

**MUNICIPAL FIRE AND POLICE
RETIREMENT SYSTEM OF IOWA**

ACTUARIAL VALUATION REPORT

JULY 1, 2006

October 12, 2006

PERSONAL & CONFIDENTIAL

Board of Trustees
Municipal Fire & Police Retirement System of Iowa
2836 – 104 Street
Des Moines, IA 50322

RE: July 1, 2006 Actuarial Report

Dear Board Members:

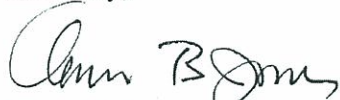
We are pleased to submit this actuarial report of the Municipal Fire and Police Retirement System of Iowa. The costs developed and presented in this report are based on asset values as of June 30, 2006, member census data as of July 1, 2006, and current System provisions, all of which were supplied by the Municipal Fire & Police Retirement System of Iowa.

The purposes of the actuarial report are:

1. To determine the normal contribution rate which is payable by the Cities under Chapter 411 of the Code of Iowa;
2. To determine the funded status of the System; and
3. To provide information relating to the disclosure requirements of the Governmental Accounting Standards Board (GASB) Statement No. 25 – Financial Reporting for Defined Benefit Pension Plans.

All costs and liabilities were determined in accordance with generally accepted actuarial principles and procedures. To the best of our knowledge, the information supplied in this report is complete and accurate and in my opinion the assumptions are reasonably related to the experience of the System and to reasonable expectations under the System. The amounts presented in the accompanying report have been determined appropriately according to the actuarial assumptions and methods stated herein, and fully and fairly disclose the actuarial position of the System.

Sincerely,



Donn B. Jones, FSA
Principal
Member of American Academy
of Actuaries
Enrolled Actuary No. 05-2717



Glen C. Gahan, FSA
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ME/kn

Enclosure

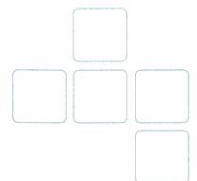


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REPORT HIGHLIGHTS

This section compares results of the current and prior two actuarial valuations. Additional supporting detail is available in other sections of the report. The Table of Contents on the prior page identifies the location of the supporting detail.

	<u>2004</u>	As of July 1 <u>2005</u>	<u>2006</u>
Cities Recommended Contribution	\$ 52,729,971	\$ 54,429,700	\$ 52,586,919
Normal Contribution Rate	28.21%	27.75%	25.48%
Plan Assets			
Market Value	1,323,691,524	1,469,753,955	1,658,428,273
Actuarial Value	1,272,587,580	1,367,204,133	1,528,572,608
Investment Return			
Market Value	18.5%	12.2%	13.7%
Actuarial Value	3.1%	8.7%	12.7%
Actuarial Present Value of Accrued Benefits			
Total Accrued Benefits	1,511,241,555	1,600,631,755	1,717,562,019
– Security Ratio	88%	92%	97%
Vested Accrued Benefits	1,464,903,529	1,562,490,808	1,682,681,228
– Security Ratio	90%	94%	99%
Annual Participating Payroll	186,919,429	196,143,062	206,385,084
Annual Pension Benefits			
Service Retirement	40,080,468	42,694,212	45,695,400
Disabled Retirement	26,855,340	28,284,312	29,826,660
Vested Retirement	1,965,372	2,152,848	2,526,216
Beneficiaries	<u>11,000,700</u>	<u>11,719,068</u>	<u>12,437,232</u>
Total	\$ 79,901,880	\$ 84,850,440	\$ 90,485,508
Number of Members			
Active	3,775	3,786	3,816
Disabled	1,021	1,037	1,052
Retirees & Beneficiaries	2,398	2,424	2,479
Vested Terminated	<u>252</u>	<u>276</u>	<u>286</u>
Total	7,446	7,523	7,633

COMMENTS ON THE VALUATION

Cities Recommended Contribution

The recommended contributions for the Retirement System are determined using the Aggregate actuarial cost method as required by Chapter 411 of the Code of Iowa. The same method has been used in prior years to determine the contribution for the Retirement System.

