50%	2.50%	2.50%	2.00%	1.00%	0.50%	0.50%	0.50%	0.50%
SPECIAL RISK – Female											
Combined Years of Service	20	25	30	35	Attained Age		50	55	60	65	
					40	45					
0	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
1	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
2	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
3	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
4	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
5	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
6	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
7	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
8	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
9	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
10 or more	2.50%	2.50%	2.50%	2.50%	2.00%	1.50%	1.25%	0.75%	0.75%	0.75%	0.75%
SPECIAL RISK ADMINISTRATIVE SUPPORT – Male and Female											
Combined Years of Service	20	25	30	35	Attained Age		50	55	60	65	
					40	45					
0	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
1	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
2	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
3	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
4	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
5	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
6	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
7	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
8	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
9	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
10 or more	3.00%	3.00%	3.00%	3.00%	2.50%	2.00%	1.75%	1.75%	1.75%	1.75%	1.75%

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

Table A-3 Unreduced Retirement Annual Rates					
REGULAR					
Age	Male		Female		
	First Eligibility	Subsequent Eligibility	First Eligibility	Subsequent Eligibility	
20	0.0%	0.0%	0.0%	0.0%	
25	0.0%	0.0%	0.0%	0.0%	
30	0.0%	0.0%	0.0%	0.0%	
35	0.0%	0.0%	0.0%	0.0%	
40	0.0%	0.0%	0.0%	0.0%	
45	6.9%	2.5%	6.3%	0.5%	
50	19.9%	13.5%	14.3%	8.0%	
55	19.5%	12.5%	16.3%	9.0%	
60	26.4%	18.1%	26.3%	17.4%	
65	31.6%	32.8%	25.3%	27.6%	
ELECTED OFFICERS' GROUPS: ECO, ESO, JUDICIAL					
Age	Male		Female		
	First Eligibility	Subsequent Eligibility	First Eligibility	Subsequent Eligibility	
20	0.0%	0.0%	0.0%	0.0%	
25	0.0%	0.0%	0.0%	0.0%	
30	0.0%	0.0%	0.0%	0.0%	
35	0.0%	0.0%	0.0%	0.0%	
40	0.0%	0.0%	0.0%	0.0%	
45	0.0%	0.0%	3.5%	1.5%	
50	2.0%	1.0%	3.5%	1.5%	
55	3.5%	2.1%	4.5%	5.0%	
60	5.1%	6.9%	6.5%	9.0%	
65	14.9%	13.3%	12.4%	13.4%	
SENIOR MANAGEMENT SERVICE					
Age	Male		Female		
	First Eligibility	Subsequent Eligibility	First Eligibility	Subsequent Eligibility	
20	0.0%	0.0%	0.0%	0.0%	
25	0.0%	0.0%	0.0%	0.0%	
30	0.0%	0.0%	0.0%	0.0%	
35	0.0%	0.0%	0.0%	0.0%	
40	0.0%	0.0%	0.0%	0.0%	
45	5.0%	2.5%	3.5%	0.5%	
50	16.0%	13.5%	10.5%	8.0%	
55	14.5%	12.5%	11.5%	9.0%	
60	20.1%	18.1%	20.4%	17.4%	
65	26.3%	32.8%	20.1%	27.6%	



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ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

Table A-3 (cont.)				
Unreduced Retirement Annual Rates				
TRS and SCOERS				
	Male		Female	
Age	First Eligibility	Subsequent Eligibility	First Eligibility	Subsequent Eligibility
20	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%
45	3.8%	2.5%	3.8%	1.5%
50	14.7%	2.5%	11.3%	1.5%
55	14.7%	13.5%	11.3%	9.0%
60	60.0%	56.5%	60.0%	55.5%
65	10.0%	56.5%	60.0%	57.5%
SPECIAL RISK				
	Male		Female	
Age	First Eligibility	Subsequent Eligibility	First Eligibility	Subsequent Eligibility
20	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%
40	2.5%	1.0%	2.5%	1.0%
45	2.5%	1.0%	2.5%	1.0%
50	7.5%	6.0%	7.0%	5.5%
55	7.8%	8.3%	7.8%	7.8%
60	6.6%	7.9%	6.1%	8.6%
65	33.5%	46.0%	33.0%	53.5%
SPECIAL RISK ADMINISTRATIVE SUPPORT				
	Male		Female	
Age	First Eligibility	Subsequent Eligibility	First Eligibility	Subsequent Eligibility
20	0.0%	0.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%
45	0.0%	0.0%	0.0%	0.0%
50	4.5%	4.5%	4.5%	4.5%
55	5.8%	5.8%	29.3%	5.8%
60	11.6%	11.6%	29.1%	11.6%
65	56.0%	56.0%	56.0%	56.0%



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ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

Table A-4 Line-of-Duty Disability Annual Rates		
REGULAR		
Age	Male	Female
20	0.004%	0.001%
25	0.004%	0.001%
30	0.006%	0.002%
35	0.010%	0.007%
40	0.018%	0.010%
45	0.029%	0.016%
50	0.044%	0.022%
55	0.069%	0.035%
60	0.095%	0.049%
65	0.099%	0.044%
ELECTED OFFICERS, SENIOR MANAGEMENT SERVICE		
Age	Male	Female
20	0.004%	0.001%
25	0.004%	0.001%
30	0.005%	0.002%
35	0.007%	0.004%
40	0.011%	0.006%
45	0.017%	0.009%
50	0.029%	0.014%
55	0.049%	0.022%
60	0.072%	0.027%
65	0.080%	0.027%
SPECIAL RISK, SPECIAL RISK ADMINISTRATIVE SUPPORT		
Age	Male	Female
20	0.012%	0.008%
25	0.012%	0.008%
30	0.017%	0.016%
35	0.029%	0.037%
40	0.051%	0.068%
45	0.087%	0.106%
50	0.138%	0.153%
55	0.215%	0.230%
60	0.301%	0.285%
65	0.231%	0.143%
TRS and SCOERS		
Same as Non-Duty Disability		

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

Table A-5 Non-Duty Disability Annual Rates		
REGULAR		
Age	Male	Female
20	0.000%	0.000%
25	0.030%	0.010%
30	0.058%	0.026%
35	0.073%	0.049%
40	0.102%	0.075%
45	0.188%	0.165%
50	0.313%	0.285%
55	0.523%	0.478%
60	0.687%	0.599%
65	0.239%	0.150%
ELECTED OFFICERS, SENIOR MANAGEMENT SERVICE		
Age	Male	Female
20	0.001%	0.002%
25	0.001%	0.002%
30	0.024%	0.017%
35	0.034%	0.030%
40	0.051%	0.047%
45	0.110%	0.096%
50	0.186%	0.176%
55	0.323%	0.309%
60	0.482%	0.381%
65	0.156%	0.106%
SPECIAL RISK, SPECIAL RISK ADMINISTRATIVE SUPPORT		
Age	Male	Female
20	0.037%	0.036%
25	0.037%	0.036%
30	0.043%	0.046%
35	0.055%	0.075%
40	0.087%	0.118%
45	0.140%	0.259%
50	0.292%	0.318%
55	0.446%	0.492%
60	0.628%	0.597%
65	0.698%	0.380%

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

**Table A-5 (cont.)
Non-Duty Disability Annual Rates**

TRS and SCOERS		
Age	Male	Female
20	0.149%	0.089%
25	0.149%	0.089%
30	0.190%	0.154%
35	0.264%	0.262%
40	0.396%	0.382%
45	0.616%	0.580%
50	1.044%	0.914%
55	1.918%	1.532%
60	2.724%	1.876%
65	3.436%	1.924%

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

Table A-6				
Pre-Retirement Mortality Annual Rates				
REGULAR, ELECTED OFFICERS, SENIOR MANAGEMENT SERVICE				
Age	Male		Female	
	Duty Death	Non-Duty Death	Duty Death	Non-Duty Death
20	0.01%	0.03%	0.00%	0.02%
25	0.01%	0.03%	0.00%	0.02%
30	0.01%	0.03%	0.00%	0.02%
35	0.02%	0.06%	0.01%	0.04%
40	0.03%	0.08%	0.01%	0.06%
45	0.02%	0.13%	0.01%	0.10%
50	0.03%	0.18%	0.02%	0.15%
55	0.05%	0.26%	0.03%	0.23%
60	0.07%	0.42%	0.04%	0.35%
65	0.11%	0.65%	0.06%	0.52%
70	0.15%	0.85%	0.08%	0.69%
75	0.23%	1.30%	0.11%	1.02%
80	0.39%	2.21%	0.18%	1.66%
85	0.00%	0.00%	0.00%	0.00%
90	0.00%	0.00%	0.00%	0.00%
95	0.00%	0.00%	0.00%	0.00%
100	0.00%	0.00%	0.00%	0.00%
105	0.00%	0.00%	0.00%	0.00%
110	0.00%	0.00%	0.00%	0.00%
115	0.00%	0.00%	0.00%	0.00%
120	0.00%	0.00%	0.00%	0.00%
SPECIAL RISK, SPECIAL RISK ADMINISTRATIVE SUPPORT				
Age	Male		Female	
	Duty Death	Non-Duty Death	Duty Death	Non-Duty Death
20	0.02%	0.01%	0.01%	0.01%
25	0.02%	0.02%	0.01%	0.01%
30	0.03%	0.02%	0.02%	0.01%
35	0.05%	0.03%	0.03%	0.02%
40	0.04%	0.06%	0.03%	0.04%
45	0.05%	0.11%	0.03%	0.08%
50	0.05%	0.16%	0.04%	0.13%
55	0.08%	0.23%	0.06%	0.19%
60	0.12%	0.37%	0.10%	0.30%
65	0.19%	0.57%	0.15%	0.44%
70	0.25%	0.75%	0.19%	0.57%
75	0.38%	1.15%	0.28%	0.85%
80	0.65%	1.96%	0.46%	1.39%
85	0.00%	0.00%	0.00%	0.00%
90	0.00%	0.00%	0.00%	0.00%
95	0.00%	0.00%	0.00%	0.00%
100	0.00%	0.00%	0.00%	0.00%
105	0.00%	0.00%	0.00%	0.00%
110	0.00%	0.00%	0.00%	0.00%
115	0.00%	0.00%	0.00%	0.00%
120	0.00%	0.00%	0.00%	0.00%

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

Table A-7 ¹⁾		
Post-Retirement Mortality Annual Rates		
REGULAR AND SPECIAL RISK		
Age	Male	Female
20	0.22%	0.02%
25	0.27%	0.02%
30	0.34%	0.04%
35	0.42%	0.07%
40	0.52%	0.11%
45	0.65%	0.17%
50	0.80%	0.28%
55	0.73%	0.40%
60	0.88%	0.65%
65	1.55%	1.05%
70	2.58%	1.75%
75	4.49%	2.96%
80	7.94%	4.95%
85	13.98%	8.53%
90	23.82%	14.51%
95	35.74%	22.37%
100	46.03%	27.31%
105	53.16%	33.71%
110	53.44%	41.93%
115	53.44%	46.00%
120	100.00%	100.00%
ELECTED OFFICERS, SENIOR MANAGEMENT SERVICE SPECIAL RISK ADMINISTRATIVE SUPPORT		
Age	Male	Female
20	0.15%	0.01%
25	0.19%	0.01%
30	0.23%	0.02%
35	0.29%	0.03%
40	0.36%	0.05%
45	0.44%	0.09%
50	0.55%	0.14%
55	0.50%	0.20%
60	0.60%	0.32%
65	1.06%	0.52%
70	1.76%	0.86%
75	3.08%	1.46%
80	5.44%	2.44%
85	9.58%	4.21%
90	16.31%	7.15%
95	24.48%	11.03%
100	31.53%	13.46%
105	36.41%	16.62%
110	36.60%	20.67%
115	36.60%	22.68%
120	91.50%	56.70%

¹⁾ Rates shown are for 2001. Rates are projected to the valuation date using Projection Scale AA.



ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

Table A-8 Disabled Termination (Mortality and Recovery)		
All Groups		
Age	Male	Female
20	2.09%	2.72%
25	2.09%	2.72%
30	2.09%	2.46%
35	2.09%	2.22%
40	2.09%	2.17%
45	2.09%	2.32%
50	2.68%	2.66%
55	3.27%	3.06%
60	3.88%	3.43%
65	4.64%	3.83%
70	5.78%	4.26%
75	7.58%	5.10%
80	10.11%	7.73%
85	13.08%	11.69%
90	16.95%	17.43%
95	24.72%	26.16%
100	31.84%	39.25%
105	36.76%	58.89%

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

**Table A-9
Other Terminations of Employment Annual Rates**

REGULAR – Male										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	32.8%	27.2%	25.8%	25.8%	24.4%	24.4%	23.4%	27.4%	27.4%	27.4%
1	31.8%	23.2%	19.2%	17.9%	15.8%	15.7%	15.2%	18.4%	18.4%	18.4%
2	25.2%	19.1%	15.5%	14.2%	12.0%	11.6%	10.7%	14.1%	14.1%	14.1%
3	18.4%	14.6%	13.2%	12.6%	10.7%	10.3%	9.4%	12.4%	12.3%	12.3%
4	15.8%	12.7%	11.8%	10.9%	9.0%	8.8%	7.9%	9.9%	9.7%	9.7%
5	13.3%	11.0%	10.0%	9.7%	8.4%	7.7%	6.9%	8.9%	8.8%	8.8%
6	12.4%	9.4%	8.6%	8.3%	7.5%	7.2%	6.1%	6.4%	6.3%	6.3%
7	11.7%	8.8%	7.5%	7.2%	6.6%	6.3%	5.6%	5.5%	5.4%	5.4%
8	11.0%	7.7%	6.4%	6.2%	5.8%	5.7%	5.1%	4.9%	4.8%	4.8%
9	10.5%	6.6%	5.8%	5.6%	5.5%	5.4%	4.8%	5.0%	4.9%	4.9%
10 or more	10.9%	6.9%	5.2%	4.7%	3.3%	3.0%	3.3%	5.0%	5.9%	4.1%

REGULAR – Female										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	31.9%	28.0%	26.7%	26.7%	25.7%	25.7%	24.4%	27.8%	27.8%	27.8%
1	28.6%	22.0%	18.8%	17.7%	15.5%	15.4%	14.8%	17.6%	17.6%	17.6%
2	23.3%	18.0%	15.3%	14.2%	12.1%	11.9%	11.5%	13.7%	13.7%	13.7%
3	18.3%	14.7%	13.2%	12.6%	10.6%	10.3%	9.2%	11.3%	11.2%	11.2%
4	15.4%	12.9%	11.3%	10.9%	9.1%	8.8%	8.4%	9.7%	9.6%	9.6%
5	15.3%	12.2%	10.7%	10.2%	8.0%	7.7%	7.0%	8.3%	8.2%	8.2%
6	12.4%	10.5%	9.5%	9.2%	7.2%	7.0%	6.5%	7.0%	6.9%	6.9%
7	11.9%	9.7%	8.5%	8.2%	6.6%	6.4%	5.8%	6.3%	6.2%	6.2%
8	11.6%	8.6%	7.9%	7.5%	6.0%	5.8%	5.5%	6.0%	5.9%	5.9%
9	11.3%	7.9%	7.2%	6.9%	5.5%	5.3%	5.1%	5.6%	5.4%	5.4%
10 or more	11.6%	5.3%	5.4%	4.6%	3.3%	3.0%	3.2%	5.4%	7.2%	4.1%

