Comprehensive Annual Financial Report

2014

MainePERS

Maine Public Employees Retirement System

For the Fiscal Year Ended

June 30, 2014

MainePERS is a component unit of the State of Maine.

maine PERS Public Employees Retirement System

Maine Public Employees Retirement System

A Component Unit of the State of Maine

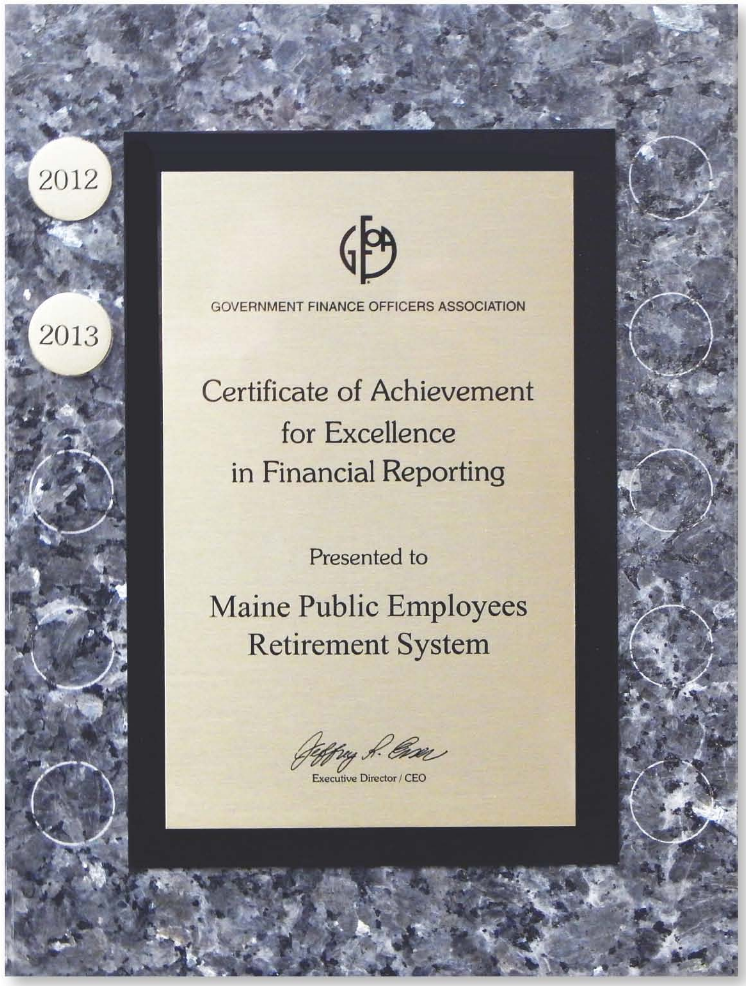
P.O. Box 349, Augusta, Maine 04332-0349

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2014

This report has been produced as required by 5 M.R.S.A. §17102 (10), which states that the Maine Public Employees Retirement System must publish an annual report showing "the fiscal transactions of the retirement system for the fiscal year and the assets and liabilities of the retirement system at the end of the fiscal year; and the actuary's report on the actuarial valuation of the financial condition of the retirement system for the fiscal year."

This report was prepared by the Financial, Administrative and Investment staff of the Maine Public Employees Retirement System. Costs for producing this report were paid from the operating budget of the Maine Public Employees Retirement System. This CAFR is printed and also made available online. We respect the environment by printing on recycled paper and using soy-based inks—for a cleaner, healthier planet.



PPCC

Public Pension Coordinating Council

Recognition Award for Funding
2014

Presented to

Maine Public Employees Retirement System

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle
Program Administrator

MainePERS Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2014

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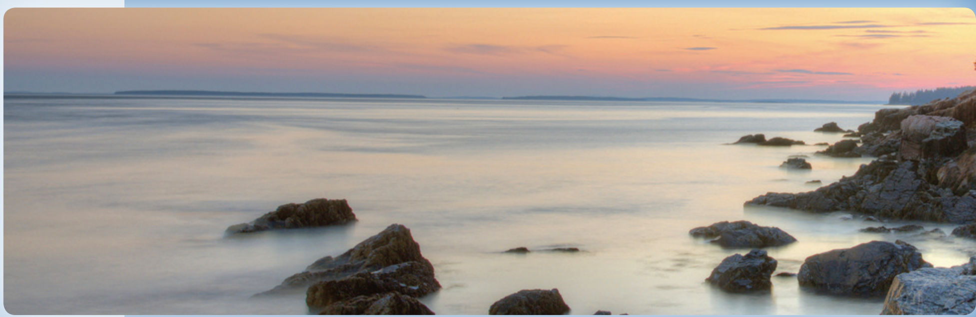
INTRODUCTORY SECTION



maine PERS Public Employees Retirement System

Sandra J. Matheson, *Executive Director*

John C. Milazzo, *General Counsel and Chief Deputy Executive Director*

LETTER OF TRANSMITTAL

December 19, 2014

In accordance with the requirements of 5 M.R.S.A. §17102, I am pleased to present the Comprehensive Annual Financial Report ("CAFR" or "Annual Report") of the Maine Public Employees Retirement System ("MainePERS" or the "System") for the fiscal year ended June 30, 2014. This CAFR, taken as a whole, provides information on all aspects of the System. It is written to conform to Governmental Accounting Standards Board (GASB) requirements. Management of the System takes full responsibility for the accuracy, completeness and fairness of the representations made in this report.

Baker, Newman, and Noyes, LLC, Certified Public Accountants, have issued an unqualified opinion on the MainePERS' financial statements for the year ended June 30, 2014. The independent auditors' report is located at the front of the financial section.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

FUNDING OF SYSTEM PROGRAMS

The System administers six retirement plans, often referred to as "programs." In addition, the System operates a Group Life Insurance Program (GLI) and a program of defined contribution retirement plans under sections 401(a), 403(b) and 457(b) of the Internal Revenue Code, collectively referred to as MaineSTART. The System also manages the Retiree Health Insurance Post Employment Investment Trust on behalf of the State of Maine. The Trust is an irrevocable trust established for the purpose of accumulating assets to provide funding for the State's liability for retiree health benefits.

The System's defined benefit retirement plans, or programs, are the dominant element in its financial activities and position. The four major programs are the State and Teacher's Retirement Program, the Judicial Program, the Legislative Program and the Participating Local District Retirement Program.

The System also administers two pay-as-you-go retirement programs, one for judges who retired prior to the establishment of the Judicial Retirement Program in 1984 and the other for former governors and their surviving spouses. The programs are funded each biennium by a direct appropriation from the Legislature and, in the case of the active governor, by employee contributions required by statute.

The basic defined benefit retirement plan equation provides that, over the long term, contributions plus investment earnings must be equal to benefits. While investment market performance affects plan funding requirements, it does not affect benefits owed in the future.

The return on invested contributions has historically supplied a significant amount of the benefit funding resources of defined benefit plans. In periods when the investment markets provide lower returns than expected, the resulting funding shortfall has historically been made up by a combination of increased employer contributions and investment market returns in other periods that exceed expectations. For this reason, the performance of the investment markets is a significant factor affecting the financial activities or position of the System, and the effects of market performance flow through to contributions made by participating employers.

As with all actuarially-funded defined benefit plans, the System uses actuarial methods and procedures that integrate short-term market behavior with the long-term time horizon of the plan. One of these methods is "smoothing" of investment results which moderates the volatility of employer contribution requirements.

The interplay of liabilities (i.e., the obligation to pay benefits) and assets (i.e., contributions and investment earnings on contributions) can be observed in changes in the programs' actuarial funded ratios over time. The funded ratio of the State Employee and Teacher Program had improved steadily and consistently since the mid-1980s until 2008. High negative investment returns in years 2008 and 2009 adversely affected the funding ratio. Fiscal years 2010 and 2011 experienced strong investment returns, and in combination with changes to Plan provisions, the funding ratio improved. Break-even returns in fiscal year 2012, combined with increased deductions for benefits, contributed to a modest decrease in the funding ratio that year. Strong investment returns in fiscal years 2013 and 2014 contributed to an increase in funding ratio to 77.6 percent and 81.3 percent, respectively. This compares to a funding ratio for this plan at June 30, 2012 of 76.9 percent.

The funded ratio of the Judicial Program has in recent years been above 100 percent. The funded ratio as of June 30, 2012 was 107.3 percent, and as of June 30, 2013 it was 97.5 percent. In fiscal year 2014, the funded ratio of the plan increased to 101.6 percent. This increase was due primarily to strong investment returns.

The funded ratio of the Legislative Program has also been above 100 percent, and continues to be this year. As of June 30, 2014, the funded ratio was 143.6 percent, compared to 142.2 percent at June 30, 2013 and 149.3 percent at June 30, 2012.

The funded ratio of the Participating Local Districts (PLDs) Program including consolidated and withdrawn PLDs was 91.2 percent as of June 30, 2014. This compares to 88.4 percent as of June 30, 2013 and 88.8 percent as of June 30, 2012.

Information regarding overall funding progress appears in the MD&A beginning on page 20. More information on the funding levels of all of the System's retirement programs can be obtained from the System.

The System's defined contribution plans, collectively called MaineSTART, had 66 participating employers with 914 participants at June 30, 2014. This program provides an important supplement for our defined benefit participants and a valuable alternative for other participants. MaineSTART offers a family of funds from Vanguard designed to be very low cost and easy for participants to manage. The investment strategy for these assets is determined by each participant.

The Group Life Insurance Program is funded by premiums paid by its participants and the employers of those participants, and by investment returns on the Group Life Insurance Program assets. The investment strategy for these assets is a similar strategy to the strategy employed for the defined benefit plan assets.

The Retiree Health Insurance Post Employment Investment Trust is funded through direct appropriations from the State of Maine.

INVESTMENTS

The focal point of the investment policy is the mix of investment types in which assets are invested and the allocation of assets among asset classes. The System's Board of Trustees (Board) is responsible for establishing the policy that is the framework for investment of the programs' assets. The Board employs in-house investment professionals and outside investment consultants to advise it on investment matters, including policy.

The defined benefit program had a return of 16.7% while the group life insurance program had a return of 18.6% for fiscal year 2014. Total value of the defined benefit portfolio increased to $12.7 billion at June 30, 2014 from $11.2 billion at June 30, 2013. This increase in the total value of the portfolio is due to strong equity market returns over the prior year.

The current asset allocation was modified in December 2012 to increase investments in alternative strategies such as private equity, infrastructure, and hard assets.

The Board's choice of asset classes reflects its assessment of expected investment return and the nature, level, and management of risk. The defined benefit plans assets perform two functions; they collateralize the benefits owed to participants, and they provide investment earnings. All benefit payments must eventually be funded from contributions or from investment earnings.

HIGHLIGHTS OF THE PAST YEAR

In the spring of 2014, we began planning for a new version of the integrated pension benefits information and operating system which was first put into operation in fiscal year 2012. This project is expected to take several years to complete and will provide for more robust reporting capabilities as well as the introduction of a member self-service portal for active members and retirees.

ACKNOWLEDGEMENTS

Once again, we are pleased to inform you that for the tenth consecutive year, the System was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA). In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report ("CAFR"), with contents that meet or exceed program standards. We are extremely proud that we are recognized for handling and accounting for retirement funds in a manner that satisfies generally accepted accounting practices and all applicable legal requirements. We fully expect to be in compliance with all of the Certificate of Achievement Program requirements into the future. This 2014 CAFR will also be submitted to the GFOA.

The System, through its management staff, is responsible for establishing and maintaining an internal control structure that is designed to provide reasonable assurance that assets are protected from theft, fraud, or misuse and that financial recordkeeping is complete and accurate. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. Management believes that the existing internal controls accomplish these objectives. Management is also responsible for the completeness, accuracy and fair presentation of financial information and for all disclosures. This responsibility notably encompasses the System's financial statements themselves, including the amounts therein that, necessarily, are based on estimates and judgments.

The preparation of this report has been a collaborative effort of Executive Management, the Accounting and Finance Department, the Investment Department and the Communications Department. The System takes responsibility for all of the information contained in the report and confidently presents it as a basis for the many decisions of the Board of Trustees, staff, and others who will rely on it.

I am joined in transmitting this Comprehensive Annual Financial Report to all of our constituencies by the System's Director of Finance.

Respectfully submitted,

Sandra J. Matheson
Executive Director

Sherry Tripp Vandrell
Director of Finance

Appendix A to Letter of Transmittal

OVERVIEW OF THE SYSTEM

The Maine Public Employees Retirement System (MainePERS) is an independent public agency of the State of Maine that traces its history to 1942. By the authority granted to it by the Maine Legislature, the System administers retirement programs that cover State employees, the State's public school teachers, judges, legislators, and employees of the 299 municipalities and other public entities, called "participating local districts" (PLDs) that have chosen to provide retirement plans to their employees through MainePERS. The System is also responsible for the payment of retirement and survivors' benefits to former governors and their surviving spouses and to judges who retired prior to the establishment of the Judicial Retirement Program in 1984. In addition, the System administers a Group Life Insurance Program that provides or makes available life insurance benefits for active and retired System members and for the employees of a few PLDs for whom MainePERS administers only the Group Life Insurance Program. The System also administers defined contribution plans for some PLD employees.

Board of Trustees

Responsibility for the operation of the Maine Public Employees Retirement System rests with the System's Board of Trustees, which is comprised of eight members. State law specifies the Board's composition. Each trustee is subject to the legislative confirmation process. Three trustees are System members, one of whom is proposed and elected by the Maine Education Association, one of whom is proposed and elected by the Maine State Employees Association, and one of whom is a PLD member appointed by the governing body of the Maine Municipal Association. Four other trustees are appointed by the Governor. Of these, one must be selected by the Governor from a list of nominees submitted by the Maine Retired Teachers Association and one must be a MainePERS retiree selected from a list of nominees submitted by State and/or PLD retirees. The remaining two appointees are direct gubernatorial appointments, both of whom must be qualified through training or experience in investments, accounting, banking or insurance or as actuaries. All appointed trustees are required to have "a working knowledge of retirement policy and legal issues and a general knowledge and understanding of banking, finance, and investment practices." The eighth trustee is the State Treasurer, who serves ex-officio. All trustee terms are three years, except for the two-year term of the State Treasurer. The Board annually elects its chair and vice chair from among its members.

The MainePERS Trustees serve as Trustees of the State and Teacher, Judicial and Legislative Retirement Programs as well as for the PLD Consolidated Program and the Retiree Health Insurance Post-Employment Benefits Investment Trust.

The Board contracts for the services of an actuary to prepare annual valuations of the assets and liabilities of each of the retirement programs administered by the System. The actuary also provides information and recommendations as to sound and appropriate actuarial assumptions, which are utilized, together with valuation information, to determine the programs' funding requirements. The System's actuary in fiscal years 2013 and 2014 was Cheiron, Inc.

The Board's management of MainePERS investments is embodied in its investment policy. The policy states the Board's underlying investment objectives, sets out the investment strategies intended to realize the objectives, and establishes guidelines and criteria for implementation of the strategies. The Board has engaged Strategic Investment Solutions, Inc. to advise it on the investment policy and the carrying out of the investment program.

The Board is the final administrative decision maker in matters involving the rights, credits, and benefits of members. It has established an administrative appeals process for the making of such decisions; in this process relevant factual information and legal requirements are identified and analyzed by independent Hearing Officers who serve under contract. In decisions on disability retirement appeals, statutorily established medical boards and individual medical advisors provide recommendations as to the medical aspects of disability. The Board's final administrative decisions are appealable to the Maine Superior Court.

Administration

The Office of the Executive Director has administrative responsibility for all aspects of the System and its operations. The Executive Director oversees all actuarial work and investments, and has administrative responsibility for the internal audit function. Actuarial work is carried out with the assistance of an actuary; investment operations are carried out with the assistance of the System's Chief Investment Officer and staff, one or more investment consultants, investment managers and other appropriate advisors. In addition, the Office performs the executive functions of the System and has day-to-day responsibility for legal and legislative matters, appeals, federal, state, and local governmental relations, planning, organizational development, accounting and financial reporting, and numerous special projects.

The Department of Service Programs administers the service and disability retirement programs, MaineSTART defined contribution plans, employer programs, survivor benefit and group life insurance programs. The Department is the System's primary contact for members, participating employers, and benefit recipients.

Appendix A to Letter of Transmittal

The Department of Administration is responsible for most administrative and support functions, including information technology supports, communications, facilities, and human resources.

The System's primary responsibility is the administration of defined benefit retirement plans. Retirement and related benefits provided by MainePERS include:

- service retirement benefits, that provide retirement income to qualified members;
- disability retirement benefits, that provide income to a member who becomes disabled under MainePERS law while the member is in service and before the member retires; and
- death benefits that are paid to a member's designated beneficiaries.

Administration of these programs includes financial administration, investments, recordkeeping of members' work and compensation data, and provision of retirement-related services to members, employers, and retirees.

The System also administers the MaineSTART defined contribution retirement plans that are established under sections 401(a), 403(b), and 457(b) of the Internal Revenue Code. These plans are presently available to employees of those employers in the PLD Consolidated Plan that have adopted one or more of the plans.

The System itself and all of its programs are established by and operate within the scope of Maine statutes. The operation of the System's defined benefit retirement plans is also governed by provisions of the Maine Constitution, not all of which apply to all of the plans.

Membership and Contributions

State employees and teachers are covered under the Maine Public Employees Retirement System's State Employee and Teacher Retirement Program. State employees are required by law to become members of MainePERS when hired. There is an exception to this rule for elected and appointed officials, for whom membership is optional. Public school teachers, other than substitute teachers, for whom membership is also optional, must also become members of MainePERS when hired. PLD employees become members of MainePERS when they are hired if their employer participates as a PLD in MainePERS at that time and if they meet the membership eligibility requirements in effect when they are hired. For some PLD employees, membership is optional. These employees include those employed by their PLD before the PLD joined MainePERS, those whose employers provide Social Security under a federal law, elected and appointed officials, and chief administrative officers.

The Legislative Retirement Program, also administered by MainePERS, was established to provide a retirement program for those serving in the Maine Legislature. Except as provided otherwise by statute, membership in the Maine Legislative Retirement Program is mandatory for legislators entering service on or after December 3, 1986.

The Judicial Retirement Program was established to provide a retirement program for Maine's judges. Membership in the Judicial Retirement Program is a condition of employment for all judges serving on or after December 1, 1984.

All members of the System contribute a percentage of their compensation to the System. Each employer also contributes to the System an amount for the normal costs of the programs that is a percentage of total wages paid to members who are employees of that employer.

Prior to July 1, 2013 the State paid the normal cost employer contributions and unfunded actuarial liability contributions on behalf of all State employee and teacher members. As of July 1, 2013, teacher employers began paying the normal cost employer contributions on behalf of those teacher members they employed while the state continued to pay toward the unfunded actuarial liability associated with teacher members. The employer contribution percentages are actuarially determined by plan and vary from year to year.

Employer normal cost contributions, along with current member contributions, support benefits currently being earned by active members. The State's unfunded actuarial accrued liability (UAAL) contribution is a payment on the amortized debt that represents the liability for benefits in excess of the amount supported by assets of the System. The Maine Constitution requires that the UAAL be fully funded in not more than 31 years from July 1, 1997. The amortization period at the end of FY 2014 is 14 years, requiring full payment of the UAL by the end of FY 2028.

Appendix A to Letter of Transmittal

The System also administers pay-as-you-go retirement programs for judges who retired prior to the establishment of the Judicial Retirement Program in 1984 and former governors and their surviving spouses. The programs are funded each biennium by a direct appropriation from the Legislature and, in the case of the active governor, by employee contributions required by statute.

The Group Life Insurance Program is provided or made available to all State employees, public school teachers, and employees of those PLDs who elect to offer this coverage to their employees, as well as to members of the Legislative and Judicial Retirement Programs. Basic coverage for the employee is equal to the employee's annual base compensation rounded up to the next $1,000; supplemental coverage for the employee and coverage for dependents are also available.

Further details regarding program and plan provisions can be found elsewhere in this report in the actuarial valuation for each program.

Financial Reporting

Beginning in fiscal year 2008, the System began drawing the funds formerly provided by the State of Maine to support its operating expenses directly from the trust funds. In the past, the State, as employer, contributed a certain amount for the System’s administrative costs. Total operating expenses for staff and all other costs of operations, with the exception of certain investment related expenses required by law to be paid directly from investments, are allocated among the System's three employer/employee groups (i.e. State employees (including for this purpose judges and legislators), teachers, and PLDs). The System's administrative budget is approved annually by the Board of Trustees, and is reported to the Legislature.

The System's financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis, in accordance with the standards and requirements of the Governmental Accounting Standards Board (GASB). The financial statements are presented in accordance with GASB Statement No. 67, Financial Reporting for Pension Plans, GASB Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis for State and Local Governments, and, with respect to the Group Life Insurance Program, GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Financial information presented throughout this Report is consistent with the financial statements. The financial statements are prepared on the accrual basis of accounting.

The System has an Internal Audit program, staffed by one internal auditor. This program focuses on a plan of in-depth audits of internal controls in all of the departments at the System. The internal auditor presents audit reports to both management and the Audit Committee of the Board of Trustees.

The independent auditor, Baker Newman Noyes (BNN), has conducted an audit of the financial statements in accordance with, as stated in its audit report, generally accepted auditing standards and including those tests and procedures BNN deemed necessary to express its opinion in its audit report.

The auditors have unrestricted access to the Board and the Board's Audit Committee to discuss the audit and their findings with respect to the integrity of the System's financial reporting and adequacy of the System's internal controls.

The System reports three defined benefit pension plans including two multiple-employer cost sharing plans (the State Employee and Teacher Plan and the PLD Consolidated Plan) and an agent multiple employer plan which is an aggregation of single employer plans of those PLDs that elected not to join the consolidated cost sharing plan. The Judicial and Legislative Programs are included with the State Employee and Teacher Plan for financial reporting purposes. Separate actuarial valuations are performed for each of the retirement programs that the System administers; contributions, inflows, and benefits payments are separately tracked and recorded, and separate trust fund balances are attributed to each such program. The System reports the Group Life Insurance Program and the MaineSTART Defined Contribution plans as separate plans. The System's financial statements, notes thereto and required supplementary information are prepared accordingly.

BOARD OF TRUSTEES, MANAGEMENT STAFF, and PRINCIPAL PROFESSIONAL CONSULTANTS
June 30, 2014

BOARD OF TRUSTEES

Peter M. Leslie, Chair	Governor's direct appointee
Benedetto Viola, Vice Chair	Maine State Employees Association appointee by election
Shirrin L. Blaisdell	Governor’s appointee, from recommendations by retired employees
Neria R. Douglass	State Treasurer, ex-officio
Richard Metivier	Maine Municipal Association appointee
Brian H. Noyes	Governor's direct appointee
Catherine R. Sullivan	Governor's appointee from Maine Education Association - Retired
Kenneth L. Williams	Maine Education Association appointee by election

SENIOR ADMINISTRATIVE STAFF

Sandra J. Matheson	Executive Director
John C. Milazzo	General Counsel and Chief Deputy Executive Director
Andrew H. Sawyer, CFA, CAIA	Chief Investment Officer
Rebecca A. Grant	Deputy Executive Director
Sherry Tripp Vandrell	Director of Finance
Marlene McMullen-Pelsor	Manager, Employer and Ancillary Services
Kathy J. Morin	Manager, Actuarial and Legislative Affairs

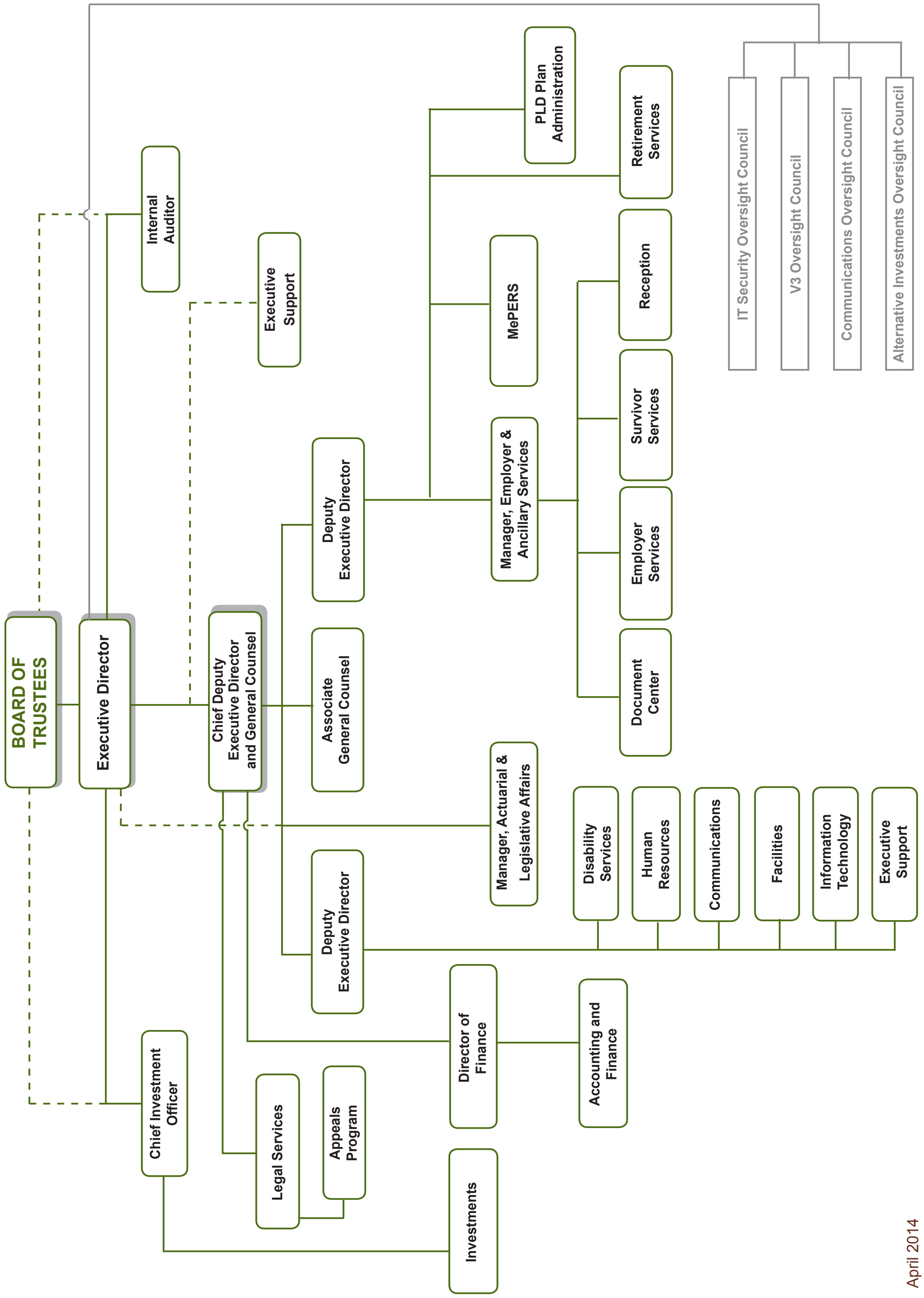
PRINCIPAL PROFESSIONAL CONSULTANTS

Actuary:	Cheiron, Inc.
Investment Consultant:	Strategic Investment Solutions, Inc.
Auditors:	Baker Newman & Noyes, LLC
Internal Auditor:	John F. Fleming

See page 74 for a list of professional investment management firms.

Maine PERS Public Employees Retirement System

Organizational Chart by Function



2014 Legislative Update

LEGISLATION ENACTED IN THE SECOND REGULAR SESSION OF THE 126TH LEGISLATURE

An Act to Expand the Number of Qualified Educators

PL 2013, c. 486 [L.D. 39]
Effective Date: August 1, 2014

This bill amends the restoration to service provisions that apply to "classroom-based employees" who have reached normal retirement age and who retire after September 1, 2011. The bill also establishes a working group to review the impact that the restoration to service provisions enacted in 2011 has had on employers and to report out the group's findings and recommendations, including any proposed legislation, no later than January 8, 2015.

An Act to Update Statutory Dates for the Government Evaluation Act Review of Agencies

PL 2013, c. 505 [L.D. 1800]
Effective Date: August 1, 2014

This bill updates the date on which various agencies are reviewed under the State Government Evaluation Act. As enacted, MainePERS is scheduled for its next review in 2021.

An Act to Increase the Base for the Cost-of-living Increase for Retired State Employees and Teachers

PL 2013, c. 578 [L.D. 232]
Effective Date: April 29, 2014

This bill increases the base for the calculation of the one-time, noncumulative cost-of-living adjustment payment in 2014 from $20,000 to $30,000. This increase applies only to the 2014 one-time payment and does not change the $20,000 limitation that applies to cumulative cost-of-living adjustments.

An Act to Correct Errors and Inconsistencies in the Laws of Maine

PL 2013, c. 588 [L.D. 1841]
Effective Date: April 30, 2014

This bill was introduced to correct errors and inconsistencies throughout the laws of Maine. Included in this bill are technical changes to the laws that govern the Participating Local District Retirement Program. These changes were requested by MainePERS.

continued on next page

2014 Legislative Update *(continued)*

An Act to Implement Recommendations Contained in the State Government Evaluation Act Review of the Maine Public Employees Retirement System

PL 2013, c. 602 [L.D. 1806]
Effective Date: August 1, 2014

This bill implements the recommendations contained in the State Government Evaluation Act review of MainePERS. It contains three parts:

- Part A clarifies that the Board may combine the assets of the State Employee and Teacher Retirement Program with the assets of other programs for investment purposes but that those assets may not be combined for benefit purposes or for administrative expenses. MainePERS requested that this language be enacted into law.

- Part B adds emergency medical services persons to the categories of participating local district employees that can be included in a special plan, if a participating local district so elects.

- Part C requires the MainePERS Executive Director to establish a task force to make recommendations to the Board on an environmental, social and governance (ESG) policy. The task force must report the recommendations made and any resulting action taken by the Board to the Legislature by January 15, 2015.

An Act to Review the Laws Governing Retirement Benefits for Certain State Employees

P&S 2013, c. 30 [L.D. 1175]
Effective Date: August 1, 2014

This bill directs MainePERS to determine the number of active members currently in the 1998 Special Plan who also have covered capacity service in a regular plan and to determine the cost if all of the regular plan service were treated as service under the 1998 Special Plan. By January 15, 2015, the System is required to report that information to the Legislature, along with any implementing legislation necessary to allow the service to be treated under the 1998 Special Plan.

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FINANCIAL SECTION

BAKER | NEWMAN | NOYES

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Maine Public Employees Retirement System

Report on the Financial Statements

We have audited the accompanying financial statements of Maine Public Employees Retirement Systen1 (the System), a component unit of the State of Maine, which comprise the statement of fiduciary net position as of June 30, 2014 and related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements which collectively comprise the System's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the System as of June 30, 2014 and changes in net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 2 to the financial statements, the System adopted Government Auditing Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans and Amendment ofGASB Statement No. 25, for the year ended June 30, 2014. Our opinion is not modified with respect to this matter.

Baker Newman & Noyes, LLC

The Board of Trustees
Maine Public Employees Retirement System

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The accompanying additional supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the System's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Baker Newman & Noyes
Limited Liability Company

Portland, Maine
October 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014 Financial Report

Introduction

This Management Discussion and Analysis (MD&A) is prepared by the management staff of the Maine Public Employees Retirement System (MainePERS or the System) for the purpose of providing an overview of the System's financial statements.

Financial Reporting Structure

The System's financial statements are prepared on an accrual basis of accounting in accordance with Governmental Accounting Standards Board (GASB) pronouncements. The accrual basis of accounting requires the recognition and recording of financial transactions and other related events when they occur and not just in conjunction with the inflows and outflows of cash and other resources.

The funds managed by the System are held in trust and, consistent with state and federal law, can only be used for the payment of pension and related benefits to its members or, in the case of the Retiree Health Insurance Trust Fund, for the payment of retiree health insurance premiums for eligible retirees of the State of Maine. The System's Board of Trustees, as fiduciary, establishes the System's investment policies and oversees their overall implementation.

The System has historically reported as an agent multiple employer pension plan, aggregating the financial activity of all defined benefit pension plans for financial reporting purposes in its basic financial statements. Legislation enacted in 2014 provided clarification regarding plan structure and the System began reporting three separate plans beginning with this report. These plans include the State Employee and Teacher Plan, a multiple-employer cost sharing plan with a special funding situation; the PLD Consolidated Plan, a multiple-employer cost sharing plan; and the PLD Agent Plan, an agent multiple-employer plan.