We recommend a contribution of \$52,586,919 be made for the 2006 plan year. This is equal to a contribution rate of 25.48% of payroll. This rate assumes that the State of Iowa will contribute approximately \$2,745,784 for the 2006 plan year.

The Retirement System's normal contribution rate decreased from 27.75% for 2005 to 25.48% for 2006. The Retirement System's contribution rate before any adjustment to the minimum contribution rate changed as follows:

July 1, 2005 normal contribution rate	27.75%
<ul style="list-style-type: none"> • Increase in contribution rate due to fixed State contribution • Plan experience more favorable than assumed • Investment experience more favorable than assumed • Changes in System provisions • Changes in actuarial assumptions 	0.07% (0.79%) (3.34%) 0.00% <u>1.79%</u>
Preliminary normal contribution rate	25.48%
<ul style="list-style-type: none"> • Increase necessary to meet minimum contribution rate 	0.00%
July 1, 2006 normal contribution rate	25.48%

Actuarial Present Value of Accrued Benefits

The value of plan assets, the present value of vested accrued benefits, and the present value of accrued benefits are displayed and compared in this section of the report. Plan assets are valued at market value. The present value of vested accrued and accrued benefits is based on actuarial assumptions that anticipate the System will continue. Summarizing from this section of the report:

	Values as of <u>July 1, 2006</u>	Funded Ratio		
		<u>2004</u>	<u>2005</u>	<u>2006</u>
Market Value of Plan Assets	\$1,658,428,273	--	--	--
Actuarial Present Value:				
Accrued Benefits	1,717,562,019	88%	92%	97%
Vested Accrued Benefits	1,682,681,228	90%	94%	99%
Interest Rate		7.5%	7.5%	7.5%

Changes in System Provisions

All System provisions remained unchanged from the prior valuation. However, the recently approved DROP program has not been reflected in the valuation, as it is pending IRS approval prior to becoming effective.

Changes in Actuarial Assumptions

Beginning with the July 1, 1999 actuarial valuation, mortality improvements represented by published mortality tables will be phased in over the next several years. The phase-in period of the 1994 Group Annuity Mortality Table should range from 6 to 20 years measured from 1999. The July 1, 2006 actuarial valuation reflects three additional steps in a plan to complete the phase-in of the 1994 Group Annuity Mortality Table based on the Mortality Table Assumption Policy described below. All other actuarial assumptions remained unchanged from the prior valuation.

Mortality Table Assumption Policy

Effective October 5, 2006, it is the policy of the Board of Trustees to annually determine whether or not to take additional mortality table phase-in steps.

Government Accounting Standards Board Disclosure

Measurements used to evaluate the funded status of the system are based on procedures set forth by GASB (Government Accounting Standards Board). In an effort to enhance the understandability and usefulness of the pension information that is included in the financial reports of pension plans for state and local governments, GASB has issued Statement No. 25 — Financial Reporting for Defined Benefit Pension Plans.

GASB Statement No. 25 establishes a financial reporting framework for defined benefit plans. In addition to two required statements regarding plan assets, the statement requires two schedules, the Schedule of Funding Progress and Schedule of Employer Contributions, and accompanying notes disclosing information relative to the funded status of the plan and historical contribution patterns.

- The Schedule of Funding Progress is not required for systems which use the Aggregate Method to determine the Annual Required Contribution (ARC). Since the Retirement System uses the Aggregate Method to determine the ARC, this schedule has not been developed.
- The Schedule of Employer Contributions provides historical information about the Annual Required Contribution (ARC) and the percentage of the ARC that was actually contributed. For the Retirement System, the ARC is equal to the normal contribution rate multiplied by the covered payroll for the year or \$55,331,841 for 2006. This is the total ARC before any adjustment for minimum contribution rates or state contributions.

Covered Members

Ages of Active Members — The average age of the active members has remained unchanged. The average age of members included in the valuation was 40.2 for the current year and 40.2 in the prior year.

Service of Active Members — The average service of the active members has remained unchanged. The average service of members included in the valuation was 13.3 for the current year and 13.3 in the prior year.

