

Hall Actuarial Associates

Charles G. Hall
F.C.A., M.A.A.A., A.S.A.
Enrolled Actuary

1624 LaSalle Parc Drive
Baton Rouge, La. 70806
(225) 928-7866

September 17, 2009

Board of Trustees
LOUISIANA SCHOOL EMPLOYEES'
RETIREMENT SYSTEM

Post Office Box 44516
Baton Rouge, Louisiana 70804-4516

Ladies and Gentlemen:

This report presents the results of the actuarial valuation of assets and liabilities, as well as funding requirements, for the Louisiana School Employees' Retirement System as of June 30, 2009.

This report has been prepared in accordance with generally accepted actuarial principles and practices and to the best of my knowledge, fairly reflects the actuarial present value of accrued benefits of the Louisiana School Employees' Retirement System.

In preparing this valuation, I have relied upon the information provided regarding plan provisions, plan membership, plan assets and other matters as detailed in the exhibits of this report. In particular, I have relied upon the statement of assets as provided by Duplantier, Hrapmann, Hogan & Maher; Certified Public Accountants.

The present values shown herein have been estimated on the basis of actuarial cost method specified in Louisiana Revised Statutes Title 11 Section 22(5). The Actuarial Assumptions, which have been approved by the Board of Trustees, are appropriate for the purposes of this valuation; are reasonable in the aggregate, and when applied in combination represents my best estimates of the anticipated experience under the plan.

Board of Trustees
September 17, 2009

A brief summary of the more important figures developed in this valuation, with comparable results from previous valuations are as follows:

	<u>June 30, 2009</u>	<u>-----Prior Years-----</u>	
		<u>June 30, 2008</u>	<u>June 30, 2007</u>
I. Membership Census			
1) Retirees	12,290	12,159	12,017
2) Actives	13,265	13,153	12,935
3) DROP	508	583	673
4) Terminated Vested	361	385	385
II. Annual Benefits	\$ 120,719,868	\$ 118,321,000	\$ 115,079,088
III. Total Payroll	315,400,539	289,528,924	259,044,840
IV. Valuation Assets	1,410,315,974	1,578,991,310	1,558,328,021
V. Investment Yield ¹			
Market Value	<u>-16.94%</u>	<u>-4.74%</u>	<u>14.90%</u>
5 year avg.	0.80%	7.02%	8.86%
10 year avg.	2.62%	5.08%	7.26%
Actuarial Value ¹	<u>-7.08%</u>	<u>5.87%</u>	<u>9.85%</u>
5 year avg.	4.87%	7.55%	6.16%
10 year avg.	3.91%	6.29%	7.46%
DROP Accounts ¹	<u>0.00%</u>	<u>5.37%</u>	<u>9.35%</u>
VI. Experience Account	0	0	0
VI. Cost to Fund Annual Pension Accruals (Normal Costs)	57,075,395 18.10%	53,753,324 18.57%	49,880,025 19.26%
VII. Unfunded Actuarial Accrued Liability	743,043,538	481,250,581	389,274,992
VIII. Funded Percentage	65.5%	76.6%	80.0%
IX. Funding Requirements to Pay (Mid-year Payment)			
1) Employee Contribution	7.50%	7.50%	7.50%
2) Employer Contribution Rate (Current Year)	74,305,318 23.3%	54,526,426 18.6%	45,808,043 17.5%
3) Projected Employer Rate (Next Fiscal Year)	79,489,798 24.3%	52,967,161 17.6%	47,867,770 17.8%

Funding Requirements measure the cost of benefits in effect on June 30, 2009.

¹ Excludes Money Market DROP Accounts effective June 30, 2009.

Board of Trustees
September 17, 2009

UNFUNDED LIABILITY

The Actuarial Valuation for the plan year ending June 30, 2009 discloses an increase in the plan's unfunded actuarial accrued liability. The system's unfunded accrued liability increased from a prior year balance of \$481.2 million to the current deficit of \$743.0 million. It is generally appropriate for the current valuation process to disclose the source and cause of any significant changes in actuarial assumptions, gains or losses resulting from actual experience which differs significantly from expected plan experience.

The basic elements of the annual required contribution are the normal cost and amortization of the Unfunded Actuarial Liability (UAL). The normal cost is the annual cost to provide an additional year of benefit accrual. The normal cost is divided into two parts, the employee portion and the employer portion, both are expressed as a percentage of payroll. Act 81 of the 1988 Legislative Session provides for the amortization of the initial UAL, plus subsequent changes in benefits, methods or gain/loss experience.

To assist the Board of Trustees in reconciling changes in the unfunded actuarial accrued liability, the following gain/loss analysis is presented as follows:

CHANGE IN UNFUNDED LIABILITY

Unfunded Liability 6/30/2008		\$ 481,250,581
INCREASES		
Interest on Unfunded Liability	\$ 36,093,794	
Investment Loss	294,691,079	
Employer Shortfall Charge	<u>2,179,782</u>	
Incurred Increases	332,964,655	
DECREASES		
Amortization Payment	\$ 27,848,739	
Experience Gain	<u>43,322,959</u>	
Incurred Decreases	71,171,698	
Unfunded Liability 6/30/2009		\$ 743,043,538

Board of Trustees
September 17, 2009

Funding

The projected employer contribution rate for the 2009-2010 plan year was set by PERSAC at 17.6%. The actual employer contribution rate determined by this valuation for the current plan year is 23.3%. Therefore, the current plan year should generate a contribution shortfall loss since the PERSAC approved rate understates the valuation rate by 5.7%.

Legislative Changes

Act 516 restructures rules governing rehired retired bus drivers. Any participating employer rehiring a retired bus driver shall pay an allocated share of the aggregate actuarial cost, if any, of all employers participating in this provision.

Act 270 permits the member to make an irrevocable election at retirement to receive a reduced benefit which increases 2.5% annually. The increases begin on the 1st retirement anniversary date, but not before the retiree attains age 55 or would have attained age 55 in the case of a surviving spouse.

Disclosures

Exhibit 3, "Pension Accounting and Financial Disclosure", contains disclosure of the accrued liabilities under the Entry Age Normal Actuarial Cost Method required by the Governmental Accounting Standards Board Statement No. 25.

The format of this report was designed with the intent of highlighting the pertinent results of the valuation's funding requirements. Should you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Charles G. Hall, FCA,MAAA,ASA
Consulting Actuary

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EXHIBIT 1
DEVELOPMENT
OF
COSTS, LIABILITIES AND CONTRIBUTIONS

Normal Costs and Accrued Liabilities are calculated in accordance with the Individual entry Age Normal Actuarial Cost Method, and the Actuarial Assumptions outlined in Exhibit 6 based on the Provisions of the Plan as summarized in Exhibit 5.

