Employees' Retirement System of Georgia

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

ERSGA
Employees' Retirement System of Georgia
Serving those who serve Georgia

A component unit of the State of Georgia

Our Mission

Our mission is to be guardian of the retirement plans on behalf of the State of Georgia for the ultimate benefit of the members, retirees and beneficiaries.

Our vision is to use our passion for excellence to become the “Best Managed” retirement system in the country, utilizing state-of-the-art technology, and knowledgeable, customer-focused staff to best serve customers and to protect the retirement system for all of our current and future members.

Our Values

Our Core Values are:

Quality execution
Accurate results
Continuous improvement
Knowledgeable and customer focused staff
Sound and secure investment of funds

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James A. Potvin
Executive Director

A component unit of the State of Georgia

Table of Contents

Introductory Section

Financial Section

Investment Section

Actuarial Section

Statistical Section

Introductory Section

Boards of Trustees

ERSGA
Employees' Retirement System of Georgia
Serving those who serve Georgia

Two Northside 75
Atlanta, GA 30318

Letter of Transmittal

December 21, 2012

I am pleased to present the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012 of the retirement systems and programs administered by the Employees' Retirement System of Georgia (the System). The management for the System is responsible for the accuracy, completeness and fairness of the presentation including all disclosures. It is to the best of our knowledge and belief that the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the System.

Profile of the System

The Employees' Retirement System was established to provide benefits for all State employees in 1949. Plans administered by the System include the Employees' Retirement System (ERS), the Legislative Retirement System (LRS) established in 1979, the Public School Employees Retirement System (PSERS) established in 1969, the Georgia Defined Contribution Plan (GDCP) established in 1992, the Georgia Judicial Retirement System (GJRS) established in 1998, and the Georgia Military Pension Fund (GMPF) established in 2002. In addition, the Board of Trustees is responsible for a Group Term Life Insurance Plan (SEAD), the 457 Plan established in 1974 and the 401(k) Plan which began in 1994. A summary of each plan can be found on pages 27 through 35 of this report. The investments of all plans are pooled together into one fund except for the three defined contribution plans, which are maintained individually.

The ERS, LRS, GDCP, GMPF, 401(k) and 457 plans are administered by a 7-member Board made up of 3 ex-officio members, 1 governor-appointed member, and 3 Board-appointed members. PSERS has the same Board as ERS with 2 additional governor-appointed members. GJRS has the same Board as ERS with 3 additional governor-appointed members.

As of June 30, 2012, the System's defined benefit plans served a total of 132,300 active members and 58,330 retirees/beneficiaries from 921 employers around the state. There were 37,397 participants in the 401(k) plan with a total account balance of $445 million. The 457 plan had 13,889 participants with a balance of $534 million. There are 582 participating employers from around the state in the 457 and 401(k) plans.

Legislation

In the 2012 Session, ERS sponsored legislation to assist us in maintaining the security and soundness of all of the plans we administer, while striving to protect the members, retirees, and beneficiaries in these plans. A total of eight Acts impacting ERS and its Systems were passed by the General Assembly and signed by the Governor: Acts 603, 629, 646, 649, 650, 685, 728, and 763.

Act 603 amended provisions relating to the Public Retirement Systems Investment Authority Law by defining the term "alternative investments" and allowing eligible large retirement systems (other than the Teachers Retirement System of Georgia) to make certain alternative investments. Investment of up to 1% of the fund per year may be made in alternative investments, up to a total of no more than 5% of the fund at any time, and subject to certain conditions and protections for the fund.

Act 646 allowed members of the General Assembly who had not already elected to become members of the Legislative Retirement System (LRS) the opportunity to make such an election at the beginning of each legislative term. It also allowed a one-time election for those who may have previously opted out of LRS to opt in and purchase prior service credit. The Judicial Retirement System (JRS) was amended by Act 649, which allowed new JRS members after July 1, 2012 to elect spousal coverage at the time of retirement, rather than at the beginning of their employment. Those who were members of JRS prior to July 1, 2012 who had previously declined spousal coverage were also given the opportunity to retroactively elect spousal coverage, provided they pay the full actuarial cost of the coverage.

Act 650 prevented any public retirement system from having an insurable interest in its active or retired members unless all benefits are paid to the beneficiary(ies) or to the member's estate. Under the terms of Act 728, new county tax commissioners and their staffs may elect to become members of ERS provided they are not members of a local retirement plan and the county pays any associated required employer contributions. In addition, Act 728 regulated the transfer of service between the Teachers Retirement System of Georgia and the GSEPS members within ERS. The Public School Employees Retirement Systems (PSERS) was amended by Act 763 to require new members after July 1, 2012 to pay an employee contribution of $10 per month; in addition, the maximum retirement benefit was increased from $15 per month per year of service to $16.50 (subject to funding by the General Assembly).

Act 629 removes references to the State Personnel Administration throughout O.C.G.A. Title 47 and provides for the transfer of certain functions to the Department of Administrative Services. Finally, Act 685 made certain corrections to keep our plans in compliance and correct typos, stylistic, and other errors and omissions. It is anticipated that similar legislation will be presented each year to maintain our federal compliance.

Summary of Financial Information

The Management of the System is charged with the responsibility of maintaining a sound system of internal accounting controls. The objectives of such a system are to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations, and that they are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that first, the cost of a control should not exceed the benefits likely to be derived, and second, the valuation of the cost and benefits requires estimates and judgments by management. Even though there are inherent limitations in any system of internal control, the management of the System makes every effort to ensure that through systematic reporting and internal reviews, errors or fraud would be quickly detected and corrected.

Please refer to the Management's Discussion and Analysis starting on page 15 of this report for an overview of the financial status of the System, including a summary of the System Net Assets, Changes in Net Assets, and Asset Allocations.

In FY2012, the pooled fund generated a return of 2.19%. The fund continues to invest in a mix of high quality bonds and stocks which allows the System to participate in rising markets while controlling the downside risks. This has proven to be a successful strategy for other markets and for our System. For further information on investments of the pooled fund, please refer to pages 51 through 55 of this report.

The objective of ERS pension trust funds is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll over time while maintaining an actuarially sound system. Historical information relating to the progress in meeting this objective is presented on pages 43-44. The latest actuarial valuations conducted as of June 30, 2011 show the funded ratio of most systems decreasing except for the smaller fund, GMPF. The decrease is primarily due to unfavorable investment experience. The following table shows the change in funding percentage for each of the pension systems:

	FY2010	FY2011
ERS	80.1%	76.0%
PSERS	84.2%	81.2%
LRS	118.3%	116.0%
GJRS	113.7%	112.7%
GMPF	31.8%	32.5%

Further information regarding the funding condition of the pension plans can be found in the Actuarial Section of this report.

Excellence in Financial Reporting

For the second consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Employees' Retirement System of Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Initiatives

Our focus in FY2012 was on the following key areas: Enhanced Member and Employer Experience and Technology Enhancements.

Member and Employer Experience

ERS continues to make use of new tools and technology to provide updated, easy-to-use resources for our members. Our website continues to be updated with new information and materials, including new plan handbooks for the ERS and PSERS plans, updated forms, and enhanced self-service functionality. We also produced and distributed personalized Benefit Statements to all active members of two of our smaller systems (LRS and JRS), and hope to do the same for our active PSERS members in FY2013.

ERS has long held a seminar at our offices for our members who are planning to retire, known as the Workshop for Retirement Application Processing (WRAP). In FY2012, we expanded our reach throughout the state by offering similar information via online webinars for ERS and PSERS members. These webinars have proven to be very popular and will be continued throughout FY2013. Also in FY2013, we will begin again to send out employee and retiree newsletters to help our membership stay up-to-date with the latest news from ERS.

For our employers, we rolled out a new web-based module to allow them to see where we are missing key data elements (in particular, member date of termination) for certain members and provide us updates in real time, rather than once per month. This can allow for faster processing of benefit applications. We are also creating an online employer manual which they will be able to use as a resource for all processes where ERS relies on employer support and information. In keeping with our other communication enhancements, we will send employer newsletters out periodically throughout the year.

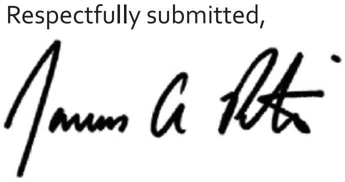
Technology Enhancements
In addition to their support of many of the business processes and projects noted above, the Information Technology division completed a number of significant upgrades in FY2012. We underwent a significant infrastructure modernization effort, wherein we upgraded our internet connection, replaced internal networking components, installed a number of new servers, and greatly expanded the level of virtualization we utilize. We also enhanced our disaster recovery data transfer to enable 15-minute backups of critical business data. Finally, we completed our upgrade to our new document management and retrieval system, which included the migration of more than five million documents from one version to the other.

Acknowledgements

This report reflects the combined effort of our staff under the Board's leadership. Copies of this report, along with other valuable plan information, can be downloaded from the System's website.

I would like to express my sincere thanks to the Boards of Trustees for their leadership and support. Many thanks are also extended to the offices of the Governor, Lieutenant Governor, members of the House and Senate Retirement Committees and their staff, members of the House and Senate, and the department officials whose support and assistance have helped ERS accomplish its mission over the years.

Respectfully submitted,



James A. Potvin, Executive Director
Employees' Retirement System of Georgia

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Employees' Retirement System of Georgia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Linda C. Davidson
President

Jeffrey L. Esser
Executive Director

PPCC

Public Pension Coordinating Council

Recognition Award for Funding 2012

Presented to

Employees' Retirement System of Georgia

In recognition of meeting professional standards for
plan funding as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

Administrative Staff and Organization

James A. Potvin
Executive Director

Charles W. Cary, Jr.
CIO - Investment Services

Gregory J. Rooks
Controller

Chris Hackett
Director
Information Technology

Nicole Paisant
Director
Human Resources

Susan Anderson
Chief Operating
Officer

Carlton Lenoir
Chief Financial
Officer

Angie Surface
Director
Peach State Reserves
Quality Assurance

Consulting Services

Cavanaugh Macdonald Consulting, LLC - Actuary
KPMG LLP - Auditor
JPMorgan Chase Bank, N. A. - Defined Contribution Custodian
Aon Hewitt - Defined Contribution Consultant

Medical Advisors

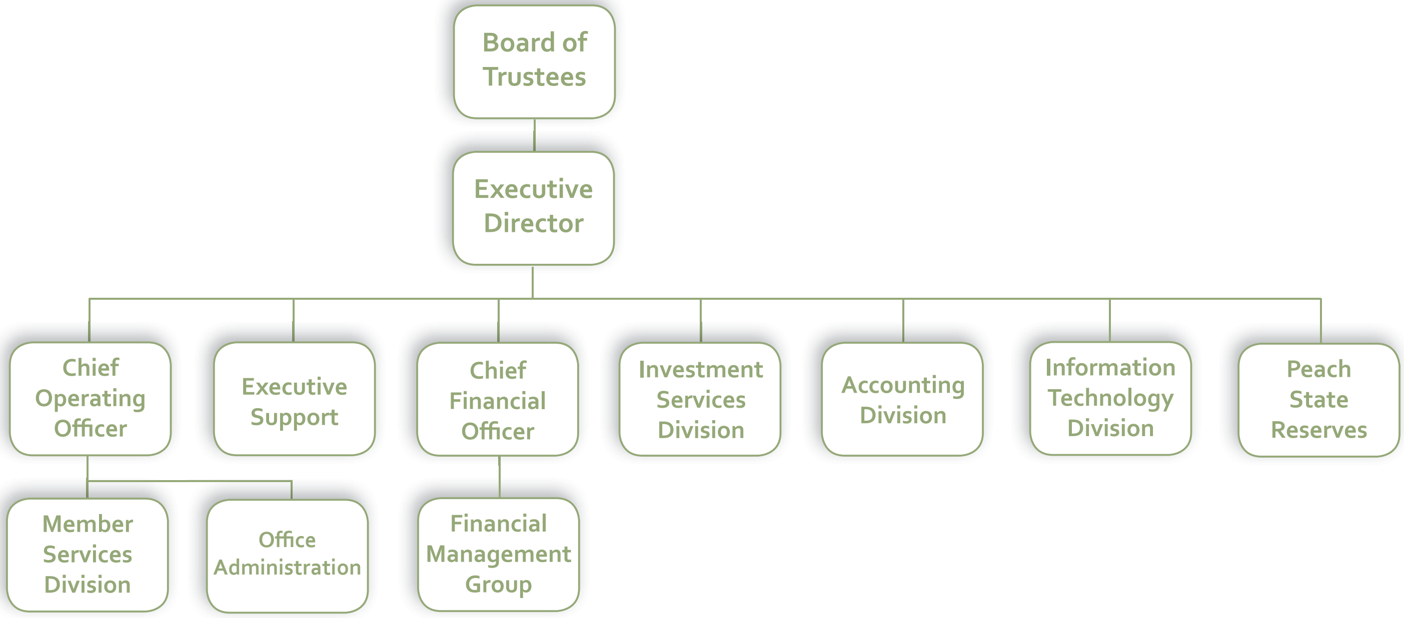
Harold E. Sours, M.D., Atlanta, GA
Benjamin B. Okel, M.D., Decatur, GA
G. Lee Cross, M.D., Atlanta, GA
Douglas Smith, M.D., Smyrna, GA
Richard Tyler, M.D., Atlanta, GA
William H. Biggers, M.D., Atlanta, GA
Jeffrey T. Nugent, M.D., Atlanta, GA
Pedro F. Garcia, M.D., Atlanta, GA
Keith A. Caruso, M.D., Brentwood, TN

Investment Advisors*

Albritton Capital Management
Mondrian Investment Partners Limited
Munder Capital Management
Barrow, Hanley, Mewhinney & Strauss
Cooke & Bieler
Denver Investment Advisors
PENN Capital Management
Ridgeworth Capital Management
Sands Capital Management
Fisher Investments
Mesirow Financial Investment Management

*See page 54 in the Investment Section for a summary of fees paid to Investment Advisors.

Organizational Chart



Financial Section

KPMG LLP
Suite 2000
303 Peachtree Street, NE
Atlanta, GA 30308-3210

Independent Auditors' Report

The Board of Trustees
Employees' Retirement System of Georgia:

We have audited the accompanying financial statements of the Employees' Retirement System of Georgia (the System), a component unit of the State of Georgia, as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the System's June 30, 2011 financial statements and, in our report dated September 29, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the System's financial position as of June 30, 2012, and the changes in financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedules of funding progress and schedules of employer contributions on pages 15-20 and 43-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The schedules of administrative expenses and investment expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of managment and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedules of administrative expenses and investment expenses have been subjected to the auditing procedures applied in the audit of the basic financial statments and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of administrative expenses and investment expenses are fairly stated in all material respects in relation to the baisc financial statments taken as a whole. The introductory, investment, actuarial, and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

KPMG LLP

December 21, 2012

Management's Discussion and Analysis (Unaudited)

June 30, 2012

This section provides a discussion and analysis of the financial performance of the Employees' Retirement System of Georgia (the System) for the year ended June 30, 2012. The discussion and analysis of the System's financial performance is within the context of the accompanying basic financial statements, notes to the financial statements, required supplementary schedules, and additional information following this section.

The System is responsible for administering a cost-sharing, multiple-employer defined benefit pension plan for various employer agencies of Georgia, along with six other defined benefit pension plans, two defined other postemployment benefit plans, and three defined contribution plans.

The defined benefit pension plans include:

- Employees' Retirement System (ERS)
- Public School Employees Retirement System (PSERS)
- Legislative Retirement System (LRS)
- Georgia Judicial Retirement System (GJRS)
- Georgia Military Pension Fund (GMPF)
- Superior Court Judges Retirement Fund (SCJRF)
- District Attorneys Retirement Fund (DARF)

The defined other post-employment benefit plans include:

- State Employees' Assurance Department Active Members Trust Fund (SEAD-Active)
- State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB)

The defined contribution retirement plans include:

- Georgia Defined Contribution Plan (GDCP)
- 401(k) Deferred Compensation Plan (401(k))
- 457 Deferred Compensation Plan (457)

Financial Highlights

The following highlights are discussed in more detail later in this analysis:

- The net assets of the System decreased by $727 million, or 4.7%, from $15.5 billion at June 30, 2011 to $14.8 billion at June 30, 2012. The decrease in net assets from 2011 to 2012 was primarily due to benefit payments exceeding investment income, coupled with flat returns in the equities market in 2012.

- For the year ended June 30, 2012, the total additions to net assets were an increase of $712 million compared to an increase of $3.2 billion for the year ended June 30, 2011. For the year ended June 30, 2012, the additions consisted of employer and member contributions totaling $420 million, insurance premiums of $6.3 million, net investment income of $285 million, and participant fees of $0.8 million.

  For the year ended June 30, 2011, the total additions to net assets were an increase of $3.2 billion compared to an increase of $1.8 billion for the year ended June 30, 2010. For the year ended June 30, 2011, the additions consisted of employer and member contributions totaling $420 million, insurance premiums of $7.3 million, net investment income of $2.8 billion, and participant fees of $0.8 million.

- Net investment income of $285 million in 2012 (comprised of interest and dividend income, the change in fair value of investments, and other, reduced by investment expenses) represents a $2.5 billion decrease, compared to the net investment income of $2.8 billion for the year ended June 30, 2011. The decrease in net investment income from 2011 to 2012 is due primarily to flat returns in the equities market in 2012, contrasting robust equity returns in 2011.

- The total deductions were $1.44 billion and $1.40 billion for the years ended June 30, 2012 and 2011, respectively. For the year ended June 30, 2012, the deductions consisted of benefit payments of $1.4 billion, refunds of $21 million, death benefits of $31 million, and administrative expenses of $19 million. For the year ended June 30, 2011, the deductions consisted of benefit payments of $1.3 billion, refunds of $19 million, death benefits of $28 million, and administrative expenses of $21 million.

- Benefit payments paid to retirees and beneficiaries increased by $41 million, or 3.1%, from $1.32 billion in 2011 to $1.37 billion in 2012. This increase was the result of increases in the number of retirees and beneficiaries receiving benefits across all plans.

Overview of the Financial Statements

The basic financial statements include (1) the combined statement of net assets and changes in net assets, (2) the combining statements of net assets and changes in net assets, and (3) notes to the financial statements. The System also includes in this report additional information to supplement the financial statements.

In addition, the System presents two types of required supplementary schedules, which provide historical trend information about the plans' funding. The two types of schedules include (1) a schedule of funding progress and (2) a schedule of employer contributions.

The System prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. These statements provide information about the System's overall financial status.

Description of the Financial Statements

The *Combined Statement of Net Assets* is the statement of financial position presenting information that includes all of the System's assets and liabilities, with the balance representing the *Net Assets Held in Trust for Benefits*. The investments of the System in this statement are presented at fair value. This statement is presented on page 21.

The *Combined Statement of Changes in Net Assets* reports how the System's net assets changed during the fiscal year. The additions and deductions to net assets are summarized in this statement. The additions include contributions to the retirement plans from employers and members, group life insurance premiums, participant fees, and net investment income, which includes interest and dividends and the net increase in the fair value of investments. The deductions include benefit payments, life insurance death benefit payments, refunds of member contributions and interest, and administrative expenses. This statement is presented on page 22.

The *Combining Statement of Net Assets* and the *Combining Statement of Changes in Net Assets* present the financial position and change in financial position for each of the funds administered by the System, including the Pooled Investment Fund that holds and invests funds from each of the participating plans and funds. These statements begin on page 23.

Notes to the Financial Statements are presented to provide the information necessary for a full understanding of the financial statements. The notes to the financial statements begin on page 27.

There are two *Required Supplementary Schedules* included in this report. These required schedules are applicable to five of the defined benefit pension plans and the two other postemployment benefit plans: ERS, PSERS, LRS, GJRS, GMPF, SEAD-Active, and SEAD-OPEB. The *Schedule of Funding Progress* presents historical trend information about the actuarially determined funded status of the plans from a long-term, ongoing plan perspective, and the progress made in accumulating sufficient assets to fund benefit payments as they become due. The *Schedule of Employer Contributions* presents historical trend information about the annual required contributions of employers and percentage of such contributions in relation to actuarially determined requirements for the years presented. The required supplementary schedules begin on page 43.

Management's Discussion and Analysis (Unaudited)

Notes to Required Supplementary Schedules are presented to provide the information necessary for a full understanding of the supplementary schedules. The notes to required supplementary schedules begin on page 46.

Additional information is presented, beginning on page 48. This section includes the *Administrative Expenses Schedule*. The *Administrative Expenses Schedule* presents the expenses incurred in the administration of these plans and funds, and the contributions from each plan and fund to provide for these expenses. The *Schedule of Investment Expenses* presents more detailed information on investment expense.

Financial Analysis of the System

A summary of the System's net assets at June 30, 2012 and 2011 is as follows:

	Net Assets (in thousands)			
	2012	2011	Amount Change	Percentage Change
Assets:				
Cash, cash equivalents, and receivables	$ 226,207	562,755	(336,548)	(59.8)%
Investments	14,567,075	14,953,673	(386,598)	(2.6)
Capital assets, net	3,954	4,185	(231)	(5.5)
Total assets	14,797,236	15,520,613	(723,377)	(4.7)
Liabilities:				
Due to brokers and accounts payable	44,535	40,899	3,636	8.9
Net assets	$ 14,752,701	15,479,714	(727,013)	(4.7)%

Management's Discussion and Analysis (Unaudited)

The following table presents the investment allocation at June 30, 2012 and 2011:

	2012	2011
Asset allocation at June 30 (in percentages):		
Equities:		
Domestic	50.3%	50.5%
International	15.6	16.7
Domestic obligations:		
U.S. Treasuries	15.7	15.8
U.S. Agencies	0.1	0.2
Corporate and other bonds	9.9	8.1
International obligations:		
Governments	1.0	1.5
Corporates	0.6	0.6
Mutual and common collective trust funds and separate accounts	6.8	6.6
Asset allocation at June 30 (in thousands):		
Equities:		
Domestic	$ 7,320,797	7,556,866
International	2,279,125	2,503,496
Domestic obligations:		
U.S. Treasuries	2,286,690	2,361,012
U.S. Agencies	13,182	22,272
Corporate and other bonds	1,439,459	1,212,752
International obligations:		
Governments	151,527	218,352
Corporates	81,180	87,213
Mutual and common collective trust funds and separate accounts	995,115	991,710
	$ 14,567,075	14,953,673

The total investment portfolio decreased by $387 million from 2011, which is primarily due to flat returns in the equities market in 2012.

The investment rate of return in fiscal year ended June 30, 2012 was 2.2% with a (0.2)% return on equities and a 7.9% return on fixed income investments. The five-year annualized rate of return on investments at June 30, 2012 was 2.9%, with a (0.5)% return on equities and a 7.4% return on fixed income investments.

Management's Discussion and Analysis (Unaudited)

A summary of the changes in the System's net assets for the year ended June 30, 2012 is as follows:

	Changes in Net Assets (in thousands)			
	2012	2011	Amount Change	Percentage Change
Additions:				
Employer contributions	$ 299,719	297,763	1,956	0.7 %
Member contributions	120,267	121,742	(1,475)	(1.2)
Participant fees	800	785	15	1.9
Insurance premiums	6,303	7,284	(981)	(13.5)
Net investment income	285,296	2,770,095	(2,484,799)	(89.7)
Other	7	7	—	—
Total additions	712,392	3,197,676	(2,485,284)	(77.7)
Deductions:				
Benefit payments	1,368,511	1,327,325	41,186	3.1
Refunds	21,085	19,492	1,593	8.2
Death benefits	30,873	28,257	2,616	9.3
Administrative expenses	18,936	21,465	(2,529)	(11.8)
Total deductions	1,439,405	1,396,539	42,866	3.1
Net increase (decrease) in net assets	$ (727,013)	1,801,137	(2,528,150)	(140.4)%

Additions – The System accumulates resources needed to fund benefit payments through contributions and returns on invested funds. In fiscal year 2012, total contributions increased 0.11%, primarily because of an increase in employer contribution rates offset by a prior year appropriation of state funds from the Department of Revenue that was statutorily required to cover employer contributions for a group of local tax commissioners, along with a decrease in active contributing members. Net investment income decreased by $2.5 billion, due to flat returns in the equities market in 2012, in sharp contrast to the robust returns in the equities market in 2011.