Basic Financial Statements

The Statement of Fiduciary Net Position reports the balance of Net Position restricted for future benefits as of the fiscal year end, with comparative values reported as of the previous fiscal year end. The Statement of Changes in Fiduciary Net Position reports the net change in Net Position for the fiscal year, with comparative values reported for the previous fiscal year. The System reports the State Employee and Teacher Retirement Plan, the PLD Consolidated Plan, the PLD Agent Plan, the Defined Contribution (DC) Plans, the Group Life Insurance (GLI) Plan, the MainePERS OPEB Trust and the Retiree Health Insurance Trust as separate funds and in separate columns in the financial statements. Condensed versions of both statements are included in the following section.

The Schedules of Changes in the Plan's Net Pension Liability and Related Ratios (Required Supplementary Information) presents the total pension liability and information indicating the source of changes in the liability for each multiple-employer cost sharing defined benefit retirement plan administered by the System. In addition, the Schedules show summary information regarding each Plan's net position for the years presented. The Schedule also presents each Plan's net pension liability as a percentage of the covered payroll of all members.

The Schedules of Employers' Contributions (Required Supplementary Information) presents the actuarially determined contributions for each multiple-employer cost sharing plan and compares them to actual employer contributions for the period presented. It also provides the actual contributions as a percentage of covered payroll for each year.

The Schedule of Funding Progress for the Group Life Insurance Plan (Required Supplementary Information) compares the actuarial value of plan assets with actuarial liabilities, as of actuarial valuation dates over a period of six years, and presents the unfunded actuarial accrued liability (UAAL). The Schedule also presents the actuarial funded ratio and the UAAL as a percentage of covered payroll of all participants.

The Schedule of Employers' Contributions for the Group Life Insurance Plan (Required Supplementary Information) presents the annual required contributions as defined by GASB for all employers participating in MainePERS group life insurance plan and compares them to actual employer contributions, over a period of six years. It also provides the percentage of the required to actual contributions for each year.

Financial Highlights and Analysis

The Net Position of the System increased in fiscal year 2014 by $1,605.8 million (14%) from the prior year's Net Position. This increase was due primarily to a significant increase in Net Income from investment activities during fiscal year 2014, and in part to a normal increase in employer contributions. For fiscal year 2014, Net Income from investment activities was $1,943.5

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014 Financial Report
(continued)

million. By comparison, Net Income from investment activities during fiscal year 2013 was $1,191.9 million. As of June 30, 2014, approximately 32% of the System's assets were invested in domestic common stocks, 26% in foreign common stocks, 24% in domestic bonds, 7% in real estate, 5% in other strategies, 3% in infrastructure, and 3% in private equity, either with direct holdings or through investment in common/collective trusts.

The Net Position of the System increased in fiscal year 2013 by $835.3 million (8%) from the prior year's Net Position. This increase was due primarily to a significant increase in Net Income from investment activities during fiscal year 2013. For fiscal year 2013, Net Income from investment activities was $1,191.9 million. By comparison, Net Income from investment activities during fiscal year 2012 was $56.0 million. As of June 30, 2013, approximately 35% of the System's assets were invested in domestic common stocks, 24% in foreign common stocks, 25% in domestic bonds, 6% in real estate, 5% in opportunistic strategies, 3% in infrastructure, and 2% in private equity, either with direct holdings or through investment in common/collective trusts.

The following are the Condensed Comparative Statements of Fiduciary Net Position and Condensed Comparative Statements of Changes in Fiduciary Net Position for the System for the fiscal years ended June 30, 2014, 2013, and 2012:

Condensed Comparative Statements of Fiduciary Net Position
(Dollar Values Expressed in Millions)

	June 30, 2014	June 30, 2013	June 30, 2012
Cash and Receivables	$ 55.2	$ 55.1	$ 175.0
Investments at Fair Value	13,179.7	11,568.5	10,610.3
Securities Lending Collateral	260.2	1,484.2	812.2
Other Assets	8.7	8.9	10.9
Total Assets	**$ 13,503.8**	**$ 13,116.7**	**$ 11,608.4**
Investment Management Fees Payable	$ 6.2	$ 5.2	$ 3.8
Other Liabilities	281.6	1,501.3	829.6
Total Liabilities	**$ 287.8**	**$ 1,506.5**	**$ 833.4**
Fiduciary Net Position - Held in Trust	**$ 13,216.0**	**$ 11,610.2**	**$ 10,775.0**

Condensed Comparative Statements of Changes in Fiduciary Net Position
(Dollar Values Expressed in Millions)

	June 30, 2014	June 30, 2013	June 30, 2012
ADDITIONS (SUBTRACTIONS):			
Member Contributions	$ 163.2	$ 160.8	$ 161.7
Employer Contributions	205.3	153.1	142.2
Non-Employer Contributing Entities	142.3	148.8	146.6
Net Investment and Other Income	1,943.5	1,191.9	56.0
Total Additions (Subtractions)	**$ 2,454.3**	**$ 1,654.6**	**$ 506.5**
DEDUCTIONS:			
Benefits	$ 805.9	$ 783.0	$ 735.4
Other	42.6	36.4	55.9
Total Deductions	**$ 848.5**	**$ 819.4**	**$ 791.3**
Net Increase (Decrease)	**$ 1,605.8**	**$ 835.2**	**$ (284.8)**
Fiduciary Net Position - Held in Trust, Beginning of Year	**$ 11,610.2**	**$ 10,775.0**	**$ 11,059.8**
Fiduciary Net Position - Held in Trust, End of Year	**$ 13,216.0**	**$ 11,610.2**	**$ 10,775.0**

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014 Financial Report
(continued)

Assets

Investments at Fair Value increased by $1,611.2 million (14%). This increase in Investments at Fair Value combined with a decrease of $1,224 million in securities lending collateral, contributed to an increase in total assets of $387.1 million during fiscal year 2014. The System records the cash collateral it holds due to its securities lending activity as an asset and corresponding liability. Securities lending activity decreased by $1,224 million (82%) due to structural changes implemented by the MainePERS staff regarding acceptable utilization rates. The System's custodian records an Investment Purchase or Sale Receivable between the time it enters into a trade and the time that trade is settled. There were no major trades pending at fiscal year end.

Comparatively, Investments at Fair Value increased in fiscal year 2013 by $958.2 million (9%). This increase in Investments at Fair Value combined with a decrease of $119.9 million in cash and receivables and an increase of $672.0 million in securities lending collateral, contributed to an increase in total assets of $1,508.3 million during fiscal year 2013. The System records the cash collateral it holds due to its securities lending activity as an asset and corresponding liability. Securities lending activity increased by $672.0 million (83%) due to higher utilization rates. The System's custodian records an Investment Purchase or Sale Receivable between the time it enters into a trade and the time that trade is settled. The receivable for outstanding trades at June 30, 2013 was approximately $75 million less than at June 30, 2012, since there were no major trades pending at fiscal year end.

Please refer to the Investment Section for more information on the System's investments.

Liabilities

The System's custodian records an Investment Purchase or Sale between the time it enters into a trade and the time that trade is settled. At June 30, 2014, trades outstanding totaled $.1 million. The System records the cash collateral it holds due to its securities lending activity as an asset and corresponding liability. On June 30, 2014, total loans outstanding in the securities lending program were $253.6 million.

Trades outstanding at June 30, 2013 totaled $.2 million. At June 30, 2012 there was one outstanding trade for approximately $75 million. On June 30, 2013 and 2012, the total loans outstanding in the securities lending program were $1,449.9 million and $792.4 million, respectively.

Additions to Net Position Restricted for Benefits

Additions to net position restricted for benefits during fiscal year 2014 totaled $2,454.3 million compared to additions of $1,654.6 million to net position in fiscal year 2013. This was largely due to the fact that investment income net of fees and other deductions increased by $751.6 million. The increase in investment income is primarily attributable to positive returns in the equity markets. US equities rose nearly 25% and international equities were up 22%, while fixed income rose nearly 4%.

Additions to net position restricted for benefits during fiscal year 2013 totaled $1,654.6 million compared to additions of $506.5 million to net position in fiscal year 2012. This was largely due to the fact that investment income net of fees and other deductions increased by $1,135.9 million. The increase in investment income is primarily attributable to positive returns in the equity market. US equities rose nearly 22% and international equities were up 14%, while fixed income fell by 2%.

Pension Contributions

The State's contributions on behalf of State employees totaled $109.6 million, $86.4 million, and $87.3 million for fiscal years 2014, 2013, and 2012, respectively. The State's contributions on behalf of teachers totaled $142.3 million, $148.8 million, and $146.6 million, for fiscal years 2014, 2013, and 2012, respectively. The State's contribution on behalf of judges totaled $915.2 thousand, $811 thousand, and $810.7 thousand, for fiscal years 2014, 2013, and 2012, respectively. Based on the funding methodology used and considering the funded status of the Maine Legislative Retirement Plan, no employer contribution on behalf of Legislative employees was required in fiscal years 2014, 2013 or 2012.

The balance of employer contributions reported are from Participating Local District (PLD) employers. For PLDs in the Consolidated Plan, the range of employer contributions as a percent of earnable compensation in fiscal year 2014 was 3.4% to 12.8%; for fiscal year 2013 the range was 2.8% to 12.2%, and for fiscal year 2012 the range was 1.9% to 8.3%. The Consolidated Plan's funded status and established funding approach results in employers of the Consolidated Plan currently paying less than what the true normal cost would otherwise require. The employer rates are being incrementally increased over time to a point where true normal cost will be collected.

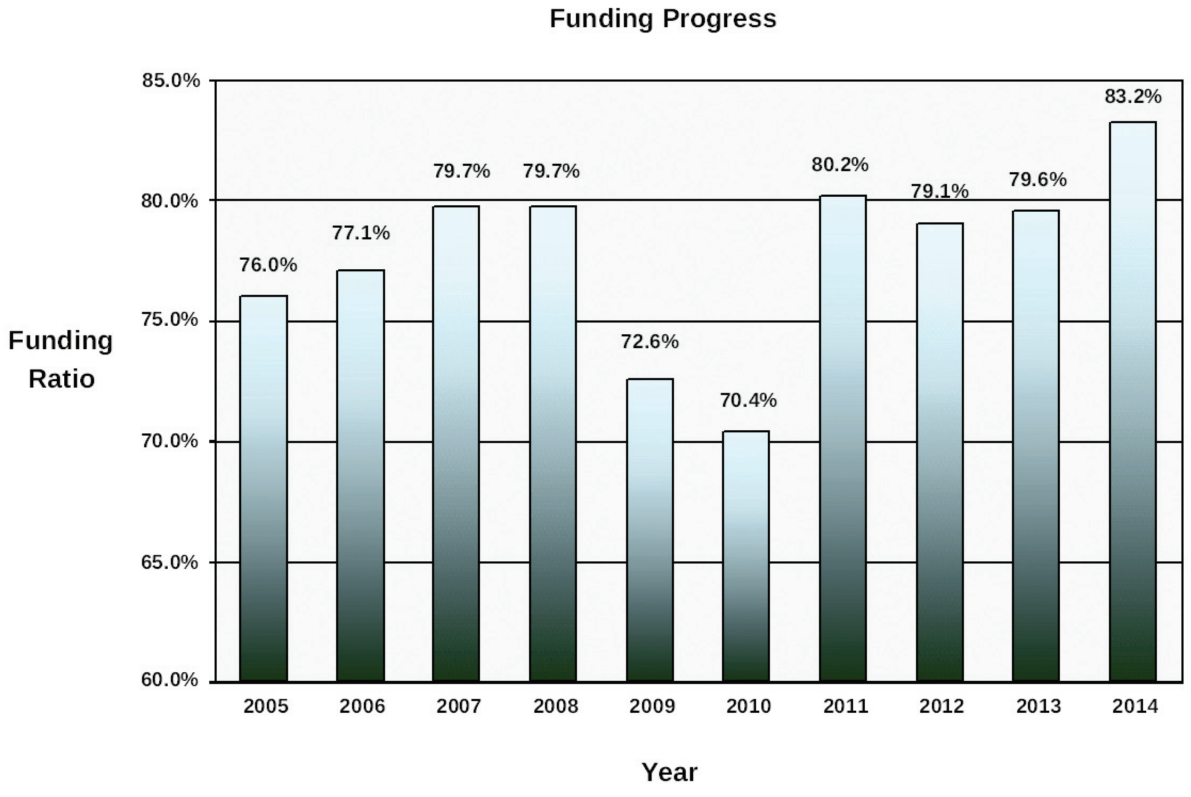
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014 Financial Report
(continued)

Member and employer data, contribution and benefit data for the 13 non-consolidated PLDs are specific to each PLD and are obtainable from the System.

Deductions From Net Position Restricted for Benefits

Total deductions from net position restricted for benefits during fiscal year 2014 increased by 4% ($29.1 million). The fiscal year 2014 increase was due to an increase in the number of recipients receiving benefits, as well as the increased cost of benefits paid and refunds and withdrawals of contributions. Benefit payments in fiscal year 2014 exceeded contributions by $295.1 million. Contributions totaled $510.8 million, and benefit payments totaled $805.9 million.
Total deductions from net position restricted for benefits during fiscal year 2013 increased by 4% ($28.1 million). The fiscal year 2013 increase was due to an increase in the number of recipients receiving benefits, as well as the increased cost of benefits paid and refunds and withdrawals of contributions. Benefit payments in fiscal year 2013 exceeded contributions by $320.3 million. Contributions totaled $462.7 million, and benefit payments totaled $783 million.

System Funding Status



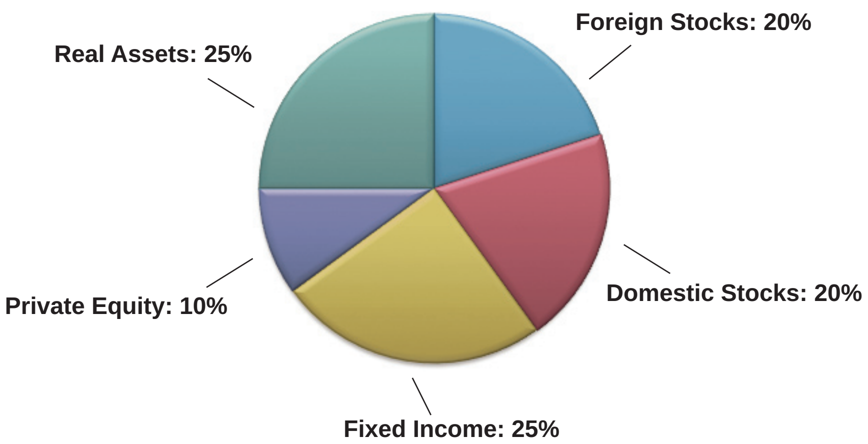
At June 30, 2014, the State/Teacher and PLD defined benefit plans were actuarially funded at 83.2%, an increase from the actuarial funding level of 79.6% at June 30, 2013. As illustrated in the chart, the actuarial funded ratio of the System experienced modest incremental increases in 2005, 2006, and in 2007 to a high of 79.7%. This level remained steady for 2008, followed by two consecutive significant declines in 2009 to 72.6% and in 2010 to 70.4%. The 2009 decline was due primarily to low returns in the investment market downturn. In 2010, investment markets and returns improved, although not enough to offset the prior years' investment declines. Significant improvement in investment returns in 2011, combined with a decrease in the overall unfunded liabilities of the plan resulting from changes in assumptions adopted following the completion of an experience study in 2011, pushed the funding level to a high of 80.2% for this year. Modest investment returns combined with increased deductions from the plan for benefits, contributed to the decrease in 2012. The increase in the funded ratio for 2013 and 2014 is attributable to strong investment returns during those years.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014 Financial Report
(continued)

Investments

The assets of all the defined benefit retirement plans that the System administers are commingled for investment purposes. Investments of the Group Life Insurance Plan and the Retiree Health Insurance Trust are invested following the same Target Asset Allocation but are not commingled with the assets of the defined benefit retirement plans.

TARGET ASSET ALLOCATION



Essentially all of the assets administered by the System in its investment portfolio are currently invested in seven asset classes: publicly traded domestic stocks, publicly traded foreign stocks, cash and cash-like securities, publicly traded domestic bonds, infrastructure, private equity, and real estate. Publicly traded derivative securities are used in some portfolios to emulate one or more of the seven asset classes. The investment policy established by the System's Board of Trustees in 2012 assigns strategic target allocations for each of four asset categories. These targets are 20% for domestic stocks, 20% for foreign stocks, 25% for fixed income, 10% for private equity, and 25% for real assets. Real assets include infrastructure (10%), real estate (10%), and hard assets (5%). The Board of Trustees anticipates it may take three to five years to fully reach the new asset allocation targets.

All of the assets invested by the System are in portfolios managed by professional investment management firms. These managers act as fiduciaries and invest the assets assigned to them in accordance with the Board's investment policy and their separate contractual arrangements. At June 30, 2014, total fair value of assets in these portfolios (together with the amounts otherwise managed) was $13.2 billion. The total fair value of assets as of June 30, 2013 was $11.6 billion. The investment return for the fiscal year ending June 30, 2014 was 16.7%. The investment return for the fiscal year ending June 30, 2013 was 11.1%. Investment returns in fiscal year 2014 were more than in fiscal year 2013, and were driven primarily by the strong performance in global equity markets. Over the five, ten and thirty year periods ended June 30, 2014, the average annual investment return for the total fund was 12.2%, 6.9%, and 9.5%, respectively.

System Membership

The following membership counts are derived from actuarial valuation data:

	June 30		Percentage
	2014	2013	change
Current active participants:			
Vested and nonvested	50,782	53,191	-4.5%
Terminated participants			
Vested	9,656	8,951	7.9%
Retirees and beneficiaries receiving benefits	41,135	40,162	2.4%
Total Membership	**101,573**	**102,304**	**-0.7%**

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014 Financial Report
(continued)

The number of active State employees at June 30, 2014 in the Regular and Special plans was 12,906, a decrease of 322 from June 30, 2013. The number of Teachers at June 30, 2014 was 26,763, a decrease of 1,818 from June 30, 2013. Membership for judges was 60, the same as the previous year. Membership for Legislators was 181, a decrease of 1 from June 30, 2013. The Consolidated Plan for Participating Local Districts (PLDs) offers 11 retirement plans. Each PLD participating in the Consolidated Plan chooses the plan or plans under which its employees will be covered. Total active membership in the Consolidated Plan and the 13 non-consolidated plans at June 30, 2014 was 10,872, a decrease of 268 from June 30, 2013.

Group Life Insurance Plan

The following summarized data is derived from actuarial valuation data for the Group Life Insurance Plan:

Group Life Insurance Plan Actuarial Data
(Dollar Values Expressed in Millions)

	June 30		
	2014	2013	2012
Actuarial Value of Assets	$92.1	$76.2	$66.4
Actuarial Liability	$186.7	$180.9	$173.9
Unfunded Actuarial Liability	**$94.6**	**$104.7**	**$107.5**

Defined Contribution Plans

The Section 401(a), Section 457, and Section 403(b) Plans administered by the System's Board of Trustees are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of employees of PLDs that elect to participate in the Defined Contribution Plans. Contributions may be made to the Plans subject to plan and Internal Revenue Code limitations. Investments in the Defined Contribution Plans are individually directed and controlled by plan participants.

Retiree Health Insurance Trust Fund

The Maine State Legislature established the Retiree Health Insurance Post Employment Investment Trust as an irrevocable trust for the sole purpose of holding and investing funds appropriated or otherwise provided to the Fund for the purpose of accumulating assets to provide funding to the State's unfunded liability obligations for retiree health benefits. The Trustees of the Maine Public Employees Retirement System were named Trustees of the Investment Trust Fund. At June 30, 2014, the fiduciary net position held in trust for the Fund was $189,832,853.

Currently Known Facts, Decisions, or Conditions

Legislation passed in 2011 froze regular COLAs for eligible retirees in the State Employee, Teacher, Judicial, and Legislative plans for a period of three years beginning in 2011. The same legislation provided for potential non-cumulative cost-of-living adjustments (COLAs) for those three years to be paid in 2012, 2013, and 2014 dependent on the availability of budget surpluses in each prior fiscal year. The State of Maine closed its fiscal year 2014 with a budget surplus sufficient to cover the cost of the third and final of these payments and MainePERS distributed these funds to eligible retirees in September 2014.

The Maine Legislature enacted Public Law 390, An Act to Amend the Retirement Laws Pertaining to Participating Local Districts, during the First Regular Session of the 126th Legislature. The law requires changes to member contribution rates, reduces the cap for cost of living increases from 4% to 3%, and increases the normal retirement age from age 60 to age 65 for new members, among other things. Additional information regarding the changes and effective dates can be found on the System's website at www.mainepers.org.

Requests for Information

Questions concerning this Management Discussion and Analysis, other parts of the System's financial statements or the System's financial activities should be directed to Maine Public Employees Retirement System, Sherry Tripp Vandrell, Director of Finance, at PO Box 349, Augusta, Maine 04332 or at (207) 512-3100 or toll-free at (800) 451-9800.

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2014
With Summarized Information as of June 30, 2013

	State Employee/ Teacher Plan	PLD Consolidated Plan	PLD Agent Plan
Assets:			
Cash and cash equivalents (note 3)	$ 26,853,484	$ 4,082,919	$ 84,406
Investments at fair value (notes 3 and 4):			
Debt securities:			
U.S. Government and government agencies	–	–	–
U.S. and foreign corporate	–	–	–
Common equity securities	3,212,369,203	744,129,753	11,304,271
Preferred equity securities	–	–	–
Common/collective trusts	5,835,822,798	1,398,177,722	20,536,159
Mutual funds	214,829,656	49,764,248	755,982
Partnerships	1,110,315,401	257,199,180	3,907,181
Total investments	10,373,337,058	2,449,270,903	36,503,593
Receivables:			
State and local agency contributions and premiums (notes 6 and 7)	14,229,674	4,385,073	61,218
Accrued interest and dividends	3,552,900	823,012	12,503
Due from brokers for securities sold	80,301	18,601	283
Total receivables	17,862,875	5,226,686	74,004
Collateral on loaned securities (note 5)	210,679,757	48,802,944	741,378
Capital assets, net of accumulated depreciation	7,059,256	1,635,242	24,841
Total assets	10,635,792,430	2,509,018,694	37,428,222
Liabilities:			
Accounts payable	5,011,783	1,160,955	17,636
Due to brokers for securities purchased	431,708	100,003	1,519
Other liabilities	7,053,632	1,633,940	24,822
Accrued investment management fees	6,666,147	1,544,181	23,458
Obligations under securities lending activities (note 5)	210,679,757	48,802,944	741,378
Total liabilities	229,843,027	53,242,023	808,813
Fiduciary net position - held in trust	$ 10,405,949,403	$ 2,455,776,671	$ 36,619,409

See accompanying notes.

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2014
With Summarized Information as of June 30, 2013
(continued)

	Group Life Insurance	Defined Contribution	MainePERS OPEB Trust	Retiree Health Insurance Trust	2014 Total	2013 Summarized (Restated, See Note 2)
	$ 216,885	$ 35,073	$ –	$ –	$ 31,272,767	$ 31,108,267
	–	–	–	–	–	2,378,810
	–	–	–	–	–	977,545
	–	–	–	–	3,967,803,227	3,828,278,697
	–	–	–	–	–	1,959,830
	94,313,176	24,939,133	11,447,671	189,937,303	7,575,173,962	6,707,944,366
	–	–	–	–	265,349,886	238,333,341
	–	–	–	–	1,371,421,762	788,653,709
	94,313,176	24,939,133	11,447,671	189,937,303	13,179,748,837	11,568,526,298
	631,432	61,063	–	–	19,368,460	18,830,950
	–	–	–	–	4,388,415	4,931,834
	–	–	–	–	99,185	229,771
	631,432	61,063	–	–	23,856,060	23,992,555
	–	–	–	–	260,224,079	1,484,238,413
	–	–	–	–	8,719,339	8,930,108
	95,161,493	25,035,269	11,447,671	189,937,303	13,503,821,082	13,116,795,641
	20,872	–	–	–	6,211,246	5,236,391
	–	–	–	–	533,230	209,337
	2,963,176	5,965	771,595	90,030	12,543,160	11,547,554
	10,293	–	834	14,420	8,259,333	5,315,831
	–	–	–	–	260,224,079	1,484,238,413
	2,994,341	5,965	772,429	104,450	287,771,048	1,506,547,526
	$ 92,167,152	$ 25,029,304	$ 10,675,242	$ 189,832,853	$ 13,216,050,034	$ 11,610,248,115

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2014
With Summarized Information for the Year Ended June 30, 2013

	State Employee/ Teacher Plan	PLD Consolidated Plan	PLD Agent Plan
Additions:			
Investment income:			
From investing activities:			
Net appreciation in the fair value of plan investments	$ 1,456,128,076	$ 344,616,880	$ 5,336,114
Interest	52,857	12,422	194
Dividends	102,386,170	23,717,260	360,295
Less: investment expenses	(33,279,424)	(7,727,068)	(122,321)
Net income from investing activities	1,525,287,679	360,619,494	5,574,282
From securities lending activities:			
Securities lending income	1,209,815	280,248	4,257
Securities lending expenses:			
Borrower rebates refunded	1,353,109	313,441	4,762
Management fees	(379,919)	(88,006)	(1,337)
Total securities lending expenses	973,190	225,435	3,425
Net income from securities lending activities	2,183,005	505,683	7,682
Total net investment income	1,527,470,684	361,125,177	5,581,964
Contributions and premiums (notes 6 and 7):			
Members	121,700,845	33,210,510	94,136
State and local agencies	163,856,225	32,706,160	667,846
Non-employer contributing entities	142,303,104	–	–
Total contributions	427,860,174	65,916,670	761,982
Total additions	1,955,330,858	427,041,847	6,343,946
Deductions:			
Benefits paid, net	671,034,883	121,559,257	2,702,486
Refunds and withdrawals	21,693,233	5,602,101	1,897,634
Claims processing expenses (note 7)	–	–	–
Administrative expenses	8,296,396	1,779,304	27,981
Total deductions	701,024,512	128,940,662	4,628,101
Net increase in fiduciary net position	1,254,306,346	298,101,185	1,715,845
Fiduciary net position – held in trust, beginning of year	9,151,643,057	2,157,675,486	34,903,564
Fiduciary net position – held in trust, end of year	$ 10,405,949,403	$ 2,455,776,671	$ 36,619,409

See accompanying notes.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2014
With Summarized Information for the Year Ended June 30, 2013
(continued)

Group Life Insurance	Defined Contribution	MainePERS OPEB Trust	Retiree Health Insurance Trust	2014 Total	2013 Summarized (Restated, See Note 2)
$ 14,808,409	$ 3,289,578	$ 1,805,962	$ 29,617,797	$ 1,855,602,816	$ 1,090,338,039
364	203	–	–	66,040	4,493,543
–	–	–	–	126,463,725	123,904,595
(44,990)	(79,473)	(5,390)	(53,201)	(41,311,867)	(31,372,622)
14,763,783	3,210,308	1,800,572	29,564,596	1,940,820,714	1,187,363,555
–	–	–	–	1,494,320	5,030,284
–	–	–	–	1,671,312	288,735
–	–	–	–	(469,262)	(797,734)
–	–	–	–	1,202,050	(508,999)
–	–	–	–	2,696,370	4,521,285
14,763,783	3,210,308	1,800,572	29,564,596	1,943,517,084	1,191,884,840
4,708,184	3,505,423	–	–	163,219,098	160,779,494
7,950,385	109,515	6,108	–	205,296,239	153,066,339
–	–	–	–	142,303,104	148,833,840
12,658,569	3,614,938	6,108	–	510,818,441	462,679,673
27,422,352	6,825,246	1,806,680	29,564,596	2,454,335,525	1,654,564,513
10,273,054	–	278,933	–	805,848,613	782,972,911
–	2,032,458	–	–	31,225,426	24,669,562
835,215	–	–	–	835,215	701,421
318,626	112,015	–	90,030	10,624,352	10,958,749
11,426,895	2,144,473	278,933	90,030	848,533,606	819,302,643
15,995,457	4,680,773	1,527,747	29,474,566	1,605,801,919	835,261,870
76,171,695	20,348,531	9,147,495	160,358,287	11,610,248,115	10,774,986,245
$ 92,167,152	$ 25,029,304	$ 10,675,242	$ 189,832,853	$ 13,216,050,034	$ 11,610,248,115

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

1. Overview of the Maine Public Employees Retirement System Benefit Plans

Background

The Maine Public Employees Retirement System (the System), which is a component unit of the State of Maine, is the administrator of a public employee retirement system established and administered under the Laws of the State of Maine. The System was formerly named the Maine State Retirement System. The System provides pension, disability, and death benefits to its members, which include employees of the State, public school teachers (as defined by Maine law) and employees of 299 local municipalities and other public entities (Participating Local Districts, or PLDs) in Maine, each of which contracts for participation in the System under provisions of the relevant statutes.

Individual PLDs are permitted by law to withdraw from participation in the System. Withdrawal precludes the PLD's nonmember employees, if any, and its employees hired subsequent to withdrawal from membership in the System. Depending on the circumstances and requirements of the PLD's participation under the System, a withdrawn PLD has continuing funding obligations after withdrawal with respect to its employees who are active members at the time of withdrawal and who continue to be members thereafter, to its terminated vested employee members, and to its former employee members who are retired at the time of withdrawal.

Board of Trustees

The System's Board of Trustees is comprised of eight members. State law specifies the composition of the Board, whose members are confirmed by the Legislature. Three trustees are System members, one of whom is proposed and elected by the Maine Education Association, one of whom is proposed and elected by the Maine State Employees Association, and one of whom is a PLD member appointed by the governing body of the Maine Municipal Association. Four other trustees are appointed by the Governor. Of these, one must be selected by the Governor from a list of nominees submitted by the Maine Retired Teachers Association and one must be a MainePERS retiree selected from a list of nominees submitted by State and/or PLD retirees. The remaining two appointees are direct gubernatorial appointments, both of whom must be qualified through training or experience in investments, accounting, banking or insurance or as actuaries. All appointed trustees are required to have "a working knowledge of retirement policy and legal issues and a general knowledge and understanding of banking, finance, and investment practices." The eighth trustee is the State Treasurer, who serves ex-officio. All trustee terms are three years, except for the two-year term of the State Treasurer. The Board annually elects its chair and vice chair from among its members.

Defined Benefit Plans

Pension funds managed by the System are constitutionally restricted and held in trust for the payment of pension and related benefits. The System's Board of Trustees, in its fiduciary capacity, establishes the System's investment policies and oversees their overall implementation. The System administers three defined benefit pension plans including the State Employee and Teacher Plan, including members of the Judicial, Legislative, and Governor's Plans, the PLD Consolidated Plan, and the PLD Agent Plan. The System maintains separate reserves and accounts and performs separate actuarial valuations for each pension plan. Additional information regarding each plan can be found in Note 6 of this report.

Group Life Insurance Plan

The Group Life Insurance Plan was established by the State Legislature to provide group life insurance benefits, during active service as well as in retirement, to State employees, Teachers, members of the Judiciary and the Legislature, as well as Elected and Appointed Officers of the State, that are eligible for membership in the System. Group Life Insurance benefits are also provided to the employees of PLDs that elect to participate in the Group Life Insurance Plan. Employees are eligible for coverage under the Plan, subject to their membership in one or more of the aforementioned eligible employment classes and any other conditions of eligibility that the Board of Trustees of the System may prescribe by rule or decision.

Group Life Insurance funds managed by the System are held in trust for the payment of benefits to participants and/or their beneficiaries. The System's Board of Trustees, in its fiduciary capacity, establishes the System's investment policies and oversees their overall implementation. The System maintains separate reserves and accounts for each of the employment classes and a single actuarial valuation for the plan is performed that provides separate data for each of the five classes.

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June 30, 2014 and 2013 *continued*

At June 30, 2014, the Group Life Insurance participant counts are as follows:

	Group Life Insurance Participants					
	State	Teachers	Judges	Legislators	PLD	Total
Actives	11,821	13,829	58	–	5,486	31,194
Retirees	8,446	6,545	41	10	2,673	17,715
	20,267	20,374	99	10	8,159	48,909

Defined Contribution Plans

The Section 401(a), Section 457 and Section 403(b) Plans administered by the System's Board of Trustees are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of employees of PLDs that elect to participate in the Defined Contribution Plans. Contributions may be made to the Plans by plan participants subject to plan and Internal Revenue Code limitations. At June 30, 2014, participation in the defined contribution plans was as follows:

	401(a) Plan	457 Plan	403(b) Plan
Employers	10	55	1
Participants	76	508	330

Investments in the Defined Contribution Plans are individually directed and controlled by plan participants.

MainePERS OPEB Trust

The MainePERS OPEB Trust is an irrevocable trust established for the purpose of accumulating assets to provide funding for retiree health benefits and life insurance in retirement for qualified individuals who retire from the Maine Public Employees Retirement System. The Trustees of the Maine Public Employees Retirement System were named Trustees of the MainePERS OPEB Trust.

Retiree Health Insurance Trust Fund

The Maine State Legislature established the Retiree Health Insurance Post Employment Investment Trust as an irrevocable trust formed solely to hold and invest funds appropriated or otherwise provided to the Fund for the purpose of accumulating assets to provide funding to the State's unfunded liability obligations for retiree health benefits. The Trustees of the Maine Public Employees Retirement System were named Trustees of the Investment Trust Fund.