	<u>June 30, 2009</u>		<u>June 30, 2008</u>	
	<u>Dollar</u>	<u>% of</u>	<u>Dollar</u>	<u>% of</u>
	<u>Amount</u>	<u>Salary</u>	<u>Amount</u>	<u>Salary</u>
I. Normal Costs				
(to fund annual pension accruals)				
Active Members with Complete Data				
a) Retirement Benefits	\$ 38,979,262	%12.36%	\$ 36,301,909	12.54%
b) Disability Benefits	2,042,674	.65%	1,894,494	.66%
c) Survivor Benefits	2,609,039	.83%	2,375,887	.82%
d) Voluntary Termination	8,944,420	2.83%	8,481,034	2.93%
e) Expenses	<u>4,500,000</u>	<u>1.43%</u>	<u>4,700,000</u>	<u>1.62%</u>
TOTAL	57,075,395	18.10%	53,753,324	18.57%
II. Actuarial Accrued Liability				
a) Active Members				
1) Retirement Benefits	\$ 709,335,898		\$ 652,348,779	
2) Disability Benefits	21,678,434		17,259,905	
3) Survivor Benefits	19,034,336		20,513,847	
4) Voluntary Termination	<u>59,954,585</u>		<u>56,691,936</u>	
	810,003,253		746,814,467	
b) Retired and Inactive Members				
1) Regular Retirees	928,029,998		916,830,798	
2) Disabled Retirees	25,977,039		28,706,651	
3) Survivors	117,161,229		110,792,195	
4) Vested Deferred & Reciprocals	28,963,538		30,533,726	
5) Contributions Refunded	3,834,609		3,424,586	
6) DROP Deferred Benefits	173,323,588		157,798,805	
7) DROP Account Balances	<u>66,066,258</u>		<u>65,340,663</u>	
	1,343,356,259		1,313,427,424	
c) TOTAL	2,153,359,512		2,060,241,891	

Exhibit 1 (Continued)
Costs, Liabilities & Contributions

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
II. Actuarial Accrued Liability		
TOTAL (Preceding page)	\$ 2,153,359,512	\$ 2,060,241,891
III. Assets	1,410,315,974	1,578,991,310
IV. Unfunded Actuarial Accrued Liabilities - (Surplus)	743,043,538	481,250,581
a) Change over prior year	261,792,957	91,975,589
b) Funded Percentage	65.49%	76.64%
V. Employer Contributions		
<u>To Fund Current Plan Year¹</u>		
a) Employer Portion of Normal Cost	29,265,303	27,666,717
b) Amortization Payments	42,088,087	19,703,260
c) Previous Year (Short-fall)	<u>2,951,928</u>	<u>7,156,449</u>
	74,305,318	54,526,426
	23.3%	18.6%
	<u>17.6%</u>	<u>17.8%</u>
VI. Projected Employer Contributions		
<u>To Fund 2010-11 Plan Year¹</u>		
a) Employer Portion of Normal Cost	30,023,182	28,395,191
b) Amortization Payments	44,028,707	21,560,312
c) Short-fall Charge	<u>5,437,909</u>	<u>3,011,658</u>
TOTAL Projected Contribution	79,489,798	52,967,161
	24.3%	17.6%
VII. Current Payroll	315,400,539	289,528,924
Projected Payroll - Mid Year	319,162,485	293,003,252
Projected Payroll - Next Year	327,427,793	300,718,131

¹Dollar Amounts reflect estimated payments due mid-year on January 1st per Act 81.

EXHIBIT 2

**FINANCIAL SUMMARY
STATEMENT OF REVENUES AND EXPENSES
FOR FISCAL YEAR ENDING**

	<u>June 30, 2009</u>	-----Prior <u>June 30, 2008</u>	Years----- <u>June 30, 2007</u>
<u>OPERATING REVENUES:</u>			
1. Contribution Income			
Member	\$ 23,017,957	\$ 21,398,728	\$ 19,258,618
Employer	55,715,529	51,765,697	50,489,918
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL CONTRIBUTIONS	78,733,486	73,164,425	69,748,536
2. Investment Income			
Investments	-245,208,127	-73,063,296	224,963,755
Less, Manager Fees	<u>-2,978,314</u>	<u>-3,052,102</u>	<u>-3,183,034</u>
TOTAL INVESTMENT INCOME	-248,186,441	-76,115,398	221,780,721
3. Total Revenues	-169,452,955	-2,950,973	291,529,257
<u>OPERATING EXPENSES:</u>			
1. General Administration	4,518,576	4,704,910	3,587,553
Other Expenses	129,501	131,802	127,973
2. Benefits Paid			
a) Pension Benefits	131,126,987	133,619,893	130,256,443
b) Return of Contrib.	3,103,573	3,123,097	4,989,215
c) Transfers to(from)	<u>222,500</u>	<u>-143,191</u>	<u>334,411</u>
TOTAL BENEFITS PAID	134,453,060	136,599,799	135,580,069
3. Total Operating Expenses	139,101,137	141,436,511	139,295,595
<u>NET INCREASE:</u>	-308,554,092	-144,387,484	152,233,662

EXHIBIT 2 (Continued)
Financial Summary

FINANCIAL SUMMARY
STATEMENT OF ASSETS
FOR FISCAL YEAR ENDING

	<u>June 30, 2009</u>	-----Prior Years----- <u>June 30, 2008</u>	<u>June 30, 2007</u>
<u>ASSETS:</u>			
1. Short Term Assets			
Cash in Banks	\$ 9,423,094	\$ 15,714,474	\$ 16,553,344
Securities	66,138,969	91,704,516	73,653,099
Fixed Income Funds	0	11,722,545	10,283,473
2. Bonds			
Bonds - General	189,813,515	374,749,252	380,308,301
U.S. Government Obligations	170,760,052	41,746,837	41,230,226
3. Equities,			
Domestic Stock	534,647,819	703,980,813	829,543,133
Foreign Stocks	138,762,259	111,309,973	126,229,365
Private Equity Funds	83,829,539	14,628,427	5,186,030
International Equity Funds	0	61,369,218	63,851,755
4. Real Estate			
Real Estate Investment	1,993,124	2,603,822	2,261,714
Real Estate Funds	0	96,500,618	104,778,358
5. Property and Equipment	3,465,680	3,585,751	3,684,688
6. Receivables - Payables	<u>4,853,706</u>	<u>-17,374,397</u>	<u>-934,153</u>
TOTAL ASSETS - Market Value	1,203,687,757	1,512,241,849	1,656,629,333
Valued at Cost	1,317,081,766	1,420,812,620	1,394,185,128
<u>INVESTMENT YIELD:</u>			
Yield to Actuarial Value	-7.08%	5.87%	9.85%
DROP Account Yield	0.00%	5.37%	9.35%
Yield to Market Value	-16.94%	-4.74%	14.90%
<u>EXPERIENCE ACCOUNT FUND:</u>			
Prior Year End Balance	0	0	0
+ Excess Added	0	0	0
- Contribution Credited	0	0	0
+ Accumulated Interest	0	0	0
Fund Balance - Year End	0	0	0
<u>Actuarial Value of Assets:</u>			
TOTAL ASSETS	1,203,687,757	1,512,241,849	1,656,629,333
Change in Unrealized (G/L)			
Plan Year - 2 (wt. 1/4)	129,986,799	-13,926,514	31,097,880
Plan Year - 1 (wt. 2/4)	-171,014,976	129,986,799	-13,926,514
Plan Year (wt. 3/4)	<u>-204,823,238</u>	<u>-171,014,976</u>	<u>129,986,799</u>
Actuarial Value of Assets	1,410,315,974	1,578,991,310	1,558,328,021
Less, Experience Account Fund	0	0	0
Valuation Assets	1,410,315,974	1,578,991,310	1,558,328,021

EXHIBIT 3

**PENSION ACCOUNTING
AND
FINANCIAL DISCLOSURE**

The Governmental Accounting Standards Board (GASB) was established as an arm of the Financial Accounting Foundation in April 1984 by amendment to the Foundation's certificate of incorporation and by-laws. GASB's objective is to promulgate standards of financial accounting and reporting relative to the activities and transactions of state and local governmental entities. The following disclosures and statistical tables are in accordance with the GASB's Statement No. 25.