Participating Compensation and Members — Total participating compensation increased from \$196,143,062 to \$206,385,084, a 5.2% increase. The number of active members increased from 3,786 in 2005 to 3,816 in 2006.

Average Annual Compensation — The average compensation of active members is more than the average compensation for the prior year. The average compensation was \$51,807 for 2005 and \$54,084 in 2006.

ACTUARIAL VALUATION RESULTS

This section of the report provides information concerning the valuation of Retirement System assets and liabilities. The following is a brief description of the exhibits and of how the information is organized.

Retirement System Assets — Retirement System assets are amounts that have accumulated and will be used to meet future benefit obligations. In the Retirement System Assets exhibit, trust fund transactions reported by the system are traced from the prior valuation date to the current valuation date. In addition, the actuarial value of assets is developed based on the prescribed method.

Retirement System Liabilities and Contributions —The recommended annual contribution is defined by the rate of contribution and covered payroll. The rate of contribution is determined by dividing the present value of unfunded future benefits by the present value of future payroll of all members. The Retirement System's contribution rate by statute may not be less than 17% of covered payroll. GASB Statement No. 25 defines a term, the Annual Required Contribution which is equal to the Cities contribution rate (prior to adjustment for minimum contribution rates or state contributions) multiplied by the covered payroll for the fiscal year.

Present Value of Accrued Benefits —Another objective of preparing the actuarial valuation is to evaluate the funding status of the Retirement System. A comparison of the market value of assets with the present value of accrued benefits is displayed for the current and prior year.

ACTUARIAL VALUATION RESULTS

Retirement System Assets – Market Value

Year Ending June 30, 2006

		<u>Market Value</u>
Assets at June 30, 2005		\$1,469,753,955
Receipts		
Member Contributions	\$ 18,525,032	
Cities Contributions	56,078,840	
State Contributions	2,745,784	
Investment Income	212,596,312	
Securities Lending Expenses	(3,701,170)	
Investment Management Expenses	(8,835,318)	
Other Income	<u>12,633</u>	
Total Receipts		\$ 277,422,113
Disbursements		
Pensions Paid to Inactive Members	\$ (86,196,920)	
Termination Withdrawals	(1,137,028)	
Administrative Expenses	(1,259,950)	
Disability Expenses	(81,593)	
Other Expenses	<u>(72,304)</u>	
Total Disbursements		\$ (88,747,795)
Assets at June 30, 2006		\$1,658,428,273

ACTUARIAL VALUATION RESULTS

Retirement System Assets – Actuarial Value

Year Ending June 30, 2006

1. Actuarial Value of Assets at July 1, 2005	\$1,367,204,133
2. Contributions for 2005 Plan Year (Members, Cities and State)	77,349,656
3. Benefit distributions and refunds for 2005 plan year	(87,333,948)
4. Noninvestment Expenses	
a. Administrative Expenses	(1,259,950)
b. Disability Expenses	(81,593)
c. Other Expenses	<u>(72,304)</u>
d. Total	(1,413,847)
5. Expected return on Assets for year at 7.5%	109,811,843
6. Asset gains/(losses) for prior four plan years	
a. 2005	90,260,614
b. 2004	62,449,445
c. 2003	123,741,929
d. 2002	<u>(24,632,906)</u>
e. Total	251,819,082
7. Asset gains/(losses) to be recognized, 25% x 6e.	62,954,771
8. Actuarial Value of Assets at July 1, 2006 = 1 + 2 + 3 + 4d + 5 + 7	\$1,528,572,608