ELECTED COUNTY OFFICERS - Male										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
1	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
2	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
3	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
4	23.9%	23.9%	23.9%	23.9%	23.9%	23.9%	23.9%	23.9%	23.9%	23.9%
5	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
6	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
7	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
8	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.6%	13.4%	13.3%	11.5%
9	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.6%	4.4%	4.3%	2.5%
10 or more	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.6%	5.3%	5.2%	3.5%



This work product was prepared solely for the Florida Retirement System for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

Table A-9 (cont.) Other Terminations of Employment Annual Rates										
ELECTED COUNTY OFFICERS – Female										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
2	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
3	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
4	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%	18.1%
5	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
6	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
7	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
8	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	14.9%	14.6%	14.5%	12.8%
9	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.1%	2.8%	2.7%	1.0%
10 or more	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.1%	4.9%	4.8%	3.0%
ELECTED STATE OFFICERS – Male										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
1	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4/3%	4.3%
2	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%
3	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
4	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%
5	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
6	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%
7	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
8	20.2%	20.2%	20.2%	20.2%	20.2%	20.8%	20.0%	18.7%	18.4%	16.7%
9	6.6%	6.6%	6.6%	6.6%	6.6%	7.2%	6.4%	5.2%	4.9%	3.1%
10 or more	9.6%	9.6%	9.6%	9.6%	9.6%	10.2%	9.4%	8.1%	7.8%	6.1%
ELECTED STATE OFFICERS – Female										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%
2	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%
3	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
4	16.3%	16.3%	16.3%	16.3%	16.3%	16.3%	16.3%	16.3%	16.3%	16.3%
5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	17.8%	17.8%	17.8%	17.8%	17.8%	18.4%	17.6%	16.3%	16.0%	14.3%
9	3.5%	3.5%	3.5%	3.5%	3.5%	4.1%	3.3%	2.1%	1.8%	0.0%
10 or more	10.8%	10.8%	10.8%	10.8%	10.8%	11.4%	10.6%	9.4%	9.1%	7.3%

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

**Table A-9 (cont.)
Other Terminations of Employment Annual Rates**

JUDICIAL - Male											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
1	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
2	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
3	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
4	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
5	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
6	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
7	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
8	2.6%	2.6%	2.6%	2.4%	2.4%	2.4%	2.1%	1.6%	1.4%	0.9%	0.9%
9	2.6%	2.6%	2.6%	2.4%	2.4%	2.4%	2.1%	1.6%	1.4%	0.9%	0.9%
10 or more	2.6%	2.6%	2.6%	2.4%	2.4%	2.4%	2.1%	1.6%	1.4%	0.9%	0.9%

JUDICIAL – Female											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
1	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
2	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
3	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
4	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
5	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
6	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
7	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
8	3.2%	3.2%	3.2%	3.0%	3.0%	3.0%	2.7%	2.2%	2.0%	1.5%	1.5%
9	3.2%	3.2%	3.2%	3.0%	3.0%	3.0%	2.7%	2.2%	2.0%	1.5%	1.5%
10 or more	3.2%	3.2%	3.2%	3.0%	3.0%	3.0%	2.7%	2.2%	2.0%	1.5%	1.5%

SENIOR MANAGEMENT SERVICE – Male											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%
1	27.9%	23.3%	20.7%	19.4%	18.9%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
2	24.9%	21.4%	19.3%	18.0%	17.2%	16.9%	16.8%	16.8%	16.8%	16.8%	16.8%
3	19.5%	18.5%	17.7%	17.1%	16.7%	16.4%	16.2%	16.0%	16.0%	16.0%	16.0%
4	15.5%	14.9%	14.5%	13.6%	12.9%	12.6%	12.4%	12.3%	12.2%	12.2%	12.2%
5	9.1%	8.8%	8.4%	8.0%	7.8%	7.1%	6.9%	6.7%	6.7%	6.6%	6.6%
6	8.2%	7.9%	7.5%	7.2%	6.9%	6.7%	6.5%	6.3%	6.3%	6.2%	6.2%
7	7.5%	7.3%	6.9%	6.6%	6.3%	6.1%	5.9%	5.8%	5.7%	5.7%	5.7%
8	6.8%	6.8%	6.5%	6.3%	6.1%	5.9%	5.8%	5.7%	5.6%	5.6%	5.6%
9	5.5%	5.5%	5.3%	5.1%	4.9%	4.8%	4.6%	4.5%	4.4%	4.4%	4.4%
10 or more	4.8%	4.8%	4.1%	3.6%	3.2%	2.9%	3.0%	3.6%	4.4%	2.6%	2.6%

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

Table A-9 (cont.)											
Other Terminations of Employment Annual Rates											
SENIOR MANAGEMENT SERVICE – Female											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%	24.3%
1	25.8%	21.7%	19.6%	18.5%	18.1%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
2	22.8%	20.0%	18.3%	17.3%	16.7%	16.5%	16.4%	16.4%	16.4%	16.4%	16.4%
3	17.3%	16.4%	15.7%	15.2%	14.7%	14.5%	14.3%	14.2%	14.1%	14.1%	14.1%
4	12.2%	11.7%	11.2%	10.8%	10.5%	10.3%	10.1%	10.0%	9.9%	9.8%	9.8%
5	10.1%	9.4%	8.8%	8.2%	7.8%	7.5%	7.3%	7.2%	7.1%	7.1%	7.1%
6	8.8%	8.5%	8.1%	7.8%	7.5%	7.3%	7.1%	6.9%	6.8%	6.8%	6.8%
7	8.2%	8.1%	7.7%	7.3%	7.1%	6.9%	6.7%	6.6%	6.5%	6.5%	6.5%
8	7.5%	7.4%	7.0%	6.6%	6.4%	6.1%	5.9%	5.8%	5.7%	5.6%	5.6%
9	6.3%	6.3%	5.8%	5.5%	5.2%	4.9%	4.7%	4.5%	4.3%	4.3%	4.3%
10 or more	4.8%	4.9%	3.9%	3.2%	2.7%	2.4%	2.5%	3.3%	5.1%	1.9%	1.9%
SPECIAL RISK – Male											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	19.4%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%
1	12.9%	12.3%	11.8%	11.5%	11.2%	11.1%	11.0%	11.0%	11.0%	11.0%	11.0%
2	10.7%	10.1%	9.7%	9.3%	9.1%	8.9%	8.8%	8.8%	8.8%	8.8%	8.8%
3	9.2%	8.6%	8.2%	7.9%	7.4%	7.3%	7.2%	7.2%	7.2%	7.2%	7.2%
4	7.9%	7.4%	7.1%	6.8%	6.7%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
5	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
6	5.5%	5.5%	5.5%	5.3%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
7	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
8	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
9	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
10 or more	2.9%	2.9%	2.7%	2.4%	2.3%	2.4%	2.7%	6.2%	6.2%	6.2%	6.2%
SPECIAL RISK – Female											
Combined Years of Service	Attained Age										
	20	25	30	35	40	45	50	55	60	65	
0	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%
1	15.5%	14.2%	13.2%	12.6%	12.2%	12.0%	11.9%	11.9%	11.9%	11.9%	11.9%
2	12.3%	11.7%	11.2%	10.9%	10.7%	10.5%	10.4%	10.4%	10.4%	10.4%	10.4%
3	10.3%	9.8%	9.3%	9.0%	8.7%	8.5%	8.4%	8.4%	8.4%	8.4%	8.4%
4	9.7%	9.2%	8.7%	8.4%	8.0%	7.8%	7.7%	7.7%	7.7%	7.7%	7.7%
5	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%
6	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
7	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
8	4.7%	4.7%	4.7%	4.6%	4.6%	4.6%	4.5%	4.5%	4.5%	4.5%	4.5%
9	4.8%	4.8%	4.7%	4.7%	4.7%	4.6%	4.6%	4.5%	4.5%	4.5%	4.5%
10 or more	2.4%	2.4%	2.1%	1.8%	3.1%	3.1%	2.0%	5.0%	5.0%	5.0%	5.0%

ACTUARIAL METHODS, PROCEDURES AND ASSUMPTIONS

**Table A-9 (cont.)
Other Terminations of Employment Annual Rates**

SPECIAL RISK ADMINISTRATIVE SUPPORT – Male										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	16.2%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%
1	11.3%	10.8%	10.3%	9.9%	9.7%	9.5%	9.4%	9.4%	9.4%	9.4%
2	10.4%	9.7%	9.3%	8.9%	8.7%	8.5%	8.4%	8.4%	8.4%	8.4%
3	9.7%	9.1%	8.7%	8.3%	7.9%	7.8%	7.7%	7.6%	7.6%	7.6%
4	8.8%	8.3%	8.0%	7.8%	7.6%	7.4%	7.4%	7.4%	7.4%	7.4%
5	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
6	4.4%	4.4%	4.4%	4.2%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
7	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
8	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
9	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
10 or more	3.5%	3.5%	3.3%	3.0%	2.9%	3.0%	3.3%	6.8%	6.8%	6.8%

SPECIAL RISK ADMINISTRATIVE SUPPORT – Female										
Combined Years of Service	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%
1	19.4%	18.0%	17.1%	16.5%	16.1%	15.9%	15.7%	15.7%	15.7%	15.7%
2	17.5%	16.9%	16.5%	16.2%	15.9%	15.8%	15.7%	15.7%	15.7%	15.7%
3	20.3%	19.8%	19.3%	19.0%	18.7%	18.6%	18.4%	18.4%	18.4%	18.4%
4	20.8%	20.2%	19.8%	19.4%	19.0%	18.8%	18.7%	18.7%	18.7%	18.7%
5	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
6	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%
7	17.9%	17.9%	17.9%	17.9%	17.9%	17.9%	17.9%	17.9%	17.9%	17.9%
8	17.8%	17.8%	17.7%	17.7%	17.7%	17.6%	17.6%	17.6%	17.6%	17.6%
9	17.8%	17.8%	17.8%	17.8%	17.7%	17.7%	17.6%	17.6%	17.6%	17.6%
10 or more	18.4%	18.4%	18.1%	17.8%	17.6%	17.7%	18.0%	21.0%	21.0%	21.0%

APPENDIX B

SUMMARY OF PLAN PROVISIONS



FLORIDA RETIREMENT SYSTEM
Actuarial Valuation as of July 1, 2006

This work product was prepared solely for the Florida Retirement System for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

SUMMARY OF PLAN PROVISIONS

All actuarial calculations are based upon our understanding of Florida Statutes regarding the retirement provisions of the retirement systems. These provisions are briefly summarized below for reference purposes, along with corresponding references to the Statutes. This summary encompasses the major provisions; it does not attempt to cover all of the detailed provisions.

PART I: FLORIDA RETIREMENT SYSTEM (FRS)

The benefit and contribution provisions of the FRS are set forth in Chapter 121 of the Florida Statutes. Provisions relating to other State-administered retirement systems are set forth in other sections of the Florida Statutes, under Chapters 112, 122, and 238.

EFFECTIVE DATE

The effective date of the Florida Retirement System (FRS) was December 1, 1970. The FRS was created with closure and consolidation of the Teachers' Retirement System, the State and County Officers and Employees' Retirement System, and the Highway Patrol Pension Fund. In 1972, the Judicial Retirement System was also consolidated with the Florida Retirement System. The FRS was created to provide a defined benefit retirement, disability, and survivor program for participating public employees. Social Security coverage is also required for all members.

Beginning in 2002, the FRS became one system with two primary programs, the existing Defined Benefit Program and a defined contribution plan alternative to the defined benefit plan known as the Public Employee Optional Retirement Program (PEORP). The earliest that any member could participate in PEORP was July 1, 2002.

(Section 121.011(2))

MEMBERSHIP

Membership is a condition of employment for all new state, county, or other participating agency employees filling regularly established positions and employed on or after December 1, 1970, or who elected to transfer from an existing System. Employees may be full-time or part-time and can be elected, appointed, or employed in state government, county government, a state university, or a community college. A city or special district may join the FRS at its option.

Effective July 1, 1978, a member in an existing retirement system who is re-employed after termination of employment may remain in that system, provided his or her member contributions have not been withdrawn.

SUMMARY OF PLAN PROVISIONS

Members of the FRS Defined Benefit Program were provided an educational period about their plan choice options prior to a 90-day election period to elect between the Defined Benefit Program and the Public Employee Optional Retirement Program (PEORP). Members newly hired after the election period for their employee group are provided five months after their month of hire to file an election between the two primary programs. Members who do not make an election default into the Defined Benefit Program.

After the period during which a member had the choice to elect the Defined Benefit Program or the PEORP, the employee has one opportunity, at the employee's discretion, to choose to move from the Defined Benefit Program to the PEORP or from the PEORP to the Defined Benefit Program.

(Sections 121.051, 121.4501)

CLASSIFICATION

There are five separate classes of members: Regular Class, Special Risk Class, Special Risk Administrative Support Class, Elected Officers' Class, and Senior Management Service Class. In addition, the Deferred Retirement Option Program is available to members who meet the requirements for normal retirement under the defined benefit program of the FRS.

Regular Class members are members not classified as members of the Special Risk Class, Special Risk Administrative Support Class, Elected Officers' Class, or Senior Management Service Class.

Special Risk Class members are members employed as law enforcement officers, emergency medical technicians, paramedics, firefighters, firefighter trainers, fire prevention inspectors, correctional officers, correctional probation officers, certain professional health care positions within the Department of Children and Family Services and the Department of Corrections, youth custody officers, or correctional officers who meet the criteria set forth in the Florida Retirement System law and rules.

Special Risk Administrative Support Class members are former Special Risk members who have been moved or been re-assigned to non-Special Risk administrative support positions within a Florida Retirement System Special Risk employing agency.

Elected Officers' Class members include the governor, lieutenant governor, cabinet officers, supreme court justices, district court of appeals judges, circuit judges, county court judges, state attorneys, public defenders, and elected county officers. Also included are city and special district officers if the

SUMMARY OF PLAN PROVISIONS

employer chose to place their elected officials in this class. All such elected officers may withdraw from the Florida Retirement System, or elect membership in the Senior Management Service Class or in the Senior Management Service Optional Annuity Program for state officers.

Senior Management Service Class members are members currently participating in the Florida Retirement System who hold positions in the Senior Management Service of the State of Florida; community college presidents; appointed school board superintendents; county and city managers; selected managerial staff of the Legislature; the Auditor General and managerial staff; the Executive Director of the Ethics Commission; the State University System Executive Service and university presidents; selected managerial staff of the State Board of Administration; judges of compensation claims; selected managerial staff with the Judicial Branch; Chief Deputy Court Administrator; capital collateral regional counsels and assistant capital collateral regional counsels; assistant state attorneys; assistant public defenders; assistant statewide prosecutors or assistant attorneys general; and nonelective managerial positions designated for SMSC membership by local government agencies. Members in this class have chosen not to participate in the elective Senior Management Service Optional Annuity Program for state senior managers or to withdraw from the FRS if employed by non-state employers. This class became effective February 1, 1987, and members of an existing retirement system and members of the Special Risk or Special Risk Administrative Support Classes who were employed prior to February 1, 1987 could elect to remain in such system or class.

Deferred Retirement Option Program allows members of the Defined Benefit Program of the Florida Retirement System (FRS) in any of the above five classes to elect to retire and have their FRS benefits accumulate in the FRS Trust Fund, earning interest, while the member continues to work for an FRS employer. DROP membership is for a specific and limited period.

(Sections 121.021(12), 121.0515, 121.052, 121.055, 121.091 (13))

CONTRIBUTIONS

Since January 1, 1975, for the state and for school boards, and since October 1, 1975, for other agencies, the total cost of the System has been paid by the participating employers.