SCHEDULE OF FUNDING PROGRESS

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
2000	1,556,270	1,291,823	-264,447	120.5	241,128	-109.7
2001	1,516,236	1,472,423	- 43,814	103.0	249,674	- 17.5
2002	1,433,859	1,582,071	148,212	90.6	258,876	57.3
2003	1,369,601	1,730,796	361,195	79.1	268,656	134.4
2004	1,381,154	1,820,959	439,805	75.8	259,698	169.4
2005	1,423,207	1,889,445	466,238	75.3	259,232	179.9
2006	1,480,748	1,872,594	391,846	79.1	239,321	163.7
2007	1,558,328	1,947,603	389,275	80.0	259,045	150.3
2008	1,578,991	2,060,242	481,251	76.6	289,529	166.2
2009	1,410,316	2,153,360	743,044	65.5	315,400	235.6

The total actuarial accrued liability determined using the Individual Entry Age Normal cost method increased by \$93,117,621 from June 30, 2008 to June 30, 2009. From all sources there was a net experience loss of \$251,368,120.

EXHIBIT 3 (Continued)
Pension Accounting & Financial Disclosure

SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year</u>	<u>Actuarial Required Contribution</u> ¹	<u>Percent Contributed</u>	<u>Annual Pension Cost (APC)</u> ¹	<u>Actual Contribution</u> ¹	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2000	14,841,241	100.0	606,683	14,841,242	2446.3	-48,216
2001	15,257,791	100.0	543,354	15,257,791	2808.1	-46,733
2002	15,616,982	100.0	581,417	15,616,983	2686.0	-19,944
2003	16,440,025	100.0	13,856,760	16,440,025	118.6	-13,887
2004	47,980,745	58.7	41,929,947	28,163,575	67.2	19,817,170
2005	46,187,680	61.0	42,775,863	37,753,893	88.3	24,839,140
2006	50,768,224	85.6	45,648,519	43,458,220	95.2	27,029,439
2007	46,711,648	108.1	39,949,441	50,489,918	126.4	16,488,962
2008	50,003,327	103.5	43,384,440	51,765,697	119.3	8,107,705
2009	57,895,311	96.2	51,083,424	55,715,529	109.1	3,475,600

Analysis of the percentage contributed over a period of years will give a relative indication of the funding progress for the liabilities of the Louisiana School Employees' Retirement System.

The difference between the Actuarial Required Contribution and the APC is the amortization payment for the Net Pension Obligation (see Exhibit A), plus a constitutional mandated amount for plan years prior to 2003 to bring the total employer contribution up to 6% of covered payroll.

DEVELOPMENT OF NET PENSION OBLIGATION:

(1) Actuarial Required Contribution	57,895,311
(2) Interest on Net Pension Obligation	608,078
(3) Amortization of Net Pension Obligation	7,419,964
(4) Annual Pension Cost (1)+(2)-(3)	51,083,424
(5) Employer Contribution	55,715,529
(6) Increase (decrease) in Net Pension Obligation	-4,632,105
(7) Net Pension Obligation Beginning of Year	8,107,705
(8) Net Pension Obligation End of Year (6)+(7)	3,475,600

¹ Actuarial Contributions, the Annual Pension Cost (APC), and the actual employer contribution made have been adjusted with interest at the valuation rate to the end of the fiscal year in accordance with GASB's Statement No. 27, paragraph 21.

EXHIBIT 3 (Continued)**Pension Accounting & Financial Disclosure**

STATISTICAL DATA

COMPARATIVE SUMMARY OF REVENUES BY SOURCE
AND EXPENSES BY TYPE

Revenues by Source

<u>Fiscal</u> <u>Year End</u>	<u>Members</u> <u>Contribution</u>	<u>Employer</u> <u>Contribution</u>	<u>Investment</u> <u>Income</u>	<u>Total</u>
2000	15,149,157	81,777 ¹	119,308,696	134,539,630
2001	15,574,349	74,856 ¹	-28,746,088	-13,096,883
2002	18,827,944	105,899 ¹	-34,986,556	-16,052,713
2003	19,820,210	58,736 ¹	50,126,072	70,005,018
2004	19,676,052	21,940,471 ¹	157,897,575	199,514,098
2005	18,946,671	37,753,893	115,092,079	171,792,643
2006	17,716,761	43,458,220	84,039,860	145,214,841
2007	19,258,618	50,489,918	221,780,721	291,529,257
2008	21,398,728	51,765,697	-76,115,398	-2,950,973
2009	23,017,957	55,715,529	-248,186,444	-169,452,955

Expenses by Type

<u>Fiscal</u> <u>Year End</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative</u> <u>Expenses</u>	<u>Total</u>
2000	75,855,391	2,243,027	2,285,482	80,383,900
2001	81,885,206	2,389,111	2,588,233	86,862,550
2002	89,516,977	1,992,256	2,366,271	93,875,504
2003	97,598,053	2,420,242	2,793,560	105,811,855
2004	102,474,273	3,866,339	2,782,636	109,123,248
2005	109,842,001	3,077,121	3,259,996	116,179,118
2006	119,959,677	7,848,744	3,410,071	131,218,492
2007	130,256,443	5,323,626	3,715,526	139,295,595
2008	133,619,893	3,123,097	4,693,521	141,436,511
2009	131,126,987	3,326,073	4,648,077	139,101,137

¹Employer Contributions exclude the Employer Contribution Credit.

EXHIBIT 4

CENSUS DATA

GENERAL COMMENTS

The data contained in this valuation is summarized on the following pages with exceptions noted below. The profile depicted in the cellular graphs represents "error-free data", which serves as the basis for determining costs and liabilities. Active members are allocated to cells based upon attained age and years of service. Retirees and Survivors are allocated to cells based upon attained age and years elapsed since retirement or commencement of benefits.

The validity of the results of any actuarial valuation is dependent upon the accuracy of the data base. Prior to processing, suspicious data and data containing errors were purged from the data base and processed separately based on the following error types:

- missing sex code
- missing or invalid date of birth
- missing or invalid date of employment
- missing or invalid salary
- invalid retirement dates

This year there were no records purged from the database containing errors or categorized as suspicious data, which is a significant improvement in the quality of data reported when compared to previous years. Suspicious data are not necessarily errors, but data, which falls outside the parameters of the editing process for further checking.

Salary data contained in the profiles and valuation report exceed the amount reported by internal audit due the annualization of salaries. In the valuation process, membership data with fractional service in the first year of employment annualizes the salary.

The following is a summary of the data submitted for valuation:

	---2009---	---2008---	---2007---
	<u>Census</u>	<u>Census</u>	<u>Census</u>
Active Members	12,589	12,519	12,344
After DROP	676	634	591
Regular Retirees	10,067	9,980	9,846
Disability Retirees	421	468	487
Survivors	1,802	1,711	1,684
Terminated Vested	361	385	385
DROP Participants	<u>588</u>	<u>583</u>	<u>673</u>
TOTAL	26,504	26,280	26,010

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LSER RETIREMENT SYSTEM
ACTIVE - BEFORE 6/30/2006