Deductions – For fiscal year 2012, total deductions increased 3.1%, primarily because of a 3.1% increase in benefit payments. This was due to an increase of approximately 4.3% in the number of retirees receiving benefit payments across all defined benefit pension plans. Refunds increased by 8.2%, which was primarily due to an increase in the number of refunds processed during 2012. Death benefits increased by 9.3%, which was primarily due to a increase in the number of death claims processed during 2012. Administrative expenses decreased by 11.8% over the prior year, primarily due to a decrease in depreciation expense related to computer software that had fully depreciated in the prior year.

Management's Discussion and Analysis (Unaudited)

Funding Status

The schedules of funding progress and employer contributions provide information regarding how the plans are performing and funded from an actuarial perspective. The information is based upon actuarial valuations conducted by certified actuaries. The funding ratio, which is presented on the schedule of funding progress, indicates the ratio of the actuarial value of assets and the actuarial accrued liabilities. The higher this ratio, the better position the System is in with regards to its funding requirements. The June 30, 2011 and 2010 actuarial valuations, the latest valuations available, indicate the actuarial value of assets and funding ratios for the five applicable defined benefit pension plans and two defined other post employment benefit plans were as follows:

	Actuarial value of plan assets (in thousands)		Funding ratio	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
ERS	$ 12,667,557	$ 13,046,193	76.0%	80.1%
PSERS	719,601	737,406	81.2	84.2
LRS	29,278	29,581	116.0	118.3
GJRS	327,483	320,050	112.7	113.7
GMPF	8,702	7,558	32.5	31.8
SEAD - Active	184,783	156,132	460.3	385.3
SEAD - OPEB	807,893	680,449	119.1	98.5

In management's opinion, the System continues to operate on an actuarially sound basis, as evidenced by the funding ratios. A funding ratio over 100% indicates the plans, from an actuarial perspective, have more assets available than will be necessary to satisfy the obligations of the plans. GMPF is a relatively new plan that was established in 2002 and is being increasingly funded over time in accordance with contribution amounts recommended by the actuary.

Requests for Information

This financial report is designed to provide a general overview of the System's finances for all those with interest in the System's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Employees' Retirement System of Georgia, Two Northside 75, Suite 300, Atlanta, GA 30318.

Combined Statement of Net Assets

June 30, 2012 (with comparative totals as of June 30, 2011)
(In thousands)

ASSETS	2012	2011
CASH AND CASH EQUIVALENTS	$ 148,250	$ 489,758
RECEIVABLES:		
Employer and member contributions	20,978	19,469
Interest and dividends	47,373	45,676
Due from brokers for securities sold	7,870	6,460
Other	1,736	1,392
Total receivables	77,957	72,997
INVESTMENTS - AT FAIR VALUE:		
Domestic obligations:		
U.S. Treasuries	2,286,690	2,361,012
U.S. Agencies	13,182	22,272
Corporate and other bonds	1,439,459	1,212,752
International obligations:		
Governments	151,527	218,352
Corporates	81,180	87,213
Equities:		
Domestic	7,320,797	7,556,866
International	2,279,125	2,503,496
Mutual funds, common collective trust funds, and separate accounts	995,115	991,710
Total investments	14,567,075	14,953,673
CAPITAL ASSETS, NET	3,954	4,185
Total assets	14,797,236	15,520,613
LIABILITIES		
Accounts payable and other	34,546	25,309
Due to brokers for securities purchased	9,989	15,590
Total liabilities	44,535	40,899
NET ASSETS HELD IN TRUST FOR BENEFITS	$ 14,752,701	$ 15,479,714

See accompanying notes to financial statements.

Combined Statement of Changes in Net Assets

Year ended June 30, 2012 (with comparative totals for the year ended June 30, 2011)
(In thousands)

	2012	2011
NET ASSETS HELD IN TRUST FOR BENEFITS - BEGINNING OF YEAR	$ 15,479,714	$ 13,678,577
ADDITIONS:		
Contributions:		
Employer	299,719	297,763
Member	120,267	121,742
Participant fees	800	785
Insurance premiums	6,303	7,284
Administrative expense allotment	7	7
Investment income:		
Net increase (decrease) in fair value of investments	(37,779)	2,437,741
Interest and dividends	330,769	340,400
Other	1,496	1,797
Total investment income	294,486	2,779,938
Less investment expenses	(9,190)	(9,843)
Net investment income	285,296	2,770,095
Total additions	712,392	3,197,676
DEDUCTIONS:		
Benefit payments	1,368,511	1,327,325
Refunds of member contributions and interest	21,085	19,492
Death benefits	30,873	28,257
Administrative expenses	18,936	21,465
Total deductions	1,439,405	1,396,539
Net increase (decrease) in net assets	(727,013)	1,801,137
NET ASSETS HELD IN TRUST FOR BENEFITS - END OF YEAR	$ 14,752,701	$ 15,479,714

See accompanying notes to financial statements.

Combining Statement of Net Assets

June 30, 2012
(In thousands)

			Defined Contribition Plans				
Assets	Defined Benefit Plans	Pooled Investment Fund	Georgia Defined Contribution Plan	401(k) Plan	457 Plan	Eliminations	Total
Cash and cash equivalents	$ 9,302	70,807	68,095	23	23	—	148,250
Receivables:							
Employer and member contributions	17,955	—	1,137	1,430	456	—	20,978
Interest and dividends	—	47,219	154	—	—	—	47,373
Due from brokers for securities sold	—	7,870	—	—	—	—	7,870
Other	1,244	—	—	327	165	—	1,736
Unremitted insurance premiums	2,953	—	—	—	—	(2,953)	—
Total receivables	22,152	55,089	1,291	1,757	621	(2,953)	77,957
Investments - at fair value:							
Domestic obligations:							
U.S. Treasuries	—	2,279,618	7,072	—	—	—	2,286,690
U.S. Agencies	—	—	13,182	—	—	—	13,182
Corporate and other bonds	—	1,425,269	14,190	—	—	—	1,439,459
International obligations:							
Governments	—	146,458	5,069	—	—	—	151,527
Corporates	—	81,180	—	—	—	—	81,180
Equities:							
Domestic	—	7,320,797	—	—	—	—	7,320,797
International	—	2,279,125	—	—	—	—	2,279,125
Mutual funds, common collective trust funds, and separate accounts	—	—	—	457,289	537,826	—	995,115
Equity in pooled investment fund	13,646,824	—	—	—	—	(13,646,824)	—
Total investments	13,646,824	13,532,447	39,513	457,289	537,826	(13,646,824)	14,567,075
Capital assets, net	3,954	—	—	—	—	—	3,954
Total assets	13,682,232	13,658,343	108,899	459,069	538,470	(13,649,777)	14,797,236
Liabilities							
Accounts payable and other	21,644	1,530	565	10,064	743	—	34,546
Due to brokers for securities purchased	—	9,989	—	—	—	—	9,989
Insurance premiums payable	2,953	—	—	—	—	(2,953)	—
Due to participating systems	—	13,646,824	—	—	—	(13,646,824)	—
Total liabilities	24,597	13,658,343	565	10,064	743	(13,649,777)	44,535
Net assets held in trust for benefits	$ 13,657,635	—	108,334	449,005	537,727	—	14,752,701

See accompanying notes to financial statements.

Defined Benefit Plans - Combining Statement of Net Assets

June 30, 2012
(In thousands)

	Defined Benefit Pension Plans							Defined Benefit OPEB Plans		
Assets	Employees' Retirement System	Public School Employees Retirement System	Legislative Retirement System	Georgia Judicial Retirement System	Georgia Military Pension Fund	Superior Court Judges Retirement Fund	District Attorneys Retirement Fund	State Employees' Assurance Department Active	State Employees' Assurance Department OPEB	Defined Benefit Plans Total
Cash and cash equivalents	$ 8,559	58	101	407	47	30	2	76	22	9,302
Receivables:										
Employer and member contributions	17,250	2	34	669	—	—	—	—	—	17,955
Interest and dividends	—	—	—	—	—	—	—	—	—	—
Due from brokers for securities sold	—	—	—	—	—	—	—	—	—	—
Other	1,244	—	—	—	—	—	—	—	—	1,244
Unremitted insurance premiums	—	—	—	—	—	—	—	103	2,850	2,953
Total receivables	18,494	2	34	669	—	—	—	103	2,850	22,152
Investments - at fair value:										
Domestic obligations:										
U.S. Treasuries	—	—	—	—	—	—	—	—	—	—
U.S. Agencies	—	—	—	—	—	—	—	—	—	—
Corporate and other bonds	—	—	—	—	—	—	—	—	—	—
International obligations:										
Governments	—	—	—	—	—	—	—	—	—	—
Corporates	—	—	—	—	—	—	—	—	—	—
Equities:										
Domestic	—	—	—	—	—	—	—	—	—	—
International	—	—	—	—	—	—	—	—	—	—
Mutual funds, common collective trust funds, and separate accounts	—	—	—	—	—	—	—	—	—	—
Equity in pooled investment fund	11,620,599	671,369	27,355	319,058	9,820	—	—	183,211	815,412	13,646,824
Total investments	11,620,599	671,369	27,355	319,058	9,820	—	—	183,211	815,412	13,646,824
Capital assets, net	3,954	—	—	—	—	—	—	—	—	3,954
Total assets	11,651,606	671,429	27,490	320,134	9,867	30	2	183,390	818,284	13,682,232
Liabilities										
Accounts payable and other	20,165	1,041	50	351	10	27	—	—	—	21,644
Due to brokers for securities purchased	—	—	—	—	—	—	—	—	—	—
Insurance premiums payable	2,934	—	2	17	—	—	—	—	—	2,953
Due to participating systems	—	—	—	—	—	—	—	—	—	—
Total liabilities	23,099	1,041	52	368	10	27	—	—	—	24,597
Net assets held in trust for benefits	$ 11,628,507	670,388	27,438	319,766	9,857	3	2	183,390	818,284	13,657,635

See accompanying notes to financial statements.

Combining Statement of Changes in Net Assets

Year ended June 30, 2012
(In thousands)

	Defined Benefit Plans	Pooled Investment Fund	Defined Contribution Plans: Georgia Defined Contribution Plan	Defined Contribution Plans: 401(k) Plan	Defined Contribution Plans: 457 Plan	Total
Net assets held in trust for benefits - beginning of year	$ 14,382,665	—	104,409	439,504	553,136	15,479,714
Additions:						
Contributions:						
Employer	295,364	—	—	4,355	—	299,719
Member	43,214	—	17,171	40,331	19,551	120,267
Participant fees	—	—	—	800	—	800
Insurance premiums	6,303	—	—	—	—	6,303
Administrative expense allotment	7	—	—	—	—	7
Investments income:						
Net increase (decrease) in fair value of investments	—	(48,907)	(242)	3,804	7,566	(37,779)
Interest and dividends	—	329,800	950	14	5	330,769
Other	—	—	—	589	907	1,496
Less investment expenses	(1,526)	(5,620)	(56)	(1,295)	(693)	(9,190)
Allocation of investment income	275,273	(275,273)	—	—	—	—
Net investment income	273,747	—	652	3,112	7,785	285,296
Total additions	618,635	—	17,823	48,598	27,336	712,392
Deductions:						
Benefit payment	1,289,679	—	11	36,986	41,835	1,368,511
Refunds of member contributions and interest	8,336	—	12,749	—	—	21,085
Death benefits	30,873	—	—	—	—	30,873
Administrative expenses	14,777	—	1,138	2,111	910	18,936
Total deductions	1,343,665	—	13,898	39,097	42,745	1,439,405
Transfers to (from) other plans	—	—	—	—	—	—
Net increase (decrease) in net assets	(725,030)	—	3,925	9,501	(15,409)	(727,013)
Net assets held in trust for benefits - end of year	$ 13,657,635	—	108,334	449,005	537,727	14,752,701

See accompanying notes to financial statements.

Defined Benefit Plans - Combining Statement of Changes in Net Assets

Year ended June 30, 2012
(In thousands)

	Defined Benefit Plans							Defined Benefit OPEB Plans		
	Employees' Retirement System	Public School Employees Retirement System	Legislative Retirement System	Georgia Judicial Retirement System	Georgia Military Pension Fund	Superior Court Judges Retirement Fund	District Attorneys Retirement Fund	State Employees' Assurance Department Active	State Employees' Assurance Department OPEB	Defined Benefit Plans Total
Net assets held in trust for benefits - beginning of year	$ 12,335,410	696,096	28,483	321,080	8,827	91	2	184,783	807,893	14,382,665
Additions:										
Contributions:										
Employer	274,034	15,884	76	2,083	1,521	1,686	80	—	—	295,364
Member	36,561	1,426	323	4,904	—	—	—	—	—	43,214
Participant fees	—	—	—	—	—	—	—	—	—	—
Insurance premiums	—	—	—	—	—	—	—	771	5,532	6,303
Administrative expense allotment	—	—	—	—	—	6	1	—	—	7
Investment income :										
Net increase (decrease) in fair value of investments	—	—	—	—	—	—	—	—	—	—
Interest and dividends	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—
Less investment expenses	(1,526)	—	—	—	—	—	—	—	—	(1,526)
Allocation of investment income	233,308	13,554	550	6,571	221	—	—	3,876	17,193	275,273
Net investment income	231,782	13,554	550	6,571	221	—	—	3,876	17,193	273,747
Total additions	542,377	30,864	949	13,558	1,742	1,692	81	4,647	22,725	618,635
Deductions:										
Benefit payments	1,216,738	54,183	1,810	14,416	678	1,774	80	—	—	1,289,679
Refunds of member contributions and interest	7,767	349	74	146	—	—	—	—	—	8,336
Death benefits	—	—	—	—	—	—	—	6,018	24,855	30,873
Administrative expenses	12,051	2,040	110	310	34	6	1	22	203	14,777
Total deductions	1,236,556	56,572	1,994	14,872	712	1,780	81	6,040	25,058	1,343,665
Transfers to (from) other plans	(12,724)	—	—	—	—	—	—	—	12,724	—
Net increase (decrease) in net assets	(706,903)	(25,708)	(1,045)	(1,314)	1,030	(88)	—	(1,393)	10,391	(725,030)
Net assets held in trust for benefits - end of year	$ 11,628,507	670,388	27,438	319,766	9,857	3	2	183,390	818,284	13,657,635

See accompanying notes to financial statements.

Notes to Financial Statements

June 30, 2012

(1) *General*

The accompanying basic financial statements of the Employees' Retirement System of Georgia, including all plans and funds administered by the Employees' Retirement System of Georgia (collectively, the System), is comprised of the Employees' Retirement System of Georgia (ERS), Public School Employees Retirement System (PSERS), Legislative Retirement System (LRS), Georgia Judicial Retirement System (GJRS), Georgia Military Pension Fund (GMPF), State Employees' Assurance Department Active Members Trust Fund (SEAD-Active), State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB), Superior Court Judges Retirement Fund (SCJRF), District Attorneys Retirement Fund (DARF), Georgia Defined Contribution Plan (GDCP), 401(k) Deferred Compensation Plan (401(k) Plan), and the 457 Deferred Compensation Plan (457 Plan). All significant accounts and transactions among the various systems, departments, and funds have been eliminated.

In evaluating how to define the System for financial reporting purposes, the management of the System has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Based on these criteria, the System has not included any other entities in its reporting entity.

Although the System is a component unit of the State of Georgia's financial reporting entity, it is accountable for its own fiscal matters and presentation of its separate financial statements. The Board of Trustees, comprised of active and retired members, ex-officio state employees, and appointees by the Governor, are ultimately responsible for the administration of the System.

(2) *Authorizing Legislation and Plan Descriptions*

Each plan and fund, including benefit and contribution provisions, was established and can be amended by state law. The following summarizes authorizing legislation and the plan description of each retirement fund:

(a) ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation.

Membership
As of June 30, 2012, participation in ERS is as follows:

Retirees and beneficiaries currently receiving benefits	42,053
Terminated employees entitled to benefits but not yet receiving benefits	76,736
Active plan members	63,963
Total	182,752
Employers	723

Benefits
Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon state employment that started prior to July 1, 1982 is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are "new plan" members, subject to the modified plan provisions. Effective January 1, 2009, newly hired state employees, as well as rehired state employees who did not maintain eligibility for the "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to the GSEPS plan.

Notes to Financial Statements

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions and Vesting

Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The state is required to contribute at a specified percentage of active member payrolls, determined annually by actuarial valuation. The state contributions are not at any time refundable to the member or his/her beneficiary.

Employer contributions required for fiscal year 2012 were based on the June 30, 2009 actuarial valuation for the old plan, new plan, and GSEPS as follows:

	Old plan	New plan	GSEPS
Employer:			
Normal	2.21%	6.96%	2.75%
Employer paid for member	4.75	—	—
Accrued liability	4.67	4.67	4.67
Total	11.63%	11.63%	7.42%

Members become vested after ten years of membership service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

The employer contributions are projected to liquidate the unfunded actuarial accrued liability within 30 years, based upon the actuarial valuation at June 30, 2011, on the assumption that the total payroll of active members will increase by 1.00% each year.

On November 20, 1997, the ERS Board of Trustees created the Supplemental Retirement Benefit Plan of ERS (SRBP). SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC §415) as a portion of ERS. The purpose of the SRBP is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC §415.

Beginning January 1, 1998, all members and retired former members in ERS are eligible to participate in this plan whenever their benefits under ERS exceed the limitation on benefits imposed by IRC §415.

There were 129 members eligible to participate in this portion of ERS for the year ended June 30, 2012. Employer contributions of $1,880,000 and benefit payments of $1,827,120 under the SRBP are included in the combined statements of changes in net assets for the year ended June 30, 2012. Cash of $53,388 under the SRBP is included in the combined statements of net assets as of June 30, 2012.

Notes to Financial Statements

(b) PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS.

Membership

As of June 30, 2012, participation in PSERS is as follows:

Retirees and beneficiaries currently receiving benefits	15,106
Terminated employees entitled to benefits but not yet receiving benefits	74,672
Active plan members	38,659
Total	128,437
Employers	189

Benefits

A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of $14.75, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits.

Contributions and Vesting

Members contribute $4 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees.

Employer contributions required for the year ended June 30, 2012 were $391.42 per active member and were based on the June 30, 2009 actuarial valuation.

Members become vested after ten years of creditable service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

(c) LRS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1979 for the purpose of providing retirement allowances for all members of the Georgia General Assembly. LRS is administered by the ERS Board of Trustees.

Membership

As of June 30, 2012, participation in LRS is as follows:

Retirees and beneficiaries currently receiving benefits	244
Terminated employees entitled to benefits but not yet receiving benefits	146
Active plan members	220
Total	610
Employers	1

Notes to Financial Statements

Benefits
A member's normal retirement is after eight years of creditable service and attainment of age 65, or eight years of membership service (four legislative terms) and attainment of age 62. A member may retire early and elect to receive a monthly retirement benefit after completion of eight years of membership service and attainment of age 60; however, the retirement benefit is reduced by 5% for each year the member is under age 62.

Upon retirement, the member will receive a monthly service retirement allowance of $36, multiplied by the number of years of creditable service, reduced by age reduction factors, if applicable. Death benefits are also available through the plan.

Contributions and Vesting
Member contributions are 8.5% of annual salary. The state pays member contributions in excess of 4.75% of annual compensation. Employer contributions are actuarially determined and approved and certified by the ERS Board of Trustees.

There were no employer contributions required for the year ended June 30, 2012 based on the June 30, 2009 actuarial valuation.

Members become vested after eight years of creditable service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member.

However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

(d) The GJRS is a system created to serve the members and beneficiaries of the Trial Judges and Solicitors Retirement Fund, the Superior Court Judges Retirement System, and the District Attorneys Retirement System (collectively, the Predecessor Retirement Systems). As of June 30, 1998, any person who was an active, inactive, or retired member or beneficiary of the Predecessor Retirement Systems was transferred to GJRS in the same status effective July 1, 1998. All assets of the Predecessor Retirement Systems were transferred to GJRS as of July 1, 1998. The ERS Board of Trustees and three additional trustees administer GJRS.

GJRS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly for the purpose of providing retirement allowances for judges and solicitors generals of the state courts and juvenile court judges in Georgia, and their survivors and other beneficiaries, superior court judges of the state of Georgia, and district attorneys of the state of Georgia.

Membership
As of June 30, 2012, participation in GJRS is as follows:

Retirees and beneficiaries currently receiving benefits	235
Terminated employees entitled to benefits but not yet receiving benefits	64
Active plan members	505
Total	804
Employers	96

Benefits
The normal retirement for GJRS is age 60, with 16 years of creditable service; however, a member may retire at age 60 with a minimum of 10 years of creditable service.

Annual retirement benefits paid to members are computed as 66⅔% of state paid salary at retirement for district attorneys and superior court judges and 66⅔% of the average over 24 consecutive months for trial judges and solicitors, plus 1% for each year of credited service over 16 years, not to exceed 24 years. Early retirement benefits paid to members are computed as the pro rata portion of the normal retirement benefit, based on service not to exceed 16 years. Death, disability, and spousal benefits are also available.

Notes to Financial Statements

Contributions and Vesting
Members are required to contribute 7.5% of their annual salary plus an additional 2.5% of their annual salary if spousal benefit is elected. Employer contributions are actuarially determined and approved and certified by the GJRS Board of Trustees.

Employer contributions required for fiscal year 2012 were based on the June 30, 2009 actuarial valuation as follows:

Employer:	
Normal	12.06 %
Accrued liability	(8.16)
Total	3.90 %

Members become vested after ten years of creditable service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

The employer contributions are projected to liquidate the actuarial accrued funding excess within 10 years, based upon the actuarial valuation at June 30, 2011, assuming that the total payroll of active members increases 3.75% each year.

(e) The GMPF is a single-employer defined benefit pension plan established on July 1, 2002 by the Georgia General Assembly for the purpose of providing retirement allowances and other benefits for members of the Georgia National Guard (National Guard). The ERS Board of Trustees administers the GMPF.

Membership
As of June 30, 2012, GMPF had 660 retirees and beneficiaries currently receiving benefits. Active and inactive plan member information is maintained by one employer, the Georgia Department of Defense.

Benefits
A member becomes eligible for benefits upon attainment of age 60, with 20 or more years of creditable service (including at least 15 years of service as a member of the National Guard), having served at least 10 consecutive years as a member of the National Guard immediately prior to discharge, and having received an honorable discharge from the National Guard.

The retirement allowance is payable for life in the amount of $50 per month, plus $5 per month for each year of creditable service in excess of 20 years. The maximum benefit is $100 per month.

Contributions and Vesting
Employer contributions are actuarially determined and approved and certified by the ERS Board of Trustees. There are no member contributions required.

Employer contributions required for the year ended June 30, 2012 were $126.57 per active member and were based on the June 30, 2009 actuarial valuation.

A member becomes vested after 20 years of creditable service (including at least 15 years of service as a member of the National Guard), having served at least 10 consecutive years as a member of the National Guard immediately prior to discharge, and having received an honorable discharge from the National Guard.

The employer contributions are projected to liquidate the unfunded actuarial accrued liability within 20 years, based upon the actuarial valuation at June 30, 2011.

Notes to Financial Statements

(f) SEAD-Active is a cost-sharing multiple-employer defined other post employment benefit plan created in 2007 by the Georgia General Assembly to amend Title 47 of the Official Code of Georgia Annotated, relating to retirement, so as to establish a fund for the provision of term life insurance to active members of ERS, LRS, and GJRS. Effective July 1, 2009, no newly hired members of any Georgia public retirement system are eligible for term life insurance under SEAD. The SEAD-Active trust fund accumulates in the fund the premiums received from the aforementioned retirement systems, including interest earned on deposits and investments of such payments from active members.

