*re*INVENT RETIREMENT

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2008
A COMPONENT UNIT OF THE STATE OF MISSISSIPPI
–FISCAL YEAR ENDED JUNE 30

PERS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI

Retirement can be a time of revitalization...

And PERS of Mississippi is here to help ensure that yours is everything it can possibly be. It's your chance to rediscover your creative passion, recharge your spirit, recapture the romance in your life and reconnect with cherished, longtime friends. Over the years, we have provided secure benefits and carefully safeguarded billions of dollars in pension funds. Take a moment, sit back and imagine–or re-imagine–what your days will hold when you retire. We think you'll find the experience most remarkable...

2008 Comprehensive Annual Financial Report

A Component Unit of the State of Mississippi

Fiscal Year Ended June 30

Prepared By:

The Administrative Services Division

Public Employees' Retirement System of Mississippi

PERS Building

429 Mississippi Street

Jackson, Mississippi

39201-1005

PERS

Public Employees' Retirement System of Mississippi

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Executive Director

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Public Employees' Retirement System of Mississippi

Mississippi Highway Safety Patrol Retirement System

Government Employees' Deferred Compensation Plan

Mississippi Municipal Retirement Systems

Supplemental Legislative Retirement Plan

Retiree Group Life & Health Benefits

Optional Retirement Plan for Institutions of Higher Learning

December 16, 2008

Board of Trustees
Public Employees' Retirement System
429 Mississippi Street
Jackson, MS 39201-1005

Dear Board Members:

I am pleased to submit the *2008 Comprehensive Annual Financial Report* (CAFR) of the Public Employees' Retirement System of Mississippi (the System). During our years of operation, we have seen significant advances, continued to meet new challenges, and celebrated numerous successes. This year has presented significant challenges related to financial market unpredictability. However, we have successfully overcome similar situations in the past and will continue to provide secure benefits and carefully safeguard the retirement future of our members and retirees. We trust that you and the other members will find this CAFR helpful in understanding your retirement system.

Profile of the System

The System was established to provide benefits for all State and Public education employees, sworn officers of the State Highway Patrol, elected members of the State Legislature, the President of the Senate and other public employees whose employers have elected to participate. Plans administered by the System include the Public Employees' Retirement System (PERS), which was established by legislation in 1952; the Mississippi Highway Safety Patrol Retirement System (MHSPRS), established in 1958; the Government Employees' Deferred Compensation Plan (GEDCP), established in 1973; the Supplemental Legislative Retirement Plan (SLRP), established in 1989; and the Municipal Retirement Systems (MRS), which came under the System's administration in 1987. As of June 30, 2008, the System's defined benefits plans served a total of 292,703 members and 76,496 retirees and beneficiaries. There are 889 participating employers from across the State. Primary sources of funding for the System include employer contributions, member contributions and investment income. Total retirement benefits paid during the fiscal year were $1.5 billion. Employers contributed $709 million during the fiscal year while members of the System contributed a total of $419 million. As of June 30, 2008, net assets held in trust for pension benefits totaled $19.7 billion.

The Public Employees' Retirement System of Mississippi is administered by a 10-member Board of Trustees which includes the State Treasurer, one gubernatorial appointee who is a member of the System, two state employees, two retirees and one representative each from public schools and community colleges, institutions of higher learning, municipalities, and counties. With the exception of the State Treasurer and the gubernatorial appointee, all members are elected to staggered six-year terms by the constituents they represent. The Board of Trustees is vested with the responsibility for the general administration and proper operation of the System. The Executive Director is designated by the Board to lead and conduct all business for the System. Public Employees' Retirement System of Mississippi operates under legislative mandate with respect to administrative budgets, human resources and purchasing guidelines. The System is considered a component unit of the State of

Mississippi for financial reporting purposes and, as such, the financial statements contained in this report are also included in the State of Mississippi Comprehensive Annual Financial Report.

Annual budgets are legally adopted for the administrative expenditure portion of the System's operations and are funded by earnings of the System. Our operating budget request for the upcoming fiscal year is prepared in conjunction with a review of our strategic long-range plan. A budget request is approved by the Board of Trustees and submitted to the State Legislature which legally enacts the budget in the form of an appropriation bill during the next legislative session. Transfers may be made between budget categories with approval of the Mississippi Department of Finance and Administration. However, certain categories and transfer amounts are restricted. A more detailed discussion of the budgetary process is presented in the Financial Section of this CAFR on page 30.