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2009

Age	YEARS EMPLOYED										Total
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)		
[0-19):	0	1	0	0	0	0	0	0	0	0	1
:	0	20339	0	0	0	0	0	0	0	0	20339
[20-24):	0	9	2	0	0	0	0	0	0	0	11
:	0	204196	55610	0	0	0	0	0	0	0	259806
[25-29):	0	80	47	2	0	0	0	0	0	0	129
:	0	1737645	1101707	64991	0	0	0	0	0	0	2904343
[30-34):	0	135	123	38	2	0	0	0	0	0	298
:	0	2679678	2864679	1032353	81916	0	0	0	0	0	6658626
[35-39):	0	172	304	120	34	3	0	0	0	0	633
:	0	3712107	6882477	3073552	925350	104707	0	0	0	0	14698193
[40-44):	0	273	476	301	148	52	2	0	0	0	1252
:	0	5699853	10792016	7327173	4183473	1601797	56429	0	0	0	29660741
[45-49):	0	303	609	479	312	147	112	2	0	0	1964
:	0	6527667	13489786	11762369	7729293	4349970	4199749	58470	0	0	48117304
[50-54):	0	259	507	519	422	241	191	23	1	0	2163
:	0	5684426	11518389	12610549	10601240	6548323	5829110	835525	32489	0	53660051
[55-59):	0	206	415	385	429	285	64	15	2	0	1801
:	0	4454144	9425199	9383577	11005226	7569268	1621553	440680	69954	0	43969601
[60-64):	0	140	286	138	96	50	30	12	2	0	754
:	0	3038075	6348985	3025879	2438363	1247513	742607	396670	65999	0	17304091
[65-69):	0	56	102	38	34	14	8	9	4	0	265
:	0	1092369	2098768	787392	837441	313612	196724	245338	154127	0	5725771
[70-74):	0	41	54	17	7	6	10	3	6	0	144
:	0	738341	998209	394116	171761	151964	214788	43752	204928	0	2917859
TOTALS	0	1675	2925	2037	1484	798	417	64	15	0	9415
count	0	35588840	65575825	49461951	37974063	21887154	12860960	2020435	527497	0	225896725
salary	0										

AVERAGES --- Attained Age 50.59
Service Years 11.86
Active Salary 23,993

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LSER RETIREMENT SYSTEM
ACTIVE - AFTER 6/30/2006

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY

VALUATION DATE 6/30/2009

Age	YEARS EMPLOYED									Total
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	
[0-19)	5	1	0	0	0	0	0	0	0	6
	97755	17250	0	0	0	0	0	0	0	115005
[20-24)	48	88	0	0	0	0	0	0	0	136
	1408927	1849090	0	0	0	0	0	0	0	3258017
[25-29)	78	154	0	0	0	0	0	0	0	232
	1614092	3132159	0	0	0	0	0	0	0	4746251
[30-34)	77	229	0	0	0	0	0	0	0	306
	1426239	4578135	0	0	0	0	0	0	0	6004374
[35-39)	112	273	0	0	0	0	0	0	0	385
	2139588	5600116	0	0	0	0	0	0	0	7739704
[40-44)	128	404	0	0	0	0	0	0	0	532
	2530396	8434557	0	0	0	0	0	0	0	10964953
[45-49)	131	404	0	0	0	0	0	0	0	535
	2723876	8789043	0	0	0	0	0	0	0	11512919
[50-54)	128	360	0	0	0	0	0	0	0	488
	2482276	7695095	0	0	0	0	0	0	0	10177371
[55-59)	64	234	0	0	0	0	0	0	0	298
	1221817	5144189	0	0	0	0	0	0	0	6366006
[60-64)	39	104	0	0	0	0	0	0	0	143
	705661	2122188	0	0	0	0	0	0	0	2827849
[65-69)	15	72	0	0	0	0	0	0	0	87
	259063	1367957	0	0	0	0	0	0	0	1627020
[70-74)	4	22	0	0	0	0	0	0	0	26
	62865	387402	0	0	0	0	0	0	0	450267
TOTALS	829	2345	0	0	0	0	0	0	0	3174
salary	16672557	49117181	0	0	0	0	0	0	0	65789738

AVERAGES --- Attained Age 44.56
Service Years 1.63
Active Salary 20,728

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LSEER RETIREMENT SYSTEM
ACTIVE AFTER DROP

CELLS DEPICT - MEMBER COUNT
TOTAL SALARY
DROP BENEFITS

VALUATION DATE 6/30/2009

Age	YEARS EMPLOYED									Total	
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)		
[0-34)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[35-39)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[40-44)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[45-49)	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
:	0	0	0	0	0	0	0	0	0	0	0
[50-54)	3	1	1	0	0	0	0	0	0	0	5
:	151848	33264	41484	0	0	0	0	0	0	0	226596
:	70032	16632	20712	0	0	0	0	0	0	0	107376
[55-59)	33	23	11	2	2	3	0	0	0	0	74
:	2717868	906252	497940	83364	71784	115980	0	0	0	0	4393188
:	620316	421620	246096	53304	33972	49620	0	0	0	0	1424928
[60-64)	66	78	25	18	12	22	0	0	0	0	221
:	2695416	2743224	934548	744384	582480	661164	0	0	0	0	8361216
:	827808	846948	402264	327924	182388	247500	0	0	0	0	2834832
[65-69)	9	12	49	45	29	94	3	0	0	0	241
:	275664	469812	1704048	1474776	812172	2311980	79284	0	0	0	7127736
:	48228	121128	481128	374484	235200	727584	32064	0	0	0	2019816
[70-74)	4	1	3	5	14	91	17	0	0	0	135
:	184764	28080	143748	154152	601440	2141976	351180	0	0	0	3605340
:	25164	4284	39960	33408	77472	534300	120468	0	0	0	835056
TOTALS											
count	115	115	89	70	57	210	20	0	0	0	676
salary	6025560	4180632	3321768	2456676	2067876	5231100	430464	0	0	0	23714076
benefit	1591548	1410612	1190160	789120	529032	1559004	152532	0	0	0	7222008

AVERAGES --- Attained Age 65.68
Post Drop Years 3.86
Active Salary 35,080
Annual Benefit 10,683

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LSER RETIREMENT SYSTEM
REGULAR RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2009

Age	YEARS RETIRED										Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)		
[0-39)	0	0	0	0	0	0	0	0	0	0	0
[40-44)	1	0	1	2	0	0	0	0	0	0	4
	5664	0	3780	11640	0	0	0	0	0	0	21084
[45-49)	3	13	12	15	5	27	1	0	0	0	76
	66504	183192	148176	229224	47196	307296	6204	0	0	0	987792
[50-54)	16	19	27	73	35	85	8	1	1	1	265
	284424	338880	430608	1180044	605208	1258296	69468	6672	8268	8268	4181868
[55-59)	28	29	50	132	131	256	45	17	6	6	694
	479652	429600	815424	2520372	2370720	4526244	359988	98568	32256	32256	11632824
[60-64)	68	89	121	172	231	792	148	49	19	19	1689
	675840	1094832	1219632	1985472	2949684	11451312	1278684	315540	115152	115152	21086148
[65-69)	17	26	41	94	77	1215	617	98	28	28	2213
	179292	286296	356868	976428	639588	11693448	6100884	803676	172872	172872	21209352
[70-74)	17	15	17	30	29	292	1282	247	82	82	2011
	171552	172392	192072	243564	237720	2223756	10104660	2655540	712188	712188	16713444
[75-79)	1	4	5	7	7	80	581	736	180	180	1601
	12540	26772	37464	66804	66540	639204	4253424	6440460	1701672	1701672	13244880
[80-84)	0	0	2	0	0	13	106	423	414	414	958
	0	0	16692	0	0	141540	819756	3741348	4228080	4228080	8947416
[85-89)	0	0	1	0	0	5	19	50	332	332	407
	0	0	6360	0	0	30960	173004	448968	3342324	3342324	4001616
[90-99)	0	0	0	0	0	0	0	2	147	147	149
	0	0	0	0	0	0	0	14700	1443612	1443612	1458312
TOTALS	151	195	277	525	515	2765	2807	1623	1209	1209	10067
benefit	1875468	2531964	3227076	7213548	6916656	32272056	23166072	14525472	11756424	11756424	103484736