(Section 121.071 (2))

SUMMARY OF PLAN PROVISIONS

The employer contribution rates for the July 1, 2006 – June 30, 2007 plan year are as follows:

Classification	Defined Benefit	PEORP	Blended
Regular	8.63%	9.25%	8.69%
Special Risk	19.57	21.33	19.76
Special Risk Administrative Support Elected Officers'	11.36	11.80	11.39
- Judicial	18.36	19.63	18.40
- State	13.30	13.81	13.32
- County	15.15	16.61	15.37
Senior Management Service	12.12	11.21	11.96
DROP	9.80	N/A	9.80

The above rates exclude the 0.05% administrative charge for PEORP administration and education (except DROP), and the 1.11% for the financing of the health insurance subsidy described later in this part.

The separate Defined Benefit and PEORP rates above were modified by the 2006 Legislature to reflect potential transfers to PEORP and to continue the uniform rate structure for both the primary plans of the FRS. The net result of the legislation was that employers contributed the same rate (i.e. blended) whether the member elected PEORP membership or FRS Defined Benefit Program membership with the anticipated elections to not impact the expected amount of actual FRS defined benefit contributions.

(Section 121.71)

FRS DEFINED BENEFIT PROGRAM

NORMAL RETIREMENT BENEFIT

Eligibility

- Regular Class
 1. 30 years of creditable service at any age.
 2. Age 62 and 6 or more years of creditable service.

(Section 121.021(29)(a))



SUMMARY OF PLAN PROVISIONS

- Special Risk Class
 1. 25 years of special risk service at any age; or
 2. Age 55 and 6 or more years of special risk service; or
 3. Age 52 and 25 years of creditable service, including special risk service and up to a maximum of four years of active duty wartime military service credit.
 4. 30 years of any creditable service, at any age, or age 62 and 6 or more years of creditable service (same requirement as the Regular Class).

(Section 121.021(29)(b))

- Special Risk Administrative Support Class
(with six or more years of Special Risk Class service, the same requirements as apply to the Special Risk Class, otherwise same as apply to the Regular Class)

(Section 121.021(29)(b))

- Elected Officers' Class
(same requirements as apply to Regular Class)

(Section 121.021(29)(d))

- Senior Management Service Class
(same requirements as apply to Regular Class)

(Section 121.021(29)(c))

Normal Form

Straight life benefit (Option 1), payable on the last day of each month, with a guarantee that benefits paid will at least equal member contributions.

(Section 121.091(1))

SUMMARY OF PLAN PROVISIONS

Optional Forms

10-year certain and life benefit (Option 2), 100% joint and survivor benefit (Option 3), or 66-2/3% joint and survivor benefit (Option 4). If the joint annuitant is the member's non-disabled child, payment ceases upon attainment of the joint annuitant's 25th birthday under the 100% and 66- 2/3% joint and survivor benefit.

(Section 121.091(6))

Dual Retirement

In the event a member accumulates retirement benefits to commence at different normal retirement ages by virtue of having performed duties for an employer which would entitle him or her to benefits as both a Special Risk Class member and a member of another class, the amount of the benefits payable shall be computed separately with respect to each such age, and the sum of such computed amounts shall be paid. Note that this does not apply to a Special Risk Administrative Support Class member with at least 6 years of Special Risk Class Membership when the Special Risk and Special Risk Administrative Support Classes are the only memberships held because such a member is treated as a Special Risk Class member.

(Section 121.091(2))

Regular Benefit Amount

The monthly FRS allowance is the product of:

1. Average monthly compensation in the highest five plan years of creditable service;
2. Creditable service during the applicable period; and
3. The appropriate benefit percentage for periods of service.

(Sections 121.021(17), (24) and (25), 121.091(1))

SUMMARY OF PLAN PROVISIONS

The appropriate benefit percentages are as follows:

- For Creditable Service as a Regular Member Subsequent to November 30, 1970:

Retirement at:	Percentage
Age 62 with 6 years of creditable service, or 30 years of creditable service	1.60%
Age 63 with 6 years of creditable service, or 31 years of creditable service	1.63
Age 64 with 6 years of creditable service, or 32 years of creditable service	1.65
Age 65 with 6 years of creditable service, or 33 years of creditable service	1.68

(Section 121.091(1))

- For Service as a Special Risk Class member:

Retirement on or After July 1, 2001 with Service Performed During:	Percentage
December 1, 1970 to September 30, 1974	2.00%
October 1, 1974 and thereafter	3.00

(Section 121.091(1))

SUMMARY OF PLAN PROVISIONS

- For Creditable Service as a Special Risk Administrative Support Class member Subsequent to November 30, 1970:

Retirement at:	Percentage
Age 55 with 6 years of creditable service, or age 52 with 25 years of creditable service, which may include up to four years of active duty wartime military service, or 25 years of creditable service	1.60%
Age 56 with 6 years of creditable service, or age 53 with 26 years of creditable service, which may include up to four years of active duty wartime military service, or 26 years of creditable service	1.63
Age 57 with 6 years of creditable service, or age 54 with 27 years of creditable service, which may include up to four years of active duty wartime military service, or 27 years of creditable service	1.65
Age 58 with 6 years of creditable service, or age 55 with 28 years of creditable service, which may include up to four years of active duty wartime military service, or 28 years of creditable service	1.68

(Section 121.091(1))

- For Service as an Elected Officers' Class member:
3% for each year of creditable service in such class, except 3-1/3% for service in the judicial class. Military service credit is at the rate for Regular Class members.

(Sections 121.052(5)(a) and (d), 121.091(1))

- For Service as a Senior Management Service Class member:
2% for each year of creditable service in such class, after January 31, 1987.

(Section 121.055(4)(d))

SUMMARY OF PLAN PROVISIONS

ADDITIONAL BENEFIT AMOUNT

In addition, members may receive an additional retirement allowance under the pre-1971 existing systems. The benefit is a percentage of average compensation times the creditable service in that system up to November 30, 1970. The system percentages are:

State and County Officers and Employees' Retirement System:

2.00% for creditable service rendered under Division A prior to Social Security coverage; and 1.50% for creditable service rendered under Division B subsequent to Social Security coverage.

Teachers Retirement System:

Plan E: 2.00%

(Sections 121.091(1)(c), 122.28, 238.07(7)(a))

MINIMUM BENEFIT

Eligibility

The month following attainment of age 65 by a pensioner, or, in the case of a beneficiary receiving the survivor's portion of a member's benefit, the 65th anniversary of the deceased member's birth. The member must have earned at least 10 years of creditable service and retired under normal retirement.

Benefit Amount

An eligible benefit recipient will receive a benefit adjustment to bring the benefit to the calculated minimum benefit. Effective July 1, 2006, the minimum monthly benefit is \$22.64 multiplied by years of creditable service prior to application of the reduction factor for electing an optional form of payment. For retirements on or after July 1, 1987, creditable service for the minimum benefit calculation does not include any service earned on or after that date.

(Section 112.362)

SUMMARY OF PLAN PROVISIONS

HEALTH INSURANCE SUBSIDY

A subsidy of \$5 per month per year of creditable service, with a minimum of \$30, and a maximum of \$150 per month, shall be paid to retirees and surviving beneficiaries to subsidize health insurance premiums. This benefit is not indexed with the cost of living.

Further, the benefit is funded separately, on a pay-as-you-go basis, and is not part of this actuarial valuation.

(Section 112.363)

EARLY RETIREMENT

Eligibility

Six years of creditable service for all classes of membership.

(Section 121.021(30))

Benefit Amount

The normal retirement benefit accrued to the date of early retirement, reduced by 5/12% for each month that the early retirement date precedes the normal retirement date based upon age. The normal retirement date is age 62, except for Special Risk Class members, for whom it is age 55.

(Sections 121.021(30), 121.091(3))

NON-DUTY DISABILITY RETIREMENT

Eligibility

Members are eligible if totally and permanently disabled:

1. After completing at least 8 years of creditable service (or after 6 years if disability retirement is ordered for a judge by the Supreme Court); or
2. After completing at least five years of creditable service prior to July 1, 1980.

SUMMARY OF PLAN PROVISIONS

Benefit Amount

Same as for normal retirement, but based on average monthly compensation and creditable service to the date of disability retirement.

Minimum Benefit Amount

25% of average monthly compensation.

If the Supreme Court orders disability retirement for a judge, the minimum is two-thirds of compensation at disability. This benefit is not paid from the FRS Trust Fund.

(Section 121.091(4))

LINE-OF-DUTY DISABILITY

Eligibility

Members are eligible if totally and permanently disabled during the actual performance of duty. There is no service credit requirement.

Benefit Amount

Same as for normal retirement, but based on average monthly compensation and creditable service to the date of disability retirement.

Minimum Benefit Amount

42% of average monthly compensation, except for the Special Risk and the Special Risk Administrative Support classes whose members are entitled to 65% of average monthly compensation.

If the Supreme Court orders disability retirement for a judge, the minimum is two-thirds of compensation at disability. This benefit is not paid from the FRS Trust Fund.

(Section 121.091(4))

SUMMARY OF PLAN PROVISIONS

POST-RETIREMENT DEATH BENEFITS

Based on the optional form elected.

NON-DUTY PRE-RETIREMENT DEATH BENEFITS

Eligibility

Employment is terminated by death after 6 years of creditable service for all classes of membership.

Benefit Amount

The normal or early retirement benefit amount for which the member would have been eligible had the member retired on his or her date of death and elected the 100% joint and survivor form of payment in favor of his or her beneficiary who is the surviving spouse or other eligible dependent. The monthly benefit is normally payable to the member's beneficiary for the beneficiary's lifetime. If the beneficiary is the member's non-disabled child, payment ceases upon attainment of the beneficiary's 25th birthday.

If the member had completed at least 20 years of creditable service, the reduction for early retirement is applied from the earlier of age 62 (age 55 for Special Risk Class and Special Risk Administrative Support Class members) or the date on which the member would have completed 30 years of creditable service, had he or she continued employment. The value of this benefit may not be less than the member's accumulated contributions, if any.

(Sections 121.091(3) and (7))

LINE-OF-DUTY PRE-RETIREMENT DEATH BENEFITS

Eligibility

Member died during the actual performance of duty. There is no service credit requirement.

SUMMARY OF PLAN PROVISIONS

Benefit Amount

The surviving spouse will receive one-half of the member's monthly compensation at death. If the spouse dies, or if there is no surviving spouse, the monthly benefits continue until the youngest child is 18.

A surviving spouse may elect to receive a non-duty death benefit in lieu of the duty death benefit.

(Section 121.091(7))

VESTING

Eligibility

Six years of creditable service for all classes of membership.

Benefit Amount

The normal or early retirement benefit amount based on average monthly compensation and creditable service to the date of termination.

(Sections 121.021(45), 121.091(5))

DROP – DEFERRED RETIREMENT OPTION PROGRAM

Eligibility

Vested FRS members are eligible for DROP participation upon attaining eligibility for normal retirement. Deferral of DROP participation for all but K-12 Instructional Personnel is allowed if the eligible participant has completed 30 years of service (or 25 years for Special Risk Class members) and has not reached age 57 (or age 52 for Special Risk Class members). In this case the participant can defer participation in DROP until he reaches age 57 (or age 52 for Special Risk Class members). Instructional Personnel in grades K-12 may defer DROP participation to any age. Participants who reached normal retirement before July 1, 1998 were eligible to participate in DROP for up to 60 months beginning July 1, 1998.

Effective July 1, 1998, eligible members can retire without terminating their employment during DROP participation. Monthly retirement benefits will be

SUMMARY OF PLAN PROVISIONS

invested in the FRS Trust Fund, earning tax-deferred interest while the member continues to work for a maximum of 60 months. Upon completion of the maximum five-year period, DROP participation ends and participants must terminate employment with all FRS employers. At that time, the participant will receive payment of the accumulated DROP benefits, and begin receiving his FRS monthly retirement benefit (in the same amount as determined at retirement, plus annual cost-of-living increases).

Effective July 1, 2003, participants employed in eligible instructional positions with a district school board, the Florida School for the Deaf and Blind, or a developmental research school can extend their participation beyond their initial 60-month period, for up to an additional 36 months. The employer must approve the request for DROP extension as well as the period of extension granted to an eligible DROP participant, if any, within the 36-month limit.

Disabled While in DROP

Participants that became disabled while participating in DROP will continue to accumulate the same monthly benefit in the FRS Trust Fund until termination. Since the normal retirement benefit commenced upon DROP participation, a disability benefit will not be issued.

Death While in DROP

The designated beneficiary of a participant who dies while participating in DROP will receive all accumulated DROP benefits, and a continuing monthly benefit, if the participant had elected Option 2, 3, or 4. Survivors of DROP participants are not eligible for FRS line-of-duty death benefits.

(Section 121.091 (13))

RETURN OF EMPLOYEE CONTRIBUTIONS

A member who terminates employment but is not eligible to retire, to receive a vested retirement allowance, or to receive a disability pension, or the beneficiary of a member who passed away before satisfying the requirement for a pre-retirement death benefit, will be entitled to a refund of any employee contributions made by the member. No interest is credited on employee contribution accounts.

A vested terminated participant may elect to receive a return of employee contributions in lieu of a retirement benefit.

(Sections 121.071(2)(b), 121.091(7)(a), Sections 121.091(5)(a) and (c))

SUMMARY OF PLAN PROVISIONS

COST-OF-LIVING ADJUSTMENT

Except for the health insurance subsidy, all retirement allowances, including the dollar factor used in the minimum benefit, are increased by 3.0% each July 1. A pro-rated rate may apply in the initial year of applicability.

(Section 121.101)

PUBLIC EMPLOYEE OPTIONAL RETIREMENT PROGRAM

The Public Employee Optional Retirement Program is a defined contribution plan offered to eligible employees as an alternative to the FRS Pension Plan. The plan is authorized under sec. 401(a) of the Internal Revenue Code.

Benefits

Under the Public Employee Optional Retirement Program, benefits accrue in individual member accounts funded entirely by employer contributions and earnings thereon. Benefits are provided through employee-directed investments offered by approved investment providers. Vested benefits are payable upon termination or death as a lump-sum distribution, direct rollover distribution, or periodic distribution. In addition to normal benefits and death benefits, the plan also provides disability coverage as described below.

(Sections 121.4501, 121.591)

CONTRIBUTIONS

The employer contributions deposited in each participant's PEORP account are based upon allocation rates established by law for each membership class. This statutorily prescribed percentage of the participant's gross compensation for the calendar month is deducted from the total amount paid by the employer on behalf of all members in the same class of membership based on the uniform contribution rate established by law. Current PEORP allocation rates are set forth in the following charts. The allocation rates shown in the first chart below do not include the 0.05% charge for PEORP administration and education, the separate employer contribution assessed to fund the PEORP disability program, or the contribution of 1.11% for the financing of the health insurance subsidy described later in this part.