Financial Information

Our staff issues a CAFR within six months of the close of each fiscal year. The report contains basic financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*. The 2008 independent audit was conducted by KPMG LLP, a firm of licensed certified public accountants. The Independent Auditors' Report is presented in the Financial Section on page 15.

This CAFR consists of management's representations concerning the finances of the System. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. A framework of internal controls is maintained to establish reasonable assurance that assets are safeguarded, transactions are accurately executed and financial statements are fairly presented. The system of internal controls also includes written policies and procedures and an internal audit department that reports to the Board of Trustees. 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 this letter.

Since the inception of PERS, 56 years ago, the Board of Trustees has maintained a prudent investment philosophy which emphasizes a diversified portfolio of securities invested on a long-term horizon. Our asset allocation policy is designed to provide an expected level of return while incurring minimal risk, which over time will fund the liabilities of the System with the contribution rate at a level percent of payroll. Turbulent financial market conditions have affected all investors, including public pension programs. Although the return for fiscal year 2008 was negative 8.2 percent, returns averaged over five and ten years were positive 8.8 percent and 5.1 percent, respectively. Over the 27-year period since PERS entered the stock market, we have experienced positive returns, as high as 31.2 percent, with the exception of three years, 2001, 2002 and 2008, when negative returns were recorded. Positive investment performance over the long term ensures that the System continues on firm financial ground. A performance summary of rates of return compared to appropriate benchmark rates of return is located on page 56 of this report.

An annual actuarial valuation for PERS, MHSPRS, MRS and SLRP is conducted by the consulting actuarial firm of Cavanaugh Macdonald Consulting, LLC. Actuarial assumptions and contribution rates are based on recommendations made by the actuary. Experience investigations are performed every other year by the actuary to determine that actuarial assumptions are reasonably related to actual experience. Additional information regarding the actuarial valuation is presented in the notes to the basic financial statements and in the Actuarial Section of this report.

The funding ratio is a measure of the actuarial value of assets to the actuarial accrued liability. Based on the most recent actuarial valuation, PERS is 72.9 percent funded, MHSPRS is 78.3 percent funded, MRS is 56.2 percent funded, and SLRP is 85.9 percent funded. Funding status and progress is presented in the Required Supplementary Information Schedules and accompanying notes beginning on page 42. Based upon fiscal year end valuation results, each of the System's plans continue in sound condition, presuming that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards as certified in the Actuarial Section of this report.

In October, 2008, the Board of Trustees adopted a 0.15 percent increase in the PERS employer contribution rate, from 11.85 percent to 12 percent. The Board made this decision based on the System's funding policy which states that the need for increases will be evaluated on an annual basis, in conjunction with recommendations made by our consulting actuary, in order to maintain the Unfunded Accrued Liability (UAL) period below 30 years. The duration of financial market volatility and its future impact on the U.S. and global economy cannot be determined at the present time. Should the System incur unfavorable experience which would result in the UAL period exceeding 30 years, as recommended by the Governmental Accounting Standards Board, the Board of Trustees may move to further increase the employer contribution rate.

For the Future

Information technology has been an area of careful consideration and review for PERS over the past three years. In keeping with our efforts to provide high quality pension benefits administration, the System engaged a consultant to examine our current and future operating capacity requirements. Our objectives are centered on optimizing business processes, fully integrating business components, and achieving greater depth in using and analyzing system data for improved decision making. PERS has issued Request for Proposals from vendors to procure a business software solution that will address our current and future needs. Responses to the Request for Proposals are currently being analyzed and evaluated to determine the most beneficial partnership between PERS and vendor.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for its comprehensive annual financial report for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such financial reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The System has received a Certificate of Achievement for the last 21 years. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA for evaluation.