AVERAGES --- Attained Age 70.65
Years Retired 11.72
Annual Benefit 10,280

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LSER RETIREMENT SYSTEM
DISABILITY RETIREES

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2009

Age	YEARS RETIRED									Total	
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)		
[0-39)	1	0	0	0	0	0	1	0	0	2	
	4560	0	0	0	0	0	2592	0	0	7152	
[40-44)	0	2	3	1	1	4	2	1	0	14	
	0	22320	25980	6708	3408	25740	8580	5388	0	98124	
[45-49)	4	5	5	6	7	22	9	1	1	60	
	24888	29952	45936	43272	40716	147948	56724	4584	6480	400500	
[50-54)	10	15	6	10	15	40	23	9	6	134	
	86160	105636	51852	93060	109632	263760	127272	49512	33744	920628	
[55-59)	14	17	13	21	13	57	28	9	4	176	
	124920	119256	115104	143088	86628	297684	134508	43488	21624	1086300	
[60-64)	0	2	4	2	3	1	0	2	0	14	
	0	9168	20676	11736	16428	4212	0	7860	0	70080	
[65-69)	1	0	3	3	0	0	1	1	1	10	
	7140	0	14196	13632	0	0	3696	5028	3780	47472	
[70-74)	0	0	1	2	1	0	0	0	0	4	
	0	0	5808	9516	5748	0	0	0	0	21072	
[75-79)	0	0	0	0	0	0	0	0	3	3	
	0	0	0	0	0	0	0	0	8400	8400	
[80-84)	0	0	0	0	0	0	0	1	0	1	
	0	0	0	0	0	0	0	4296	0	4296	
[85-89)	0	0	0	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	0	0	0	
[90-99)	0	0	0	0	0	0	0	0	3	3	
	0	0	0	0	0	0	0	0	11364	11364	
TOTALS	count	30	41	35	45	40	124	64	24	18	421
	benefit	247668	286332	279552	321012	262560	739344	333372	120156	85392	2675388

AVERAGES --- Attained Age 55.19
Years Retired 7.20
Annual Benefit 6,355

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LSEER RETIREMENT SYSTEM
SURVIVOR BENEFITS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2009

Age	YEARS RETIRED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-39)	21	0	3	1	4	10	14	6	7	66
	258948	0	13404	13440	43632	95208	109596	45396	43308	622932
[40-44)	18	0	4	3	2	3	5	2	2	39
	189960	0	27156	27720	13896	23424	31044	12912	14772	340884
[45-49)	14	2	2	4	2	10	6	0	4	44
	117816	28080	20052	81852	18300	67764	40260	0	32760	406884
[50-54)	19	3	2	8	4	8	11	11	0	66
	154476	19260	28356	70092	30024	71340	82596	66696	0	522840
[55-59)	11	3	6	3	7	33	28	15	8	114
	125868	23136	52944	18732	44676	311292	190548	97536	71532	936264
[60-64)	52	4	3	6	8	31	31	19	6	160
	661944	45240	20508	70656	66312	250584	208860	161892	45312	1531308
[65-69)	105	0	1	1	4	23	44	41	24	243
	1011132	0	3648	9288	31116	151416	283164	301356	191424	1982544
[70-74)	142	1	1	2	2	19	51	66	45	329
	1079064	3708	7788	14220	12108	122484	325212	508428	335772	2408784
[75-79)	117	1	1	0	2	14	33	81	83	332
	844224	11196	4116	0	12156	114768	269052	691296	614040	2560848
[80-84)	31	0	1	0	2	9	20	55	99	217
	198600	0	9564	0	10344	59160	144360	476124	847920	1746072
[85-89)	11	0	1	0	1	10	30	16	62	131
	90336	0	7788	0	5904	94260	230916	127620	487956	1044780
[90-99)	3	0	1	0	1	6	25	11	14	61
	19992	0	3828	0	8172	33732	190872	84072	114936	455604
TOTALS	544	14	26	28	39	176	298	323	354	1802
benefit	4752360	130620	199152	306000	296640	1395432	2106480	2573328	2799732	14559744

AVERAGES --- Attained Age 70.39
Years Retired 10.50
Annual Benefit 8,080

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS EMPLOYED

LSEER RETIREMENT SYSTEM
TERM-VESTED/RECIPROCAL

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2009

Age	YEARS EMPLOYED									Total
	(0-1)	[1-5)	[5-10)	[10-15)	[15-20)	[20-25)	[25-30)	[30-35)	[35-)	
[0-19)	0	0	0	0	0	0	0	0	0	0
[20-24)	0	0	0	0	0	0	0	0	0	0
[25-29)	0	0	0	0	0	0	0	0	0	0
[30-34)	0	0	0	1	0	0	0	0	0	1
[35-39)	0	1	0	10	1	0	0	0	0	12
[40-44)	0	0	0	21	4	0	0	0	0	25
[45-49)	0	3	2	20	15	4	4	0	0	48
[50-54)	0	0	1	48	20	6	21	0	0	96
[55-59)	1	1	2	45	37	16	12	2	0	116
[60-64)	1	1	0	18	17	9	1	0	0	47
[65-69)	0	0	1	2	2	1	1	0	0	7
[70-74)	0	2	1	2	1	1	1	1	0	9
TOTALS	2	8	7	167	97	37	40	3	0	361
benefit	96	7392	11424	1328568	1134444	892020	934980	60504	0	4369428

AVERAGES --- Attained Age 54.41
Service Years 16.17
Annual Benefit 12,104

MEMBERSHIP PROFILE
CATEGORIZED BY AGE AND YEARS RETIRED

LSER RETIREMENT SYSTEM
DROP PARTICIPANTS

CELLS DEPICT - MEMBER COUNT
TOTAL BENEFITS

VALUATION DATE 6/30/2009

Age	YEARS PARTICIPATED									Total
	(0-1)	[1-2)	[2-3)	[3-4)	[4-5)	[5-10)	[10-15)	[15-20)	[20-)	
[0-39)	0	0	0	0	0	0	0	0	0	0
[40-44)	0	0	0	0	0	0	0	0	0	0
[45-49)	2	0	0	0	0	0	0	0	0	2
[50-54)	17	20	17	0	0	0	0	0	0	54
[55-59)	37	62	67	0	0	0	0	0	0	166
[60-64)	85	125	128	0	0	0	0	0	0	338
[65-69)	2	8	8	0	0	0	0	0	0	18
[70-74)	1	4	3	0	0	0	0	0	0	8
[75-79)	0	2	0	0	0	0	0	0	0	2
[80-84)	0	0	0	0	0	0	0	0	0	0
[85-89)	0	0	0	0	0	0	0	0	0	0
[90-99)	0	0	0	0	0	0	0	0	0	0
TOTALS	144	221	223	0	0	0	0	0	0	588
benefit	2289960	3301152	3120192	0	0	0	0	0	0	8711304

AVERAGES --- Attained Age 59.96
Years Retired 1.66
Annual Benefit 14,815

EXHIBIT 5

PRINCIPLE PROVISIONS OF THE PLAN
(Including Acts of 2009 Regular Session)

EFFECTIVE DATE:

July 1, 1947

EMPLOYEE:

Any school bus driver, janitor, custodian, maintenance employee, bus aide, monitor or attendant or other regular school employee helping with the transportation of school children, and who is a legal employee of a parish or city school board of the State of Louisiana.

EMPLOYER:

The State of Louisiana, or any parish or city school board from which any employee receives compensation.

ELIGIBILITY FOR
PARTICIPATION:

Contingent upon approval of application filed with the Board of Trustees within 90-days of the date of Employment. However, no employee who is a member of any other retirement system supported in whole or in part by public funds shall be entitled to membership in this retirement system.

SERVICE:

Service as an "Employee", defined above.

CREDITABLE SERVICE:

Prior Service plus Membership Service, for which credit is allowed.