(Sections 121.71, 121.72)



SUMMARY OF PLAN PROVISIONS

The employer allocations to PEORP accounts are based on contribution rates as follows:

Classification	2006-2007 Plan Year Rates
Regular	9.00%
Special Risk	20.00
Special Risk Administrative Support	11.35
Elected Officers	
- Judicial	18.90
- State	13.40
- County	16.20
Senior Management Service	10.95

The employer contribution rates to fund the disability benefit under PEORP are as follows:

Classification	2006-2007 Plan Year Rates
Regular	0.25%
Special Risk	1.33
Special Risk Administrative Support	0.45
Elected Officers	
- Judicial	0.73
- State	0.41
- County	0.41
Senior Management Service	0.26

SUMMARY OF PLAN PROVISIONS

HEALTH INSURANCE SUBSIDY

In addition to retirement or death benefits, eligible PEORP retirees or surviving spouses may receive a subsidy of \$5 per month per year of creditable service, with a minimum of \$30, and a maximum of \$150 per month, to subsidize the cost of health insurance premiums. This benefit is established by law and is not indexed (adjusted for changes in the cost of living). To qualify for this benefit, PEORP members must terminate employment and meet the normal retirement requirements applicable to Defined Benefit Program members as defined under s. 121.021(29).

This benefit is separately funded, on a pay-as-you-go basis, and is not part of this actuarial valuation.

(Section 112.363)

NON-DUTY DISABILITY RETIREMENT

Eligibility

PEORP participants who have completed at least eight years of creditable service (or six years of creditable service if disability retirement is ordered for a judge by the Supreme Court) are eligible for regular disability benefits if they become totally and permanently disabled due to injury or illness suffered while actively employed in an FRS-covered position. Upon approval for disability retirement, the PEORP participant may choose either to retain his/her PEORP account balance or to surrender his/her account balance to the Defined Benefit Program and receive guaranteed lifetime monthly disability benefits, assuming the member remains disabled.

Benefit Amount

If the disabled PEORP participant chooses to retain his/her account balance, he/she may elect to receive the normal benefit payable under PEORP. If he/she elects to surrender the account balance and receive lifetime monthly disability benefits, the amount of each monthly payment is calculated in the same manner as provided for regular disability retirement under the Defined Benefit Program and is subject to the same threshold benefit amounts.

(Sections 121.091(4), 121.591(1) and (2))

SUMMARY OF PLAN PROVISIONS

LINE-OF-DUTY-DISABILITY

Eligibility

PEORP participants are eligible for in-line-of-duty disability benefits if they become totally and permanently disabled due to injury or illness suffered during the actual performance of duty while actively employed in an FRS-covered position. There is no service credit requirement for in-line-of-duty disability benefits. Upon approval for disability retirement, the PEORP member may choose either to retain his/her PEORP account balance or to surrender his/her account balance to the Defined Benefit Program and receive guaranteed lifetime monthly disability benefits, assuming the member remains disabled.

Benefit Amount

If the disabled PEORP participant elects to retain his/her account balance, he/she may elect to receive the normal benefit payable under PEORP. If he/she elects to surrender the account balance and receive lifetime monthly disability benefits, the amount of each monthly payment is calculated in the same manner as provided for line-of-duty disability retirement under the Defined Benefit Program, and is subject to the same threshold benefit amounts.

(Sections 121.091(4), 121.591(1) and (2))

SUMMARY OF PLAN PROVISIONS

PART II: TEACHERS' RETIREMENT SYSTEM (TRS)

The benefit and contribution provisions of the Statutes for this closed system are set forth in Chapter 238 of the Florida Statutes. Certain provisions are from other sections of the Florida Statutes.

EFFECTIVE DATE

The effective date of the Retirement System was July 1, 1939.

(Section 238.02)

MEMBERSHIP

All employees who were teachers in public schools, employees of professional non-profit teachers associations, county superintendents, Department of Education employees and the staff of the Teachers' Retirement System, and who were employed prior to December 1, 1970, are members of the Teachers' Retirement System.

Any member who was hired prior to July 1, 1955, and who did not later elect to join Plan E, retains membership in one of Plans A through D.

Any member who was hired on or after July 1, 1955 and prior to December 1, 1970, or who was hired prior to July 1, 1955 and so elected, is a member of Plan E.

(Sections 238.01(4), 238.05, 238.07(3))

MEMBER CONTRIBUTIONS

All members of Plan E make contributions of 6% of earnable compensation. All members of Plans A through D will make contributions, to be determined by the actuary, to provide the annuities called for by the Statutes. All members contribute 0.25% of earnable compensation for survivor benefits.

(Section 238.09)

SUMMARY OF PLAN PROVISIONS

EMPLOYER CONTRIBUTIONS

The employer will contribute the amount that, when combined with member contributions, will pay the total cost of the benefits payable. This amount, for Plan E, 10.24%; an additional 1.11% is contributed for the financing of the health insurance subsidy described later in this part.

(Section 238.09)

NORMAL RETIREMENT BENEFIT

Eligibility

Plan A: Age 60 and 10 years of creditable service, or 30 years of creditable service at any age.

Plan B: Age 55 and 10 years of creditable service, or 30 years of creditable service at any age.

Plan C: Age 55 and 10 years of creditable service, or 30 years of creditable service at any age.

Plan D: Age 50 and 25 years of creditable service, or 30 years of creditable service at any age.

Plan E:

Members prior to July 1, 1963: Age 60 and 10 years of creditable service, or 30 years of creditable service at any age.

Members on or after July 1, 1963: Age 62 and 10 years of creditable service, or 30 years of creditable service at any age.

(Sections 238.07(2) and (9))

Normal Form

Straight life benefit (Option 1), which will be the total of the pension paid by employer contributions plus an annuity based on the member's accumulated contributions.

(Sections 238.07(4), (5), (6) and (7))

SUMMARY OF PLAN PROVISIONS

Optional Forms

Modified cash refund annuity (Option 2).

100% joint & survivor (Option 3).

50% joint and survivor (Option 4).

(Section 238.08)

Regular Benefit Amount

The monthly allowance is:

Plans A & B:

The product of 1/140 of the member's average final compensation and years of membership service; plus

1/70 of average final compensation multiplied by the years of certified prior service; plus

an annuity based on the actuarial equivalent of the member's accumulated contributions.

(Section 238.07(4))

Plan C:

The product of 1/120 of the member's average final compensation and years of membership service; plus

1/60 of average final compensation multiplied by the years of certified prior service; plus

an annuity based on the actuarial equivalent of the member's accumulated contributions.

(Section 238.07(5))

SUMMARY OF PLAN PROVISIONS

Plan D:

The product of $1/100$ of the member's average final compensation and years of membership service; plus

$1/50$ of average final compensation multiplied by the years of certified prior service; plus

an annuity based on the actuarial equivalent of the member's accumulated contributions.

(Section 238.07(6))

Plan E:

2% of the member's average final compensation multiplied by years of creditable service.

(Section 238.07(7)(a))

Average Final Compensation

The larger of the highest ten-year average compensation in the 15 years preceding retirement, or the career average salary.

(Section 238.01(14))

MINIMUM BENEFIT

If a member retires after 30 years of creditable service, he or she shall receive at least \$100 per month. If a member retires under Plans A, B, or C with 10 or more years of service, but less than 30, he or she shall receive an annual retirement allowance equal to $1/60$ of \$2,400 multiplied by years of creditable service (but not more than \$100 per month).

(Section 238.07(8))

ADDITIONAL MINIMUM BENEFIT

Eligibility

Attainment of age 65 by a pensioner, or, in the case of a beneficiary receiving the pension, the 65th anniversary of the deceased member's birth. The member must have earned at least 10 years of creditable service.

SUMMARY OF PLAN PROVISIONS

Benefit Amount

Effective July 1, 2006, the minimum monthly benefit is \$22.64 times years of creditable service prior to application of the reduction factor for electing an optional form of payment. For retirements on or after July 1, 1987, creditable service for the minimum benefit calculation does not include any service earned on or after that date.

(Section 112.362)

EARLY RETIREMENT BENEFIT

Eligibility

Only members of Plan E are eligible for early retirement. The requirement is age 55 and 10 years of creditable service.

(Section 238.07(2)(e)2)

Benefit Amount

The actuarial equivalent of the retirement benefit accrued at the early retirement date.

(Section 238.07(7)(b))

DISABILITY RETIREMENT

If a member has 10 or more years of creditable service and is certified mentally or physically incapacitated for the performance of duty, and that the disability is permanent, he or she may retire on a disability retirement.

The member shall receive an allowance, as follows:

Plans A, B, C and D: A total retirement allowance equal to the larger of:

1. A factor times average final compensation times years of creditable service;
2. 25% times average final compensation;
3. \$75 per month; and
4. \$40 per year times years of creditable service.

SUMMARY OF PLAN PROVISIONS

However, the disability benefit shall not exceed a factor times average compensation times the possible years of creditable service to the normal retirement date.

The factor is 1/70 for Plans A and B, 1/60 for Plan C, and 1/50 for Plan D.

(Section 238.07(11))

Plan E: The larger of:

1. The accrued benefit based on average final compensation and creditable service at disability; and
2. 25% times average final compensation.

The disability benefit shall not exceed the retirement allowance payable if service had continued to the first date the member would have been eligible for service retirement at the same rate of compensation.

(Section 238.07(11))

HEALTH INSURANCE SUBSIDY

A monthly subsidy of \$5 per month per year of creditable service, with a minimum of \$30, and a maximum of \$150 per month, shall be paid to retirees and surviving beneficiaries to subsidize health insurance premiums. This benefit is not indexed with the cost of living.

Further, this benefit is funded separately, on a pay-as-you-go basis, and is not part of this actuarial valuation.

(Section 112.363)

POST-RETIREMENT DEATH BENEFITS

Based on the optional form elected, plus a \$500 lump sum.

(Sections 238.07(16)(b)(7), 238.08(8))

SUMMARY OF PLAN PROVISIONS

PRE-RETIREMENT DEATH BENEFITS

Payable to Beneficiaries

Minimum Period of Paid Service of Member in Florida as Regular Full-Time Teacher	Beneficiaries of Deceased Member	Benefits
1. One calendar day	Widow or widower who has care of dependent child or children of the deceased member.	\$190 per month for one child; \$250 per month if more than one child; maximum benefit \$250 per month.
2. One calendar day	One or more dependent children if there is no surviving widow or widower.	\$190 per month per child; maximum benefit \$250 per month if more than one child.
3. One calendar day	Dependent parents 65 years of age or older.	For each parent, \$100 per month for life.
4. One calendar day	Designated beneficiary and, if no designated beneficiary, then the executor or administrator of deceased member.	\$500 lump-sum death benefit payable only once.
5. One calendar day	Dependent widow or widower 50 years of age and less than 65 years of age.	\$150 per month for life.
6. Ten Years	Widow or widower 65 years of age or older.	\$175 per month for life.

If the member dies before completing three years of service, the above benefits are reduced for any Social Security benefits payable.

SUMMARY OF PLAN PROVISIONS

The benefits above are payable only if death occurs while in service, or during the following periods after service is terminated:

Years of Service	Period After Florida Service in Which Death Occurs
3 – 5	2 years
6 – 9	5 years
10 or more	10 years

The above restrictions do not apply if the member is receiving disability payments at time of death.

(Section 238.07(16))

Payable to the Surviving Spouse

Before 10 years of service: Return of member contributions with interest.

After 10 years of service: Instead of the death benefit described above, the surviving spouse may elect to receive the return of member contributions with interest or a 100% joint & survivor annuity, calculated assuming the member retired on the date of death.

(Section 238.08(5)(a))

VESTING

Eligibility

After 10 years of creditable service if the member leaves employee contributions in the System.

Benefit Amount

The normal retirement benefit based on average final compensation and creditable service to the retirement date.

(Sections 238.07(9), 238.07(14))

SUMMARY OF PLAN PROVISIONS

DROP – DEFERRED RETIREMENT OPTION PROGRAM

Eligibility

Vested TRS members are eligible for DROP participation upon attaining eligibility for normal retirement. Deferral of DROP participation for all but K-12 Instructional Personnel is allowed if the eligible participant has completed 30 years of service and has not reached age 57. In this case the participant can defer participation in DROP until he reaches age 57. Instructional Personnel in grades K-12 may defer DROP participation to any age. Participants who reached normal retirement before July 1, 1998, were eligible to participate in DROP for up to 60 months beginning July 1, 1998.

Effective July 1, 1998, eligible members can retire without terminating their employment during DROP participation. Monthly retirement benefits will be invested in the FRS Trust Fund, earning tax-deferred interest while the member continues to work for a maximum of 60 months. Upon completion of the maximum five-year period, DROP participation ends and participants must terminate employment with all FRS employers. At that time, the participant will receive payment of the accumulated DROP benefits, and begin receiving his TRS monthly retirement benefit (in the same amount as determined at retirement, plus annual cost-of-living increases).

Effective July 1, 2003, participants employed in eligible instructional positions with a district school board, the Florida School for the Deaf and Blind, or a developmental research school can extend their participation beyond their initial 60-month period, for up to an additional 36 months. The employer must approve the request for DROP extension as well as the period of extension granted to an eligible DROP participant, if any, within the 36-month limit.

Disabled While in DROP

Participants that became disabled while participating in DROP will continue to accumulate the same monthly benefit in the FRS Trust Fund until termination. Since the normal retirement benefit commenced upon DROP participation, a disability benefit will not be issued.

SUMMARY OF PLAN PROVISIONS

Death While in DROP

The designated beneficiary of a participant who dies while participating in DROP will receive all accumulated DROP benefits, and a continuing monthly benefit, if the participant had elected Option 2, 3, or 4. Survivors of DROP participants are not eligible for TRS line-of-duty death benefits.

(Section 121.091 (13))

RETURN OF EMPLOYEE CONTRIBUTIONS

A member who terminates employment but is not eligible to retire will be entitled to a refund of any employee contributions made, with interest.

(Sections 238.07(13), 238.10)

COST-OF-LIVING ADJUSTMENTS

Retirees and beneficiaries of deceased retirees are eligible to receive cost-of-living adjustments identical to those for Florida Retirement System members.

(Section 121.101)

SUMMARY OF PLAN PROVISIONS

PART III: STATE AND COUNTY OFFICERS AND EMPLOYEES' RETIREMENT SYSTEM (SCOERS)

The benefit and contribution provisions of the Statutes are set forth in Chapter 122 of the Florida Statutes. Certain provisions are drawn from other sections of the Florida Statutes. This is a closed system that no longer includes any members in the high hazard or legislative categories.

EFFECTIVE DATE

The effective date of the Retirement System was July 1, 1955.

(Section 122.01(2))

MEMBERSHIP

All full-time employees of the state and its counties not covered by another system who were employed prior to December 1, 1970.

Those members who were hired prior to January 1, 1958 and did not elect to join Division B are in Division A. These members do not contribute to the Social Security system.

Those members who elected to join Division B and those members hired after December 31, 1957 and prior to December 1, 1970 are in Division B. These members contribute to the Social Security system.

(Sections 122.01, 122.24)

MEMBER CONTRIBUTIONS

All members of Division A contribute 6% of salary.
All members of Division B contribute 4% of salary.

(Sections 122.03, 122.27)

EMPLOYER CONTRIBUTIONS

Employer contributions are:

Division A	9.99%
Division B	7.99%

SUMMARY OF PLAN PROVISIONS

To these rates 1.11% is added for the financing of the health insurance subsidy described later in this part.

(Section 122.35)

NORMAL RETIREMENT BENEFIT

Eligibility

Members prior to July 1, 1963: Age 60 and 10 years of service, or 30 years of creditable service.

Members after July 1, 1963: Age 62 and 10 years of service, or 30 years of creditable service.

Members under former Chapters 121 and 134: 30 years of service.

(Sections 122.08(1), 122.08(8), 122.28)

Normal Form

Straight life benefit (Option 1).

(Section 122.08)

Optional Forms

Modified cash refund annuity (Option 2).

50% joint & survivor (Option 3).

100% joint & survivor (Option 4).