As of June 30, 2012, participation in SEAD-Active is as follows:

Retirees and beneficiaries	N/A
Terminated employees	1,023
Active plan members	49,212
Total	50,235
Employers	815

Employee contribution rates of 0.05% and 0.02% of members' salaries for old plan members and new plan members, respectively, were appropriated for the fiscal year ending June 30, 2012. There were no employer contribution rates required for the fiscal year ended June 30, 2012. Old plan members were hired prior to July 1, 1982, and new plan members were hired on or after July 1, 1982, but prior to January 1, 2009.

According to the policy terms covering the lives of members, insurance coverage is provided on a monthly, renewable term basis, and no return premiums or cash value are earned. The net assets represent the excess accumulation of investment income and premiums over benefit payments and expenses and are held as a reserve for payment of death benefits under existing policies.

(g) SEAD-OPEB is a cost-sharing multiple-employer defined other post employment benefit plan created in 2007 by the Georgia General Assembly to amend Title 47 of the Official Code of Georgia Annotated, relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of ERS, LRS, and GJRS. Effective July 1, 2009, no newly hired members of any Georgia public retirement system are eligible for term life insurance under SEAD. The SEAD-OPEB trust fund accumulates in the fund the premiums received from the aforementioned retirement systems, including interest earned on deposits and investments of such payments from retired and vested inactive members.

As of June 30, 2012, participation in SEAD-OPEB is as follows:

Retirees and beneficiaries	37,243
Terminated employees	1,023
Active plan members	49,212
Total	87,478
Employers	815

Employee contribution rates of 0.45% and 0.23% of members' salaries for old plan members and new plan members, respectively, were appropriated for the fiscal year ending June 30, 2012. Based on the actuarial valuation as of June 30, 2009, an employer rate of 0.61% of members salaries was required for fiscal year ending June 30 2012. The ERS Board of Trustees voted and approved that employer contributions would be paid from existing assets of the Survivors Benefit Fund instead of requiring payment by employers. This payment is reflected on the *Defined Benefit Plans – Combining Statement of Changes in Net Assets* as a transfer between plans. Old plan members were hired prior to July 1, 1982, and new plan members were hired on or after July 1, 1982, but prior to January 1, 2009.

According to the policy terms covering the lives of members, insurance coverage is provided on a monthly, renewable term basis, and no return premiums or cash value are earned. The net assets represent the excess accumulation of investment income and premiums over benefit payments and expenses and are held as a reserve for payment of death benefits under existing policies.

Notes to Financial Statements

(h) SCJRF is a single-employer defined benefit pension plan established by the Georgia General Assembly in 1945 for the purpose of providing retirement benefits to the superior court judges of the state of Georgia. SCJRF is directed by its own Board of Trustees. The Boards of Trustees for ERS and SCJRF entered into a contract for ERS to administer the plan effective July 1, 1995.

Membership
As of June 30, 2012, SCJRF had 24 retirees and beneficiaries currently receiving benefits and no active members. No new members are allowed into SCJRF.

Benefits
The normal retirement for SCJRF is age 68, with 19 years of creditable service, with a benefit of two-thirds the salary paid to superior court judges. A member may also retire at age 65, with a minimum of 10 years of creditable service, with a benefit of one-half the salary paid to superior court judges. Death, disability, and spousal benefits are also available.

Contributions and Vesting
Employer contributions are not actuarially determined, but are provided on an as-needed basis to fund current benefits.

(i) DARF is a defined benefit pension plan established by the Georgia General Assembly in 1949 for the purpose of providing retirement benefits to the district attorneys of the state of Georgia. DARF is directed by its own Board of Trustees. The Boards of Trustees for ERS and DARF entered into a contract for ERS to administer the plan effective July 1, 1995.

Membership
As of June 30, 2012, DARF had 7 retirees and beneficiaries currently receiving benefits and no active members. No new members are allowed into DARF.

Benefits
Persons appointed as district attorney emeritus shall receive an annual benefit of $15,000, or one-half of the state salary received by such person as a district attorney for the calendar year immediately prior to the person's retirement, whichever is greater.

Contributions and Vesting

Employer contributions are not actuarially determined, but are provided on an as-needed basis to fund current benefits.

(j) GDCP is a defined contribution plan established by the Georgia General Assembly in July 1992 for the purpose of providing retirement allowances for state employees who are not members of a public retirement or pension system and do not participate in Social Security. GDCP is administered by the ERS Board of Trustees.

Membership
As of June 30, 2012, participation in GDCP is as follows:

Retirees and beneficiaries currently receiving benefits	1
Terminated employees entitled to benefits but not yet receiving benefits	110,456
Active plan members	16,535
Total	126,992
Employers	217

Benefits
A member may retire and elect to receive periodic payments after attainment of age 65. The payments will be based upon mortality tables and interest assumptions adopted by the ERS Board of Trustees. If a terminated member has less than $5,000 credited to his/her account, the ERS Board of Trustees has the option of requiring a lump-sum distribution to the member. Upon the death of a member, a lump-sum distribution equaling the amount credited to his/her account will be paid to the member's designated beneficiary.

Contributions
Members are required to contribute 7.5% of their annual salary. There are no employer contributions. Earnings will be credited to each member's account as adopted by the ERS Board of Trustees. Upon termination of employment, the amount of the member's account is refundable upon request by the member.

Notes to Financial Statements

(k) The 401(k) Plan was established by the State of Georgia Employee Benefit Plan Council (the Council) in accordance with Georgia Law 1985, as amended, Official Code of Georgia, Sections 45-18-50 through 45-18-58, and Section 401(k) of the Internal Revenue Code (IRC). On October 1, 1994, activity commenced when the 401(k) Plan became available to employees of the State of Georgia Community Service Boards (CSBs). On December 1, 1998, the 401(k) Plan became available to employees of the Georgia Lottery Corporation (GLC). On July 1, 2005, the Plan became available to employees of Fayette County Board of Education; on July 1, 2006, the Plan became available to employees of Walton County Board of Education; and on January 1, 2010, the Plan became available to employees of Henry County Board of Education.

Effective July 1, 1998, the State of Georgia Employee's Deferred Compensation Group Trust (Master Trust) was formed for the State of Georgia Deferred Compensation Program to serve as the funding medium for the 401(k) Plan. At that time, the 401(k) Plan began operating on an employee elective deferral basis for all state employees working at least 1,000 hours in a 12-month period. All assets of the 401(k) Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The assets of the 401(k) Plan and the State of Georgia Employees' Deferred Compensation 457 Plan are commingled in the Master Trust with the respective trusts owning units of the Master Trust. Participant contributions are invested according to the participant's investment election. If the participant does not make an election, investments are automatically defaulted to a Lifecycle fund based on the participant's date of birth.

Effective July 1, 2005 (HB275), ERS became the trustee of the 401(k) Plan. Aon Hewitt and JPMorgan Chase hold, administer, and invest the assets of the Master Trust.

Contributions and Vesting

Participating CSBs, the GLC and Fayette, Walton and Henry County Boards of Education offer employer contributions to eligible employees of up to 7.5% of base salary (limited to a maximum of $245,000 base salary for 2011 and $250,000 base salary for 2012) as either a contribution matching employee elective contributions or an automatic contribution regardless of employee participation. As of January 1, 2009 individual participants may defer up to 80% of eligible compensation, or up to limits prescribed by the IRC (whichever is less).

Effective January 1, 2009, in accordance with O.C.G.A. 47-2-350 through 47-2-360, newly hired state employees, as well as rehired state employees who did not maintain eligibility for the ERS "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). The GSEPS plan includes automatic enrollment in the 401(k) plan at a contribution rate of 1% of salary, along with a matching contribution from the state. The state will match 100% of the employee's initial 1% contribution. Employees can elect to contribute up to an additional 4% and the state will match 50% of the additional 4% of salary. Therefore, the state will match 3% against the employee's 5% total savings. Employee contributions greater than 5% of salary do not receive any matching funds. Employees who are not participants of the GLC, CSB, or GSEPS plans do not receive any employer contributions in their 401(k) plan.

All employer contributions are subject to a vesting schedule, which determines eligibility to receive all or a portion of the employer contribution balance at the time of any distribution from the account after separation from all state service. Vesting is determined based on the following schedule:

Less than 1 year	—%
1	20
2	40
3	60
4	80
5 or more years	100

For CSB/GLC participants whose services terminated prior to January 1, 2012 but after December 31, 2001, the following vesting schedule applies:

Less than 2 years	—%
2	20
3	40
4	60
5	80
6 or more years	100

Notes to Financial Statements

For CSB/GLC participants whose services terminated prior to January 1, 2002, the following vesting schedule applies:

Less than 3 years	—%
3	20
4	40
5	60
6	80
7 or more years	100

Employee contributions and earnings thereon are 100% vested at all times. The 401(k) Plan also allows participants to roll over amounts from other qualified plans to their respective account in the 401(k) Plan on approval by the 401(k) Plan Administrator. Such rollovers are 100% vested at the time of transfer.

Distributions
The participant may receive the value of their vested accounts upon attaining age 59.5, qualifying financial hardship, or retirement or other termination of service (employer contribution balances are only eligible for distribution upon separation from service). Upon the death of a participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Distributions are made in installments or in a lump sum.

(l) The 457 Plan was established by the State Personnel Board in accordance with Georgia laws 1974, page 198 as amended, Official Code of Georgia, Sections 45-18-30 through 45-18-36, and Section 457 of the Internal Revenue Code (IRC). The 457 Plan is available to employees of the State of Georgia and county health departments and permits such employees to defer a portion of their annual salary until future years. Employee contributions and earnings thereon are 100% vested at all times.

Effective July 1, 1998, the State of Georgia Employee's Deferred Compensation Group Trust (Master Trust) was formed for the State of Georgia Deferred Compensation Program to serve as the funding medium for the 457 Plan. All assets of the 457 Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The assets of the 457 Plan and the State of Georgia Employees' Deferred Compensation 401(k) Plan are commingled in the Master Trust with the respective trusts owning units of the Master Trust. Participant contributions are invested according to the participant's investment election. If the participant does not make an election, investments are automatically defaulted to a Lifecycle fund based on the participant's date of birth.

Effective July 1, 2005 (HB275), ERS became the trustee of the 457 Plan. Aon Hewitt and JPMorgan Chase hold, administer, and invest the assets of the Master Trust.

Distributions
The balance in the employee's account in the 457 Plan is not available to the employee until termination, retirement, death, or unforeseeable emergency as defined in the 457 Plan. Upon the death of a participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Distributions are made in installments or in a lump sum.

(3) *Significant Accounting Policies and System Asset Matters*

(a) **Basis of Accounting**
The System's basic financial statements are prepared on the accrual basis of accounting. Contributions from the employers and members are recognized as additions when due, pursuant to formal commitments, as well as statutory or contractual requirements. Retirement benefits and refund payments are recognized as deductions when due and payable.

During fiscal year 2012, the System adopted the provisions of GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider and to establish when hedge accounting should continue to be applied. There are no applicable reporting or disclosure requirements for the System in fiscal year 2012.

Notes to Financial Statements

(b) **Cash and Cash Equivalents**
Cash and cash equivalents, reported at cost, include cash on deposit at banks, cash on deposit with the investment custodian earning a credit to offset fees and short-term highly liquid financial securities with original maturities of three months or less from the date of acquisition.

(c) **Investments**
Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investment income is recognized as earned by the System. There are no investments in, loans to, or leases with parties related to the System.

The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

(d) **Capital Assets**
Capital assets, including software development costs, are stated at cost less accumulated depreciation. The capitalization thresholds are $100,000 for buildings and building improvements and $5,000 for equipment and vehicles. Depreciation on capital assets is computed using the straight-line method over estimated useful lives of five to forty years. Depreciation expense is included in administrative expenses. Maintenance and repairs are charged to administrative expenses when incurred. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the combined statements of changes in net assets in the period of disposal.

(e) **Use of Estimates**
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets and changes therein. Actual results could differ from those estimates.

(4) *Investment Program*

The System maintains sufficient cash to meet its immediate liquidity needs. Cash not immediately needed is invested as directed by the Board of Trustees. All investments are held by agent custodial banks in the name of the System. State statutes and the System's investment policy authorize the System to invest in a variety of short-term and long-term securities as follows:

(a) **Cash and Cash Equivalents**
The carrying amount of the System's deposits totaled $133,250,361 at June 30, 2012 with actual bank balances of $141,751,340. The System's bank balances of $140,418,232 are fully insured through the Federal Deposit Insurance Corporation, an independent agency of the U.S. Government. The remaining bank deposits of $1,333,108 are uninsured and uncollateralized.

Short-term highly liquid financial securities are authorized in the following instruments:

- Repurchase and reverse repurchase agreements, whereby the System and a broker exchange cash for direct obligations of the U.S. Government or obligations unconditionally guaranteed by agencies of the U.S. Government or U.S. corporations. The System or broker promises to repay the cash received, plus interest, at a specific date in the future in exchange for the same securities. The System held repurchase agreements of $15,000,000 at June 30, 2012.

Other short-term securities authorized, but not currently used, are as follows:

- U.S. Treasury obligations.

- Commercial paper, with a maturity of 180 days or less. Commercial paper is an unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. The System considers for investment only commercial paper of the highest quality, rated P-I and/or A-I by national credit rating agencies.

Notes to Financial Statements

- Master notes, an overnight security administered by a custodian bank and an obligation of a corporation whose commercial paper is rated P-l and/or A-l by national credit rating agencies.

Investments in commercial paper or master notes are limited to no more than $500 million in any one name.

(b) **Investments**
Fixed income investments are authorized in the following instruments:

- U.S. and foreign government obligations. At June 30, 2012, the System held U.S. Treasury bonds of $2,286,690,130 and international government bonds of $151,527,840.

- Obligations unconditionally guaranteed by agencies of the U.S. Government. At June 30, 2012, the System held agency bonds of $13,181,630.

- Corporate bonds with at least an "A" rating by a national rating agency. At June 30, 2012, the System held U.S. corporate bonds of $1,439,458,720 and international corporate bonds of $81,180,000.

- Private placements are authorized under the same general restrictions applicable to corporate bonds. At June 30, 2012, the System did not hold private placements.

Mortgage investments are authorized to the extent that they are secured by first mortgages on improved real property located in the state of Georgia.

Equity securities are also authorized (in statutes) for investment as a complement to the System's fixed-income portfolio and as a long-term inflation hedge. By statute, no more than 75% of the total invested assets on a historical cost basis may be placed in equities. Equity holdings in any one corporation may not exceed 5% of the outstanding equity of the issuing corporation. The equity portfolio is managed by the Division of Investment Services (the Division), in conjunction with independent advisors. Buy/sell decisions are based on securities meeting rating criteria established by the Board of Trustees, in house research considering such matters as yield, growth, and sales statistics, and analysis of independent market research. Equity trades are approved and executed by the Division's staff. Common stocks eligible for investment are approved by the Investment Committee of the Board of Trustees before being placed on an approved list.

Equity investments are authorized in the following instruments:

- Domestic equities are those securities considered by The Official Code of Georgia Annotated (O.C.G.A.) to be domiciled in the United States. At June 30, 2012, the System held domestic equities of $7,320,797,337.

- International equities, including American Depository Receipts (ADR), will be a diversified portfolio including both developed and emerging countries. These securities are not considered by the O.C.G.A to be domiciled in the United States. At June 30, 2012, the System held international equities of $129,116,577 and ADRs of $2,150,008,234.

  The State of Georgia Employee's Deferred Compensation Group Trust (Master Trust) invests in various mutual funds, common collective trust funds, and separate accounts, as selected by participants. Each participant is allowed to select and invest contributions into investment options that own one or more of 2 mutual funds, 8 common collective trust funds, and 3 separate accounts, as authorized by the Board of Trustees. Mutual funds, common collective trust funds, and separate accounts are reported at the fair value of participant balances.

  Substantially all of the investments of ERS, PSERS, LRS, GJRS, GMPF, and SEAD are pooled into one common investment fund. Units in the pooled common investment fund are allocated to the respective plans, based upon the cost of assets contributed, and additional units are allocated to the participating plans, based on the market value of the pooled common investment fund at the date of contribution. Net income of the pooled common investment fund is allocated monthly to the participating plans, based upon the number of units outstanding during the month.

Notes to Financial Statements

The units and fair value of each plan's equity in the pooled common investment fund at June 30, 2012 were as follows (dollars in thousands):

	Fair value	Units
Employees' Retirement System	$ 11,620,599	4,035,837
Public School Employees Retirement System	671,369	233,167
Legislative Retirement System	27,355	9,500
Georgia Judicial Retirement System	319,058	110,809
State Employees' Assurance Department - Active	183,211	63,629
State Employees' Assurance Department - OPEB	815,412	283,193
Georgia Military Pension Fund	9,820	3,411
	$ 13,646,824	4,739,546

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Employees' Retirement System. State law limits investments to investment grade securities.

It is the System's investment policy to require that the bond portfolio be of high quality and chosen with respect to maturity ranges, coupon levels, refunding characteristics and marketability. The System's policy is to require that new purchases of bonds be restricted to high grade bonds rated no lower than "A" by any nationally recognized statistical rating organization. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. The notation NR represents those securities that are not rated. The quality ratings of investments in fixed income securities as described by Standard & Poor's and by Moody's Investors Service, which are nationally recognized statistical rating organizations, at June 30, 2012 are shown in the following chart:

Quality Ratings of Fixed Income Investments
Held at June 30, 2012

Investment Type	Standard & Poor's/ Moody's Quality Rating	June 30,2012 Fair Value
Domestic obligations:		
U.S. Treasuries		$ 2,286,690,130
U.S. Agencies	AA/Aaa	13,181,630
Corporates	AAA/Aaa	166,974,780
	AA/Aa	371,295,680
	AA/A	529,317,520
	A/A	371,870,740
Total Corporates		1,439,458,720
International obligations:		
Governments	AAA/Aaa	64,093,740
	AAA/NR	5,069,200
	AA/Aa	82,364,900
Total Governments		151,527,840
Corporates	AA/Aa	81,180,000
Total Fixed Income Investments		$ 3,972,038,320

The investment policy requires that repurchase agreements be limited to the purchase of U.S. Treasury or Agency obligations or corporate bonds rated no lower than "A" by any nationally recognized statistical rating organization with a market value in excess of funds advanced. As of June 30, 2012, the System held repurchase agreements included in cash and cash equivalents of $15,000,000.

Notes to Financial Statements

Mutual funds, common collective trust funds, and separate accounts investments of the deferred compensation plans are not considered to have credit risk and do not require disclosure of credit risk rating.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. On June 30, 2012, the System did not have debt or equity investments in any one organization, other than those issued or guaranteed by the U. S. Government or its agencies, which represented greater than 5% of plan net assets.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the System has no formal interest rate risk policy, active management of the bond portfolio incorporates interest rate risk to generate improved returns. This risk is managed within the portfolio using the effective duration method. This method is widely used in the management of fixed income portfolios and quantifies to a much greater degree the sensitivity to interest rate changes when analyzing a bond portfolio with call options, prepayment provisions, and any other cash flows. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows and is best utilized to gauge the effect of a change in interest rates on the fair value of a portfolio. It is believed that the reporting of effective duration found in the table below quantifies to the fullest extent possible the interest rate risk of the System's fixed income assets.

Effective Duration of Fixed Income Assets and Repurchase Agreements by Security Type

Fixed Income and Repurchase Agreements Security Type	Fair Value June 30, 2012	Percent of All Fixed Income Assets and Repurchase Agreements	Effective Duration (Years)
Domestic obligations:			
U.S. Treasuries	$ 2,286,690,130	57.4 %	5.2
U.S. Agencies	13,181,630	0.3	1.2
Corporates	1,439,458,720	36.1	4.8
International obligations:			
Governments	151,527,840	3.8	3.3
Corporates	81,180,000	2.0	3.0
Repurchase agreements	15,000,000	0.4	—
Total	$ 3,987,038,320	100.0 %	5.0*

**Total Effective Duration (Years) does not include Repurchase Agreements.*

Mutual funds, common collective trust funds, and separate investments of the deferred compensation plans are not considered to have interest rate risk and do not require disclosure of interest rate risk.

(5) *Investment Lending Program*

State statutes and Board of Trustees policies permit the System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System is presently involved in a securities lending program with major brokerage firms. The System lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the System continues to receive dividends and interest as the owner of the loaned securities. The brokerage firms pledge collateral securities consisting of U.S. Government and agency securities, mortgage-backed securities issued by a U.S. Government agency, corporate bonds, and equities. The collateral value must be equal to at least 102% to 115% of the loaned securities' value, depending on the type of collateral security.

Securities loaned totaled $4,054,541,857 at fair value at June 30, 2012. The collateral value was equal to 104.1% of the loaned securities' value at June 30, 2012. The System's lending collateral was held in the System's name by the tri-party custodian.

Notes to Financial Statements

Loaned securities are included in the accompanying combined statement of net assets since the System maintains ownership. The related collateral securities are not recorded as assets on the System's combined statement of net assets, and a corresponding liability is not recorded, since the System is deemed not to have the ability to pledge or trade the collateral securities. The System is deemed not to have the ability to pledge or sell the collateral securities, since the System's lending contracts do not address whether the lender can pledge or sell the collateral securities without a borrower default, the System has not previously demonstrated that ability, and there are no indications of the System's ability to pledge or sell the collateral securities.

(6) *Operating Leases*

The System leases copier machines and mailing equipment under long-term, noncancelable operating lease agreements. The leases expire at various dates through 2017 and provide for renewal options ranging from one year to five years. Lease expense totaled $8,642 during 2012. The following is a schedule by years of future minimum rental payments required under operating leases in excess of one year as of June 30, 2012.

Fiscal Year ending June 30:		
2013	$	3,691
2014		2,424
2015		2,424
2016		2,424
2017		2,323
Total minimum payments required	$	13,286

(7) *Capital Assets*

The following is a summary of capital assets and depreciation information as of and for the year ended June 30, 2012:

	Balance at June 30, 2011	Additions	Disposals	Balance at June 30, 2012
Capital assets:				
Land	$ 944,225	—	—	944,225
Building	2,800,000	—	—	2,800,000
Equipment	2,020,930	114,140	—	2,135,070
Vehicles	13,381	—	—	13,381
Computer software	14,344,610	—	—	14,344,610
	20,123,146	114,140	—	20,237,286
Accumulated depreciation for:				
Building	(490,000)	(70,000)	—	(560,000)
Equipment	(1,126,100)	(257,584)	—	(1,383,684)
Vehicles	(8,455)	(1,915)	—	(10,370)
Computer software	(14,313,795)	(15,429)	—	(14,329,224)
	(15,938,350)	(344,928)	—	(16,283,278)
Capital assets, net	$ 4,184,796	(230,788)	—	3,954,008

During fiscal year 2012, the System did not experience any capital asset impairment loss with respect to the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.*

Notes to Financial Statements

(8) *Funded Status and Funding Progress*

The funded status of each plan as of June 30, 2011, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

	Actuarial value of plan assets (a)	Actuarial accrued liability (AAL) entry age (b)	Unfunded AAL/(funded excess) (b-a)	Funded ratio (a/b)	Annual covered payroll (c)	Unfunded AAL/ (funded excess) as percentage of covered payroll [(b-a)/c]
ERS	$ 12,667,557	16,656,905	3,989,348	76.0 %	$ 2,486,780	160.4 %
PSERS[1]	719,601	885,927	166,326	81.2	N/A	N/A
LRS	29,278	25,245	(4,033)	116.0	3,780	(106.7)
GJRS	327,483	290,486	(36,997)	112.7	52,331	(70.7)
GMPF[2]	8,702	26,767	18,065	32.5	N/A	N/A

	Actuarial value of plan assets (a)	Actuarial accrued liability (AAL) projected unit credit (b)	Unfunded AAL/(funded excess) (b-a)	Funded ratio (a/b)	Annual covered payroll (c)	Unfunded AAL/ (funded excess) as percentage of covered payroll [(b-a)/c]
SEAD - Active	$ 184,783	40,145	(144,638)	460.3 %	$ 2,166,982	(6.7) %
SEAD - OPEB	807,893	678,421	(129,472)	119.1	2,166,982	(6.0)

1 No statistics regarding covered payroll are available. Contributions are not based upon members' salaries, but are simply $4.00 per member per month for nine months each fiscal year.