2. Summary of Significant Accounting Policies

Basis of Accounting

The System's financial statements are prepared using the accrual basis of accounting.

Adoption of GASB Statement No. 67

The System adopted GASB Statement No. 67, Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25 for the year ended June 30, 2014. This statement required changes to the content of pension plans' financial statements and footnotes, as well as required supplemental information. The footnotes now provide more information about investments. The required supplemental information now provides more detail about the changes in net pension liability and investment rates of return. The Statement also prescribes certain methods of computing net pension liability.

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In addition, the System began presenting the MainePERS OPEB Trust as a separate trust fund in the financial statements. Prior to adopting Statement No. 67, the fund had been combined with the Group Life Insurance Plan and the net position was previously shown as "other liabilities" to reflect that the MainePERS OPEB Trust assets were not available to participants in the Group Life Insurance Plans. The effect of this change was to reduce liabilities at June 30, 2013 by $9,147,495 and increase fiduciary net position by the same amount.

Comparative Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the System's financial statements for the year ended June 30, 2013, from which the summarized information was derived. Liabilities and net position have been restated for the adoption of Statement No. 67, as described above.

Reclassification

Certain 2013 amounts have been reclassified to conform to the 2014 financial statement presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates and assumptions. These estimates affect the reported amounts of net position restricted for benefits at the date of the financial statements, the actuarial information included in the required supplementary information as of the actuarial information date, the changes in net position during the reporting period and, when applicable, the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Revenue Recognition

Pension contributions and group life insurance premiums, as well as contributions to the Retiree Health Insurance Trust, are recognized as additions in the period when they become due pursuant to formal commitments or statutory or contractual requirements. Contributions to Defined Contribution Plans are recognized in the period they are contributed.

Net investment income includes net appreciation or depreciation in the fair value of investments, interest and dividend income, foreign currency transaction gains and losses, and securities lending income, less investment expenses, which include investment management and custodial fees and all other significant investment related costs. Investment income is recognized when earned and investment expenses are recorded when incurred.

Benefits and Refunds

Pension and group life insurance benefits and contributions and premium refunds to the System's members and beneficiaries are recognized as deductions when due and payable in accordance with the terms of the statutes. In addition, an estimate is made for group life insurance death benefits incurred before year end but not reported to the System until after year end. These are reflected as other liabilities. Distributions from Defined Contribution Plans and the Retiree Health Insurance Trust are recognized in the period the disbursement is made.

Investments

Investments are reported at fair value. Debt and equity securities that are traded on recognized exchanges are valued at the last sales price and the current exchange rates on the reporting date. Other regularly traded securities, including derivatives, are valued by the System's custodians through a variety of external sources. Investments that do not have an established market are reported at estimated fair value. The fair value of shares in common collective trusts is based on unit values reported by the funds. The fair value of other investments, including private market partnerships, is based on third-party appraisals and valuations provided by the sponsor of the partnerships. Management reviews and approves all such appraisals and valuations prepared by other parties. Investment purchases and sales are recorded as of their trade date. Proceeds related to securities sold not yet purchased are carried as a liability and are adjusted to the fair value of the securities.

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

Assets of the defined benefit pension plans are pooled for investment purposes and are allocated to each plan based on each plan's net fiduciary position, as are investment expenses and administrative expenses. Assets of the Group Life Insurance Plan are invested separately from the assets of the defined benefit pension plans.

Due to/from Brokers

Amounts due to/from brokers for securities purchased or sold consist of trades not yet settled.

Cash and Cash Equivalents

The System considers all highly liquid debt instruments that have a maturity of 90 days or less when purchased to be cash equivalents.

Administrative Expenses

The cost of administering the Plans is financed primarily by investment income, with a small percentage of contributions from select employers.

Capital Assets

All capital assets with a unit cost of $5,000 or greater are capitalized and reported in the accompanying financial statements. Purchased assets are valued at cost where historical records exist. Where necessary, for real estate, estimates of original cost are derived from historical real estate appraisals, historical real estate tax valuation records, and relevant accounting information derived from the records.

Capital asset costs include the purchase price or construction cost, plus those costs necessary to place the asset in its intended location and condition for use.

Depreciation is calculated using the straight-line method with estimated useful lives of 3 to 40 years.

Risks and Uncertainties

The System makes investments in accordance with the Board of Trustees' investment policy in a combination of equities, fixed income securities, infrastructure, private equity, real estate, derivative financial instruments, other investment securities and mutual funds and common/collective trusts holding such investments. The investment policy specifically prohibits investment managers from using derivative financial instruments to introduce leverage without specific prior approval by the Board. Investment securities and securities underlying certain investments are exposed to various risks, such as interest rate risk, market risk, custodial credit risk and credit risk. Investments in the Defined Contribution Plans are individually directed and controlled by plan participants. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, changes in the values of investment securities are likely to occur in the near term and it is at least possible that such changes could materially affect the amounts reported in the statement of fiduciary net position and the statement of changes in fiduciary net position.

Employers' contributions to the Defined Benefit Plans are established by an actuarial valuation on the basis of actuarial assumptions related to economic indicators (e.g., interest rates, inflation rates), and member and retiree compensation and demographics. By law, the assumptions are adopted by the Board of Trustees based on recommendation of the System's actuary. The System is also required by Maine law to perform an actuarial experience study whenever the Board of Trustees, on recommendation of its actuary, determines such a study to be necessary for actuarial soundness or prudent administration.

New Accounting Pronouncements

The following paragraphs describe the status of new pronouncements other than GASB Statement No. 67.

The System adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended June 30, 2014. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Adoption of Statement No. 65 had no effect on the System's financial statements.

In June 2012, GASB issued Statement No. 68 (Statement 68), Accounting and Financial Reporting for Pensions. Statement 68 replaces the requirements of Statement No. 27, Accounting for Pension by State and Local Government Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trust or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual cost of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The System expects liabilities to increase by approximately $3.5 million upon adoption.

In January 2013, GASB issued Statement No. 69, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government combinations or disposals of government operations. The provisions of this Statement are effective for financial statements for fiscal years beginning after December 15, 2013. Adoption of Statement No. 69 had no impact on the System's financial statements.

The System adopted GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees for the year ended June 30, 2014. This statement requires governments that extend nonexchange financial guarantees to recognize a liability when it is more likely than not that the government will have to make a payment on that guarantee. In addition, the statement requires a government that issued an obligation that is guaranteed in a nonexchange financial guarantee to report the obligation until legally released as an obligor. Adoption of Statement No. 70 had no impact on the System's financial statements.

In November 2013, GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68. This statement requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability being reported under GASB Statement No. 68. The System is currently evaluating the impact this guidance will have on its financial statements.

3. Cash and Investments

The Board of Trustees is responsible for identifying the System's investment objective and establishing an investment policy to meet that objective. The Board relies on staff and consultants with appropriate expertise to establish investment policy, monitor compliance with policy, and determine whether the investment objective has been met. The Board established the strategic asset allocation as part of its overall investment policy. The policy identifies the following investment classes and targets: US equities (20%), non-US equities (20%), private equity (10%), fixed income (25%), and real assets (25%). Within real assets, the allocation is further defined to include: real estate (10%), infrastructure (10%), and hard assets (5%). The investment policy was revised in November 2013 to refine the rebalancing process.

Custodial credit risk is the risk that in the event of a financial institution failure, the System's deposits may not be returned to it. The System has no formal policy for custodial credit risk. Cash and cash-like securities are held at two institutions: Bangor Savings Bank and JP Morgan. Cash balances at Bangor Savings Bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Bangor Savings Bank mitigates custodial credit risk through use of securities repurchase arrangements.

Cash equivalents at JP Morgan are invested in the JP Morgan Prime Money Market Fund. The JP Morgan Prime Money Market fund is composed of short term debt securities held in a collective fund for the benefit of the System and other investors. All securities purchased in the Prime Money Market must either be payable on demand or have a maturity not

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

exceeding eighteen months from the time of purchase. The System's aggregate custodial credit risk exposure for cash and investments at June 30 is summarized in the table below:

	2014	2013
Exposed to Custodial Credit Risk (uninsured and uncollateralized)	$ 393,417	$ 368,923
Not Exposed to Custodial Credit Risk	13,210,628,187	11,599,265,642
Total Fair Value	$ 13,211,021,604	$ 11,599,634,565

Amounts are not exposed to custodial credit risk (a) because the underlying investments are registered in the name of the System and held by the System's custodian or (b) because their existence is not evidenced by securities that exist in physical or book entry form.

These amounts are disclosed in the financial statements at June 30 as follows:

	2014	2013
Cash and Cash Equivalents	$ 31,272,767	$ 31,108,267
Investments	13,179,748,837	11,568,526,298
Total Fair Value	$ 13,211,021,604	$ 11,599,634,565

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations to the System. The following table summarizes the System's aggregate fixed income portfolio credit ratings for the fiscal years ended June 30, 2014:

Quality Rating	2014	2013
AAA	$ 2,281,107,617	$ 2,194,191,599
AA+	56,500,000	–
AA	123,408,101	113,393,287
A	304,785,141	324,870,050
BBB	278,191,144	263,312,721
BB+	23,000,000	5,915,592
BB	–	287,800
Not rated	597,618	3,644,156
Total credit risk debt	$ 3,067,589,621 (1)	$ 2,905,615,205 (2)

(1) Includes direct investments in debt securities held by the System as well as debt securities underlying investments in common collective trusts and mutual funds. In 2014, the amount included from common collective trusts is $2,988,089,621; the amount included from mutual funds is $79,500,000.

(2) Includes direct investments in debt securities held by the System as well as debt securities underlying investments in common collective trusts and mutual funds. In 2013, the amount included from common collective trusts is $2,878,004,923; the amount included from mutual funds is $24,253,937.

Individual investments that constitute 5% or more of total investments are as follows:

Pooled fixed income funds:	
BlackRock 0-5 Year TIPS	$ 1,115,126,128
BlackRock MSCI ACWI Ex US	3,316,107,683

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of investment in a single issue. The System's investment policy places no limit on the amount the System may invest in any one issuer. The impact of credit risk on the System's portfolio has been mitigated since active management has been eliminated. The resulting credit risk is consistent with the Barclays Capital Aggregate Index.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System has no formal investment policy related to managing interest rate risk. All of the System's fixed income portfolios are managed in accordance with contractual guidelines. These guidelines specify a level of tracking error. The investment manager has the responsibility of determining the amount of interest rate risk that is compatible with the specified tracking error. In addition, contractual guidelines generally specify a range of effective duration for the portfolio. Duration is widely used in the management of fixed income portfolios as a measure of a debt investment's exposure to fair value changes arising from changing interest rates. The System's interest rate risk is closely aligned with the Barclays Capital Aggregate Index. The following table details the System's interest rate risk for its debt investments at June 30, 2014, using the segmented time distribution method.

	Maturities as of June 30, 2014				
Investment Type	Fair Value	Less than 1 Year	1 to 6 Years	6 to 10 Years	10+ Years
Common/ Collective Trusts [1]	$ 2,988,089,621	$ 222,612,676	$ 2,069,252,063	$ 422,814,682	$ 273,410,200
Mutual Funds [1]	79,500,000	11,600,000	56,500,000	11,400,000	–
Total	$ 3,067,589,621	$ 234,212,676	$ 2,125,752,063	$ 434,214,682	$ 273,410,200

[1] Maturities are based on the weighted average maturities of underlying investments in the common/collective trusts and mutual funds.

Foreign currency risk is the risk that changes in exchange rates will adversely impact the recorded fair value of an investment. The System does not have a formal investment policy limiting the amount of foreign currency exposure of its investments. The System's currency exposures reside primarily in the System's international equity investments. The System may or may not hedge a portfolio's foreign currency exposure with currency forward contracts depending on their views of the currency relative to the dollar. All of the System's portfolios are managed in accordance with contractual guidelines. These guidelines specify a level of tracking error. The investment manager has the responsibility of determining the amount of foreign currency risk that is compatible with the specified tracking error. Furthermore, the System has nearly eliminated all direct exposure to foreign currency by using index funds which means the System owns units of dollar denominated commingled funds rather than conducting transactions directly in foreign currency. The System is still indirectly exposed to all the foreign currencies within the index. The System's direct exposure to foreign currency risk in U.S. dollars as of June 30, 2014 is highlighted in the table below:

Currency	Cash	Equity	Total
Canadian Dollar	833	–	833
Swiss Franc	382,347	–	382,347
Euro	10,238	62,044,038	62,054,276
Total	393,418	62,044,038	62,437,456

The System has entered into contracts to invest up to approximately $2.9 billion into common collective trusts and partnerships with a focus on private equity, infrastructure, opportunistic and real estate investment strategies. As of June 30, 2014, approximately $1.4 billion has been invested; the remaining commitment is approximately $1.5 billion.

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

For the year ended June 30, 2014, the annual money-weighted rate of return on all pension plan investments, net of pension plan investment expense, was 16.7% The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested, based on monthly calculations.

4. Derivative Securities

Derivative financial instruments are financial contracts whose value depends on the value of one or more underlying assets, reference rates or financial indices. They include futures, forwards, options, and swap contracts. In addition, some traditional securities can have derivative-like characteristics, e.g., asset-backed securities, including collateralized mortgage obligations (CMOs), which are sensitive to changes in interest rates and to prepayments.

The System may be a party, both directly and indirectly, to various derivative financial investments that are used in the normal course of investing to enhance expected returns on investments, to manage the risk of exposure to changes in value of investments due to fluctuations in market conditions, and to gain passive exposure to markets. In addition to normal market risks these investments may involve, to varying degrees, elements of interest rate risk, credit risk, leverage risk, counterparty risk, and custodial credit risk.

Interest rate risk is the risk that fixed income securities and derivatives will decline in value because of changes in interest rates.

Credit risk is the risk that an issuer or guarantor of a fixed income security or derivative is unable or unwilling to make timely principal payments and/or interest payments.

Leverage risk may be created with derivatives. Financial leverage generally involves borrowing and then reinvesting the proceeds with the hope of earning a higher rate of return than the borrowing costs. With derivative instruments economic leverage may be effectively created without any explicit borrowing. Leveraged investments may be more volatile than if an investment had not been leveraged. Leveraging tends to exaggerate the effect of any increase or decrease in the value of an underlying investment. In a leveraged transaction an amount more than the initial investment may be lost. The System's investment policy requires specific Board approval of any investment strategy that involves the use of direct financial leverage.

Counterparty risk is the risk that the counterparty to a derivative transaction is unwilling or unable to deliver on their obligations to the System.

The System manages interest rate risk, leverage risk, and counterparty risk on a manager by manager basis by establishing guidelines with each manager. The manager is customarily allowed to invest within these predetermined guidelines.

Custodial credit risk is the risk that in the event of a financial institution failure, the System's investments may not be returned to it. Derivative securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the System, and are held by either the counterparty or the counterparty's trust department or agent but not in the System's name.

The System's investments in derivative securities only have nominal exposure to custodial credit risk. Credit risk is managed, in the case of exchange-traded derivatives, by the execution of trades through a clearinghouse and, in the case of over-the-counter transactions, by managers' due diligence assessment and approval of counterparties. Market risk arises due to adverse changes in market price or to interest rate or foreign exchange rate fluctuations that may result in a decrease in the market value of a financial investment and/or increase its funding cost. Market risk is managed by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and are monitored by the Chief Investment Officer, and the risk positions of the investment managers are reviewed on a periodic basis to monitor compliance with the limits.

Foreign currency forward contracts may be used to hedge against the currency risk in the System's foreign equity and fixed income security portfolios. A foreign currency forward contract is an agreement to buy or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed upon price. The contracts are valued at forward exchange rates, and the changes in value of open contracts are recognized in the statement of changes in fiduciary net position. The unrealized gain or loss on forward currency contracts represents the difference between the value of the original contracts and the closing value of such contracts and is included in the statement of changes in fiduciary net position.

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

The System's fixed income managers may invest in CMOs and Asset-Backed Securities to improve the yield or adjust the duration of the fixed income portfolio. As of June 30, 2014 and 2013, the System held no CMO and Asset-Backed Securities.

The System's managers may also invest in swaps. Interest rate swaps are used to adjust interest rate and yield curve exposures and substitute for physical securities. Long swap positions increase exposure to long term rates; short positions decrease exposure. Credit default swaps are used to manage credit exposure. Purchased credit default swaps decrease credit exposure, while written credit default swaps increase exposure. Total return swaps are a means to gain exposure to an index.

The System may also hold investments in futures and options, which are used to manage various risks within the portfolio. A financial futures contract is an agreement between two parties to buy or sell units of a particular index or a certain amount of a security at a set price on a future date. The System may purchase and sell financial futures contracts to hedge against the effect of changes in the values of securities it owns or expects to purchase.

Upon entering into such a contract, the System is required to pledge to the broker an amount of cash or securities equal to a certain percentage of the contract amount (initial margin deposit). Pursuant to the contract, the System agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as "variation margin" and are recorded by the custodial bank on behalf of the System as unrealized gains or losses. When the contract is closed, the custodial bank on behalf of the System records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The potential risk to the System is that the change in value of futures contracts primarily corresponds to the value of the underlying instruments, which may not correspond to the change in value of the hedged instruments. In addition, there is a risk the System may not be able to close out its futures positions due to an illiquid secondary market or the potential inability of a counterparty to meet the terms of a contract.

In addition to the derivative financial instruments directly held, the System may have indirect exposure to risk through its ownership interests in commingled investment funds, which use, hold or write derivative financial instruments. There also may be indirect exposure in the securities lending programs in which the System participates, in which some collateral pools may include derivatives (note 5). Where derivatives are held in those funds/pools, risks and risk management are as described above.

The following table details the System's aggregate derivative investments at June 30. All changes in fair value are reported in net appreciation (depreciation) in fair value of plan investments in 2014 and 2013.

	2014 Change in Fair Value	Fair Value at June 30, 2014 Classification	Fair Value at June 30, 2014 Amount	June 30, 2014 Notional Amount
Investment derivatives:				
Futures:				
Equity Index Futures Contracts	$ 304,630	Investments	$ 95,310	$ 75,920,310

	2013 Change in Fair Value	Fair Value at June 30, 2013 Classification	Fair Value at June 30, 2013 Amount	June 30, 2013 Notional Amount
Investment derivatives:				
Futures:				
Equity Index Futures Contracts	$ (1,664,470)	Investments	$ (209,320)	$ 50,268,960

5. Securities Lending

The System has entered into agreements with its master custodian to lend to broker-dealers and other entities any type of security held in the System's portfolio and held with the master custodian. Securities are loaned against collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned against collateral generally valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned against collateral valued at 105% of the market value of the securities plus any accrued interest.

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

Noncash collateral cannot be pledged or sold unless the borrower defaults.

All securities loans can be terminated on demand by either the lender or the borrower. The average term of the System's loans was approximately 110 days and 68 days as of June 30, 2014 and 2013, respectively.

Cash collateral is invested in a short-term investment account which had an interest sensitivity of 29 and 39 days as of June 30, 2014 and 2013, respectively. Cash collateral may also be invested separately in "term loans," in which case the investments match the loan term. These loans can be terminated on demand by either lender or borrower.

During fiscal years 2014 and 2013, there were no violations of legal or contractual provisions, and no borrower or lending agent default losses identified to the System by the securities lending agent. Securities lending earnings are credited to the System on approximately the fifteenth day of the following month.

Custodial credit risk is the risk that the System's securities are not returned due to the insolvency of a borrower and the master custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. The master custodian's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending. At June 30, 2014 and 2013, all of the collateral for securities lending is subject to custodial credit risk.

Because of the program's collateralization of loans, generally at 102% (or more), plus accrued interest for fixed income securities, the System believes that there is no credit risk as defined in GASB Statement No. 28 and GASB Statement No. 40.

Some of the System's assets are held in common/collective trusts and are subject to similar agreements arranged by those trusts. The income from those arrangements and the associated collateral are not included in the securities lending amounts reported.

Aggregate securities on loan by asset class:

	2014	2013
Domestic equity	$ 253,639,212	$ 1,449,946,454
Aggregate securities lending collateral:		
Short-term investment collateral pool	$ 253,859,313	$ 1,481,518,780
Noncash collateral (debt and equity securities, at fair value)	6,364,766	2,719,633
Total collateral	$ 260,224,079	$ 1,484,238,413
Collateral ratio	102.6%	102.4%

6. Defined Benefit Plan

State Employee and Teacher Plan

The State Employee and Teacher Plan administered by MainePERS is a multiple-employer cost sharing plan with a special funding situation. As of June 30, 2014 there were 229 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays the unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Also included in the State Employee and Teacher Plan are judges, legislators, and the current and past governors of the State of Maine.

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

Plan membership counts for the State Employee and Teacher Plan at June 30 are as follows:

State Employee and Teacher Plan Membership	2014	2013
Current participants:		
Vested and non-vested	39,910	42,051
Terminated participants:		
Vested	7,571	6,921
Retirees and beneficiaries receiving benefits	32,611	31,844
	80,092	80,816

Participating Local District (PLD) Consolidated Plan

The PLD Consolidated Plan is a multiple-employer cost sharing plan. Eligible employers (districts) are defined in Maine statute. As of June 30, 2014 there were 286 employers participating in the plan.

Plan membership counts for the PLD Consolidated Plan at June 30 are as follows:

PLD Consolidated Plan Membership	2014	2013
Current participants:		
Vested and non-vested	10,848	11,112
Terminated participants:		
Vested	2,071	2,017
Retirees and beneficiaries receiving benefits	8,333	8,122
	21,252	21,251

PLD Agent Plan

The PLD Agent Plan is an agent multiple-employer plan for financial reporting purposes. This plan is an aggregation of single employer plans that were open when the PLD Consolidated Plan began. Under the legislation that created the consolidated plan, single employers could either join the consolidated plan whereby the single employer plan would be closed, or they could opt to not join the plan and continue to maintain their single employer plan as a closed plan until there were no further liabilities for pension, at which time the single employer plan would be closed. As of June 30, 2014 there were 13 employers in the plan.

Plan membership counts for the PLD Agent Plan at June 30 are as follows:

PLD Agent Plan Membership	2014	2013
Current participants:		
Vested and non-vested	24	28
Terminated participants:		
Vested	14	13
Retirees and beneficiaries receiving benefits	191	196
	229	237

Benefits

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers; separate legislation enacted the same reduced requirement for judges, legislators, and employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers, judges and legislative members is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 5.0%.

Funding Policy

The Maine Constitution, Maine statutes and the System's funding policy provide for periodic employer contributions in addition to the normal cost contributions for the State Employee and Teacher Program. These are actuarially determined amounts that, based on certain actuarial assumptions are sufficient to fully fund, on an actuarial basis, the State Employee and Teacher Retirement Program by the year 2028 (Unfunded Actuarial Accrued Liability (UAAL) payments). Level percentage of payroll employer contribution rates are determined using the entry age normal actuarial funding method. The System also uses the level percentage of payroll method to amortize the unfunded liability of the State Employee and Teacher Retirement Program. For participating employers in the PLD Agent Plan, the level percentage of payroll method is also used.

Net Pension Liability – State Employee and Teacher Plan Employers

The components of the net pension liability of the State of Maine and participating teacher employers, stated in millions of dollars as of June 30, 2014, was as follows:

Total pension liability (TPL)	$ 12,382.2
Plan fiduciary net position	10,405.9
Net pension liability (NPL)	$ 1,976.3
Plan fiduciary net position as a percentage of the total pension liability	84.04%

Net Pension Liability – PLD Consolidated Plan Employers

The components of the net pension liability of the PLD Consolidated Plan participating employers, stated in millions of dollars as of June 30, 2014, was as follows:

Total pension liability (TPL)	$ 2,609.7
Plan fiduciary net position	2,455.8
Net pension liability (NPL)	$ 153.9
Plan fiduciary net position as a percentage of the total pension liability	94.10%

Actuarial valuations of ongoing plans involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Assumptions in an actuarial valuation typically include projections concerning future employment, mortality, and inflation. Actuarially determined contributions are subject to continual periodic revision as actual results are compared to past expectations and new estimates are made concerning the future. The Schedules of Changes in Net Pension Liabilities and Related Ratios, presented as Required Supplementary Information immediately following the Notes to Financial Statements, present multi-year trend information about whether the fiduciary net position of the plan is increasing or decreasing over time relative to the total pension liability of the plan.

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the provisions of the plan in effect at the time of each valuation and the historical pattern of sharing of costs between the employer and plan members. Actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the funding methodologies.

The actuarial method employed sets the actuarial value equal to the expected value plus one-third of the difference between the actual market value of assets and the expected value of assets. The expected value of assets takes the prior year's actuarial value of assets and adjusts it for contributions, benefit payments, and expected interest earnings at the assumed rate for each plan.

Costs are developed using the entry age normal cost method (based on a level percentage of covered payroll).

The net pension liability of the State Employee and Teacher Program is amortized on a level percentage of payroll on a closed basis. The remaining amortization period as of June 30, 2014 was 14.7 years. The net pension liability of the Judicial and Legislative Plans is amortized on an open basis over a period of ten years. The net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement period. These same assumptions were used in the actuarial valuation as of June 30, 2013, except as noted.

Investment Rate of Return – State Employee and Teacher Plan - 7.125% per annum, compounded annually; 7.25% was used in the valuation for the year ended June 30, 2013.

Investment Rate of Return – PLD Plans - 7.25% per annum, compounded annually.

Inflation Rate – 3.5%

Salary Increases, Merit and Inflation – State employees, 3.50% to 10.5% per year; Teachers, 3.50% to 13.5% per year; Judicial plan, 3.5% per year; Legislative plan, 3.5% per year; Consolidated plan for PLDs, 3.5% to 9.5% per year.

Mortality Rates – For active State employee members and non-disabled retirees of the State employees, participating local districts, legislator and judicial plans, the RP2000 Tables projected forward to 2015 using Scale AA are used; for active members and non-disabled retirees of the teachers plan, the ages are set back two years; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

Cost of Living Benefit Increases – 2.55% per annum for the State Employee and Teacher Plan; for the PLD Plans, 3.12% per annum is used.

The actuarial assumptions used in the June 30, 2014 and June 30, 2013 valuations were based on the results of an actuarial experience study for the period of July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
US equities	5.2%
Non-US equities	5.5
Private equity	7.6
Real assets	
Real estate	3.7
Infrastructure	4.0
Hard assets	4.8
Fixed income	0.0

Discount Rate

The discount rate used to measure the total pension liability was 7.125% for the State Employee and Teacher Plan, including the Legislative and Judicial Plans and 7.25% for the PLD Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability for the State Employee and Teacher Plan calculated using the discount rate of 7.125% as well as what the net pension liability would be if it were calculated using a discount rate of one percentage point lower (6.125%) or one percentage point higher (8.125%) than the current rate:

	1% Decrease (6.125%)	Current Rate (7.125%)	1% Increase (8.125%)
Net Pension Liability:			
State Employee and Teacher Plan	$ 3,462,633,631	$ 1,976,298,759	$ 727,616,650

The following presents the net pension liability for the PLD Consolidated Plan calculated using the discount rate of 7.25% as well as what the net pension liability would be if it were calculated using a discount rate of one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability:			
PLD Consolidated Plan	$ 480,063,871	$ 153,881,174	$ (118,767,041)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings from investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer normal cost contributions are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. Employers' contributions are determined by actuarial valuations.

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

Included in the State and Local Agency Contributions reported in the statement of changes in fiduciary net position are contributions received from the State of Maine on behalf of state employees, judges, and teachers in the total amount of $252.8 million and $236 million for the years ended June 30, 2014 and 2013, respectively. There were no contributions due from the State of Maine on behalf of legislators in 2014 or 2013. Also included are contributions from the State of Maine to fund a one-time, non-cumulative COLA payment for eligible state employees, judges, legislators, and teachers. The total amount of this contribution was $7 million and $12.1 million for the years ended June 30, 2014 and 2013, respectively.

Retirement contribution rates for all employee members are set by law. Employer normal cost retirement contribution rates as applied to State employee members' and teacher members' compensation are the actuarially determined rates. The UAAL rate as applied to State employee members' compensation is first established through the annual valuation process as an amount that will meet the required unfunded actuarial accrued liability payment amount; it is then adjusted in the State's budget process to take into account differences in salary growth projections of the State Budget Office. This adjusted rate, expressed as a percentage of payroll, is the actual rate paid by the State as payment of the required UAAL payment amount for State employees. For teachers, the actuarially determined UAAL amount is paid in twelve equal monthly installments. PLD employer contribution rates are the actuarially determined rates. The rates in effect in 2014 and 2013 are as follows:

Contribution Rates[1] (effective July 1 through June 30 of each fiscal year)

	2014	2013
State:		
Employees[2]	7.65 – 8.65%	7.65 – 8.65%
Employer[2]	13.25 – 40.43%	11.98 – 39.36%
Teachers:		
Employees	7.65%	7.65%
Employer	2.65%	0.00%
Non-employer entity	13.03%	13.85%
Participating local districts:		
Employees[2]	3.0 – 8.0%	3.0 – 8.0%
Employers[2]	3.4 – 12.8%	2.8 – 12.2%

[1] Employer Contribution Rates include normal cost and UAAL required payment, expressed as a percentage of payroll.

[2] Employer and Employee retirement contribution rates vary depending on specific terms of plan benefits for certain classes of employees or, in the case of PLDs, on benefit plan options selected by a particular PLD. The contributions of withdrawn entities that do not have active employees but continue to have other liabilities are set in dollar amounts, not as rates.

7. Group Life Insurance Plan

Plan Description

Group Life Insurance Plan coverage is available to eligible participants and includes Basic insurance which consists of life insurance and accidental death and dismemberment insurance in the amount equal to the participant's annual base compensation rounded up to the next $1,000. Additional Supplemental insurance coverage is available to those participants who elect Basic coverage. Participants may also elect to insure the life of a dependent not otherwise insured under the Basic and Supplemental insurance provisions of the plan.

The Group Life Insurance Plan provides Basic group life insurance benefits, during retirement, to retirees who participated in the group life insurance plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of Basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or $2,500. Eligible employment classes include retirees who were State

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

employees, Teachers, and members of the Judiciary and the Legislature. Group Life Insurance benefits are also provided to the retired employees of PLDs in the retirement program and those that elect to participate only in the Group Life Insurance Plan. At June 30, 2014, the employees of the State of Maine, the Judiciary, the Legislature, as well as 228 school districts, and 163 PLDs were participating in the Group Life Insurance Plan.

Funding Policy

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employee, legislative and judicial employment classes, the premiums for retiree life insurance coverage are factored into the premiums paid for Basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State of Maine as the total dollar amount of each year's annual required contribution. Employers of retired PLD employees are required to remit a premium of $0.46 per $1,000 of coverage per month during the post-employment retired period.

Annual Required Contribution

The annual required contributions and contributions made for all employment classes are as follows:

Year Ended	Annual Required Contribution	Annual Contribution	Percentage of Annual Cost Contributed
2014	$ 9,018,298	$ 7,950,385	88.2%
2013	8,955,065	7,138,693	79.7
2012	10,900,000	7,005,992	64.3

Funded Status and Funding Progress

The funded status of the plan, stated in millions of dollars, as of June 30, 2014 was as follows:

Actuarial accrued liability (AAL)	$ 186.7
Actuarial value of plan assets	92.1
Unfunded actuarial accrued liability (UAAL)	$ 94.6
Funded ratio (actuarial value of plan assets/AAL)	49.3%
Covered payroll (active plan members)	$1,481.3
UAAL as a percentage of covered payroll	6.4%

Actuarial valuations of ongoing plans involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Assumptions in an actuarial valuation typically include projections concerning future employment, mortality, and inflation. Actuarially determined contribution requirements are subject to continual periodic revision as actual results are compared to past expectations and new estimates are made concerning the future. The Schedules of Funding Progress, presented as Required Supplementary Information immediately following the Notes to Financial Statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the provisions of the plan in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the funding methodologies.

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

Costs are developed using the individual entry age normal cost method.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2014 and June 30, 2013 are as follows:

Investment Rate of Return – State Employee and Teacher Plan – 7.125% per annum, compounded annually; 7.25% was used in the valuation for the year ended June 30, 2013.

Investment Rate of Return – PLD Plans – 7.25% per annum, compounded annually.

Salary Increases, Merit and Inflation – State employees, 3.5% to 10.5% per year; Teachers, 3.5% to 13.5% per year; Consolidated Plan for PLDs, 3.5% to 9.5% per year; Legislative and Judicial, 3.5% per year.

Mortality Rates – For active State employee members and non-disabled retirees of the State employees, participating local districts, legislator and judicial plans, the RP2000 Tables projected forward to 2015 using Scale AA are used; for active members and non-disabled retirees of the teachers' plan, the ages are set back two years; for all recipients of disability benefits, the RPA 1994 Tables for pre-1995 disabilities are used.

