Consolidated Plan
for Participating Local Districts
of the Maine State Retirement System

Actuarial Valuation Report
as of June 30, 2006

Produced by Cheiron

November 2006

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November 30, 2006

Board of Trustees
Maine State Retirement System
#46 State House Station
Augusta, Maine 04333-0046

Dear Members of the Board:

At your request, we have conducted our annual actuarial valuation of the Consolidated Plan for Participating Local Districts of the Maine State Retirement System as of June 30, 2006. The results of the valuation are contained in this report. The purpose of the valuation is discussed in the Foreword.

This report contains information on Plan assets, as well as analyses which combine asset and liability performance and projections. The report also discloses employer contribution levels, and required disclosures under the Government Accounting Standards Board Statement #25.

Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report. We also comment on the sources and reliability of both the data and the actuarial assumptions on which our findings are based. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief. The results of this report are only applicable to Participating Local District (PLD) contributions for Fiscal Year Ending 2008 and rely on future plan experience conforming to the underlying assumptions. To the extent that actual plan experience deviates from the underlying assumptions, the results would vary accordingly.

I hereby certify that, to the best of my knowledge, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board, and that as a Member of the American Academy of Actuaries, I meet the Qualification Standards to render the opinions contained herein.

Sincerely,
Cheiron

Fiona E. Liston

Fiona E. Liston, FSA, EA
Consulting Actuary

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FOREWORD

Cheiron has performed the actuarial valuation of the Consolidated Plan for Participating Local Districts (PLDs) of the Maine State Retirement System (MSRS) as of June 30, 2006. The purpose of this report is to:

1) **Measure and disclose**, as of the valuation date, the financial condition of the Plan;
2) **Indicate trends** in the financial progress of the Plan;
3) **Determine the contribution rate** to be paid by the PLDs for Fiscal Year 2008; and
4) **Provide specific information** and documentation required by the Government Accounting Standards Board (GASB).

An actuarial valuation establishes and analyzes Plan assets and liabilities on a consistent basis, and traces the progress of both from one year to the next. It includes measurement of the Plan's investment performance as well as an analysis of actuarial liability gains and losses.

Section I presents a summary containing our findings and disclosing important trends experienced by the Plan in recent years.
Section II contains details on various asset measures, together with pertinent performance measurements.
Section III shows similar information on Plan liabilities, measured for actuarial, accounting, and government reporting purposes.
Section IV develops the PLD contribution rates determined using actuarial techniques and compares that to the reduced rates currently in place.
Section V includes the required disclosures under GASB Statement No. 25.

The appendices to this report contain a summary of the Plan's membership at the valuation date, a summary of the major provisions of the Plan, and the actuarial methods and assumptions used in the valuations.

In preparing our report, we relied without audit, on information (some oral and some written) supplied by the MSRS's staff. This information includes, but is not limited to, plan provisions, employee data, and financial information.

The actuarial assumptions reflect our understanding of the likely future experience of the Plan and the assumptions as a whole represent our best estimate for the future experience of the Plan. The accuracy of the results presented in this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the Plan could vary from our results.

As a result of the Experience Study recently performed on the State and Teacher portion of the MSRS, some of the key economic assumptions have been changed. Information pertaining to the specific changes can be found in Appendix D.

Finally, in preparing this report, we have conformed to generally accepted actuarial principles and practices which are consistent with the Code of Professional Conduct, and Applicable Actuarial Standards set out by the Actuarial Standards Board.

SECTION I
EXECUTIVE SUMMARY

General Comments

Most of the Participating Local Districts (PLDs) in the State of Maine participate in this Consolidated Retirement Plan. The Plan offers a number of benefit choices from which the PLDs can choose and each benefit choice has a pre-determined cost associated with it to be paid by both the member and the PLD. The PLDs' contributions are set using a Corridor Funding Method. Under this funding approach, the PLD rate is fixed as long as the Plan's funded status (the ratio of actuarial assets to actuarial accrued liability) remains within a corridor of 90% to 130%. As of this June 30, 2006 valuation, the funded ratio is 107%.

As long as the funded ratio remains within the corridor, the aggregate PLD contribution rate is fixed at 3% of payroll. If the funded status falls outside of the corridor, the employer contribution rate will be incrementally adjusted, but will never be less than a given minimum rate, unless the Board identifies compelling circumstances dictating otherwise. The factor for incremental adjustments when the funded status falls outside the range is 10% of the difference between the calculated rate and the rate then in effect. The minimum base rate is 1% of payroll.

The "calculated rate" discussed above is defined as the sum of the Plan's normal cost and a 15 year amortization of the "Pooled Unfunded Actuarial Liability" (PUAL). In addition to this payroll-based employer contribution rate, many PLDs are making additional payments (or taking additional credits) to adjust for their Individual Unpooled Unfunded Actuarial Liability (IUUAL) or to pay a "joining fee" to provide equity between those just coming into the Plan and those whose earlier contributions gave rise to the PUAL surplus and it's resulting low contribution rates.

The current fixed rate of 3% of payroll represents the aggregate of the rates of the various plan benefit structures within the Consolidated Plan. The rates for the plans reflect the payroll-weighted normal cost and pooled UAL contributions under each plan. The resulting rates for each plan are shown in Section IV of this report.

The remainder of this section summarizes the Plan's trends, provides the projections, and summarizes the principal results of this year's valuation.

Trends

The financial markets performed consistent with our assumed rate of return during the fiscal year ending in 2006, which produced actuarial gains on the asset side of the Plan. The actual return on a market value basis was approximately 7.46%. On an actuarial value basis, the assets returned 7.99% compared with an assumed rate of return of 8.0%. There was no investment gain or loss for the year.

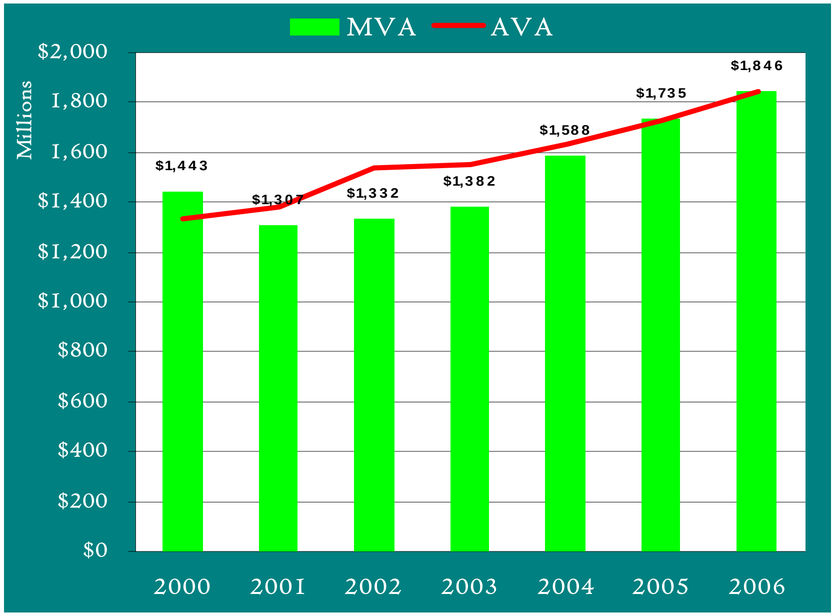
The measurement of liabilities produced a loss this year in the amount of $43.3 million of which $61.7 million was due to assumption changes, meaning the liabilities actually produced a gain of $18.4 million.

The combination of these two components over the last year, combined with the fact that the current 3% contribution is less than the value of benefits accruing, resulted in the Plan's funding ratio (actuarial value of assets over actuarial accrued liability) declining from 109% as of June 30, 2005 to 107% as of June 30, 2006.

It is important to take a step back from the latest results and view them in the context of the Plan's recent history. On the next two pages we present a series of charts which display key factors in the valuations over the last six years. After the historical review we present a few projection graphs, showing the probable condition of the Plan over the next 15 years under various market return scenarios.

SECTION I
EXECUTIVE SUMMARY

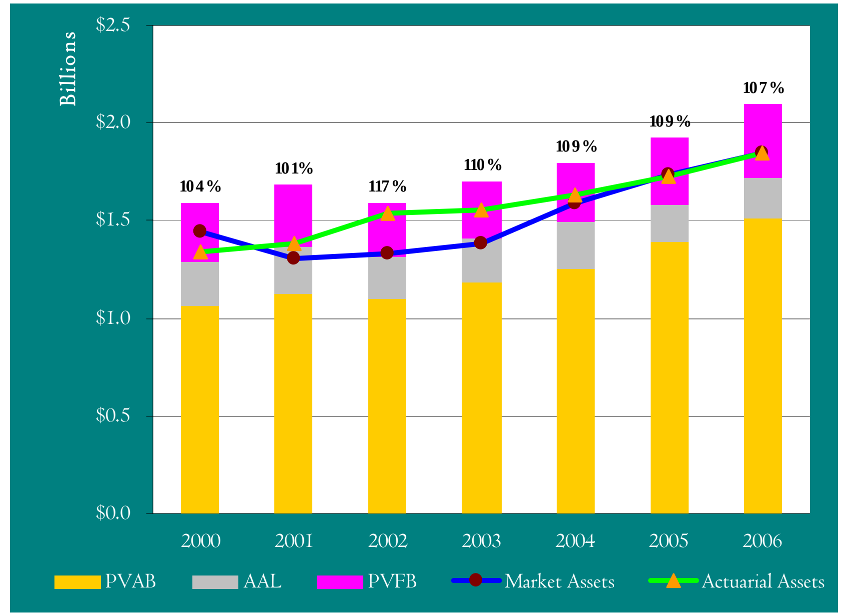
Growth in Assets



The above graph illustrates how the actuarial smoothing method has insulated the Plan from market volatility.

While the market value of assets (MVA) declined from 2000 to 2001 and has been slowly recovering since that time, the actuarial, or smoothed, value of assets (AVA) showed increases over the entire period. The market return over the period shown has been 4.69% compared to the valuation assumption of 8.0%.

Assets and Liabilities

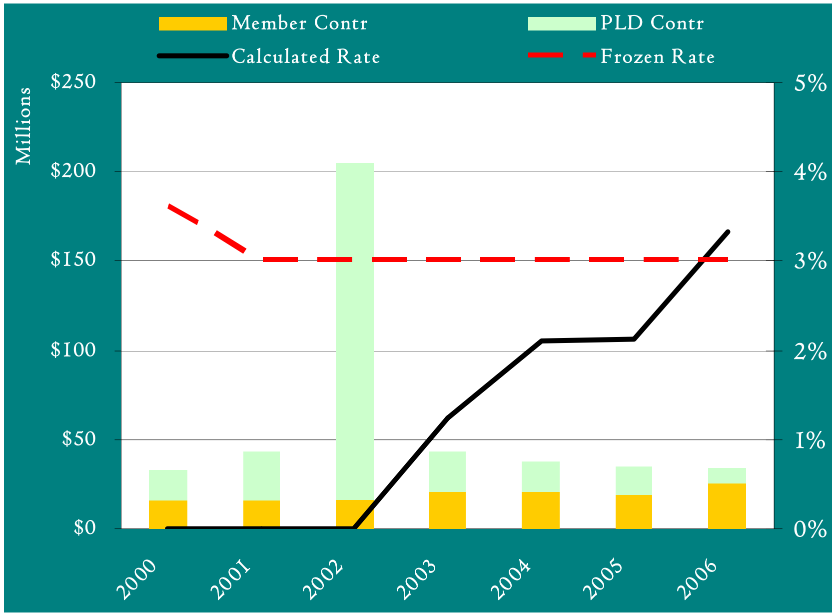


In this comparison graph, the three colored bars represent the three different measures of liability mentioned in this report. For funding purposes, the target amount Actuarial Accrued Liability (the AAL) is represented by the top of the grey bar. We compare the actuarial value of assets to this measure of liability in developing the funded percent. These are the percentages shown in the graph labels.

The chart illustrates that the Plan had its highest funded percentage (117%) at June 30, 2002, which was just after several PLDs paid off their IUUALs. The amount represented by the top of the pink bars, the Present Value of Future Benefits (PVFB), is the amount needed to provide all benefits for the current participants and their beneficiaries. If the Plan had assets equal to the PVFB no contributions would, in theory, be needed for the current members. The yellow bars represent the Present Value of Accrued Benefits (PVAB) which is the value of all benefits accrued through the valuation date.

SECTION I
EXECUTIVE SUMMARY

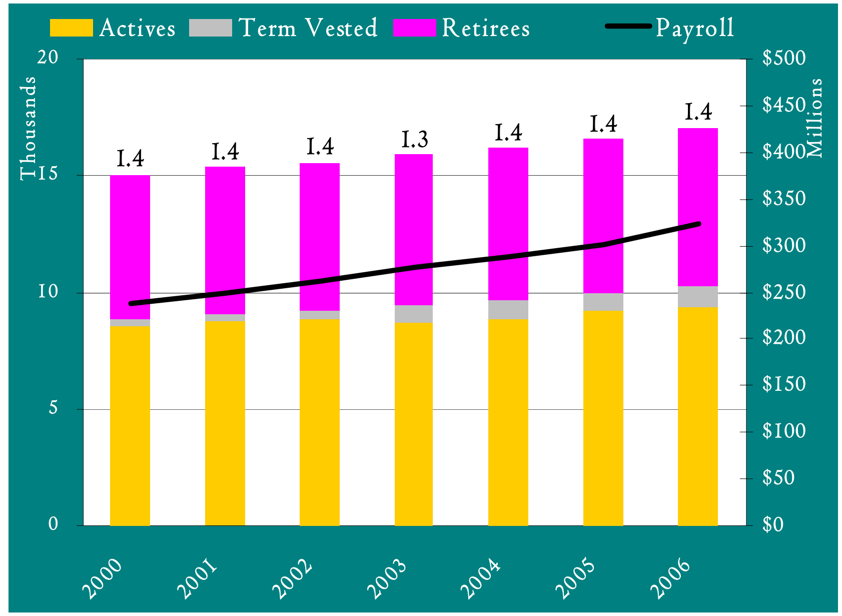
Contributions



The stacked bars in this graph show the contributions made by both the PLDs and the members in dollar terms. The black line shows the aggregate calculated PLD contribution rate as a percent of payroll and the red, dotted line shows the corridor contribution rate which was actually charged.