(Section 122.08)

Regular Benefit Amount

Division A: The monthly allowance is 2% of average final compensation for each year of service rendered.

SUMMARY OF PLAN PROVISIONS

Division B: 2% of average final compensation for each year of service rendered prior to the effective date of Social Security coverage, plus 1.5% of average final compensation for each year of service rendered after the effective date of Social Security coverage.

(Sections 122.08(1), 122.28(1))

Average Final Compensation

The larger of the highest ten-year average compensation in the fifteen years preceding retirement, or the career average salary.

(Section 122.02(2))

MAXIMUM BENEFIT

Division A: No maximum.

Division B: For those who became members after June 30, 1963, monthly allowance plus Social Security primary insurance amount cannot be greater than 80% of average final compensation. For those who became members before July 1, 1963, there is no maximum.

(Sections 122.28(3), 122.08)

MINIMUM BENEFIT

Eligibility

Attainment of age 65 by a pensioner, or, in the case of a beneficiary receiving the pension, the 65th anniversary of the deceased member's birth. The member must have earned at least ten years of creditable service and retired under normal retirement.

Benefit Amount

Effective July 1, 2006, the minimum monthly benefit is \$22.64 times years of creditable service prior to application of the reduction factor for electing an optional form of payment. For retirements on or after July 1, 1987, creditable service for the minimum benefit calculation does not include any service earned on or after that date.

(Section 112.362)

SUMMARY OF PLAN PROVISIONS

EARLY RETIREMENT BENEFIT

Eligibility

Age 55 and 10 years of service.

(Section 122.08(2)(a))

Benefit Amount

The actuarial equivalent of the retirement benefit accrued at the early retirement date.

(Section 122.08(2)(a))

DISABILITY RETIREMENT

Eligibility

A member who has 10 or more years of service and becomes permanently and totally disabled may retire with a disability pension.

Benefit Amount

The benefit will be the same as the regular benefit amount, except that the benefit will not be less than the lesser of 50% of average final compensation or \$75. This minimum benefit does not apply to an officer or employee who has attained age 60 or is receiving Social Security disability.

(Section 122.09)

Minimum Benefit

A member of Division B shall receive his or her regular benefit amount, but no less than 20% of his or her average final compensation.

(Section 122.28(2))

Form of Benefit

Straight life annuity. No optional form may be elected.

(Section 122.08(6))

SUMMARY OF PLAN PROVISIONS

HEALTH INSURANCE SUBSIDY

A monthly subsidy of \$5 per month per year of creditable service, with a minimum of \$30, and a maximum of \$150 per month, shall be paid to retirees and surviving beneficiaries to subsidize health insurance premiums. This benefit is not indexed with the cost of living.

Further, the benefit is funded separately, on a pay-as-you-go basis, and is not part of this actuarial valuation.

(Section 112.363)

POST-RETIREMENT DEATH BENEFITS

Based on the optional form elected.

(Section 122.08(3))

PRE-RETIREMENT DEATH BENEFITS

Eligibility

When employment is terminated by death after 10 years of service if member was eligible for normal or early retirement.

Benefit Amount

1. If surviving spouse has received a refund of the member's contributions, no benefit is payable.
2. If surviving spouse has not received a refund of the member's contributions, or has repaid the member's contributions, with interest, the spouse is entitled to receive a benefit, calculated assuming the member had retired on his or her date of death and had chosen a 100% joint & survivor option.

(Section 122.08(9))

VESTING

Eligibility

After 10 years of service if member leaves employee contributions in the System.

SUMMARY OF PLAN PROVISIONS

Benefit Amount

The normal or early retirement benefit based on average final compensation and years of service to the date of retirement.

(Section 122.10(1))

DROP – DEFERRED RETIREMENT OPTION PROGRAM

Eligibility

Vested SCOERS members are eligible for DROP participation upon attaining eligibility for normal retirement. Deferral of DROP participation for all but K-12 Instructional Personnel is allowed if the eligible participant has completed 30 years of service, and has not reached age 57. In this case the participant can defer participation in DROP until he reaches age 57. Instructional Personnel in grades K-12 may defer DROP participation to any age. Members who reached normal retirement before July 1, 1998 were eligible to participate in DROP for up to 60 months beginning July 1, 1998.

Effective July 1, 1998, eligible members can retire without terminating their employment during DROP participation. Monthly retirement benefits will be invested in the FRS Trust Fund, earning tax-deferred interest while the member continues to work for a maximum of 60 months. Upon completion of the maximum five-year period, DROP participation ends and participants must terminate employment with all FRS employers. At that time, the participant will receive payment of the accumulated DROP benefits, and begin receiving his SCOERS monthly retirement benefit (in the same amount as determined at retirement, plus annual cost-of-living increases).

Effective July 1, 2006, participants employed in eligible instructional positions with a district school board, the Florida School for the Deaf and Blind, or a developmental research school can extend their participation beyond their initial 60-month period, for up to an additional 36 months. The employer must approve the request for DROP extension as well as the period of extension granted to an eligible DROP participant, if any, within the 36-month limit.

Disabled While in DROP

Participants that became disabled while participating in DROP will continue to accumulate the same monthly benefit in the FRS Trust Fund until termination. Since the normal retirement benefit commenced upon DROP participation, a disability benefit will not be issued.

SUMMARY OF PLAN PROVISIONS

Death While in DROP

The designated beneficiary of a participant who dies while participating in DROP will receive all accumulated DROP benefits, and a continuing monthly benefit, if the participant had elected Option 2, 3, or 4. Survivors of DROP participants are not eligible for SCOERS line-of-duty death benefits.

(Section 121.091 (13))

RETURN OF EMPLOYEE CONTRIBUTIONS

A member who terminates employment but is not eligible to retire, to receive a vested retirement allowance, or to receive a disability pension, or the beneficiary of a member who passed away before satisfying the requirements for a pre-retirement death benefit, will be entitled to a refund of any employee contributions made.

No interest is credited on employee contribution accounts.

(Section 122.10(1))

COST-OF-LIVING BENEFITS

Retirees and beneficiaries of deceased retirees are eligible each July 1 to receive cost-of-living adjustments to their benefits. The adjustments are identical to those for Florida Retirement System members.

(Section 121.101)

APPENDIX C

MEMBERSHIP DATA



FLORIDA RETIREMENT SYSTEM
Actuarial Valuation as of July 1, 2006

This work product was prepared solely for the Florida Retirement System for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

MEMBERSHIP DATA

This valuation is based upon the membership of the System as of July 1, 2006.

The membership of the System includes employees of the State of Florida and participating political subdivisions. The membership is divided into several categories by System.

Tables C-1 through C-5 present distributions of members receiving service or disability retirement benefits, and of beneficiaries of deceased members. Shown in the tables are the numbers of persons receiving benefits and the total annual benefits received.

Table C-6 summarizes the DROP membership and provides total annual benefits received.

Tables C-7 through C-25 contain summaries of the active members in each category of membership. Values shown in the tables are the numbers of members and their total annual salaries. Table C-25 is the grand total of Tables C-7 through C-24.

Table C-26 presents a summary by System of active membership, payroll, and accumulated employee contributions.

**Table C-1
Florida Retirement System
Annuitants at July 1, 2006
Regular and Early Retirement by Age**

Age	Men	Women	Total
Number of Persons			
Under 50	1,516	1,900	3,416
50 to 54	2,627	3,382	6,009
55 to 59	9,068	12,751	21,819
60 to 64	16,064	23,851	39,915
65 to 69	18,396	29,498	47,894
70 to 74	16,346	26,007	42,353
75 to 79	12,676	21,260	33,936
80 & Up	<u>13,020</u>	<u>28,290</u>	<u>41,310</u>
Total	89,713	146,939	236,652
Annual Benefits (in Thousands)			
Under 50	\$15,849	\$15,792	\$31,641
50 to 54	57,163	36,121	93,284
55 to 59	203,284	177,050	380,334
60 to 64	348,360	350,985	699,345
65 to 69	343,121	400,738	743,859
70 to 74	301,839	351,532	653,371
75 to 79	227,366	284,733	512,099
80 & Up	<u>198,696</u>	<u>323,092</u>	<u>521,788</u>
Total	\$1,695,678	\$1,940,043	\$3,635,721

**Table C-2
Florida Retirement System
Annuitants at July 1, 2006
Disability Retirement by Age**

Age	Men	Women	Total
Number of Persons			
Under 50	546	718	1,264
50 to 54	691	1,094	1,785
55 to 59	1,036	1,583	2,619
60 to 64	970	1,624	2,594
65 to 69	616	1,025	1,641
70 to 74	375	507	882
75 to 79	199	371	570
80 & Up	250	483	733
Total	4,683	7,405	12,088
Annual Benefits (in Thousands)			
Under 50	\$7,489	\$7,262	\$14,751
50 to 54	9,354	11,763	21,117
55 to 59	13,513	16,530	30,043
60 to 64	11,925	17,248	29,173
65 to 69	7,146	10,108	17,254
70 to 74	4,127	4,632	8,759
75 to 79	2,031	2,888	4,919
80 & Up	2,244	3,680	5,924
Total	\$57,829	\$74,111	\$131,940

Table C-3
Florida Retirement System
Potential Annuitants at July 1, 2006
Vested Terminated Members by Age for the Regular,
Senior Management, and Elected Officers' Classes

Age	Men	Women	Total
Number of Persons			
Under 30	100	279	379
30 to 34	791	2,543	3,334
35 to 39	1,991	5,304	7,295
40 to 44	3,505	7,811	11,316
45 to 49	5,054	10,546	15,600
50 to 54	5,521	11,297	16,818
55 to 59	4,298	8,078	12,376
60 & Up	2,543	5,181	7,724
Total	23,803	51,039	74,842
Annual Benefits (in Thousands) *			
Under 30	\$236	\$660	\$896
30 to 34	2,846	8,811	11,657
35 to 39	9,780	23,585	33,365
40 to 44	22,300	40,593	62,893
45 to 49	36,225	59,885	96,110
50 to 54	42,450	68,737	111,187
55 to 59	34,475	49,455	83,930
60 & Up	16,702	21,922	38,624
Total	\$165,014	\$273,648	\$438,662

* Deferred to Age 62

Table C-4
Florida Retirement System
Potential Annuitants at July 1, 2006
Vested Terminated Members by Age for the
Special Risk Regular & Administrative Support Classes

Age	Men	Women	Total
Number of Persons			
Under 30	27	15	42
30 to 34	360	133	493
35 to 39	811	283	1,094
40 to 44	1,002	395	1,397
45 to 49	767	306	1,073
50 to 54	529	164	693
55 to 59	145	56	201
60 & Up	74	19	93
Total	3,715	1,371	5,086

Annual Benefits (in Thousands) *			
Under 30	\$196	\$96	\$292
30 to 34	2,847	963	3,810
35 to 39	8,199	2,720	10,919
40 to 44	12,985	4,597	17,582
45 to 49	10,618	4,242	14,860
50 to 54	7,288	2,233	9,521
55 to 59	1,723	666	2,389
60 & Up	876	203	1,079
Total	\$44,732	\$15,720	\$60,452

* Deferred to Age 55

Table C-5
Florida Retirement System
Annuitants and Potential Annuitants at July 1, 2006
All Types of Retirement by System

System	Annuitants	Potential Annuitants	Total
Number of Persons			
Regular	226,167	73,770	299,937
Senior Management	1,269	754	2,023
Special Risk	19,417	5,065	24,482
Special Risk Administrative	151	21	172
Judges	591	37	628
Legislative/Attorneys/Cabinet	150	71	221
County Officials	995	210	1,205
Total	248,740	79,928	328,668
Annual Benefits (in Thousands)			
Regular	\$3,134,882	\$420,285	\$3,555,167
Senior Management	49,638	13,789	63,427
Special Risk	513,686	60,300	573,986
Special Risk Administrative	4,352	152	4,504
Judges	36,267	1,833	38,100
Legislative/Attorneys/Cabinet	3,965	721	4,686
County Officials	24,871	2,034	26,905
Total	\$3,767,661	\$499,114	\$4,266,775

Table C-6
Florida Retirement System
Annuitants at July 1, 2006
DROP Members *

Age		Men	Women	Total
Number of Persons				
Under	50	200	51	251
	50 to 54	1,552	1,933	3,485
	55 to 59	4,684	6,458	11,142
	60 to 64	4,178	7,312	11,490
	65 to 69	1,743	3,001	4,744
	70 to 74	205	227	432
	75 to 79	59	56	115
	80 & Up	13	10	23
Total		12,634	19,048	31,682

Annual Benefits (in Thousands)				
Under	50	\$9,002	\$1,589	\$10,591
	50 to 54	60,893	47,013	107,906
	55 to 59	152,238	173,543	325,781
	60 to 64	98,366	135,182	233,548
	65 to 69	30,481	39,291	69,772
	70 to 74	3,210	2,551	5,761
	75 to 79	882	541	1,423
	80 & Up	238	69	307
Total		\$355,310	\$399,779	\$755,089

* Amounts include all DROP applicants processed by the data collection date.

MEMBERSHIP DATA

**Table C-7
Florida Retirement System
Members and Their Salaries at July 1, 2006
FRS-Regular: Men**

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20	522	5,838,617				
20 to 24	4,679	94,471,657	166	3,995,205		
25 to 29	8,220	237,145,686	2,175	70,344,304	47	1,537,861
30 to 34	6,232	191,354,895	5,073	192,757,969	1,326	53,383,275
35 to 39	5,699	176,376,094	4,992	194,815,244	4,302	193,270,527
40 to 44	5,522	172,238,748	4,622	176,724,795	4,239	190,818,291
45 to 49	5,505	171,176,587	4,886	188,815,768	4,133	185,186,428
50 to 54	4,963	153,777,659	4,737	181,884,249	4,095	179,874,927
55 to 59	4,510	137,909,179	4,458	168,825,998	4,052	175,774,817
60 to 64	2,722	76,478,287	2,893	105,834,919	2,224	96,300,491
65 & UP	1,946	35,145,190	2,228	57,547,895	1,215	40,388,148
TOTALS	50,520	1,451,912,599	36,230	1,341,546,346	25,633	1,116,534,765

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29	1	35,826				
30 to 34	58	2,504,314				
35 to 39	1,551	70,515,486	87	4,014,679	1	63,492
40 to 44	4,443	223,848,558	1,866	91,406,378	133	6,929,008
45 to 49	4,888	244,569,969	4,060	222,478,664	1,863	96,656,567
50 to 54	4,610	233,831,206	3,844	214,043,457	3,930	227,650,612
55 to 59	4,281	213,683,893	3,311	186,148,114	3,028	182,001,559
60 to 64	2,192	107,959,622	1,336	74,170,793	1,067	65,918,693
65 & UP	763	33,439,145	319	17,093,134	171	11,244,540
TOTALS	22,787	1,130,388,019	14,823	809,355,219	10,193	590,464,471

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	123	6,009,047				
50 to 54	1,143	65,700,561	20	1,122,182		
55 to 59	1,165	74,569,613	117	7,308,684	1	51,148
60 to 64	273	19,244,247	111	7,975,872	12	685,515
65 & UP	109	8,888,996	57	4,673,117	23	1,881,391
TOTALS	2,813	174,412,464	305	21,079,855	36	2,618,054

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20					522	5,838,617
20 to 24					4,845	98,466,862
25 to 29					10,443	309,063,677
30 to 34					12,689	440,000,453
35 to 39					16,632	639,055,522
40 to 44					20,825	861,965,778
45 to 49					25,458	1,114,893,030
50 to 54					27,342	1,257,884,853
55 to 59					24,923	1,146,273,005
60 to 64					12,830	554,568,439
65 & UP	8	500,780	1	66,391	6,840	210,868,727
TOTALS	8	500,780	1	66,391	163,349	6,638,878,963