ACTUARIAL VALUATION RESULTS
Retirement System Liabilities and Contributions

Present Value of Unfunded Future Benefits	As of July 1	
	2005	2006
1. Actuarial Present Value of all Future Benefits		
a. Active members		
Service retirements	\$ 736,832,043	\$ 788,390,684
Ordinary disability	86,651,389	91,933,308
Accidental disability	232,268,557	246,030,676
Ordinary death	26,713,958	28,073,947
Accidental death	29,182,928	30,609,793
Withdrawal	23,175,175	24,535,979
Total Active	1,134,824,050	1,209,574,387
b. Inactive members		
Members receiving benefits	979,915,572	1,054,402,106
Deferred vested terminations	27,190,301	27,946,999
Refund of member contributions due	185,839	145,938
Total Inactive	1,007,291,712	1,082,495,043
c. Total Present Value of Future Benefits	2,142,115,762	2,292,069,430
2. Actuarial Value of Plan Assets	1,367,204,133	1,528,572,608
3. Actuarial Present Value of Future Member Contributions	188,171,508	197,411,942
4. Present Value of Unfunded Future Benefits (1) – (2) – (3)	586,740,121	566,084,880
 Determination of Preliminary Total Contribution		
5. Present value of future payroll of all covered members	2,012,529,498	2,111,357,666
6. Total (Cities plus State) normal contribution (4) ÷ (5)	29.15%	26.81%
7. Covered payroll	196,143,062	206,385,084
8. Preliminary total contribution from Cities and State (6) x (7)	57,175,703	55,331,841

ACTUARIAL VALUATION RESULTS
Retirement System Liabilities and Contributions

Determination of Cities' Contribution	As of July 1	
	<u>2005</u>	<u>2006</u>
9. Estimated State Contribution	2,745,784	2,745,784
10. Estimated State Contribution as a percent of payroll (9) ÷ (7)	1.40%	1.33%
11. Preliminary Cities' Contribution (8) – (9)	54,429,919	52,586,057
12. Cities' contribution as a percent of payroll (11) ÷ (7)	27.75%	25.48%
13. Minimum required contribution rate for Cities	17.00%	17.00%
14. Cities' contribution (Greater of 12 or 13) x (7)	\$54,429,700	\$52,586,919

ACTUARIAL VALUATION RESULTS

Actuarial Present Value of Accrued Benefits

	As of July 1	
	<u>2005</u>	<u>2006</u>
1. Present value of vested accrued benefits		
a. Present value of vested accrued benefits for active members	\$ 555,199,096	\$ 600,186,185
b. Present value of benefits for terminated members	27,376,140	28,092,937
c. Present value of benefits being paid to retirees and beneficiaries	979,915,572	1,054,402,106
Total	\$1,562,490,808	\$1,682,681,228
2. Present value of accrued nonvested benefits	38,140,947	34,880,791
3. Present value of all accrued benefits (1) + (2)	\$1,600,631,755	\$1,717,562,019
4. Market value of assets	\$1,469,753,955	\$1,658,428,273
5. Ratio of market value of assets to the present value of all accrued benefits (4) ÷ (3)	92%	97%
6. Ratio of market value of assets to the present value of vested accrued benefits (4) ÷ (1)	94%	99%

ACTUARIAL VALUATION RESULTS

Change in Actuarial Present Value of Accrued Benefits

The change in actuarial present value of accrued benefits due to various factors including benefits accumulated, the passage of time, benefits paid, changes in assumptions and changes in System provisions is displayed below.

Actuarial present value of accrued benefits on July 1, 2005	\$1,600,631,755
Change in present value of accrued benefits from July 1, 2005 to July 1, 2006 due to:	
• Additional benefits accumulated	\$ 57,428,175
• Interest due to passage of time	116,831,565
• Benefits paid	(87,333,948)
• Change in assumptions	30,004,472
• Changes in System provisions	<u>0</u>
Actuarial present value of accrued benefits on July 1, 2006	\$1,717,562,019

SYSTEM EXPERIENCE

During the plan year July 1, 2005 to June 30, 2006, actual experience differed from that expected by the actuarial assumptions, as summarized below.