Depending on the plan in which the member participates, the member contribution rate is set by the statute. The member contribution rate is set by the statuses, depending on the plan in which the member participates. The large dollar amount contributed in FY 2002 was due to several PLDs paying off their IUUAL amounts.

Participant Trends



The above chart shows the number of actives, terminated vested and retired members covered by the Consolidated Plan. The black line indicates growth in the covered payroll of actives in this Plan.

There has been about 1.4% per year growth in the active and a 1.6% per year growth in the retired members of the Plan. The terminated vesteds group has shown the most growth, averaging 21% per year.

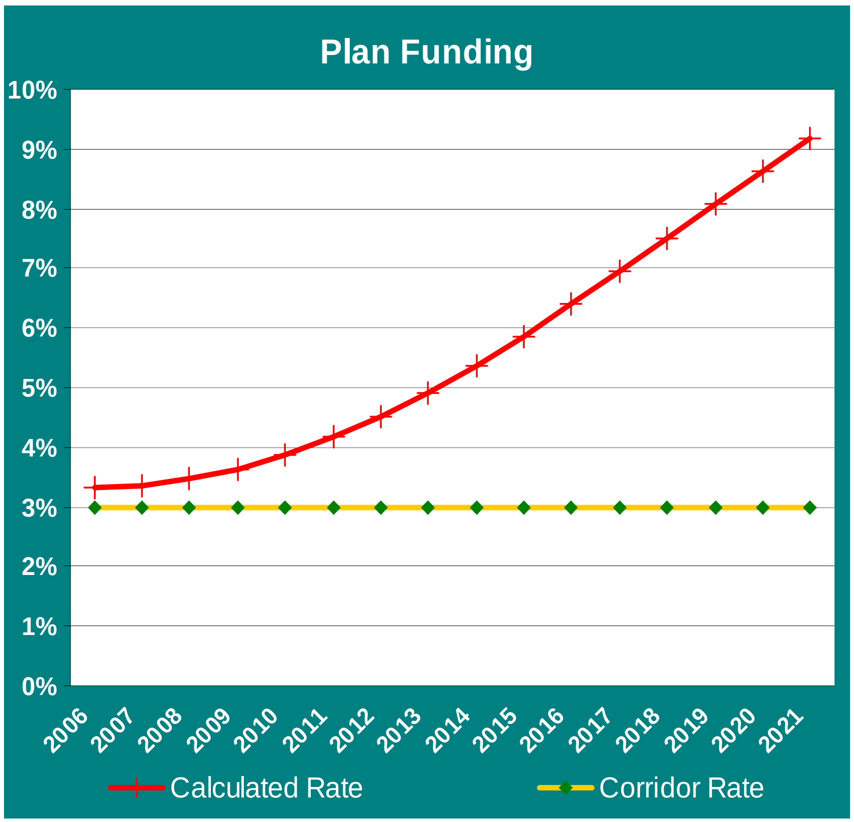
As with many funds in this country, there has been a steady growth in the number of retired members as the Plan has matured. The labels above each bar show the "support ratio" defined as the number of active members per retiree. We anticipate this support ratio will begin to decline as the baby boom generation enters retirement. The valuation process takes this trend into account and the projections on the next two pages show that the assets will be sufficient to meet this growing demand.

SECTION I
EXECUTIVE SUMMARY

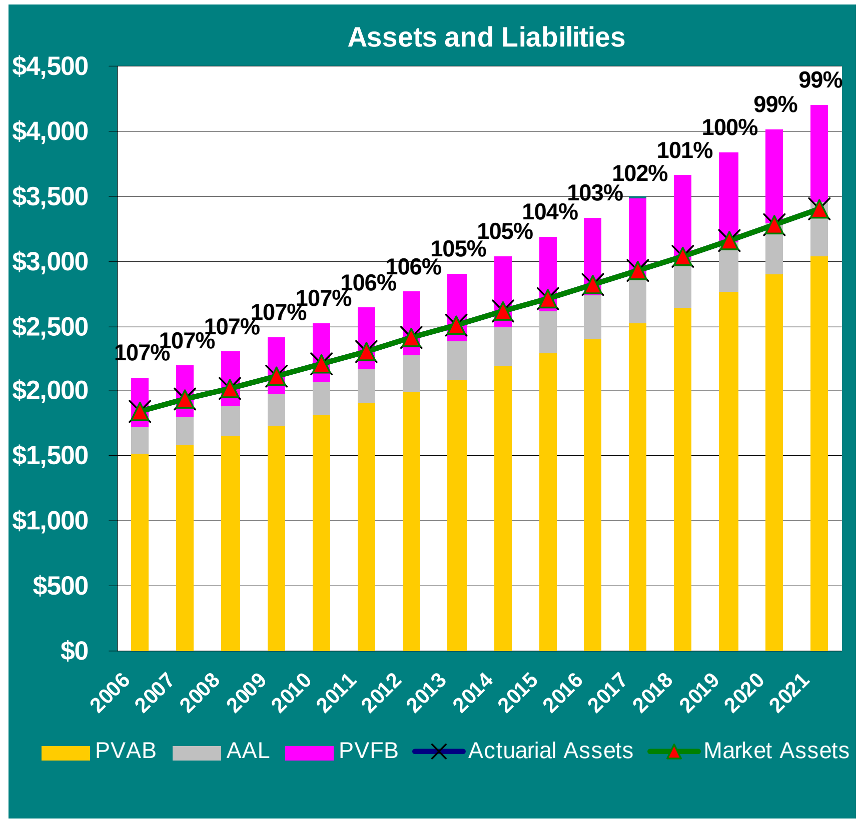
Projections

Base Line Projections

The two charts below show the expected progress of the Plan over the next 15 years assuming the Plan's assets earn 7.75% on their *market value*. The chart entitled "Plan Funding" shows the Plan staying within the corridor (if all other actuarial assumptions are met as well as the 7.75% interest rate). The red line shows the actuarially calculated rate if the corridor were not in place.



The Assets and Liabilities chart shows the projected funding status over the next decade. The current contribution rate structure is assumed to remain in place. The Plan's funded status is projected to drop from the current level of 107% down to around 99%.

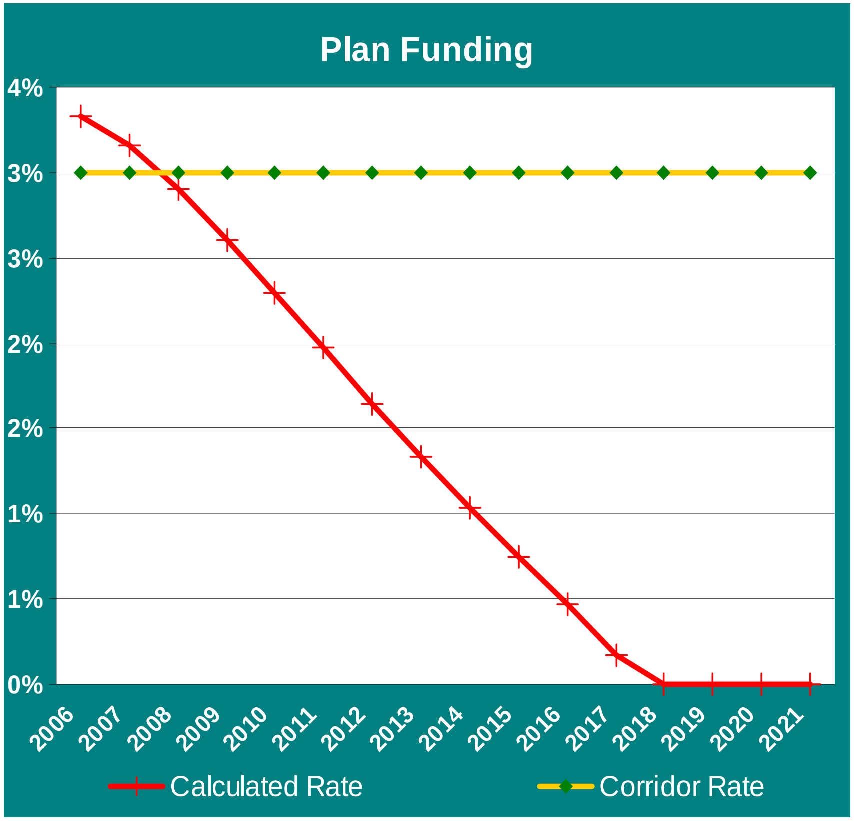


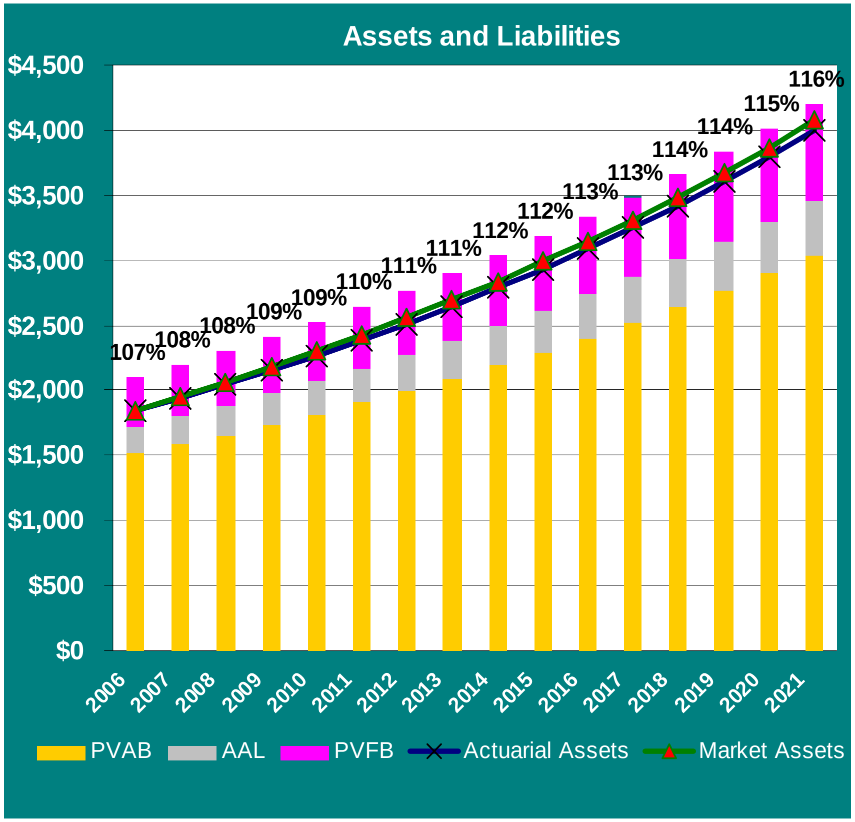
SECTION I
EXECUTIVE SUMMARY

Projections with Asset Returns of 8.75%

The future funding of this Plan will be largely driven by the investment earnings. Due to the size of assets, as compared to liabilities, the Plan is in a highly leveraged position. This means that relatively minor changes in the market returns can have significant effects on the Plan's status. The next two charts show what the next 15 years would look like with a 8.75% annual return in each year.

Under this scenario, the Plan would remain within the corridor and would still be over 100% funded by the end of the period. The calculated contribution rate drops to zero over the period but the 3% effective rate would remain in place.



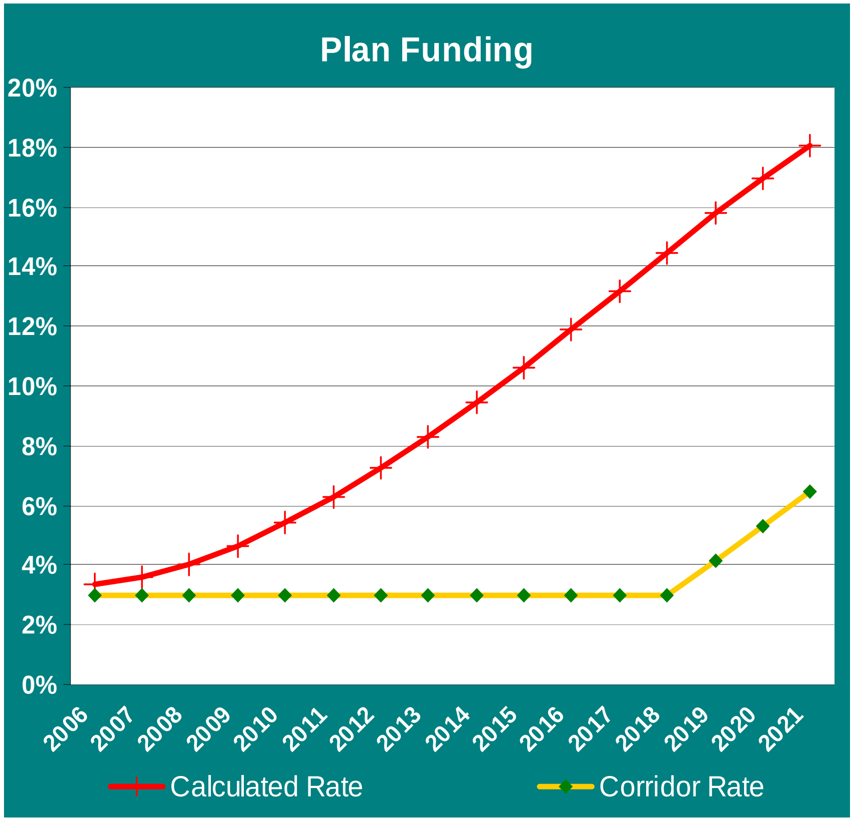


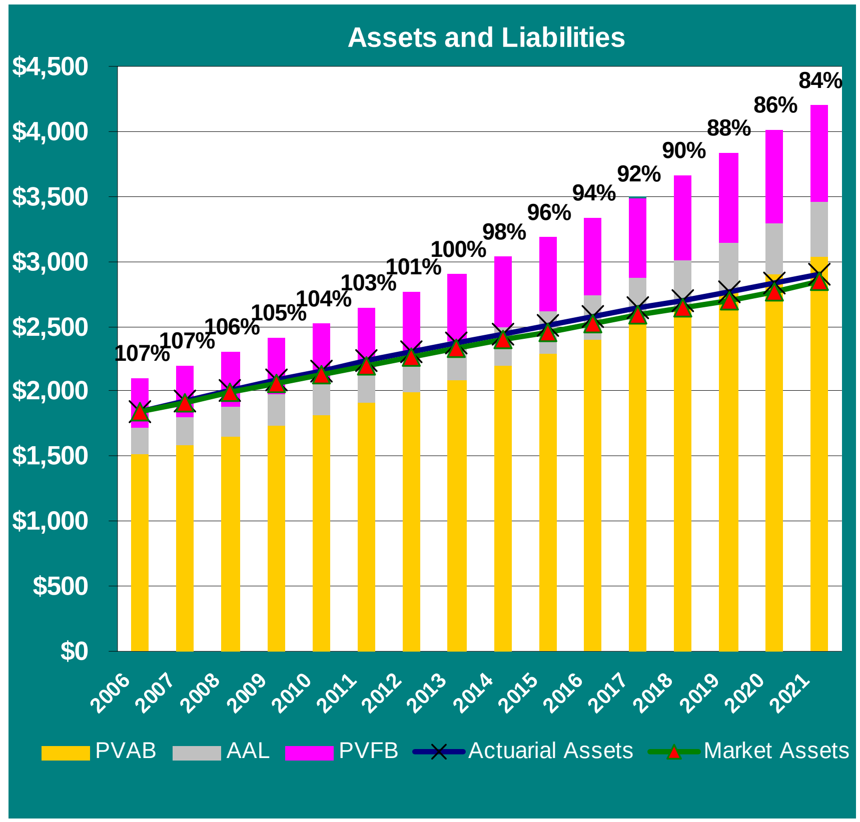
SECTION I
EXECUTIVE SUMMARY

Projections with Asset Returns of 6.75%

If the assets were to return an average of 6.75% per year over the next 15 years, the Plan's funded status would fall outside of the 90%-130% corridor and the mechanism in place for adjusting the contribution rate would result in increasing rates for the last three years of the projection period.