The Public Employees' Retirement System of Mississippi's submission of a Popular Annual Financial Report to the Government Finance Officers Association of the United States and Canada resulted in an Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2007. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The Public Employees' Retirement System of Mississippi has received a Popular Award for the last five consecutive fiscal years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

The Public Employees' Retirement System received the Public Pension Coordinating Council's (PPCC) Public Pension Standards 2008 Award in recognition of meeting professional standards for plan design and administration. The PPCC is a national confederation of state retirement associations whose standards are widely recognized benchmarks for public pension systems in the areas of plan design, funding, actuarial and financial audits, as well as member communications.

Conclusion

This report is a product of the combined efforts of the System's staff and advisors functioning under your leadership. It is intended to provide extensive and reliable information as a basis for making management decisions, determining compliance with legal provisions and determining responsible stewardship for the assets contributed by the System's members and their employers.

Copies of this report are provided to the Governor, State Auditor and all member agencies. These agencies form the link between the System and its members, and their cooperation contributes significantly to our success. We hope all recipients of this report find it informative and useful. This report is also available to the general public at our website, www.pers.state.ms.us.

I would like to take this opportunity to express my gratitude to you, the staff, the advisors and others who have worked so diligently to assure the continued successful operation of the System.

Respectfully submitted,

Pat Robertson
Executive Director

Pat Robertson - Executive Director

2008 Board of Trustees

From Left to Right: Lester C. Herrington • Virgil F. Belue, Ed.D. • Edward Lee Childress, Ed.D. • Bill Benson
Edwin C. LeGrand, III • John L. Mulholland • Thomas J. Lariviere • Richard C. Miller, M.D. • Tate Reeves

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public Employees' Retirement System of Mississippi

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2008

Presented to

Public Employees' Retirement System of Mississippi

In recognition of meeting professional standards for
plan funding and administration 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

Alan H. Winkle
Program Administrator

Administrative Staff

EXECUTIVE DIRECTOR
Pat Robertson, CPA, CPM, CGFM, CRA

Donna J. Edwards, CRA
Deputy Director – Bureau of Benefit Services

Greg Gregory, CPA
Deputy Administrator – Office of Administrative Services

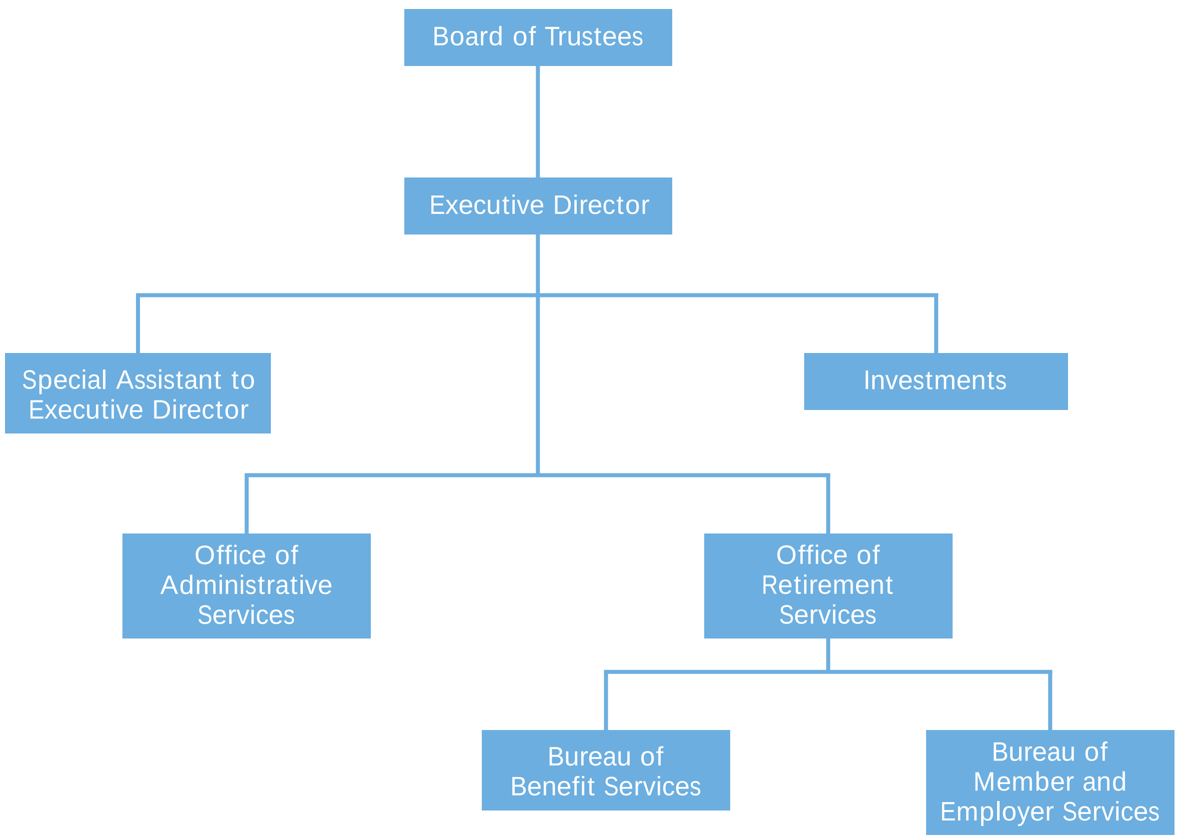
Denise Owens-Mounger, JD, CLU
Deputy Director – Special Assistant to Executive Director