Decrement Type	Expected	Actual
Actives		
Service Retirement	68	58
Accidental Disability	32	33
Ordinary Disability	14	9
Accidental Death	5	2
Ordinary Death	7	3
Withdrawal	75	93
Inactives		
Beneficiary Death	43	43
Disabled Death	38	27
Retirement Death	56	43
Vested Termination Death	1	0

SUMMARY OF ACTUARIAL ASSUMPTIONS

Interest Rate 7.5%

Salary Increase Rates Rates varying based on age. Annual rates at sample ages are displayed below:

Age	Rate
20	12.59%
25	8.67%
30	5.95%
35 or Over	4.50%

Mortality Rates

Pre-retirement Mortality

- Ordinary

Rates varying by age – Sample rates:

Age	Rate
20	0.06%
25	0.07
30	0.08
35	0.12
40	0.16
45	0.20
50	0.29
55	0.38
60	0.56
65	0.75

- Accidental

Rates varying by age – Sample rates:

Age	Rate
20	0.11%
25	0.07
30	0.06
35	0.06
40	0.06
45	0.09
50	0.24
55	0.47
60	0.75
65	1.38

SUMMARY OF ACTUARIAL ASSUMPTIONS

Post-retirement Mortality

- Ordinary

A weighting equal to 5/12 of the 1971 Group Annuity Mortality Table, Male and Female and 7/12 of the 1994 Group Annuity Mortality Table, Male and Female.

- Disabled

A weighting equal to 5/12 of the 1971 Group Annuity Mortality Table – Male, set forward six years and 7/12 of the 1994 Group Annuity Mortality Table – Male, set forward six years.

Disability Rates

- Ordinary

Rates varying by age – Sample rates:

Age	Rate
20	0.12%
25	0.12
30	0.12
35	0.15
40	0.24
45	0.37
50	0.59
55	1.09
60	2.08
65	3.39

- Accidental

Rates varying by age – Sample rates:

Age	Rate
20	0.11%
25	0.11
30	0.11
35	0.11
40	0.30
45	0.68
50	1.31
55	2.97
60	6.19
65	7.09

SUMMARY OF ACTUARIAL ASSUMPTIONS

Turnover Rates

Rates varying by age – Sample rates:

Age	Rate
20	7.11%
25	5.81
30	4.51
35	2.71
40	1.08
45	0.20
50	0.20
55	0.00
60	0.00
65	0.00

Retirement Age

Rates varying by age – Sample rates:

Age	Rate
55 – 56	35%
57 – 60	25
61	30
62	35
63	40
64	45
65	100%

SUMMARY OF ACTUARIAL ASSUMPTIONS

Administrative Expenses	None assumed.
Percentage Married	85%
Spouses' Age	Wives are three years younger than husbands.
Number of Children	2.5 per couple.
Participating Payroll	Actual annualized earnable compensation reported for prior plan year increased to the current plan year based on the System's assumed salary increase rate.

SUMMARY OF ACTUARIAL METHODS

Actuarial Cost Method

The Aggregate Actuarial Cost Method was used to determine recommended contributions. Using this method, the present value of projected benefits to be funded by future contributions is determined by subtracting the actuarial value of plan assets and the actuarial present value of future member contributions from the actuarial present value of projected benefits. This result, the present value of unfunded future benefits, is divided by the present value of future salaries of active members included in the valuation to determine a normal cost accrual rate. The normal cost accrual rate is multiplied by the total of current annual salaries of members in the valuation to determine the recommended contribution.

Using the Aggregate Method, gains and losses that arise due to actual experience are not directly determined and recognized each year. Gains and losses are included in the present value of unfunded future benefits and affect the normal cost accrual rate. As a result, gains and losses are spread over the remaining period to retirement of members in the valuation and are recognized as a portion of future annual contributions.

Actuarial Asset Valuation Method

The preliminary actuarial value is equal to the prior year's actuarial value (starting with the market value as of July 1, 1992) adjusted for contributions, disbursements and expected return on investments. The preliminary value is then increased by 25% of any investment gains or (losses) during the four prior plan years.

SUMMARY OF SYSTEM PROVISIONS

The System was established, effective January 1, 1992, by Chapter 411 of the Code of Iowa by combining each city's fire retirement system and police retirement system into a single statewide retirement system for fire fighters and police officers. Plan amendments through July 1, 2006 are reflected in this summary except for the recently approved DROP program as it is pending IRS approval prior to becoming effective.

Participation

Each person who becomes a permanent full-time police officer or fire fighter in a participating city.