The funded ratio would fall to the mid-80's without taking corrective action sooner than the current mechanism allows. Given the highly volatile nature of funding (i.e., small changes in investment return can have large impacts on these projections), we recommend maintaining the current rates and continuing to monitor projections.





SECTION I
EXECUTIVE SUMMARY

Summary of Principal Plan Results
PLD Consolidated Retirement Plan
Total

Valuation as of:	**June 30, 2005**	**June 30, 2006**	**% Change**
Participant Counts			
Actives	9,186	9,347	1.8%
Retired Members	4,987	5,118	2.6%
Beneficiaries of Retired Members*	965	1,045	8.3%
Survivors of Deceased Members	234	228	(2.6%)
Disabled Members*	432	386	(10.6%)
Terminated Vested Members	741	932	25.8%
Total Membership	16,545	17,056	3.1%
Annual Salaries of Active Members	$ 300,582,274	$ 323,834,104	7.7%
Annual Retirement Allowances for Retired Members, Beneficiaries, Survivors and Disabled Members	$ 74,615,077	$ 76,975,417	3.2%
Assets and Liabilities			
Funding Liability			
Actuarial Accrued Liability	$ 1,581,198,117	$ 1,720,129,740	8.8%
Actuarial Value of Assets	1,726,776,134	1,846,304,483	6.9%
Unfunded Actuarial Liability	$ (145,578,017)	$ (126,174,743)	13.3%
Unpooled Portion (IUUAL)	12,452,796	14,065,279	12.9%
Pooled Portion (PUAL)	$ (158,030,813)	$ (140,240,022)	11.3%
Actuarial Liability Funding Ratio	109%	107%	
FASB Accounting Liability			
Accrued Benefit Liability	$ 1,394,036,904	$ 1,511,362,184	8.4%
Market Value of Assets	1,735,008,951	1,846,054,077	6.4%
Unfunded Accrued Benefit Liability	$ 0	$ 0	0.0%
Accrued Benefit Funding Ratio	124%	122%	

* In the 2005 valuation, beneficiaries of deceased disabled members were reported under the disabled member category. Starting with this 2006 valuation, they will be reported with other beneficiaries of retired members.

SECTION I
EXECUTIVE SUMMARY

Summary of Principal Plan Results
PLD Consolidated Retirement Plan
Regular Plans, AC, AN & BC

Valuation as of:	June 30, 2005	June 30, 2006	% Change
Participant Counts			
Actives	7,255	7,334	1.1%
Retired Members	3,487	3,558	2.0%
Beneficiaries of Retired Members*	763	836	9.6%
Survivors of Deceased Members	213	209	(1.9%)
Disabled Members*	342	300	(12.3%)
Terminated Vested Members	726	910	25.3%
Total Membership	12,786	13,147	2.8%
Annual Salaries of Active Members	$ 215,980,382	$ 230,744,858	6.8%
Annual Retirement Allowances for Retired Members, Beneficiaries, Survivors and Disabled Members	$ 42,496,104	$ 44,086,329	3.7%
Assets and Liabilities			
Funding Liability			
Actuarial Accrued Liability	$ 935,976,175	$ 1,014,134,819	8.4%
Actuarial Value of Assets	1,039,805,379	1,109,997,353	6.8%
Unfunded Actuarial Liability	$ (103,829,204)	$ (95,862,534)	7.7%
Unpooled Portion (IUUAL)	10,008,159	9,390,379	(6.2%)
Pooled Portion (PUAL)	$ (113,837,363)	$ (105,252,914)	7.5%
Actuarial Liability Funding Ratio	111%	109%	
FASB Accounting Liability			
Accrued Benefit Liability	$ 811,741,898	$ 878,202,861	8.2%
Market Value of Assets	1,044,762,898	1,109,846,809	6.2%
Unfunded Accrued Benefit Liability	$ 0	$ 0	0.0%
Accrued Benefit Funding Ratio	129%	126%	

* In the 2005 valuation, beneficiaries of deceased disabled members were reported under the disabled member category. Starting with this 2006 valuation, they will be reported with other beneficiaries of retired members.

SECTION I
EXECUTIVE SUMMARY

Summary of Principal Plan Results
PLD Consolidated Retirement Plan
Special Plans 1C-4C & 1N-4N

Valuation as of:	June 30, 2005	June 30, 2005	% Change
Participant Counts			
Actives	1,931	2,013	4.2%
Retired Members	1,500	1,560	4.0%
Beneficiaries of Retired Members*	202	209	3.5%
Survivors of Deceased Members	21	19	(9.5%)
Disabled Members*	90	86	(4.4%)
Terminated Vested Members	15	22	46.7%
Total Membership	3,759	3,909	4.0%
Annual Salaries of Active Members	$ 84,601,892	$ 93,089,246	10.0%
Annual Retirement Allowances for Retired Members, Beneficiaries, Survivors and Disabled Members	$ 32,118,973	$ 32,889,088	2.4%
Assets and Liabilities			
Funding Liability			
Actuarial Accrued Liability	$ 645,221,942	$ 705,994,921	9.4%
Actuarial Value of Assets	686,970,756	736,307,130	7.2%
Unfunded Actuarial Liability	$ (41,748,814)	$ (30,312,209)	27.4%
Unpooled Portion (IUUAL)	2,444,637	4,674,900	91.2%
Pooled Portion (PUAL)	$ (44,193,450)	$ (34,987,108)	20.8%
Actuarial Liability Funding Ratio	107%	104%	
FASB Accounting Liability			
Accrued Benefit Liability	$ 582,295,006	$ 633,159,323	8.7%
Market Value of Assets	690,246,053	736,207,268	6.7%
Unfunded Accrued Benefit Liability	$ 0	$ 0	0.0%
Accrued Benefit Funding Ratio	119%	116%	

* In the 2005 valuation, beneficiaries of deceased disabled members were reported under the disabled member category. Starting with this 2006 valuation, they will be reported with other beneficiaries of retired members.

SECTION II
ASSETS

Pension plan assets play a key role in the financial operation of the Plan and in the decisions the Trustees make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, PLD Contributions, and the ultimate security of participants' benefits.

The assets of the Plan include amounts contributed for all Plans for which the System is the Plan Sponsor, namely, the State Employee and Teacher Plan, the Judicial Retirement System, the Legislative Retirement System, the Consolidated Plan for Participating Local Districts (PLDs) along with several plans for PLDs who withdrew from the System, as the assets of all these plans are co-mingled for investment purposes. In performing the annual valuation, the actuarial value of assets that is developed reflects all Defined Benefit Plan assets and subsequently it is allocated across all defined benefit plans.

In this section, we present detailed information on Plan assets including:

- **Disclosure** of Plan assets at June 30, 2005 and June 30, 2006;
- Statement of the **changes** in market values during the year;
- Development of the **Actuarial Value of Assets**;
- **Allocation** of Actuarial Value to subplans;
- Assessment of **investment performance**; and
- Projection of the Plan's expected **cashflows** for the next ten years.

Disclosure

The market value of assets represents a "snap-shot" or "cash-out" value which provides the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace, because these fluctuations would result in volatility in the resulting contributions if the market value were used, unadjusted, in the valuation process, an actuarial value is developed.

The actuarial value is based on the market value that has been smoothed. This actuarial value becomes the actuary's best estimate of long-term asset values and is used for evaluating the Plan's ongoing ability to meet its obligations.

Current actuarial methods employed in this Plan set the actuarial value equal to the expected value plus 33⅓% of the difference between the expected value of assets and the actual market value. The expected value is derived by adjusting the prior year's actuarial value of assets by contributions, benefit payments and expected interest at the 8% assumption. We continue to use the 8% assumption for the period July 1, 2005 through June 30, 2006 because the change to 7.75% takes place on June 30, 2006.

SECTION II
ASSETS

Changes in Market Value of Total Defined Benefit Plan Assets			
Value of Assets – June 30, 2005			**$ 8,930,532,689**
Additions			
Contributions:			
Employer Contributions	$ 312,016,508		
Employee Contributions	144,397,946		
Transfer	250,000		$ 456,664,454
Total Contributions			
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	$ 682,965,857		
Interest on Bank Balances	1,126,822		
Total Investment Income		$ 684,092,679	
Investment Activity Expenses:			
Management Fees	$ (19,909,150)		
Investment Related Expense	(224,295)		
Banking Fees	(66,078)		
Total Investment Activity Expenses		$ (20,199,523)	
Net Income from Investing Activities			$ 663,893,156
Total Additions			$ 1,120,557,610
Deductions			
Retirement Benefits	$ (448,342,677)		
Disability Benefits	(48,853,164)		
Survivor Benefits	(5,680,814)		
Refunds and Other Expenses	(18,907,578)		
Total Deductions			$ (521,784,233)
Total			
Net Increase (Decrease)			$ 598,773,377
Value of Assets – June 30, 2006			**$ 9,529,306,066**

SECTION II
ASSETS

Development of Actuarial Value of Assets as of June 30, 2006

1.	Actuarial Value of Assets at June 30, 2005	$ 8,888,156,289
2.	Amount in (1) with Interest to June 30, 2006	9,599,208,792
3.	Employer and Member Contributions for the Plan Year Ended June 30, 2006	456,664,454
4.	Interest on Contributions Assuming Received Uniformly Throughout the Year to June 30, 2006	17,915,168
5.	Disbursements from Trust Except Investment Expenses, July 1, 2004 through June 30, 2006	(521,784,233)
6.	Interest on Disbursements Assuming Payments Made Uniformly throughout the Year to June 30, 2006	(20,759,221)
7.	Expected Value of Asset at June 30, 2006 = (2) + (3) + (4) + (5) + (6)	$ 6,531,244,960
8.	Actual Market Value of Assets at June 30, 2006	$ 9,529,306,066
9.	Excess of (8) Over (7)	(1,938,894)
10.	Actuarial Value of Assets at June 30, 2006 = (7) + 33⅓% of (9)	$ 9,530,598,662

** All interest adjustments are made using the 8% per annum actuarial assumed interest rate.*

SECTION II
ASSETS

Actuarial Value of Assets

The Actuarial Value of Assets represents a "smoothed" value developed by the actuary to reduce, or eliminate, volatile contribution rates which could develop from short-term fluctuations in the Market Value of Assets. For this Plan, the Actuarial Value has been calculated by adding 33⅓% of the difference between Market Value and Expected Value to the Expected Value. The previous table illustrates the calculation of Actuarial Value of Assets for the June 30, 2006 valuation.

Allocation of Actuarial Value of Assets

The assets for all of the defined benefit plans are commingled for investment purposes. Other assets are in effect commingled in that their value is allocated among all of the plans. The actuarial smoothing methodology is applied on the market value of total assets. This produces an asset ratio which is then applied to the market value of assets attributable to each of the plans. The asset value derived in this valuation is 1.0001 ($9,530,598,662 ÷ $9,529,306,066). The allocation of actuarial value of assets to each of the System's plans is shown in the following chart.

Allocation of Actuarial Value of Assets as of June 30, 2006

	Market Value	Actuarial Value
Teachers	$ 4,782,133,346	$ 4,782,782,014
State (Regular & Special)	2,721,068,435	2,721,437,532
Judges	44,344,633	44,350,649
Legislators	7,943,390	7,944,468
Participating Local Districts (Consolidated & Non-Consolidated)	1,973,816,262	1,974,083,999
Total Fund	$ 9,529,306,066	$ 9,530,598,662

Investment Performance

The Market Value of Assets returned 7.46% during FY 2006. This is lower than the Plan's assumed return of 8%. This year's return was the first year of returns below the assumption within the last three years, as the returns in FY 2005 and FY 2004 were 11.7% and 16.6%, respectively.

On an actuarial value of assets basis, the return for FY 2006 was 7.99%. This return is slightly higher than the return on a market value basis because of the ongoing recognition in the actuarial value of gains in prior years not fully recognized because of smoothing. As of June 30, 2006, these accumulated gains were almost recognized and now there is a cumulative difference of only $1.3 million between the two measures.

SECTION II
ASSETS

Projection of Plan's Benefit Payments and Contributions

FY Ending June 30,	Expected Benefit Payments	Expected PLD Contributions (based on Corridor Method)	Expected Member Contributions	Total Expected Contributions
2007	$ 85,626,000	$ 9,715,000	$ 21,244,000	$ 30,959,000
2008	92,324,000	10,176,000	22,253,000	32,429,000
2009	98,841,000	10,660,000	23,310,000	33,970,000
2010	105,655,000	11,166,000	24,417,000	35,583,000
2011	112,400,000	11,697,000	25,577,000	37,274,000
2012	119,158,000	12,252,000	26,791,000	39,043,000
2013	126,444,000	12,834,000	28,064,000	40,898,000
2014	134,349,000	13,444,000	29,397,000	42,841,000
2015	142,247,000	14,082,000	30,793,000	44,875,000
2016	149,874,000	14,751,000	32,256,000	47,007,000

We provide this projection of cashflows in and out of the Plan for informational purposes. The Board may share these projections with its investment advisor for consideration of the growing gap between cash coming in from PLD and member contributions and cash being paid out to provide benefits. The chart shows this gap is expected to widen as more of the baby boom generation joins the retiree payroll.