2 No statistics regarding covered payroll are available. Active and inactive plan member information is maintained by the Georgia Department of Defense.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plans assets are increasing or decreasing over time relative to the AALs for benefits.

Notes to Financial Statements

Additional information as of the latest actuarial valuation follows:

	ERS	PSERS	LRS
Valuation date	June 30, 2011	June 30, 2011	June 30, 2011
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percent of pay, open	Level dollar, open	Level dollar, open
Remaining amortization period	30 years	30 years	N/A
Asset valuation method	7-year smoothed market	7-year smoothed market	7-year smoothed market
Actuarial assumptions:			
Investment rate of return[1]	7.50%	7.50%	7.50%
Projected salary increases[1]		N/A	N/A
Fiscal Year 2011	0.00%		
Fiscal Years 2012-2013	2.725-4.625%		
Fiscal Years 2014+	5.45-9.25%		
Postretirement cost-of-living adjustment	None	1.5% semi-annually	3.00% annually

	GJRS	GMPF
Valuation date	June 30, 2011	June 30, 2011
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of pay, open	Level dollar, open
Remaining amortization period	10 years	20 years
Asset valuation method	7-year smoothed market	7-year smoothed market
Actuarial assumptions:		
Investment rate of return[1]	7.50%	7.50%
Projected salary increases[1]		N/A
Fiscal Year 2011	0.00%	
Fiscal Years 2012-2013	3.00%	
Fiscal Years 2014+	6.00%	
Postretirement cost-of-living adjustment	None	None

	SEAD - Active	SEAD - OPEB
Valuation date	June 30, 2011	June 30, 2011
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period	30 years	30 years
Asset valuation method	Market value of assets	Market value of assets
Actuarial assumptions:		
Investment rate of return[1]	7.50%	7.50%
Projected salary increases		
ERS[1]	5.45-9.25%	5.45-9.25%
GJRS[1]	6.00%	6.00%
LRS	0.00%	0.00%
Postretirement cost-of-living adjustment	N/A	N/A

1 Includes inflation rate of 3.00%.

Required Supplementary Schedules (UNAUDITED)

Schedules of Funding Progress

(In thousands)

	Actuarial valuation date	Actuarial value of plan assets (a)	Actuarial accrued liablility (AAL) entry age (b)	Unfunded AAL/ (funded excess) (b-a)	Funded ratio (a/b)	Annual covered payroll (c)	Unfunded AAL/ (funded excess) as percentage of covered payroll [(b-a)/c]
Employees' Retirement System	6/30/2006	$ 13,461,132	14,242,845	781,713	94.5 %	$ 2,630,167	29.7 %
	6/30/2007	13,843,689	14,885,179	1,041,490	93.0	2,680,972	38.8
	6/30/2008	14,017,346	15,680,857	1,663,511	89.4	2,809,199	59.2
	6/30/2009	13,613,606	15,878,022	2,264,416	85.7	2,674,155	84.7
	6/30/2010	13,046,193	16,295,352	3,249,159	80.1	2,571,042	126.4
	6/30/2011	12,667,557	16,656,905	3,989,348	76.0	2,486,780	160.4
Public School Employees Retirement System[1]	6/30/2006	766,277	691,651	(74,626)	110.8	N/A	N/A
	6/30/2007	785,460	746,078	(39,382)	105.3	N/A	N/A
	6/30/2008	791,855	770,950	(20,905)	102.7	N/A	N/A
	6/30/2009	769,618	823,232	53,614	93.5	N/A	N/A
	6/30/2010	737,406	875,396	137,990	84.2	N/A	N/A
	6/30/2011	719,601	885,927	166,326	81.2	N/A	N/A
Legislative Retirement System	6/30/2006	29,172	23,407	(5,765)	124.6	3,602	(160.0)
	6/30/2007	30,049	24,357	(5,692)	123.4	3,688	(154.3)
	6/30/2008	30,706	24,454	(6,252)	125.6	3,778	(165.5)
	6/30/2009	30,303	23,523	(6,780)	128.8	3,780	(179.4)
	6/30/2010	29,581	25,003	(4,578)	118.3	3,745	(122.2)
	6/30/2011	29,278	25,245	(4,033)	116.0	3,780	(106.7)
Georgia Judicial Retirement System	6/30/2006	279,564	229,837	(49,727)	121.6	45,308	(109.8)
	6/30/2007	297,090	249,278	(47,812)	119.2	48,621	(98.3)
	6/30/2008	313,315	268,516	(44,799)	116.7	51,102	(87.7)
	6/30/2009	317,624	282,474	(35,150)	112.4	52,083	(67.5)
	6/30/2010	320,050	281,496	(38,554)	113.7	51,293	(75.2)
	6/30/2011	327,483	290,486	(36,997)	112.7	52,331	(70.7)
Georgia Military Pension Fund[2]	6/30/2006	3,100	17,625	14,525	17.6	N/A	N/A
	6/30/2007	4,165	19,887	15,722	20.9	N/A	N/A
	6/30/2008	5,269	19,124	13,855	27.6	N/A	N/A
	6/30/2009	6,413	21,021	14,608	30.5	N/A	N/A
	6/30/2010	7,558	23,773	16,215	31.8	N/A	N/A
	6/30/2011	8,702	26,767	18,065	32.5	N/A	N/A

(continued)

Required Supplementary Schedules (UNAUDITED) cont'd

Schedules of Funding Progress

(In thousands)

	Actuarial valuation date	Actuarial value of plan assets (a)	Actuarial accrued liability (AAL) projected unit credit (b)	Unfunded AAL/ (funded excess) (b-a)	Funded ratio (a/b)	Annual covered payroll (c)	Unfunded AAL/ (funded excess) as percentage of covered payroll [(b-a)/c]
State Employees' Assurance Department-Active³	6/30/2007	$ 185,335	59,509	(125,826)	311.4 %	$ 2,720,772	(4.6) %
	6/30/2008	172,595	62,171	(110,424)	277.6	2,850,850	(3.9)
	6/30/2009	144,161	61,351	(82,810)	235.0	2,653,527	(3.1)
	6/30/2010	156,132	40,523	(115,609)	385.3	2,401,974	(4.8)
	6/30/2011	184,783	40,145	(144,638)	460.3	2,166,982	(6.7)
State Employees' Assurance Department-OPEB³	6/30/2007	778,048	642,530	(135,518)	121.1	2,720,772	(5.0)
	6/30/2008	737,114	699,884	(37,230)	105.3	2,850,850	(1.3)
	6/30/2009	628,199	733,671	105,472	85.6	2,653,527	4.0
	6/30/2010	680,449	691,001	10,552	98.5	2,401,974	0.4
	6/30/2011	807,893	678,421	(129,472)	119.1	2,166,982	(6.0)

This data, except for annual covered payroll, was provided by the System's actuary.

[1] No statistics regarding covered payroll are available. Contributions are not based on members' salaries, but are simply $4.00 per member for nine months each fiscal year.

[2] No statistics regarding covered payroll are available. Active and inactive plan member information is maintained by the Department of Defense.

[3] This plan was started in 2007, therefore data for five years is presented.

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

Required Supplementary Schedules (UNAUDITED)

Schedules of Employer Contributions

(In thousands)

	Year ended June 30	State annual required contribution	Percentage contributed
Employees' Retirement System	2006	$ 258,482	100.0 %
	2007	270,141	100.0
	2008	286,256	100.0
	2009[1]	282,103	99.9
	2010	263,064	100.0
	2011	261,132	100.0
Public School Employees Retirement System	2006	3,634	100.0
	2007	6,484	100.0
	2008	2,866	100.0
	2009	5,529	100.0
	2010	5,529	100.0
	2011	7,509	100.0
Legislative Retirement System	2006	—	N/A
	2007	—	N/A
	2008	—	N/A
	2009	—	N/A
	2010	—	N/A
	2011	—	N/A
Georgia Judicial Retirement System	2006	1,683	100.0
	2007	1,778	100.0
	2008	2,395	100.0
	2009	1,703	100.0
	2010	2,600	100.0
	2011	1,932	100.0
Georgia Military Pension Fund	2006	891	100.0
	2007	1,005	100.0
	2008	1,103	100.0
	2009	1,323	100.0
	2010	1,434	100.0
	2011	1,282	100.0
State Employees' Assurance Department-Active[2]	2007	—	N/A
	2008	—	N/A
	2009	—	N/A
	2010	—	N/A
	2011	—	N/A
State Employees' Assurance Department-OPEB[2]	2007	—	N/A
	2008	—	N/A
	2009	—	N/A
	2010	—	N/A
	2011	—	N/A

This data was provided by the System's actuary.

[1]During the 2009 valuation it was determined that an employer group within ERS did not contribute the full ARC every year. The amount has been revised to reflect the difference between the ARC and the actual contributions made.

[2]This plan was started in 2007, therefore data for five years is presented.

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

Notes to Required Supplementary Schedules

June 30, 2012

(1) **Schedule of Funding Progress**
The actuarial value of assets recognizes a portion of the difference between the fair value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 1/7th of the difference between fair value and expected actuarial value.

(2) **Schedule of Employer Contributions**
The required employer contributions and percent of those contributions actually made are presented in the schedule.

(3) **Actuarial Assumptions**
The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information from the actuarial valuations for the most recent two year period is as follows:

Employees' Retirement System:		
Valuation date	June 30, 2011	June 30, 2010
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of pay, open	Level percent of pay, open
Remaining amortization period of the unfunded actuarial accrued liability	30 years	30 years
Asset valuation method	7-year smoothed market	7-year smoothed market
Actuarial assumptions:		
Investment rate of return[1]	7.50%	7.50%
Projected salary increases[1]		
Fiscal Year 2011	0.00%	0.00%
Fiscal Years 2012-2013	2.725 - 4.625%	2.725 - 4.625%
Fiscal Years 2014+	5.45 - 9.25%	5.45 - 9.25%
Postretirement cost-of-living adjustment	None	None

Public School Employees Retirement System:		
Valuation date	June 30, 2011	June 30, 2010
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period of the unfunded actuarial accrued liability	30 years	30 years
Asset valuation method	7-year smoothed market	7-year smoothed market
Actuarial assumptions:		
Investment rate of return[1]	7.50%	7.50%
Projected salary increases	N/A	N/A
Postretirement cost-of-living adjustment	1.50% semi-annually	3% annually

Legislative Retirement System:		
Valuation date	June 30, 2011	June 30, 2010
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period of the funding excess	N/A	N/A
Asset valuation method	7-year smoothed market	7-year smoothed market
Actuarial assumptions:		
Investment rate of return[1]	7.50%	7.50%
Projected salary increases	N/A	N/A
Postretirement cost-of-living adjustment	3% annually	3% annually

Notes to Required Supplementary Schedules

Georgia Judicial Retirement System:		
Valuation date	June 30, 2011	June 30, 2010
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of pay, open	Level percent of pay, open
Remaining amortization period of the funding excess	10 years	16 years
Asset valuation method	7-year smoothed market	7-year smoothed market
Actuarial assumptions:		
Investment rate of return[1]	7.50%	7.50%
Projected salary increases[1]		
Fiscal Year 2011	0.00%	0.00%
Fiscal Years 2012-2013	3.00%	3.00%
Fiscal Years 2014+	6.00%	6.00%
Postretirement cost-of-living adjustment	None	None

Georgia Military Pension Fund:		
Valuation date	June 30, 2011	June 30, 2010
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period of the unfunded actuarial accrued liability	20 years	20 years
Asset valuation method	7-year smoothed market	7-year smoothed market
Actuarial assumptions:		
Investment rate of return[1]	7.50%	7.50%
Projected salary increases	N/A	N/A
Postretirement cost-of-living adjustment	None	None

SEAD - Active:		
Valuation date	June 30, 2011	June 30, 2010
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period of the funding excess	30 years	30 years
Asset valuation method	Market value of assets	Market value of assets
Actuarial assumptions:		
Investment rate of return[1]	7.50%	7.50%
Projected salary increases		
ERS[1]	5.45-9.25%	5.45-9.25 %
GJRS [1]	6.00%	6.00%
LRS	0.00%	0.00%

SEAD - OPEB:		
Valuation date	June 30, 2011	June 30, 2010
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period of the funding excess	30 years	30 years
Asset valuation method	Market value of assets	Market value of assets
Actuarial assumptions:		
Investment rate of return[1]	7.50%	7.50%
Projected salary increases		
ERS[1]	5.45-9.25%	5.45-9.25 %
GJRS [1]	6.00%	6.00%
LRS	0.00%	0.00%

[1] *Includes inflation rate of 3.00% in the 2011 valuation and 3.00% in the 2010 valuation.*

Additional Information

Administrative Expenses Schedule - Contributions and Expenses

Year ended June 30 2012 (with comparative amounts for the year ended June 30, 2011)
(In thousands)

	2012	2011
Contributions:		
Employees' Retirement System	$ 12,051	14,431
Public School Employees Retirement System	2,040	2,046
Legislative Retirement System	110	131
Georgia Judicial Retirement System	310	290
State Employees' Assurance Department - Active	22	22
State Employees' Assurance Department - OPEB	203	203
Georgia Defined Contribution Plan	1,138	1,180
401(k) Plan	2,111	2,054
457 Plan	910	1,064
Georgia Military Pension Fund	34	37
Superior Court Judges Retirement Fund	6	6
District Attorneys Retirement Fund	1	1
Total contributions	18,936	21,465
Expenses:		
Personal services:		
Salaries and wages	5,139	5,067
Retirement contributions	560	498
FICA	365	357
Health insurance	1,549	1,265
Miscellaneous	49	49
	7,662	7,236
Communications:		
Postage	173	197
Publications and printing	11	11
Telecommunications	80	74
Travel	12	16
	276	298
Professional Services:		
Accounting and investment services	5,791	5,433
Computer services	667	784
Contracts	2,321	2,591
Actuarial services	281	321
Medical services	167	223
Professional fees	158	147
Legal services	32	46
	9,417	9,545
Management fees:		
Building maintenance	636	636
Other services and charges:		
Temporary services	419	512
Supplies and materials	103	45
Repairs and maintenance	22	23
Courier services	3	9
Depreciation	345	3,109
Miscellaneous	49	48
Office equipment	4	4
	945	3,750
Total expenses	18,936	21,465
Net income	$ —	—

See accompanying independent auditors' report.

Additional Information

Schedule of Investment Expenses

Year ended June 30, 2012 (with comparative amounts for the year ended June 30, 2011)

		2012	2011
Investment Advisory and Custodial Fees	$	5,622,239	6,350,398
Miscellaneous		3,566,649	3,493,496
Total Investment Expenses	$	9,188,888	9,843,894

See accompanying independent auditors' report.

Investment Section

Investment Overview

It is déjà vu with respect to our comments on the economy versus last year. We are still dealing with the European financial crises and a problematic employment situation. Global economic growth remains tepid, but the US has been a relative bright spot. Unfortunately, improvements in this scenario are likely to be slow as we deal with a global deleveraging cycle.

It is difficult not to get caught up in the headlines, but as a pension plan it is more important to stay focused on the long-term. The System continues to invest in a mix of liquid, high quality bonds and stocks. These types of investments allow the System to participate in rising markets while moderating the risks on the downside. A high quality balanced fund has proven to be a successful strategy in a variety of markets over a long period of time.

As in previous years, the bias to quality was a primary goal and was successfully met. "Conservation of Capital" and "Conservatism" continue to be the principal guides in investment decisions. The Board of Trustees continues to use a diversified portfolio to accomplish these objectives.

The economy grew during the past fiscal year, although at a slow pace. Housing is beginning to improve due to low mortgage rates and a reduction of supply, as banks work through their book of bad loans. Growth in employment, or rather the lack thereof, remains the largest single factor plaguing the economy. While employment has improved some, it has been at a painfully slow rate. On the other hand corporations have a lot of cash on their balance sheets, are buying back stock and increasing dividends. Profits at S&P 500 companies increased 10.6% during the past year.

Studies undertaken to evaluate the investment returns of pension funds over very long time horizons indicate that the asset allocation decision has the most impact on the fund's returns. Although the returns for the various asset categories vary from year to year, over the long term equities usually outperform fixed income and cash by a very wide margin. For that reason, the System has generally maintained a significant equity exposure with the remainder of the fund in fixed income securities designed to generate income and preserve capital.

Returns for one, three, five, ten and twenty year periods are presented in this section. The longer time periods, such as the twenty-year period, allow for more valid evaluation of returns, both in absolute terms and relative to an asset class index, by reducing emphasis on the short-term volatility of markets. The Daily Valuation Method was used to calculate rates of return which is in accordance with the CFA Institute's objectives as stated in its publication "Global Investment Performance Standards Handbook," second edition.

While the economy improved some over the past year, the domestic equity markets were mixed and foreign indexes were decidedly negative. The return for the S&P 500 was 5.4% and the Dow Jones Industrial Average rose 6.6%. Among individual companies, returns varied depending upon the company's size, industry, and exposure to global markets. The MSCI EAFE Index had a -13.8% return and the MSCI Emerging Market Index had a return of -15.9%.

Large cap stocks had the best performance domestically last year. In a flip flop from last year, the S&P 400 Mid Capitalization Index underperformed both the S&P 500 and S&P 600 with a return of -2.3%. The S&P 600 Small Capitalization Index rose 1.4%.

Equity returns were the result of a confluence of events ranging from the problems in Europe to the positive effects of quantitative easing. Domestic corporate profits improved due primarily to continued cost cutting and uneven, but positive consumer demand. The cause of weak foreign returns can be attributed to the slowdown in world economic growth due to the European crisis.

Fixed income had good returns this year as bonds reacted favorably to quantitative easing and tightening credit spreads. Yields on long-term Treasury bonds began the period at 4.4% and ended the year at 2.8%. Overall the ten-year U.S. Treasury note returned 17.4% and the thirty-year U.S. Treasury bond returned 38.8%. The return on short-term Treasury bills was negligible.

Our primary benchmark, the Barclays Government / Credit Index rose 8.8%. It is a broad index containing higher yielding corporate bonds as well as Treasuries. Higher quality bonds underperformed lower quality bonds as evidenced by the 8.0% return for AAA & AA rated bonds versus 10.4% for BBB rated bonds.

In summary, the investment status of the System is excellent. The high quality of the System's investments is in keeping with the continued policy of "Conservatism" and "Conservation of Capital."

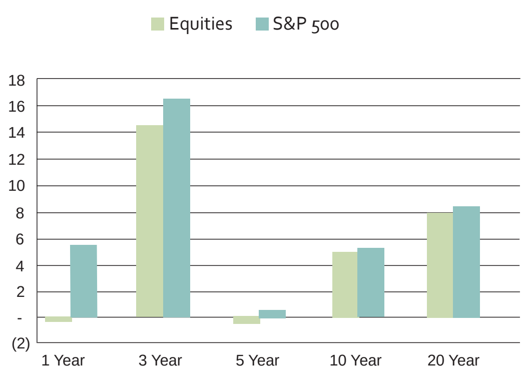
Prepared by the Division of Investment Services

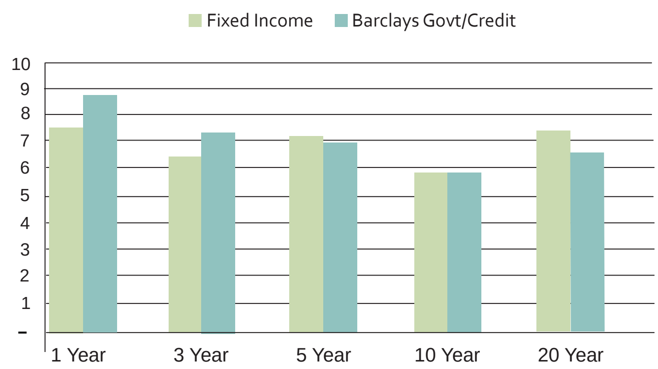
Pooled Investment Fund

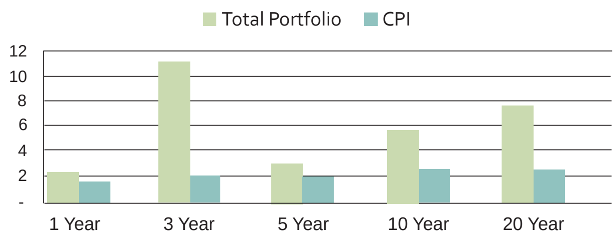
As of June 30, 2012

Employees' Retirement System (ERS)	$	11,620,598.541
Public School Employees Retirement System (PSERS)		671,368,706
Legislative Retirement System (LRS)		27,354,539
Georgia Judicial Retirement System (GJRS)		319,057,532
State Employees' Assurance Department (SEAD) - Active		183,211,411
State Employees' Assurance Department (SEAD) - OPEB		815,412,948
Georgia Military Pension Fund (GMPF)		9,820,377
Total	$	13,646,824,054

Rates of Return



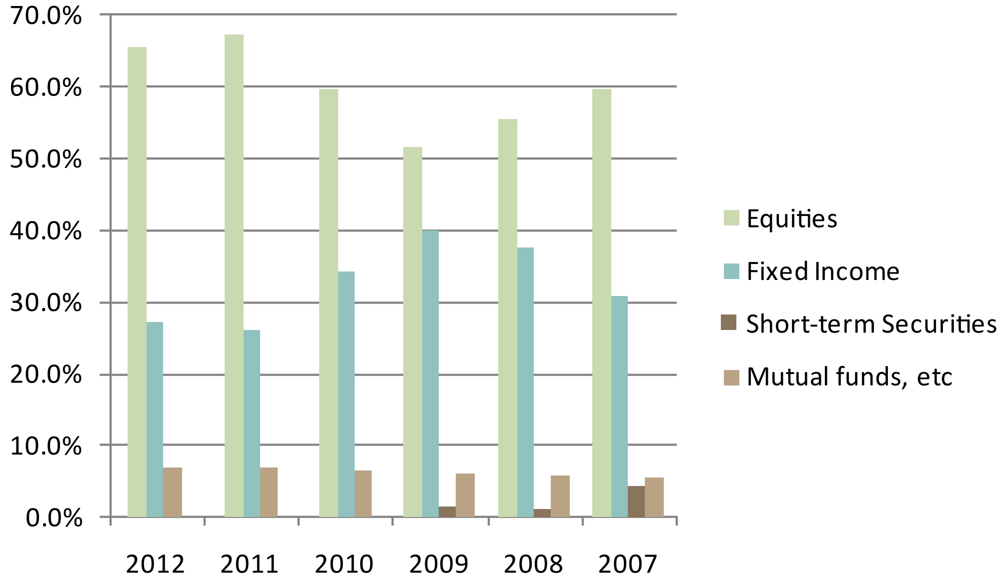




	Equities	S&P 500	Fixed Income	Barclay's Govt/ Credit	Total Portfolio	CPI
1 year	(0.18)%	5.45 %	7.46 %	8.78 %	2.19 %	1.66 %
3 year	14.43 %	16.40 %	6.33 %	7.34 %	11.22 %	2.09 %
5 year	(0.46)%	0.22 %	7.15 %	6.90 %	2.93 %	1.95 %
10 year	5.17 %	5.33 %	5.79 %	5.79 %	5.70 %	2.46 %
20 year	7.94 %	8.34 %	7.27 %	6.57 %	7.78 %	2.49 %

Note: Rates of return are calculated using the Daily Valuation Method, a time-weighted rate of return, based on market rates of return.