Robert J. Rhoads, CPM
Deputy Administrator – Office of Retirement Services

Shirley Sessoms, CPM
Deputy Director – Bureau of Member and Employer Services

Lorrie S. Tingle, CFA, MBA, CPM
Chief Investment Officer

Organizational Chart



Don’t just retire


reDISCOVER

KPMG LLP
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188 East Capitol Street
Jackson, MS 39201

Independent Auditors' Report

The Board of Trustees
Public Employees' Retirement System of Mississippi:

We have audited the accompanying statement of fiduciary net assets of the Public Employees' Retirement System of Mississippi (the System), a component unit of the State of Mississippi, as of June 30, 2008, and the related statement of changes in fiduciary net assets for the year then ended. These basic financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the statement of fiduciary net assets of the System as of June 30, 2008, and the related statement of changes in fiduciary net assets for the year then ended, present fairly, in all material respects, the net assets of the System as of June 30, 2008, and the changes in the System's net assets for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 24, 2008, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 16 through 24 and the schedules of funding progress and employer contributions on pages 42 through 45 are not required parts of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 6 on pages 46 through 50 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

November 24, 2008

Management's Discussion and Analysis

This section presents management's discussion and analysis of the Public Employees' Retirement System of Mississippi's (the System) financial position and performance for the year ended June 30, 2008. It is presented as a narrative overview and analysis in conjunction with the Letter of Transmittal, included in the Introductory Section, the financial statements and other information which are presented in the Financial Section of this Comprehensive Annual Financial Report.

The System is responsible for administering retirement benefits for all state and public education employees, sworn officers of the Mississippi Highway Patrol, other public employees whose employers have elected to participate, and elected members of the State Legislature and the president of the Senate. The System is comprised of seven funds, including four defined benefit pension plans: the Public Employees' Retirement System (PERS), the Mississippi Highway Safety Patrol Retirement System (MHSPRS), the Municipal Retirement Systems (MRS), and the Supplemental Legislative Retirement Plan (SLRP). The System is also responsible for the administration of two defined contribution plans; the Government Employees' Deferred Compensation Plan (GEDCP), a supplemental retirement savings plan, and the Optional Retirement Plan (ORP), an optional plan offered to certain members of institutions of higher learning. As explained in note 2 to the basic financial statements, ORP is not part of the System's reporting entity. The System's funds, with the exception of ORP, are defined as pension (and other employee benefit) trust funds, which are fiduciary in nature. The remaining fund is the Flexible Benefits Cafeteria Plan (FBCP), which is an agency fund. Throughout this discussion and analysis, units of measure (i.e. billions, millions, and thousands) are approximate, being rounded up or down to the nearest tenth of the respective unit value.

Financial Highlights

- The combined net assets of the defined benefit plans administered by the System decreased by $2.2 billion, or 9.9 percent. This decrease was primarily the result of overall market performance in investments.

- The rate of return on investments of the defined benefit plans administered by the System during fiscal year 2008 was negative 8.2 percent compared with fiscal year 2007's rate of return of 18.9 percent. The U.S. and international equity portfolios returned negative 13.5 percent and negative 9.8 percent for the year respectively, while the return on debt securities was 5.5 percent. The rate of return on real estate investments was negative 2.4 percent as of fiscal year end.