The expected benefit payments were developed on the basis of those currently included in this valuation and on the assumption that the actuarial assumptions disclosed in Appendix D will be exactly met. Actual benefit payments will vary if members retire sooner or later than assumed and if salary increases and projected future post-retirement COLAs differ from those assumed. The projections exclude any assumption about new hires, whose experience will eventually lead to increased benefit payments. However, we do not feel this exclusion will materially impact the projections for the time period shown.

Expected contributions are based on the current covered payroll and the frozen aggregate PLD contribution rate of 3% of payroll. We have assumed that payroll will increase by 4.75% per year in the projection period and that the rate will remain constant.

The projection of member contributions is similarly based on a 4.75% per year increase in covered payroll multiplied by the average aggregate member contribution rate of 6.56%.

SECTION III
LIABILITIES

In this section, we present detailed information on Plan liabilities including:

- **Disclosure** of Plan liabilities at June 30, 2005 and June 30, 2006; and
- Statement of **changes** in these liabilities during the year.

Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the purpose for which the figures are ultimately used.

- **Total Future Obligation:** Used for analyzing the overall financial outlook of the Plan, this represents the amount of money needed today to fully pay off all future benefits of the Plan, assuming participants continue to accrue benefits under the current Plan provisions.

- **Actuarial Liability:** Used for funding calculations and GASB disclosures, this liability is calculated taking the Total Future Obligations above and subtracting the present value of future Member Contributions and future Employer Normal Costs under an acceptable actuarial funding method. This method is referred to as the **Entry Age Normal** funding method.

- **Accrued Liabilities:** Used for communicating the current level of liabilities, this liability represents the total amount of money needed today to fully pay off the current accrued obligations of the Plan, assuming no future accruals of benefits. These liabilities are also required for accounting purposes (FAS 35) and used to assess whether the Plan can meet its current benefit commitments.

The following table discloses each of these liabilities for the current and prior years' valuations. With respect to the Actuarial Liability and the Accrued Liability, a subtraction of the appropriate value of Plan assets yields, for each respective type, a **net surplus** or an **unfunded liability**.

The Total Future Obligation is compared to the current market value of assets, the expected future value of member contributions and the expected future value of PLD contributions assuming the valuation rate remains constant. The difference between the Total Future Obligation (TFO) and these anticipated resources indicates either a shortfall or an expected surplus that may develop over time. This surplus/shortfall indicates the ability of the reduced 3% aggregate contribution rate to fund benefits in the future.

SECTION III
LIABILITIES

Disclosure of Liabilities

	June 30, 2005	June 30, 2006
Total Future Obligations (TFO)		
Active Participant Benefits	$ 1,104,368,426	$ 1,210,540,317
Retiree Benefits	795,259,457	850,494,792
Terminated Vested and Inactive Members	25,056,827	33,520,273
Total Future Obligations	**$ 1,924,684,710**	**$ 2,094,555,382**
Market Value of Assets (MVA)	1,735,008,951	1,846,054,077
Future Employee Contributions	152,177,764	165,337,460
Future PLD Contributions at 3% Fixed Rate	69,386,802	75,387,264
Projected (Surplus)/Shortfall	(31,888,807)	7,776,581
Total Resources	**$ 1,924,684,710**	**$ 2,094,555,382**
Actuarial Liability		
Total Future Obligations (TFO)	$ 1,924,684,710	$ 2,094,555,382
Present Value of Future Normal Costs (PVFNC)		
Employer Portion	191,308,829	209,088,182
Employee Portion	152,177,764	165,337,460
Actuarial Liability (AL = TFO – PVFNC)	**$ 1,581,198,117**	**$ 1,720,129,740**
Actuarial Value of Assets (AVA)	1,726,776,134	1,846,304,483
Net (Surplus)/Unfunded (AL – AVA)	**$ (145,578,017)**	**$ (126,174,743)**
Accrued Liability		
Total Future Obligations (TFO)	$ 1,924,684,710	$ 2,094,555,382
Present Value of Future Benefit Accruals (PVFBA)	530,647,806	583,193,198
Accrued Liability (PVAB = TFO – PVFBA)	**$ 1,394,036,904**	**$ 1,511,362,184**
Market Value of Assets (MVA)	1,735,008,951	1,846,054,077
Net (Surplus)/Unfunded (PVAB – MVA)	**$ (468,944,831)**	**$ (472,146,783)**

SECTION III
LIABILITIES

Changes in Liabilities

Each of the liabilities disclosed in the prior table is expected to change at each subsequent valuation. The components of these changes, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method

Unfunded liabilities will change because of all of the above, and also due to changes in Plan assets resulting from:

- PLD contributions being different than expected
- Investment earnings being different than expected
- A change in the method used to measure Plan assets

In each valuation, we report on those elements of change which are of particular significance, potentially affecting the long-term financial outlook of the Plan. Below we present key changes in liabilities since the last valuation.

	Total Future Obligation	Actuarial Liability	Accrued Liability
Liabilities 06/30/2005	$ 1,924,684,710	$ 1,581,198,117	$ 1,394,036,904
Liabilities 06/30/2006	2,094,555,382	1,720,129,740	1,511,362,184
Liability Increase (Decrease)	169,870,672	138,931,623	117,325,280
Change Due to:			
Plan Amendment and Ad Hoc COLAs	$ -	$ -	$ -
Assumption Change	66,804,998	61,699,141	48,542,371
Actuarial (Gain)/Loss	N/C	(18,317,866)	N/C
Benefits Accumulated and Other Sources	103,065,674	95,550,348	68,782,909

SECTION IV
CONTRIBUTIONS

General Comments

Under established procedures, employer contribution rates based on this June 30, 2006 actuarial valuation are used to determine Fiscal Year 2008 contributions. In this context, the term "employer contribution rate" means the percentage that is applied by each PLD to its active member payroll to determine the PLD's actual employer contribution amount.

In addition to the applicable employer contribution rate, each individual PLD will make a dollar payment (or receive a dollar credit) based on its IUUAL to be added to (or subtracted from) the amount derived by applying the employer contribution rate to the participant payroll.

Employees are required to contribute to the Plans. Employee contribution rates are detailed in Appendix C.

Description of Rate Components

The Entry Age normal funding method was used to develop the employer contribution rates in this section. Under this funding method, as with most other actuarial funding methods, a total contribution rate is determined which consists of two elements: the normal cost rate and the pooled unfunded actuarial liability rate.

Normal Cost Rate

For each of the Regular and Special Plans in the Consolidated Plan, an individual entry age normal cost rate is determined for a typical new entrant. This rate equals the value, as of age at entry into the Plan, of the typical member's projected future benefits (including retirement, disability and death benefits), minus the value of future member contributions, divided by the value, also as of the member's entry age, of the member's future expected salary. The normal cost rate is determined separately for each Regular and each Special Plan and is applicable to all active members of each of the Plans.

Pooled Unfunded Actuarial Liability Rate

The unfunded actuarial liability under the Entry Age Normal method equals the present value, at time of valuation, of future benefits less the present value of future normal costs, future member contributions, future IUUAL payments and current assets. Under the Consolidated Plan, a Pooled Unfunded Actuarial Liability Rate is calculated for the Regular Plans as a group and for the Special Plans as a group. The rate for each group is then allocated to each plan within the Regular Plans and to those within the Special Plans, respectively, on the basis of total normal cost plus employee contributions for each such plan. That is, those plans which constitute a larger portion of the overall liability will pay a larger portion of the pooled UAL rate or receive a larger credit if the rate is negative. The pooled UAL rates are calculated for the Regular and Special Plans in the aggregate in Table IV-1.

IUUAL Payments/(Credits)

In addition to employer contributions required under the Consolidated Plan, each individual PLD in the Consolidated Plan that came into the Plan with liabilities in excess of assets will make payments on its IUUAL until it is fully paid off. Where IUUAL payments are due, each PLD makes payment of a specific dollar amount. Where a PLD had, at the time of entry into the Consolidated Plan, surplus assets, the PLD uses a portion of the surplus toward payment of its employer contributions to the

SECTION IV
CONTRIBUTIONS

Consolidated Plan. Credit transactions, also of specific dollar amounts, are accomplished by MSRS accounting entries.

Employer Contribution Rate Summary

In Table IV-2, we present employer contribution rates applicable for determining the Fiscal Year 2008 contributions to the Plan, using the cost methods described above. These were developed using the actuarial assumptions and methods described in Appendix D.

New Entrant/Re-Entrant Rate

While the above description of the employer rate components and calculation applies to all PLDs' rates, there is an additional rate-calculation step for PLDs that join the Consolidated Plan after the three-year "window period" that was in place at the outset of the Plan and for PLDs that rejoin the Plan, having previously withdrawn from it.

An entity that becomes a PLD, having not before been one, and joins the Consolidated Plan (as all such new PLDs must) is required to pay a new entrant rate to the Plan, as is a PLD that existed when the Plan was established but did not then join the Plan (a so-called "withdrawn" PLD), and thereafter does so. The new entrant rate is calculated as the difference between the Normal Cost and the Total Rate. The Normal Cost and the Total Rate are those in effect at the time the PLD enters the Plan, for the plan or plans that the PLD adopts. The new entrant rate must be paid for a period of three years, after which the PLD henceforth pays the then-applicable Total Rate.

A PLD that joined the Consolidated Plan, subsequently becomes a "withdrawn" PLD, and later rejoins the Plan may be required to pay a "new" entrant rate (more properly called a re-entrant rate in these circumstances). The rate is calculated as stated above and is in effect for the rejoining PLD for the difference between the number of years that the PLD previously participated in the Consolidated Plan prior to withdrawal and three years. At the end of the established period, the PLD henceforth pays the then-applicable Total Rate.

The new entrant/re-entrant rate takes into account the fact that in the first three years of the Consolidated Plan's existence, then-existing PLDs who joined the Plan paid a Normal Cost rate that could only be an estimated rate until the population of Plan participants at the end of the three-year period was established. The population having been established, the Normal Cost rate could actuarially be calculated. The actuarial Normal Cost rate proved to be lower than the estimated rate, which meant that those PLDs had made higher employer contributions than necessary during the three-year period, thereby increasing the Plan's assets. Later-joining PLDs benefit in terms of the employer contribution rate from the higher Plan assets that resulted from the earlier joining PLDs' larger than necessary contributions. The new entrant/re-entrant rate is intended to create equivalence, if not perfect equality, among all PLDs as to the degree to which they participate in building Plan assets.

The new entrant/re-entrant rate is in addition to any IUUAL payment required from the PLD.

SECTION IV
CONTRIBUTIONS

Table IV-1
Consolidated Plan for Participating Local Districts
of the Maine State Retirement System
June 30, 2006

Development of Pooled UAL Rate

	Regular Plans	Special Plans	Total
1. Present Value of Benefits	$ 1,249,736,581	$ 844,818,801	$ 2,094,555,382
2. Present Value of Future Contributions			
a. Employer Normal Cost	126,638,328	82,449,854	209,088,182
b. Employee Contributions	108,963,434	56,374,026	165,337,460
3. Actuarial Accrued Liability (1) – (2)	$ 1,014,134,819	$ 705,994,921	$ 1,720,129,740
4. Actuarial Value of Assets			
a. Total Invested Assets	$ 1,164,949,749	$ 759,985,768	$ 1,924,935,517
b. IUUAL Surpluses in Individual PLD Accounts	54,952,396	23,678,638	78,631,034
c. Valuation Assets (a) – (b)	$ 1,109,997,353	$ 736,307,130	$ 1,846,304,483
5. Unfunded Actuarial Accrued Liability			
a. Total Unfunded Liability (3) – (4c)	$ (95,862,534)	$ (30,312,209)	$ (126,174,743)
b. Individual PLD Unpooled Liability (IUUAL)	9,390,379	4,674,900	14,065,279
c. Pooled Unfunded Actuarial Liability (a) – (b)	$ (105,252,914)	$ (34,987,108)	$ (140,240,022)
6. Amortization over 15 Years	$ (12,109,584)	$ (4,025,345)	$ (16,134,930)
7. Payroll	$ 230,744,858	$ 93,089,246	$ 323,834,104
8. Pooled Unfunded Actuarial Liability Contribution Rate	(5.2%)	(4.3%)	(5.0%)

SECTION IV
CONTRIBUTIONS

Table IV-2
Consolidated Plan for Participating Local Districts of the Maine State Retirement System
Employer Contribution Rates*
Fiscal Year 2008

	Normal Cost**	Regular Plans	Special Plans	Total Rates
Plans with COLA				
Regular Employees Plan AC	7.9%	(5.1%)		2.8%
Regular Employees Plan BC	5.3%	(3.6%)		1.7%
Special Plan 1C	16.8%		(10.3%)	6.5%
Special Plan 2C	9.6%		(5.6%)	4.0%
Special Plan 3C	12.6%		(7.3%)	5.3%
Special Plan 4C	7.9%		(4.4%)	3.5%
Plans with No COLA				
Regular Employees Plan AN	4.1%	(2.6%)		1.5%
Special Plan 1N	9.2%		(5.6%)	3.6%
Special Plan 2N	4.9%		(2.7%)	2.2%
Special Plan 3N	6.5%		(3.6%)	2.9%
Special Plan 4N	3.6%		(1.7%)	1.9%

* IUUAL payments are made in addition to these costs and IUUAL credits are taken against these costs.
** Includes costs of ancillary benefits.

SECTION V
ACCOUNTING STATEMENT INFORMATION

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

The FASB-35 disclosures provide a quasi "snap shot" view of how the Plan's assets compare to its liabilities if contributions stopped and accrued benefit claims had to be satisfied. However, due to potential legal requirements and the possibility that alternative interest rates would have to be used to determine the liabilities, these values may not be a good indication of the amount of money it would take to buy the benefits for all members if the Plan were to terminate.

The GASB-25 actuarial accrued liability is the same as the actuarial liability amount calculated for funding purposes.

Both the present value of accrued benefits (FASB-35) and the actuarial accrued liability (GASB-25) are determined assuming that the Plan is ongoing and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions. Liabilities are discounted at the assumed valuation interest rate of 7.75% per annum.