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis.

As of June 30, 2014, there were 23 years (PLDs over 16 years) remaining in the amortization schedule.

Premiums

The basic life benefits for participants are funded by the State, school districts, participating local districts and individuals. Participants pay additional premiums for Supplemental and Dependent insurance based upon the coverage selected.

The statutes require the System's Board of Trustees to establish on a regular basis the premium rates for participants in the Group Life Insurance Plan. The premium rates are determined to be actuarially sufficient to pay anticipated claims and cover administrative costs. The State remits premiums at a single rate that supports basic coverage for active and retired state employees (including Judicial and Legislative employees). This rate is $.63 per month for every $1,000 of coverage. The State remits premiums for retired teachers at a rate of $.33 per month for every $1,000 of coverage. As per individual collective bargaining agreements between employers and employees, individual school districts or teachers themselves pay premiums at the rate of $.11 per month for every $1,000 of coverage while active, and employees of participating local districts or the district itself pay premiums of $.46 per month for every $1,000 in coverage for employees while active and retired. Employees' premiums are usually deducted from employees' compensation and remitted to the System.

Included in the State and Local Agencies Premiums in the statement of changes in fiduciary net position are group life insurance premiums received from the State of Maine on behalf of active and retired state employees, retired teachers, judges, and legislators in the total amount of $7.6 and $6.9 million, respectively, for the years ended June 30, 2014 and 2013.

Benefits

Upon service retirement, only basic life insurance in an amount equal to the retiree's average final compensation will continue at no cost to the participant as long as the retiree participated in the group life insurance plan prior to retirement for a minimum of 10 years.

If a participant becomes eligible for disability retirement, the amount of Basic insurance in force at the time of such retirement will be continued until normal retirement age, after which the amount will be reduced at the same rate as for a service retiree. The 10-year participation requirement does not apply to recipients of disability retirement benefits.

Under the Accidental Death and Dismemberment provisions of the plan, no legal action can be brought to recover under any benefit after 3 years from the deadline for filing claims. The deadline for filing claims under the Accidental Death and Dismemberment provisions of the plan is 90 days after the date of the loss giving rise to the claim.

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

All benefits are processed and paid by a third-party administrator (TPA). The fees incurred for services performed by the TPA totaled $835,215 and $701,421 for the years ended June 30, 2014 and 2013, respectively, and are listed as claims processing expenses in the basic financial statements.

8. Defined Contribution Plans

The Defined Contribution Plans are funded by participants through voluntary deferrals of compensation into the plan, within the limits of plan provisions, and by employer contributions made into the Plan on behalf of employees. The recognition of deferred compensation, employer contributions, and earnings on the accounts are not recognized by Plan participants for income tax purposes until actually paid to the participant or beneficiary.

9. MainePERS OPEB Trust

The MainePERS OPEB Trust is an irrevocable trust established for the purpose of accumulating assets to provide funding for retiree health benefits and life insurance in retirement for qualified individuals who are employees of the System and who retire from the Maine Public Employees Retirement System. Contributions are made to the Trust on an annual basis in an amount equal to the actuarially determined contribution amount.

10. Retiree Health Investment Trust Fund

The Maine State Legislature established the Retiree Health Insurance Post Employment Investment Trust as an irrevocable trust for the sole purpose of holding and investing funds appropriated or otherwise provided to the Fund for the purpose of accumulating assets to provide funding to the State's unfunded liability obligations for retiree health benefits. The Trustees of the Maine Public Employees Retirement System were named Trustees of the Investment Trust Fund. The effective date of the establishment of the Fund was July 1, 2007. The assets in the Investment Trust Fund are unrelated to and not available to pay benefits for any plan administered by the System. Additionally, the State of Maine is obligated to comply with reporting requirements under GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

11. Statutory and Constitutional Requirements

An amendment to the Maine constitution approved in November 1995 requires the State to fund the unfunded actuarial liabilities of the State Employee and Teacher Retirement Program existing on June 30, 1996, over a period not to exceed 31 years beginning July 1, 1997, and not later than June 30, 2028. The amendment prohibits the creation of new unfunded liabilities in that Program except those arising from experience losses, which must be funded over a period of not more than ten years. In addition, the amendment requires the use of actuarially sound current cost accounting, reinforcing existing statutory requirements.

12. System's Employee Benefits

Defined Benefit Plan

The System, as the employer of its staff, is a participating employer (i.e., a PLD) in the Consolidated Plan for Participating Local Districts administered by the System. As such, System employees are required by statute to contribute 6.5% of their annual covered salaries. The System is required to contribute at the contribution rate established by the Board of Trustees under the actuarial valuation of the Consolidated Plan. The contribution rate was 6.5% of annual covered payroll for 2014, 5.3% of annual covered payroll for 2013, and 4.4% of annual covered payroll for 2012. The employer contributions on behalf of its employees, equal to the required contribution, were $369,870, $275,355 and $248,525 for 2014, 2013 and 2012, respectively. The actuarial assumptions used in the Consolidated Plan valuation are described in the actuarial assumptions and methods footnote to the required supplementary information.

Group Life Insurance Plan

The System, as the employer of its staff, is a participating employer (i.e., a PLD) in the Group Life Insurance plan administered by the System. The System pays the premiums for Basic only coverage for all active employees. Employees

NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013 *continued*

who elect additional coverage under the Supplemental and/or Dependent provisions have the additional required premiums withheld from their pay in order to fund such coverage.

The System was required to pay premiums for Basic coverage at the rate of $0.46 per $1,000 of coverage for the 2014, 2013, and 2012 fiscal years. The total premiums the System paid on behalf of its active employees, equal to the required contributions, were $29,530, $27,491, and $25,975 for 2014, 2013, and 2012, respectively.

Other Post-Employment Benefits

The System provides Other Post-Employment Benefits to its retirees in the form of health insurance coverage and group life insurance coverage. The System's annual other post-employment benefits (OPEB) costs are actuarially determined based on the parameters of the Governmental Accounting Standards Board Statement No. 45.

The total contributions for retiree health insurance coverage, equal to the required contributions, were $0, $109,377, and $109,482, for 2014, 2013, and 2012, respectively. The other post-employment benefits liability for this plan is immaterial and the Plan's assets exceed its actuarial liability at June 30, 2014 and 2013. The actuarial liability is calculated using assumptions similar to those used for the System's defined benefit plan.

The total contributions for retiree group life insurance coverage, equal to the required contributions, were $6,108, $6,105, and $6,888, for 2014, 2013, and 2012, respectively. The other post-employment benefits liability for this plan is immaterial.

13. Litigation

The System's Board of Trustees were named as defendants in a lawsuit filed in the United States District Court for the District of Maine in February 2012 by groups representing retired State and teacher employees. The Plaintiffs allege that certain legislation enacted by the Maine State Legislature which changed existing law by reducing cost of living adjustments for retirees is unconstitutional. The United States District Court dismissed the claim in June 2013. The Plaintiffs filed a timely appeal of the dismissal to the First Circuit Court of Appeals and oral argument was heard on March 4, 2014. On June 27, 2014 the First Circuit issued its opinion affirming the District Court's grant of summary judgment in favor of MainePERS. The Plaintiffs' sole remedy was to file a petition for a writ of certiorari to the United States Supreme Court, essentially appealing the decision of the First Circuit. The deadline for filing the writ was September 26, 2014 and no petition was filed. Therefore, the grant of summary judgment in favor of MainePERS stands. Consequently, the System will experience no liability as a consequence of this litigation.

14. Risk Management

The system carries insurance to cover its exposure to various risks of loss. There were no uninsured losses during the last three years.

REQUIRED SUPPLEMENTAL SCHEDULES

SCHEDULE OF HISTORICAL PENSION INFORMATION
STATE EMPLOYEE AND TEACHER PLAN

June 30, 2014
(UNAUDITED)

SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years *

Total pension liability	
Service cost	$ 188,306,945
Interest	846,513,834
Changes of benefit terms	–
Differences between expected and actual experience	(18,065,650)
Changes of assumptions	168,162,506
Benefit payments, including refunds of member contributions	(692,590,298)
Net change in total pension liability	492,327,337
Total pension liability, beginning	11,889,897,281
Total pension liability, ending (a)	$ 12,382,224,618
Plan fiduciary net position	
Contributions – member	$ 121,700,845
Contributions – employer	163,856,225
Contributions – non-employer contributing entities	142,303,104
Net investment income	1,527,470,684
Benefit payments, including refunds of member contributions	(692,728,116)
Administrative expenses	(8,296,396)
Other	–
Net change in fiduciary net position	1,254,306,346
Plan fiduciary net position, beginning	9,151,643,057
Plan fiduciary net position, ending (b)	$ 10,405,949,403
Plan's net pension liability, ending (a)-(b)	$ 1,976,275,215
Plan fiduciary net pension as a percentage of the total pension liability	84.04%
Covered employee payroll	$ 1,686,134,478
Plan net pension liability as a percentage of covered-employee payroll	117.21%

See notes to historical pension information.

See accompanying independent auditors' report.

* Retroactive information is not required to be presented. This information will be presented each year until 10 years of such information is available.

REQUIRED SUPPLEMENTAL SCHEDULES

SCHEDULE OF HISTORICAL PENSION INFORMATION
STATE EMPLOYEE AND TEACHER PLAN

June 30, 2014
(UNAUDITED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	$305,264,466	$264,381,108	$252,829,973	$328,074,785	$317,991,957	$320,112,172	$305,361,296	$303,075,774	$286,438,610	$ 261,697,901
Contributions in relation to the actuarially determined contribution	305,264,466	264,381,108	252,829,973	333,943,622	329,207,114	320,112,172	305,361,296	303,075,774	303,438,610	274,697,901
Contribution deficiency (excess)	$ –	–	$ –	$ (5,868,837)	$ (11,215,157)	$ –	$ –	$ –	$ (17,000,000)	$ (13,000,000)
Covered-employee Payroll	$1,686,134,478	$1,671,667,741	$1,727,663,926	$1,652,575,662	$1,681,593,615	$1,678,930,948	$1,628,421,362	$1,595,199,514	$1,546,315,522	$1,516,390,862
Contributions as a percentage of covered-employee payroll	18.10%	15.82%	14.63%	20.21%	19.58%	19.07%	18.75%	19.00%	19.62%	18.12%

See notes to historical pension information.

See accompanying independent auditors' report.

REQUIRED SUPPLEMENTAL SCHEDULES

SCHEDULE OF HISTORICAL PENSION INFORMATION
PLD CONSOLIDATED PLAN

June 30, 2014
(UNAUDITED)

SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years *

Total pension liability	
Service cost	$ 72,651,025
Interest	178,293,576
Changes of benefit terms	–
Differences between expected and actual experience	19,939,857
Changes of assumptions	–
Benefit payments, including refunds of member contributions	(127,161,357)
Net change in total pension liability	143,723,101
Total pension liability, beginning	2,465,934,744
Total pension liability, ending (a)	$ 2,609,657,845
Plan fiduciary net position	
Contributions – member	$ 33,210,510
Contributions – employer	32,706,160
Net investment income	361,125,177
Benefit payments, including refunds of member contributions	(127,161,358)
Administrative expenses	(1,779,304)
Net change in fiduciary net position	298,101,185
Plan fiduciary net position, beginning	2,157,675,486
Plan fiduciary net position, ending (b)	$ 2,455,776,671
Plan's net pension liability, ending (a)-(b)	$ 153,881,174
Plan fiduciary net pension as a percentage of the total pension liability	94.10%
Covered employee payroll	$ 460,029,637
Plan net pension liability as a percentage of covered-employee payroll	33.45%

See notes to historical pension information.

See accompanying independent auditors' report.

* Retroactive information is not required to be presented. This information will be presented each year until 10 years of such information is available.

REQUIRED SUPPLEMENTAL SCHEDULES

SCHEDULE OF HISTORICAL PENSION INFORMATION
PLD CONSOLIDATED PLAN

June 30, 2014
(UNAUDITED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	$ 35,263,952	$ 29,704,314	$ 25,056,574	$ 19,995,608	$ 15,384,689	$ 14,701,513	$ 13,699,552	$ 14,022,965	$ 12,214,494	$ 10,639,366
Contributions in relation to the actuarially determined contribution	35,263,952	29,704,314	25,372,687	19,995,608	15,384,689	14,701,513	13,699,552	14,292,405	12,343,375	10,646,170
Contribution deficiency (excess)	$ –	–	$ (316,113)	$ –	$ –	$ –	$ –	$ (269,440)	$ (128,881)	$ (6,804)
Covered-employee payroll	$460,029,637	$458,424,764	$474,828,262	$435,012,940	$395,747,663	$380,541,135	$360,693,816	$342,528,740	$323,834,104	$300,582,274
Contributions as a percentage of covered-employee payroll	7.67%	6.48%	5.34%	4.60%	3.89%	3.86%	3.80%	4.17%	3.81%	3.54%

See notes to historical pension information.

See accompanying independent auditors' report.

REQUIRED SUPPLEMENTAL SCHEDULES

SCHEDULE OF HISTORICAL PENSION INFORMATION
ALL DEFINED BENEFIT PLANS

June 30, 2014
(UNAUDITED)

SCHEDULE OF INVESTMENT RETURNS
Last Ten Fiscal Years *

Annual money-weighted rate of return, net of investment expenses	16.66%

See notes to historical pension information.

See accompanying independent auditors' report.

* Retroactive information is not required to be presented. This information will be presented each year until 10 years of such information is available.

REQUIRED SUPPLEMENTAL SCHEDULE

SCHEDULE OF HISTORICAL PENSION INFORMATION GROUP LIFE INSURANCE PLAN

June 30, 2014
(UNAUDITED)

SCHEDULE OF FUNDING PROGRESS
Dollars in Millions

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
June 30, 2014	$ 92.1	$ 186.7	$ 94.6	49.3%	$ 1,481.3	6.4%
June 30, 2013	76.2	180.9	104.7	42.1	1,481.2	7.1
June 30, 2012	66.4	173.9	107.5	38.2	1,431.2	7.5
June 30, 2011	63.6	167.4	103.8	38.0	1,546.1	6.7
June 30, 2010	50.8	150.9	100.1	33.7	1,519.5	6.6
June 30, 2009	43.5	139.8	96.3	31.1	1,494.0	6.4

See notes to historical pension information.

See accompanying independent auditors' report.

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS

Year Ended:	Annual Required Contribution	Annual Contribution	Percentage Contributed
2014	$ 9,018,298	$ 7,950,385	88.2%
2013	8,955,065	7,138,693	79.7
2012	10,900,000	7,005,992	64.3
2011	8,200,000	6,836,808	83.4
2010	7,900,000	6,825,209	86.4
2009	6,500,000	6,812,155	104.8

See notes to historical pension information.

See accompanying independent auditors' report.

NOTES TO HISTORICAL PENSION INFORMATION
June 30, 2014
(UNAUDITED)

1. Basis of Presentation

For reporting purposes, the historical pension information includes combined amounts for all participating entities in the State Employee and Teacher Plan, including state employees, teachers, judicial and legislative employees. The schedule of investment returns applies to the State Employee and Teacher Plan as well as the PLD Consolidated Plan as investments of these plans are commingled.

2. Actuarial Methods and Assumptions – State, Teacher, Judicial, Legislative, and PLD Valuations

The information in the historical pension information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date, June 30, 2014, is as follows:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his expected future salary. The normal cost for each employee is the product of his pay and his normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

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

Amortization

The net pension liability of the State Employee and Teacher Retirement Program is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements (note 11 to the Financial Statements). The net pension liabilities of the Judicial Retirement Program and the Legislative Retirement Program are amortized on a level percentage of payroll over open ten year periods.

The Initial Unpooled Unfunded Actuarial Liabilities (IUUALs) of PLDs are amortized over periods established for each PLD separately. There were no additional, or excess, contributions in fiscal year 2014 to payoff individual IUUALs. The total net pension liability of the PLD Consolidated Plan is amortized on an open basis over a period of fifteen years.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2014 are as follows:

Investment Return – For the State Employee and Teacher Plans, 7.125% per annum, compounded annually; for the PLD Plans, 7.25% per annum, compounded annually.

Inflation Rate – 3.5%

Salary Increases, Merit and Inflation – State employees, 3.50% to 10.5% per year; Teachers, 3.50% to 13.5% per year; Judicial plan, 3.5% per year; Legislative plan, 3.5% per year; Consolidated plan for PLDs, 3.5% to 9.5% per year.

Mortality Rates – For active State employee members and non-disabled retirees of the State employees, participating local districts, legislator and judicial plans, the RP2000 Tables projected forward to 2015 using Scale AA are used; for

NOTES TO HISTORICAL PENSION INFORMATION *continued*
June 30, 2014
(UNAUDITED)

active members and non-disabled retirees of the teachers' plan, the ages are set back two years; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

Cost of Living Benefit Increases – 2.55% per annum for State employees, teachers, judges, legislators; for the participating local districts, 3.12% per annum is used.

3. Actuarial Methods and Assumptions – Group Life Insurance Plan

Many of the assumptions used to determine the actuarial liability in this plan are the same as for the pension plan.

The information in the historical group life information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date, June 30, 2014, is as follows:

Actuarial Cost Method

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his expected future salary. The normal cost for each employee is the product of his pay and his normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

The actuarial accrued liability is defined as the present value of future benefits less the present value of future normal costs. The unfunded actuarial accrued liability is the total of the actuarial liability for all members less the actuarial value of the System's assets.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Asset amounts are taken as reported to the actuaries by the System without audit or change, except that State assets are allocated to State, Judges and Legislators based on total actuarial liability.

Amortization

The unfunded actuarial accrued liability is being amortized as a level percentage of pay over a 30-year period on a closed basis. As of June 30, 2014, there were 23 years (PLDs over 16 years) remaining in the amortization schedule.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2014 are as follows:

Investment Return – 7.25% per annum, compounded annually

Salary Increases – State employees, 3.5% to 10.5% per year; Teachers, 3.5% to 13.5% per year; Consolidated Plan for PLDs, 3.5% to 9.5% per year; Legislative and Judicial, 3.5% per year.

Mortality Rates – For active State employee members and non-disabled retirees of the State employees, participating local districts, legislator and judicial plans, the RP2000 Tables projected forward to 2015 using Scale AA are used; for active members and non-disabled retirees of the teachers' plan, the ages are set back two years; for all recipients of disability benefits, the RPA 1994 Tables for pre-1995 disabilities are used.

Cost of Living Benefit Increases – N/A

Participation Percent for Future Retirees – 100% of those currently enrolled

Conversion Charges – Apply to the cost of active group life insurance not retiree group life insurance

Form of Benefit Payment – Lump Sum

SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT EXPENSES
For the Year Ended June 30, 2014

	State Employee and Teacher Plan	PLD Consolidated Plan	PLD Pre-Consolidated Plan	Group Life Insurance Plan	Defined Contri-bution Plans	MainePERS OPEB Trust	Retiree Health Insurance Trust	Total
Consultants:								
Cliffwater Infrastructure	$ 40,458	$ 9,394	$ 149	$ –	$ –	$ –	$ –	$ 50,001
Cliffwater – Private Equity	445,033	103,331	1,636	–	–	–	–	550,000
ORG – Real Estate	239,675	55,650	881	–	–	–	–	296,206
Strategic Investment Solutions – General	288,260	66,930	1,060	–	–	–	–	356,250
Infrastructure:								
Alinda Infrastructure	509,000	118,183	1,871	–	–	–	–	629,054
ArcLight V	679,075	157,673	2,496	–	–	–	–	839,244
Brookfield Infrastructure II	1,106,121	256,827	4,066	–	–	–	–	1,367,014
Carlyle Infrastructure	238,228	55,314	876	–	–	–	–	294,418
Cube Infrastructure	485,399	112,704	1,784	–	–	–	–	599,887
First Reserve Energy Infrastructure	521,215	121,020	1,916	–	–	–	–	644,151
GIP II	985,790	228,888	3,623	–	–	–	–	1,218,301
Global Infrastructure	800,915	185,962	2,944	–	–	–	–	989,821
KKR Infrastructure	188,424	43,750	693	–	–	–	–	232,867
Meridiam	401,007	93,109	1,474	–	–	–	–	495,590
Other investments:								
Grantham, Mayo, Van Oterloo (GMO)	2,291,056	531,955	8,421	–	–	–	–	2,831,432
PIMCO	4,991	1,159	18	–	–	–	–	6,168
Windham Capital	1,649,130	382,907	6,061	–	–	–	–	2,038,098

SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT EXPENSES
For the Year Ended June 30, 2014 *(continued)*

	State Employee and Teacher Plan	PLD Consolidated Plan	PLD Pre-Consolidated Plan	Group Life Insurance Plan	Defined Contribution Plans	MainePERS OPEB Trust	Retiree Health Insurance Trust	Total
Domestic equity:								
Blackrock Extended Equity	$ –	$ –	$ –	$ 4,144	$ –	$ 517	$ 8,457	$ 13,118
Blackrock DJ Total Stock Market	1,343,929	312,044	4,940	–	–	–	–	1,660,913
International equity:								
Blackrock ACWIEX_US	749,114	173,935	2,753	6,705	–	785	13,068	946,360
Fixed income:								
Blackrock Custom Fixed Income	236,411	54,892	869	–	–	–	–	292,172
Blackrock US Debt Index Fund B	–	–	–	11,608	–	1,416	24,406	37,430
Private equity:								
ABRY ASF II	311,889	72,417	1,146	–	–	–	–	385,452
ABRY ASF III	40,458	9,394	149	–	–	–	–	50,001
ABRY Partners VII	136,190	31,622	501	–	–	–	–	168,313
ABRY Senior Equity IV	100,011	23,221	368	–	–	–	–	123,600
Advent GPE VII	394,608	91,623	1,450	–	–	–	–	487,681
Affinity Asia Pacific IV	879,072	204,110	3,231	–	–	–	–	1,086,413
Berkshire VIII	241,312	56,030	887	–	–	–	–	298,229
Blackstone Capital Partners VI	246,181	57,160	905	–	–	–	–	304,246
Carlyle Asia Partners III	74,949	17,402	275	–	–	–	–	92,626
Carlyle Asia Partners IV	834,228	193,697	3,066	–	–	–	–	1,030,991
Charterhouse IX	66,150	15,359	243	–	–	–	–	81,752
Charterhouse VIII	74,574	17,315	274	–	–	–	–	92,163

SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT EXPENSES
For the Year Ended June 30, 2014 *(continued)*

	State Employee and Teacher Plan	PLD Consolidated Plan	PLD Pre-Consolidated Plan	Group Life Insurance Plan	Defined Contribution Plans	MainePERS OPEB Trust	Retiree Health Insurance Trust	Total
Private equity (continued):								
CVC Capital VI	$ 472,772	$ 109,772	$ 1,738	$ –	$ –	$ –	$ –	$ 584,282
Encap Energy IX	364,118	84,544	1,338	–	–	–	–	450,000
Encap Energy VIII	124,657	28,944	458	–	–	–	–	154,059
GTCR X	363,052	84,296	1,334	–	–	–	–	448,682
Hellman & Friedman PE	356,747	82,832	1,311	–	–	–	–	440,890
HIG Bayside III Europe	485,491	112,725	1,784	–	–	–	–	600,000
HIG Bayside PE	445,105	103,348	1,636	–	–	–	–	550,089
HIG Capital Europe II	300,598	69,795	1,105	–	–	–	–	371,498
HIG Capital V	181,368	42,111	667	–	–	–	–	224,146
HIG Buyouts II	(70,800)	(16,439)	(260)	–	–	–	–	(87,499)
Kelso VIII	36,362	8,443	134	–	–	–	–	44,939
KKR North America	237,307	55,100	872	–	–	–	–	293,279
KKR Special Situations	537,734	124,855	1,976	–	–	–	–	664,565
Oaktree	208,280	48,360	766	–	–	–	–	257,406
Onex Partners III	78,056	18,124	287	–	–	–	–	96,467
Riverside Capital Appreciation VI	1,485,496	344,914	5,460	–	–	–	–	1,835,870
Shoreview Capital III	38,965	9,047	143	–	–	–	–	48,155
Summit GE VIII	223,433	51,878	821	–	–	–	–	276,132
Summit VC III	152,393	35,384	560	–	–	–	–	188,337
TCV VIII	217,220	50,436	798	–	–	–	–	268,454
Thomas Bravo XI	31,198	7,244	115	–	–	–	–	38,557
Water Street Healthcare III	356,155	82,695	1,309	–	–	–	–	440,159
Wayzata OPP III	333,645	77,468	1,226	–	–	–	–	412,339

SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT EXPENSES
For the Year Ended June 30, 2014 *(continued)*

	State Employee and Teacher Plan	PLD Consolidated Plan	PLD Pre-Consolidated Plan	Group Life Insurance Plan	Defined Contribution Plans	MainePERS OPEB Trust	Retiree Health Insurance Trust	Total
Real estate:								
Blackrock US Real Estate								
Securities Fund B	$ –	$ –	$ –	$ 3,656	$ –	$ 463	$ 7,270	$ 11,389
BREP VII	910,295	211,359	3,346	–	–	–	–	1,125,000
H/2 Credit Partners	675,088	156,747	2,481	–	–	–	–	834,316
Harrison Street Real Estate	515,378	119,664	1,894	–	–	–	–	636,936
High Street IV	584,339	135,676	2,148	–	–	–	–	722,163
KKR REPA I	207,118	48,090	761	–	–	–	–	255,969
JP Morgan	1,344,072	312,077	4,940	–	–	–	–	1,661,089
Mesa West Core	265,533	61,653	976	–	–	–	–	328,162
PMIT	164,999	38,311	606	–	–	–	–	203,916
Principal	629,244	146,103	2,313	–	–	–	–	777,660
Prudential	789,330	183,273	2,901	–	–	–	–	975,504
Smart Markets	262,931	61,049	966	–	–	–	–	324,946
Walton Street RE VII	196,476	45,619	722	–	–	–	–	242,817
Westbrook IX	287,636	66,786	1,057	–	–	–	–	355,479
Other investment expenses	715,912	166,224	2,634	–	79,473	–	–	964,243
In-house investment management	2,168,868	503,584	7,972	18,877	–	2,209	–	2,701,510
Total investment expenses	$ 33,279,424	$ 7,727,068	$ 122,321	$ 44,990	$ 79,473	$ 5,390	$ 53,201	$ 41,311,867

SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
For the Year Ended June 30, 2014 *(continued)*

	State Employee and Teacher Plan	PLD Consolidated Plan	PLD Pre-Consolidated Plan	Group Life Insurance Plan	Defined Contribution Plans	Retiree Health Insurance Trust	Total
Personal services	$ 4,629,396	$ 992,853	$ 15,613	$ 177,794	$ 62,504	$ 50,237	$ 5,928,397
Professional services	1,366,670	293,106	4,609	52,487	18,452	14,831	1,750,155
Communications	315,313	67,624	1,063	12,110	4,257	3,422	403,789
Computer support and system development	545,404	116,971	1,839	20,946	7,364	5,919	698,443
Office rent and building operations	209,754	44,985	707	8,056	2,832	2,276	268,610
Miscellaneous:							
Computer maintenance and supplies	582,634	124,956	1,965	22,376	7,867	6,323	746,121
Depreciation	330,841	70,954	1,116	12,706	4,467	3,590	423,674
Office equipment and supplies	29,827	6,397	101	1,146	403	324	38,198
Professional development	38,224	8,198	129	1,468	516	415	48,950
Medical records and exams	22,978	4,928	77	882	310	249	29,424
Miscellaneous operating expenses	225,355	48,332	762	8,655	3,043	2,444	288,591
Total miscellaneous	1,229,859	263,765	4,150	47,233	16,606	13,345	1,574,958
Total administrative expenses	$ 8,296,396	$ 1,779,304	$ 27,981	$ 318,626	$ 112,015	$ 90,030	$ 10,624,352

SUPPLEMENTARY INFORMATION
SCHEDULE OF PROFESSIONAL FEES
For the Year Ended June 30, 2014

Professional services:	
Audit	$ 129,359
Actuarial services	344,932
Legal services	205,257
Medical consulting	137,915
Other services	932,692
Total professional services	$ 1,750,155

INVESTMENT SECTION

STRATEGIC INVESTMENT SOLUTIONS

Board of Trustees
Maine Public Employees Retirement System
46 State House Station
Augusta, ME 04333-0046

November 6, 2014

RE: 2014 Annual MainePERS Plan Verification

Ladies and Gentlemen of the Board:

As independent investment advisor to the Board of Trustees of the Maine Public Employees Retirement System (MainePERS), we comment on the reporting of MainePERS' investment results, MainePERS' investment policy and the Board's oversight of System investments.

Investment Results

Investment results are calculated independently by MainePERS' custodian, and reviewed by Strategic Investment Solutions for reasonableness. It is our understanding that all measurements and comparisons have been made using standard performance evaluation methods, time-weighted rates of return and assets reported at fair value, consistent with industry standards. MainePERS' investment results, as presented in this report, fairly represent, in our opinion, the investment performance of MainePERS' assets.

Investment Policy

MainePERS' assets are managed under well-articulated policies, which, in our opinion, are appropriate to the circumstances of MainePERS. Investment policy is progressive, yet prudent. The policies ensure diversification and exhibit attention to risk control generally. Throughout the year, the Board, Executive Director, and staff have taken appropriate measures to ensure that investments have conformed with the Board's policies.

Prudent Oversight

While delegating day-to-day investment management responsibility to its staff, the Board retains the responsibility to monitor all aspects of investment. In our opinion, the Board has established and executed an appropriately comprehensive process for overseeing the management of assets. Through regular reviews by the Board, quarterly performance appraisals by an independent firm, and the day-to-day oversight activities of the staff, the Board has achieved a high degree of awareness and critical oversight of MainePERS' investments.

Sincerely,

John P. Meier, CFA
Managing Director

333 BUSH STREET, SUITE 2000, SAN FRANCISCO, CALIFORNIA, 94104 | 415.362.3484

INVESTMENT ACTIVITY

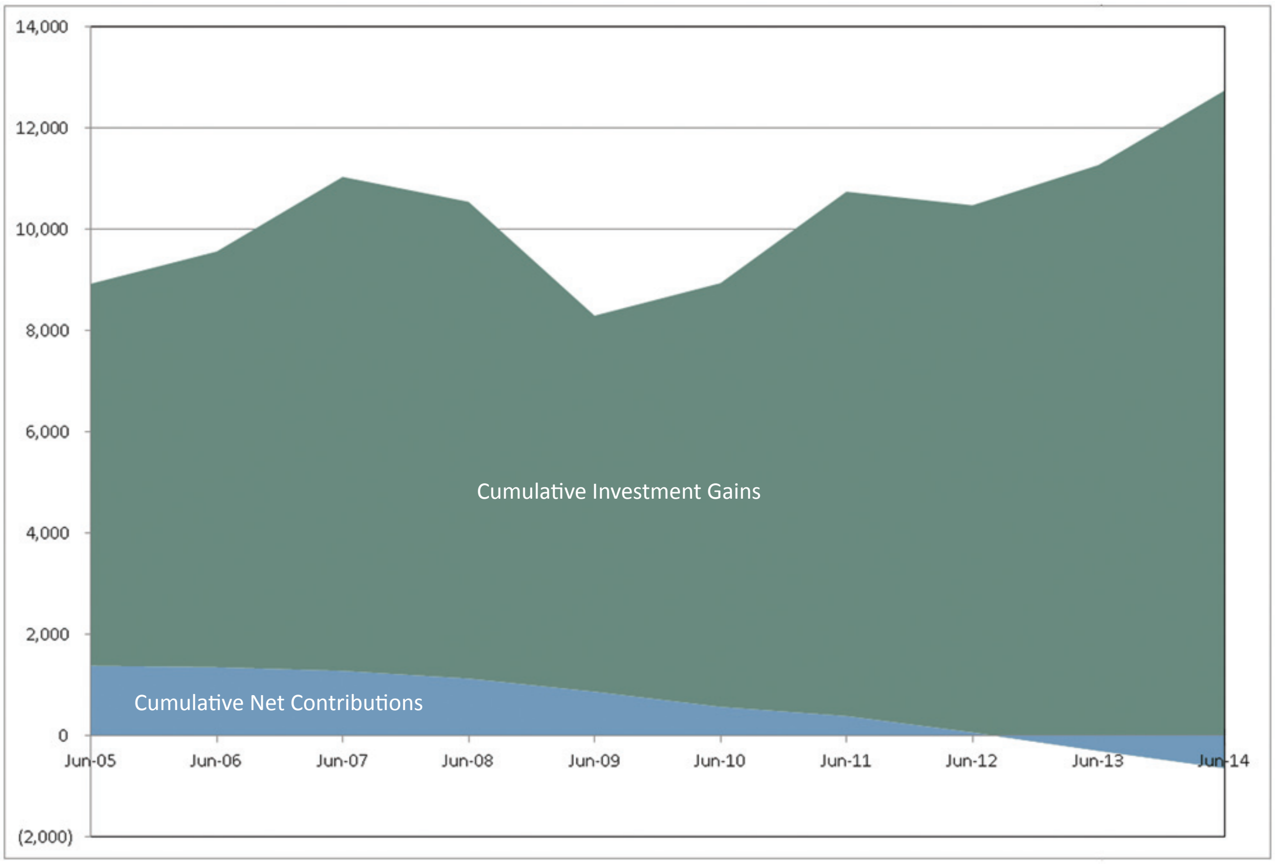
The table and graph below summarize the defined benefit portfolio activity for the ten years ended June 30, 2014. During this period, assets grew by $4.7 billion from $8.0 billion to $12.7 billion. Substantially all of this increase is attributable to net investment gains. In the year ended June 30, 2014, benefit payments exceeded contributions, and this is expected to continue in the future.