PRIOR SERVICE:

Service prior to July 1, 1947 for which prior service certificates are issued; granted without cost if certified.

MEMBERSHIP SERVICE:

Service as an "Employee" while a member of the system.

EXHIBIT 5 (Continued)
Principle Provisions

ADDITIONAL

CREDITABLE SERVICE:

1. Credit for service canceled by withdrawal of accumulated contributions may be restored by member by paying into system the amount withdrawn plus regular interest from date withdrawn until paid.
2. Maximum of 4 years of credit for military service may purchased.
3. Conversion of Sick Leave and Annual Leave at retirement, or death may be converted to membership credit.
4. Part-time employees shall accrue a full year of creditable service for each full year of part-time service for benefit eligibility purposes.
5. Out of State service with other school systems may be purchased.

EARNABLE COMPENSATION:

The compensation earned by a member for any given period. Where compensation includes maintenance, the employing agency shall fix the value of that part of compensation not paid directly.

AVERAGE FINAL COMPENSATION:

The average annual earnable compensation of a member for the 36 highest successive months of employment or the highest 36 successive joined months of employment where interruption of service occurred (Effective 7/6/84); the average compensation of a member for purposes of computing benefits cannot increase more than 25% per year (Effective 1/1/87).

For those members hired on and after 7/1/2006, the period for determining final average compensation is extended from 36 months to 60 months.

ACCUMULATED CONTRIBUTIONS:

Sum of all amounts deducted from compensation of a member plus any interest credited to his individual account in annuity savings fund plus any other amounts credited to the member's account.

EMPLOYEE CONTRIBUTIONS:

- 7.00% of earnable compensation.
- 6.65% effective Sept.1, 1990 (Act 340 of 1990).
- 7.00% effective Jan. 1, 1992 (Act 375 of 1991).
- 6.35% effective July 1, 1992 (Act 248 of 1992).
- 7.50% effective July 1, 2001 (Act 897 of 2001).

EXHIBIT 5 (Continued)
Principle Provisions

EMPLOYER CONTRIBUTIONS:

"Normal contribution" rate plus "accrued liability contribution" rate, as determined by the actuary and Board of Trustees. Eff. July 1, 1985, 10.18%. Act 81 of 1988 requires employer rate to be actuarially determined annually.

RETIREMENT BENEFIT:

NORMAL RETIREMENT:

Eligibility:

Written application to the Board of Trustees and the member has attained age 60 and 10 years of accredited service, or age 55 and 25 years of accredited service, or at any age and 30 years of accredited service.

Benefit:

An annuity, which shall be the actuarial equivalent of accumulated employee contributions at retirement date, plus

A pension, which together with the above annuity provides a total allowance equal to 2 1/2% of average final compensation times the years of creditable service (including creditable unused sick and annual leave), plus an additional 1/2% of average final compensation times the years of creditable service in excess of 20 years, plus a two dollars per month for each year of credited service supplemental benefit, not to exceed average final compensation.

Act 278 of the 1999 regular legislative session provides a 3% accrual rate for each year of service earned after July 1, 1999, regardless of prior service earned.

Act 897 of the 2001 regular legislative session increases the accrual rate to 3 1/3% for active members after July 1, 2001 for all years of service.

EARLY-REDUCED RETIREMENT:

Eligibility:

20 years of service credit regardless of attained age.

Benefit:

Normal retirement benefit based upon service accrued to date, actuarially reduced from the earliest date member would be eligible if employment had continued to earliest normal retirement date.

COST OF LIVING BENEFITS:

1. Prior to July 1, 1970 The Board may grant supplemental COLA not in excess of 2% from investment income, minimum \$20 per month.

After July 29, 1970 Board may grant supplemental COLA not in excess of 3% from investment income, minimum \$30 per month.

EXHIBIT 5 (Continued)
Principle Provisions

DISABILITY RETIREMENT:

Eligibility:

5 years of creditable service; certification of disability by medical board (medical examination required once in every year for the first 5 years of disability retirement, and once in every 3 years thereafter, until age 60).

Effective 7/1/2006, Act 578 of 2006 changed the requirements for disability retirement from 5 years of creditable service to 10 years.

Benefit:

An annuity, which shall be the actuarial equivalent of accumulated employee contributions at retirement date, plus

A pension, which together with the above annuity provides a total allowance equal to 2 1/2% of average final compensation times the years of creditable service (including creditable unused sick and annual leave), plus a two dollars per month for each year of credited service supplemental benefit, not to exceed final average compensation. Act 500 of 1989 provides a minimum disability benefit of 33 1/3% of average final compensation.

NOTE: The supplemental benefit is discontinued to persons who become members of the retirement system after 6/30/86 (Act 608 of 1986).

SURVIVOR'S BENEFITS:

Eligibility:

1. Surviving Spouse with minor children of;
 - an active member with 5 years of creditable service with at least 2 years earned immediately prior to death or,
 - a member with 20 years of service at the time of death.
2. Surviving Spouse without minor children of;
 - an active member with 10 years of creditable service with at least 2 years earned immediately prior to death or,
 - a member with 20 years of service at the time of death.
3. Minor children with no spouse or spouse without legal custody of;
 - an active member with 5 years of creditable service with at least 2 years earned immediately prior to death or,
 - a member with 20 years of service at the time of death.
4. Beneficiary not eligible for (1), (2) or (3)

Benefits:

1. Greater of 75% of member's final average compensation or \$300 per month. Benefit ceases upon remarriage if less than 20 years of service and less than age 55.

EXHIBIT 5 (Continued)
Principle Provisions

2. Greater of 50% of member's final average compensation or \$200 per month. Benefit ceases upon remarriage if less than 20 years of service and less than age 55.
3. Greater of 75% of member's final average compensation or \$300 per month.
4. Return of member's accumulated contributions.

NOTE: Handicapped or mentally retarded children of a deceased member, regardless of age, who are dependent upon a surviving spouse or legal guardian shall be payable in accordance with minor children benefits of this section. The benefit payable is reduced by state assistance received.

OPTIONAL FORMS
OF BENEFIT:

In lieu of receiving normal retirement benefit, member may elect to receive actuarial equivalent of retirement allowance in a reduced form as follows:

Option 1 - If a member dies before receiving present value of annuity in monthly payments, balance paid to designated beneficiary

Option 2 - Reduced retirement allowance, if member dies, to be continued to designated beneficiary for his lifetime

Option 3 - 1/2 of reduced retirement allowance, if member dies, to be continued to designated beneficiary for his lifetime

Option 4 - benefits of equal actuarial value may be elected with approval of board

Initial Benefit Option - Maximum benefit actuarially reduced for partial lump-sum equal to not more than 36 months of maximum pension.

The normal form and options 1-4 can be elected in the form of an increasing annuity which permits the member to make an election at retirement to receive an actuarially reduced benefit which increases 2.5% annually. The increases begin on the 1st retirement anniversary date, but not before the retiree attains age 55 or would have attained age 55 for a surviving spouse.

NOTE: Revisionary annuities are available for Option 2 and Option 3, which provides a return to the maximum benefit if the spouse pre-deceases the retiree.

REFUND OF CONTRIBUTIONS:

If a member ceases to be eligible, except by death or retirement, he shall be paid such part of the amount of the accumulated contributions credited to his individual account in annuity savings fund as he shall demand, plus any accumulated interest.

WITHDRAWAL AFTER 10 YEARS
OF CREDITABLE SERVICE:

Any member with credit for 10 years of service who withdraws from service may elect to leave accumulated contributions in system until age 60, when he may apply for retirement and begin receiving a retirement benefit based on the credits he had at date of withdrawal.