FASB Statement No. 35 specifies that a comparison of the present value of accrued (accumulated) benefits with the market value of the assets as of the valuation date must be provided. GASB Statement No. 25 requires the actuarial accrued liability be compared with the actuarial value of assets for funding purposes. The relevant amounts as of June 30, 2005 and June 30, 2006 are exhibited in Table V-1. Table V-2 reconciles the FASB-35 liabilities determined as of the prior valuation June 30, 2005, to the liabilities as of June 30, 2006.

Tables V-3 through V-5 are exhibits required for the System's Comprehensive Annual Financial Report. The GFOA recommends showing 6-10 years of experience in each of these exhibits. This report will continue to add years of experience to the charts and eventually build up to the recommended disclosure. Table V-3 shows the Notes to Required Supplementary Information. Table V-4 is a history of gains and losses in Accrued Liability, and Table V-5 is the Solvency Test which shows the portion of Accrued Liability covered by Assets.

SECTION V
ACCOUNTING STATEMENT INFORMATION

Table V-1
Accounting Statement Information

	June 30, 2005	June 30, 2006
A. FASB No. 35 Basis		
1. Present Value of Benefits Accrued to Date		
a. Members Currently Receiving Payments	$ 795,259,457	$ 850,494,792
b. Vested Terminated and Inactive Members	25,056,827	33,520,273
c. Active Members	573,720,620	627,347,119
d. Total PVAB	$ 1,394,036,904	$ 1,511,362,184
2. Assets at Market Value	1,735,008,951	1,846,054,077
3. Unfunded Present Value of Accrued Benefits, But Not Less Than Zero	$ 0	$ 0
4. Ratio of Assets to Value of Benefits (2) / (1)(d)	124%	122%
B. GASB No. 25 Basis		
1. Actuarial Liabilities		
a. Members Currently Receiving Payments	$ 795,259,457	$ 850,494,792
b. Vested Deferred and Inactive Status Members	25,056,827	33,520,273
c. Active Members	760,881,833	836,114,675
d. Total	$ 1,581,198,117	$ 1,720,129,740
2. Actuarial Value of Assets	1,726,776,134	1,846,304,483
3. Unfunded Actuarial Liability	$ (145,578,017)	$ (126,174,743)
4. Ratio of Actuarial Value of Assets to Actuarial Liability	109%	107%

SECTION V
ACCOUNTING STATEMENT INFORMATION

Table V-2
Statement of Changes in Total Actuarial Present Value of All Accrued Benefits

	Accumulated Benefit Obligation (FASB 35)
Actuarial Present Value of Accrued Benefits as of June 30, 2005	$ 1,394,036,904
Increase (Decrease) During Years Attributable to:	
Passage of Time	111,522,952
Benefit Paid – FY 2006	(76,975,417)
Assumption Change	48,542,371
Plan Amendment	0
Benefits Accrued, Other Gains/Losses	34,235,912
Net Increase (Decrease)	117,325,280
Actuarial Present Value of Accrued Benefits as of June 30, 2006	$ 1,511,362,184

SECTION V
ACCOUNTING STATEMENT INFORMATION

Table V-3
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	June 30, 2006
Actuarial cost method	Entry age
Amortization method	Level percent open
Remaining amortization period	15 years
Asset valuation method	3-Year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases*	4.50% – 9.00%
*Includes inflation at	4.50%
Cost-of-living adjustments	3.75%

The actuarial assumptions used have been recommended by the actuary and adopted by the Plan's Board of Trustees based on the most recent review of the Plan's experience, completed in 2006.

The rate of employer contributions to the plan is composed of the normal cost and an amortization of the unfunded actuarial accrued liability. The normal cost is a level percent of payroll cost which, along with the member contributions, will pay for projected benefits at retirement for the average plan participant. The actuarial accrued liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial accrued liability.

SECTION V
ACCOUNTING STATEMENT INFORMATION

Table V-4
ANALYSIS OF FINANCIAL EXPERIENCE
Gain and Loss in Accrued Liability During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	*Gain (or Loss) for Year ending June 30, 2005*	*Gain (or Loss) for Year ending June 30, 2006*
Investment Income	$ 6,722,639	$ 0
Combined Liability Experience	(3,406,292)	$ 18,317,866
Gain (or Loss) During Year from Financial Experience	$ 3,316,347	$ 18,317,866
Non-Recurring Items	0	(61,699,141)
Composite Gain (or Loss) During Year	**$ 3,316,347**	**$ (43,381,275)**

SECTION V
ACCOUNTING STATEMENT INFORMATION

Table V-5
SOLVENCY TEST
Aggregate Accrued Liabilities For

Valuation Date June 30,	(1) Active Member Contributions	(2) Retirees Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
					(1)	(2)	(3)
2006	$ 239,876,523	$ 884,015,065	$ 596,238,152	$ 1,846,304,483	100%	100%	121%
2005	217,657,321	820,316,284	543,224,512	1,726,776,134	100	100	127
2004	195,013,387	772,474,507	524,178,904	1,633,016,411	100	100	127

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Androscoggin County	67	A [1]	1	2	Yes	7/1/1994	
Androscoggin Valley Council of Governments	231	A			Yes	7/1/1996	
Aroostook County	106	A			Yes	7/1/1994	
Auburn Housing Authority	145	A			Yes	7/1/1994	
Auburn Lewiston Airport	256	A			Yes	7/1/1996	
Auburn Public Library	43	A			FO	7/1/1996	7/1/2001
Auburn Water and Sewer District	52	A			Yes	7/1/1994	
Augusta Sanitary District	64	A			Yes	7/1/1994	
Augusta Water District	34	A			Yes	7/1/1994	
Augusta, City of	23	A	1	2	Yes	7/1/1994	
Baileyville, Town of	69	A	3		Yes	7/1/1996	
Bangor Housing Authority	288	A			Yes	7/1/1994	
Bangor Public Library	22	A			Yes	7/1/1996	
Bangor Water District	59	B [2]			Yes	7/1/1996	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Bangor, City of	20	A	1	2	Yes	7/1/1996	
Bar Harbor, Town of	15	A	4		Yes	7/1/1995	
Bath Water District	19	A			Yes	7/1/1994	
Bath, City of	73	A	2	3	Yes	7/1/1996	
Belfast Water District	132	A			Yes	7/1/1995	
Belfast, City of	35	A	2		Yes	7/1/1996	
Berwick Sewer District	207	A			Yes	7/1/1994	
Berwick, Town of	108	A			No	7/1/1996	
Bethel, Town of	246	A			Yes	7/1/1996	
Biddeford, City of	158	A	3 [3]		No	7/1/1996	
Boothbay Harbor, Town of	146	A	2		Yes	7/1/1996	
Boothbay Region Water District	298	A	2		Yes	1/1/2002	
Brewer Housing Authority	248	A			Yes	7/1/1994	
Brewer, City of	63	A [4]	2		Yes	7/1/1996	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Bridgton Water District	253	A			No	7/1/1996	
Brunswick Fire and Police	292	A	1	2	FO	7/1/1997	7/1/1997
Brunswick Public Library	273	A			FO	7/1/1995	7/1/1995
Brunswick Sewer District	72	A			Yes	7/1/1996	
Brunswick, Town of	42	A			FO	7/1/1995	7/1/2000
Bucksport, Town of	130	A	4 [5]		No	7/1/1995	
Calais, City of	36	A			FO	7/1/1996	7/1/1996
Camden, Town of	8	A			Yes	7/1/1994	
Caribou Police and Fire	208	A	1	2	No	7/1/1996	
Carrabasett Valley	277	A			FO	7/1/1994	7/1/1994
Chesterville, Town of	295	A [6]			Yes	7/1/1999	
Cheverus High School	203	A	2		No	7/1/1996	
China, Town of	235	A			No	7/1/1996	
Coastal Counties Workforce, Inc.	301	A [7]			Yes	7/1/2003	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Community School District #12	252	A			Yes	7/1/1996	
Community School District #915	233	A			Yes	7/1/1995	
Corinna Sewer District	251	A			No	7/1/1996	
Corinna, Town of	217	A			Yes	7/1/1996	
Cumberland County	5	A			Yes	7/1/1996	
Cumberland, Town of	216	B [8]			Yes	7/1/1995	
Dexter, Town of	97	A			Yes	7/1/1996	
Dover - Foxcroft Water District	137	A			Yes	7/1/1994	
Dover FoxcrofT, Town of	167	A			No	7/1/1995	
Durham, Town of	234	A			No	7/1/1996	
Eagle Lake Water & Sewer District	274	A			Yes	7/1/1996	
East Millinocket, Town of	54	A	2		Yes	7/1/1996	
Easton, Town of	240	A			Yes	7/1/1994	
Eliot, Town of	180	A	1 [9]		Yes	7/1/1994	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Ellsworth, City of	13	A	4		Yes	7/1/1995	
Erskine Academy	249	A			No	7/1/1994	
Fairfield, Town of	260	A	3		Yes	7/1/1995	
Falmouth Memorial Library	58	A			Yes	7/1/1996	
Falmouth, Town of	87	A			Yes	7/1/1996	
Farmington Village Corp.	118	A			No	7/1/1994	
Farmington, Town of	100	A	1		Yes	7/1/1995	
Fayette, Town of	296	A			Yes	7/1/1999	
Fort Fairfield Housing Authority	275	A			FO	7/1/2002	7/1/1994
Fort Fairfield Utilities District	131	A			Yes	7/1/1996	
Fort Fairfield, Town of	17	A			Yes	7/1/2000	
Franklin County	102	A			Yes	7/1/2006	
Freeport, Town of	142	A	2 [7]		Yes	7/1/2003	
Frenchville, Town of	98	A			No	7/1/1996	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Fryeburg, Town of	149	A			No	7/1/1996	
Gardiner Water District	221	A			No	7/1/1994	
Gardiner, City of	24	A	3		No	7/1/1996	
Glenburn, Town of	174	A			Yes	7/1/1994	
Gorham, Town of	133	A	2	4	Yes	7/1/1996	
Gould Academy	205	A			No	7/1/1996	
Greenville, Town of	112	A			Yes	7/1/1996	
Hallowell, City of	160	A			Yes	7/1/1996	
Hampden Water District	183	A			Yes	7/1/1996	
Hampden, Town of	151	A			No	7/1/1996	
Hancock County	56	A			Yes	7/1/1994	
Harpswell, Town of	270	A			Yes	7/1/1994	
Harrison, Town of	280	B [10]			Yes	7/1/1994	
Hermon, Town of	150	A			No	7/1/1996	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Hodgdon, Town of	215	A			No	7/1/1996	
Houlton Water District	26	A			Yes	7/1/1995	
Houlton, Town of	10	A	4[5]		Yes	7/1/1996	
Indian Township Tribal Gov't	244	A			No	7/1/1996	
Jackman Utility District	294	A			Yes	7/1/1996	
Jay, Town of	45	A			Yes	7/1/1994	
Kennebec County	47	A			Yes	7/1/1995	
Kennebec Sanitary Treatment District	220	A			FO	7/1/1995	7/1/1995
Kennebec Water District	31	A			Yes	7/1/1996	
Kennebunk Light and Power Co.	62	A			Yes	7/1/1994	
Kennebunk Sewer District	201	A			FO	7/1/1994	7/1/2000
Kennebunk, Kennebunkport & Wells Water District	255	A			FO	7/1/1996	7/1/1999
Kennebunk, Town of	84	A	2		Yes	7/1/1996	
Kennebunkport, Town of	188	A	1		FO	7/1/1996	7/1/2006