The rates of return displayed in the table are time weighted rates of return. The table displays the net invested assets of the investment portfolio. Securities lending liabilities are netted against securities lending collateral. Certain assets, such as cash in the System's operating bank accounts are not considered part of the investment portfolio, and are therefore not included in the table or graph.

SUMMARY OF INVESTMENT ACTIVITY

FY Ended June 30	Opening Market Value ($ millions)	Closing Market Value ($ millions)	Rate of Return
2014	$11,264	$12,732	16.7%
2013	$10,470	$11,264	11.1%
2012	$10,739	$10,470	0.6%
2011	$8,934	$10,739	22.4%
2010	$8,291	$8,934	11.1%
2009	$10,538	$8,291	-18.8%
2008	$11,031	$10,538	-3.1%
2007	$9,559	$11,031	16.2%
2006	$8,921	$9,559	7.5%
2005	$8,021	$8,921	11.8%
	Annualized 10-year period		6.9%
	Cumulative 10-year period		94.9%

SUMMARY OF INVESTMENT ACTIVITY *(continued)*



INVESTMENT PORTFOLIO

The graph above illustrates the importance of investment returns to the financing of the System's benefit plans. In this section, the investment strategy MainePERS has adopted to optimize the financial health of the plans is reviewed.

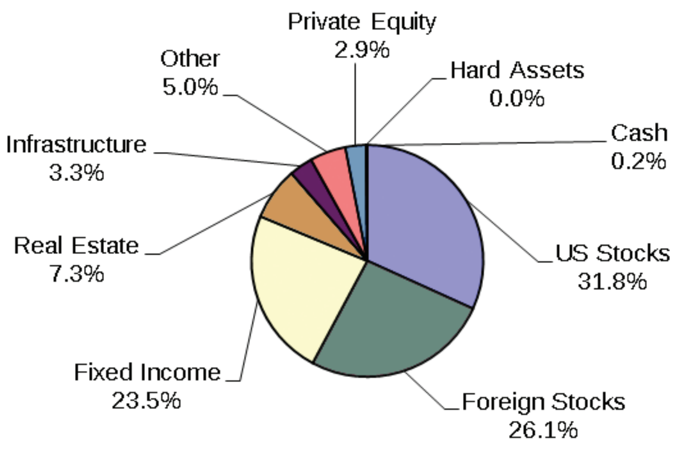
The System invests essentially all of the plan assets in seven major asset classes: publicly traded domestic stocks, publicly traded foreign stocks, cash and cash-like securities, publicly traded domestic bonds, infrastructure, private equity, and real estate. MainePERS may use derivative positions to emulate these asset classes. The table and pie charts on the following page display the actual allocations at June 30, 2014. MainePERS assigns target allocations for each asset class, with minor variations permitted between actual allocations and the targets. The current strategic targets are 20% for domestic stocks, 20% for foreign stocks, 35% for alternatives and 25% for fixed income.

The Board of Trustees is of the view that a prudent investment strategy for these plan assets involves accepting some level of investment risk. The Board allocates 60% to 80% of assets to equities and equity like securities and is of the view that this provides a prudent compromise between low risk and high return for the plans.

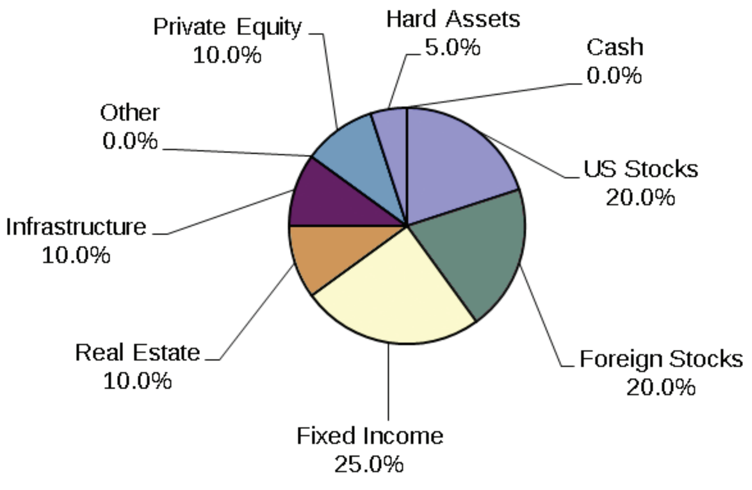
STRATEGIC ASSET ALLOCATION

	US Stocks	Foreign Stocks	Fixed Income	Real Estate	Infrastructure	Other	Private Equity	Hard Assets	Cash	Total
Actual Allocation	31.8%	26.1%	23.5%	7.3%	3.3%	5.0%	2.9%	0.0%	0.2%	100.0%
Target Allocation	20.0%	20.0%	25.0%	10.0%	10.0%	0.0%	10.0%	5.0%	0.0%	100.0%

Actual Allocation at June 30, 2014



Strategic Target Allocation



The System's Investment Policy has long-term, strategic asset class targets and requires the investment team to rebalance the portfolio to these targets as needed. In 2012, the System changed its target allocation to 20% domestic publicly traded stocks, 20% international publicly traded stocks, 25% fixed income investments, and 35% alternative investments. Alternative investments include private equity, infrastructure, real estate, and hard assets. While the Board has approved the new Asset Allocation targets, it will take several years to implement and fully fund the alternatives allocation.

Because most of its benefit payments are not due for several decades into the future, the System has concluded it is prudent to invest a substantial portion of its assets in equities and other return-seeking investments. For the past ten years, the System has invested between 60% and 70% of its assets in equities. Over sufficiently long periods, equities have been shown to outperform bonds. The System expects this relationship to hold in the future.

Essentially all of the assets of the System's plans are in portfolios managed by professional investment management firms. These managers act as fiduciaries and invest the assets assigned to them in accordance with the System's investment policies and the individual agreements between MainePERS and the investment managers.

Approximately 80% of assets were invested in passively managed index funds and separate accounts at June 30, 2014. The Board of Trustees views index funds as a cost-effective way of investing in most of the world's capital markets. However, the System does make use of actively managed portfolios where it has identified managers who are thought to be able to add value over an index fund, net of all costs. At June 30, 2013, approximately 85% of assets were invested in passively managed index funds.

The System uses a single firm to manage all of its passive investments. This enables the System to obtain attractive fees and also provides other cost savings on certain kinds of transactions. Since passively managed portfolios have a low risk of significantly underperforming their benchmarks, the Board, the investment staff, and the System's investment consultant find this concentration of assets to be appropriate.

In fiscal year 2013, the System conducted a thorough review of its strategic asset allocation. This type of review is typically conducted every three years with the assistance of the System's actuary and the general investment consultant.

BENEFIT PLANS - INVESTMENT PORTFOLIO

	at 06/30/2014 millions of dollars	% of assets	at 06/30/2013 millions of dollars	% of assets
Passive Equity				
BlackRock (Domestic)	$ 4,045	31.8%	$ 3,879	34%
BlackRock (International)	3,316	26.0%	2,717	24%
Total Passive Equity	**$ 7,361**	**57.8%**	**$ 6,596**	**59%**
Passive Fixed Income				
BlackRock Custom Index Fund	$ 2,988	23.5%	$ 2,878	26%
Total Passive Fixed Income	**$ 2,988**	**23.5%**	**$ 2,878**	**26%**
Real Estate				
Blackstone RE Partners VII	$ 63	0.5%	$ 45	0%
Harrison Street	87	0.7%	80	1%
H/2 Credit Partners	92	0.7%	87	1%
High Street IV	9	0.1%		
JP Morgan Strategic Property Fund	186	1.5%	168	1%
KKR REPA I	12	0.1%		
Mesa West Core	64	0.5%		
Principal US Property Fund	84	0.7%	78	1%
Prima Advisors Mortgage Fund	85	0.7%	84	1%
Prudential PRISA Fund	127	1.0%	116	1%
Smart Markets	102	0.8%		
Walton Street VII	19	0.1%		
Westbrook IX	5	0.0%	5	0%
Total Real Estate	**$ 933**	**7.3%**	**$ 661**	**6%**
Infrastructure				
Alinda Infrastructure Fund II	$ 44	0.3%	$ 31	0%
ArcLight Co-Invest	9	0.1%		
ArcLight Energy Partners V	54	0.4%	25	0%
Brookfield II	26	0.2%		
Carlyle Infrastructure Fund	42	0.3%	35	0%
Cube Infrastructure Fund	50	0.4%	42	0%
First Reserve Energy	31	0.2%	26	0%
Global Infrastructure Partners Fund	44	0.3%	52	0%
Global Infrastructure Partners Fund II	33	0.3%	29	0%
KKR Infrastructure	64	0.5%	40	0%
Meridiam Infrastructure	25	0.2%	20	0%
Total Infrastructure	**$ 421**	**3.3%**	**$ 299**	**3%**
Other Strategies				
Grantham, Mayo, Van Oterloo	$ 330	2.6%	$ 296	3%
Windham Capital	311	2.4%	264	2%
	$ 641	**5.0%**	**$ 560**	**5%**
Private Equity				
ABRY Advanced Securities Fund II	$ 13	0.1%	$ 10	0%
ABRY Advanced Securities Fund III	0	0.0%		
ABRY Senior Equity IV	3	0.0%	2	0%
ABRY VII	9	0.1%	7	0%
Advent International	15	0.1%	7	0%
Affinity Asia Pacific IV	2	0.0%		
Berkshire VIII	5	0.0%	4	0%
Blackstone Cap VI	16	0.1%	8	0%
Carlyle Asia Partners Fund III	12	0.1%	11	0%
Carlyle Asia Partners Fund IV	6	0.0%		
CVC Capital Partner VI	0	0.0%		
EnCap Energy Capital Fund VIII	22	0.2%	15	0%
EnCap Energy Capital Fund VIII Co-Invest	13	0.1%	9	0%
EnCap Energy Capital Fund IX	5	0.0%	2	0%
GTCR	29	0.2%	22	0%
Hellman & Friedman	19	0.2%	8	0%
HIG Bayside Loan Opportunity II	15	0.1%	11	0%
HIG Bayside Loan Opportunity III (Europe)	9	0.1%	3	0%
HIG Buyouts II	4	0.0%	3	0%
HIG Capital Partners V	0	0.0%		
HIG Capital Partners II (Europe)	0	0.0%		
KKR North America XI	30	0.2%	3	0%
KKR Special Situations	46	0.4%	25	0%
Oaktree Opportunity Fund VIII	25	0.2%	30	0%
Riverside Capital Appreciation VI	6	0.0%		
Shoreview Capital III	4	0.0%		
Summit GE VIII	13	0.1%	3	0%
Summit VC III	8	0.1%	4	0%
TCV III	3	0.0%		
Thoma Bravo	1	0.0%		
Water Street Healthcare	2	0.0%	2	0%
Wayzata	3	0.0%	2	0%
MainePERS Secondary Fund	23	0.2%	25	0%
Total Private Equity	**$ 364**	**2.9%**	**$ 216**	**2%**
Cash				
Liquidity Account	23	0.2%	51	0%
Total Cash	**$ 23**	**0.2%**	**$ 51**	**0%**

LARGEST HOLDINGS
at June 30, 2014

Top 10 Direct Common Stock Holdings	Market Value	% of Assets
Apple	$ 102,214,172	0.80%
Exxon Mobil	78,945,806	0.62%
Google	59,862,049	0.47%
Microsoft	57,239,463	0.45%
Johnson & Johnson	53,926,379	0.42%
General Electric	48,081,284	0.38%
Wells Fargo	45,873,264	0.36%
Chevron	45,301,764	0.36%
Berkshire Hathaway	41,519,020	0.33%
JP Morgan Chase	39,664,686	0.31%

Some of the System's index fund investments are made through commingled funds, with MainePERS owning units in the funds, and having beneficial, rather than direct ownership of the securities. The largest holdings list reports direct holdings held outside of the commingled funds. For a complete list of the System's holdings, please contact MainePERS.

SECURITIES LENDING

MainePERS earns additional income on its investment portfolio by lending its securities. The System pays its custodian for managing the securities lending program. Information regarding the results of the securities lending program for the current and prior fiscal years may be found in the Financial Section starting on page 18.

Several of the collective trusts through which the System holds interests in commingled funds also lend securities. Because these trusts are legal entities separate from MainePERS, their lending activities are not reflected in the securities lending results reported in the financial statements. The System shares in the income and the risks of the securities lending activity in the commingled funds, and the income is included in the total income and return figures in this Investment Section and the Financial Statements.

INVESTMENT PERFORMANCE

The table on the following pages displays the rates of return on the System's investment portfolio over the last ten fiscal years, and for the three, five, and ten-year periods ended June 30, 2014. Because the System's investment strategy has changed very little from year to year, these results are determined almost entirely by the behavior of the capital markets. Negative returns for the fiscal years ended June 30, 2008, and 2009 were the result of declines in domestic and foreign stock markets, partially offset by gains in the domestic bond market.

Over the ten-year period, the annualized rate of return on the System's assets was 6.9%. MainePERS experienced eight years of positive returns and two years of negative returns. These results are consistent with the long-term risk/return strategy that forms the basis of the System's policies. At 6.9%, the ten-year return has underperformed relative to the 7.125% and 7.25% investment return assumptions utilized in the actuarial process.

Because the Board of Trustees rarely changes its asset class allocation targets, most of the System's investment return is determined by the choice of targets, i.e., by the System's choice of investment strategy and, as mentioned above, the behavior of the capital markets in general. A small portion of the investment return is determined by how well the investment managers perform their assignments. To measure this, the Board compares the return on each manager's portfolio to an appropriate benchmark. Over the ten years ended June 30, 2014, the return on the System's actual total portfolio approximated the return on its total performance benchmark. Positive relative performance in five of the ten years was offset by negative performance in five of the ten years. In terms of asset classes, negative relative performance in domestic and international equities over the ten years was offset by positive or equal relative performance in other categories.

The total return figures in the table on pages 72 and 73 are net of all expenses that can be directly attributed to the investment program (see Expenses, page 74). The table reports time weighted rates of return and all figures for periods greater than one year are annualized.

PERFORMANCE: ACTUAL RETURNS VS. BENCHMARK RETURNS

(All returns are time weighted)

	TOTAL FUND			DOMESTIC EQUITY			FOREIGN EQUITY		
Fiscal Yead Ended June 30	Actual Return	Benchmark [5] Return	Excess Return [1]	Actual Return	Benchmark [6] Return	Excess Return [1]	Actual Return	Benchmark [7] Return	Excess Return [1]
2014	16.7%	15.6%	1.1%	24.8%	25.0%	-0.2%	22.0%	22.3%	-0.3%
2013	11.1%	10.4%	0.8%	21.5%	21.5%	0.1%	13.9%	14.1%	-0.2%
2012	0.6%	1.4%	-0.8%	3.8%	4.0%	-0.2%	-14.3%	-14.2%	-0.2%
2011	22.4%	21.5%	0.9%	32.6%	32.4%	0.2%	30.0%	30.3%	-0.3%
2010	11.1%	11.9%	-0.8%	18.3%	16.1%	2.2%	9.7%	10.9%	-1.2%
2009	-18.8%	-19.4%	0.5%	-29.3%	-26.4%	-2.9%	-32.1%	-30.5%	-1.6%
2008	-3.1%	-1.9%	-1.2%	-15.0%	-12.5%	-2.4%	-7.5%	-6.2%	-1.3%
2007	16.2%	16.3%	-0.2%	19.9%	20.5%	-0.6%	29.8%	30.2%	-0.4%
2006	7.5%	7.3%	0.2%	9.4%	9.9%	-0.6%	28.0%	27.9%	0.1%
2005	11.8%	12.1%	-0.4%	7.9%	8.2%	-0.3%	15.7%	16.5%	-0.8%
2004	16.6%	15.9%	0.7%	21.3%	21.2%	0.1%	30.5%	32.0%	-1.5%
2003	5.3%	4.3%	1.0%	0.9%	1.3%	-0.4%	-4.5%	-4.6%	0.1%
2002	-7.5%	-6.8%	-0.7%	-17.4%	-16.6%	-0.9%	-9.5%	-8.4%	-1.1%
2001	-7.9%	-7.8%	-0.1%	-14.8%	-15.3%	0.6%	-24.0%	-24.1%	0.1%
3 years ending 2014	9.3%	8.9%	0.3%	16.3%	16.4%	-0.1%	6.0%	6.2%	-0.2%
5 years ending 2014	12.1%	12.0%	0.2%	19.8%	19.4%	0.4%	11.2%	11.6%	-0.4%
10 years ending 2014	6.9%	6.9%	0.0%	7.7%	8.4%	-0.7%	7.5%	8.1%	-0.7%

Notes:

1. Excess Return is Actual Return minus Benchmark Return.

2. The asset class of General Fixed Income was closed in the 1st quarter of 2007 and re-opened in the 4th quarter of 2008.

3. Fixed Income includes TIPS as of 7/31/04.

4. The Real Estate Return for the year ending 06/30/05 is attributable to REIT's only.

5. Total Fund Benchmark: A combination of the the benchmarks for the five major asset classes using the target asset class weights.

6. Domestic Equity Benchmark: Dow Jones US Total Stock Market Index.

TABLE CONTINUED ON NEXT PAGE

PERFORMANCE: ACTUAL RETURNS VS. BENCHMARK RETURNS

(All returns are time weighted)

FIXED INCOME (2,3)			REAL ESTATE (4)			INFRASTRUCTURE			PRIVATE EQUITY		
Actual Return	Benchmark (8) Return	Excess Return (1)	Actual Return	Benchmark (9) Return	Excess Return (1)	Actual Return	Benchmark (10) Return	Excess Return (1)	Actual Return	Benchmark (11) Return	Excess Return (1)
3.8%	4.4%	-0.6%	10.7%	5.5%	5.1%						
-1.9%	-0.7%	-1.3%	10.2%	7.8%	2.4%						
8.8%	9.0%	-0.1%	11.1%	13.4%	-2.3%						
6.2%	3.9%	2.3%	22.5%	16.0%	6.5%						
10.8%	9.5%	1.3%	-4.1%	-1.5%	-2.6%		Data Not Meaningful[12]			Data Not Meaningful[12]	
-0.8%	6.1%	-6.9%	-35.0%	-19.6%	-15.4%						
17.5%	7.1%	10.3%	3.0%	9.2%	-6.2%						
3.4%	6.1%	-2.7%	16.5%	17.2%	-0.7%						
-5.6%	-0.8%	-4.8%	20.2%	20.5%	-0.4%						
16.1%	6.8%	9.3%	6.6%	6.6%	0.0%						
4.2%	0.3%	3.9%									
13.1%	10.4%	2.7%									
7.2%	8.6%	-1.4%									
9.7%	11.2%	-1.6%									
3.5%	4.1%	-0.7%	10.7%	8.8%	1.8%						
5.4%	5.1%	0.3%	9.7%	8.1%	1.7%						
5.6%	5.1%	0.5%	4.8%	6.9%	-2.2%						

Notes *(continued):*

7. Foreign Equity Benchmark: Morgan Stanley Capital International All Country World Ex-U.S. Free, since Jan. 1, 1998

8. General Fixed Income Benchmark: Barclays Capital Aggregate Bond Index less Governments plus TIPS, since Oct 2008

9. Real Estate Benchmark: A combination of DJ Wilshire Real Estate Securities Index and National Council of Real Estate Investment Fiduciaries Property Index since July 1, 2005

10. Infrastructure Benchmark: Consumer Price Index + 5%

11. Private Equity Benchmark: Dow Jones US Total Stock Market Index + 3%

12. Infrastructure and Private Equity returns are not meaningful at this stage of the program.

TABLE CONTINUED FROM PREVIOUS PAGE

INVESTMENT EXPENSES

The adjacent table displays investment management expenses directly attributable to the investment program and paid directly by the System. Examples of directly attributable expenses include fees paid to investment managers and compensation and expenses of the System's own investment professionals. Examples of expenses not directly attributable to the investment program and therefore not included in expenses include office space expense and time spent on investment matters by staff other than full-time investment professionals. Other expenses not paid directly by the System include the expenses of securities lending programs conducted by managers of the commingled funds.

Where the table displays an expense as a percentage of assets, the percentage is calculated with respect to the assets associated with the particular expense item. For example, Prudential Real Estate Fund's $1.0 million of management fees in 2014 was approximately 0.90% of the average assets managed by Principal.

The increase of expenses in 2014 can be attributed to continued funding of the Alternatives Programs and adding internal investment professionals.

Total for FY ended June 30	$ Millions	% of Total Assets
2014	41.1	0.32%
2013	31.4	0.28%
2012	24.3	0.23%
2011	19.7	0.18%
2010	22.0	0.25%
2009	23.1	0.28%
2008	34.6	0.19%
2007	19.7	0.33%
2006	18.8	0.20%
2005	15.3	0.17%

INVESTMENT MANAGEMENT EXPENSES

Detail for year ended 6/30/2014	Dollar Expense
Investment management fees	41,311,867
Passive Equity	
BlackRock (Domestic)	1,660,913
BlackRock (International)	925,802
Passive Fixed Income	
BlackRock Custom Index Fund	292,172
Real Estate	
Blackstone Real Estate Partners VII	1,125,000
Harrison Real Estate	636,936
H/2 Credit Partners	834,316
High Street Real Estate IV	722,163
JP Morgan Strategic Property Fund	1,661,089
KKR REPA I	255,969
Mesa West Core	328,162
Prima Advisors Mortgage Fund	203,916
Principal US Property Fund	777,660
Prudential PRISA Fund	975,504
Smart Markets	324,946
Walton Real Estate VII	242,817
Westbrook IX	355,479
Infrastructure	
Alinda Infrastructure Fund II	629,054
ArcLight V	839,244
Brookfield II	1,367,014
Carlyle Infrastructure	294,418
Cube Infrastructure Fund	599,887
First Reserve Energy	644,151
Global Infrastructure Partners I	989,821
Global Infrastructure Partners II	1,218,301
KKR Infrastructure	232,867
Meridiam Infrastructure	495,590
Private Equity	
ABRY Advanced Securities Fund II	385,452
ABRY Advanced Securities Fund III	50,001
ABRY Senior Equity IV	123,600
ABRY VII	168,313
Advent International	487,681
Affinity Asia IV	1,086,413
Berkshire VIII	298,229
Blackstone Capital Partners Fund	304,246
Carlyle Asia Partners Fund III	92,626
Carlyle Asia Partners Fund IV	1,030,991
CVC Capital VI	584,282
EnCap Energy Capital Fund VIII	154,059
EnCap Energy Capital Fund IX	450,000
GTCR	448,682
Hellman & Friedman	440,890
HIG Bayside Loan Opportunity Fund II	550,089
HIG Bayside Loan Opportunity III (Europe)	600,000
HIG Buyouts	175,000
HIG Capital Europe II	371,498
HIG Capital V	224,146
KKR North America XI	293,279
KKR Special Situations	664,565
Oaktree Opportunity Fund VIII	257,406
Riverside Capital Appreciation VI	1,835,870
Shoreview III	48,155
Summit GE VIII	276,132
Summit VC III	188,337
TCV VIII	268,454
Thoma Bravo XI	38,557
Water Street Healthcare	440,159
Wayzata	412,339
MainePERS Secondary Fund	315,321
Opportunistic Strategies	
Grantham, Mayo, Van Oterloo	2,831,432
Pacific Investment Management Company	6,168
Windham Capital	2,038,098
Consultants	
Cliffwater - Private Equity	550,000
Cliffwater - Infrastructure	50,001
ORG - Real Estate	296,206
Strategic Investment Solutions - General	356,250
Other Investment Expenses	622,271
In House Expenses	2,680,424
DC Investment Expenses	79,473
Retiree Health Insurance Trust Expenses	53,201
Group Life Insurance Expenses	44,990
MainePERS OPEB	5,390

BROKERAGE COMMISSIONS
Year Ended June 30, 2014

Broker	Commissions	Amount Traded (Millions)	Cost of Trade (%)	Total Shares (Millions)	Commissions (Cents per Share)
Wallabach	$ 43,494	$ 223.5	0.019%	4.3	0.010
UBS	25,038	438.8	0.006%	2.2	0.009
Morgan Stanley	7,107	162.4	0.004%	3.5	0.050
Deutsche Bank	6,259	106.7	0.006%	2.6	0.041
Merrill Lynch	5,008	140.4	0.004%	3.3	0.067
Citigroup	3,635	74.7	0.005%	1.5	0.040
Bank of New York/Goldman	3,418	73.6	0.005%	1.4	0.040
Barclays	3,156	55.3	0.006%	1.2	0.038
Instinet	1,439	8.7	0.017%	0.6	0.040
Credit Suisse First Boston	909	8.7	0.010%	0.6	0.061
Other	302	1.2	0.025%	0.0	0.010
Total	$ 99,767	$ 1,293.9	0.008%	21.2	0.021

Commissions reported above are those paid directly by MainePERS. The table does not include other transaction costs the System may incur, nor does it include brokerage commissions incurred indirectly through investments in commingled funds. Brokerage commissions and other transaction costs are excluded from the expense table on page 72. Those commissions and expenses are accounted for in the net income and total return figures reported elsewhere in this report.

Selection of brokers is at the discretion of the System's investment managers, subject to their fiduciary obligations. MainePERS does not have any directed brokerage programs, commission recapture programs, or similar arrangements. Some of the System's managers have soft dollar arrangements with brokers, in which the broker agrees to provide additional services to the manager beyond trade execution. In addition some of the System's managers employ placement agents to market their funds. MainePERS does not pay placement agent fees and requires managers that do use placement agents to disclose the identity of said parties and the method and amount of payment.

GROUP LIFE INSURANCE PROGRAM

The Group Life Insurance program is supported by premiums paid by its participants and by reserves. Substantially all the reserves are maintained in an investment portfolio, for which the summary results are displayed below. (Certain assets, such as the cash in the operating bank account, are not considered part of the investment portfolio.) Over this period, the increase in portfolio value is attributable to positive investment return and positive cash flow.

SUMMARY OF INVESTMENT ACTIVITY

FY Ended June 30	Opening Fair Market Value	Closing Fair Market Value	Actual Return	Benchmark Return	Performance
2014	78.3	94.3	18.6%	18.3%	0.3%
2013	68.1	78.3	13.4%	13.1%	0.3%
2012	66.4	68.1	0.6%	0.5%	0.1%
2011	58.0	66.4	24.5%	24.4%	0.1%
2010	50.2	58.0	15.1%	15.1%	0.1%
2009	53.0	50.2	-18.8%	-19.0%	0.2%
2008	52.3	53.0	-3.1%	-1.9%	-1.2%
2007	44.3	52.3	16.2%	16.3%	-0.1%
2006	42.9	44.3	3.1%	3.9%	-0.8%
2005	41.8	42.9	2.7%	2.1%	0.6%
2004	41.5	41.8	0.7%	0.5%	0.2%
2003	39.3	41.5	5.5%	4.9%	0.6%
2002	36.6	39.3	7.5%	7.0%	0.5%
2001	34.4	36.6	9.5%	9.3%	0.2%
		3 yrs ended 2014	10.6%	10.4%	0.2%
		5 yrs ended 2014	14.1%	14.0%	0.2%
		10 yrs ended 2014	6.5%	6.6%	-0.1%

In fiscal year 2009, the Group Life Insurance assets were separated from the defined benefit plan assets while maintaining the same type of investment strategy. Up until this change, beginning in November 2005, the assets had been combined with those of the other plans in the general investment portfolio. Prior to November 2005, the assets had been invested in either a medium term, investment grade fixed income portfolio or similar commingled funds. While the assets were invested in a mutual fund, they were not available for the System's own securities lending program. Any securities lending undertaken by the mutual fund is not covered in this report, although any results are reflected in the total return or gain/loss figures.

Over the ten-year period ended June 30, 2014, the actual return on the portfolio was essentially equivalent to the return of the performance benchmark. A portion of investment return is determined by how well the investment manager performs its assignment. To measure this, MainePERS compares the returns on the actual portfolio to an appropriate benchmark.

The fees paid by the portfolio are consistent with those detailed in the fees and expenses tables of the previous section. For the period of time the portfolio was invested in a mutual fund, fees were consistent with other holders of the institutional class of shares, as detailed in the fund's prospectus.

ACTUARIAL SECTION

CHEIRON Classic Values, Innovative Advice

October 31, 2014

Board of Trustees
Maine Public Employees 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 each of the funded pension programs administered by the Board of the Maine Public Employees Retirement System as of June 30, 2014. The purpose of this report is to present the annual actuarial valuation results for the various Programs. This report is for the use of the Public Employees Retirement Board and its auditors in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of this report is not an intended user and is considered a third party. This valuation report is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

Funding Objective
The funding objective of the Programs administered by the System is to establish contribution rates that, over time, will remain level as a percent of payroll. In order to achieve this, we developed a contribution rate that will provide for current cost (i.e., normal cost expressed as a level percent of payroll) plus a level percent of payroll amortization of the unfunded liability over a specified period.

To our knowledge, the State has consistently funded the full amounts required based on the actuarial valuations and specific statutory provisions.

Assumptions and Methods
The actuarial assumptions and methods used in these valuations have been recommended by the actuary, and adopted by the Board of Trustees, based on the actuary's most recent review of each Program's experience.

We believe that all the costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Programs administered by the System and reasonable expectations) and which, in the aggregate, offer our best estimate of anticipated experience affecting the Programs. Nevertheless, the emerging costs will vary from those presented in this report to the extent that actual experience differs from that projected by the actuarial assumptions.

The calculations in the following exhibits have been made on a basis consistent with our understanding of the System's funding requirements and goals. The Group Life Insurance numbers disclosed in the Financial Section were produced in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 43. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Reliance on Others
In preparing our report, we relied on information (some oral and some written) supplied by the Maine Public Employees Retirement System. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

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8200 Greensboro Drive, Suite 1125, McLean, VA 22102 Tel: 877 CHEIRON (243.4766) Fax: 703.893.2006 www.cheiron.us

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable. Such a review was beyond the scope of our assignment.

Determination of Discount Rate

We have not performed a formal cash flow projection as described under Paragraph 41 of GASB Statement No. 67. However, Paragraph 43 allows for alternative methods to confirm the sufficiency of the Net Position if the evaluations "can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan…" In our professional judgment, adherence to the actuarial funding policy described above will result in the pension plan's projected fiduciary net position being greater than or equal to the benefit payments projected for each future period..

Supporting Schedules

The figures disclosed in the Required Supplemental Schedules to the Financial Section were provided by Cheiron. In addition, we were responsible for all of the schedules to be found in this Actuarial Section. Numbers reported for previous years were developed by the prior actuary and are reported per their valuation reports.

Certification

We believe that the State's pension plans are adequately and appropriately financed, in that the contributions are determined and funded on a level cost as a percentage of payroll basis using reasonable actuarial methods and assumptions.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices that are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Sincerely,
Cheiron

Gene Kalwarski, FSA, EA
Principal Consulting Actuary

Fiona E. Liston, FSA, EA
Principal Consulting Actuary

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CHEIRON

SECTION I
DEMOGRAPHIC INFORMATION

Schedule of Active Member Valuation Data

Valuation Date June 30,	Number of Active Members	Annual Salaries of Active Members*	Average Annual Pay	Percentage Increase in Average Pay
State Employee and Teacher Program				
2014	39,669	$ 1,702,310,338	$ 42,913	7.92%
2013	41,809	1,662,390,557	39,762	(8.93%)
2012	39,360	1,718,449,172	43,660	2.97%
2011	38,759	1,643,389,735	42,400	1.13%
2010	39,884	1,672,252,868	41,928	1.65%
2009	40,486	1,669,885,710	41,246	5.84%
2008	41,561	1,619,705,846	38,972	3.63%
Consolidated Plan for Participating Local Districts				
2014	10,848	$ 460,029,637	$ 42,207	2.79%
2013	11,112	458,424,764	41,255	(6.41%)
2012	10,772	474,828,262	44,080	7.55%
2011	10,614	435,012,940	40,985	6.99%
2010	10,331	395,747,663	38,307	(2.16%)
2009	9,719	380,541,135	39,154	3.80%
2008	9,562	360,693,816	37,722	5.58%
Withdrawn Participating Local Districts				
2014	24	$ 1,213,514	$ 50,563	(0.92%)
2013	28	1,428,984	51,035	0.97%
2012	28	1,415,305	50,547	0.38%
2011	31	1,561,053	50,357	23.11%
2010	43	1,758,909	40,905	(10.90%)
2009	43	1,974,113	45,910	9.86%
2008	50	2,089,427	41,789	(0.56%)
Judicial Retirement System				
2014	60	$ 6,688,159	$ 111,469	(0.81%)
2013	60	6,742,444	112,374	(2.36%)
2012	59	6,790,274	115,089	0.00%
2011	59	6,790,233	115,089	(2.39%)
2010	59	6,956,364	117,904	0.03%
2009	57	6,718,453	117,868	7.63%
2008	59	6,461,343	109,514	(0.61%)
Legislative Retirement Program*				
2014	181	$ 2,517,431	$ 13,908	(0.14%)
2013	182	2,534,740	13,927	0.53%
2012	175	2,424,480	13,854	0.04%
2011	173	2,395,694	13,848	(1.25%)
2010	170	2,384,083	14,024	3.67%
2009	172	2,326,786	13,528	2.02%
2008	170	2,254,173	13,260	4.75%

* Legislative salaries in even-numbered valuation years have been increased to approximate a full session amount because data was based on previous, odd numbered year, data.