- The defined benefit plans administered by the System were actuarially funded at an average of 73.3 percent as of June 30, 2008, an increase from the comparative average of 72.7 percent as of June 30, 2007. The increase in funding percentage was primarily due to differences between actual experience and assumptions within the plans. Funding status is further described in note 6 of the basic financial statements.

- The GEDCP net assets decreased $2.7 million during fiscal year 2008, primarily due to a decrease in the market value of securities.

- The GEDCP rates of return for investment options ranged from a high of 11.5 percent to a low of negative 24.6 percent compared to prior year investment option returns of a high of 25.9 percent and a low of 4.3 percent.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the System's financial reporting, which is comprised of the following components:

(1) basic financial statements,

(2) notes to the basic financial statements,

(3) required supplementary information, and

(4) other supplementary schedules.

Collectively, this information presents the net assets held in trust for pension benefits for each of the funds administered by the System as of June 30, 2008. This financial information also summarizes changes in net assets held in trust for pension benefits for the year then ended. The information in each of these components is briefly summarized as follows:

(1) **Basic Financial Statements.** The June 30, 2008 financial statements are presented for the fiduciary funds administered by the System. Fiduciary funds are used to account for resources held for the benefit of parties outside of the System. Fiduciary funds include pension trust funds such as PERS, MHSPRS, MRS, SLRP and GEDCP, as well as an agency fund, the FBCP. A Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets are presented for the fiduciary funds as of June 30, 2008 and for the year then ended. These financial statements reflect the resources available to pay benefits to members, including retirees and beneficiaries, as of year end, as well as the changes in those resources during the year.

(2) **Notes to the Basic Financial Statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. Information in the notes to the basic financial statements is described below.

- Note 1 provides a general description of the System, as well as a concise description of each of the funds administered by the System. Information regarding employer and member participation in the pension plans administered by the System is also provided.
- Note 2 provides a summary of significant accounting policies, including the basis of accounting for each fund type, management's use of estimates, information regarding the implementation of applicable new accounting pronouncements, and other significant accounting policies.
- Note 3 describes investments, including investing authority and policies, investment risk discussion and additional information about cash, securities lending and derivatives.
- Note 4 provides a summary of the property and equipment of the System including depreciation and net holding amounts.
- Note 5 provides a summary of receivables and payables (due to/due from other funds).
- Note 6 provides information about the funding status and progress for the defined benefit plans administered by the System.
- Note 7 provides information about contributions to the defined benefit plans administered by the System.
- Note 8 provides information about System employees as members of PERS.
- Note 9 describes a subsequent event.

(3) **Required Supplementary Information.** The required supplementary information consists of two schedules and related notes concerning actuarial information, funding status and required contributions of the defined benefit pension plans administered by the System.

(4) **Other Supplementary Schedules.** Other schedules include detailed information on administrative expenses incurred by the System, investment and other professional service expenses incurred, as well as the due to balances for individual municipal retirement plans. Also included are a summary of cash receipts and disbursements, a comparison of budget and actual administrative expenses, and a statement of changes for the Flexible Benefits Cafeteria Plan.

Financial Analysis of the Systems – Defined Benefit Plans

Investments

The investment assets of the defined benefit plans administered by the System are combined in a commingled investment pool as authorized by State statute. Each plan owns an equity position in the pool and receives proportionate investment allocation of income or loss from the pool in accordance with its respective ownership percentage. Each plan's allocated share of each type of investment in the pool is shown in the Statements of Fiduciary Net Assets. Investment gains or losses are reported in the Statements of Changes in Fiduciary Net Assets of each retirement plan. The rate of return on investments is therefore approximately the same for each of the plans.

Systems Total Investments

At June 30, 2008, the System's total investments approximated $19.4 billion, a decrease of $2.4 billion from fiscal year 2007. The combined investment portfolio experienced a return of negative 8.2 percent compared with a median large public plan return of negative 4.3 percent*. Investment results over time compared with the System's benchmarks are presented on page 56 in the Investment Section.