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Kittery Water District	12	A			Yes	7/1/1994	
Kittery, Town of	14	A	1	2	Yes	7/1/1995	
Lebanon, Town of	181	A			Yes	7/1/1996	
Lew Aub Water Pollution Control Authority	163	A			FO	7/1/1996	7/1/1996
Lewiston - Auburn 9-1-1	291	A			Yes	7/1/1994	
Lewiston Housing Authority	154	A			Yes	7/1/1994	
Lewiston, City of	48	A	1	2	Yes	7/1/1996	
Limestone, Town of	245	A			Yes	7/1/2006	
Lincoln & Sagadahoc Multi County Jail Authority	304	A	2		Yes	7/1/2004	
Lincoln Academy	134	A			Yes	7/1/1994	
Lincoln County	95	A			Yes	7/1/2004	
Lincoln County Sheriffs	302	A	2 [7]		Yes	7/1/2003	
Lincoln Sanitary District	219	A			Yes	7/1/1994	
Lincoln Water District	92	A			Yes	7/1/1995	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Lincoln, Town of	76	A	3		No	7/1/1996	
Linneus, Town of	214	A			No	7/1/1996	
Lisbon Water Department	243	A			No	7/1/1996	
Lisbon, Town of	103	A	2		Yes	7/1/1996	
Livermore Falls Water District	32	A			Yes	7/1/1994	
Livermore Falls, Town of	109	A			No	7/1/1996	
Lovell, Town of	276	A			Yes	7/1/1996	
Lubec Water and Electric District	88	A			Yes	7/1/1996	
Lubec, Town of	228	A			No	7/1/1996	
Madawaska Water District	236	A			Yes	7/1/1994	
Madawaska, Town of	82	A			Yes	7/1/1996	
MADSEC	297	A			Yes	7/1/1999	
Maine County Commissioners Assoc.	225	A			No	7/1/1996	
Maine International Trade Center	293	A			Yes	7/1/1998	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Maine Maritime Academy	38	A	2		Yes	7/1/1996	
Maine Municipal Bond Bank	93	A			Yes	7/1/1995	
Maine School Management Association	239	A			Yes	7/1/1994	
Maine State Housing Authority	169	A			Yes	7/1/2005	
Maine State Retirement System	290	A			Yes	7/1/1994	
Maine Turnpike Authority	49	A			Yes	7/1/1994	
Maine Veterans Home	271	A			Yes	7/1/1994	
Mapleton, Castle Hill and Chapman, Town of	265	A			Yes	7/1/1996	
Mars Hill Utility District	283	A			Yes	7/1/1994	
Mars Hill, Town of	227	A			Yes	7/1/1996	
ME Secondary School Principals Association	105	A			Yes	7/1/1994	
Mechanic Falls Sanitary District	282	A			FO	7/1/1994	7/1/2002
Mechanic Falls, Town of	114	A			Yes	7/1/1994	
Medway, Town of	194	A			Yes	7/1/1996	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Mexico, Town of	74	A [11]			Yes	7/1/1996	
Milford, Town of	186	A			No	7/1/1996	
Millinocket, Town of	3	A	3	4	Yes	7/1/1996	
Milo Water District	238	A			No	7/1/1996	
Monson, Town of	184	A			No	7/1/1996	
Mount Desert Island Reg. School District	120	A			Yes	7/1/1996	
Mount Desert Water District	300	A [7]			Yes	7/1/2003	
Mount Desert, Town of	16	A			Yes	7/1/1996	
New Gloucester, Town of	210	A			No	7/1/1995	
North Berwick, Town of	254	A	1		No	7/1/1996	
North Berwick Water District	308	A			Yes	7/1/2006	
Norway Water District	136	A			FO	7/1/1995	7/1/2000
Norway, Town of	125	A			FO	7/1/1996	7/1/2000
Old Orchard Beach, Town of	140	A	2		Yes	7/1/2003	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Old Town Housing Authority	262	A			FO	7/1/1994	7/1/1994
Old Town Water District	79	A			No	7/1/1994	
Old Town, City of	111	A	2		No	7/1/1995	
Oqunquit, Town of	303	A	1		Yes	7/1/2004	
Orland, Town of	166	A			No	7/1/1996	
Orono, Town of	61	A	2 [12]		FO	7/1/1996	7/1/2002
Orrington, Town of	209	A			No	7/1/1995	
Otisfield, Town of	193	A			FO	7/1/1996	7/1/1996
Oxford County	57	A	2 [3]		Yes	7/1/1994	
Oxford, Town of	200	A			No	7/1/1996	
Paris Utility District	159	A			Yes	7/1/1995	
Paris, Town of	127	A			Yes	7/1/1996	
Penobscot County	11	A			Yes	7/1/1994	
Penquis Cap Inc	237	A			No	7/1/1995	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Phippsburg, Town of	202	A			Yes	7/1/1996	
Piscataquis County	121	A			Yes	7/1/1994	
Pittsfield, Town of	110	A			No	7/1/1996	
Pleasant Point Passamaquoddy	165	A			Yes	7/1/1996	
Portland Housing Authority	185	A			Yes	7/1/1994	
Portland Public Library	41	A			Yes	7/1/1995	
Portland, City of	2	A	1	2	Yes	7/1/1995	
Princeton, Town of	258	A			No	7/1/1996	
Richmond Utilities District	242	A			No	7/1/1994	
Rockland, City of	18	A	3[13]	2[14]	Yes	7/1/1995	
Rockport, Town of	161	A			No	7/1/1996	
Rumford Fire and Police	60	A	3	4	Yes	7/1/1995	
Rumford Mexico Sewerage District	247	A			Yes	7/1/1996	
Rumford Water District	65	A			Yes	7/1/1995	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Rumford, Town of	90	A			Yes	7/1/1995	
Sabattus, Town of	175	A			FO	7/1/1996	7/1/2006
Saco, City of	192	A	2		No	7/1/1995	
Sagadahoc County	96	A	2	3 [15]	Yes	7/1/2002	
Sanford Housing Authority	152	A			Yes	7/1/1996	
Sanford Sewerage District	89	A			No	7/1/1994	
Sanford Water District	170	A			No	7/1/1996	
Sanford, Town of	83	A	1 [16]		FO	7/1/1995	7/1/2002
Scarborough, Town of	147	A	2		Yes	7/1/1996	
School Administrative District No. 9	119	A			Yes	7/1/1995	
School Administrative District No. 13	223	A			Yes	7/1/1996	
School Administrative District No. 16	190	A			No	7/1/1994	
School Administrative District No. 21	211	A			FO	7/1/1996	7/1/2000
School Administrative District No. 29	168	A			Yes	7/1/1996	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
School Administrative District No. 31	50	A			FO	7/1/1994	7/1/1994
School Administrative District No. 41	143	A			Yes	7/1/1996	
School Administrative District No. 49	189	A			No	7/1/1995	
School Administrative District No. 51	198	A			No	7/1/1996	
School Administrative District No. 53	129	A			No	7/1/1996	
School Administrative District No. 54	115	A			Yes	7/1/1996	
School Administrative District No. 60	187	A			No	7/1/1994	
School Administrative District No. 67	126	A			Yes	7/1/1996	
School Administrative District No. 71	128	A			No	7/1/1996	
Searsport Water District	124	A			No	7/1/1996	
Searsport, Town of	117	A			No	7/1/1996	
Skowhegan, Town of	80	A	3		Yes	7/1/1996	
So Penobscot Voc School Reg. #4	269	A			No	7/1/1996	
So Portland Housing Authority	206	A			Yes	7/1/1996	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Somerset County	101	A			Yes	7/1/2005	
South Berwick Sewer District	299	A [7]			Yes	7/1/2003	
South Berwick Water	171	A	2		Yes	7/1/1996	
South Berwick, Town of	141	A	1		FO	7/1/1996	7/1/1996
South Portland, City of	9	A	2		Yes	7/1/1995	
St. Agatha, Town of	30	A			No	7/1/1996	
Topsham Sewer District	307	A [17]			Yes	7/1/2005	
Topsham, Town of	81	A	2	3	Yes	7/1/1996	
Tri Community Sanitary Landfill	267	A			Yes	7/1/1996	
Van Buren Housing Authority	229	A			Yes	7/1/1995	
Van Buren, Town of	182	A			Yes	7/1/1995	
Vassalboro, Town of	153	A			Yes	7/1/1996	
Veazie Fire and Police	305	A	3 [18]		Yes	7/1/2004	
Waldo County	46	A			Yes	7/1/1994	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Waldo County Technical Center	224	A			No	7/1/1996	
Waldoboro, Town of	195	A	3		Yes	7/1/1995	
Washburn, Town of	230	A			No	7/1/1994	
Washington County	40	A			Yes	7/1/1996	
Waterville Fire and Police	66	A	3		No	7/1/1996	
Waterville Sewerage District	222	A			Yes	7/1/1994	
Wells Ogunquit CSD	266	A			FO	7/1/1995	7/1/1995
Wells, Town of	107	A	3		Yes	7/1/1995	
Westbrook , City of	122	A			Yes	7/1/2006	
Westbrook Fire and Police	70	A	2	3 [19]	Yes	7/1/2006	
Westbrook Housing Authority	259	A			Yes	7/1/1996	
Windham, Town of	309	A	4		Yes	7/1/2006	
Winslow, Town of	144	A [20]			Yes	7/1/1996	
Winter Harbor Utility District	250	A			Yes	7/1/1995	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

PLD Name	PLD #	Regular Plan	Special Plan	Special Plan	COLA	Entry Date	FO COLA Date
Winterport Water & Sewer Districts	306	A [17]			Yes	7/1/2005	
Winthrop, Town of	179	A			FO	7/1/1994	7/1/2003
Yarmouth Water District	278	A			Yes	7/1/1994	
Yarmouth, Town of	116	A	2		Yes	7/1/1996	
York County	37	A	2		Yes	7/1/1996	
York Sewer District	139	A			FO	7/1/1994	7/1/2006
York Water District	39	A			Yes	7/1/1996	
York, Town of	28	A	2 [18]		Yes	7/1/1994	

APPENDIX A
PARTICIPATING LOCAL DISTRICT PLAN ELECTIONS

Notes:

FO = Future Service COLA only, that is, for benefits attributable to service rendered after the Future Service COLA date.

[1] Employees hired prior to July 1, 1997 and who are members of the Plan are covered under Special Plan #1. Corrections Officers and Law Enforcement Officers hired on or after July 1, 1997, will be covered under Special Plan #2. All other employees hired on or after July 1, 1997, will be covered under Regular Plan A.

[2] Applicable to all new hires on or after July 1, 1996. All members in the PLD at July 1, 1996 elected to remain in the 1/50 Plan under Regular Plan A.

[3] Applicable for future service only rendered by law enforcement from July 1, 2003.

[4] Brewer Water District (P0068) ceased to exist as a separate entity on January 15, 2003 and became part of the City of Brewer (P0063). All Brewer Water District Regular Plan AN members became members of the Regular Plan AC for future service only.

[5] Applicable for future service rendered by the Town's Firefighters and Police Officers from July 1, 2001.

[6] Applicable for future service only from July 1, 2000.

[7] Applicable for future service only from July 1, 2003.

[8] Applicable to all new hires on or after July 1, 1995. All members in the PLD at July 1, 1995, elected to remain in the 1/50 Plan under Regular Plan A.

[9] Applicable for future service of Police Officers, effective July 1, 2006.

[10] Applicable to all new hires on or after July 1, 1994. All members in the PLD at July 1, 1994, elected to remain in the 1/50 Plan under Regular Plan A.

[11] Withdrew from Plan for new members, effective July 31, 2004.

[12] Applicable to future service rendered by the Town's Firefighters and Police Officers from July 1, 2005. Prior service was credited under Special Plan 4C.

[13] Applicable for Police Officers hired before July 1, 1998 for all service and for Police Officers hired after June 30, 1998, for future service only from July 1, 2003.

[14] Applicable to new Police Officers hired after June 30, 1998 for service through June 30, 2003.

[15] Applicable for future service only rendered by law enforcement from July 1, 2002.

[16] Applicable for future service rendered by the Town's Firefighters from July 1, 2004.

[17] Applicable for future service only from July 1, 2005.

[18] Applicable for future service rendered by the Town's Firefighters from July 1, 2005.

[19] Applicable to Police Officers and Firefighters hired prior to July 1, 1983.

[20] Withdrew from Plan for new members effective July 1, 2004.

APPENDIX B
MEMBERSHIP INFORMATION

Active Member Data as of June 30, 2006	
Regular Plans Members	
Count	7,334
Average Current Age	46.9
Average Service	8.9
Average Valuation Pay	$ 31,462
Special Plans Members	
Count	2,013
Average Current Age	40.5
Average Service	10.4
Average Valuation Pay	$ 46,244
All Plans Members	
Count	9,347
Average Current Age	45.6
Average Service	9.2
Average Valuation Pay	$ 34,646

APPENDIX B
MEMBERSHIP INFORMATION

Participating Local Districts of the Maine State Retirement System
Non-Active Member Data as of June 30, 2006
Regular Plan

	Count	Total Annual Benefit	Average Annual Benefit
Retired	3,238	$ 32,111,961	$ 9,917
Retired- Concurrent Beneficiaries	320	$ 864,342	$ 2,701
Disabilities / 1122	53	$ 561,024	$ 10,585
Disabilities / 3 and 3A	247	$ 4,159,032	$ 16,838
Beneficiaries	836	$ 5,530,577	$ 6,616
Pre-Retirement Death Benefits	209	$ 1,222,012	$ 5,847
Terminated Vested	910	$ 4,830,292	$ 5,308

Participating Local Districts of the Maine State Retirement System
Non-Active Member Data as of June 30, 2006
Special Plan

	Count	Total Annual Benefit	Average Annual Benefit
Retired	1,222	$ 27,094,391	$ 22,172
Retired- Concurrent Beneficiaries	338	$ 1,550,297	$ 4,587
Disabilities / 1122	45	$ 731,205	$ 16,249
Disabilities / 3 and 3A	41	$ 946,340	$ 23,081
Beneficiaries	209	$ 2,456,570	$ 11,754
Pre-Retirement Death Benefits	19	$ 110,285	$ 5,804
Terminated Vested	22	$ 146,299	$ 6,650

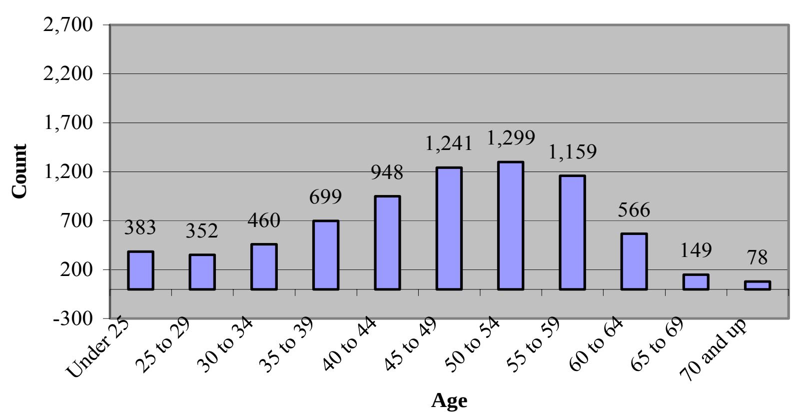
APPENDIX B
MEMBERSHIP INFORMATION

Maine State Retirement System
Distribution of Active Members
As of June 30, 2006

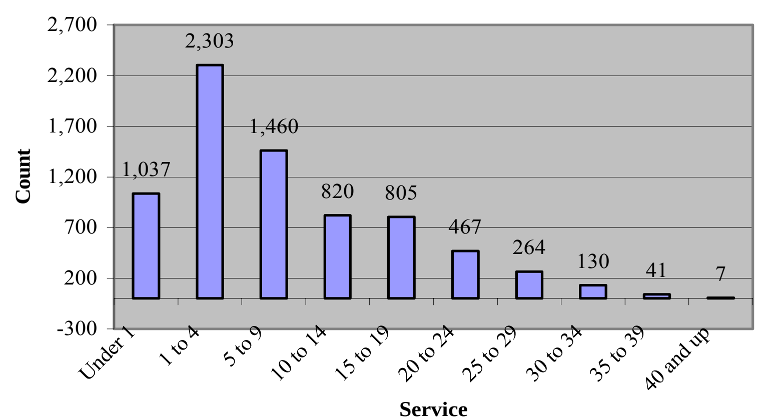
Regular Plan Participants

	Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	Totals
Under 25	174	188	21	0	0	0	0	0	0	0	383
25 to 29	102	187	58	5	0	0	0	0	0	0	352
30 to 34	109	240	90	20	1	0	0	0	0	0	460
35 to 39	118	298	168	69	42	4	0	0	0	0	699
40 to 44	143	307	244	109	107	35	3	0	0	0	948
45 to 49	137	374	260	125	179	107	56	3	0	0	1,241
50 to 54	129	320	265	192	144	117	77	54	1	0	1,299
55 to 59	85	253	209	160	193	124	72	40	21	2	1,159
60 to 64	29	107	110	96	101	45	41	22	13	2	566
65 to 69	7	21	25	29	21	22	13	6	3	2	149
70 and up	4	8	10	15	17	13	2	5	3	1	78
Total	1,037	2,303	1,460	820	805	467	264	130	41	7	7,334