MEMBERSHIP DATA

**Table C-8
Florida Retirement System
Members and Their Salaries at July 1, 2006
FRS-Regular: Women**

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20	989	8,553,964			1	34,271
20 to 24	10,901	219,804,030	277	5,692,559	1	30,188
25 to 29	22,277	629,075,539	5,869	182,116,433	93	2,912,848
30 to 34	15,050	400,445,554	13,803	465,401,766	3,641	132,508,639
35 to 39	13,968	336,639,447	12,782	400,863,179	10,774	422,496,128
40 to 44	13,514	307,775,150	12,695	362,517,035	9,584	345,282,639
45 to 49	12,145	285,238,836	12,975	370,780,153	10,002	345,219,221
50 to 54	9,464	235,167,858	10,527	308,526,315	9,707	340,374,496
55 to 59	6,997	172,582,922	7,799	232,615,061	7,617	270,223,946
60 to 64	3,326	74,094,294	4,296	117,311,829	3,447	114,984,198
65 & UP	2,120	31,715,274	2,240	44,643,618	1,324	32,071,595
TOTALS	110,751	2,701,092,868	83,263	2,490,467,948	56,191	2,006,138,169

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24	1	37,871				
25 to 29			1	44,979	1	60,782
30 to 34	96	3,640,077				
35 to 39	3,882	158,621,574	150	6,182,714	1	19,886
40 to 44	10,184	445,267,551	3,731	168,395,585	193	8,259,302
45 to 49	10,370	425,900,071	8,737	421,516,052	4,284	201,660,564
50 to 54	11,064	453,292,111	8,423	394,750,194	8,857	467,352,028
55 to 59	9,931	418,908,242	7,998	373,896,241	6,841	346,260,032
60 to 64	4,197	167,844,250	3,471	158,962,018	2,711	127,956,381
65 & UP	1,020	30,552,678	545	17,923,842	352	12,578,658
TOTALS	50,745	2,104,064,425	33,056	1,541,671,625	23,240	1,164,147,633

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	116	5,391,832				
50 to 54	1,976	107,738,762	14	644,997		
55 to 59	1,814	106,551,308	183	9,833,128		
60 to 64	442	22,748,221	126	6,633,611	5	285,845
65 & UP	195	7,863,591	70	2,952,338	21	1,203,765
TOTALS	4,543	250,293,714	393	20,064,074	26	1,489,610

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20					990	8,588,235
20 to 24					11,180	225,564,648
25 to 29					28,241	814,210,581
30 to 34					32,590	1,001,996,036
35 to 39					41,557	1,324,822,928
40 to 44					49,901	1,637,497,262
45 to 49					58,629	2,055,706,729
50 to 54					60,032	2,307,846,761
55 to 59					49,180	1,930,870,880
60 to 64					22,021	790,820,647
65 & UP	11	719,210	1	84,405	7,899	182,308,974
TOTALS	11	719,210	1	84,405	362,220	12,280,233,681



MEMBERSHIP DATA

**Table C-9
Florida Retirement System
Members and Their Salaries at July 1, 2006
FRS-Special Risk: Men**

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20	30	678,388				
20 to 24	2,879	93,067,302	49	1,907,004		
25 to 29	4,207	154,935,495	1,592	70,271,918	24	1,049,706
30 to 34	2,960	114,497,249	3,242	154,789,892	1,385	73,160,945
35 to 39	2,089	81,764,380	2,618	127,216,938	3,090	172,478,983
40 to 44	1,288	49,644,009	1,279	60,984,080	1,819	98,637,869
45 to 49	810	31,775,601	793	36,521,324	952	49,199,439
50 to 54	548	21,461,795	603	27,412,218	698	33,100,519
55 to 59	291	11,226,463	436	20,419,976	408	19,104,797
60 to 64	101	3,654,207	226	10,067,819	186	9,200,585
65 & UP	20	668,656	32	1,338,652	50	2,351,594
TOTALS	15,223	563,373,545	10,870	510,929,821	8,612	458,284,437

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34	21	1,123,809				
35 to 39	1,753	106,122,174	31	1,917,865		
40 to 44	3,194	202,195,830	1,545	106,457,429	65	4,716,970
45 to 49	1,765	109,036,049	2,132	152,471,638	827	65,571,734
50 to 54	988	57,487,115	1,078	74,899,291	817	62,601,464
55 to 59	439	24,001,575	279	17,821,456	205	14,676,752
60 to 64	225	11,670,275	125	7,473,899	51	3,291,453
65 & UP	38	2,115,466	19	1,164,272	11	758,960
TOTALS	8,423	513,752,293	5,209	362,205,850	1,976	151,617,333

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	21	1,548,793				
50 to 54	148	11,939,828	2	168,576		
55 to 59	58	4,416,133	5	372,243		
60 to 64	17	1,355,810	7	585,100		
65 & UP	4	239,390	2	105,057	1	93,055
TOTALS	248	19,499,954	16	1,230,976	1	93,055

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20					30	678,388
20 to 24					2,928	94,974,306
25 to 29					5,823	226,257,119
30 to 34					7,608	343,571,895
35 to 39					9,581	489,500,340
40 to 44					9,190	522,636,187
45 to 49					7,300	446,124,578
50 to 54					4,882	289,070,806
55 to 59					2,121	112,039,395
60 to 64					938	47,299,148
65 & UP					177	8,835,102
TOTALS					50,578	2,580,987,264



MEMBERSHIP DATA

Table C-10
Florida Retirement System
Members and Their Salaries at July 1, 2006
FRS-Special Risk: Women

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20	5	116,085				
20 to 24	966	28,304,073	2	85,610	1	48,847
25 to 29	1,638	54,341,954	507	20,108,713	4	168,652
30 to 34	1,024	34,900,584	1,133	47,196,186	356	16,458,662
35 to 39	666	22,564,977	849	35,922,581	903	45,312,627
40 to 44	423	14,435,165	499	21,309,333	577	27,921,264
45 to 49	274	9,904,894	318	13,009,868	380	17,952,804
50 to 54	154	5,601,819	179	7,023,936	239	10,600,906
55 to 59	83	2,842,647	100	3,969,776	111	4,811,370
60 to 64	17	617,632	32	1,247,430	45	1,908,959
65 & UP	1	24,626	9	493,596	8	379,797
TOTALS	5,251	173,654,456	3,628	150,367,029	2,624	125,563,888

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34	7	408,314				
35 to 39	395	21,536,693	10	708,266		
40 to 44	926	51,771,676	320	19,912,376	12	864,386
45 to 49	577	30,907,465	581	35,873,103	160	10,611,822
50 to 54	354	17,600,793	292	17,355,108	209	13,109,336
55 to 59	131	6,292,557	80	4,127,370	64	3,786,326
60 to 64	39	1,933,044	33	1,906,635	12	814,748
65 & UP	3	134,445	4	238,085		
TOTALS	2,432	130,584,987	1,320	80,120,943	457	29,186,618

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	1	32,232				
50 to 54	27	1,839,321				
55 to 59	12	809,266				
60 to 64	1	50,129	1	51,069		
65 & UP						
TOTALS	41	2,730,948	1	51,069		

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20					5	116,085
20 to 24					969	28,438,530
25 to 29					2,149	74,619,319
30 to 34					2,520	98,963,746
35 to 39					2,823	126,045,144
40 to 44					2,757	136,214,200
45 to 49					2,291	118,292,188
50 to 54					1,454	73,131,219
55 to 59					581	26,639,312
60 to 64					180	8,529,646
65 & UP					25	1,270,549
TOTALS					15,754	692,259,938



MEMBERSHIP DATA

**Table C-11
Florida Retirement System
Members and Their Salaries at July 1, 2006
FRS-Special Risk Administrative Support: Men**

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34					1	38,337
35 to 39					1	38,337
40 to 44					2	94,041
45 to 49					1	36,163
50 to 54					1	70,948
55 to 59						
60 to 64						
65 & UP						
TOTALS					6	277,826

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39	3	121,098				
40 to 44	8	380,063	3	136,982		
45 to 49	4	165,668	5	221,761	2	101,992
50 to 54	2	88,291	3	150,964	4	187,385
55 to 59	2	83,303	1	38,211	1	41,805
60 to 64						
65 & UP	1	37,875				
TOTALS	20	876,298	12	547,918	7	331,182

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34					1	38,337
35 to 39					4	159,435
40 to 44					13	611,086
45 to 49					12	525,584
50 to 54					10	497,588
55 to 59					4	163,319
60 to 64						
65 & UP					1	37,875
TOTALS					45	2,033,224



MEMBERSHIP DATA

**Table C-12
Florida Retirement System
Members and Their Salaries at July 1, 2006
FRS-Special Risk Administrative Support: Women**

AGE	SERVICE		SERVICE		SERVICE	
	UNDER 5	5 TO 10	10 TO 15	15 TO 20	20 TO 25	25 TO 30
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34					4	149,376
35 to 39	1	30,241				
40 to 44			1	66,208	1	38,211
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS	1	30,241	1	66,208	5	187,587

AGE	SERVICE		SERVICE		SERVICE	
	15 TO 20	20 TO 25	25 TO 30	30 TO 35	35 TO 40	40 TO 45
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39	3	102,286				
40 to 44	2	73,584				
45 to 49	2	65,261	3	104,972	1	62,920
50 to 54	1	40,836			2	84,436
55 to 59						
60 to 64						
65 & UP						
TOTALS	8	281,967	3	104,972	3	147,356

AGE	SERVICE		SERVICE		SERVICE	
	30 TO 35	35 TO 40	40 TO 45	45 TO 50	50 & UP	ALL YEARS
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE		SERVICE		SERVICE	
	45 TO 50	50 & UP	ALL YEARS	45 TO 50	50 & UP	ALL YEARS
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34					4	149,376
35 to 39					4	132,527
40 to 44					4	178,003
45 to 49					6	233,153
50 to 54					3	125,272
55 to 59						
60 to 64						
65 & UP						
TOTALS					21	818,331



This work product was prepared solely for the Florida Retirement System for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

MEMBERSHIP DATA

**Table C-13
Florida Retirement System
Members and Their Salaries at July 1, 2006
EOC-Judicial: Men**

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34			1	131,204		
35 to 39	9	883,411	4	436,027	3	363,550
40 to 44	6	760,668	8	960,522	2	260,346
45 to 49	13	1,428,152	19	2,298,507	18	2,302,934
50 to 54	8	1,048,406	26	3,551,903	19	2,450,938
55 to 59	11	1,430,334	24	3,317,750	28	3,825,685
60 to 64	14	1,858,174	20	2,757,729	22	2,998,683
65 & UP	2	278,186	4	538,010	8	1,142,922
TOTALS	63	7,687,331	106	13,991,652	100	13,345,058

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44	8	1,097,611				
45 to 49	15	2,034,240	9	1,224,893	1	129,971
50 to 54	34	4,531,681	34	4,623,081	23	3,138,648
55 to 59	28	3,696,916	27	3,714,972	28	3,895,033
60 to 64	23	3,156,411	19	2,611,399	18	2,476,021
65 & UP	4	547,598	2	296,188	1	139,093
TOTALS	112	15,064,457	91	12,470,533	71	9,778,766

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59	7	955,289				
60 to 64	3	408,990				
65 & UP						
TOTALS	10	1,364,279				

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34					1	131,204
35 to 39					16	1,682,988
40 to 44					24	3,079,147
45 to 49					75	9,418,697
50 to 54					144	19,344,657
55 to 59					153	20,835,979
60 to 64					119	16,267,407
65 & UP					21	2,941,997
TOTALS					553	73,702,076

MEMBERSHIP DATA

**Table C-14
Florida Retirement System
Members and Their Salaries at July 1, 2006
EOC-Judicial: Women**

AGE	SERVICE UNDER 5		SERVICE 5 TO 10		SERVICE 10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34			2	260,686		
35 to 39	1	94,430	3	335,485	5	611,523
40 to 44	8	981,877	9	1,207,710	9	1,135,935
45 to 49	5	558,745	10	1,283,384	14	1,894,404
50 to 54	4	538,796	14	1,842,879	5	677,103
55 to 59	1	139,093	6	778,574	10	1,262,139
60 to 64			2	278,186	5	695,465
65 & UP					3	417,279
TOTALS	19	2,312,941	46	5,986,904	51	6,693,848

AGE	SERVICE 15 TO 20		SERVICE 20 TO 25		SERVICE 25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44	2	259,824	1	139,093		
45 to 49	15	1,877,744	9	1,215,072		
50 to 54	17	2,268,744	22	2,961,055	8	1,096,099
55 to 59	8	1,075,840	13	1,812,287	9	1,272,911
60 to 64	3	413,081	1	139,093	2	269,005
65 & UP					1	145,281
TOTALS	45	5,895,233	46	6,266,600	20	2,783,296

AGE	SERVICE 30 TO 35		SERVICE 35 TO 40		SERVICE 40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59	1	139,093				
60 to 64						
65 & UP						
TOTALS	1	139,093				

AGE	SERVICE 45 TO 50		SERVICE 50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34					2	260,686
35 to 39					9	1,041,438
40 to 44					29	3,724,439
45 to 49					53	6,829,349
50 to 54					70	9,384,676
55 to 59					48	6,479,937
60 to 64					13	1,794,830
65 & UP					4	562,560
TOTALS					228	30,077,915



This work product was prepared solely for the Florida Retirement System for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

MEMBERSHIP DATA

Table C-15
Florida Retirement System
Members and Their Salaries at July 1, 2006
EOC-Legislators/Attorneys/Cabinet: Men

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29	1	29,916				
30 to 34			1	29,916		
35 to 39	3	89,748	5	149,580	3	88,296
40 to 44	5	149,580	5	149,580	2	71,400
45 to 49	1	29,916	10	299,160	4	119,664
50 to 54	1	29,916	5	149,580	5	364,611
55 to 59			8	250,308	6	273,918
60 to 64	6	297,276	4	217,149	1	29,916
65 & UP	1	29,916	4	119,664	2	59,832
TOTALS	18	656,268	42	1,364,937	23	1,007,637

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44	3	89,748	1	29,916		
45 to 49	2	59,832	1	29,916	1	147,696
50 to 54	1	147,238	2	295,317	1	29,916
55 to 59	3	325,631	1	147,696	9	857,626
60 to 64						
65 & UP	1	29,916			1	29,916
TOTALS	10	652,365	5	502,845	12	1,065,154

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64	1	147,621	1	148,094		
65 & UP						
TOTALS	1	147,621	1	148,094		

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29					1	29,916
30 to 34					1	29,916
35 to 39					11	327,624
40 to 44					16	490,224
45 to 49					19	686,184
50 to 54					15	1,016,578
55 to 59					27	1,855,179
60 to 64					13	840,056
65 & UP					9	269,244
TOTALS					112	5,544,921



This work product was prepared solely for the Florida Retirement System for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

MEMBERSHIP DATA

**Table C-16
Florida Retirement System
Members and Their Salaries at July 1, 2006
EOC-Legislators/Attorneys/Cabinet: Women**

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39			1	29,916		
40 to 44			1	29,916	1	29,916
45 to 49	3	89,748	3	208,783		
50 to 54			2	59,832	1	29,916
55 to 59			3	89,748		
60 to 64	1	29,916	3	89,748	1	29,916
65 & UP	1	29,916			1	29,916
TOTALS	5	149,580	13	507,943	4	119,664