EXHIBIT 5 (Continued)
Principle Provisions

COST OF LIVING INCREASES:

HB 658 of 2007 establishes an Experience Account which, is credited with 50% of the excess investment experience gain and debited with 50% of the net investment experience loss. Balances in the experience account accrue interest at the average actuarial yield for the System portfolio. Once the balance of the Experience Account accumulates to a sum sufficient to grant retirees a COLA, the Board may grant such COLA not to exceed the lesser of the CPI-U or 3%. Benefits are restricted to those retirees who have attained the age of 60 and have been retired for at least one year.

DEFERRED RETIREMENT OPTION PLAN:

(Act 56 of 1991)

Instead of terminating employees and accepting a service retirement allowance, any member who has met the following eligibility requirements may elect to participate in the Deferred Retirement Option Plan (DROP) and defer receipt of benefits.

Eligibility:

Ten (10) years at age sixty (60), twenty-five (25) years at age fifty-five (55), or thirty (30) years of creditable service including reciprocal service, but excluding conversion of sick and annual leave, and eligible to receive a service retirement allowance. However, all unused sick and annual leave is convertible after plan participation when member has terminated employment.

Benefit:

Duration of participation is specified and cannot exceed the period terminating on the third anniversary at the earliest date the member qualified for regular retirement.

Upon termination of employment at the end of or prior to the end of the specified period of participation, a participant will receive, at his option:

- (1) lump sum payment (equal to the payments to the account)
- (2) a true annuity based upon his account; or
- (3) any other method of payment if approved by the board of trustees. Monthly benefits being paid into the fund during participation will begin being paid to the retiree.

If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance shall be paid to the beneficiary, or if none, to his estate; in addition, normal survivor benefits payable to survivors of retirees shall be payable.

If employment is not terminated at the end of the specified period of participation, then:

EXHIBIT 5 (Continued)
Principle Provisions

- (1) payment into account shall cease
- (2) payment from account shall not be made until employment is terminated and
- (3) the participant shall resume active contributing membership in the system

Then, upon termination of employment, the benefit payments indicated above shall be paid. The participant shall receive an additional retirement benefit based on additional service rendered since termination of participation in the fund, usually the normal method of computation of benefit subject to the following:

- (1) If additional service was less than 36 months, average compensation figure used to calculate additional benefit shall be that used to calculate original benefit.
- (2) If additional service was 36 or more months, the average compensation figure used to calculate the additional benefit shall be based on compensation during the period of additional service.

For those members hired on and after 7/1/2006, the period for determining final average compensation is extended from 36 months to 60 months.

NOTE: DROP Accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis.

Effective 1/1/2004 new DROP accounts are credited with Money Market rates or self directed accounts approved by the Board of Trustees.

EXHIBIT 6

ACTUARIAL COST METHODS AND ASSUMPTIONS

COST METHOD:

The individual "Entry Age Normal" cost method was used to calculate the funding requirements of the retirement system. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is allocated on a level basis as percentage of payroll for each participant between entry age and assumed retirement age(s). That portion of the actuarial present value attributable to current year benefit accruals is called the Normal Cost. The actuarial present value of future benefits in excess of the actuarial present value of future normal costs is called the actuarial accrued liability.

ASSET VALUATION:

For the Plan Year ending prior to June 30, 1999 equities are valued at a four year weighted average. The computation of the actuarial value of assets is the sum of the bonds at amortized cost, less a weighted average of unrealized losses or (gains) in the market value of equities, plus the market value of Equities

Effective June 30, 1999 the Board of Trustees approved a change in the Asset Valuation Method. The Actuarial Value of Assets is the market value of assets adjusted for a four year weighted average in the unrealized gain or loss in the value of all assets. This value is subject to Corridor Limits of 80% to 120% of the Market Value of Assets.

ACCOUNTING DISCLOSURE:

The Governmental Accounting Standards Board Statement No. 25 requires disclosure of certain actuarial liabilities for Public Employee Retirement Systems. The disclosures illustrated in Exhibit 3 were developed using the Entry Age Normal cost method. The statement of assets provided by the independent auditors was a copy of the final draft prior to publication. Should the statement of assets received differ from the final audit report, a revised actuarial statement will be issued to the extent that any difference in reporting affects the employer's contribution rate or the yield to the Actuarial Value of Assets.

ACTUARIAL ASSUMPTIONS:

The Retirement System is required to conduct an experience study every five years, but the scope of such a study is not necessarily limited to a five year period. The five year observation period (2003-2007) was chosen to coincide with the most recent period of data reporting following the restructuring of the Deferred Retirement Option Program.

MORTALITY ASSUMPTIONS:

Pre-retirement deaths and post-retirement life expectancies were projected in accordance with the experience of the RP-2000 Sex Distinct Mortality Table.

EXHIBIT 6 (Continued)
Cost Methods & Assumptions

DISABILITY ASSUMPTION:

Rates for total and permanent disability were projected in accordance in accordance with the experience of the RP-2000 Sex Distinct Disability Mortality Table.

RETIREMENT/DROP ASSUMPTION:

Retirement rates are based on age and service eligibility requirements for normal benefits. Age and service requirements vary by plan. DROP is viewed as an alternative form of benefit accrual since mandatory termination is not required following participation. Therefore, at eligibility, the probability of DROP accrual is determined in conjunction with regular benefit accrual. Retirement rates and DROP probabilities are based on the most recent Experience Study and are illustrated in the rate tables at the end of this exhibit.

TERMINATION ASSUMPTIONS:

Voluntary termination or withdrawal rates are based on the most recent Experience Study. During the first five years of employment, the probability of voluntarily terminating is a multiple of the attained age rate in prior reports and a multiple of service duration in the current valuation as follows:

1st year	1.00x
2nd year	1.15x
3rd year	1.15x
4th year	1.00x
5th year	1.00x

Furthermore, for members terminating with ten (10) or more years of service, it is assumed that 80% will not withdraw their accumulated employee contributions.

SALARY GROWTH:

The rates of annual salary growth are based upon the member's years of service and are illustrated in the rate tables at the end of this exhibit.

FAMILY STATISTICS:

The composition of the Family was based on Age-Specific Fertility Rates from the 2007 Vital Statistics of the United States. 80% of the membership was assumed to be married with the wife assumed to be three (3) years younger than the husband. Sample rates are as follows:

EXHIBIT 6 (Continued)
Cost Methods & Assumptions

<u>Age at Death</u>	<u>Number of Minor Chn.</u>	<u>Years for Youngest Child to Attain Majority</u>
25	1.2	17
30	1.4	15
35	1.7	13
40	1.7	10
45	1.4	8
50	1.1	4

ASSUMPTION FOR INCOMPLETE DATA:

Records identified as containing suspicious data or errors in data were assumed to possess the same characteristics of "good data" in the same cohort.

INVESTMENT EARNINGS:

An effective annual rate of 7.5%, net expenses.

ADMINISTRATIVE EXPENSES:

Operating expenses are included in Aggregate Normal Cost and are assumed to be \$4,500,000 per year. Investment Manager Fees are not included in Operating Expenses, but are treated as a direct offset to investment income. The Employer portion of the Normal Cost excludes an allocation for administrative expenses. As a result of the change in Asset Valuation Method, the reporting of realized income has been changed to realized, plus unrealized income for valuations beginning on June 30, 1999 and thereafter.

COST-OF-LIVING:

The liability for cost-of-living raises already granted is included in the retiree reserve.