Age Distribution



Service Distribution



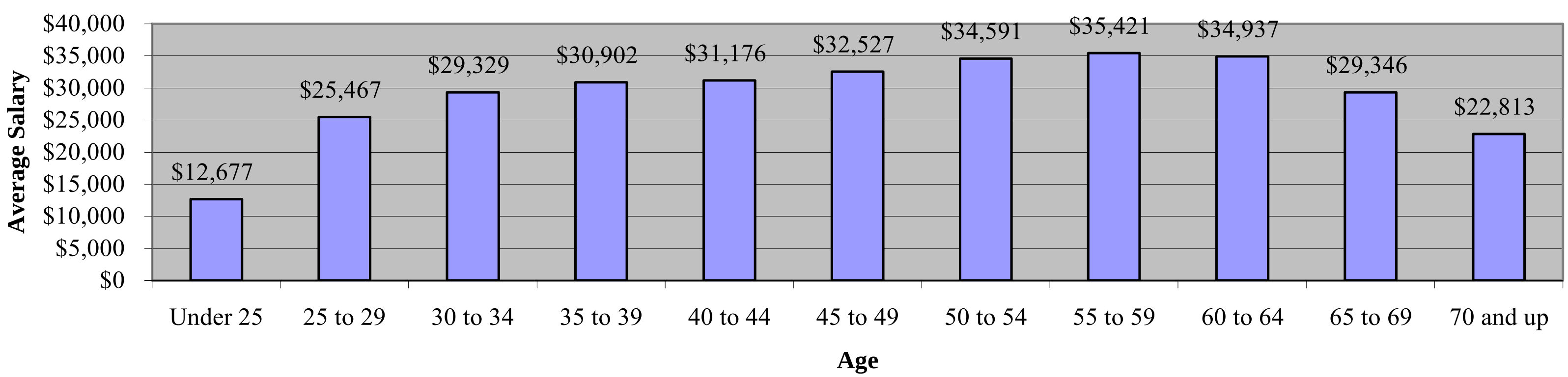
APPENDIX B
MEMBERSHIP INFORMATION

Maine State Retirement System
Distribution of Active Members
As of June 30, 2006

Regular Plan Participants

	Average Salary Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	Average
Under 25	$ 7,279	$ 16,748	$ 20,956	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,677
25 to 29	15,040	30,026	29,510	20,809	-	-	-	-	-	-	25,467
30 to 34	15,269	33,175	33,595	40,295	35,490	-	-	-	-	-	29,329
35 to 39	18,214	30,756	35,359	37,402	38,942	32,380	-	-	-	-	30,902
40 to 44	15,477	29,786	32,723	40,021	39,561	42,793	39,913	-	-	-	31,176
45 to 49	17,509	30,268	30,722	35,487	38,450	43,948	43,974	58,532	-	-	32,527
50 to 54	17,217	33,425	32,819	35,342	41,209	39,366	44,610	46,403	53,412	-	34,591
55 to 59	17,506	32,785	34,947	36,240	36,511	37,029	44,680	50,897	55,038	60,661	35,421
60 to 64	18,483	34,328	32,138	36,170	36,795	35,489	38,978	44,102	45,155	44,509	34,937
65 to 69	19,517	25,022	23,319	30,122	32,972	33,706	35,029	29,064	34,960	42,667	29,346
70 and up	19,933	16,012	13,817	19,180	24,299	25,144	27,597	34,065	49,246	32,471	22,813
Average	$ 15,128	$ 30,253	$ 32,428	$ 35,983	$ 37,999	$ 38,956	$ 42,966	$ 46,401	$ 49,972	$ 46,878	$ 31,462

Average Salary Distribution



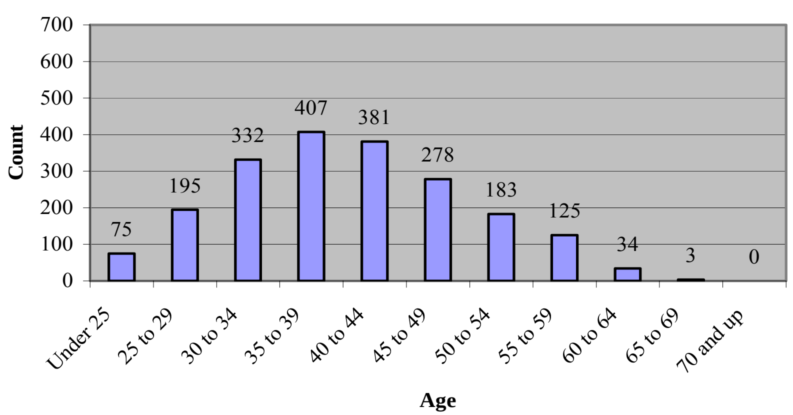
APPENDIX B
MEMBERSHIP INFORMATION

Maine State Retirement System
Distribution of Active Members
As of June 30, 2006

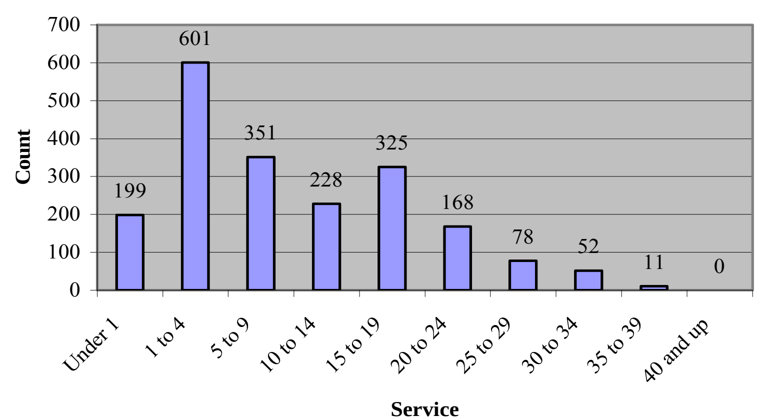
Special Plan Participants

	Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	Totals
Under 25	37	38	0	0	0	0	0	0	0	0	75
25 to 29	41	118	36	0	0	0	0	0	0	0	195
30 to 34	30	139	115	47	1	0	0	0	0	0	332
35 to 39	41	105	111	90	60	0	0	0	0	0	407
40 to 44	28	91	44	43	133	41	1	0	0	0	381
45 to 49	16	48	17	22	79	80	16	0	0	0	278
50 to 54	4	36	12	12	31	32	42	14	0	0	183
55 to 59	2	18	12	10	17	12	16	33	5	0	125
60 to 64	0	8	3	3	4	2	3	5	6	0	34
65 to 69	0	0	1	1	0	1	0	0	0	0	3
70 and up	0	0	0	0	0	0	0	0	0	0	0
Total	199	601	351	228	325	168	78	52	11	0	2,013

Age Distribution



Service Distribution



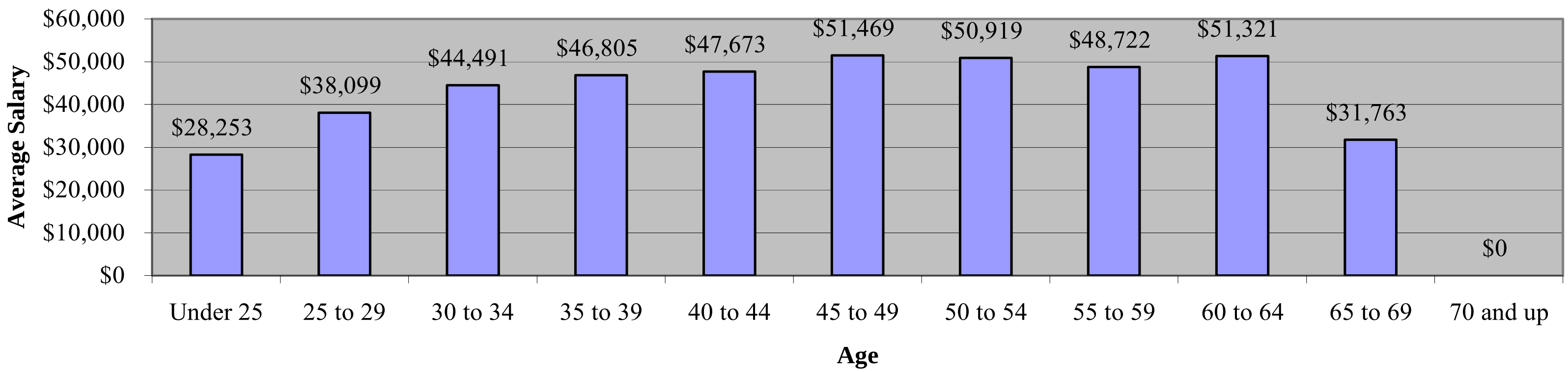
APPENDIX B
MEMBERSHIP INFORMATION

Maine State Retirement System
Distribution of Active Members
As of June 30, 2006

Special Plan Participants

	Average Salary Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and up	Average
Under 25	$ 17,486	$ 38,737	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 28,253
25 to 29	21,975	41,561	45,116	-	-	-	-	-	-	-	38,099
30 to 34	29,162	44,045	47,095	49,398	36,368	-	-	-	-	-	44,491
35 to 39	25,003	46,620	46,253	52,196	54,960	-	-	-	-	-	46,805
40 to 44	31,666	43,384	46,775	49,899	51,539	54,516	35,260	-	-	-	47,673
45 to 49	33,326	44,443	40,027	48,752	52,285	59,278	63,513	-	-	-	51,469
50 to 54	52,370	46,811	37,196	41,708	46,430	53,015	59,157	61,158	-	-	50,919
55 to 59	22,218	46,841	42,531	48,892	34,995	44,228	55,970	57,492	56,997	-	48,722
60 to 64	-	53,790	49,181	39,610	41,768	50,284	57,077	56,656	54,344	-	51,321
65 to 69	-	-	26,270	19,806	-	49,213	-	-	-	-	31,763
70 and up	-	-	-	-	-	-	-	-	-	-	-
Average	$ 25,737	$ 43,982	$ 45,707	$ 49,849	$ 50,832	$ 55,681	$ 59,010	$ 58,399	$ 55,550	$ -	$ 46,244

Average Salary Distribution

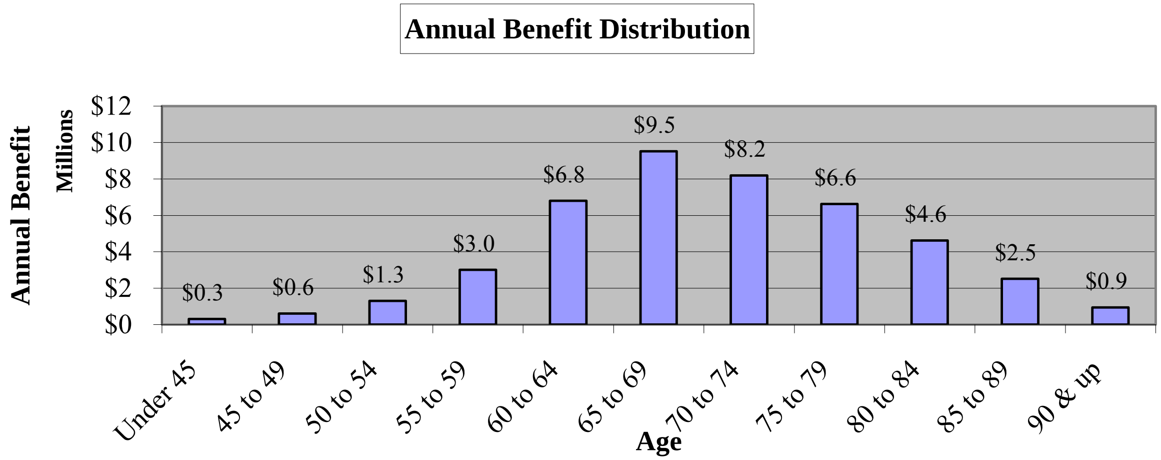


APPENDIX B
MEMBERSHIP INFORMATION

Maine State Retirement System
Distribution of Retirees, Disabled Members, Beneficiaries, and Survivors
As of June 30, 2006

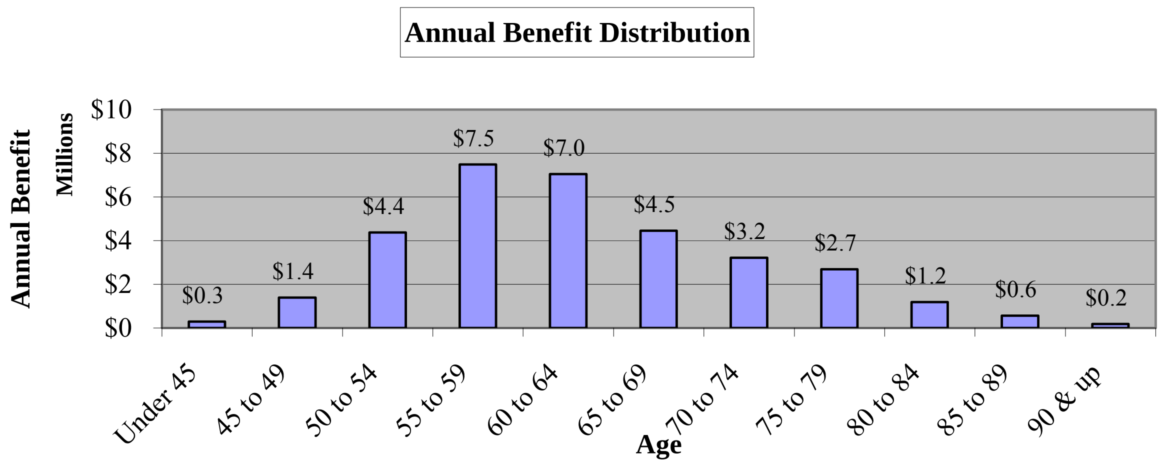
Regular Plan Participants

Age	Count	Annual Benefit
Under 45	68	$ 317,571
45 to 49	53	607,680
50 to 54	105	1,299,697
55 to 59	225	3,007,769
60 to 64	549	6,796,431
65 to 69	899	9,519,375
70 to 74	867	8,196,759
75 to 79	825	6,623,045
80 to 84	711	4,621,520
85 to 89	417	2,514,471
90 & up	184	944,629
Total	4,903	$ 44,448,949



Special Plan Participants

Age	Count	Annual Benefit
Under 45	25	$ 285,186
45 to 49	67	1,399,815
50 to 54	211	4,378,923
55 to 59	382	7,493,240
60 to 64	373	7,046,509
65 to 69	260	4,453,975
70 to 74	217	3,216,442
75 to 79	178	2,687,100
80 to 84	93	1,184,852
85 to 89	46	563,166
90 & up	22	179,876
Total	1,874	$ 32,889,086



APPENDIX C
SUMMARY OF PLAN PROVISIONS

1. Member Contributions:

Members are required to contribute a percent of earnable compensation which varies by Plan as follows:

Regular AC & AN	6.5%
Regular BC	3.0%
Special 1C & 1N	6.5%
Special 2C & 2N	6.5%
Special 3C & 3N	8.0% for first 25 years, 6.5% after
Special 4C & 4N	7.5% for first 25 years, 6.5% after

2. Average Final Compensation:

For purposes of determining benefits payable under the Plan, average final compensation is the average annual rate of earnable compensation for the 3 years of creditable service (not necessarily consecutive) which produce the highest such average.