Membership Service

From date of employment to date of separation from employment.

Earnable Compensation

The annual compensation which a member receives for services rendered as a police officer or fire fighter in the course of employment with a participating City, except for amounts received for overtime, meal or travel expenses, uniform allowances, fringe benefits, severance pay, mandatory deferred compensation, and accumulated sick leave or vacation pay.

Contributions

Members

The following percentages of Earnable Compensation:

Effective Date	Percentage
October 16, 1992	6.10%
July 1, 1993	7.10
July 1, 1994	8.10
January 1, 1995	8.35
July 1, 1995	9.35

Cities

The amount actuarially determined necessary to fund the benefits in accordance with accepted actuarial principles but not less than 17% of the Earnable Compensation of the active members.

State

The annual appropriation from the State of Iowa to fund benefits is about \$2,745,784 a year.

SUMMARY OF SYSTEM PROVISIONS

Average Final Compensation

The average Earnable Compensation of the member during the three years of service the member earned their highest salary as a police officer or fire fighter.

Service Retirement Benefit

Eligibility

After age 55 and completion of 22 years of service.

Benefit

Monthly annuity equal to 66.0% of Average Final Compensation plus 2.0% of Average Final Compensation for each year of service in excess of 22 years (up to 8 additional years). The maximum benefit is 82.0% of Average Final Compensation.

Termination Benefit

Eligibility

At least 4 years of service upon termination of membership before age 55, or at least 4, but less than 22 years of service upon termination of membership after age 55.

Benefit

Monthly annuity payable at age 55 or current age, if later, equal to 66.0% of Average Final Compensation plus 2.0% of Average Final Compensation for each year of service in excess of 22 years (up to 8 additional years), if any, times a ratio equal to service at termination divided by 22 (ratio not to exceed 1.0).

Effective July 1, 1990, members who terminate service, other than by death or disability, can elect to withdraw their accumulated contributions with interest in lieu of any benefits to which the member may be entitled to from the System.

SUMMARY OF SYSTEM PROVISIONS

Ordinary Disability Benefit

Eligibility	A member in good standing at any age and any length of service.
Benefit	Monthly annuity payable upon disability equal to either (a) or (b) below, but no less than (c): (a) If service at disability is greater than or equal to 5, 50% of Average Final Compensation; or (b) If service at disability is less than 5, 25% of Average Final Compensation; (c) The benefit determined using the Service Retirement formula based on service and Average Final Compensation at the date of disability.

Accidental Disability Benefit

Eligibility	A member in good standing at any age and any length of service.
Benefit	A monthly annuity equal to 60% of Average Final Compensation but no less than the benefit determined using the Service Retirement formula based on service and Average Final Compensation at the date of disability.

Ordinary Death Benefit

Eligibility	For members in service: any age and any length of service. For member not in service: 4 years of service.
Benefit	Upon death of the member, either (a) or (b) below: (a) A lump sum equal to 50% of Earnable Compensation during the last year of employment; or

**SUMMARY OF SYSTEM PROVISIONS
(continued)**

- (b) A monthly annuity equal to 40% of average final compensation but not less than 20% of the average Earnable Compensation of an active member of the System, as reported by the actuary. For a member not in service, the monthly annuity is payable on the date the member would have reached age 55, except if there is a dependent child, it is paid immediately upon death of the member.

For each dependent child, an additional benefit equal to 6% of the average Earnable Compensation of an active member of the System, as reported by the actuary. This benefit is payable until the child reaches age 18 or 22 (if a full-time student) or payable for life if the child is disabled.

Accidental Death Benefit

Eligibility

Death from causes sustained in the line of duty.

Benefit

A monthly annuity equal to 50% of Average Final Compensation payable to surviving spouse, dependent child or dependent parents. In addition, a lump sum of \$100,000 is payable to the surviving spouse, dependent child or dependent parents if death is due to a traumatic personal injury incurred in the line of duty.

For each dependent child, an additional benefit equal to 6% of the average Earnable Compensation of an active member of the System, as reported by the actuary.