Asset Allocation at Fair Value



Investment Summary

Asset Allocation as of June 30 (in percentages)

	2012	2011	2010	2009	2008	2007
Equities	65.9%	67.2	59.4	52.3	55.6	59.5
Fixed Income	27.3	26.2	34.1	39.8	37.2	31.0
Short-Term Securities	—	—	—	1.8	1.5	4.0
Mutual and Common Collective Trust Funds and Separate Accounts	6.8	6.6	6.5	6.1	5.7	5.5
Total	**100%**	**100**	**100**	**100**	**100**	**100**

Asset Allocation as of June 30 (in millions)

	2012	2011	2010	2009	2008	2007
Equities	$ 9,600	10,060	7,870	6,857	8,947	10,307
Fixed Income	3,972	3,902	4,506	5,212	6,000	5,374
Short-Term Securities	—	—	—	236	244	700
Mutual and Common Collective Trust Funds and Separate Accounts	995	992	867	799	915	953
Total	**$ 14,567**	**14,954**	**13,243**	**13,104**	**16,106**	**17,334**

Schedule of Fees and Commissions

For the Year Ended June 30, 2012

Investment Advisors' Fees:*		
U.S. Equity	$	3,683,184
International Equity		1,537,573
Fixed Income		—
Investment Commissions:		
U.S. Equity		3,235,607
International Equity		877,841
SEC Fees:		232,069
Miscellaneous:*		3,968,131
Total Fees and Commissions	$	13,534,405

*Amount included in total investment expenses shown on page 49.

Twenty Largest Equity Holdings †

As of June 30, 2012

Shares	Company		Fair Value
449,748	Apple Inc.	$	262,652,832
2,035,713	Exxon Mobil Corp.		174,195,961
3,436,094	Microsoft Corp.		105,110,115
934,819	Chevron Corp.		98,623,404
500,161	International Business Machines Corp.		97,821,488
4,424,070	General Electric Co.		92,197,619
2,585,119	AT&T Inc.		92,185,344
147,920	Google Inc.		85,803,954
2,526,743	Wells Fargo & Co.		84,494,286
1,229,860	Johnson & Johnson		83,089,342
3,332,656	Pfizer Inc.		76,651,088
945,945	Coca Cola Co.		73,963,440
828,780	Philip Morris International Inc.		72,319,343
1,149,988	Procter & Gamble Co.		70,436,765
1,789,788	JPMorgan Chase & Co.		63,949,125
2,239,424	Intel Corp.		59,680,650
710,400	Berkshire Hathaway Inc.		59,197,632
1,266,257	Verizon Communications Inc.		56,272,461
801,914	Wal-Mart Stores Inc.		55,909,444
244,091	Amazon.Com Inc.		55,738,180
	Top 20 Equities	**$**	**1,820,292,473**
	Remaining Equities		**7,779,629,675**
	Total Equities	**$**	**9,599,922,148**

†A complete listing is available upon written request, subject to restrictions of O.C.G.A. Section 47-1-14.

Fixed Income Holdings*

As of June 30, 2012

Issuer	Year of Maturity	Interest Rate	Par Value	Fair Value
US TREAS. NOTE	2017	1.8750	$ 271,000,000	$ 285,883,320
US TREAS. BOND	2028	5.2500	183,000,000	257,543,220
US TREAS. NOTE	2014	1.0000	211,000,000	213,217,610
US TREAS. NOTE	2013	1.0000	195,000,000	196,485,900
US TREAS. NOTE	2013	0.7500	178,000,000	179,007,480
US TREAS. NOTE	2013	0.5000	176,000,000	176,501,600
GENERAL ELECTRIC CAP CORP	2020	5.5500	154,000,000	175,904,960
US TREAS. NOTE	2021	2.1250	165,000,000	173,429,850
US TREAS. NOTE	2014	2.3750	158,000,000	165,209,540
US TREAS. NOTE	2016	2.1250	144,000,000	152,291,520
PFIZER INC	2015	5.3500	124,000,000	138,640,680
US TREAS. NOTE	2018	2.7500	124,000,000	136,855,080
US TREAS. NOTE	2017	3.1250	114,000,000	126,477,300
UNITED PARCEL SERVICE	2019	5.1250	103,000,000	124,204,610
US TREAS. BOND	2036	4.5000	91,000,000	122,224,830
GENERAL ELECTRIC CAP CORP	2026	5.5500	99,000,000	106,548,750
GENERAL ELECTRIC CAP CORP	2017	2.4500	103,000,000	104,181,410
US TREAS. NOTE	2021	3.1250	83,000,000	94,490,520
MICROSOFT CORP	2015	1.6250	88,000,000	91,005,200
UNITED PARCEL SERVICE	2021	3.1250	82,000,000	87,802,320
AT&T INC	2015	2.5000	82,000,000	85,362,820
BERKSHIRE HATHAWAY FIN CORP	2012	5.1250	82,000,000	82,753,580
ONTARIO (PROVINCE OF)	2015	0.9500	82,000,000	82,364,900
WALT DISNEY COMPANY	2017	1.1250	82,000,000	81,684,300
ROYAL BANK OF CANADA	2015	1.9200	82,000,000	81,180,000
VERIZON COMMUNICATIONS INC	2014	1.9500	72,000,000	73,587,600
WAL-MART STORES INC	2016	2.8000	62,000,000	66,387,120
INTEL CORP	2021	3.3000	62,000,000	66,279,240
SCHLUMBERGER INVESTMENT	2021	3.3000	62,000,000	64,956,780
EUROPEAN INVESTMENT BANK	2016	2.1250	62,000,000	64,093,740
JOHNSON & JOHNSON	2014	1.2000	51,000,000	51,692,580
JOHNSON & JOHNSON	2017	5.5500	20,000,000	24,277,000
ERS Fixed Income Securities			**$ 3,647,000,000**	**$ 3,932,525,360**
Defined Contribution Fixed Income Securities			**39,000,000**	**39,512,960**
Total ERS and Defined Contribution Fixed Income Securities			**$ 3,686,000,000**	**$ 3,972,038,320**

*A complete listing is available upon written request, subject to restrictions of O.C.G.A. Section 47-1-14.

Actuarial Section

Cavanaugh Macdonald
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April 10, 2012

Board of Trustees
Employees' Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Attn: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-2-26 of the law governing the operation of the Employees' Retirement System of Georgia provides that the actuary shall make annual valuations of the contingent assets and liabilities of the Retirement System on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2011. The report indicates that annual employer contributions at the rate of 13.71% of compensation for Old Plan Members, 18.46% of compensation for New Plan Members, and 15.18% for GSEPS Members for the fiscal year ending June 30, 2014 are sufficient to support the benefits of the System.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2011 session of the General Assembly.

The System is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a percent of payroll. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level percent of payroll. Gains and losses are reflected in the unfunded accrued liability which is being amortized as a level percent of payroll within a 30-year period.

The System is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

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

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

Sincerely yours,

Edward A. Macdonald, ASA, FCA MAAA
President
EAM:bdm

Cathy Turcot
Principal and Managing Director

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April 10, 2012

Board of Trustees
Georgia Public School Employees Retirement System
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Attn: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-4-60 of the law governing the operation of the Georgia Public School Employees Retirement System provides that the employer contribution shall be actuarially determined and approved by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2011. Based on a monthly benefit accrual rate of $14.75, the valuation indicates that annual employer contributions of $27,160,000 or $692.00 per active member for the fiscal year ending June 30, 2014 are sufficient to support the benefits of the System.

The results of the valuation reflect that the Board did not grant the anticipated cost-of-living increases (COLAs) to retired members July 1, 2011 and January 1, 2012.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2011 session of the General Assembly.

The System is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a dollar per active member. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a dollar per active member. Gains and losses are reflected in the unfunded accrued liability which is being amortized as a level dollar per active member within a 30-year period.

The System is currently being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is currently operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

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

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

Sincerely yours,

Edward A. Macdonald, ASA, FCA MAAA
President
EAM:mjn

Cathy Turcot
Principal and Managing Director

Cavanaugh Macdonald
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April 10, 2012

Board of Trustees
Georgia Judicial Retirement System
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Attn: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-23-21 of the law governing the operation of the Georgia Judicial Retirement System provides that the actuary shall make annual valuations of the contingent assets and liabilities of the Retirement System on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2011. The report indicates that annual employer contributions at the rate of 4.23% of compensation for the fiscal year ending June 30, 2014 are sufficient to support the benefits of the System.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2011 session of the General Assembly.

The System is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a percent of payroll. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level percent of payroll. Gains and losses are reflected in the unfunded accrued liability which is negative and being amortized as a level percent of payroll within a 10-year period.

The System is being funded in conformity with the minimum funding standard set forth in Code Section 7-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

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

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

Sincerely yours,

Edward A. Macdonald, ASA, FCA MAAA
President
EAM/CT:dmw

Cathy Turcot
Principal and Managing Director

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April 10, 2012

Board of Trustees
Legislative Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Attn: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-6-22 of the law governing the operation of the Georgia Legislative Retirement System provides that the actuary shall make periodic valuations of the contingent assets and liabilities of the Retirement System on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2011. The report indicates that no annual employer contributions for the fiscal year ending June 30, 2014 are required to support the benefits of the System.

The results of the valuation reflect that the Board did not grant the anticipated cost-of-living increases (COLAs) to retired members July 1, 2011 and January 1, 2012.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2011 session of the General Assembly.

The System is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a dollar per active member. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level dollar per active member. Gains and losses are reflected in the unfunded accrued liability which is negative and being amortized as a level dollar per active member.

The System is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

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

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

Sincerely yours,

Edward A. Macdonald, ASA, FCA MAAA
President

Cathy Turcot
Principal and Managing Director

EAM/CT:dmw

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April 10, 2012

Board of Trustees
Georgia Military Pension Fund
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Attn: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-24-22 of the law governing the operation of the Georgia Military Pension Fund provides that the actuary shall make periodic valuations of the contingent assets and liabilities of the Pension Fund on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the Fund prepared as of June 30, 2011. The report indicates that annual employer contributions of $1,891,720 or $137.32 per active member for the fiscal year ending June 30, 2014 are sufficient to support the benefits of the Fund.

In preparing the valuation, the actuary relied on data provided by the Fund. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the Fund enacted through the 2011 session of the General Assembly.

The Fund is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the Fund and to reasonable expectations of anticipated experience under the Fund. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a percent dollar per active member. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level dollar per active member. Gains and losses are reflected in the unfunded accrued liability which is being amortized as a level dollar per active member within a 20-year period.

The Fund is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the Fund is operating on an actuarially sound basis. Assuming that contributions to the Fund are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the Fund may be safely anticipated.

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

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

Sincerely yours,

Edward A. Macdonald, ASA, FCA MAAA
President
EAM:mjn

Cathy Turcot
Principal and Managing Director

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April 10, 2012

Board of Trustees
Employees' Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Attention: Mr. James Potvin, Executive Director

Members of the Board:

Chapters 47-2 and 47-19 of the Code of Georgia which govern the operation of the Georgia Employees' Group Term Life Insurance Plan provide that the actuary shall make periodic valuations of the contingent assets and liabilities of the Insurance Plan on the basis of regular interest and the tables last adopted by the Board of Trustees. In this report, we have determined liabilities for life insurance benefits payable upon death in active service (Pre-Retirement).

We have submitted the report giving the results of the valuation of the Plan prepared as of June 30, 2011. The report indicates that employee contributions at the rate of 0.05% of active payroll for Old Plan members, and 0.02% of active payroll for New Plan members, members of the Legislative Retirement System and members of the Judicial Retirement System are sufficient to support the pre-retirement benefits of the Plan. No employer contribution is required for the fiscal year ending June 30, 2014 for pre-retirement benefits.

The funding method used for this valuation is the unit credit actuarial cost method with projected benefits. Gains and losses are reflected in the unfunded accrued liability. The actuarial assumptions used are in the aggregate reasonably related to the experience under the Plan and to reasonable expectations of anticipated experience under the Plan. In our opinion, the Plan is operating on an actuarially sound basis and the sufficiency of the funds to provide the benefits called for by the Plan may be safely anticipated.

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

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

Sincerely yours,

Edward A. Macdonald, ASA, FCA MAAA
President
EAM/CT:mjn

Cathy Turcot
Principal and Managing Director

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April 10, 2012

Board of Trustees
Employees' Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Attention: Mr. James Potvin, Executive Director

Members of the Board:

Chapters 47-2 and 47-19 of the Code of Georgia which govern the operation of the Georgia Employees' Group Term Life Insurance Plan provide that the actuary shall make periodic valuations of the contingent assets and liabilities of the Insurance Plan on the basis of regular interest and the tables last adopted by the Board of Trustees. In this report, we have determined liabilities for life insurance benefits payable upon death after retirement (Post-Retirement).

In accordance with GASB 43 and 45, we have determined the liabilities for life insurance benefits payable upon death after retirement. We have submitted the report giving the results of the valuation of the Plan prepared as of June 30, 2011. The report indicates, for post-retirement benefits, there is no employer annual required contribution for the fiscal year ending June 30, 2014 based on a 30-year amortization period of the unfunded accrued liability.

The funding method used for this valuation is the unit credit actuarial cost method with projected benefits. Gains and losses are reflected in the unfunded accrued liability. The actuarial assumptions used are in the aggregate reasonably related to the experience under the Plan and to reasonable expectations of anticipated experience under the Plan. In our opinion, the Plan is operating on an actuarially sound basis and the sufficiency of the funds to provide the benefits called for by the Plan may be safely anticipated assuming future annual required contributions (ARC) are contributed when due.

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

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

Sincerely yours,

Edward A. Macdonald, ASA, FCA MAAA
President
EAM/CT:mjn

Cathy Turcot
Principal and Managing Director

The laws governing the Employees' Retirement System and the plans it administers requires an actuary to perform an annual valuation of the soundness of the system. In addition, the actuary must perform at least once every five years an actuarial investigation of the mortality, service and compensation experience of the members and beneficiaries of the System. The latest valuation was performed as of June 30, 2011 based on actuarial assumptions approved by the Board during the last experience study on December 16, 2010.

The more pertinent facts and significant assumptions underlying the computations included in the June 30, 2011 reports are as follows:

Summary of Actuarial Assumptions

	ERS	PSERS	GJRS	LRS	GMPF
Valuation Date	June 30, 2011	June 30, 2011	June 30, 2011	June 30, 2011	June 30, 2011
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of pay, open	Level dollar, open	Level percent of pay, open	Level dollar, open	Level dollar, open
Amortization Period	30 years	30 years	10 years	N/A	20 years
Actuarial Asset Valuation Method	Based on the total fair value income of investments with the excess or shortfall of actual investment income over or under the expected investment return smoothed over 7 years. One-seventh of the excess or shortfall is recognized each year for seven years.				
Investment Rate of Return	7.50%	7.50%	7.50%	7.50%	7.50%
Inflation Rate	3.00%	3.00%	3.00%	3.00%	3.00%
Projected Salary Increases		n/a		n/a	n/a
Fiscal Year 2011	0.00%		0.00%		
Fiscal Years 2012-2013	2.725-4.625%		3.00%		
Fiscal Years 2014+	5.45-9.25%		6.00%		
COLA	None	1.50% Semi-annually	None	3.0% Annually	None

	SEAD (Active & OPEB)
Valuation Date	June 30, 2011
Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar, open
Amortization Period	30 years
Actuarial Asset Valuation Method	Market Value
Investment Rate of Return	7.50%
Inflation Rate	3.00%
Projected Salary Increases	
ERS	5.45-9.25%
GJRS	6.00%
LRS	0.00
COLA	n/a

Rates of Withdrawal Prior to Retirement (Withdrawal, Death, Disability)

ERS

Representative values of the assumed annual rates of separation other than retirement for non-law enforcement officers are as follows. Special rates of separation apply to law enforcement officers.

	Annual Rates of Death		Annual Rates of Disability	
Age	Men	Women	Men	Women
20	.035 %	.019 %	.05 %	.02 %
25	.038	.021	.05	.02
30	.044	.026	.05	.02
35	.077	.048	.05	.02
40	.108	.071	.25	.10
45	.151	.112	.50	.25
50	.214	.168	.75	.50
55	.362	.272	1.10	.82
60	.675	.506	—	—
65	1.274	.971	—	—
69	1.980	1.486	—	—

Annual Rates of Withdrawal
Years of Service

	0-4		5-9		10 & over	
Age	Men	Women	Men	Women	Men	Women
20	31.00 %	31.00 %	— %	— %	— %	— %
25	26.00	24.00	17.00	19.00	—	—
30	22.50	21.00	12.00	13.00	7.50	7.75
35	21.00	19.50	10.00	10.50	7.00	6.75
40	19.00	17.50	9.50	9.00	5.00	4.50
45	18.00	15.50	9.00	8.00	3.75	3.50
50	15.50	15.00	7.00	7.00	3.75	3.50
55	13.00	12.50	6.50	6.50	4.00	4.00
60	15.00	12.50	7.00	6.50	—	—
65	15.00	17.00	9.50	10.00	—	—

PSERS

	Annual Rates of Death		Annual Rate of Disability
Age	Men	Women	Both
20	.036 %	.019 %	— %
25	.038	.021	—
30	.050	.026	—
35	.084	.048	—
40	.114	.071	.01
45	.162	.112	.04
50	.245	.168	.09
55	.420	.272	.23
60	.778	.506	.35
65	1.441	.971	—

Annual Rates of Withdrawal
Years of Service

	0-4		5-9		10 & over	
Age	Men	Women	Men	Women	Men	Women
20	35.00 %	34.00 %	— %	— %	— %	— %
25	30.00	29.00	17.00	19.00	—	—
30	27.00	24.00	16.00	15.00	14.00	11.00
35	24.00	20.00	14.00	13.00	9.00	10.00
40	21.00	17.00	12.00	12.00	7.00	8.00
45	20.00	16.00	11.00	10.00	6.50	7.00
50	18.00	14.00	11.00	9.00	6.50	6.50
55	15.00	12.00	9.00	8.00	6.00	6.00
60	13.00	11.00	9.00	7.00	—	—

GJRS

	Annual Rates of			
	Withdrawal	Death		Disability
Age	Both	Men	Women	Both
20	8.0 %	.035 %	.019 %	.05 %
25	8.0	.038	.021	.05
30	8.0	.044	.026	.10
35	8.0	.077	.048	.15
40	8.0	.108	.071	.20
45	4.0	.151	.112	.35
50	3.0	.214	.168	.50
55	3.0	.362	.272	.90
60	3.0	.675	.506	1.45
65	3.0	1.274	.971	2.35

LRS

	Annual Rates of			
	Withdrawal	Death		Disability
Age	Both	Men	Women	Both
20	6.0 %	.035 %	.019 %	.1 %
25	6.0	.038	.021	.1
30	6.0	.044	.026	.2
35	6.0	.077	.048	.3
40	6.0	.108	.071	.4
45	7.5	.151	.112	.7
50	8.5	.214	.168	1.0
55	10.0	.362	.272	1.8
60	10.0	.675	.506	2.9
65	10.0	1.274	.971	—

GMPF

Rates of Withdrawal from Active Service

Service	Rates
10 or less	17.5 %
11-13	15.0
14-19	9.5
20 or more	14.5

Age	Rates of Death	
	Men	Women
25	.038 %	.021 %
30	.044	.026
35	.077	.048
40	.108	.071
45	.151	.112
50	.214	.168
55	.362	.272
60	.675	.506

SEAD-Active and SEAD-OPEB

	All Groups Annual Rates of Death		ERS Annual Rates of Disability		LRS Annual Rates of Disability	GJRS Annual Rates of Disability
Age	Men	Women	Men	Women	Both	Both
20	.035 %	.019 %	.05 %	.02 %	.1 %	.05 %
25	.038	.021	.05	.02	.1	.05
30	.044	.026	.05	.02	.2	.10
35	.077	.048	.05	.02	.3	.15
40	.108	.071	.25	.10	.4	.20
45	.151	.112	.50	.25	.7	.35
50	.214	.168	.75	.50	1.0	.50
55	.362	.272	1.10	.82	1.8	.90
60	.675	.506	—	—	2.9	1.45
65	1.274	.971	—	—	—	2.35
69	1.980	1.486	—	—	—	—

	ERS Annual Rates of Withdrawal Years of Service						LRS Annual Rates of Withdrawal	GJRS Annual Rates of Withdrawal
	0-4		5-9		10 & over			
Age	Men	Women	Men	Women	Men	Women	Both	Both
20	31.00 %	31.00 %	— %	— %	— %	— %	6.00 %	8.00 %
25	26.00	24.00	17.00	19.00	—	—	6.00	8.00
30	22.50	21.00	12.00	13.00	7.50	7.75	6.00	8.00
35	21.00	19.50	10.00	10.50	7.00	6.75	6.00	8.00
40	19.00	17.50	9.50	9.00	5.00	4.50	6.00	8.00
45	18.00	15.50	9.00	8.00	3.75	3.50	7.50	4.00
50	15.50	15.00	7.00	7.00	3.75	3.50	8.50	3.00
55	13.00	12.50	6.50	6.50	4.00	4.00	10.00	3.00
60	15.00	12.50	7.00	6.50	0.00	0.00	10.00	3.00
65	15.00	17.00	9.50	10.00	0.00	0.00	10.00	3.00

Annual Rates of Retirement

ERS

Old Plan

Age	Early Retirement Men	Early Retirement Women	Age 60 or 30 years Men	Age 60 or 30 years Women	34 years Men	34 years Women	More than 34 years Men	More than 34 years Women
55	3.0 %	4.0 %	11.5 %	9.0 %	100.0 %	100.0 %	90.0 %	90.0 %
56	3.5	6.0	12.0	11.0	100.0	100.0	70.0	70.0
57	4.0	6.0	12.0	13.0	100.0	100.0	70.0	70.0
58	5.0	6.0	13.0	15.0	95.0	95.0	70.0	70.0
59	6.0	6.0	16.0	16.0	95.0	95.0	70.0	70.0
60	—	—	17.0	20.0	95.0	95.0	50.0	60.0
62	—	—	37.0	40.0	90.0	90.0	50.0	60.0
64	—	—	20.0	30.0	90.0	90.0	15.0	60.0
66	—	—	30.0	35.0	30.0	35.0	30.0	35.0
68	—	—	20.0	25.0	20.0	25.0	20.0	25.0
70	—	—	45.0	35.0	45.0	35.0	45.0	35.0
75	—	—	100.0	100.0	100.0	100.0	100.0	100.0

New Plan and GSEPS

Age	Early Retirement Men	Early Retirement Women	Normal Retirement* Men	Normal Retirement* Women
55	10.0 %	8.0 %	50.0 %	40.0 %
56	10.0	8.0	50.0	40.0
57	10.0	9.0	50.0	40.0
58	10.0	10.0	30.0	40.0
59	10.0	15.0	30.0	40.0
60	—	—	17.0	20.0
62	—	—	38.0	36.0
64	—	—	25.0	28.0
66	—	—	35.0	35.0
68	—	—	20.0	25.0
70	—	—	20.0	25.0
75	—	—	100.0	100.0

*An additional 10% of active New Plan and GSEPS members less than age 65 are expected to retire in the year in which they attain 30 years of service.