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	2	177,154				
50 to 54	2	177,537	1	29,916	1	138,333
55 to 59	1	29,916	1	123,330	1	148,094
60 to 64	2	177,154				
65 & UP						
TOTALS	7	561,761	2	153,246	2	286,427

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39					1	29,916
40 to 44					2	59,832
45 to 49					8	475,685
50 to 54					7	435,534
55 to 59					6	391,088
60 to 64					7	326,734
65 & UP					2	59,832
TOTALS					33	1,778,621



This work product was prepared solely for the Florida Retirement System for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

MEMBERSHIP DATA

**Table C-17
Florida Retirement System
Members and Their Salaries at July 1, 2006
EOC-County Officials: Men**

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24	1	2,676				
25 to 29	4	111,527				
30 to 34	5	169,146	3	103,727	2	94,070
35 to 39	11	343,449	10	259,191	4	163,376
40 to 44	13	512,620	8	160,467	14	887,126
45 to 49	28	1,079,602	18	752,478	18	768,862
50 to 54	23	1,060,182	21	1,140,141	33	1,335,315
55 to 59	19	742,867	30	1,401,528	21	1,015,401
60 to 64	34	860,089	23	923,099	22	911,679
65 & UP	32	686,720	30	892,502	24	841,368
TOTALS	170	5,568,878	143	5,633,133	138	6,017,197

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39	3	205,116				
40 to 44	6	367,268	5	543,282		
45 to 49	14	615,791	7	496,257	1	87,452
50 to 54	18	1,039,232	18	1,201,779	7	672,307
55 to 59	11	539,883	11	780,460	11	1,101,726
60 to 64	12	718,667	6	331,695	10	695,603
65 & UP	16	488,356	5	268,886	3	216,718
TOTALS	80	3,974,313	52	3,622,359	32	2,773,806

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54	6	584,088				
55 to 59	11	971,570	1	101,038		
60 to 64	2	272,788	1	134,817		
65 & UP	2	168,108				
TOTALS	21	1,996,554	2	235,855		

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24					1	2,676
25 to 29					4	111,527
30 to 34					10	366,943
35 to 39					28	971,132
40 to 44					46	2,470,763
45 to 49					86	3,800,442
50 to 54					126	7,033,044
55 to 59					115	6,654,473
60 to 64					110	4,848,437
65 & UP					112	3,562,658
TOTALS					638	29,822,095

MEMBERSHIP DATA

**Table C-18
Florida Retirement System
Members and Their Salaries at July 1, 2006
EOC-County Officials: Women**

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34			2	56,066	1	39,075
35 to 39	2	11,520	5	137,516	3	144,942
40 to 44	6	157,939	7	306,203	4	171,017
45 to 49	9	268,431	12	713,858	3	147,137
50 to 54	13	387,492	27	1,324,847	14	605,138
55 to 59	14	493,201	20	1,031,400	17	907,797
60 to 64	13	535,611	16	864,231	11	435,273
65 & UP	8	183,729	11	400,688	9	235,397
TOTALS	65	2,037,923	100	4,834,809	62	2,685,776

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39	1	91,677				
40 to 44	6	313,264	1	89,125	1	104,948
45 to 49	5	276,395	10	846,395	1	76,041
50 to 54	9	395,509	11	713,157	13	1,061,948
55 to 59	20	1,240,761	6	560,596	6	380,181
60 to 64	14	678,845	4	316,152	5	406,666
65 & UP	3	16,100			2	79,198
TOTALS	58	3,012,551	32	2,525,425	28	2,108,982

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	1	88,451				
50 to 54	9	877,526	2	198,516		
55 to 59	3	269,734	1	91,625		
60 to 64	2	198,922				
65 & UP	3	170,391				
TOTALS	18	1,605,024	3	290,141		

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34					3	95,141
35 to 39					11	385,655
40 to 44					25	1,142,496
45 to 49					41	2,416,708
50 to 54					98	5,564,133
55 to 59					87	4,975,295
60 to 64					65	3,435,700
65 & UP					36	1,085,503
TOTALS					366	19,100,631

MEMBERSHIP DATA

Table C-19
Florida Retirement System
Members and Their Salaries at July 1, 2006
FRS-Senior Management Service: Men

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24	2	76,130				
25 to 29	208	8,272,850	5	273,201	1	47,816
30 to 34	139	5,745,803	64	3,522,890	8	475,827
35 to 39	102	5,230,187	74	4,701,888	81	5,986,171
40 to 44	45	2,691,894	57	4,136,969	85	7,224,963
45 to 49	47	3,025,751	58	4,312,726	76	6,764,438
50 to 54	43	3,644,160	78	6,588,716	86	7,652,656
55 to 59	44	3,266,117	80	7,069,663	112	10,638,149
60 to 64	20	1,686,000	51	4,687,661	53	5,158,701
65 & UP	9	497,821	12	1,008,215	14	1,379,592
TOTALS	659	34,136,713	479	36,301,929	516	45,328,313

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39	15	1,312,818	1	64,793		
40 to 44	112	9,752,836	27	2,434,244	1	63,174
45 to 49	131	11,789,496	145	14,216,136	45	4,353,916
50 to 54	121	11,728,616	163	16,725,937	157	17,200,082
55 to 59	97	9,399,980	128	12,607,078	139	14,490,241
60 to 64	48	4,416,866	40	4,217,371	24	2,840,573
65 & UP	15	1,791,357	3	328,520	2	182,609
TOTALS	539	50,191,969	507	50,594,079	368	39,130,595

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54	28	2,968,246				
55 to 59	46	5,366,519	3	498,607		
60 to 64	9	1,311,072	5	525,876		
65 & UP	5	617,660	1	113,869	3	733,528
TOTALS	88	10,263,497	9	1,138,352	3	733,528

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24					2	76,130
25 to 29					214	8,593,867
30 to 34					211	9,744,520
35 to 39					273	17,295,857
40 to 44					327	26,304,080
45 to 49					502	44,462,463
50 to 54					676	66,508,413
55 to 59					649	63,336,354
60 to 64					250	24,844,120
65 & UP					64	6,653,171
TOTALS					3,168	267,818,975

MEMBERSHIP DATA

**Table C-20
Florida Retirement System
Members and Their Salaries at July 1, 2006
FRS-Senior Management Service: Women**

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24	2	71,845				
25 to 29	223	8,956,865	4	138,305		
30 to 34	139	6,101,309	103	5,440,066	6	275,913
35 to 39	75	3,129,212	122	7,049,256	88	6,284,848
40 to 44	56	2,628,983	60	3,830,100	101	6,767,798
45 to 49	31	1,780,140	61	4,086,850	54	4,155,557
50 to 54	34	2,424,733	54	4,272,387	72	5,569,556
55 to 59	20	1,353,735	37	2,806,905	33	2,930,367
60 to 64	5	399,900	14	919,585	15	995,314
65 & UP	3	325,325	3	158,363	8	595,729
TOTALS	588	27,172,047	458	28,701,817	377	27,575,082

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34	2	84,473				
35 to 39	24	1,741,228	5	309,589		
40 to 44	136	10,754,654	42	3,314,694	2	108,404
45 to 49	104	8,150,367	113	10,377,874	45	3,585,294
50 to 54	108	9,760,206	141	12,877,843	131	12,853,541
55 to 59	63	5,587,568	77	6,927,116	88	8,303,312
60 to 64	21	1,368,072	27	2,485,088	34	3,170,435
65 & UP	6	377,131	2	224,372	1	90,935
TOTALS	464	37,823,699	407	36,516,576	301	28,111,921

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	3	174,664				
50 to 54	32	3,015,395				
55 to 59	23	2,492,779	3	384,240		
60 to 64	3	213,138				
65 & UP	1	81,768	2	348,253	1	89,665
TOTALS	62	5,977,744	5	732,493	1	89,665

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24					2	71,845
25 to 29					227	9,095,170
30 to 34					250	11,901,761
35 to 39					314	18,514,133
40 to 44					397	27,404,633
45 to 49					411	32,310,746
50 to 54					572	50,773,661
55 to 59					344	30,786,022
60 to 64					119	9,551,532
65 & UP					27	2,291,541
TOTALS					2,663	192,701,044



MEMBERSHIP DATA

**Table C-21
Florida Retirement System
Members and Their Salaries at July 1, 2006
TRS-Teachers' Retirement System: Men**

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59			2	151,218		
60 to 64	1	161,959	11	932,225	1	101,183
65 & UP			6	463,937	5	383,543
TOTALS	1	161,959	19	1,547,380	6	484,726

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59					2	151,218
60 to 64					13	1,195,367
65 & UP					11	847,480
TOTALS					26	2,194,065



This work product was prepared solely for the Florida Retirement System for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

MEMBERSHIP DATA

Table C-22
Florida Retirement System
Members and Their Salaries at July 1, 2006
TRS-Teachers' Retirement System: Women

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59			1	68,582	2	101,925
60 to 64	2	122,670			2	95,122
65 & UP						
TOTALS	2	122,670	1	68,582	4	197,047

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59	3	182,629	11	681,846		
60 to 64	3	200,452	17	1,061,442	2	171,369
65 & UP			5	358,677	4	264,817
TOTALS	6	383,081	33	2,101,965	6	436,186

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59					17	1,034,982
60 to 64	1	81,004			27	1,732,059
65 & UP	2	130,899			11	754,393
TOTALS	3	211,903			55	3,521,434



This work product was prepared solely for the Florida Retirement System for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

MEMBERSHIP DATA

Table C-23
Florida Retirement System
Members and Their Salaries at July 1, 2006
SCOERS-State & County Officers' Employees' R.S.: Men

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59			1	39,299	1	33,600
60 to 64			1	45,727		
65 & UP						
TOTALS			2	85,026	1	33,600

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59					2	72,899
60 to 64					1	45,727
65 & UP			1	33,053	1	33,053
TOTALS			1	33,053	4	151,679



This work product was prepared solely for the Florida Retirement System for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

MEMBERSHIP DATA

Table C-24
Florida Retirement System
Members and Their Salaries at July 1, 2006
SCOERS-State & County Officers' Employees' R.S.: Women

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 & UP						
TOTALS						

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59			1	25,909		
60 to 64					1	30,567
65 & UP			1	17,734		
TOTALS			2	43,643	1	30,567

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59					1	25,909
60 to 64					1	30,567
65 & UP					1	17,734
TOTALS					3	74,210

MEMBERSHIP DATA

**Table C-25
Florida Retirement System
Distribution of Active Participants
Grand Totals
July 1, 2006**

AGE	SERVICE					
	UNDER 5		5 TO 10		10 TO 15	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20	1,546	15,187,054			1	34,271
20 to 24	19,430	435,797,713	494	11,680,378	2	79,035
25 to 29	36,778	1,092,869,832	10,152	343,252,874	169	5,716,883
30 to 34	25,549	753,214,540	23,427	869,690,368	6,730	276,584,119
35 to 39	22,626	627,157,096	21,465	771,916,801	19,257	847,239,308
40 to 44	20,886	551,976,633	19,251	632,382,918	16,440	679,340,816
45 to 49	18,871	506,356,403	19,163	623,082,859	15,655	613,747,051
50 to 54	15,255	425,142,816	16,273	543,777,003	14,975	582,707,029
55 to 59	11,990	331,986,558	13,001	442,576,687	12,415	490,768,386
60 to 64	6,259	160,511,386	7,580	245,199,385	6,032	233,649,180
65 & UP	4,143	69,585,359	4,573	107,141,203	2,666	79,893,169
TOTALS	183,333	4,969,785,390	135,379	4,590,700,476	94,342	3,809,759,247

AGE	SERVICE					
	15 TO 20		20 TO 25		25 TO 30	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24	1	37,871				
25 to 29	1	35,826	1	44,979	1	60,782
30 to 34	184	7,760,987				
35 to 39	7,630	360,370,150	284	13,197,906	2	83,378
40 to 44	19,030	946,172,467	7,542	392,859,104	407	21,046,192
45 to 49	17,894	835,625,502	15,812	861,072,733	7,231	383,045,969
50 to 54	17,329	792,389,115	14,032	740,627,099	14,160	807,176,135
55 to 59	15,015	684,866,065	11,934	608,773,509	10,432	577,317,523
60 to 64	6,778	300,458,957	5,062	252,614,143	3,936	207,934,700
65 & UP	1,870	69,530,067	899	37,537,299	545	25,465,908
TOTALS	85,732	3,997,247,007	55,566	2,906,726,772	36,714	2,022,130,587

AGE	SERVICE					
	30 TO 35		35 TO 40		40 TO 45	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20						
20 to 24						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49	265	13,245,019				
50 to 54	3,369	194,663,727	38	2,134,271		
55 to 59	3,143	196,723,933	328	19,487,837	2	84,748
60 to 64	757	46,313,349	281	18,093,833	21	1,274,479
65 & UP	319	18,029,904	144	9,032,982	58	4,649,764
TOTALS	7,853	468,975,932	791	48,748,923	81	6,008,991

AGE	SERVICE					
	45 TO 50		50 & UP		ALL YEARS	
	COUNT	SALARY	COUNT	SALARY	COUNT	SALARY
UNDER 20					1,547	15,221,325
20 to 24					19,927	447,594,997
25 to 29					47,102	1,441,981,176
30 to 34					55,890	1,907,250,014
35 to 39					71,264	2,619,964,639
40 to 44					83,556	3,223,778,130
45 to 49					94,891	3,836,175,536
50 to 54					95,431	4,088,617,195
55 to 59					78,260	3,352,585,246
60 to 64	1	81,004			36,707	1,466,130,416
65 & UP	21	1,350,889	3	183,849	15,241	422,400,393
TOTALS	22	1,431,893	3	183,849	599,816	22,821,699,067



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Table C-26
Florida Retirement System
Summary Totals for All Systems
Number, Total Annualized Payroll and Accumulated Employee
Contributions of Active Members by System

<u>System</u>	<u>Number of</u> <u>Members</u>	<u>Total Payroll</u> <u>Payroll</u> (000's omitted)	<u>Accumulated</u> <u>Employee</u> <u>Contributions</u> (000's omitted)
Florida Retirement System			
Regular	525,569	19,497,510	39,943
Senior Management	5,831	475,069	2,268
Florida Retirement System - Special Risk			
Non-Administrative	66,332	3,381,651	8,026
Administrative	66	2,940	0
Florida Retirement System - Elected Officers' Class			
Judicial	781	106,293	597
Leg. / Atty. / Cabinet	145	7,500	47
County Elected Off.	1,004	50,108	485
Teachers Retirement System	81	5,833	6,286
State and County Retirement System	7	231	179
Total	599,816	\$23,527,135	\$57,831
	Average Annual Salary =	\$39,224	

APPENDIX D

PROJECTIONS



FLORIDA RETIREMENT SYSTEM
Actuarial Valuation as of July 1, 2006

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PROJECTIONS

Table D-1 presents a projection of total costs of the employers covered by the Florida Retirement System (exclusive of PEORP) during the five-year period following the actuarial valuation date, July 1, 2006. The contributions shown beginning with plan year 2007-2008 are based on the assumption that the contribution levels calculated in this report and in conjunction with Florida law (see next paragraph) are extended throughout the projection period. It also assumes that the additional surplus generated by the Rate Stabilization Mechanism is not used to further reduce the contribution rate beyond the levels used in this report based on Legislation enacted in 2000. The contributions shown for plan year 2006-2007 are based on the rates on page B-4, (after blending) of this report.