ACTUARIAL TABLES AND RATES
EFFECTIVE 6/30/2008

Age	- Death Rates -		Disability	Termination	Retirement	DROP	Dur	Salary
	Male	Female	Rates	Rates	Rates	Rates		Scale
18	.00033	.00019	.0000	.1500	.0000	.000	1	1.0600
19	.00034	.00019	.0000	.1500	.0000	.000	2	1.0600
20	.00036	.00019	.0000	.1500	.0000	.000	3	1.0450
21	.00037	.00019	.0000	.1500	.0000	.000	4	1.0450
22	.00037	.00020	.0000	.1300	.0000	.000	5	1.0450
23	.00038	.00020	.0000	.1300	.0000	.000	6	1.0450
24	.00038	.00021	.0000	.1300	.0000	.000	7	1.0470
25	.00038	.00021	.0000	.1000	.0000	.000	8	1.0470
26	.00038	.00022	.0000	.1000	.0000	.000	9	1.0470
27	.00039	.00024	.0000	.1000	.0000	.000	10	1.0470
28	.00041	.00025	.0000	.1000	.0000	.000	11	1.0470
29	.00044	.00026	.0000	.1000	.0000	.000	12	1.0470
30	.00050	.00031	.0000	.1000	.0000	.000	13	1.0470
31	.00056	.00035	.0000	.1000	.0000	.000	14	1.0450
32	.00063	.00039	.0000	.1000	.0000	.000	15	1.0450
33	.00070	.00043	.0000	.1000	.0000	.000	16	1.0450
34	.00077	.00047	.0000	.1000	.0000	.000	17	1.0450
35	.00084	.00051	.0010	.0700	.0000	.000	18	1.0450
36	.00090	.00055	.0010	.0700	.0000	.000	19	1.0450
37	.00096	.00060	.0010	.0700	.0000	.000	20	1.0450
38	.00102	.00065	.0010	.0700	.0000	.000	21	1.0450
39	.00108	.00071	.0010	.0700	.0000	.000	22	1.0450
40	.00114	.00077	.0020	.0700	.0000	.000	23	1.0450
41	.00121	.00085	.0020	.0600	.0000	.000	24	1.0450
42	.00130	.00094	.0020	.0600	.0000	.000	25	1.0450
43	.00140	.00103	.0040	.0600	.0000	.000	26	1.0450
44	.00151	.00112	.0040	.0550	.0000	.000	27	1.0450
45	.00162	.00122	.0040	.0550	.0000	.000	28	1.0400
46	.00173	.00133	.0050	.0550	.0000	.000	29	1.0400
47	.00186	.00143	.0060	.0400	.9000	.000	30	1.0400
48	.00200	.00155	.0060	.0400	.9000	.150	31	1.0400
49	.00214	.00168	.0060	.0400	.6800	.150	32	1.0400
50	.00245	.00185	.0060	.0400	.6000	.300	33	1.0400
51	.00267	.00202	.0060	.0400	.6000	.450	34	1.0400
52	.00292	.00221	.0060	.0400	.6000	.270	35	1.0400
53	.00320	.00242	.0060	.0400	.6000	.270	36	1.0400
54	.00362	.00272	.0070	.0400	.4200	.330	37	1.0400
55	.00420	.00309	.0070	.0400	.4200	.330	38	1.0400
56	.00469	.00348	.0070	.0400	.4200	.400	39	1.0400
57	.00527	.00392	.0060	.0400	.4200	.300	40	1.0400
58	.00594	.00444	.0060	.0400	.4200	.300	41	1.0400
59	.00675	.00505	.0050	.0400	.3500	.200	42	1.0400
60	.00768	.00581	.0040	.0400	.3500	.400	43	1.0400
61	.00876	.00666	.0040	.0400	.3500	.350	44	1.0400
62	.01001	.00765	.0040	.0400	.2500	.250	45	1.0400
63	.01128	.00862	.0040	.0400	.2500	.250	46	1.0400
64	.01274	.00971	.0040	.0400	.2500	.250	47	1.0400
65	.01441	.01095	.0040	.0400	.2500	.100	48	1.0400
66	.01607	.01216	.0040	.0400	.2500	.100	49	1.0400
67	.01787	.01345	.0040	.0400	.2500	.100	50	1.0400
68	.01980	.01486	.0040	.0400	.2500	.200	51	1.0400
69	.02221	.01674	.0040	.0400	.2500	.080	52	1.0400
70	.02457	.01858	.0040	.0400	.2500	.050	53	1.0400
71	.02728	.02067	.0040	.0400	.2500	.000	54	1.0400
72	.03039	.02297	.0040	.0400	.2500	.000	55	1.0400
73	.03390	.02546	.0040	.0400	.5000	.000	56	1.0400
74	.03783	.02811	.0040	.0400	.9900	.000	57	1.0400

EXHIBIT A

AMORTIZATION of UNFUNDED
ACTUARIAL ACCRUED LIABILITY
JUNE 30, 2009

<u>DATE</u> <u>6/30</u>	<u>DESCRIPTION</u>	<u>AMTZ.</u> <u>METHOD</u>	<u>AMTZ.</u> <u>PERIOD</u>	<u>INITIAL</u> <u>LIABILITY</u>	<u>YEARS</u> <u>REMAING</u>	<u>REMAINING</u> <u>BALANCE</u>	<u>MID-YEAR</u> <u>PAYMENT</u>
1993	Change in Liability	L	25	-65,622,628	20	-60,015,481	-5,677,975
1994	Change in Liability	L	25	-30,846,941	20	-28,211,214	-2,669,021
1995	Change in Liability	L	25	2,558,051	20	2,339,477	221,334
1996	Change in Liability	L	25	-19,620,386	20	-17,943,916	-1,697,647
1997	Change in Liability	L	25	-9,046,638	20	-8,273,645	-782,757
1998	Change in Liability	L	25	-105,844,372	20	-96,800,464	-9,158,148
1999	Change in Liability	L	25	-48,468,045	20	-44,326,677	-4,193,681
2000	Change in Liability	L	25	-8,704,034	20	-7,960,315	-753,114
2001	Change in Liability	I	27	239,310,198	22	258,707,373	16,150,238
2002	Change in Liability	I	28	199,940,651	23	217,830,232	13,172,896
2003	Change in Liability	I	29	214,321,070	24	235,171,283	13,801,735
2004	Change in Liability	L	30	52,010,701	25	49,089,035	4,247,412
2005	Change in Liability	L	30	4,619,288	26	4,419,464	377,230
2006	Change in Liability	L	30	-93,066,596	27	-90,158,811	-7,600,208
2007	Change in Liability	L	30	-8,916,009	28	-8,737,084	-728,119
2008	Change in Liability	L	30	83,881,777	29	83,881,777	6,850,137
2009	Change in Liability	L	30	<u>251,368,124</u>	30	<u>251,368,124</u>	<u>20,527,775</u>
TOTAL OUTSTANDING BALANCE						739,567,938	42,088,087
EMPLOYERS' CREDIT BALANCE							
2005	Contribution Variance	L	5	8,433,787	1	1,939,102	2,010,504
2006	Contribution Variance	L	5	7,310,004	2	3,244,182	1,742,609
2007	Contribution Variance	L	5	-3,778,270	3	-2,428,514	-900,690
2008	Contribution Variance	L	5	-1,762,370	4	-1,458,952	-420,126
2009	Contribution Variance	L	5	<u>-2,179,782</u>	5	<u>-2,179,782</u>	<u>-519,631</u>
TOTAL CREDIT BALANCE						3,475,600	2,951,928
TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY						743,043,538	

NOTE: Effective July 1, 1990, Actuarial Valuation Rate changed from 7% to 7 1/2%.
Effective July 1, 1992, Amortization Period changed in accordance with Act 257.
Effective July 1, 2004, Amortization Period changed in accordance with Act 588.