PSERS

Age	Annual Rate	Age	Annual Rate
60	15 %	68	25 %
61	15	69	25
62	22	70	25
63	18	71	25
64	18	72	25
65	28	73	25
66	25	74	25
67	25	75 & over	100

GJRS

Age	Annual Rates of Retirement
60	12 %
61-64	12
65-66	15
67-69	20
70-74	30
75	100

LRS

Age	Annual Rate	Age	Annual Rate
60 - 69	10 %	73	25 %
70	35	74	40
71	15	75	100
72	15		

GMPF

Age	Annual Rates of Retirement
60	65.0 %
61	65.0
62	65.0
63	65.0
64	65.0
65 & over	100.0

SEAD-Active and SEAD-OPEB

ERS Members

Old Plan

Age	Early Retirement Men	Early Retirement Women	Age 60 or 30 years Men	Age 60 or 30 years Women	34 years Men	34 years Women	More than 34 years Men	More than 34 years Women
55	3.0 %	4.0 %	11.5 %	9.0 %	100.0 %	100.0 %	90.0 %	90.0 %
56	3.5	6.0	12.0	11.0	100.0	100.0	70.0	70.0
57	4.0	6.0	12.0	13.0	100.0	100.0	70.0	70.0
58	5.0	6.0	13.0	15.0	95.0	95.0	70.0	70.0
59	6.0	6.0	16.0	16.0	95.0	95.0	70.0	70.0
60	—	—	17.0	20.0	95.0	95.0	50.0	60.0
62	—	—	37.0	40.0	90.0	90.0	50.0	60.0
64	—	—	20.0	30.0	90.0	90.0	15.0	60.0
66	—	—	30.0	35.0	30.0	35.0	30.0	35.0
68	—	—	20.0	25.0	20.0	25.0	20.0	25.0
70	—	—	45.0	35.0	45.0	35.0	45.0	35.0

New Plan and GSEPS

Age	Early Retirement Men	Early Retirement Women	Normal Retirement* Men	Normal Retirement* Women
55	10.0 %	8.0 %	50.0 %	40.0 %
56	10.0	8.0	50.0	40.0
57	10.0	9.0	50.0	40.0
58	10.0	10.0	30.0	40.0
59	10.0	15.0	30.0	40.0
60	—	—	17.0	20.0
62	—	—	38.0	36.0
64	—	—	25.0	28.0
66	—	—	35.0	35.0
68	—	—	20.0	25.0
70	—	—	20.0	25.0

*An additional 10% of active New Plan and GSEPS members less than age 65 are expected to retire in the year in which they attain 30 years of service.

LRS Members

Age	Annual Rate	Age	Annual Rate
60 - 69	10 %	73	25 %
70	35	74	40
71	15	75	100
72	15	—	—

SEAD-Active and SEAD-OPEB

GJRS Members

Age	Annual Rates of Retirement
60	12 %
61-64	12
65-66	15
67-69	20
70-74	30
75	100

Annual Rates of Death After Retirement

For all plans except PSERS, the RP-2000 Combined Mortality Table is used for the period after retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set back eleven years for males is used for the period after disability retirement, as applicable. For PSERS, the RP-2000 Combined Table set forward one year for males is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disability Mortality Table set back two years for males and set forward one year for females is used for the period after disability retirement, as applicable.

ERS

Age	Men	Women	Age	Men	Women
40	.108 %	.071 %	65	1.274 %	.971 %
45	.151	.112	70	2.221	1.674
50	.214	.168	75	3.783	2.811
55	.362	.272	80	6.437	4.588
60	.675	.506	85	11.076	7.745

PSERS

Age	Men	Women	Age	Men	Women
40	.114 %	.071 %	65	1.441 %	.971 %
45	.162	.112	70	2.457	1.674
50	.245	.168	75	4.217	2.811
55	.420	.272	80	7.204	4.588
60	.768	.506	85	12.280	7.745

GJRS

Age	Men	Women	Age	Men	Women
40	.108 %	.071 %	65	1.274 %	.971 %
45	.151	.112	70	2.221	1.674
50	.214	.168	75	3.783	2.811
55	.362	.272	80	6.437	4.588
60	.675	.506	85	11.076	7.745

LRS

Age	Men	Women	Age	Men	Women
40	.108 %	.071 %	65	1.274 %	.971 %
45	.151	.112	70	2.221	1.674
50	.214	.168	75	3.783	2.811
55	.362	.272	80	6.437	4.588
60	.675	.506	85	11.076	7.745

GMPF

Age	Men	Women	Age	Men	Women
40	.108 %	.071 %	65	1.274 %	.971 %
45	.151	.112	70	2.221	1.674
50	.214	.168	75	3.783	2.811
55	.362	.272	80	6.437	4.588
60	.675	.506	85	11.076	7.745

SEAD-OPEB

Age	Men	Women	Age	Men	Women
40	.108 %	.071 %	65	1.274 %	.971 %
45	.151	.112	70	2.221	1.674
50	.214	.168	75	3.783	2.811
55	.362	.272	80	6.437	4.588
60	.675	.506	85	11.076	7.745

Active Members

ERS

Year	Active Members	Annual Payroll (in thousands)	Average Pay	Change
2006	74,089	$ 2,630,167	$ 35,500	2.7 %
2007	73,985	2,680,972	36,237	2.1
2008	75,293	2,809,199	37,310	3.0
2009	71,272	2,674,155	37,520	0.6
2010	68,566	2,571,042	37,497	(0.1)
2011	66,081	2,486,780	37,632	0.4

PSERS

PSERS is not a compensation based plan.

Year	Active Members
2006	37,587
2007	39,086
2008	40,121
2009	40,581
2010	39,962
2011	39,249

GJRS

Year	Active Members	Annual Payroll (in thousands)	Average Pay	Change
2006	478	$ 45,308	$ 94,787	3.4 %
2007	480	48,621	101,294	6.9
2008	482	51,102	106,021	4.7
2009	502	52,083	103,751	(2.1)
2010	495	51,293	103,622	(0.1)
2011	507	52,331	103,216	(0.4)

LRS

LRS is not a compensation based plan.

Year	Active Members
2006	218
2007	218
2008	218
2009	218
2010	216
2011	218

GMPF

GMPF is not a compensation based plan.

Year	Active Members
2006	10,320
2007	12,017
2008	11,623
2009	12,019
2010	13,032
2011	13,776

SEAD-Active and SEAD-OPEB

Year	Active Members
2008	75,859
2009	69,745
2010	62,305
2011	55,516

Member and Employer Contribution Rates

ERS

		Employer Rates		
Year	Member	Old Plan*	New Plan	GSEPS**
2006	1.25%	10.41%	10.41%	n/a
2007	1.25%	10.41%	10.41%	n/a
2008	1.25%	10.41%	10.41%	n/a
2009	1.25%	10.41%	10.41%	6.54%
2010	1.25%	10.41%	10.41%	6.54%
2011	1.25%	10.41%	10.41%	6.54%
2012	1.25%	11.63%	11.63%	7.42%

* Old Plan Rate includes an employer pick-up of employee contributions.
** GSEPS Plan began on January 1, 2009

PSERS

Year	Member	Employer
2006	$ 36 a year	$ 3,634,000
2007	$ 36 a year	6,484,000
2008	$ 36 a year	2,866,000
2009	$ 36 a year	5,680,000
2010	$ 36 a year	5,529,000
2011	$ 36 a year	7,509,000
2012	$ 36 a year	15,884,000

GJRS

Year	Member	Employer
2006	7.50%	3.85%
2007	7.50%	3.85%
2008	7.50%	3.85%
2009	7.50%	3.85%
2010	7.50%	3.85%
2011	7.50%	3.85%
2012	7.50%	3.90%

LRS

Year	Member	Employer
2006	8.50%	$ 54,000
2007	8.50%	62,000
2008	8.50%	73,000
2009	8.50%	71,000
2010	8.50%	75,000
2011	8.50%	75,000
2012	8.50%	75,000

GMPF

Year	Member	Employer
2006	n/a	$ 891,000
2007	n/a	1,005,000
2008	n/a	1,103,000
2009	n/a	1,323,000
2010	n/a	1,434,000
2011	n/a	1,282,000
2012	n/a	1,521,000

SEAD-Active

Year	Member - Old Plan	Member - New Plan, LRS, GJRS	Employer
2008	0.05%	0.02%	0%
2009	0.05%	0.02%	0%
2010	0.05%	0.02%	0%
2011	0.05%	0.02%	0%

SEAD-OPEB

Year	Member - Old Plan	Member - New Plan, LRS, GJRS	Employer
2008	0.45%	0.23%	0%
2009	0.45%	0.23%	0%
2010	0.45%	0.23%	0%
2011	0.45%	0.23%	0%

Schedule of Retirees Added to and Removed from Rolls

ERS

Year Ended	Added to Rolls		Removed from Rolls		Roll End of Year			
	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	% Increase in Annual Allowance	Average Annual Allowances
2006	2,338	$ 84,982	854	$ 16,270	32,839	$ 842,157	8.9 %	$ 25,645
2007	2,410	114,719	1,075	20,598	34,174	936,278	11.2	27,397
2008	2,422	82,644	1,017	21,299	35,579	997,623	6.6	28,040
2009	2,444	85,329	1,055	20,194	36,968	1,062,758	6.5	28,748
2010	2,665	70,383	1,051	22,413	38,582	1,110,728	4.5	28,789
2011	2,797	69,031	1,170	25,347	40,209	1,154,412	3.9	28,710

PSERS

Year Ended	Added to Rolls		Removed from Rolls		Roll End of Year			
	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	% Increase in Annual Allowance	Average Annual Allowances
2006	870	$ 4,835	na	$ 1,885	13,014	$ 44,266	7.1 %	$ 3,401
2007	816	4,749	531	2,353	13,193	46,662	5.4	3,537
2008	899	4,514	637	2,371	13,487	48,805	4.6	3,619
2009	886	5,290	605	2,260	13,798	51,835	6.2	3,757
2010	1,001	4,494	575	2,666	14,157	53,663	3.5	3,791
2011	1,174	3,168	642	3,072	14,600	53,759	0.2	3,682

GJRS

Year Ended	Added to Rolls		Removed from Rolls		Roll End of Year			
	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	% Increase in Annual Allowance	Average Annual Allowances
2006	5	$ 144	14	$ 687	165	$ 8,917	-5.7 %	$ 54,042
2007	13	853	7	297	171	9,473	6.2	55,398
2008	14	902	7	410	178	9,965	5.2	55,983
2009	29	2,238	6	191	201	12,012	20.5	59,761
2010	16	933	10	508	207	12,437	3.5	60,082
2011	15	1,168	2	105	220	13,500	8.5	61,364

LRS

Year Ended	Added to Rolls		Removed from Rolls		Roll End of Year			
	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	% Increase in Annual Allowance	Average Annual Allowances
2006	13	$ 103	21	$ 165	216	$ 1,532	-3.9 %	$ 7,093
2007	17	151	9	74	224	1,609	5.0	7,183
2008	13	130	11	100	226	1,639	1.9	7,252
2009	10	117	7	54	229	1,702	3.8	7,432
2010	10	106	3	36	236	1,772	4.1	7,508
2011	18	104	10	86	244	1,790	1.0	7,336

GMPF

	Added to Rolls		Removed from Rolls		Roll End of Year			
Year Ended	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	% Increase in Annual Allowance	Average Annual Allowances
2006	61	$ 69	1	$ 1	163	$ 178	61.8 %	$ 1,092
2007	73	83	1	1	235	260	46.1	1,106
2008	71	76	2	2	304	334	28.5	1,099
2009	85	91	3	4	386	421	26.0	1,091
2010	92	100	1	1	477	520	23.5	1,090
2011	94	101	3	4	568	617	18.7	1,086

Analysis of Change in Unfunded Accrued Liability (UAL)

Amount of Increase (Decrease) (in Millions)

ERS

	2011	2010	2009	2008	2007	2006
Interest (7.50) added to previous UAL	$ 243.7	$ 169.8	$ 124.8	$ 78.1	$ 58.6	$ 28.4
Accrued liability contribution	(122.9)	(89.4)	(99.7)	(86.3)	(35.3)	7.4
Experience:						
Valuation asset growth	433.6	710.1	609.1	129.3	(59.5)	40.2
Pensioners' mortality	16.4	49.2	65.4	51.3	51.0	50.1
Turnover and retirements	91.4	118.4	107.3	103.0	115.7	28.1
New entrants	28.4	15.0	16.7	22.9	35.7	34.4
Salary increases	49.0	(259.2)	(296.9)	(22.7)	(33.2)	(84.2)
Method changes	0.0	0.0	0.0	0.0	0.0	(69.0)
Amendments (COLAs)	0.0	0.0	(358.6)	188.8	5.9	245.2
Assumption changes	0.0	250.7	0.0	0.0	0.0	0.0
Lawsuit	0.0	0.0	75.9	0.0	0.0	0.0
System changes	(28.7)	0.0	0.0	0.0	0.0	0.0
Data changes	9.1	(2.4)	270.5	0.0	0.0	0.0
Misc. changes	20.2	22.5	86.4	157.6	120.9	22.8
Total	$ 740.2	$ 984.7	$ 600.9	$ 622.0	$ 259.8	$ 403.4

Amount of Increase (Decrease) (in Thousands)

PSERS

	2011	2010	2009	2008	2007	2006
Interest (7.50) added to previous UAL	$ 10,349.3	$ 4,021.0	$ (1,567.9)	$ (2,953.7)	$ (5,596.9)	$ (6,204.6)
Accrued liability contribution	4,022.8	6,403.4	5,026.0	7,267.0	4,729.2	6,961.2
Experience:						
Valuation asset growth	24,002.0	39,729.0	34,015.0	6,623.0	(3,737.0)	7,359.0
Pensioners' mortality	(3,000.5)	(828.9)	973.7	420.3	(320.5)	1,146.2
Turnover and retirements	3,403.6	12,375.8	6,201.3	3,381.4	1,053.3	(1,717.5)
New entrants	3,167.0	3,047.8	3,267.7	4,021.0	3,556.9	4,151.6
Salary increases	0.0	0.0	0.0	0.0	0.0	0.0
Method changes	0.0	0.0	0.0	0.0	0.0	(3,594.0)
Amendments (COLAs)	(16,603.6)	(14,121.2)	0.0	0.0	36,404.3	0.0
Assumption changes	0.0	33,717.7	0.0	0.0	0.0	0.0
Lawsuit	0.0	0.0	2,168.0	0.0	0.0	0.0
Data changes	0.0	(2,192.3)	24,199.5	0.0	0.0	0.0
Allotment for expenses	2,122.7	2,029.0	433.0	0.0	0.0	0.0
Misc. changes	872.4	195.0	(197.3)	(281.8)	(846.1)	0.0
Total	$ 28,335.7	$ 84,376.3	$ 74,519.0	$ 18,477.2	$ 35,243.2	$ 8,101.9

Amount of Increase (Decrease) (in Thousands)

GJRS

	2011	2010	2009	2008	2007	2006
Interest (7.50) added to previous UAL	$ (2,891.5)	$ (2,636.2)	$ (3,360.0)	$ (3,585.9)	$ (3,729.5)	$ (3,889.8)
Accrued liability contribution	4,079.8	4,592.1	3,596.2	4,498.3	3,953.2	6,928.7
Experience:						
Valuation asset growth	9,404.0	16,228.0	13,941.0	3,164.0	(1,026.0)	3,464.0
Pensioners' mortality	2,076.8	560.9	1,102.3	409.3	(154.4)	709.7
Turnover and retirements	(276.3)	2,290.6	1,982.9	1,243.3	(1,614.7)	1,649.8
New entrants	750.1	0.0	967.2	354.2	659.5	322.6
Salary increases	1,265.9	(10,213.5)	(10,561.2)	(3,432.4)	369.8	(3,293.9)
Method changes	0.0	0.0	0.0	0.0	0.0	(1,738.0)
Amendments (COLAs)	0.0	0.0	(2,359.4)	1,265.0	24.1	2,383.8
Assumption changes	0.0	(14,826.5)	0.0	0.0	0.0	0.0
Lawsuit	0.0	0.0	0.0	0.0	0.0	0.0
Data changes	0.0	579.1	4,581.2	0.0	0.0	0.0
Misc. changes	(12,852.1)	21.3	(240.6)	(903.4)	3,433.5	(4,400.5)
Total	$ 1,556.7	$ (3,404.2)	$ 9,649.6	$ 3,102.3	$ 1,915.5	$ 2,136.4

Amount of Increase (Decrease) (in Thousands)

LRS

	2011	2010	2009	2008	2007	2006
Interest (7.50) added to previous UAL	$ (343.4)	$ (508.5)	$ (468.9)	$ (426.9)	$ (432.3)	$ (369.8)
Accrued liability contribution	107.1	(32.5)	(21.1)	(26.3)	(31.1)	(43.1)
Experience:						
Valuation asset growth	906.2	1,534.0	1,307.4	241.7	(155.0)	289.0
Pensioners' mortality	(18.7)	339.2	240.7	(2.2)	119.4	(412.7)
Turnover and retirements	254.5	105.1	(5.7)	(429.8)	423.8	(154.7)
New entrants	74.0	98.8	0.0	35.9	0.0	0.0
Salary increases	0.0	0.0	0.0	0.0	0.0	0.0
Method changes	0.0	0.0	0.0	0.0	0.0	(142.0)
Amendments (COLAs)	(481.8)	(465.3)	0.0	0.0	0.0	0.0
Assumption changes	0.0	975.2	0.0	0.0	0.0	0.0
Lawsuit	0.0	0.0	0.0	0.0	0.0	0.0
Data changes	0.0	114.8	(1,529.1)	0.0	0.0	0.0
Misc. changes	46.9	41.6	(51.7)	47.4	147.9	0.0
Total	$ 544.9	$ 2,202.4	$ (528.4)	$ (560.2)	$ 72.7	$ (833.3)

GMPF*

	2011
Interest (7.50) added to previous UAL	$ 1,216.1
Accrued liability contribution	(1,173.3)
Experience:	
Valuation asset growth	113.8
Pensioners' mortality	58.5
Turnover and retirements	205.4
New entrants	1469.6
Method changes	0.0
Assumption changes	0.0
Expense Deficit	37.0
Misc. changes	(77.0)
Total	$ 1,850.1

*Note: Data prior to 2011 is not available for GMPF.

SEAD-Active and SEAD-OPEB: Data is not available.

Solvency Test Results

Dollar amounts in thousands

ERS

	Actuarial Accrued Liability for:						
Actuarial Valuation as of 7/1	Active Member Contributions	Retirants & Beneficiaries	Active Member (Employer Funded Portion)	Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
2006	$ 672,679	$ 8,462,884	$ 5,107,282	$ 13,461,132	100.0%	100.0%	84.7%
2007	645,907	9,020,890	5,218,382	13,843,689	100.0%	100.0%	80.0%
2008	616,177	9,756,529	5,308,151	14,017,346	100.0%	100.0%	68.7%
2009	589,012	10,034,939	5,254,071	13,613,606	100.0%	100.0%	56.9%
2010	551,607	10,652,040	5,091,705	13,046,193	100.0%	100.0%	36.2%
2011	503,867	11,058,344	5,094,694	12,667,557	100.0%	100.0%	21.7%

PSERS

	Actuarial Accrued Liability for:						
Actuarial Valuation as of 7/1	Active Member Contributions	Retirants & Beneficiaries	Active Member (Employer Funded Portion)	Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
2006	$ 14,321	$ 428,543	$ 248,787	$ 766,277	100.0%	100.0%	100.0%
2007	14,796	456,868	274,414	785,460	100.0%	100.0%	100.0%
2008	15,285	469,601	286,064	791,855	100.0%	100.0%	100.0%
2009	15,862	506,659	300,711	769,618	100.0%	100.0%	82.2%
2010	16,361	528,808	330,227	737,406	100.0%	100.0%	58.2%
2011	16,627	532,509	336,790	719,601	100.0%	100.0%	50.6%

GJRS

	Actuarial Accrued Liability for:						
Actuarial Valuation as of 7/1	Active Member Contributions	Retirants & Beneficiaries	Active Member (Employer Funded Portion)	Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
2006	$ 48,896	$ 86,194	$ 94,747	$ 279,564	100.0%	100.0%	100.0%
2007	52,707	87,333	109,238	297,090	100.0%	100.0%	100.0%
2008	59,838	90,601	118,077	313,315	100.0%	100.0%	100.0%
2009	61,188	108,923	112,363	317,624	100.0%	100.0%	100.0%
2010	67,293	117,730	96,473	320,050	100.0%	100.0%	100.0%
2011	71,047	128,991	90,440	327,483	100.0%	100.0%	100.0%

LRS

Actuarial Valuation as of 7/1	Actuarial Accrued Liability for: Active Member Contributions	Retirants & Beneficiaries	Active Member (Employer Funded Portion)	Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
2006	$ 2,507	$ 18,734	$ 2,166	$ 29,172	100.0%	100.0%	100.0%
2007	2,484	19,847	2,026	30,049	100.0%	100.0%	100.0%
2008	2,853	19,366	2,235	30,706	100.0%	100.0%	100.0%
2009	2,908	18,465	2,150	30,303	100.0%	100.0%	100.0%
2010	3,166	19,208	2,629	29,581	100.0%	100.0%	100.0%
2011	2,921	19,759	2,564	29,278	100.0%	100.0%	100.0%

GMPF

Actuarial Valuation as of 7/1	Actuarial Accrued Liability for: Active Member Contributions	Retirants & Beneficiaries	Active Member (Employer Funded Portion)	Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
2006	$ 0	$ 6,392	$ 11,233	$ 3,100	N/A	48.5%	0.0%
2007	0	7,655	12,232	4,165	N/A	54.4%	0.0%
2008	0	9,449	9,675	5,269	N/A	55.8%	0.0%
2009	0	12,742	8,279	6,413	N/A	50.3%	0.0%
2010	0	14,015	9,758	7,558	N/A	53.9%	0.0%
2011	0	15,379	11,388	8,702	N/A	56.6%	0.0%

SEAD-Active and SEAD-OPEB: Data is not available.

Statistical Section

Introduction

The objective of the statistical section is to provide a historical perspective, context and relevant details to assist readers in evaluating the condition of the plans. All nonaccounting data is taken from ERSGA's internal sources except for information which is derived from the actuarial valuations. FY2010 was the first year ERSGA added this information in their Annual Financial Report. Therefore, historical detail may not be complete for some schedules.

Financial Trends

The following schedules have been included to help the reader understand how the System's financial position has changed over the past 10 years:

Additions by Source
Deductions by Type
Change in Net Assets

Operational Trends

The following schedules have been included to help the readers understand how the System's financial report relates to the services provided by the System and the activities it performs:

Retiree Information
Withdrawal (Refund) Data
New Retiree Elections
Overall Plan Statistics

Additions by Source - Contribution/Investment Income (in thousands)

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
ERS											
Employee Contributions	$	55,456	54,166	49,973	50,963	49,250	48,324	43,978	42,052	39,480	36,561
Employer Contributions		246,172	245,388	243,074	258,482	270,141	286,256	281,206	263,064	261,132	274,034
Investment Earnings		488,611	1,115,798	930,287	774,724	1,869,113	(482,679)	(1,726,302)	1,176,741	2,269,270	233,308
Other		—	—	—	—	90,333	—	—	—	—	(1,526)
Total Additions to (Deductions from) Plan Net Assets	$	790,239	1,415,352	1,223,334	1,084,169	2,278,837	(148,099)	(1,401,118)	1,481,857	2,569,882	542,377
PSERS											
Employee Contributions	$	1,298	1,317	1,352	1,380	1,420	1,451	1,472	1,483	1,451	1,426
Employer Contributions		3,555	836	840	3,638	6,490	2,869	5,096	5,530	7,509	15,884
Investment Earnings		29,649	66,149	53,970	44,561	106,833	(27,052)	(97,156)	66,404	128,096	13,554
Other		594	588	588	588	588	588	588	—	—	—
Total Additions to (Deductions from) Plan Net Assets	$	35,096	68,890	56,750	50,167	115,331	(22,144)	(90,000)	73,417	137,056	30,864
GJRS											
Employee Contributions	$	3,814	3,848	4,779	4,221	4,040	4,698	4,612	5,018	4,721	4,904
Employer Contributions		373	1,558	1,826	1,683	1,778	2,395	1,703	3,369	1,163	2,083
Investment Earnings		9,340	21,315	18,422	15,665	39,324	(10,702)	(38,164)	27,378	57,330	6,571
Other		175	175	175	175	175	175	175	175	—	—
Total Additions to (Deductions from) Plan Net Assets	$	13,702	26,896	25,202	21,744	45,317	(3,434)	(31,674)	35,940	63,214	13,558
LRS											
Employee Contributions	$	297	293	302	324	320	320	320	318	320	323
Employer Contributions		43	52	54	54	62	73	71	75	75	76
Investment Earnings		1,074	2,444	2,034	1,684	4,072	(1,051)	(3,772)	2,610	5,194	550
Other		110	110	110	110	110	110	110	110	—	—
Total Additions to (Deductions from) Plan Net Assets	$	1,524	2,899	2,500	2,172	4,564	(548)	(3,271)	3,113	5,589	949
GMPF											
Employer Contributions	$	591	617	891	891	1,005	1,103	1,323	1,434	1,282	1,521
Investment Earnings		41	86	103	131	503	(191)	(657)	565	1,465	221
Total Additions to (Deductions from) Plan Net Assets	$	632	703	994	1,022	1,508	912	666	1,999	2,747	1,742

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
SEAD - Active*										
Employee Contributions	$ —	—	—	—	—	—	—	—	—	—
Employer Contributions	—	—	—	—	—	—	—	—	—	—
Investment Earnings	—	—	—	—	—	(6,321)	(22,656)	15,910	33,023	3,876
Insurance Premiums	—	—	—	—	—	864	880	900	847	771
Total Additions to (Deductions from) Plan Net Assets	$ —	—	—	—	—	(5,457)	(21,776)	16,810	33,870	4,647
SEAD - OPEB*										
Employee Contributions	$ —	—	—	—	—	—	—	—	—	—
Employer Contributions	—	—	—	—	—	—	—	—	—	—
Investment Earnings	—	—	—	—	—	(27,032)	(96,424)	69,340	144,270	17,193
Insurance Premiums	—	—	—	—	—	7,756	7,551	6,755	6,437	5,532
Total Additions to (Deductions from) Plan Net Assets	$ —	—	—	—	—	(19,276)	(88,873)	76,095	150,707	22,725

*Plans began in 2008.