Death After Retirement

Eligibility

Death of member while receiving a service (basic benefit only), ordinary, accidental or vested (basis benefit only) retirement.

**SUMMARY OF SYSTEM PROVISIONS
(continued)**

Benefit To surviving spouse, 50% of the gross monthly benefit of the retired member but not less than 20% of the average Earnable Compensation of an active member of the System, as reported by the actuary.

For each dependent child, an additional benefit equal to 6% of the average Earnable Compensation of an active member of the System, as reported by the actuary.

Annual Escalator Benefit

Eligibility All retired members, except for vested retirements, and for beneficiaries, except for beneficiaries of vested retirements.

Benefit The monthly pension benefit is increased each July 1 by the sum of (a) plus (b) below:

- (a) The previous monthly benefit multiplied by 1.5%, and
- (b) An additional dollar amount from the table below based on the number of years the member has been retired.

Amount	Years of Retirement
\$15	Less than 5
20	5 – 9
25	10 – 14
30	15 – 19
35	20 or More

Normal Form of Benefit

Married Joint and 50% Survivor Annuity.

Single Life Only Annuity.

SUMMARY OF SYSTEM MEMBERS

	July 1		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Active Members			
Number	3,775	3,786	3,816
Average Attained Age	40.0	40.2	40.2
Average Past Service	13.2	13.3	13.3
Total Annual Compensation	\$186,919,429	\$196,143,062	\$206,385,084
Average Annual Compensation	49,515	51,807	54,084
Non-Active Members in Pay Status			
Number	3,419	3,461	3,531
Average Age (excluding children)	67.3	67.6	67.7
Total Annual Benefits	\$ 79,901,880	\$ 84,850,440	\$ 90,485,508
Average Annual Benefit	23,370	24,516	25,626
Non-Active Members with Deferred Benefits			
Number*	252	276	286
Average Age	45.4	45.3	44.7
Total Annual Benefits	\$ 3,408,852	\$ 3,913,560	\$ 4,110,600
Average Annual Benefit	13,527	14,180	14,373

* Excludes 87, 48 and 38 terminated nonvested members who have not yet received a refund of contributions for 2004, 2005 and 2006 respectively.

SUMMARY OF SYSTEM MEMBERS

Reconciliation of Participant Counts

	Active	Terminated Vested	In Pay Status			Total
			Beneficiaries	Disableds	Retirees	
Number as of July 1, 2005	3,786	276	910	1,037	1,514	7,523
Change due to:						
New hires and rehires	236	(2)	0	0	0	234
Terminations	(59)*	42	0	0	0	(17)
Retirement	(58)	(25)	0	0	83	0
Disability	(42)	0	0	42	0	0
Death without Beneficiary	0	0	(43)	(8)	(12)	(63)
Death with Beneficiary	(5)	0	65	(19)	(31)	10
Refund Paid Out	(42)**	(5)	0	0	0	(47)
Benefit Aged Out	0	0	(6)	0	0	(6)
Other	0	0	(1)	0	0	(1)
Number as of July 1, 2006	3,816	286	925	1,052	1,554	7,633

* Five of the Terminations are from new hires during the period July 1, 2005 to June 30, 2006.

** Three of the Refunds Paid Out are from new hires during the period July 1, 2005 to June 30, 2006.

SUMMARY OF SYSTEM MEMBERS

Active Members — As of July 1, 2006

Age	Years of Service								Total	Average Annual Salary
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+		
Under 25	131	1	0	0	0	0	0	0	132	\$40,614
25-29	384	116	0	0	0	0	0	0	500	\$45,910
30-34	203	336	69	0	0	0	0	0	608	\$49,749
35-39	134	251	269	88	0	0	0	0	742	\$52,087
40-44	40	96	145	234	73	0	0	0	588	\$55,614
45-49	14	39	70	116	140	133	2	0	514	\$59,365
50-54	0	7	19	65	88	237	124	0	540	\$62,316
55-59	1	2	6	19	20	50	45	17	160	\$64,149
60+	0	0	1	1	1	4	6	19	32	\$63,859
Total	907	848	579	523	322	424	177	36	3,816	
Average Annual Salary	\$44,279	\$51,542	\$54,537	\$56,934	\$60,966	\$64,374	\$65,813	\$71,902		\$54,084