3. Creditable Service:

Creditable service includes service while a member, certain service prior to the establishment of the Plan, purchased service credit of which there are several types, and service while receiving disability benefits under the Plan.

4. Service Retirement Benefits:

Regular Plan AC

Normal Retirement Age: 60

Eligibility for Member in Active Service and Inactive Members: 25 years of creditable service.

Eligibility Alternative for Members in Active Service: At least one year of creditable service immediately before retirement and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement, and not in Active Service on or after October 1, 1999: At least ten years of creditable service and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement, but in Active Service on or After October 1, 1999: At least five years of creditable service and at least normal retirement age.

Benefit: 1/50 of average final compensation multiplied by years of membership service under Consolidated Plan AC reduced by approximately 2¼% for each year that a member is younger than age 60 at retirement.

Form of Payment: Life annuity ("full benefit"), unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 10.

APPENDIX C
SUMMARY OF PLAN PROVISIONS

Regular Plan AN

This benefit plan is the same as Regular Benefit Plan AC, except that there is no provision for cost-of-living adjustments.

Regular Plan BC

Normal Retirement Age: 60

Eligibility for Member in Active Service and Inactive Members: 25 years of creditable service.

Eligibility Alternative for Members in Active Service: At least one year of creditable service immediately before retirement and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement, and not in Active Service on or After October 1, 1999: At least 10 years of creditable service and at least normal retirement age.

Eligibility for Members not in Active Service at Retirement, but in Active Service on or After October 1, 1999: At least five years of creditable service and at least normal retirement age.

Benefit: 1/100 of average final compensation multiplied by years of membership service under Consolidated Plan BC reduced by approximately 2¼% for each year that a member is younger than age 60 at retirement.

Form of Payment: Life annuity ("full benefit"), unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 10.

Regular Plan Notes

1. Under certain circumstances, Regular Plan service can count, on a pro rata basis, toward meeting Special Plan benefit eligibility requirements.

2. The actual benefit for service earned prior to coverage under the Consolidated Plan may be based on a variable percentage of average final compensation multiplied by years of service under any previous plan(s) (the percentage depends on the previous plan(s)).

Special Plan 1C

Eligibility: 20 years of creditable service in named positions.

Benefit: One-half of average final compensation plus 2% for each year of service in excess of 20.

Form of Payment: Life annuity ("full benefit"), unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 10.

Special Plan 1N

This benefit plan is identical to Special Benefit Plan 1C, except that there is no provision for cost-of-living adjustments.

APPENDIX C
SUMMARY OF PLAN PROVISIONS

Special Plan 2C

Eligibility: 25 years of creditable service in named positions.

Benefit: One-half average final compensation plus 2% for each year of service in excess of 25.

Form of Payment: Life annuity ("full benefit"), unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 10.

Special Plan 2N

This benefit plan is identical to Special Benefit Plan 2C, except that there is no provision for cost-of-living adjustments.

Special Plan 3C

Eligibility: 25 years of creditable service in named positions.

Benefit: Two thirds of average final compensation plus 2% for each year of service in excess of 25.

Form of Payment: Life annuity ("full benefit"), unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 10.

Special Plan 3N

This benefit is identical to Regular Benefit Plan 3C, except that there is no provision for cost-of-living adjustments.

Special Plan 4C

Eligibility: Age 55 with 25 years of creditable service in named positions.

Benefit: 1/50 of average final compensation multiplied by years of membership service under Consolidated Plan 4C reduced by approximately 2¼% for each year that a member is younger than age 55 at retirement.

Form of Payment: Life annuity ("full benefit"), unless an optional method of payment is selected.

Cost-of-Living Adjustment: See item 10.

Special Plan 4N

This benefit plan is identical to Special Benefit Plan 4C, except that there is no provision for cost-of-living adjustments.

Special Plan Notes

1. If a Special Plan member fails to meet the Special Plan eligibility criteria, their service retirement benefit is that provided by the applicable underlying Regular Plan; Special Plan service credits are used toward Regular Plan eligibility requirements.

2. Service in all Special Plans counts, on a percentage basis, toward meeting the benefit eligibility requirements of any Special Plan.

3. The actual benefit for service earned prior to coverage under the Consolidated Plan may be based on a variable

APPENDIX C
SUMMARY OF PLAN PROVISIONS

percentage of average final compensation multiplied by years of service under any previous plan(s) (the percentage depends on the previous plan(s)).

5. Pre-Retirement Accidental Death Benefits:

Eligibility: Death while active or disabled resulting from injury received in the line of duty.

Benefit:

- If the member leaves no dependent children, two-thirds of the member's average final compensation to the surviving spouse until death.
- If the member is survived by a spouse who has the care of dependent child(ren) of the member, the surviving spouse shall receive an annual sum equal to the member's average final compensation. When there is no longer any dependent child(ren), the surviving spouse shall receive two-thirds of member's average final compensation until death.
- If the member is survived by a spouse who does not have the care of the member's dependent child(ren), the surviving spouse and dependent child(ren) shall share equally an annual sum equal to the member's average final compensation. When there is no longer any dependent child(ren), the surviving spouse shall receive two-thirds of member's average final compensation until death.
- If the member leaves no spouse, the dependent child(ren) shall be paid an annual amount equal to the member's average final compensation. Benefits will cease when the last dependent child no longer meets the definition of "dependent child".

6. Pre-Retirement Ordinary Death Benefits:

Eligibility: Death while active, inactive, eligible to retire, or disabled.

Benefit: Designated beneficiary, spouse, child(ren), or parents entitled to benefit calculated as if deceased member had retired under Option 2 (see item 12); however, beneficiary may elect survivor benefits payable to a surviving spouse, dependent child(ren), parents, or other designated beneficiaries in monthly amounts varying by status of beneficiary and number of eligible survivors. Otherwise, accumulated contributions with interest are payable to designated beneficiary, spouse, child(ren), older parent or estate.

7. Disability Retirement Benefits Other Than No Age Benefits (See Item 8):

Eligibility: Disabled as defined in the MSRS statutes, prior to normal retirement age; employed prior to October 16, 1992 and did not elect No Age Disability Benefits.

Benefit: 66⅔% of average final compensation, reduced by employment earnings over the specified statutory limit, and to the extent that the benefit, in combination with Worker's Compensation and Social Security, exceeds 80% of average final compensation.

Form of Payment: Payment begins on termination of service and ceases on cessation of disability or after five years, unless

APPENDIX C
SUMMARY OF PLAN PROVISIONS

the member is unable to engage in any substantially gainful activity; in which case payments cease on the earlier of ten years following normal retirement age or date the service retirement benefit equals or exceeds the disability benefit.

Conversion to Service Retirement: During the period of disability, service is credited and average final compensation may be increased with cost-of-living adjustments (see item 10). On the date when service benefits reach a level of 66⅔% of average final compensation or ten years after the normal retirement date, if earlier, the disability converts to a service retirement benefit based on service and average final compensation at that point.

8. No-Age Disability Benefits:

Eligibility: Disabled as defined in the MSRS statutes; employed on or after October 16, 1992 or employed prior to October 16, 1992 and elected the provisions of No Age Disability.

Benefit: 59% of average final compensation, reduced by employment earnings over the specified statutory limit, and to the extent that the benefit, in combination with Worker's Compensation and Social Security, exceeds 80% of average final compensation.

Form of Payment: Payment begins on termination of service and ceases on cessation of disability or after five years, unless the member is unable to engage in any substantially gainful activity; in which case payments cease on the date the service retirement benefit equals or exceeds the disability benefit.

Conversion to Service Retirement: During the period of disability, service is credited and average final compensation may be increased with cost-of-living adjustments (see item 10). On the date when service benefits reach a level of 59% of average final compensation, the disability benefit converts to a service retirement benefit based on service and average final compensation at that point.

9. Refund of Contributions:

Eligibility: Termination of service other than by retirement or death.

Benefit: Member's accumulated contributions with interest.

10. Cost-of-Living Adjustments (COLA):

All service and disability retirement (and survivor) benefits payable to (or in relation to) benefit recipients who were employed by a PLD that elected a plan which provides for a COLA are adjusted each year that there is a percentage change in the Consumer Price Index, based on the Index. Cost-of-living adjustments are effective September 1 and are applied to all benefits which have been in payment for six months. The maximum annual increase or decrease is 4%.

11. Methods of Payment of Service Retirement Benefits:

At retirement, a member must choose one of the following methods of payment.

Full Benefit: Unadjusted benefit paid for the life of the member only.

APPENDIX C
SUMMARY OF PLAN PROVISIONS

Option 1: Cash refund equal to the remaining employee contribution balance, if any, at the date of death (the employee contribution balance having been reduced each month by the portion of the monthly benefit deemed to be provided by employee contributions).

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Joint and survivor annuity at any percentage other than those available under Option 2 and Option 3.

Option 5: Designated percentage of the benefit (not less than 51%) payable to the member, with the remaining percentage (the two to equal 100%) payable to a beneficiary (may only be a sole beneficiary) while both are alive. At the death of either, the higher of the two percentages is paid to the survivor for the survivor's life, and the lower-percentage benefit ceases to be paid.

Option 6: 100% joint and survivor annuity (Option 2) with pop-up*.

Option 7: 50% joint and survivor annuity (Option 3) with pop-up*.

Option 8: Option 4 with pop-up*.

* The "pop-up" feature attached to a given Option means that in the case of a beneficiary predeceasing the member, the member's benefit will be revised prospectively to the amount that the benefit would have been had the member selected Full Benefit payment upon retirement.

APPENDIX D
ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

1. **Annual Rate of Investment Return:** 7.75%

2. **Cost-of-Living Increases in Benefits**:
   3.75% (Where Applicable)

3. **Rates of Termination at Selected Ages*:**

Age	Regular	Special
25	19.5%	7.5%
30	12.5	7.5
35	10.0	4.2
40	7.5	3.2
45	5.3	2.2
50	3.6	2.0
55	2.3	2.0

* Members with five or more years of service are assumed to elect deferred vested benefits; other terminations are assumed to elect refunds.

4. **Rates of Active Healthy Life Mortality at Selected Ages (number of deaths per 10,000 members)**:**

Age	Male	Female
25	7	3
30	9	4
35	9	5
40	12	8
45	17	10
50	28	15
55	48	25
60	86	48
65	156	93
70	255	148

** For Regulars, 5% of deaths are assumed to arise out of and in the course of employment; for Specials, 20% of deaths are assumed to arise out of and in the course of employment.

5. **Rates of Mortality for Disabled Lives at Selected Ages (number of deaths per 10,000 members):**

Age	Male	Female
25	92	72
30	112	89
35	134	109
40	160	126
45	193	144
50	236	165
55	295	191
60	362	226
65	446	272
70	576	331

APPENDIX D
ACTUARIAL ASSUMPTIONS AND METHODS

6. **Rates of Retirement at Selected Ages (number retiring per 1,000 members):**

Regular Plans

Age	Assumption
25	50
30	50
35	100
40	100
45	100
50	150
55	250
60	400
65	250
70	1,000

Special Plans

50% of those eligible to retire in each year.

7. **Rates of Disability at Selected Ages (members becoming disabled per 10,000 members) **:**

Age	Regular Plan	Special Plan
25	6	13
30	6	13
35	7	14
40	11	18
45	22	29
50	42	49
55	72	79

** 10% assumed to receive Workers Compensation benefits offsetting disability benefit.

8. **Family Composition Assumptions:**

80% of active members are married and have two children born when the member is 24 and 28; children are dependent until age 18; spouses are same age; member has no dependent parents; unmarried members have beneficiaries entitled to benefits worth 80% as much as those of married members' beneficiaries.

9. **Salary Growth Assumption:**

Rates of Increases at Selected Ages	
Age	Increase
25	9.0%
30	7.5
35	5.5
40	5.5
45	5.0
50	4.5
55	4.5
60	4.5

10. **Assumption Changes Since Last Valuation**

Investment return was 8.0%.

Cost-of-living increase was 4.0%.

Both healthy and disabled mortality used a different table for those retired prior to 1998. Now the same table is used regardless of retirement date.

APPENDIX D
ACTUARIAL ASSUMPTIONS AND METHODS

B. Actuarial Methods

1. Funding Method:

The Entry Age Normal method is used to determine costs. Under this funding method, the total employer contribution rate is determined which consists of two elements, the normal cost rate and the pooled unfunded actuarial liability (PUAL) rate. The actual contribution for a given PLD will include an IUUAL payment as well, unless the PLD came into the Plan with surplus assets.

For each Regular and Special Plan, a normal cost rate is determined for the average new entrant. This rate is determined by taking the value, as of age at entry into the Plan, of the member's projected future benefits, reducing it by the value of future member contributions, and dividing it by the value, also as of the member's entry age, of the member's expected future salary.

In addition to normal cost contributions calculated per Plan, the employers in each Plan are required to make contributions to fund that plan's PUAL, if any. The actuarial liability is defined as the present value of future benefits less the present value of future normal costs, less future member contributions, and less expected IUUAL payments. The PUAL is the total of the actuarial liability for all members less the actuarial value of the Plan's assets. The actuarial liability includes projections of future member pay increases and future service credits.

The Initial Unpooled Unfunded Actuarial Liability (IUUAL) was calculated at entry into the Consolidated Plan for each PLD. For PLDs with liabilities greater than assets, these amounts are amortized by annual payments over a fixed number of years. Additional unpooled unfunded liability amounts that arise for a given PLD after its entry to the Consolidated Plan are amortized over a period of not more than 15 years.

2. Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swings in market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is in excess of the 7.75% actuarial assumption for investment return.