Deductions by Type (in thousands)

ERS

	Benefit Payments							
Fiscal Year	Service	Partial Lump-Sum Option	Disability	Survivor Benefits	Total Benefit Payments	Net Administrative Expenses	Refunds	Total Deductions from Plan Assets
2003	$ 497,634	-	92,433	47,176	$ 637,243	8,509	5,253	$ 651,005
2004	549,545	-	101,887	50,882	702,314	8,474	5,819	716,607
2005	605,688	6,289	111,902	54,584	778,463	9,587	6,510	794,560
2006	664,891	14,360	120,315	58,294	857,860	10,596	6,978	875,434
2007	721,869	17,821	127,091	61,873	928,654	14,901	6,696	950,251
2008	797,052	24,792	131,709	66,397	1,019,950	18,805	7,815	1,046,570
2009	889,669	22,011	135,743	69,735	1,117,158	16,809	6,597	1,140,564
2010	878,482	23,480	146,031	82,676	1,130,669	14,505	6,483	1,151,657
2011	921,136	30,946	140,849	75,891	1,168,822	14,431	7,515	1,190,768
2012	964,485	31,963	143,317	76,973	1,216,738	12,051	7,767	1,236,556

PSERS

	Benefit Payments						
Fiscal Year	Service	Disability	Survivor Benefits	Total Benefit Payments	Net Administrative Expenses	Refunds	Total Deductions from Plan Assets
2003	$ 31,926	3,913	1,182	$ 37,021	594	233	$ 37,848
2004	34,207	4,142	1,297	39,646	588	294	40,528
2005	35,278	4,341	1,397	41,016	588	287	41,891
2006	37,505	4,534	1,465	43,504	588	316	44,408
2007	40,070	4,814	1,580	46,464	588	319	47,371
2008	41,607	4,956	1,682	48,245	588	308	49,141
2009	45,159	5,232	1,806	52,197	588	261	53,046
2010	45,741	5,402	2,052	53,195	1,956	251	55,402
2011	46,548	5,369	2,063	53,980	2,046	267	56,293
2012	46,911	5,369	1,903	54,183	2,040	349	56,572

GJRS

	Benefit Payments						
Fiscal Year	Service	Disability	Survivor Benefits	Total Benefit Payments	Net Administrative Expenses	Refunds	Total Deductions from Plan Assets
2003	$ 5,688	47	748	$ 6,483	175	70	$ 6,728
2004	6,047	48	947	7,042	175	307	7,524
2005	6,827	76	1,069	7,972	175	93	8,240
2006	7,663	103	1,136	8,902	175	379	9,456
2007	7,908	106	1,285	9,299	175	76	9,550
2008	8,259	110	1,498	9,867	175	14	10,056
2009	9,453	112	1,546	11,111	175	263	11,549
2010	10,633	114	1,618	12,365	270	139	12,774
2011	11,245	112	1,654	13,011	290	260	13,561
2012	12,608	113	1,695	14,416	310	146	14,872

LRS Benefit Payments

Fiscal Year	Service	Survivor Benefits	Total Benefit Payments	Net Administrative Expenses	Refunds	Total Deductions from Plan Assets
2003	$ 920	326	$ 1,246	110	20	$ 1,376
2004	986	337	1,323	110	14	1,447
2005	1,169	384	1,553	110	69	1,732
2006	1,210	381	1,591	110	18	1,719
2007	1,187	401	1,588	110	33	1,731
2008	1,228	406	1,634	110	65	1,809
2009	1,265	425	1,690	110	49	1,849
2010	1,308	436	1,744	120	47	1,911
2011	1,309	452	1,761	131	60	1,952
2012	1,364	446	1,810	110	74	1,994

GMPF Benefit Payments

Fiscal Year	Service*	Total Benefit Payments	Net Administrative Expenses	Total Deductions from Plan Assets
2003	$ 6	$ 6	-	$ 6
2004	49	49	-	49
2005	93	93	-	93
2006	150	150	-	150
2007	225	225	-	225
2008	303	303	-	303
2009	382	382	-	382
2010	489	489	43	532
2011	579	579	37	616
2012	678	678	34	712

*The only type of retirement in GMPF is a service retirement.

SEAD-Active† Benefit Payments

Fiscal Year	Death Benefits**	Total Benefit Payments	Net Administrative Expenses	Total Deductions from Plan Assets
2003	$ -	$ -	-	$ -
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-
2008	7,261	7,261	22	7,283
2009	6,636	6,636	22	6,658
2010	4,817	4,817	22	4,839
2011	5,197	5,197	22	5,219
2012	6,018	6,018	22	6,040

**The only type of benefit in SEAD-Active is a death benefit.
† Plan began in 2008.

SEAD-OPEB† **Benefit Payments**

Fiscal Year	Death Benefits**	Total Benefit Payments	Net Administrative Expenses	Total Deductions from Plan Assets
2003	$ -	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-
2008	21,455	21,455	203	21,658
2009	19,839	19,839	203	20,042
2010	23,642	23,642	203	23,845
2011	23,060	23,060	203	23,263
2012	24,855	24,855	203	25,058

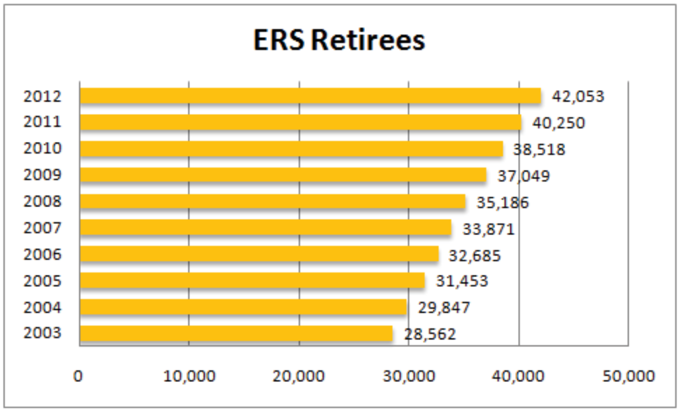
**The only type of benefit in SEAD-OPEB is a death benefit.
† Plan began in 2008.

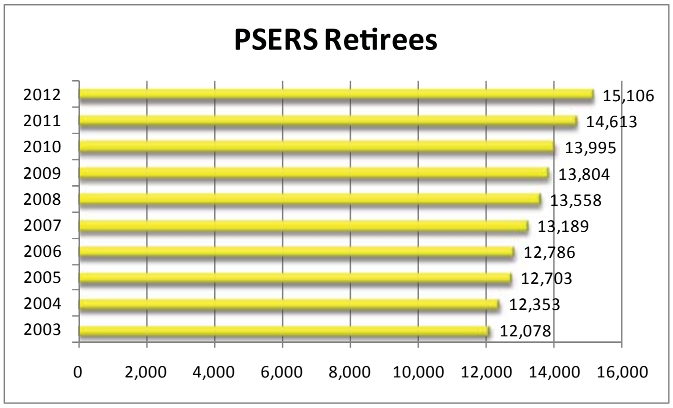
Changes in Net Assets (in thousands)

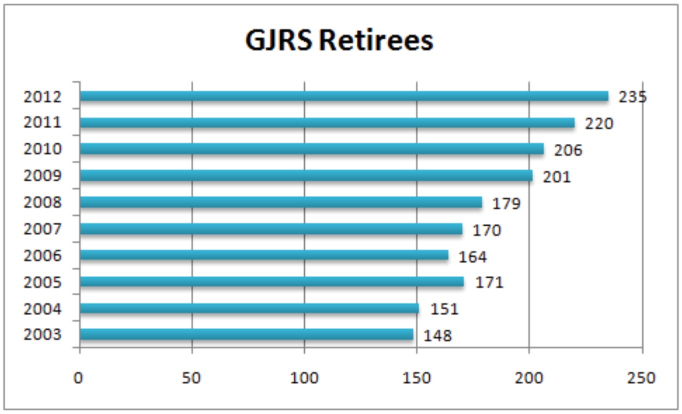
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
ERS										
Total Additions	$ 790,239	1,415,352	1,223,334	1,084,169	2,278,837	(148,099)	(1,401,118)	1,481,857	2,569,882	542,377
Total Deductions	651,005	716,607	794,560	875,434	950,251	1,046,570	1,140,564	1,151,657	1,190,768	1,236,556
Transfer In (Out) of Net Assets	—	—	—	—	—	—	—	—	—	(12,724)
Changes in Plan Net Assets	139,234	698,745	428,774	208,735	,328,586	(1,194,669)	(2,541,682)	330,200	1,379,114	(706,903)
PSERS										
Total Additions	35,096	68,890	56,750	50,167	115,331	(22,144)	(90,000)	73,417	137,056	30,864
Total Deductions	37,848	40,528	41,891	44,408	47,371	49,141	53,046	55,402	56,293	56,572
Changes in Plan Net Assets	(2,752)	28,362	14,859	5,759	67,960	(71,285)	(143,046)	18,015	80,763	(25,708)
GJRS										
Total Additions	13,702	26,896	25,202	21,744	45,317	(3,434)	(31,674)	35,940	63,214	13,558
Total Deductions	6,728	7,524	8,240	9,456	9,550	10,056	11,549	12,774	13,561	14,872
Changes in Plan Net Assets	6,974	19,372	16,962	12,288	35,767	(13,490)	(43,223)	23,166	49,653	(1,314)
LRS										
Total Additions	1,524	2,899	2,500	2,172	4,564	(548)	(3,271)	3,113	5,589	949
Total Deductions	1,376	1,447	1,732	1,719	1,731	1,809	1,849	1,911	1,952	1,994
Changes in Plan Net Assets	148	1,452	768	453	2,833	(2,357)	(5,120)	1,202	3,637	(1,045)
GMPF										
Total Additions	632	703	994	1,022	1,508	912	666	1,999	2,747	1,742
Total Deductions	6	49	93	150	225	303	382	532	616	712
Changes in Plan Net Assets	626	654	901	872	1,283	609	284	1,467	2,131	1,030
SEAD - Active*										
Total Additions	—	—	—	—	—	(5,457)	(21,776)	16,810	33,870	4,647
Total Deductions	—	—	—	—	—	7,283	6,658	4,839	5,219	6,040
Changes in Plan Net Assets	—	—	—	—	—	(12,740)	(28,434)	11,971	28,651	(1,393)
SEAD - OPEB*										
Total Additions	—	—	—	—	—	(19,276)	(88,873)	76,095	150,707	22,725
Total Deductions	—	—	—	—	—	21,658	20,042	23,845	23,263	25,058
Transfer In (Out) of Net Assets	—	—	—	—	—	—	—	—	—	12,724
Changes in Plan Net Assets	—	—	—	—	—	(40,934)	(108,915)	52,250	127,444	10,391

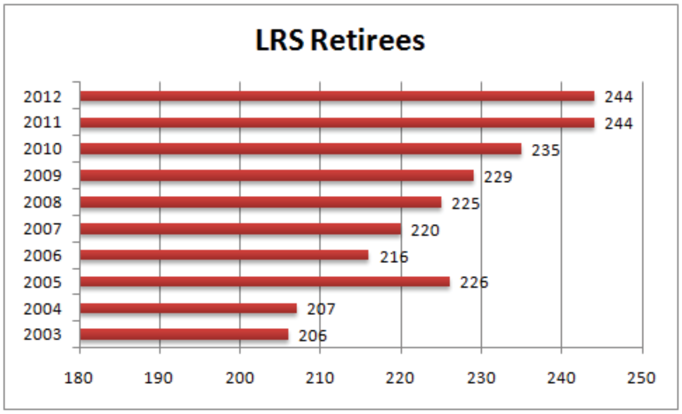
* Plans began in 2008.

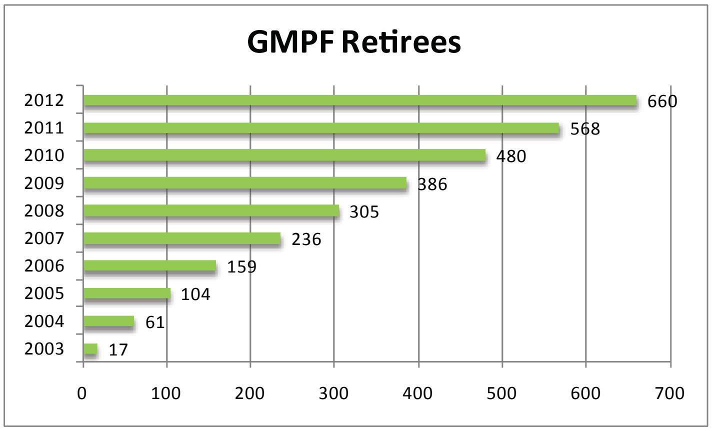
Number of Retirees



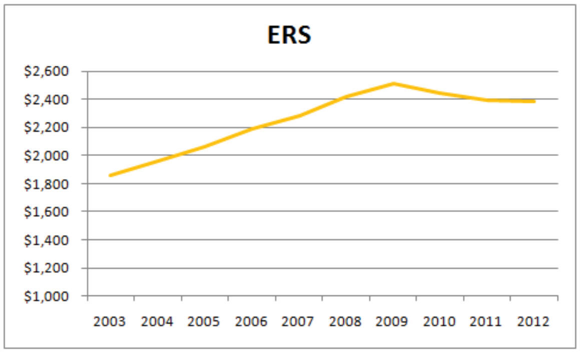


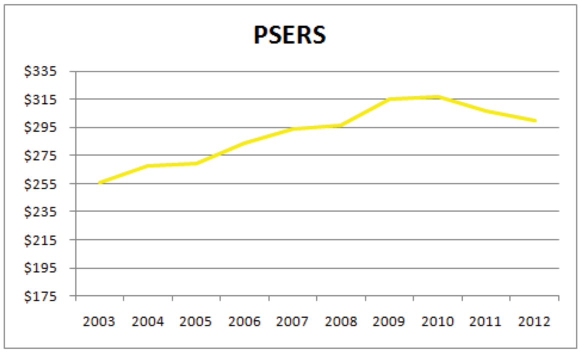


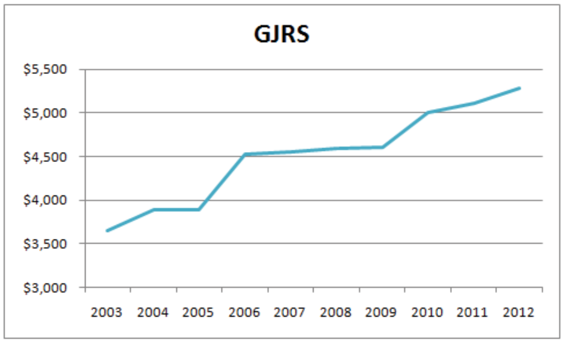


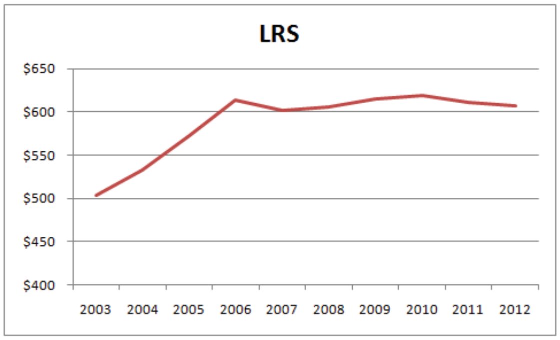


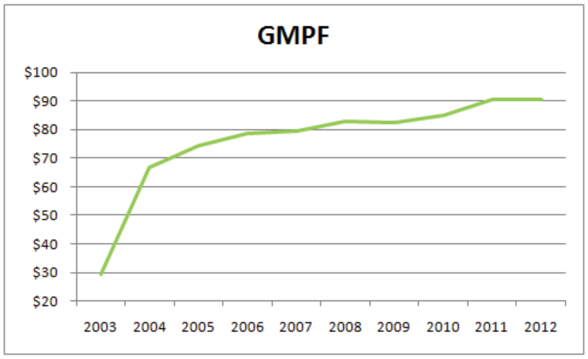
Average Monthly Payments to Retirees



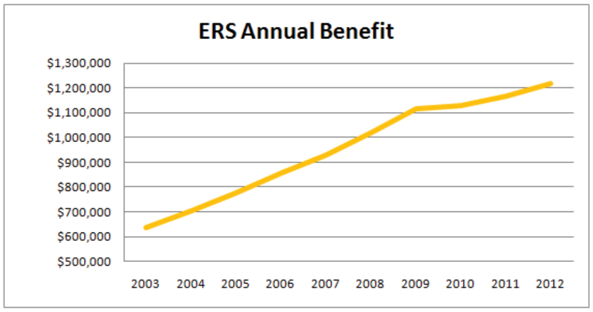


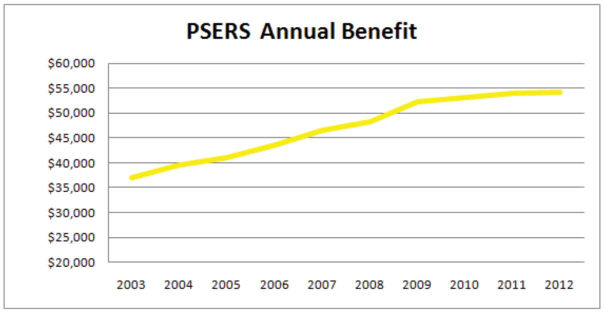


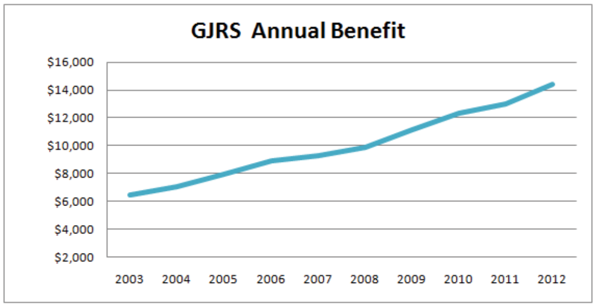


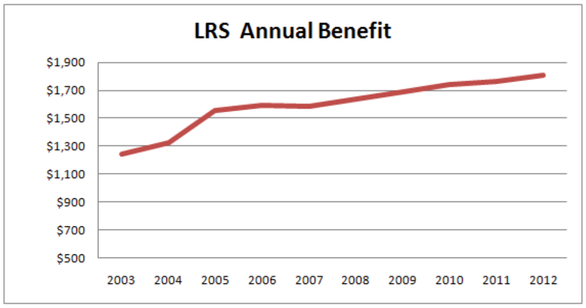


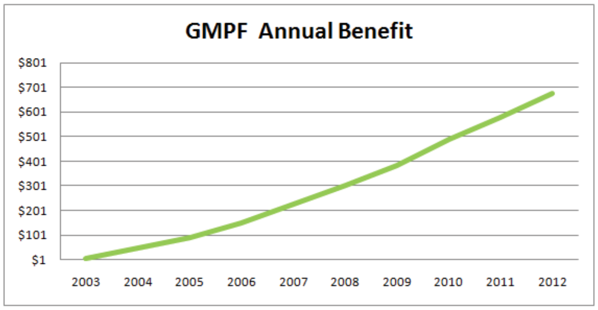
Annual Benefit (in thousands)



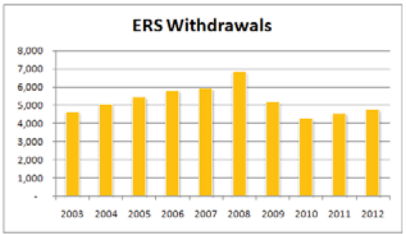


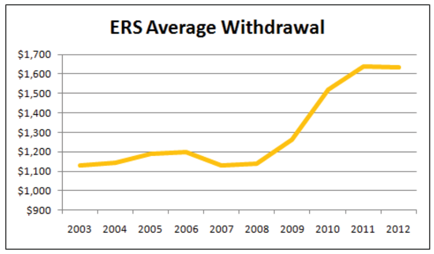


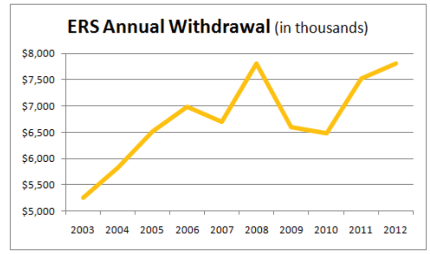


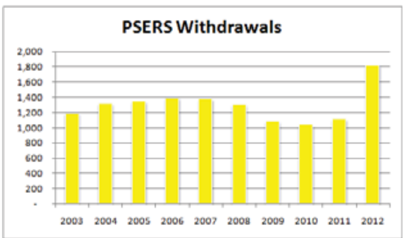


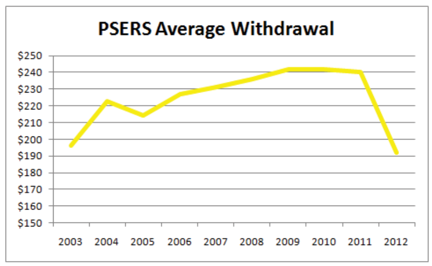
Withdrawal Statistics

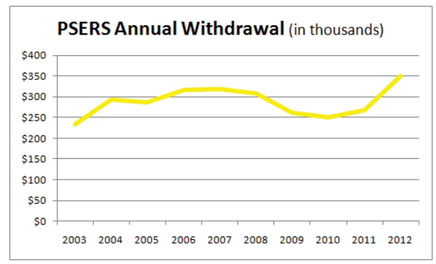


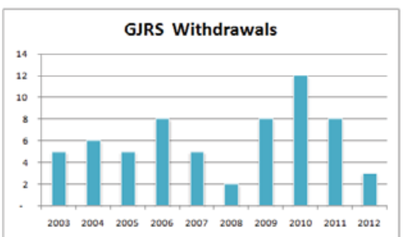


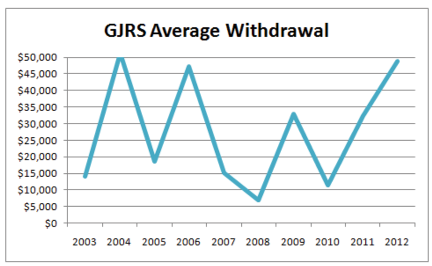


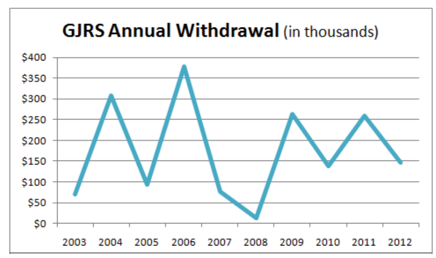


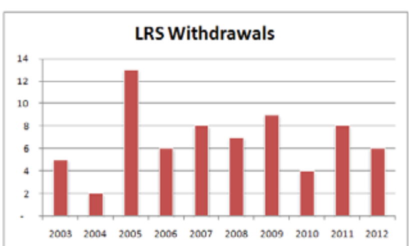


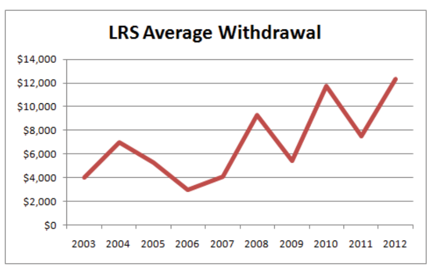


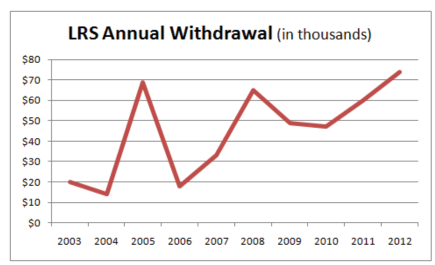












Note: The GMPF Plan does not have a refund feature.