SUMMARY OF SYSTEM MEMBERS

Inactive Members — As of July 1, 2006

Service Retirements

Age	Number	Total Annual Benefit	Average Annual Benefit
55 – 59	246	\$11,193,384	\$45,502
60 – 64	285	11,374,896	39,912
65 – 69	267	9,076,884	33,996
70 – 74	192	5,333,028	27,776
75 – 79	168	4,270,704	25,421
80 – 84	124	2,812,152	22,679
Over 84	<u>81</u>	<u>1,634,352</u>	<u>20,177</u>
Total	1,363	\$45,695,400	\$33,526

Vested Retirements

Age	Number	Total Annual Benefit	Average Annual Benefit
55 – 59	71	\$1,144,044	\$16,113
60 – 64	46	723,996	15,739
65 – 69	27	301,512	11,167
70 – 74	32	285,828	8,932
75 – 79	11	58,140	5,285
80 – 84	4	12,696	3,174
Over 84	<u>0</u>	<u>0</u>	<u>0</u>
Total	191	\$2,526,216	\$13,226

SUMMARY OF SYSTEM MEMBERS

Inactive Members — As of July 1, 2006

Accidental Disability Retirements

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	20	\$ 513,744	\$25,687
40 – 44	17	461,604	27,153
45 – 49	55	1,527,288	27,769
50 – 54	109	3,330,468	30,555
55 – 59	169	5,470,632	32,371
60 – 64	177	5,414,028	30,588
65 – 69	135	3,857,508	28,574
70 – 74	94	2,526,276	26,875
75 – 79	52	1,343,304	25,833
80 – 84	27	675,336	25,012
Over 84	<u>21</u>	<u>472,140</u>	<u>22,483</u>
Total	876	\$25,592,328	\$29,215

Ordinary Disability Retirements

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	7	\$ 147,228	\$21,033
40 – 44	10	209,760	20,976
45 – 49	13	289,968	22,305
50 – 54	30	834,636	27,821
55 – 59	37	994,044	26,866
60 – 64	28	720,492	25,732
65 – 69	20	465,240	23,262
70 – 74	15	283,596	18,906
75 – 79	7	130,332	18,619
80 – 84	5	97,224	19,445
Over 84	<u>4</u>	<u>61,812</u>	<u>15,453</u>
Total	176	\$4,234,332	\$24,059

SUMMARY OF SYSTEM MEMBERS

Inactive Members — As of July 1, 2006

Beneficiaries (Spouse)

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	10	\$ 181,776	\$18,178
40 – 44	7	108,276	15,468
45 – 49	15	237,816	15,854
50 – 54	30	506,352	16,878
55 – 59	45	783,612	17,414
60 – 64	58	861,612	14,855
65 – 69	104	1,593,132	15,319
70 – 74	112	1,532,460	13,683
75 – 79	153	2,061,576	13,474
80 – 84	137	1,791,360	13,076
Over 84	<u>194</u>	<u>2,521,668</u>	<u>12,998</u>
Total	865	\$12,179,640	\$14,081

Beneficiaries (Children)

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 3	1	\$ 3,408	\$3,408
3 – 5	0	0	0
6 – 8	7	24,660	3,523
9 – 11	5	18,084	3,617
12 – 14	5	19,584	3,917
15 – 17	11	45,024	4,093
18 – 20	13	55,488	4,268
Over 20	<u>18</u>	<u>91,344</u>	<u>5,075</u>
Total	60	\$257,592	\$4,293

SUMMARY OF SYSTEM MEMBERS

Inactive Members — As of July 1, 2006

Terminated Vested

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	73	\$ 624,912	\$ 8,560
40 – 44	54	727,908	13,480
45 – 49	79	1,346,652	17,046
50 – 54	79	1,379,052	17,456
Over 54	<u>1</u>	<u>32,076</u>	<u>32,076</u>
Total	286	\$4,110,600	\$14,373