SECTION I
DEMOGRAPHIC INFORMATION *(continued)*

Schedule of Benefit Recipients Valuation Data

Valuation Date June 30,	Total Number of Benefit Recipients at Year End	Annual Payments to Benefit Recipients	Average Annual Benefit	Percentage Increase in Average Benefit
State Employee and Teacher Program				
2014	32,391	$ 658,595,271	$ 20,333	0.87%
2013	31,624	637,482,081	20,158	0.03%
2012	30,485	614,303,923	20,151	2.32%
2011	28,900	569,141,838	19,693	1.69%
2010	28,248	547,042,219	19,366	1.46%
2009	27,544	525,718,969	19,087	5.43%
2008	26,821	485,529,823	18,103	4.21%
Consolidated Plan for Participating Local Districts				
2014	8,333	$ 123,149,154	$ 14,778	2.99%
2013	8,122	116,539,396	14,349	(2.11%)
2012	7,520	110,230,682	14,658	5.77%
2011	7,409	102,681,024	13,859	2.70%
2010	7,172	96,787,246	13,495	1.61%
2009	7,021	93,249,060	13,281	5.86%
2008	6,939	87,059,562	12,546	4.94%
Withdrawn Participating Local Districts				
2014	191	$ 2,712,331	$ 14,201	6.82%
2013	196	2,605,703	13,294	0.53%
2012	199	2,631,584	13,224	6.95%
2011	201	2,485,447	12,365	3.93%
2010	198	2,355,639	11,897	8.08%
2009	214	2,355,639	11,008	5.24%
2008	252	2,636,025	10,460	6.68%
Judicial Retirement Program				
2014	67	$ 3,250,749	$ 48,519	(3.23%)
2013	65	3,258,916	50,137	0.94%
2012	63	3,129,136	49,669	(0.64%)
2011	62	3,099,334	49,989	0.19%
2010	56	2,794,145	49,895	1.56%
2009	53	2,603,792	49,128	(1.13%)
2008	50	2,484,586	49,692	0.84%
Legislative Retirement Program				
2014	153	$ 284,588	$ 1,860	2.42%
2013	155	281,433	1,816	(3.25%)
2012	141	264,716	1,877	1.19%
2011	145	268,980	1,855	1.31%
2010	131	239,823	1,831	3.50%
2009	130	229,960	1,769	3.32%
2008	120	205,417	1,712	10.94%

SECTION I
DEMOGRAPHIC INFORMATION *(continued)*

Schedule of Retirees and Beneficiaries Added to and Removed from the Rolls

Year Ended June 30,	Added to Rolls No.	Added to Rolls Annual Allowance	Removed from Rolls No.	Removed from Rolls Annual Allowance	On Rolls at Year End No.	Annual Allowance
State Employee and Teacher Program						
2014	1,668	$ 36,572,188	901	$ 15,458,998	32,391	$ 658,595,271
2013	1,995	37,073,840	856	13,895,682	31,624	637,482,081
2012	2,402	58,170,235	817	13,008,150	30,485	614,303,923
2011	1,515	35,608,087	863	13,508,468	28,900	569,141,838
2010	1,659	36,147,606	955	14,824,356	28,248	547,042,219
2009	1,645	53,170,359	912	12,981,213	27,544	525,718,969
2008	1,462	42,000,560	942	13,334,208	26,821	485,529,823
Participating Local Districts (Consolidated and non-Consolidated Plans)						
2014	522	$ 9,978,396	316	$ 3,262,010	8,524	$ 125,861,485
2013	881	9,563,286	300	3,280,453	8,318	119,145,099
2012	425	10,710,058	316	3,014,263	7,719	112,862,266
2011	516	8,796,407	276	2,862,417	7,610	105,166,471
2010	422	6,462,161	287	2,834,379	7,370	99,232,481
2009	326	8,821,806	287	2,912,694	7,235	95,604,699
2008	366	7,295,589	295	2,239,222	7,196	89,695,587
Judicial Retirement Program						
2014	6	$ 254,033	4	$ 262,201	67	$ 3,250,749
2013	3	148,384	1	18,604	65	3,258,916
2012	3	142,235	2	112,433	63	3,129,136
2011	6	305,189	0	0	62	3,099,334
2010	3	190,353	0	0	56	2,794,145
2009	5	266,650	2	147,444	53	2,603,792
2008	8	394,227	1	71,836	50	2,484,586
Legislative Retirement Program						
2014	5	$ 10,934	7	$ 7,779	153	$ 284,588
2013	18	24,752	4	8,035	155	281,433
2012	2	9,025	6	13,289	141	264,716
2011	18	36,695	4	7,538	145	268,980
2010	5	15,259	4	5,396	131	239,823
2009	18	34,185	8	9,642	130	229,960
2008	9	28,388	6	3,501	120	205,417

Schedule of Change in Net Pension Liability
as of June 30, 2014

	State Employee & Teacher Program	Consolidated Plan for PLD & Withdrawn	Judicial Retirement Program	Legislative Retirement Program
Total Pension Liability				
Service Cost	$ 186,376,756	$ 72,802,833	$ 1,530,119	$ 400,072
Interest	842,229,062	181,018,066	3,773,959	510,813
Change in benefit terms	0	0	0	0
Difference between expected and actual experience	(17,694,278)	21,675,374	(324,891)	(46,483)
Change in assumptions	167,650,573	0	426,150	85,783
Benefit payments, including refunds	(689,053,212)	(131,761,477)	(3,219,480)	(317,606)
Net change in Total Pension Liability	$ 489,508,901	$ 143,734,796	$ 2,185,857	$ 632,579
Total Pension Liability – beginning of year	$ 11,830,649,882	$ 2,505,669,823	$ 52,374,785	$ 6,872,614
Total Pension Liability – end of year	$ 12,320,158,783	$ 2,649,404,619	$ 54,560,642	$ 7,505,193
Plan Fiduciary Net Position				
Contributions – Employer	$ 304,328,386	$ 33,374,006	$ 932,223	$ 3,857
Contributions – Member	121,033,152	33,304,646	528,192	139,501
Net Investment Income	1,517,426,988	366,707,141	8,416,042	1,622,296
Benefit payments, including refunds	(689,053,212)	(131,761,477)	(3,219,480)	(317,606)
Administrative Expenses	(7,467,351)	(1,807,286)	(41,681)	(7,975)
Net Change in Plan Fiduciary Net Position	$ 1,246,267,963	$ 299,817,030	$ 6,615,296	$ 1,440,073
Plan Fiduciary Net Position – beginning of year	$ 9,091,347,964	$ 2,192,579,050	$ 50,574,604	$ 9,679,959
Plan Fiduciary Net Position – end of year	$ 10,337,615,927	$ 2,492,396,080	$ 57,189,900	$ 11,120,032
Net Pension Liability/(Asset) – end of year	$ 1,982,542,856	$ 157,008,539	$ (2,629,258)	$ (3,614,839)

SECTION II
ACCOUNTING INFORMATION *(continued)*

Sensitivity of Net Pension Liability to Changes in Discount Rate as of June 30, 2014

	State Employee & Teacher Program	Consolidated Plan for PLD & Withdrawn	Judicial Retirement Program	Legislative Retirement Program
Discount Rate				
1% Decrease	6.125%	6.25%	6.125%	6.125%
Current Discount Rate	7.125%	7.25%	7.125%	7.125%
1% Increase	8.125%	8.25%	8.125%	8.125%
Net Pension Liability				
1% Decrease	$ 3,463,277,129	$ 332,811,788	$ 2,168,262	$ (2,811,760)
Current Discount Rate	1,982,542,856	157,008,539	(2,629,258)	(3,614,839)
1% Increase	738,715,359	(278,189,312)	(6,810,102)	(4,288,607)

SECTION II
ACCOUNTING INFORMATION *(continued)*

ANALYSIS OF FINANCIAL EXPERIENCE
Gain and Loss in Accrued Liability During Year
Resulting from Differences Between Assumed Experience and Actual Experience
For Year Ended June 30, 2014

	State Employee & Teacher Program	Consolidated Plan for PLD	Judicial Retirement Program	Legislative Retirement Program
Type of Activity				
Investment Income	$ 639,521,136	$ 110,262,333	$ 2,483,976	$ 475,733
Combined Liability Experience	17,694,276	(19,939,857)	324,891	46,483
Gain (or Loss) During Year from Financial Experience	$ 657,215,412	$ 90,322,476	$ 2,808,867	$ 522,216
Non-Recurring Items	(167,650,573)	0	(426,150)	(85,783)
Composite Gain (or Loss) During Year	**$ 489,564,839**	**$ 90,322,476**	**$ 2,382,717**	**$ 436,433**

SECTION II
ACCOUNTING INFORMATION *(continued)*

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)
State Employee and Teacher Program							
2014	$ 2,315,075,905	$ 7,572,038,285	$ 2,433,044,593	$ 10,017,512,006	100%	100%	5%
2013	2,290,505,939	7,251,821,900	2,455,677,235	9,177,749,627	100%	95%	0%
2012	2,271,164,594	6,656,860,191	2,625,281,496	8,880,730,120	100%	99%	0%
2011	2,229,984,968	6,453,384,730	2,598,295,489	8,736,885,121	100%	100%	2%
2010	2,117,903,830	6,856,828,427	3,642,411,748	8,313,459,810	100%	90%	0%
2009	2,002,784,768	6,622,143,609	3,696,290,955	8,325,951,236	100%	95%	0%
2008	1,898,148,565	6,209,005,616	3,560,878,330	8,631,557,629	100%	100%	15%
Consolidated Plan for Participating Local Districts & Withdrawn							
2014	$ 423,097,001	$ 1,493,728,396	$ 732,579,221	$ 2,415,219,122	100%	100%	68%
2013	412,347,408	1,408,353,946	684,893,241	2,213,416,717	100%	100%	57%
2012	398,895,449	1,289,996,376	716,816,415	2,136,653,347	100%	100%	62%
2011	379,478,840	1,202,315,483	685,780,199	2,119,465,931	100%	100%	78%
2010	352,496,429	1,110,451,355	659,894,751	2,045,337,000	100%	100%	88%
2009	324,627,396	1,065,541,546	642,568,466	2,083,711,056	100%	100%	108%
2008	300,245,422	1,019,812,922	633,570,676	2,201,652,592	100%		139%
Judicial Retirement Program							
2014	$ 9,466,378	$ 28,785,537	$ 16,308,727	$ 55,419,017	100%	100%	105%
2013	9,464,604	26,716,806	16,619,525	51,055,251	100%	100%	89%
2012	9,379,428	24,731,810	12,229,440	49,735,004	100%	100%	128%
2011	9,028,737	24,690,578	14,148,981	49,324,784	100%	100%	110%
2010	8,510,723	26,915,670	17,723,306	47,677,635	100%	100%	69%
2009	7,980,202	25,570,008	16,993,110	48,478,344	100%	100%	88%
2008	7,481,505	24,943,576	15,209,371	50,418,942			118%
Legislative Retirement Program							
2014	$ 2,464,847	$ 5,073,388	$ (33,042)	$ 10,775,701	100%	100%	9,798%
2013	2,363,217	5,022,522	(427,342)	9,771,955	100%	100%	538%
2012	2,321,819	3,895,976	25,844	9,322,419	100%	100%	2,013%
2011	2,228,233	4,002,993	(506,033)	9,040,180	100%	100%	555%
2010	2,099,683	3,680,940	292,741	8,634,635	100%	100%	875%
2009	2,005,895	3,636,651	(142,737)	8,717,885	100%	100%	2,155%
2008	1,892,250	3,237,876	474,879	9,099,133			836%

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS

State Employee and Teacher Program

1. Membership:

Membership is a condition of employment for state employees and teachers, and optional for elected and appointed officials.

Membership ceases on the earlier of withdrawal of contributions, retirement, or death.

2. Member Contributions:

Except as otherwise described below, members are required to contribute 7.65% of earnable compensation.

Contribution Requirements for Special State Employee Groups

State police and inland fisheries and wildlife officers employed before 9/1/84 – 8.65% of earnable compensation for 20 years; 7.65% thereafter.

Forest rangers and state prison employees employed before 9/1/84 – 8.65% of earnable compensation until eligible for retirement; 7.65% thereafter.

1998 Special Plan employees which include state prison employees, airplane pilots, forest rangers, defense, veterans and emergency management firefighters employed at Bangor International Airport, corrections employees, Baxter State Park Authority rangers, fire marshals, investigators and inspectors, oil and hazardous materials emergency response workers and capitol security officers – 8.65% of earnable compensation for 25 years; 7.65% thereafter.

State police employed on or after 9/16/84 and special agent investigators hired before 6/21/82 – 8.65% of earnable compensation for 25 years; 7.65% thereafter.

Inland fisheries and wildlife officers and marine resources officers employed on or after 9/1/84 – 8.65% of earnable compensation for 25 years; 7.65% thereafter.

3. Average Final Compensation:

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

For compensation paid on or after July 1, 1993, increases in earnable compensation of greater than 5% per year or 10% over the highest three years are not included in calculating average final compensation unless the employer pays the cost of including such compensation. Earnable compensation does not include sick and vacation pay for those members who had less than ten years of service at July 1, 1993. For members for whom sick and vacation pay is includible in earnable compensation, these payments are included in applying the caps described above.

4. Creditable Service:

Creditable service includes service while a member, certain service prior to the establishment of the Program, purchased military service credit, other purchased service credit, and service while receiving disability benefits under the Program.

5. Service Retirement Benefits:

A. Regular Plan (State Employees and Teachers)

i. Provisions for Members with at Least Ten Years of Creditable Service on July 1, 1993

Normal Retirement Age: 60

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS
(continued)

Eligibility for Members 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 and up to 25 years of prior service, reduced by approximately 2¼% for each year retirement age is less than age 60.

Form of Payment: Life annuity.

ii. Provisions for Members with Less Than Ten Years of Creditable Service on July 1, 1993

Normal Retirement Age: 62

Eligibility for Members 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 age 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 and up to 25 years of prior service, reduced by 6% for each year retirement age is less than age 62.

Form of Payment: Life annuity.

iii. Provisions for Members with Less Than Five Years of Creditable Service on July 1, 2011

Normal Retirement Age: 65

Eligibility for Members 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 age 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 and up to 25 years of prior service, reduced by 6% for each year retirement age is less than age 65.

Form of Payment: Life annuity.

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS

(continued)

B. Special Plans (State Employees)

i. State Police Employed Before 9/16/84 and Inland Fisheries and Wildlife Officers Employed Before 9/1/84

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. If greater, the pro-rated portion of the benefit for service before July 1, 1976 is based on annual pay instead of average final pay.

Form of Payment: 50% joint and survivor annuity, or life annuity.

ii. Forest Rangers Employed Before 9/1/84

Eligibility: Age 50 with 25 years of creditable service as a forest ranger.

Benefit: one-half of average final compensation plus 2% for each year of service earned after qualification for retirement. If greater, the pro-rated portion of the benefit for service before July 1, 1976 is based on annual pay instead of average final pay.

Form of Payment: Life annuity.

iii. Liquor Inspectors Employed Before 9/1/84

Eligibility: Age 55 and 25 years of creditable service as a liquor inspector.

Benefit: one-half of average final compensation plus 2% for each year of service earned after qualification for retirement. If greater, the pro-rated portion of the benefit for service before July 1, 1976 is based on annual pay instead of average final pay.

Form of Payment: Life annuity.

iv. State Prison Employees Employed Before 9/1/84

Eligibility: Age 50 and 20 years of creditable service as a prison employee.

Benefit: one-half of average final compensation plus 2% for each year of service earned after qualification for retirement.

Form of Payment: Life annuity.

v. 1998 Special Plan

1998 Entrants: State prison employees, airline pilots, forest rangers and liquor inspectors, employed after 8/31/84; defense, veterans and emergency management firefighters employed on and after 7/1/98.

2000 Entrants: Baxter State Park Authority rangers, correctional employees and state fire marshals employed on or after 1/1/2000.

2002 Entrants: Capitol security officers and oil and hazardous materials emergency response workers.

Eligibility: Ten years of creditable service under the 1998 Special Plan in one or a combination of the covered capacities and the attainment of age 55 – OR – 25 years of creditable service in one or a combination of the covered capacities.

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS
(continued)

Benefit: For service prior to coverage in the 1998 Special Plan, 1/50 of average final compensation multiplied by years of service reduced for retirement before age 60 or 62, except oil and hazardous materials emergency response workers and certain prison employee benefits are reduced for retirement before age 55.

-AND-

For service under the 1998 Special Plan, 1/50 of average final compensation multiplied by years of service reduced for retirement before age 55.

Form of Payment: Life annuity.

vi. 25 & Out Plan

1998 Entrants: State police employed on or after 9/16/84 and special agent investigators hired before 6/21/82.

2002 Entrants: Inland fisheries and wildlife officers and marine resources officers employed on and after 8/31/84.

Eligibility: 25 years of creditable service in named positions.

Benefit: 1/50 of average final compensation multiplied by years of service.

Form of Payment: Life annuity.

Members in Special Plans who fail to qualify for special plan benefits can receive regular plan benefits when and as eligible and qualified.

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

Eligibility: Disabled as defined in the MainePERS 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 or two years, depending on disability plan, unless 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 on the date the service retirement benefit equals or exceeds the disability benefit.

Conversion to Service Retirement: During the period of disability, average final compensation is increased with cost-of-living adjustments and service is credited. 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 benefit converts to a service retirement benefit based on service and average final compensation at that point.

7. No Age Disability Retirement Benefits

Eligibility: Disabled as defined in the MainePERS 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 or two years, depending on disability plan, 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.

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS
(continued)

Conversion to Service Retirement: During the period of disability, average final compensation is increased with cost-of-living adjustments and service is credited. 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.

8. 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), parent, 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 parents, or estate.

9. Pre-Retirement Accidental Death Benefits:

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

- 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, the surviving spouse shall receive 2/3 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, the surviving spouse shall receive 2/3 of member's average final compensation until death.
- If the member leaves no spouse, the dependent child(ren) shall be paid an annual sum equal to the member's average final compensation. Benefits will cease when the last dependent child no longer meets the definition of "dependent child".

10. Refund of Contributions:

Eligibility: Termination of service without retirement or death.
Benefit: Member's accumulated contributions with interest.

11. Cost-of-Living Adjustments:

All service and disability retirement and survivor benefits are adjusted each year that there is a percentage change in the Consumer Price Index, based on the Index. If the percentage change is negative then no adjustment is made in that year. In subsequent years, the adjustment that would have been made will be adjusted downward to the extent necessary to recoup the full actuarial value of not having made the previous year's negative adjustment. This process of adjustment may occur over a multi-year period if needed to recoup the full value of the non-zero COLA.

Cost-of-living adjustments are effective September 1 and are applied to that portion of the benefit which is not in-excess of $20,000 (indexed) for all benefits which have been in payment for twelve months. The maximum annual increase is 3%. Average final compensation used in determining disability benefits for disabled members is similarly adjusted for purposes of determining the recipient's service retirement benefit if and when the recipient moves to service retirement.

Members on service retirement who did not have ten years of service on July 1, 1993 will not receive a cost-of-living adjustment until 12 months after their normal retirement age.

No cost-of-living adjustments will be made until September 2014.

STATE EMPLOYEE AND TEACHER PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS
(continued)

12. Methods of Payment of Service Retirement Benefits:

At retirement, a member who retires with a benefit must choose from the following methods of payment:

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

Option 1: Cash refund equal to the remaining employee contribution balance, if any, at the date of death (where the employee contribution balance has 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.

13. Changes since Prior Valuation:

None

STATE EMPLOYEE AND TEACHER PROGRAM
ACTUARIAL ASSUMPTIONS and METHODS

A. Actuarial Assumptions

1. Rate of Investment Return:

State Employees	7.125%
Teachers	7.125%

Rate is net of both administrative and investment expense.

2. Cost-of-Living Increases in Benefits:

State Employees	2.55%
Teachers	2.55%

3. Rates of Salary Increase (% at Selected Years of Service):

Service	State Employees	Teachers
0	10.50%	13.50%
5	6.00	6.25
10	4.50	5.00
15	3.95	4.50
20	3.70	3.70
25 and over	3.50	3.50

The above rates include a 3.50% across-the-board increase at each year of service.

4. Rates of Termination (% at Selected Service):

Service	State Employees	Teachers
0	30.00%	37.00%
5	7.50	12.00
10	4.40	6.90
15	4.00	5.50
20	4.00	5.50
25	4.00	5.50

Non-vested members are assumed to take a refund of contributions with interest. Once vested, the member is assumed to elect the greater of the deferred vested benefit or a refund.

STATE EMPLOYEE AND TEACHER PROGRAM
ACTUARIAL ASSUMPTIONS and METHODS
(continued)

5. Rate of Mortality for Active Healthy Lives and Retired Healthy Lives at Selected Ages (number of deaths per 10,000 members)*:

	State Employees		Teachers	
Age	**Male**	**Female**	**Male**	**Female**
50	16	13	14	11
55	27	24	22	20
60	53	47	41	36
65	103	90	81	71
70	177	155	142	125
75	306	249	246	204
80	554	413	448	338
85	997	708	807	571
90	1,727	1,259	1,418	1,026
95	2,596	1,888	2,267	1,654

* For State Regular and Teachers 5% of deaths assumed to arise out of and in the course of employment; for State Special 20% of deaths are assumed to arise out of and in the course of employment.

Rates for State Employees are based on the RP 2000 Mortality Table for Males and Females projected forward for 2015 using Scale AA. Rates for Teachers are based on the same projected table but with a two-year set back.

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

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

Rates are based on the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females.

STATE EMPLOYEE AND TEACHER PROGRAM ACTUARIAL ASSUMPTIONS and METHODS

(continued)

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

	State Employees			Teachers		
Age	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3
45	3	NA	NA	13	NA	NA
50	19	NA	NA	29	NA	NA
55	19	NA	NA	79	NA	NA
59	58	75	75	150	225	225
60	300	100	100	225	225	225
61	300	100	100	230	225	225
62	270	250	125	250	300	225
63	270	250	125	260	300	225
64	250	250	125	270	300	225
65	250	250	250	300	300	300
70	1,000	1,000	1,000	1,000	1,000	1,000

* Members of Special Groups are assumed to retire at a rate of 50% per year, once they reach eligibility for unreduced benefits at every age.

In the case of State Regular and Teacher employees, Tier 1 refers to those who had accrued at least ten years of service by July 1, 1993. Tier 2 are those who had not or were hired after that date but had five years of service by July 1, 2011. Tier 3 are those who did not have five years of service by July 1, 2011.

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

Age	State Employees	Teachers
25	6.8	3.5
30	7.6	3.8
35	10.2	3.8
40	19.0	5.1
45	27.9	11.6
50	42.7	18.2
55	53.0	24.8
60	63.0	31.3

* 10% assumed to receive Workers Compensation benefits offsetting disability benefit; also, rates for State Special groups are higher by 7 per 10,000 at all ages.

9. 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; female spouse is three years younger than male spouse; member has no dependent parents; unmarried members have beneficiaries entitled to benefits worth 80% as much as those of married members' beneficiaries.

STATE EMPLOYEE AND TEACHER PROGRAM
ACTUARIAL ASSUMPTIONS and METHODS

(continued)

10. Vacation/Sick Leave Credits:

For members who had ten years of service on July 1, 1993, credits for unused vacation and sick leave may be used to increase final average compensation and/or creditable service. In order to reflect this, projected retirement benefits are increased by 0.48% for state (regular) employees and 0.75% for teachers.

11. Date of Adoption of Assumptions

The assumptions were adopted by the Trustees as a result of the latest experience study review performed in 2011 and covering the period July 1, 2005 through June 30, 2010.

12. Changes since Last Valuation

The rate of investment return assumption was changed from 7.25% to 7.125%.

B. Actuarial Methods

1. Funding Method:

The Individual Entry Age Normal method is used to determine costs. Under this funding method, a total contribution rate is determined which consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

For Teachers and State Employees, including each of the State Special Plans, a normal cost rate is determined for each active member. This rate is determined by taking the value, as of age at entry into a plan in the Program, 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 contributions required to meet a plan's normal cost, contributions are required to fund the plan's unfunded actuarial liability. The actuarial liability is defined as the present value of future benefits less the present value of future normal costs and future member contributions. The unfunded actuarial liability is the total of the actuarial liability for all members less the actuarial value of assets. The actuarial liability includes projections of future member pay increases and future service credits and should not be confused with the Accrued Benefit Liability.

The unfunded actuarial liability is amortized by annual payments. The payments are determined so that they will be a level percentage of pay, assuming payroll increases 3.50% per year. The UAL measured as of June 30, 2011 is amortized over the remaining 14-years of the statutory period. Net gains or losses to the System are amortized over a 10-year period from the date when they are first measured.

2. Asset Valuation Method:

For purposes of determining the State contribution to the plans in the Program, we use an actuarial value of assets. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

In determining the actuarial value of assets, we calculate an expected actuarial value based on cash flow for the year and imputed returns at the actuarial assumption. This expected value is compared to the market value and one-third of the difference is added to the preliminary actuarial value to arrive at the final actuarial value.

In the 2014 valuation there was an additional recognition of 37.5% of the remaining balance of past investment gains.

3. Changes since Last Valuation:

There was an additional recognition of 37.5% of the past investment gains in the asset smoothing method.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
SUMMARY OF PROGRAM AND PLAN PROVISIONS

Consolidated Plan for Participating Local Districts

1. Member Contributions:

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

Regular AC & AN	7.0%
Regular BC	3.5%
Special 1C & 1N	7.0%
Special 2C & 2N	7.0%
Special 3C & 3N	8.5% for first 25 years, 7.0% after
Special 4C & 4N	8.0% for first 25 years, 7.0% after

Member contributions to increase by 0.5% in FY 16 and FY 17.

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 three 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:

Plan Members prior to July 1, 2014:	60
New Members to the Plan on or after July 1, 2014:	65

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:

Plan Members prior to July 1, 2014:	approximately 2¼% for each year that a member is younger than age 60 at retirement.
New Members to the Plan on or after July 1, 2014:	6% for each year that a member is younger than age 65 at retirement.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS SUMMARY OF PROGRAM AND PLAN PROVISIONS

(continued)

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

Cost-of-Living Adjustment: See item 10.

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:

Plan Members prior to July 1, 2014:	60
New Members to the Plan on or after July 1, 2014:	65

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:

Plan Members prior to July 1, 2014:	approximately 2¼% for each year that a member is younger than age 60 at retirement.
New Members to the Plan on or after July 1, 2014:	6% for each year that a member is younger than age 65 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.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
SUMMARY OF PROGRAM AND PLAN PROVISIONS

(continued)

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.

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:

Plan Members prior to July 1, 2014:	approximately 2¼% for each year that a member is younger than age 55 at retirement.
New Members to the Plan on or after July 1, 2014:	6% 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.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
SUMMARY OF PROGRAM AND PLAN PROVISIONS

(continued)

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 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 MainePERS 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.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
SUMMARY OF PROGRAM AND PLAN PROVISIONS
(continued)

Form of Payment: Payment begins upon 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 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 MainePERS 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 upon 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. If the percentage change is negative, then no adjustment is made in that year. In subsequent years the adjustment that would have been made will be adjusted downward to the extent necessary to recoup the full actuarial value of not having made the previous year's negative adjustment. This process of adjustment may occur over a multi-year period if needed to recoup the full value of the non-zero COLA.

Cost-of-living adjustments are effective September 1 and are applied to all benefits which have been in payment for twelve months for retirees who retire on or after September 1, 2015 or six months for retirees who retire prior to September 1, 2015. The maximum annual increase is 3% (4% prior to the 2014 COLA).

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
SUMMARY OF PROGRAM AND PLAN PROVISIONS

(continued)

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.

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.

12. Changes in Plan Provisions:

None.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
ACTUARIAL ASSUMPTIONS and METHODS

A. Actuarial Assumptions

1. **Annual Rate of Investment Return:** 7.25%

2. **Cost-of-Living Increases in Benefits**: 3.12% through 2014 then 2.55% thereafter (where Applicable)

3. **Rates of Termination at Selected Years of Service*:**

Service	Regular	Special
0	20.0%	25.0%
1	17.5	12.5
2	15.0	10.0
3	12.5	7.5
4	10.0	5.0
5	7.5	4.0
10	2.5	2.5
15	2.5	2.5

* 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
50	16	13
55	27	24
60	53	47
65	103	90
70	177	155
75	306	249
80	554	413
85	997	708
90	1,727	1,259
95	2,596	1,888

* 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.

Rates are based on the RP 2000 Mortality Table for Males and Females projected forward for 2015 using Scale AA.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
ACTUARIAL ASSUMPTIONS and METHODS

(continued)

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

Rates are based on the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females.

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

Regular Plans

Age	Assumption
45	50
50	50
55	100
60	270
65	300
70	1,000

Special Plans

Service	Assumption
20	400
21-24	300
25	400
26-29	300
30	400
31-34	300
35+	1,000

Note that the rates are only applied once the member is eligible to retire, so those in 25 year plans are not assumed to retire at 20 years of service.

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
ACTUARIAL ASSUMPTIONS and METHODS
(continued)

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

Age	All Plans
25	3
30	4
35	5
40	7
45	15
50	33
55	61

* 10% assumed to receive Worker's 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 Years	
Years of Service	Increase
0	9.5%
1	7.5
2	6.0
3	4.7
4	4.3
5	4.0
10	3.5
15	3.5
20	3.5
25	3.5
30	3.5

10. Date of Adoption of Assumptions:

The economic assumptions and mortality tables were adopted by the Trustees as a result of the latest experience study review performed in 2011 and covering the period July 1, 2005 through June 30, 2010. The remaining assumptions were adopted by the Trustees as a result of the experience study review performed in 2008 and covering the period July 1, 2000 through June 30, 2008.

11. Assumption Changes Since Last Valuation:

None

CONSOLIDATED PLAN FOR PARTICIPATING LOCAL DISTRICTS
ACTUARIAL ASSUMPTIONS and METHODS

(continued)

B. Actuarial Methods

1. Funding Method:

The Individual 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 or has paid off its IUUAL.

For each Regular and Special Plan, a normal cost rate is determined for each active member. 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 services 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:

For purposes of determining the State contribution to the plans in the Program, we use an actuarial value of assets. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

In determining the actuarial value of assets, we calculate an expected actuarial value based on cash flow for the year and imputed returns at the actuarial assumption. This expected value is compared to the market value and one-third of the difference is added to the preliminary actuarial value to arrive at the final actuarial value.

3. Changes since Last Valuation:

There was an additional recognition of 37.5% of the past investment gains in the asset smoothing method.

JUDICIAL RETIREMENT PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS

Judicial Retirement Program

1. **Membership:**

Membership is a condition of employment for all judges serving on or after December 1, 1984.

Membership ceases on the earlier of withdrawal of contributions, retirement, or death.

Judges who retired prior to December 1, 1984 are covered under a different plan.

2. **Member Contributions:**

Members are required to contribute 7.65% of earnable compensation.

3. **Average Final Compensation:**

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

For active judges as of July 1, 2003, July 1, 2004, and July 1, 2010, average final compensation shall be increased to reflect missed salary increases.

4. **Creditable Service:**

Creditable service includes the following:

A. all judicial service as a member after November 30, 1984;

B. all judicial service before December 1, 1984;

C. service credited while receiving disability benefits under the Program; and,

D. all service creditable under the State Employee and Teacher Program provided the member elects to have the member's own and the employer's contributions on behalf of such service transferred to the Judicial Program.