Average Monthly Benefit Payment for New Retirees - ERS

	Years of Credited Service					
	10-15	16-20	21-25	26-30	Over 30	Total
2003						
Average Monthly Benefit	$673.29	$1,099.73	$1,570.92	$1,756.82	$3,444.12	$2,337.32
Average Final Average Salary	$2,675.88	$3,307.90	$3,133.09	$7,027.30	$4,268.39	$4,147.79
Number of Retirees	299	233	234	261	1,009	2,036
2004						
Average Monthly Benefit	$661.26	$999.80	$1,616.46	$1,901.33	$3,486.20	$2,309.02
Average Final Average Salary	$2,729.52	$2,840.39	$3,390.17	$3,561.77	$4,404.67	$3,717.68
Number of Retirees	336	271	202	290	991	2,090
2005						
Average Monthly Benefit	$704.19	$991.76	$1,440.14	$1,816.69	$3,440.48	$2,291.20
Average Final Average Salary	$2,979.35	$2,858.79	$3,219.54	$3,553.20	$4,321.38	$3,711.85
Number of Retirees	309	312	254	299	1,091	2,265
2006						
Average Monthly Benefit	$632.54	$1,022.68	$1,347.20	$1,789.67	$3,458.78	$2,281.17
Average Final Average Salary	$2,867.00	$2,971.73	$3,087.80	$3,587.30	$4,345.99	$3,715.95
Number of Retirees	281	299	219	298	1,011	2,108
2007						
Average Monthly Benefit	$655.86	$961.27	$1,317.36	$1,789.83	$3,423.26	$2,229.02
Average Final Average Salary	$2,935.70	$3,071.63	$3,265.26	$3,745.37	$4,373.83	$3,778.07
Number of Retirees	307	303	247	292	1,022	2,171
2008						
Average Monthly Benefit	$701.03	$1,068.51	$1,457.03	$1,899.48	$3,576.69	$2,342.60
Average Final Average Salary	$3,025.39	$3,181.44	$3,408.23	$3,767.28	$4,489.73	$3,873.97
Number of Retirees	309	306	280	290	1,032	2,217
2009						
Average Monthly Benefit	$717.65	$1,059.22	$1,458.18	$1,910.75	$3,627.21	$2,272.58
Average Final Average Salary	$3,109.07	$3,179.28	$3,483.90	$3,875.27	$4,548.96	$3,891.02
Number of Retirees	344	320	301	324	949	2,238
2010						
Average Monthly Benefit	$694.23	$1,086.00	$1,502.32	$1,849.65	$3,653.29	$2,247.01
Average Final Average Salary	$3,023.45	$3,345.36	$3,555.21	$3,802.65	$4,588.73	$3,900.93
Number of Retirees	391	324	332	375	981	2,403
2011						
Average Monthly Benefit	$734.74	$1,107.16	$1,504.51	$1,995.24	$3,575.54	$2,143.95
Average Final Average Salary	$3,228.07	$3,205.88	$3,478.73	$3,762.88	$4,532.07	$3,825.88
Number of Retirees	437	322	389	461	885	2,494
2012						
Average Monthly Benefit	$729.60	$1,247.16	$1,624.82	$2,125.35	$3,708.26	$2,109.84
Average Final Average Salary	$3,040.00	$3,275.37	$3,388.85	$3,807.26	$4,702.47	$3,775.94
Number of Retirees	518	385	414	486	776	2,578

Average Monthly Benefit Payment for New Retirees - PSERS

	Years of Credited Service					
	10-15	16-20	21-25	26-30	Over 30	Total
2003						
Average Monthly Benefit	$137.89	$201.29	$258.92	$328.44	$419.56	$229.32
Number of Retirees	292	148	124	88	97	749
2004						
Average Monthly Benefit	$138.46	$202.25	$273.64	$324.25	$421.35	$225.69
Number of Retirees	357	182	145	112	89	885
2005						
Average Monthly Benefit	$140.98	$203.00	$269.23	$325.73	$422.95	$229.90
Number of Retirees	322	197	131	113	93	856
2006						
Average Monthly Benefit	$137.90	$206.87	$265.04	$324.20	$413.20	$226.26
Number of Retirees	347	206	127	84	115	879
2007						
Average Monthly Benefit	$143.42	$208.47	$265.12	$331.55	$426.70	$229.16
Number of Retirees	323	174	106	89	93	785
2008						
Average Monthly Benefit	$149.91	$219.81	$279.58	$349.05	$439.31	$238.04
Number of Retirees	362	199	116	99	98	874
2009						
Average Monthly Benefit	$156.52	$224.92	$289.93	$357.58	$460.04	$242.89
Number of Retirees	391	200	157	91	90	929
2010						
Average Monthly Benefit	$157.66	$224.92	$300.93	$359.24	$464.07	$243.41
Number of Retirees	448	200	162	76	105	1001
2011						
Average Monthly Benefit	$158.67	$227.68	$297.01	$374.01	$479.42	$245.04
Number of Retirees	463	200	126	79	114	982
2012						
Average Monthly Benefit	$159.25	$236.46	$303.66	$362.36	$476.51	$238.59
Number of Retirees	480	182	136	74	87	958

Note: PSERS is not a final average pay plan.

Average Monthly Benefit Payment for New Retirees - GJRS

	Years of Credited Service					
	10-15	16-20	21-25	26-30	Over 30	Total
2003						
Average Monthly Benefit	0	$6,770.75	$4,531.83	$7,140.57	$5,439.24	$5,970.60
Average Final Average Salary	0	$8,460.17	$6,376.87	$9,564.12	$7,285.35	$7,921.63
Number of Retirees	0	6	2	4	1	13
2004						
Average Monthly Benefit	$4,748.43	$2,916.48	$7,084.78	$7,140.57	0	$5,472.57
Average Final Average Salary	$9,137.11	$5,997.81	$9,564.12	$9,564.12	0	$8,565.79
Number of Retirees	1	3	1	1	0	6
2005						
Average Monthly Benefit	$4,918.69	$5,972.47	$6,854.45	$5,422.44	0	$5,792.01
Average Final Average Salary	$9,420.45	$8,785.09	$9,481.56	$7,262.55	0	$8,737.41
Number of Retirees	2	8	10	3	0	23
2006						
Average Monthly Benefit	$1,648.42	0	$7,018.67	0	0	$4,333.55
Average Final Average Salary	$3,680.42	0	$8,421.30	0	0	$6,050.86
Number of Retirees	1	0	1	0	0	2
2007						
Average Monthly Benefit	$4,635.56	$1,821.81	$5,338.65	$7,603.57	0	$4,849.90
Average Final Average Salary	$7,888.25	$8,213.52	$7,150.62	$10,184.26	0	$8,359.16
Number of Retirees	4	3	3	1	0	11
2008						
Average Monthly Benefit	$2,485.43	0	$7,368.55	$4,735.08	0	$4,863.02
Average Final Average Salary	$6,662.15	0	$9,934.33	$6,342.20	0	$7,646.23
Number of Retirees	4	0	2	2	0	8
2009						
Average Monthly Benefit	$4,874.28	$5,883.17	$7,366.55	$6,630.61	$7,639.64	$6,478.85
Average Final Average Salary	$9,519.58	$8,825.88	$10,071.58	$8,881.08	$10,232.57	$9,506.14
Number of Retirees	8	5	7	5	2	27
2010						
Average Monthly Benefit	$6,337.43	$4,563.90	$7,643.86	$6,422.80	0	$6,242.00
Average Final Average Salary	$10,490.01	$7,018.08	$10,490.01	$8,602.74	0	$9,150.21
Number of Retirees	1	5	2	4	0	12
2011						
Average Monthly Benefit	$4,632.24	$10,170.24	$9,799.81	$8,428.40	0	$7,614.02
Average Final Average Salary	$9,211.23	$14,910.13	$13,052.66	$11,264.63	0	$11,505.85
Number of Retirees	4	2	2	3	0	11
2012						
Average Monthly Benefit	$4,204.95	$6,610.26	$7,565.84	$8,791.96	$7,831.84	$6,915.64
Average Final Average Salary	$7,788.39	$9,887.17	$10,361.29	$11,714.95	$10,490.01	$10,035.77
Number of Retirees	5	4	4	7	1	20

Average Monthly Benefit Payment for New Retirees - LRS

	Years of Credited Service					
	8 - 14	15 - 19	20 - 24	25 - 29	30 & over	Total
2003						
Average Monthly Benefit	$321.39	$459.05	$625.33	0	$945.96	$587.93
Number of Retirees	8	5	6	0	3	22
2004						
Average Monthly Benefit	$258.71	$553.70	0	0	0	$406.21
Number of Retirees	6	2	0	0	0	8
2005						
Average Monthly Benefit	$358.41	$456.84	0	0	$981.11	$598.79
Number of Retirees	9	2	0	0	8	19
2006						
Average Monthly Benefit	$355.63	$517.30	0	0	0	$436.47
Number of Retirees	3	3	0	0	0	6
2007						
Average Monthly Benefit	$256.96	$476.39	$762.02	$939.00	$1,195.52	$725.98
Number of Retirees	5	5	2	1	1	14
2008						
Average Monthly Benefit	$324.74	$604.63	$698.86	0	0	$542.74
Number of Retirees	4	4	2	0	0	10
2009						
Average Monthly Benefit	$425.39	$650.99	0	$921.00	$1,203.00	$800.10
Number of Retirees	2	1	0	2	3	8
2010						
Average Monthly Benefit	$372.93	$558.00	0	0	0	$465.47
Number of Retirees	8	1	0	0	0	9
2011						
Average Monthly Benefit	$341.79	$589.12	0	$843.26	$934.73	$456.99
Number of Retirees	12	1	0	2	1	16
2012						
Average Monthly Benefit	$363.66	$549.08	0	0	$1,286.43	$548.46
Number of Retirees	4	2	0	0	1	7

Note: LRS is not a final average pay plan.

Average Monthly Benefit Payment for New Retirees - GMPF

	Years of Credited Service			
	20-25	26 - 30	Over 30	Total
2003				
Average Monthly Benefit	$57.50	$90.00	$100.00	$89.50
Number of Retirees	4	4	12	20
2004				
Average Monthly Benefit	$59.44	$81.54	$100.00	$86.56
Number of Retirees	9	13	23	45
2005				
Average Monthly Benefit	$54.00	$83.57	$100.00	$91.37
Number of Retirees	5	7	28	40
2006				
Average Monthly Benefit	$61.25	$85.00	$100.00	$94.26
Number of Retirees	4	13	44	61
2007				
Average Monthly Benefit	$60.83	$83.46	$100.00	$93.84
Number of Retirees	6	13	54	73
2008				
Average Monthly Benefit	$55.63	$83.61	$100.00	$91.10
Number of Retirees	8	18	47	73
2009				
Average Monthly Benefit	$59.50	$87.63	$100.00	$88.64
Number of Retirees	20	19	53	92
2010				
Average Monthly Benefit	$63.82	$85.83	$100.00	$90.44
Number of Retirees	17	18	56	91
2011				
Average Monthly Benefit	$63.16	$91.47	$100.00	$90.40
Number of Retirees	19	17	52	88
2012				
Average Monthly Benefit	$61.54	$90.33	$100.00	$92.83
Number of Retirees	13	15	63	90

Note: GMPF is not a final average pay plan.

Retired Members by Retirement Type

ERS

June 30, 2012

Amount of Monthly Benefit	Retirement Type		
	Service	Disability	Survivor
$ 1 - 500	2,070	85	1,599
501 - 1,000	5,665	748	1,198
1,001 - 1,500	4,432	916	800
1,501 - 2,000	3,434	759	566
2,001 - 2,500	2,743	668	351
2,501 - 3,000	2,449	564	234
3,001 - 3,500	2,172	399	141
3,501 - 4,000	1,910	317	105
4,001 - 4,500	1,608	221	62
4,501 - 5,000	1,499	181	37
over 5,000	3,769	272	79
Totals	31,751	5,130	5,172

PSERS

June 30, 2012

Amount of Monthly Benefit	Retirement Type		
	Service	Disability	Survivor
$ 1 - 100	23	0	206
101 - 200	3,936	4	322
201 - 300	3,932	194	168
301 - 400	2,395	387	81
401 - 500	1,593	312	36
over 500	1,302	199	16
Totals	13,181	1,096	829

Retired Members by Retirement Type

GJRS
June 30, 2012

Amount of Monthly Benefit	Retirement Type		
	Service	Disability	Survivor
$ 1 - 1000	7	0	10
1,001 - 2,000	14	0	9
2,001 - 3,000	6	0	10
3,001 - 4,000	5	0	23
4,001 - 5,000	11	2	5
5,001 - 6,000	16	0	0
6,001 - 7,000	25	0	0
7,001 - 8,000	66	0	0
over 8,000	26	0	0
Totals	176	2	57

LRS
June 30, 2012

Amount of Monthly Benefit	Retirement Type		
	Service	Disability	Survivor
$ 1 - 250	6	0	10
251 - 500	79	0	16
501 - 750	53	0	13
751 - 1,000	27	0	15
over 1,000	19	0	6
Totals	184	0	60

GMPF
June 30, 2012

Amount of Monthly Benefit	Retirement Type
	Service
$ 1 - 49	0
50 - 100	660
over 100	0
Totals	660

Retired Members by Optional Form of Benefit

ERS

June 30, 2012

Amount of Monthly Benefit	Form of Benefit						
	Maximum Plan	Option 1	Option 2	Option 3	Option 4	Option 5A	Option 5B
$ 1 - 500	1,260	336	1,212	422	383	91	50
501 - 1,000	3,682	999	1,562	566	414	229	159
1,001 - 1,500	2,875	883	1,051	571	370	222	176
1,501 - 2,000	2,136	810	676	486	308	145	198
2,001 - 2,500	1,617	610	473	416	347	138	161
2,501 - 3,000	1,358	488	367	310	484	91	149
3,001 - 3,500	972	364	275	320	588	76	117
3,501 - 4,000	735	251	226	225	703	71	121
4,001 - 4,500	579	178	152	190	662	27	103
4,501 - 5,000	465	116	126	188	714	32	76
over 5,000	831	267	252	458	2,102	60	150
Totals	16,510	5,302	6,372	4,152	7,075	1,182	1,460

Maximum Plan	Single life annuity
Option 1	Reduced single life annuity with a guarantee of the remainder of the annuity savings fund account (contributions and interest), if any, to be paid upon the retiree's death
Option 2	100% joint and survivor annuity with a popup option upon divorce
Option 3	50% joint and survivor annuity with a popup option upon divorce
Option 4	Various options, including a specified monthly amount payable to a beneficiary upon the retiree's death, several period certain annuities of varying length, and a five-year accelerated benefit
Option 5A	100% joint and survivor annuity with a popup option upon divorce or the death of the beneficiary before the retiree
Option 5B	50% joint and survivor annuity with a popup option upon divorce or the death of the beneficiary before the retiree

Retired Members by Optional Form of Benefit

PSERS

June 30, 2012

Amount of Monthly Benefit	Form of Benefit					
	Maximum Plan	Option AA	Option AB	Option AC	Option AD	Option B
$ 1 - 100	0	34	177	10	2	6
101 - 200	3,205	621	251	8	13	164
201 - 300	3,694	346	134	4	7	109
301 - 400	2,577	186	44	8	4	44
401 - 500	1,801	88	29	3	0	20
over 500	1,449	38	10	6	0	14
Totals	12,726	1,313	645	39	26	357

Maximum Plan Single life annuity

Option AA 100% joint and survivor annuity

Option AB 50% joint and survivor annuity

Option AC Joint and survivor annuity with a specified monthly amount payable to a beneficiary

Option AD Joint and survivor annuity with the amount payable to a beneficiary limited by the age difference between the retiree and the beneficiary

Option B Annuity for a guaranteed period of time (5, 10,15, or 20 years). If retiree outlives guarantee period, there is no benefit due after retiree's death

Retired Members by Optional Form of Benefit

GJRS
June 30, 2012

Amount of Monthly Benefit	Form of Benefit	
	Maximum Plan	Spousal Coverage
$ 1 - 1000	1	16
1,001 - 2,000	2	21
2,001 - 3,000	0	16
3,001 - 4,000	2	26
4,001 - 5,000	4	14
5,001 - 6,000	7	9
6,001 - 7,000	4	21
7,001 - 8,000	12	54
over 8,000	4	22
Totals	36	199

Maximum Plan Single life annuity

Spousal Coverage Indicates the member elected at enrollment that a survivor annuity be paid to a surviving spouse

LRS
June 30, 2012

Amount of Monthly Benefit	Form of Benefit		
	Maximum Plan	Option B1	Option B2
$ 1 - 250	0	13	3
251 - 500	36	51	8
501 - 750	34	20	12
751 - 1,000	10	25	7
over 1,000	8	12	5
Totals	88	121	35

Maximum Plan Single life annuity

Option B1 100% joint and survivor annuity

Option B2 50% joint and survivor annuity

GMPF and SEAD-Active and SEAD-OPEB
June 30, 2012

The GMPF Plan provides a benefit only in one form, a life annuity. All 660 current retirees, therefore, have this same form of benefit. The SEAD-Active and SEAD-OPEB plans provide only a lump sum death benefit to a member's beneficiary(ies).

Top Participatory Employers FY10

	Member Count	% of total plan
ERS		
Department of Corrections	12,527	18.2%
Department of Behavioral Health and Developmental Disability	6,869	10.0%
Department of Transportation	4,846	7.1%
Department of Labor	3,867	5.7%
Department of Juvenile Justice	3,679	5.4%
Department of Natural Resources	2,079	3.0%
Department of Human Resources	1,942	2.8%
Department of Driver Services	1,674	2.4%
Department of Community Health	1,351	2.0%
Department of Revenue	1,154	1.7%
Total top Employers	39,988	58.3%
Total ERS Member Count	68,567	
PSERS		
Gwinnett County Schools	3,931	9.8%
Cobb County Schools	2,471	6.2%
Dekalb County Schools	2,234	5.6%
Clayton County Schools	1,382	3.4%
Muscogee County Schools	970	2.4%
Henry County Schools	909	2.3%
Cherokee County Schools	902	2.3%
Forsyth County Schools	894	2.2%
Richmond County Schools	877	2.2%
Paulding County Schools	715	1.8%
Total top Employers	15,285	38.2%
Total PSERS Member Count	39,962	
GJRS		
Council of Superior Court Judges	203	41.0%
Council of State Court Judges	108	21.8%
Prosecuting Attorney's Council	96	19.4%
Council of Juvenile Judges	71	14.4%
Total top Employers	478	96.6%
Total GJRS Member Count	495	

Data from 9 years prior is unavailable. FY10 data is the first available.

Top Participatory Employers FY12

	Member Count	% of total plan
ERS		
Department of Corrections	11,927	18.6%
Department of Behavioral Health and Developmental Disability	5,628	8.8 %
Department of Transportation	4,437	6.9 %
Department of Juvenile Justice	3,520	5.5 %
Department of Labor	3,441	5.4 %
Department of Human Services	2,013	3.1 %
Department of Natural Resources	1,807	2.8 %
Department of Public Safety	1,701	2.7 %
Department of Revenue	1,115	1.7 %
Department of Public Health	969	1.5 %
Total top Employers	36,558	57.2%
Total ERS Member Count	63,963	
PSERS		
Gwinnett County Schools	3,922	10.1 %
Cobb County Schools	2,507	6.5 %
Dekalb County Schools	2,344	6.1 %
Clayton County Schools	1,085	2.8 %
Muscogee County Schools	920	2.4 %
Cherokee County Schools	911	2.4 %
Henry County Schools	866	2.2 %
Forsyth County Schools	860	2.2 %
Richmond County Schools	829	2.1 %
Houston County Schools	756	2.0 %
Total top Employers	15,000	38.7 %
Total PSERS Member Count	38,659	
GJRS		
Superior Courts of Georgia	204	40.4 %
Prosecuting Attorney's Council	116	23.7 %
Georgia Department of Law	93	18.4 %
Cobb County Board of Commissioners	77	15.2 %
Total top Employers	490	97.0 %
Total GJRS Member Count	505	
SEAD-Active and SEAD-OPEB		
Department of Corrections	8,624	17.5%
Department of Transportation	4,194	8.5%
Department of Behavioral Health and Developmental Disability	3,601	7.3%
Department of Labor	2,763	5.6%
Department of Juvenile Justice	2,386	4.8%
Department of Natural Resources	1,620	3.3%
Department of Human Services	1,578	3.2%
Department of Public Safety	1,375	2.8%
Department of Revenue	757	1.5%
Department of Public Health	682	1.4%
Total top Employers	27,580	56.0%
Total SEAD Member Count	49,212	

Statistical Data at June 30, 2012

System	Net Assets	Employer Contributions	Employee Contributions	Active Members	Retirees	Annual Payment	Average Monthly Benefit
ERS	$ 11.6 billion	Old Plan: 11.63% New Plan: 11.63% GSEPS 7.42% ($274 mil)	Old Plan: 6% (with 4.75% pickup) New Plan: 1.25% GSEPS: 1.25% ($36.6 mil)	Old Plan: (2%) 1,241 New Plan: (74%) 47,472 GSEPS: (24%) 15,250 Total: 63,963	Total: 42,053 Service: 31,018 Beneficiary: 5,172 Disability: 5,130 Inv. Sep.: 599 Law. Enf.: 134	$1.2 billion	$2,382
PSERS	$ 670.4 million	$15.9 million	$36 yr ($1.4 million)	38,659	15,106	$54.2 million	$300
GJRS	$ 319.8 million	3.9% ($2.1 million)	7.5% +2.5% Spousal ($4.9 million)	505	235	$14.4 million	$5,283
LRS	$ 27.4 million	$76 thousand	8.5% (with 4.75% pickup) ($323 thousand)	220	244	$1.8 million	$607
GDCP	$ 108.3 millon	None	7.5% ($17.2 million)	16,535	1	N/A	N/A
SCJRF	$ 3 thousand	$1.7 million	None	None	24	$1.8 million	$5,846
DARF	$ 2 thousand	$80 thousand	None	None	7	$80 thousand	$952
SEAD	$1 billion	None	New Plan: 0.25% Old Plan: 0.50%	No. Insured: 49,212	No. Insured: 37,243	No. of Claims: 977 Amt.Pd: $30.8 mil	Average Claim: $31,523
GMPF	$ 9.9 million	$1.5 million	None	13,539	660	$678 thousand	$91