Table D-2 projects each existing amortization base as of July 1, 2006. Since the July 1, 1998 actuarial valuation, all UAL in existence as that time are considered to be fully amortized. The UAL amortization payment or credit is made from the surplus for certain post-1998 benefit increases and the 1998 and 2003 experience studies prior to any use of the surplus for contribution rate reductions or any other Florida Retirement System uses.

Table D-3 estimates the available surplus for the next three plan years based on Florida law. The estimates are projections of our July 1, 2006 valuation results, and assume experience occurs as stated in our July 1, 2006 valuation, except that the market value of assets is assumed to earn 7.75% per annum, and some of the stored asset losses will be recognized over this time period. It also assumes that all of the available surplus is used for rate reduction (i.e. applying the 1.45% rate reduction for all classes except DROP.) The amortization methodology recognizes the time value of money.

**Table D-1
Florida Retirement System
Projection of Retirement Costs (Excluding Member Contributions)
July 1, 2006**

(All Amounts in Millions)

	2006 -2007	2007 -2008	2008 -2009	2009 -2010	2010 - 2011
A. Normal Cost *	\$2,895	\$2,982	\$3,061	\$3,132	\$3,203
B. Surplus Utilization **	(\$271)	(\$354)	(\$369)	(\$382)	(\$398)
C. Cost for Additional Administrative Charge (for PEORP)	\$0	\$0	\$0	\$0	\$0
D. Total	\$2,624	\$2,628	\$2,692	\$2,750	\$2,805
E. Social Security	\$1,919	\$1,968	\$2,018	\$2,063	\$2,108
F. Grand Total	\$4,543	\$4,596	\$4,710	\$4,813	\$4,913

* Includes DROP contributions on behalf of DROP members.

Table D-2
Florida Retirement System – July 1, 2006 Valuation
Funding of UAL / (Surplus) by Duration of Amortization
 (000 Omitted)
 Years to Amortize Surplus

	FRS	---- Special Risk ----		-- Elected Officers' Class --			Senior	DROP
	Regular	Regular	Administration	Judicial	Leg-Atty-Cab	County	Management	
Outstanding Balance / (Surplus)	(\$21,766,095)	(\$2,004,670)	(\$18,421)	(\$199,124)	(\$20,358)	\$0	\$0	\$16,368,096
Rate Reduction (see Table IV-5)	-1.45%	-1.45%	-1.45%	-1.45%	-1.45%	-1.45%	-1.45%	0.00%
Normal Cost Payroll ¹	\$19,490,278	\$3,381,651	\$2,940	\$106,293	\$7,500	\$50,047	\$475,069	\$0
Annual Payment / (Savings) for PY 2006-2006	(\$293,913)	(\$50,995)	(\$44)	(\$1,603)	(\$113)	(\$755)	(\$7,164)	\$0
Amortization Period Calculated Assuming								
Level Dollar	(25)	(18)	(47)	(32)	(36)	1	1	NA ³
Level Percent of Payroll	(37)	(25)	(79)	(49)	(58)	1	1	NA ³

¹ A separate UAL payroll that includes OAP and ORP members would apply if a UAL existed.

² Current annual payment / (savings) will never accumulated to the Surplus if the earned interest rate is 7.75% (N/A for 2006).

³ No annual payment, therefore no amortization period.

Table D-3 Retirement Plan with FRS Rate Stabilization Mechanism Impact of Florida Law on FRS Trust Fund ¹

Updated FY 2007-2008 Forward Based on 07/01/2006 Valuation Results and 07/01/2006 Assets

		In Millions		
		<u>2007 - 08</u>	<u>2008 - 09</u>	<u>2009 - 10</u>
1	Estimated Surplus Available RSM ²	\$157.4	\$185.6	\$228.3
2	Increase in Available Surplus from prior year	(\$140.3)	\$28.2	\$42.7
3	12% Increase in Special Risk benefits (in pay status before 07/01/2000) ³	(\$20.7)	(\$21.6)	(\$22.4)
4	Special Risk Minimum In-Line-of-Duty Disability Increased to 65% ⁴	\$0.3	\$0.4	\$0.4
5	1993 - 1998 Experience Study Assumption Changes ⁵	\$26.5	\$27.5	\$28.6
6	1998 - 2003 Experience Study Assumption Changes ⁵	<u>\$192.7</u>	<u>\$200.5</u>	<u>\$208.5</u>
	Subtotal [(3) + (4) + (5) + (6)]	\$198.8	\$206.8	\$215.1
7	Across the Board Rate Reduction of -1.45% ⁶	<u>(\$354.6)</u>	<u>(\$368.8)</u>	<u>(\$383.5)</u>
	Total [Subtotal + (7)]	(\$155.8)	(\$162.0)	(\$168.4)
8	Surplus Available After Previously Legislated Rate Reduction and using remaining available surplus for Rate Reduction for all classes but DROP			
	[(1) + Total] =	\$1.6	\$23.6	\$59.9

¹ Numbers exclude contributions to DC Plan

² Projected surplus based on 07/01/2006 valuation results. Using amortization method that reflects interest.

³ Assumed to be paid from surplus. However, if the surplus were to be eliminated there would be an additional cost to the Special Risk Regular Class of 0.59% attributable to the 12% increase in pre-2000 retired benefits.

⁴ Assumed to be paid from surplus. However, if the surplus were to be eliminated there would be an additional cost to the Special Risk Regular Class of -0.01% and an additional cost to the Special Risk Administrative Class of 0.11% attributable to the Increase in the Minimum ILOD Disability Benefit

⁵ Assumed to be paid from surplus. However, if the surplus were to be eliminated there would be an additional charge or credit to each class. See Table IV-8 for details.

⁶ For all classes except DROP; DROP remains at 10.89%. This scenario corresponds with Table IV-4.

APPENDIX E

COMPARISONS/RECONCILIATION



FLORIDA RETIREMENT SYSTEM
Actuarial Valuation as of July 1, 2006

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COMPARISONS/RECONCILIATION

This Appendix contains certain comparative information required by the state. The table below compares actual investment return, aggregate payroll growth, and individual salary increases with the actuarial assumptions.

The next table reconciles the flow of participants from the 2005 actuarial valuation to the 2006 actuarial valuation, while the last table cross-references the required sections of 112.64 with this report.

TABLE E-1			
One-Year Comparisons			
1. Annual Rate of Investment Return on Actuarial Value of Assets			
Period Ending	Actual	Assumed	
June 30, 2004	6.93%	8.00%	
June 30, 2005	7.43%	7.75%	
June 30, 2006	8.06%	7.75%	
2. Annual Rate of Payroll Growth			
Period Ending	Actual ^{1) & 2)}	Assumed ²⁾	
June 30, 2004	3.94%	0.00%	
June 30, 2005	4.09%	0.00%	
June 30, 2006	4.72%	0.00%	
3. Individual Rates of Salary Increases for Regular Members and Special Risk Members			
Year Ended June 30	Rate of Increase During Year		
	Regular Members	Special Risk	Assumed ³⁾
2004	5.7%	8.1%	6.25%
2005	7.0%	10.2%	6.25%
2006	7.7%	9.5%	6.25%

¹⁾ Payroll excludes DROP members for all years

²⁾ Since a UAL does not exist, the payroll base compared is used for normal cost calculations

³⁾ Individual rates vary by age

COMPARISONS/RECONCILIATION

**TABLE E-2
FLORIDA RETIREMENT SYSTEM
DATA RECONCILIATION
(FRS TRUST FUND)**

	Active Members	Disabled Members	Retired Members and Beneficiaries	DROP Participants	Total
Number reported as of July 1, 2005	598,063	11,727	224,954	31,450	866,194
New Entrants	75,232	0	0	0	75,232
Retirements	(15,476)	883	22,354	(7,761)	0
DROP	(7,993)	0	0	7,993	0
Terminations, PEORP Transfers and deaths with and without benefit	(50,010)	0	0	0	(50,010)
Cessation of benefit payments	NA	(522)	(10,656)	0	(11,178)
Number reported as of July 1, 2006	599,816	12,088	236,652	31,682	880,238

COMPARISONS/RECONCILIATION

Table E-3
Florida Retirement System
Cross Reference to Section 112.64 Reporting Requirements

Code Ref		
1 General Information:		
1.003 (3g)	Includes certification by the enrolled actuary (signed and dated)?	Page 3
1.003 (11)	Do procedures follow commonly accepted procedures and determinations?	Page 3
1.003 (4g)	Disclosure of events not taken into account by actuary?	Page 2
1.003 (4g)	Disclosure of trends not assumed to continue (by actuary)?	Page 2
2 Assumptions:		
1.003 (3e)	Description and explanation of all actuarial assumptions?	A-1
1.003 (3f)	Is there a comparison of actual to expected salary increases over the preceding 3-year period?	E-1
1.003 (3f)	Is there a comparison of actual to expected investment returns over the preceding 3-year period?	E-1
1.003 (6)	Do assumptions factor in actual experience?	A-1
1.003 (6)	Is impact of inflation considered?	A-7
1.003 (6)	Any consistent experience gains or losses to suggest assumption changes?	NO
1.003 (7)	Listing of changed assumptions?	NA
3 Plan Provisions & Funding Method:		
1.003 (4c)	Contain a summary of plan provisions?	B-1
1.003 (4d)	Contain a detailed summary of funding method?	A-1
1.003 (5)	Does funding method provide a contribution sufficient to meet the NC and amortize the UAL?	Y(Section IV)
4 Assets & Method:		
1.003 (3a)	Is the MVA breakdown included (by cash, bonds, stocks, and other)?	II-2
1.003 (3a)	Is the "statement value" breakdown included?	No
1.003 (3a)	Is the derivation of AVA included?	II-4
1.003 (8)	Are administrative expenses being paid on a current basis?	II-3
	Asset reconciliation, including:	
1.003 (4j)	- contributions by source	II-3
1.003 (4j)	- interest and dividends	II-3
1.003 (4j)	- realized gains / (losses)	II-3
1.003 (4j)	- unrealized appreciation	II-3
1.003 (4j)	- pension payments	II-3
1.003 (4j)	- contribution refunds	II-3
1.003 (4j)	- expenses	II-3
1.003 (4j)	- other receipts (identified)	II-3 (transfer)
1.003 (4j)	- other disbursements (identified)	II-3 (PEORP)
5 UAL & Amortization Schedule:		
1.003 (3b)	Include a plan to amortize any UAL?	IV-1

COMPARISONS/RECONCILIATION

	Does amortization schedule of UAL exist (as of the valuation date) ...	
1.003 (3c)	- on an annual basis for the next 3-years?	NA
1.003 (3c)	- for the final year?	NA
1.003 (3c)	Is a statement as to how method was derived included?	NA
1.003 (3d)	Is a description of actions taken to reduce the UAL included?	NA
	Reconciliation of UAL (must include items below):	
1.003 (4h)	- UAL for prior valuation (w/ start date)	IV-6
1.003 (4h)	- Normal Cost, contributions, & accrued interest	No
1.003 (4h)	- Impact of changes (assumption, funding method, amendments, gain/loss)	IV-6
1.003 (4h)	- UAL for current valuation	IV-6
	6 Results:	
1.003 (4a)	Valuation Date clearly indicated?	I-3 III-3 And Sections IV & V
1.003 (4e)	Are results separated by employee group?	
1.003 (4f)	Is there disclosure of any benefit and expense provided by and/or paid from plan assets for which no liabilities or current costs have been established?	Page 2
1.003 (4i)	Projection of emerging liabilities/cash flow needs for next 10-15 years (optional)	No
1.003 (4l)	Summary of principal results (for current and prior valuation) including:	
	- participant data (counts, total pay, total annual benefits by group)	C-2
	- assets (market and actuarial)	II-4
	- PVB (split: active by decrement, tv, ret & ben, dis, and total)	III-3
	- PV of future benefit payments	III-3
	- AL and UAL, i.e., including amount, date, amortization period	III-3
	- PVVB (by group), non-vested PVAB, Total PVAB	V-3
1.003 (4l)	Reconciliation of PVAB, including:	
	- PVAB at beginning of year	V-5
	- changes due to amendment and/or assumptions	V-5
	- change due to decrease in discount period and benefits accrued	V-5
	- Benefits paid	V-5
	- Other changes	V-5
	- Net increase (decrease)	V-5
	- PVAB at end of year	V-5
1.003 (4l)	Pension Cost	
	- Normal cost (shown for each benefit and amount for admin expense)	IV-5
	- Payment to amortize UAL	IV-7
	- Expected plan sponsor contribution (i.e. total of above pieces with interest, also as % of pay)	IV-7
	- Amount to be contributed by members (total and % of pay)	N/A
1.003 (4l)	Past Contributions	
	- Required plan sponsor & member contribution	V-9
	- Actual contributions made by: plan sponsor, members, other	V-9

COMPARISONS/RECONCILIATION

1.003 (4k)	Active member accumulated contributions with interest	V-4
1.003 (4l)	Net actuarial gain / loss	IV-6
1.003 (4l)	Other (PVFS & PVFC at attained age and at entry age, PVFC from other sources, PVF Expected BP)	III-3
7 Data:		
1.003 (4i)	Are membership demographics and financial statistics included?	C-1
1.003 (4i)	Age/service table for actives included?	C-8
1.003 (4i)	Data reconciliation?	E-2
8 Contribution Rate:		
1.003 (4a)	Applicable beginning and ending dates for recommended contribution indicated?	I-3
1.003 (4b)	Are ER and EE contribution rates adequate to meet benefits?	I-3
1.003 (4b)	Are contribution rate changes necessary to achieve or preserve funding?	No
1.003 (7)	Is the impact of assumption or cost method changes indicated?	NA
1.003 (9)	Were costs to be paid at a later date adjusted for interest and/or salary?	Yes I-3
1.003 (10)	Is the effective date of recommended changes no later than the next fiscal year?	Yes

APPENDIX F

GLOSSARY



FLORIDA RETIREMENT SYSTEM
Actuarial Valuation as of July 1, 2006

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The following definitions are largely excerpts from a list adopted in 1981 by the major actuarial organizations in the United States. In some cases the definitions have been modified for specific applicability to the Florida Retirement System.

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement, and retirement; changes in compensation; rates of investment earnings, and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items.

2. Actuarial Cost Method

A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Liability.

3. Actuarial Gain (Loss)

A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.

4. Actuarial Present Value

The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions.

5. Actuarial Valuation

The determination, as of a valuation date, of the Normal Cost, Actuarial Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

6. Actuarial Value of Assets

The value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an Actuarial Valuation.

7. Actuarially Equivalent

Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions.

8. Amortization Payment

That portion of the pension plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Liability.

- *Level Percent of Pay*
Produces a level series of payments when expressed as a percent of payroll. Cash payment increases in line with payroll growth assumption.
- *Level Dollar*
Produces a decreasing pattern of payments when expressed as a level percent of payroll. Cash payment remains level.

9. Entry Age Actuarial Cost Method

A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Liability.

10. Normal Cost

That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

11. Actuarial Liability

That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Normal Costs.

12. *Unfunded Actuarial Liability*

The excess of the Actuarial Liability over the Actuarial Value of Assets. When the Actuarial Value of Assets exceed Actuarial Liabilities a surplus exists.

13. *Accrued Benefit*

The amount of an individual's benefit (whether or not vested) as of a specific date, determined in accordance with the terms of a pension plan and based on compensation and service to that date.

14. *Projected Benefits*

Those pension plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.

15. *Unaccrued Benefit*

The excess of an individual's Projected Benefits over the Accrued Benefits as of a specified date.