5. **Service Retirement Benefits:**

Eligibility:

A. Eligibility for Members with at Least Ten Years of Creditable Service on July 1, 1993

i. Eligibility for members in active service and inactive members:

25 years of creditable service.

ii. Eligibility alternative for members in active service:

Attainment of age 70 with at least one year of service immediately before retirement.

iii. Eligibility for members not in active service at retirement and not in active service on or after October 1, 1999:

Attainment of age 60 and ten years of creditable service.

iv. Eligibility for members not in active service at retirement but in active service on or after October 1, 1999:

Attainment of age 60 and five years of creditable service.

JUDICIAL RETIREMENT PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS

(continued)

B. Eligibility for Members with Less Than Ten Years of Creditable Service on July 1, 1993

i. Eligibility for members in active service and inactive members:

25 years of creditable service.

ii. Eligibility alternative for members in active service:

Attainment of age 70 with at least one year of service immediately before retirement.

iii. Eligibility for members not in active service at retirement and not in active service on or after October 1, 1999:

Attainment of age 62 with ten years of creditable service.

iv. Eligibility for Members not in active service at retirement but in active service on or after October 1, 1999:

Attainment of age 62 and five years of creditable service.

C. Eligibility for Members with Less Than Five Years of Creditable Service on July 1, 2011

i. Eligibility for members in active service and inactive members:

25 years of creditable service.

ii. Eligibility alternative for members in active service:

Attainment of age 70 with at least one year of service immediately before retirement.

iii. Eligibility for members not in active service at retirement and not in active service on or after October 1, 1999:

Attainment of age 65 with ten years of creditable service.

iv. Eligibility for Members not in active service at retirement but in Active Service on or after October 1, 1999:

Attainment of age 65 and five years of creditable service.

Benefit:

Sum of:

(1) for service after November 30, 1984 and before July 1, 1998 and creditable service allowed under Section 1302(3), 2% of average final compensation multiplied by years of service;
(2) for service on or after July 1, 1998, 3% of average final compensation multiplied by years of service; and,
(3) for judicial service prior to December 1, 1984, 75% of November 30, 1984 salary for the position held at retirement, pro-rated for prior service less than ten years.

The benefit is reduced for retirement before age 60 at the rate of approximately 2¼% for each year retirement age is less than 60, for members with at least ten years creditable service on July 1, 1993; reduced for retirement before age 62 by 6% for each year the member's age is less than age 62, if less than ten years creditable service on July 1, 1993, but at least five years creditable service on July 1, 2011; reduced for retirement before age 65 by 6% for each year the member's age is less than age 65, if less than five years creditable service on July 1, 2011.

Maximum Benefit: Total benefit cannot exceed 70% of average final compensation except as provided under the minimum benefit provision.

JUDICIAL RETIREMENT PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS

(continued)

Minimum Benefit: For a judge in service and age 50 or older on December 1, 1984, 75% of salary on 6/30/84 for the position held at retirement, increased by 6% per year from 6/30/84 to 6/30/89 or retirement date if earlier, and increased beyond 6/30/89 by the cost-of-living increase granted the previous September.

Form of Payment: Life annuity; except, for a judge in service and age 50 before December 1, 1984, 50% joint and survivor annuity to surviving spouse.

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

Conditions: Disabled as defined in the Judicial Retirement Program statutes, prior to normal retirement age; employed as a judge prior to October 16, 1992, and did not elect No Age Disability Option.

Benefit: 66-2/3% 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 two years, unless the member is unable to engage in any substantially gainful activity, in which case payments cease on the earlier of age 70 and the date the service retirement benefit exceeds the disability benefit.

Conversion to Service Retirement: During the period of disability, average final compensation is increased with cost-of-living adjustments and service is credited. On the date when service benefits reach a level of 66-2/3% of average final compensation, or at age 70 if earlier, the disability benefit converts to a service retirement benefit based on service and pay at that point.

7. No Age Disability Retirement Benefits:

Conditions: Disabled as defined in the Judicial Retirement Program statutes; employed as a judge on or after October 16, 1992 or a judge employed prior to October 16, 1992, who elected the provisions of No Age Disability.

Benefit: 59% of average final compensation, reduced by the amount by which employment earnings plus the disability allowance exceeds the current salary of the position held at disability, and to the extent that the benefit, in combination with Worker's Compensation exceeds 80% of average final compensation. A member in service on November 30, 1984, may elect benefits applicable for retirement before December 1, 1984.

Form of Payment: Payment begins on termination of service and ceases on cessation of disability or after two 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 exceeds the disability benefit.

Conversion to Service Retirement: During the period of disability, average final compensation is increased with cost-of-living adjustments and service is credited. 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 pay at that point.

8. 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.

Minimum Benefit: For a judge in service prior to December 1, 1984, one-half of the judge's retirement benefit determined on date of death, payable to the spouse and/or dependent children.

JUDICIAL RETIREMENT PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS

(continued)

9. 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, 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, 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".

10. Refund of Contributions:

Eligibility: Termination of service without retirement or death.

Benefit: Member's accumulated contributions with interest.

11. Cost-of-Living Adjustments:

All service and disability retirement and survivor benefits are adjusted each year that there is a percentage change in the Consumer Price Index, based on the Index. If the percentage change is negative, then no adjustment is made in that year. In subsequent years, the adjustment that would have been made will be adjusted downward to the extent necessary to recoup the full actuarial value of not having made the previous year's negative adjustment. This process of adjustment may occur over a multi-year period if needed to recoup the full value of the non-zero COLA.

Cost-of-living adjustments are effective September 1 and are applied to that portion of the benefit not in excess of $20,000 (indexed) for all benefits that have been in payment for 12 months. The maximum annual increase is 3%. Average final compensation used in determining disability benefits for disabled members is similarly adjusted for purposes of determining the recipient's service retirement benefit if and when the recipient moves to service retirement.

Members on service retirement who did not have ten years of service on July 1, 1993 will not receive a cost-of-living adjustment until 12 months after their normal retirement age.

No cost-of-living adjustments will be made until September 2014.

Minimum benefits are increased 6% per year from July 1985 through June 1989, and as described above thereafter.

JUDICIAL RETIREMENT PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS

(continued)

12. Methods of Payment of Service Retirement Benefits:

At retirement, a member must choose from the following methods of payment:

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

Option 1: Cash refund equal to the remaining employee contribution balance at the date of death (where the employee contribution balance has 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.

13. Plan Changes since Last Valuation:

None.

JUDICIAL RETIREMENT PROGRAM
ACTUARIAL ASSUMPTIONS and METHODS

A. Actuarial Assumptions

1. **Annual Rate of Investment Return:** 7.125%

2. **Annual Rate of Salary Increase:** 3.50%

3. **Annual Cost-of-Living Increase:** 2.55%

4. **Normal Retirement Age:**

100% retirement assumed to occur at age 60 for members with at least ten years of creditable service on July 1, 1993.

For members with less than ten years of creditable service on July 1, 1993, 50% are assumed to retire each year after reaching age 62.

For members with less than five years of creditable service on July 1, 2011, 50% are assumed to retire each year after reaching age 65.

5. **Probabilities of Employment Termination at Selected Ages Due to:**

Age	Disability	Termination	Death Male	Death Female
25	.0006	.07	.0003	.0002
30	.0006	.06	.0004	.0002
35	.0007	.05	.0007	.0004
40	.0011	.04	.0010	.0006
45	.0022	.03	.0012	.0009
50	.0042	.02	.0016	.0013
55	.0072	.01	.0027	.0024

6. **Rate of Healthy Life Mortality at Selected Ages:**

Age	Male	Female
55	.0027	.0024
60	.0053	.0047
65	.0103	.0090
70	.0177	.0155
75	.0306	.0249
80	.0554	.0413

Rates are based on the RP-2000 Mortality Table for Males and Females, projected with Scale AA to 2015.

7. **Rates of Disabled Life Mortality at Selected Ages:**

Age	Male	Female
25	.0092	.0072
30	.0112	.0089
35	.0134	.0109
40	.0160	.0126
45	.0193	.0144
50	.0236	.0165
55	.0295	.0191

Rates are based on the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females.

JUDICIAL RETIREMENT PROGRAM
ACTUARIAL ASSUMPTIONS and METHODS

(continued)

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; female spouse is three years younger than male spouse; member has no dependent parents; unmarried members have beneficiaries entitled to benefits worth 80% as much as those of married members' beneficiaries.

9. **Date of Adoption of Assumptions:**

   The assumptions were adopted by the Trustees as a result of the latest experience study review performed in 2011, covering the period July 1, 2005 through June 30, 2010.

10. **Assumption Changes since Last Valuation:**

   The rate of investment return assumption was changed from 7.25% to 7.125%.

B. Actuarial Methods

1. **Funding Method:**

   The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

   The normal cost rate is developed for each active employee. This rate is determined by taking the value, as of entry age 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 contributions required to meet the plan's normal cost, contributions will be required to fund the plan's unfunded actuarial liability. The actuarial liability is defined as the present value of future benefits, less the present value of future normal costs and future member contributions. The unfunded actuarial liability is the total actuarial liability less the actuarial value of plan assets.

   The unfunded liability is amortized by annual payments over an open ten-year period. The payments are determined so that they will be a level percentage of pay, assuming total pay increases 3.50% per year.

2. **Asset Valuation Method:**

   For purposes of determining the State contribution to the plans in the Program, we use an actuarial value of assets. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

   In determining the actuarial value of assets, we calculate an expected actuarial value based on cash flow for the year and imputed returns at the actuarial assumption. This expected value is compared to the market value and one-third of the difference is added to the preliminary actuarial value to arrive at the final actuarial value.
   In the 2014 valuation, there was an additional recognition of 37.5% of the remaining balance of past investment gains.

3. **Changes since Last Valuation:**

   There was an additional recognition of 37.5% of the past investment gains in the asset smoothing method.

LEGISLATIVE RETIREMENT PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS

Legislative Retirement Program

1. Membership:

Except as provided by statute, membership is mandatory for every Legislator in service in the Legislature on or after December 3, 1986, and optional for those who were members of the Retirement System on December 2, 1986.

Membership ceases on the earlier of withdrawal of contributions, retirement, or death.

2. Member Contributions:

Members are required to contribute 7.65% of earnable compensation.

3. Average Final Compensation:

For purposes of determining benefits payable, average final compensation is the average annual rate of earnable compensation for the three years of creditable service (not necessarily consecutive) as a legislator that produce the highest such average.

4. Creditable Service:

Creditable service includes the following:

A. all legislative service as a member after December 2, 1986;

B. all legislative service before December 3, 1986, for which contributions have been made to the Retirement System at the applicable rate, including appropriate interest;

C. service credited while receiving disability benefits under the Program; and,

D. all service creditable under the Retirement System as a State Employee, provided the member elects to have the member's own and the employer's contributions on behalf of such service transferred to the Legislative Program.

5. Service Retirement Benefits:

Eligibility:

A. Eligibility for Members with at Least Ten Years of Creditable Service on July 1, 1993

i. Eligibility for members in active service and inactive members:

25 years of creditable service.

ii. Eligibility alternative for members in active service:

Attainment of age 60.

iii. Eligibility for members not in active service at retirement, and not in active service on or after October 1, 1999:

Attainment of age 60 and ten years of creditable service.

iv. Eligibility for members not in active service at retirement, but in active service on or after October 1, 1999:

Attainment of age 60 and five years of creditable service.

LEGISLATIVE RETIREMENT PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS

(continued)

B. Eligibility for Members with Less Than Ten Years of Creditable Service on July 1, 1993

i. Eligibility for members in active service and inactive members:

25 years of creditable service.

ii. Eligibility alternative for members in active service:

Attainment of age 62.

iii. Eligibility for members not in active service at retirement, and not in active service on or after October 1, 1999:

Attainment of age 62 with ten years of creditable service.

iv. Eligibility for members not in active service at retirement, but in active service on or after October 1, 1999:

Attainment of age 62 and five years of creditable service.

C. Eligibility for Members with Less Than Five Years of Creditable Service on July 1, 2011

i. Eligibility for members in active service and inactive members:

25 years of creditable service.

ii. Eligibility alternative for members in active service:

Attainment of age 65.

iii. Eligibility for members not in active service at retirement, and not in active service on or after October 1, 1999:

Attainment of age 65 with ten years of creditable service.

iv. Eligibility for Members not in Active Service at Retirement, but in Active Service on or After October 1, 1999:

Attainment of age 65 and five years of creditable service.

Benefit: 1/50 of average final compensation multiplied by years of creditable service, reduced for retirement before age 60 at the rate of approximately 2¼% for each year retirement age is less than age 60, for members with at least ten years creditable service on July 1, 1993; reduced for retirement before age 62 at the rate of 6% for each year retirement age is less than age 62, for members with less than ten years creditable service on July 1, 1993, but at least five years creditable service on July 1, 2011; reduced for retirement before age 65 at the rate of 6% for each year retirement age is less than age 65, for members with less than five years creditable service on July 1, 2011; minimum benefit $100 per month if at least ten years of creditable service.

Form of Payment: Life annuity.

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

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

Benefit: 66-2/3% 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 earlier of ten years following normal retirement age or the date the service retirement benefit equals or exceeds the disability benefit.

LEGISLATIVE RETIREMENT PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS

(continued)

Conversion to Service Retirement: During the period of disability, average final compensation is increased with cost-of-living adjustments and service is credited. On the date when service benefits reach a level of 66-2/3% of average final compensation or ten years after the normal retirement date, if earlier, the disability benefit converts to a service retirement benefit based on service and average final compensation at that point.

7. No Age Disability Retirement Benefits:

Eligibility: Disabled as defined in the MainePERS 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, average final compensation is increased with cost-of-living adjustments and service is credited. 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.

8. 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.

9. 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, 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, 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."

10. Refund of Contributions:

Eligibility: Termination of service without retirement or death.

Benefit: Member's accumulated contributions with interest.

LEGISLATIVE RETIREMENT PROGRAM
SUMMARY OF PROGRAM AND PLAN PROVISIONS

(continued)

11. Cost-of-Living Adjustments:

All service and disability retirement and survivor benefits are adjusted each year that there is a percentage change in the Consumer Price Index, based on the Index. If the percentage change is negative then no adjustment is made in that year. In subsequent years, the adjustment that would have been made will be adjusted downward to the extent necessary to recoup the full actuarial value of not having made the previous year's negative adjustment. This process of adjustment may occur over a multi-year period, if needed to recoup the full value of the non-zero COLA.

Cost-of-living adjustments are effective September 1 and are applied to that portion of the benefit not in excess of $20,000 (indexed) for all benefits that have been in payment for 12 months. The maximum annual increase is 3%. Average final compensation used in determining disability benefits for disabled members is similarly adjusted for purposes of determining the recipient's service retirement benefit if and when the recipient moves to service retirement.

Members on service retirement who did not have ten years of service on July 1, 1993 will not receive a cost-of-living adjustment until 12 months after their normal retirement age.

No cost-of-living adjustments will be made until September 2014.

12. Methods of Payment of Service Retirement Benefits:

At retirement, a member who retires with a benefit must choose from the following methods of payment:

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

Option 1: Cash refund equal to the remaining employee contribution balance, if any, at the date of death (where the employee contribution balance has 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.

13. Changes since Last Valuation:

None.

LEGISLATIVE RETIREMENT PROGRAM
ACTUARIAL ASSUMPTIONS and METHODS

A. Actuarial Assumptions

1. **Annual Rate of Investment Return:** 7.125%

2. **Annual Rate of Salary Increase:** 3.50%

3. **Annual Cost-of-Living Increase:** 2.55%

4. **Normal Retirement Age:** Age 60 for members with at least ten years of creditable service on July 1, 1993.
Age 62 for members with less than ten years of creditable service on July 1, 1993.
Age 65 for members with less than five years of creditable service on July 1, 2011.

5. **Probabilities of Employment Termination at Selected Ages Due to:**

Age	Disability	Termination	Death Male	Death Female
25	.0006	.07	.0003	.0002
30	.0006	.06	.0004	.0002
35	.0007	.05	.0007	.0004
40	.0011	.04	.0010	.0006
45	.0022	.03	.0012	.0009
50	.0042	.02	.0016	.0013
55	.0072	.01	.0027	.0024

6. **Rate of Healthy Life Mortality at Selected Ages:**

Age	Male	Female
55	.0027	.0024
60	.0053	.0047
65	.0103	.0090
70	.0177	.0155
75	.0306	.0249
80	.0554	.0413

Rates are based on the RP-2000 Mortality Table for Males and Females, projected with scale AA to 2015.

7. **Rates of Disabled Life Mortality at Selected Ages:**

Age	Male	Female
25	.0092	.0072
30	.0112	.0089
35	.0134	.0109
40	.0160	.0126
45	.0193	.0144
50	.0236	.0165
55	.0295	.0191

Rates are based on the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females.

LEGISLATIVE RETIREMENT PROGRAM
ACTUARIAL ASSUMPTIONS and METHODS

(continued)

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; female spouse is three years younger than male spouse; member has no dependent parents; unmarried members have beneficiaries entitled to benefits worth 80% as much as those of married members' beneficiaries.

9. **Date of Adoption of Assumptions:**

   The assumptions were adopted by the Trustees as a result of the latest experience study review performed in 2011, covering the period July 1, 2005 through June 30, 2010.

10. **Assumption Changes since Last Valuation:**

    The rate of investment return was reduced from 7.25% to 7.125%.

B. Actuarial Methods

1. **Funding Method:**

   The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

   The normal cost rate is developed for each active employee. This rate is determined by taking the value, as of entry age 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 contributions required to meet the program's normal cost, contributions will be required to fund the program's unfunded actuarial liability. The actuarial liability is defined as the present value of future benefits, less the present value of future normal costs and future member contributions. The unfunded actuarial liability is the total actuarial liability less the actuarial value of plan assets.

   The unfunded liability is amortized by annual payments over an open ten-year period. The payments are determined so that they will be a level percentage of pay, assuming total pay increases 3.50% per year.

2. **Asset Valuation Method:**

   For purposes of determining the State contribution to the plans in the Program, we use an actuarial value of assets. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

   In determining the actuarial value of assets, we calculate an expected actuarial value based on cash flow for the year and imputed returns at the actuarial assumption. This expected value is compared to the market value and one-third of the difference is added to the preliminary actuarial value to arrive at the final actuarial value.

   In the 2014 valuation, there was an additional recognition of 37.5% of the remaining balance of past investment gains.

3. **Changes since Last Valuation:**

   There was an additional recognition of 37.5% of the past investment gains in the asset smoothing method.

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STATISTICAL SECTION

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATISTICAL SECTION
(unaudited)

This section of the Maine Public Employees Retirement System's Comprehensive Annual Financial Report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditor.

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These tables contain trend information that may assist the reader in assessing the System's current financial performance by placing it in historical perspective.

Source:

Unless otherwise noted, the information in the Financial Trends tables is derived from the annual financial reports for the relevant year.

These tables contain service and infrastructure indicators that can enhance one's understanding of how the information in the System's financial statements relates to the services the System provides and the activities it performs.

DEFINED BENEFIT PLAN
CHANGES IN NET POSITION - STATE EMPLOYEE AND TEACHER PLAN

LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Additions										
Member contributions	121,700,845	121,771,881	121,722,498	125,056,977	126,474,575	124,695,281	122,914,714	122,129,490	119,289,350	113,520,916
Employer contributions	163,856,225	115,714,242	106,359,578	134,475,998	135,979,470	136,536,621	128,500,038	122,965,826	123,705,027	107,299,945
Non-employer entity contributions	142,303,104	148,833,840	146,634,324	199,662,984	193,415,278	183,701,708	177,054,037	189,169,755	187,878,631	175,064,541
Investment Income (net of expenses)	1,527,470,684	935,978,195	44,109,550	1,593,856,350	753,671,243	(1,586,466,256)	(269,530,809)	1,221,916,143	524,591,806	741,819,075
Total additions to plan net position	1,955,330,858	1,322,298,158	418,825,950	2,053,052,309	1,209,540,566	(1,141,532,646)	158,937,980	1,656,181,214	955,464,814	1,137,704,477
Deductions										
Benefit payments	671,034,883	655,088,429	615,958,651	577,425,247	551,734,313	526,813,792	488,003,781	457,510,151	424,133,531	395,612,689
Refunds	21,693,233	17,974,023	21,030,202	20,841,168	17,273,199	37,553,687	21,758,917	16,996,926	14,883,136	12,904,811
Administrative expenses	8,296,396	7,702,835	7,316,204	7,604,509	7,499,691	7,923,702	8,188,765	8,877,620	7,719,867	7,666,584
Total deductions from plan net position	701,024,512	680,765,287	644,305,057	605,870,924	576,507,203	572,291,181	517,951,463	483,384,697	446,736,534	416,184,084
Change in net position	$ 1,254,306,346	$ 641,532,871	$ (225,479,107)	$ 1,447,181,385	$ 633,033,363	$ (1,713,823,827)	$ (359,013,483)	$ 1,172,796,517	$ 508,728,280	$ 721,520,393

DEFINED BENEFIT PLAN
CHANGES IN NET POSITION - PLD CONSOLIDATED PLAN
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Additions										
Member contributions	33,210,510	31,658,619	32,343,655	35,022,928	32,332,068	29,710,526	27,473,405	32,751,311	24,838,611	24,771,716
Employer contributions	32,706,160	26,465,471	22,257,294	17,462,511	12,311,355	11,582,485	12,179,699	11,236,146	10,312,516	9,248,551
Non-employer entity contributions	-	-	-	-	-	-	-	-	-	-
Investment Income (net of expenses)	361,125,177	221,304,489	10,111,043	381,299,731	182,525,441	(390,037,197)	(66,322,263)	309,156,215	133,121,252	191,392,082
Total additions to plan net position	427,041,847	279,428,579	64,711,992	433,785,170	227,168,864	(348,744,186)	(26,669,159)	353,143,672	168,272,379	225,412,349
Deductions										
Benefit payments	121,559,257	114,627,512	108,646,611	101,270,632	96,702,118	93,095,725	85,735,837	81,416,856	75,348,098	71,236,424
Refunds	5,602,101	6,051,774	22,911,290	11,353,634	5,822,392	8,041,146	5,496,757	4,913,684	3,913,903	3,019,436
Administrative expenses	1,779,304	1,810,389	1,732,139	1,827,135	1,668,738	1,754,829	1,941,924	1,965,164	1,656,346	1,570,448
Total deductions from plan net position	128,940,662	122,489,675	133,290,040	114,451,401	104,193,248	102,891,700	93,174,518	88,295,704	80,918,347	75,826,308
Change in net position	$ 298,101,185	$ 156,938,904	$ (68,578,048)	$ 319,333,769	$ 122,975,616	$ (451,635,886)	$ (119,843,677)	$ 264,847,968	$ 87,354,032	$ 149,586,041

DEFINED BENEFIT PLAN
CHANGES IN NET POSITION - PLD AGENT PLAN
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Additions										
Member contributions	94,136	106,000	105,380	124,472	132,049	146,253	155,015	180,492	269,986	329,534
Employer contributions	667,846	656,047	105,342	299,504	9,024	2,776	3,133	5,121	4,847	2,563
Non-employer entity contributions	-	-	-	-	-	-	-	-	-	-
Investment Income (net of expenses)	5,581,964	3,601,386	79,872	6,760,501	6,005,408	(11,619,730)	(1,576,140)	7,794,089	6,180,099	9,092,090
Total additions to plan net position	6,343,946	4,363,433	290,594	7,184,477	6,146,481	(11,470,701)	(1,417,992)	7,979,702	6,454,932	9,424,187
Deductions										
Benefit payments	2,702,486	2,644,060	2,608,985	2,460,591	2,397,937	2,695,479	2,606,044	2,460,991	3,546,256	3,369,245
Refunds	1,897,634	-	201,244	9,190	141	17,109	52,877	28,141	110,539	51,129
Administrative expenses	27,981	30,704	30,884	33,977	31,457	41,741	49,134	49,585	83,119	86,109
Total deductions from plan net position	4,628,101	2,674,764	2,841,113	2,503,758	2,429,535	2,754,329	2,708,055	2,538,717	3,739,914	3,506,483
Change in net position	$ 1,715,845	$ 1,688,669	$ (2,550,519)	$ 4,680,719	$ 3,716,946	$ (14,225,030)	$ (4,126,047)	$ 5,440,985	$ 2,715,018	$ 5,917,704

GROUP LIFE INSURANCE PLAN
CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Additions										
Member contributions	4,708,184	4,580,678	4,504,407	4,633,560	4,578,292	4,501,396	5,643,608	6,614,117	6,462,425	6,299,199
Employer contributions	7,950,385	7,138,693	7,005,992	6,836,808	6,825,209	6,812,155	6,363,100	2,223,692	2,170,510	2,157,420
Other contributions	-	-	-	-	-	-	220,933	243,115	216,103	211,576
Investment Income (net of expenses)	14,763,783	9,380,206	467,352	11,060,639	5,522,062	(8,851,694)	(1,755,010)	6,978,299	1,290,819	1,122,921
Total additions to plan net position	27,422,352	21,099,577	11,977,751	22,531,007	16,925,563	2,461,857	10,472,631	16,059,223	10,139,857	9,791,116
Deductions										
Benefit payments	10,273,054	10,426,687	8,197,040	8,664,079	8,555,182	9,966,568	8,210,909	8,020,342	7,571,942	7,215,050
Refunds	-	-	3,702	18,145	25,819	32,291	20,511	30,157	32,002	17,279
Administrative expenses	1,153,841	892,115	1,035,953	970,354	1,053,242	987,371	842,136	856,436	812,833	841,752
Total deductions from plan net position	11,426,895	11,318,802	9,236,695	9,652,578	9,634,243	10,986,230	9,073,556	8,906,935	8,416,777	8,074,081
Change in net position	$15,995,457	$9,780,775	$2,741,056	$12,878,429	$7,291,320	$(8,524,373)	$1,399,075	$7,152,288	$1,723,080	$1,717,035

DEFINED CONTRIBUTION PLAN
CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year						
	2014	2013	2012	2011	2010	2009	2008
Additions							
Member contributions	3,505,423	2,662,317	2,888,874	2,790,771	2,381,995	1,967,488	1,181,618
Employer contributions	109,515	111,327	43,434	47,377	53,956	153,334	16,583
Other contributions	-	-	-	-	-	-	-
Investment Income (net of expenses)	3,210,308	1,815,398	318,640	1,939,674	742,235	(1,173,821)	(512,020)
Total additions to plan net position	6,825,246	4,589,042	3,250,948	4,777,822	3,178,186	947,001	686,181
Deductions							
Benefit payments	-	-	-	-	-	-	-
Refunds and withdrawals	2,032,458	643,765	1,055,018	770,630	411,390	470,750	570,014
Administrative expenses	112,015	113,827	45,964	50,143	56,686	159,635	16,583
Total deductions from plan net position	2,144,473	757,592	1,100,982	820,773	468,076	630,385	586,597
Change in net postion	$4,680,773	$3,831,450	$2,149,966	$3,957,049	$2,710,110	$316,616	$99,584

*The System currently has this information available for the years indicated. Additional information will be added to the schedule each year until the requisite ten years is obtained.

RETIREE HEALTH INVESTMENT TRUST
CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year					
	2014	2013	2012	2011	2010	2009
Additions						
Member contributions	-	-	-	-	-	-
Employer contributions	-	1,840,385	6,000,000	14,411,368	-	-
Other contributions	-	-	-	-	-	-
Investment Income (net of expenses)	29,564,596	18,706,315	959,334	23,350,728	13,143,997	(16,084,427)
Total additions to plan net position	29,564,596	20,546,700	6,959,334	37,762,096	13,143,997	(16,084,427)
Deductions						
Benefit payments	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Administrative expenses	90,030	85,609	68,643	64,510	56,754	55,695
Total deductions from plan net position	90,030	85,609	68,643	64,510	56,754	55,695
Change in net position	$ 29,474,566	$ 20,461,091	$ 6,890,691	$ 37,697,586	$ 13,087,243	$ (16,140,122)

DEFINED BENEFIT PLAN
BENEFIT AND REFUND DEDUCTIONS FROM NET POSITION
BY TYPE

LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Type of Benefit										
Service retirement benefits	625,474,198									
Disability benefits	28,963,934									
Pre-Retirement death benefits	16,596,751									
Total benefits	$ 671,034,883	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Type of Refund										
Death	3,247,581									
Separation	18,445,652									
Other	-									
Total refunds	$ 21,693,233	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

*Data by type of refund, by plan, was not readily available for the years prior to 2014. This information will continue to be populated until the requisite ten years is displayed.

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Type of Benefit										
Service retirement benefits	110,537,271									
Disability benefits	7,133,396									
Pre-Retirement death benefits	3,888,590									
Total benefits	$ 121,559,257	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Type of Refund										
Death	613,327									
Separation	4,988,774									
Other	-									
Total refunds	$ 5,602,101	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

*Data by type of refund, by plan, was not readily available for the years prior to 2014. This information will continue to be populated until the requisite ten years is displayed.

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Type of Benefit										
Service retirement benefits	2,702,486									
Disability benefits	-									
Pre-Retirement death benefits	-									
Total benefits	$ 2,702,486	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Type of Refund										
Death	-									
Separation	-									
Other	1,897,634									
Total refunds	$ 1,897,634	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

*Data by type of refund, by plan, was not readily available for the years prior to 2014. This information will continue to be populated until the requisite ten years is displayed.

DEFINED BENEFIT PLAN
BENEFIT AND REFUND DEDUCTIONS FROM NET POSITION
BY TYPE *(continued)*

LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Type of Benefit										
Service retirement benefits	738,713,955	714,823,347	670,876,190	625,577,713	595,870,176	564,341,497	516,877,544	484,050,311	448,493,907	419,704,172
Disability benefits	36,097,330	37,020,969	36,778,342	36,289,226	35,862,703	45,703,611	53,404,352	51,475,049	48,853,164	44,900,918
Pre-Retirement death benefits	20,485,341	20,515,684	19,559,715	19,289,534	19,001,489	12,559,888	6,063,767	5,862,639	5,680,814	5,613,268
Total benefits	$ 795,296,626	$ 772,360,000	$ 727,214,247	$ 681,156,473	$ 650,734,368	$ 622,604,996	$ 576,345,663	$ 541,387,999	$ 503,027,886	$ 470,218,358
Type of Refund										
Death	3,860,908	4,359,439	4,406,322	5,139,665	2,533,464	4,833,774	3,517,392	3,272,721	2,002,560	1,917,019
Separation	23,434,426	18,412,052	21,003,032	20,567,589	18,099,434	38,700,530	21,950,987	17,176,811	15,494,157	12,704,938
Other	1,897,634	1,254,306	18,733,381	6,496,738	2,462,834	2,077,637	1,840,172	1,489,218	1,410,862	1,353,419
Total refunds	$ 29,192,968	$ 24,025,797	$ 44,142,736	$ 32,203,992	$ 23,095,732	$ 45,611,942	$ 27,308,551	$ 21,938,751	$ 18,907,578	$ 15,975,376

*Historical aggregate information for the three plans will continue to be displayed until the requisite ten years of data by individual plan is available.

GROUP LIFE INSURANCE PLAN
BENEFIT AND REFUND DEDUCTIONS FROM NET POSITION
BY TYPE

LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Type of Benefit										
Basic active claims	3,201,313	3,150,890	2,579,586	1,670,491	1,401,542	2,109,195	1,667,981	1,650,657	1,553,776	1,680,927
Supplemental claims	1,506,000	1,861,008	549,000	972,344	1,242,024	1,520,346	1,471,000	1,505,000	1,280,000	846,410
Dependent claims	205,000	190,000	160,000	300,000	210,000	190,477	245,000	182,942	218,988	250,344
Accidental Death & Dismemberment claims	233,000	415,000	212,000	408,000	166,000	801,156	95,000	21,000	147,042	233,000
Basic retiree claims	5,081,721	4,670,754	4,600,319	5,131,699	5,373,083	5,215,134	4,647,103	4,509,130	4,169,092	4,111,284
	10,227,034	10,287,652	8,100,905	8,482,534	8,392,649	9,836,308	8,126,084	7,868,729	7,368,899	7,121,965
Conversion expense	46,020	139,035	96,135	181,545	162,533	130,260	84,825	151,613	203,044	93,085
Total benefits	$ 10,273,054	$ 10,426,687	$ 8,197,040	$ 8,664,079	$ 8,555,182	$ 9,966,568	$ 8,210,909	$ 8,020,342	$ 7,571,942	$ 7,215,050
Type of Refund										
Group Life Insurance premiums	-	-	3,702	18,145	25,819	32,291	20,511	30,157	32,002	17,279
Total refunds	$ -	$ -	$ 3,702	$ 18,145	$ 25,819	$ 32,291	$ 20,511	$ 30,157	$ 32,002	$ 17,279

DEFINED BENEFIT PLAN - RETIRED MEMBERS BY TYPE OF BENEFIT
LAST TEN FISCAL YEARS

STATE AND TEACHER PLAN

Fiscal Year Ending June 30:	Service Retirees	Service Retiree Beneficiary Recipients	Disability Benefit Recipients	Pre-Retirement Death Benefits Recipients	Total Pension Benefit Recipients
2014	24,210	6,057	1,701	643	32,611
2013	23,486	6,023	1,687	648	31,844
2012	22,304	5,986	1,756	643	30,689
2011	20,848	5,882	1,716	661	29,107
2010	20,164	5,861	1,721	689	28,435
2009	19,512	5,832	1,683	700	27,727
2008	18,878	5,620	1,691	802	26,991
2007	18,378	5,582	1,688	813	26,461
2006	17,870	5,460	1,673	878	25,881
2005	17,395	4,883	2,096	896	25,270

PARTICIPATING LOCAL DISTRICT (PLD) CONSOLIDATED PLAN

Fiscal Year Ending June 30:	Service Retirees	Service Retiree Beneficiary Recipients	Disability Benefit Recipients	Pre-Retirement Death Benefits Recipients	Total Pension Benefit Recipients
2014	5,853	1,898	408	174	8,333
2013	5,659	1,883	406	174	8,122
2012	5,181	1,826	347	166	7,520
2011	5,060	1,827	348	174	7,409
2010	4,830	1,824	347	171	7,172
2009	5,382	1,134	339	166	7,021
2008	5,253	1,065	396	225	6,939
2007	5,182	1,056	397	237	6,872
2006	5,118	1,045	386	228	6,777
2005	4,216	1,732	432	238	6,618

PARTICIPATING LOCAL DISTRICT (PLD) PLAN - WITHDRAWN

Fiscal Year Ending June 30:	Service Retirees	Service Retiree Beneficiary Recipients	Disability Benefit Recipients	Pre-Retirement Death Benefits Recipients	Total Pension Benefit Recipients
2014	137	54	0	0	191
2013	140	56	0	0	196
2012	143	56	0	0	199
2011	201	0	0	0	201
2010	198	0	0	0	198
2009	214	0	0	0	214
2008	252	0	0	0	252
2007	253	0	0	0	253
2006	260	0	0	0	260
2005	362	0	0	0	362

DEFINED BENEFIT PLAN - AVERAGE BENEFIT PAYMENTS

LAST TEN FISCAL YEARS

STATE EMPLOYEE AND TEACHER PLAN

Retirement Effective Dates
July 1, 2012 - June 30, 2014*

	Years of Creditable Service						
	Less than 5	5-10	10-15	15-20	20-25	25-30	Greater than 30
Period 7/1/2012 to 6/30/2013							
Average Monthly Benefit	206	445	738	1151	1706	1992	2878
Average Final Salary	39436	32566	31278	34029	38145	41268	47314
Number of Active Retirants	675	1101	2347	2173	3129	6346	8364
Period 7/1/2013 to 6/30/2014							
Average Monthly Benefit	186	449	748	1167	1720	2007	2908
Average Final Salary	12364	30399	30761	34684	39003	41984	48294
Number of Active Retirants	809	1198	2455	2261	3220	6439	8591

*This table will continue to be populated until the requisite ten years of data is presented.

PLD CONSOLIDATED PLAN

Retirement Effective Dates
July 1, 2012 - June 30, 2014*

	Years of Creditable Service						
	Less than 5	5-10	10-15	15-20	20-25	25-30	Greater than 30
Period 7/1/2012 to 6/30/2013							
Average Monthly Benefit	136	449	629	1103	1710	2086	2858
Average Final Salary	39573	35552	28806	36407	32317	39707	46137
Number of Active Retirants	882	779	1002	906	1083	1076	656
Period 7/1/2013 to 6/30/2014							
Average Monthly Benefit	139	471	675	1178	1748	2138	2919
Average Final Salary	8018	23316	25525	31381	31737	40026	46278
Number of Active Retirants	1007	926	1064	1046	1072	1063	656

*This table will continue to be populated until the requisite ten years of data is presented.

PLD AGENT PLAN

Retirement Effective Dates
July 1, 2012 - June 30, 2014*

	Years of Creditable Service						
	Less than 5	5-10	10-15	15-20	20-25	25-30	Greater than 30
Period 7/1/2012 to 6/30/2013							
Average Monthly Benefit	37	273	450	797	1748	2065	2319
Average Final Salary	39810	20825	13898	26695	29884	35644	42989
Number of Active Retirants	23	4	25	23	35	34	19
Period 7/1/2013 to 6/30/2014							
Average Monthly Benefit	45	275	457	833	1795	2118	2483
Average Final Salary	1661	16653	13692	24627	30255	36436	45304
Number of Active Retirants	20	4	23	22	34	34	21

*This table will continue to be populated until the requisite ten years of data is presented.

DEFINED BENEFIT PLAN - AVERAGE BENEFIT PAYMENTS

LAST TEN FISCAL YEARS *(continued)*

ALL DEFINED BENEFIT PENSION PLANS, COMBINED

Retirement Effective Dates
July 1, 2004 - June 30, 2014 — **Years of Creditable Service**

	Less than 5	5-10	10-15	15-20	20-25	25-30	Greater than 30
Period 7/1/2004 to 6/30/2005							
Average Monthly Benefit	132	329	511	855	1,408	1,634	2,343
Average Final Salary	17,769	20,676	18,974	23,337	28,063	32,716	36,905
Number of Active Retirants	375	957	2,827	2,442	3,607	5,843	5,925
Period 7/1/2005 to 6/30/2006							
Average Monthly Benefit	137	339	534	884	1,449	1,688	2,429
Average Final Salary	18,131	21,370	19,934	24,207	28,918	33,712	38,236
Number of Active Retirants	372	972	2,801	2,472	3,644	6,033	6,205
Period 7/1/2006 to 6/30/2007							
Average Monthly Benefit	143	357	561	931	1,514	1,769	2,549
Average Final Salary	18,663	22,659	20,722	25,350	29,825	34,774	39,620
Number of Active Retirants	371	1,009	2,806	2,484	3,682	6,264	6,476
Period 7/1/2007 to 6/30/2008							
Average Monthly Benefit	148	371	585	966	1,565	1,831	2,643
Average Final Salary	19644	23,981	21,766	26,250	30,720	35,744	41,078
Number of Active Retirants	371	1065	2796	2510	3718	6412	6789
Period 7/1/2008 to 6/30/2009							
Average Monthly Benefit	388	398	616	1,017	1,625	1,907	2,737
Average Final Salary	23532	24,858	22,828	27,456	31,630	36,735	42,107
Number of Active Retirants	451	1132	2810	2570	3827	6657	7501
Period 7/1/2009 to 6/30/2010							
Average Monthly Benefit	617	388	617	1,016	1,583	1,867	2,653
Average Final Salary	25338	26,322	23,944	28,556	32,700	37,655	43,265
Number of Active Retirants	559	1175	2819	2594	3898	6782	7868
Period 7/1/2010 to 6/30/2011							
Average Monthly Benefit	419	399	636	1,035	1,599	1,877	2,681
Average Final Salary	26382	27,791	25,452	29,842	34,108	38,836	44,693
Number of Active Retirants	551	1276	2913	2681	4083	7060	8221
Period 7/1/2011 to 6/30/2012							
Average Monthly Benefit	647	427	671	1,083	1,678	1,979	2,845
Average Final Salary	25,200	59,515	27,199	31,429	35,443	40,189	46,386
Number of Active Retirants	568	1,402	3,013	2,777	4,182	7,413	8,863
Period 7/1/2012 to 6/30/2013							
Average Monthly Benefit	364	433	681	1,105	1,698	2,006	2,881
Average Final Salary	28,688	30,446	28,554	32,680	36,429	41,244	47,413
Number of Active Retirants	440	1,482	3,112	2,860	4,288	7,658	9,194
Period 7/1/2013 to 6/30/2014							
Average Monthly Benefit	179	470	727	1168	1728	2026	2908
Average Final Salary	9877	27332	29082	33579	37127	41680	48133
Number of Active Retirants	1821	2123	3537	3320	4328	7537	9274

DEFINED BENEFIT PLAN
RETIRED MEMBERS BY TYPE OF BENEFIT AND OPTION
As of June 30, 2014

STATE

		Type of Retirement				Option Selected									
Amount of Monthly Benefit	Number of Retired Members	1	2	3	4	0	1	2	3	4	5	6	7	8	Other
0 - 250	2259	1195	856	8	200	623	187	277	63	16	750	66	24	22	231
251 - 500	3277	1329	1314	9	625	707	193	268	107	11	1196	79	17	24	675
501 - 750	2780	1437	982	19	342	774	186	252	134	13	884	86	23	32	396
751 - 1000	2272	1612	513	35	112	824	190	230	183	22	489	81	36	39	178
1001 - 1250	2311	1798	316	65	132	852	208	241	165	15	448	80	44	45	213
1251 - 1500	2579	2116	263	121	79	959	277	279	153	11	504	86	40	63	207
1501 - 1750	2621	2216	192	148	65	1011	283	250	161	23	480	89	47	59	218
1751 - 2000	2593	2205	169	151	68	1000	279	260	124	27	462	76	64	79	222
2001 -	12153	11065	405	570	113	5404	1366	1140	603	214	1497	378	392	474	685
Totals	**32845**	**24973**	**5010**	**1126**	**1736**	**12154**	**3169**	**3197**	**1693**	**352**	**6710**	**1021**	**687**	**837**	**3025**

CONSOLIDATED PLD

		Type of Retirement				Option Selected									
Amount of Monthly Benefit	Number of Retired Members	1	2	3	4	0	1	2	3	4	5	6	7	8	Other
0 - 250	1853	1235	490	8	120	625	169	263	91	17	423	70	31	30	134
251 - 500	1449	896	454	17	82	393	154	259	71	8	358	54	20	18	114
501 - 750	1309	814	282	22	191	330	124	200	78	10	246	52	18	25	226
751 - 1000	840	608	160	32	40	256	88	144	74	11	125	36	15	12	79
1001 - 1250	708	553	108	29	18	202	86	132	55	5	110	32	18	17	51
1251 - 1500	602	486	61	32	23	170	64	101	27	7	126	26	11	13	57
1501 - 1750	536	436	48	34	18	141	55	95	34	4	117	23	10	5	52
1751 - 2000	482	395	33	48	6	165	42	52	27	5	104	18	7	8	54
2001 -	1604	1411	59	112	22	557	152	195	91	24	264	99	40	48	134
Totals	**9383**	**6834**	**1695**	**334**	**520**	**2839**	**934**	**1441**	**548**	**91**	**1873**	**410**	**170**	**176**	**901**

NON-CONSOLIDATED PLD

		Type of Retirement				Option Selected									
Amount of Monthly Benefit	Number of Retired Members	1	2	3	4	0	1	2	3	4	5	6	7	8	Other
0 - 250	48	30	15	0	3	17	1	8	1	0	12	4	0	2	3
251 - 500	37	14	19	0	4	9	1	1	3	0	18	1	0	0	4
501 - 750	32	18	12	0	2	9	6	3	1	0	10	1	0	0	2
751 - 1000	14	9	2	1	2	4	0	2	2	0	2	0	0	0	4
1001 - 1250	17	16	1	0	0	5	0	3	1	1	4	1	2	0	0
1251 - 1500	9	9	0	0	0	4	0	3	1	0	0	0	0	1	0
1501 - 1750	12	11	0	0	1	2	2	3	1	1	2	0	0	0	1
1751 - 2000	8	7	1	0	0	1	0	3	0	0	4	0	0	0	0
2001 -	47	44	3	0	0	6	3	7	6	1	20	4	0	0	0
Totals	**224**	**158**	**53**	**1**	**12**	**57**	**13**	**33**	**16**	**3**	**72**	**11**	**2**	**3**	**14**

EMPLOYEE CONTRIBUTION RATES
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Judicial Employees	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Legislative Employees	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
School Teacher Employees	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
State of Maine Employees										
General	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Police - Grandfathered	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%
Marine Wardens - Grandfathered	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%
Game Wardens - Grandfathered	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%
Prison Wardens - Grandfathered	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%
Forest Rangers - Grandfathered	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%
1998 Special Groups	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%
HazMat/DEP 24030	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%
Participating Local District Employees										
Employee Class:										
AC - General COLA	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
BC - General COLA	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
1C - Special COLA	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
2C - Special COLA	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
3C - Special COLA	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
4C - Special COLA	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
AN - General No COLA	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
1N - Special No COLA	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
2N - Special No COLA	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
3N - Special No COLA	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
4N - Special No COLA	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

EMPLOYER CONTRIBUTION RATES
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Judicial Employees	13.25%	11.98%	11.99%	14.12%	14.35%	15.85%	15.87%	15.01%	15.09%	18.08%
Legislative Employees	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School Teacher Employees	15.68%	13.85%	13.85%	17.28%	17.28%	16.72%	16.72%	17.23%	17.23%	16.02%
State of Maine Employees										
Employee Class:										
General	18.14%	14.21%	14.18%	16.92%	16.38%	17.37%	17.01%	15.88%	15.52%	13.74%
Police - Grandfathered	40.43%	39.36%	39.22%	51.26%	50.19%	48.69%	47.70%	44.04%	43.02%	35.00%
Marine Wardens - Grandfathered	31.20%	33.44%	33.33%	54.49%	53.32%	40.67%	39.94%	45.63%	44.55%	38.27%
Game Wardens - Grandfathered	35.98%	38.60%	38.47%	54.48%	53.30%	50.14%	49.11%	47.07%	45.94%	39.03%
Prison Wardens - Grandfathered	29.05%	26.83%	26.74%	27.03%	25.81%	25.68%	25.15%	24.29%	23.70%	17.79%
Forest Rangers - Grandfathered	22.36%	13.69%	13.65%	22.32%	21.84%	22.18%	21.70%	18.21%	17.79%	15.78%
1998 Special Groups	22.65%	17.39%	17.33%	19.06%	18.27%	19.50%	19.09%	18.11%	17.68%	15.55%
HazMat/DEP	22.65%	17.39%	17.33%	19.06%	18.27%	19.50%	19.09%	18.11%	17.68%	15.55%
Participating Local District Employees										
Employee Class:										
AC - General COLA	6.50%	5.30%	4.40%	3.50%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
BC - General COLA	3.90%	3.20%	2.70%	2.10%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%
1C - Special COLA	12.80%	12.20%	10.20%	8.10%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
2C - Special COLA	7.90%	7.50%	6.30%	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
3C - Special COLA	10.50%	10.00%	8.30%	6.60%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%
4C - Special COLA	6.90%	6.60%	5.50%	4.40%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
AN - General No COLA	3.40%	2.80%	2.40%	1.90%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
1N - Special No COLA	7.10%	6.80%	5.60%	4.50%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
2N - Special No COLA	4.20%	4.00%	3.30%	2.60%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%
3N - Special No COLA	5.80%	5.50%	4.50%	3.60%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
4N - Special No COLA	3.80%	3.60%	3.00%	2.40%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%

PRINCIPAL PARTICIPATING EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

2014

Participating Entity	Covered Employees	Rank	Percentage of Total System
State of Maine	14,488	1	25.71
Maine Veterans Home - Central Office	1,452	2	2.58
Portland School Department	1,192	3	2.12
City of Portland	886	4	1.57
Lewiston School Department	779	5	1.38
Bangor School Department	600	6	1.06
RSU #14	547	7	0.97
RSU #6 - MSAD #6 Bar Mills	545	8	0.97
South Portland School Department	523	9	0.93
Auburn School Department	523	10	0.93
All Others	34,817	11	61.78
Total (540 Participating Entities)	56,352		100.00

2005

Participating Entity	Covered Employees	Rank	Percentage of Total System
State of Maine	16,383	1	24.65
Portland School Department	1,296	2	1.95
Maine Veterans Home - Central Office	1,257	3	1.89
City of Portland	863	4	1.3
Bangor School Department	746	5	1.12
RSU #75 - MSAD #75 Topsham	721	6	1.08
Lewiston School Department	698	7	1.05
Auburn School Department	627	8	0.94
Sanford School Department	608	9	0.91
RSU #6 - MSAD #6 Bar Mills	605	10	0.91
All Others	42,666	11	64.19
Total (547 Participating Entities)	66,470		99.99

Note: All Others includes employees covered under two or more employer types.

In 2014, "All Others" consisted of:

	Employer Count	Member Count
Judicial Retirement System	1	66
Legislative Retirement System	1	182
Participating Local Districts	314	9,824
School Districts	214	24,745
Totals:	**530**	**34,817**

Note: Covered employees of these employers are eligible to participate in the Defined Benefit Plans administered by MainePERS, which provide normal and disability retirement benefits and certain survivor benefits, as well as benefits under the Group Life Insurance Plan.

Data for this table are derived from the System's Benefit Administration System.

PARTICIPATING EMPLOYERS, DETAILED LISTING

PROGRAM: **STATE EMPLOYEE / TEACHER RETIREMENT PROGRAM**

Participants: State Employees
Employer: State of Maine
Reporting Entity: State of Maine

Participants: State Employees
Employers: Various
Reporting Entity: (as follows)

Central Maine Community College
Eastern Maine Community College
Kennebec Valley Community College
Maine Community College System - Admin
Maine Dairy & Nutrition Council
Maine Developmental Disabilities Council
Maine Potato Board
ME Community College - Career Advantage
MECDHH/Gov. Baxter School for the Deaf
Northern Maine Community College
Northern New England Passenger Rail Authority
Southern Maine Community College
Washington County Community College
Wild Blueberry Commission of Maine
York County Community College

Participants: Teachers
Employers: State of Maine; School Administrative Units for Grant-funded Teachers
Reporting Entity: (as follows)

Acton School Department
AOS #43 Central Office
AOS #43 Howland
AOS #43 Milo
AOS #47 Central Office
AOS #47 Dedham
AOS #47 Orrington
AOS #66 Central Office
AOS #66 East Millinocket
AOS #66 Medway
AOS #77 Alexander
AOS #77 Central Office
AOS #77 Charlotte
AOS #77 Eastport
AOS #77 Lubec
AOS #77 Pembroke
AOS #77 Perry
AOS #77 Robbinston
AOS #81 Central Office
AOS #81 - CSD #8 Airline
AOS #81 Holden
AOS #90 Baileyville
AOS #90 Central Office
AOS #90 East Range
AOS #90 Lee
AOS #90 Princeton
AOS #91 Bar Harbor
AOS #91 Central Office
AOS #91 Cranberry Isle
AOS #91 Frenchboro
AOS #91 Mt Desert
AOS #91 Mt. Desert Island High School
AOS #91 Southwest Harbor
AOS #91 Swans Island
AOS #91 Tremont
AOS #91 Trenton
AOS #92 Central Office
AOS #92 Vassalboro
AOS #92 Waterville
AOS #92 Winslow
AOS #93 Bristol
AOS #93 Central Office
AOS #93 Great Salt Bay
AOS #93 Jefferson
AOS #93 Nobleboro
AOS #93 South Bristol
AOS #94 / MSAD #46
AOS #94 Central Office
AOS #94 Harmony
AOS #95 St John Valley Allagash
AOS #95 St. John Valley Central Office
AOS #95 St. John Valley Ft. Kent
AOS #96 Central Office
AOS #96 Cutler
AOS #96 East Machias
AOS #96 Jonesboro
AOS #96 Machias
AOS #96 Machiasport
AOS #96 Marshfield
AOS #96 Northfield
AOS #96 Roque Bluffs
AOS #96 Wesley
AOS #96 Whiting
AOS #96 Whitneyville
AOS #97 Central Office
AOS #97 Fayette
AOS #97 Winthrop
AOS #98 Boothbay Harbor
AOS #98 Central Office Rocky Channels School System
AOS #98 Edgecomb
AOS #98 Georgetown
AOS #98 Southport
Athens School Department
Auburn School Department
Augusta School Department
Bangor School Department
Biddeford School Department
Brewer School Department
Brunswick School Department
Calais School Department
Cape Elizabeth School Department
Caswell School Department
Chebeague Island School Department
Cherryfield School Department
CSD #13 - Deer Isle/Stonington
CSD #17 - Moosabec
CSD #18 - Wells/Ogunquit
CSD #19 - Five Town CSD
Easton School Department
Erskine Academy
Eustis School Department
Falmouth School Department
Foxcroft Academy
Fryeburg Academy

PARTICIPATING EMPLOYERS, DETAILED LISTING

(continued)

TEACHERS *(continued)*

George Stevens Academy
Glenburn School Department
Gorham School Department
Gould Academy
Greenbush School Department
Hermon School Department
Indian Island
Indian Township
Isle Au Haut School Department
Islesboro School Department
Kittery School Department
Lee Academy
Lewiston School Department
Lincoln Academy
Lincolnville School Department
Lisbon School Department
Long Island School Department
Madawaska School Department
Maine Central Institute
Maine Education Association
Maine Indian Education
Maine School of Science & Mathematics
Milford School Department
Millinocket School Department
Monhegan Plantation School Department
MSAD #4 Guilford
MSAD #7 North Haven
MSAD #8 Vinalhaven
MSAD #12 Jackman
MSAD #13 Bingham
MSAD #20 Fort Fairfield
MSAD #23 Carmel
MSAD #24 Van Buren
MSAD #28 Camden
MSAD #32 Ashland
MSAD #33 St. Agatha
MSAD #35 Eliot
MSAD #40 Waldoboro
MSAD #42 Mars Hill
MSAD #45 Washburn
MSAD #53 Pittsfield
MSAD #58 Kingfield
MSAD #59 Madison
MSAD #65 Matinicus
Otis School Department
Oxford Hill Technical School #11
Pleasant Point School
Portland School Department
Region 2 School of Applied Southern Aroostook County
Region 3 Northern Penobscot County
Region 4 Southern Penobscot County
Region 7 Waldo County Technical Center
Region 8 Cooperative Board for Vocational Education
Region 9 School of Applied Technology
Region 10 Cumberland-Sagadahoc County
Regional School Unit #1
Regional School Unit #2 - K.I.D.S
Regional School Unit #3 - MSAD #3 Unity
Regional School Unit #4
Regional School Unit #5
Regional School Unit #6 - MSAD #6 Bar Mills
Regional School Unit #9 - MSAD #9 Farmington
Regional School Unit #10
Regional School Unit #11 - MSAD #11 Gardiner
Regional School Unit #12 - Sheepscot Valley
Regional School Unit #13
Regional School Unit #14
Regional School Unit #15 - MSAD #15 Gray
Regional School Unit #16
Regional School Unit #17 - MSAD #17 South Paris
Regional School Unit #18
Regional School Unit #19
Regional School Unit #20
Regional School Unit #21
Regional School Unit #22 - MSAD #22 Hampden
Regional School Unit #23
Regional School Unit #24
Regional School Unit #25
Regional School Unit #26
Regional School Unit #29 - MSAD # 29 Houlton
Regional School Unit #34
Regional School Unit #37 - MSAD #37 Harrington
Regional School Unit #38
Regional School Unit #39 - Eastern Aroostook
Regional School Unit #44 - MSAD #44 Bethel
Regional School Unit #49 - MSAD #49 Fairfield
Regional School Unit #50
Regional School Unit #51 - MSAD #51 Cumberland Center
Regional School Unit #52 - MSAD #52 Turner
Regional School Unit #54 - MSAD #54 Skowhegan
Regional School Unit #55 - MSAD #55 Cornish
Regional School Unit #57 - MSAD #57 Waterboro
Regional School Unit #60 - MSAD #60 North Berwick
Regional School Unit #61 - MSAD #61 Bridgton
Regional School Unit #64 - MSAD #64 East Corinth
Regional School Unit #67 - MSAD #67 Lincoln
Regional School Unit #68 - MSAD #68 Dover-Foxcroft
Regional School Unit #70 - MSAD #70
Regional School Unit #72 - MSAD #72 Fryeburg
Regional School Unit #73
Regional School Unit #74 - MSAD #74 North Anson
Regional School Unit# 75 - MSAD #75 Topsham
Regional School Unit #78
Regional School Unit #79 - MSAD #1 Presque Isle
Regional School Unit #84 - MSAD #14
Sanford School Department
Scarborough School Department
School Agent Carrabassett
School Agent Coplin Plantation
School Agent Pleasant Ridge Plantation
South Portland School Department
Thornton Academy
Union 60 Greenville
Union 60 Shirley
Union 69 Appleton
Union 69 Hope
Union 76 Brooklin
Union 76 Sedgewick
Union 92 Surry School Department
Union 93 Blue Hill
Union 93 Brooksville
Union 93 Castine

PARTICIPATING EMPLOYERS, DETAILED LISTING

(continued)

TEACHERS *(continued)*

Union 93 Penobscot
Union 103 Beals
Union 103 Jonesport
Union 122 New Sweden
Union 122 Westmanland
Union 122 Woodland
Vanceboro School Department
Washington Academy
Westbrook School Department
Yarmouth School Department
York School Department

PROGRAM: **LEGISLATIVE RETIREMENT PROGRAM**
Participants: **Legislators**
Employer: **State of Maine**
Reporting Entity: **Office of the Executive Director of the Maine Legislature**

PROGRAM: **JUDICIAL RETIREMENT PROGRAM**
Participants: **Judges**
Employer: **State of Maine**
Reporting Entity: **Administrative Office of the Courts**

PROGRAM: **PARTICIPATING LOCAL DISTRICT RETIREMENT PROGRAM**
Employers: **PLDs (Active and Withdrawn)**
Reporting Entities: **(as follows)**

Androscoggin County
Androscoggin Valley Council of Government
Aroostook County
Auburn Housing Authority
Auburn Lewiston Airport
Auburn Public Library
Augusta Housing Authority
Bangor Housing Authority
Bangor Water District
Bath Water District
Baxter Academy for Technology and Sciences
Belfast Water District
Berwick Sewer District
Biddeford Housing Authority
Boothbay Region Water District
Bowdoinham Water District
Brewer Housing Authority
Brunswick Fire And Police
Brunswick Public Library Association
Brunswick Sewer District
Cape Elizabeth Police
Caribou Fire & Police
City of Auburn
City of Augusta
City of Bath
City of Belfast
City of Biddeford
City of Brewer
City of Calais
City of Ellsworth
City of Gardiner
City of Hallowell
City of Lewiston
City of Old Town
City of Portland
City of Rockland
City of Saco
City of Sanford
City of South Portland
City of Westbrook
Coastal Counties Workforce Incorporated
Community School Dist. #912
Community School District #918
Corinna Sewer District
Cornville Regional Charter School
Cumberland County
Dover-Foxcroft Water District
Eagle Lake Water & Sewer District
Eastern Aroostook RSU No. 39
Erskine Academy
Falmouth Memorial Library
Farmington Village Corporation
Fort Fairfield Housing Authority
Fort Fairfield Utilities District
Franklin County
Gardiner Water District
Good Will Home Association
Gould Academy
Greater Augusta Utility District
Hampden Water District
Hancock County
Harpswell Coastal Academy
Houlton Water Company
Jackman Utility District
Kennebec County
Kennebec Sanitary Treatment District
Kennebec Water District
Kennebunk Kennebunkport Wells Water Dist
Kennebunk Light & Power District
Kennebunk Sewer District
Kittery Water District
Lewiston Auburn 911
Lewiston Housing Authority
Lewiston-Auburn Water Pollution Cont. Au
Lincoln & Sagadahoc Multi-Co Jail Auth
Lincoln Academy
Lincoln County
Lincoln County Sheriffs
Lincoln Sanitary District
Lincoln Water District
Lisbon Water Department
Livermore Falls Water District
Lubec Water District
M.A.D.S.E.C.
Madawaska Water District
Maine Academy of Natural Sciences
Maine County Commissioners Association
Maine Maritime Academy
Maine Municipal Association
Maine Municipal Bond Bank
Maine Principals' Association

PARTICIPATING EMPLOYERS, DETAILED LISTING

(continued)

CONSOLIDATED PLAN FOR PLDs *(continued)*

Maine Public Employees Retirement System
Maine School Management Association
Maine State Housing Authority
Maine Turnpike Authority
Maine Veterans Home - Central Office
Mars Hill Utility Dist
Mechanic Falls Sanitary Dist
Midcoast Council of Governments
Milo Water District
Mount Desert Island Regional
Mount Desert Water District
MSAD #13 Bingham
MSAD #31 Howland
MSAD #41 Milo
MSAD #53 Pittsfield
Newport Water District
North Berwick Water District
Norway Water District
Old Town Housing Authority
Old Town Water District
Oxford County
Paris Utility District
Penobscot County
Penquis C.A.P.
Piscataquis County
Pl Pt Passamaquoddy Resv Housing Auth
Portland Housing Authority
Portland Public Library
Region 4 United Technologies Center
Regional School Unit 1
Regional School Unit No. 2
Regional School Unit No. 4
Regional School Unit No. 5
Regional School Unit No. 10
Regional School Unit No. 16
Regional School Unit No. 20
Regional School Unit No. 21
Regional School Unit No. 23
Regional School Unit No. 24
Regional School Unit No. 25
Regional School Unit No. 26
Regional School Unit No. 34
Richmond Utility District
RSU #29 - MSAD #29 Houlton
RSU #49 - MSAD #49 Fairfield
RSU #51 - MSAD #51 Cumberland Center
RSU #54 - MSAD #54 Skowhegan
RSU #60 - MSAD #60 North Berwick
RSU #67 - MSAD #67 Lincoln
RSU #73
Rumford Fire & Police
Rumford Mexico Sewerage District
Rumford Water District
Sagadahoc County
Sanford Housing Authority
Sanford Sewerage District
Sanford Water District
Searsport Water District
Somerset County
South Berwick Sewer District
South Berwick Water District
South Portland Housing Authority
Thompson Free Library
Topsham Sewer District
Town of Baileyville
Town of Bar Harbor
Town of Berwick
Town of Bethel
Town of Boothbay Harbor
Town of Brownville
Town of Brunswick
Town of Buckfield
Town of Bucksport
Town of Camden
Town of Carrabassett Valley
Town of Chesterville
Town of China
Town of Corinna
Town of Cumberland
Town of Damariscotta
Town of Dexter
Town of Dover-Foxcroft
Town of Durham
Town of East Millinocket
Town of Easton
Town of Eliot
Town of Fairfield
Town of Falmouth
Town of Farmington
Town of Fort Fairfield
Town of Freeport
Town of Frenchville
Town of Fryeburg
Town of Glenburn
Town of Grand Isle
Town of Greenville
Town of Hampden
Town of Harrison
Town of Hermon
Town of Hodgdon
Town of Holden
Town of Houlton
Town of Jay
Town of Kennebunk
Town of Kennebunkport
Town of Kittery
Town of Lebanon
Town of Levant
Town of Limestone
Town of Lincoln
Town of Linneus
Town of Lisbon
Town of Livermore Falls
Town of Lovell
Town of Lubec
Town of Madawaska
Town of Mapleton
Town of Mars Hill
Town of Mechanic Falls
Town of Medway
Town of Milford
Town of Millinocket
Town of Monmouth
Town of Monson

PARTICIPATING EMPLOYERS, DETAILED LISTING

(continued)

CONSOLIDATED PLAN FOR PLDs *(continued)*

Town of Mt. Desert
Town of New Gloucester
Town of Newport
Town of North Berwick
Town of Norway
Town of Ogunquit
Town of Old Orchard Beach
Town of Orland
Town of Orono
Town of Orrington
Town of Otisfield
Town of Oxford
Town of Paris
Town of Phippsburg
Town of Pittsfield
Town of Poland
Town of Princeton
Town of Richmond
Town of Rockport
Town of Rumford
Town of Sabattus
Town of Scarborough
Town of Searsport
Town of Skowhegan
Town of South Berwick
Town of St. Agatha
Town of Thomaston
Town of Topsham
Town of Trenton
Town of Union
Town of Van Buren
Town of Vassalboro
Town of Waldoboro
Town of Washburn
Town of West Bath
Town of Wilton
Town of Windham
Town of Winthrop
Town of Wiscasset
Town of Yarmouth
Town of York
Training and Development Corporation
Tri-Community Recycle\Sanitary Landfill
Van Buren Housing Authority
Veazie Fire & Police
Waldo County
Washburn Water and Sewer District
Washington County
Waterville Fire & Police
Waterville Sewerage District
Wells Fire and Police
Westbrook Fire & Police
Winter Harbor Utility District
Winterport Water & Sewer Districts
Winthrop Utilities District
Yarmouth Water District
York County
York Sewer District
York Water District

PROGRAM: **PARTICIPATING LOCAL DISTRICT RETIREMENT PROGRAM**

Individual Employers: **Withdrawn (Non-Consolidated)**

Reporting Entities: **Participating Local Districts (as follows)**

Bingham Water District
Bridgton, Town of
Cape Elizabeth School Support
Cape Elizabeth, Town of
Community School District #903
Fort Kent, Town of
Knox County
Limestone Water & Sewer District
Milo, Town of
New Canada, Town of
Norway-Paris Solid Waste Incorporated
Presque Isle, City of
Western Maine Community Action

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Retirement System

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