**Mellon Billion Dollar Public Funds Median*

Equity Securities

At June 30, 2008, the System held $13.7 billion in U.S. and international equity securities, a decrease of $2.4 billion from fiscal year 2007. U.S. equity and international equity securities had returns of negative 13.5 percent and negative 9.8 percent, respectively, while global equity securities returned a negative 10.2 percent. The System's benchmark return for U.S. equity securities was 12.7 percent while the international benchmark for developed markets returned negative 12.3 percent, and emerging markets benchmark showed a return of 6.2 percent.

Long-Term Debt Securities

At June 30, 2008, the System held $4.6 billion in U.S. long-term debt securities, which is approximately $49 million more than fiscal year 2007 holdings. Long-term debt securities returned 5.5 percent compared with the System's benchmark return of 7.1 percent.

Real Estate

The real estate portfolio is divided between core commingled and value added fund investments, which directly invest in properties and managed portfolios of Real Estate Investment Trusts (REIT). REITs are exchange traded securities which provide indirect exposure to real estate properties and real estate management companies. At June 30, 2008, combined holdings totaled $905 million, an increase of $46 million from 2007.

Real estate investments experienced returns of negative 2.4 percent on the total real estate portfolio for the year end. The NCREIF Index, the benchmark for the System's core commingled fund investments, saw a return of 9.2 percent for the year ended June 30, 2008, while the Dow Jones Wilshire REIT Index had a return of negative 15.3 percent for the same period.

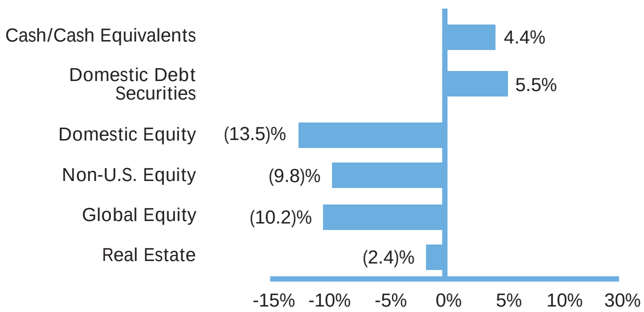
Short-Term Securities

At June 30, 2008, the System held $290 million in short-term investments, which is $14 million above 2007 holdings. Short-term investments returned 4.4 percent for the 2008 fiscal year.

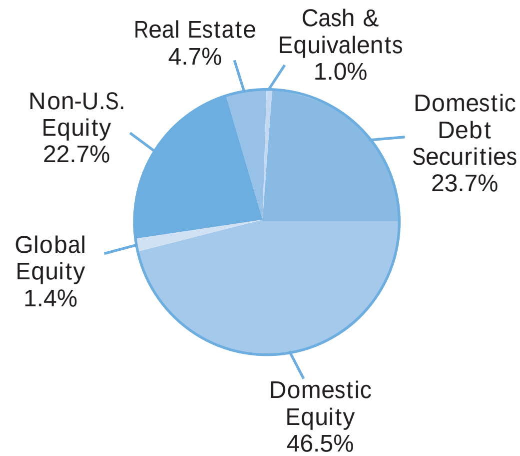
Securities Lending

The System earns additional investment income by lending investment securities to broker-dealers. This is done on a pooled basis by the System's custodial bank, Bank of New York Mellon (BNYM). The broker-dealers provide collateral to BNYM and generally use the borrowed securities to cover short sales and failed trades for their clients. BNYM invests cash collateral in order to earn interest. For the 2008 fiscal year, net securities lending income to the System amounted to negative $1.6 million, a decrease of $14.2 million from fiscal year 2007. The decrease in securities lending net income for fiscal year 2008 is primarily due to a decrease in fair market value of cash collateral securities resulting in an unrealized loss. However, on a cash basis, PERS received earnings distributions of $35.3 million for the 2008 fiscal year.

Defined Benefit Plans
- Investment Rates of Return by Investment Type
Fiscal Year 2008



Defined Benefit Plans
- Asset Allocation at Fair Value
June 30, 2008



Analysis of Individual Systems – Defined Benefit Plans

Public Employees' Retirement System

The Public Employees' Retirement System of Mississippi (PERS) provides retirement benefits to all State of Mississippi public employees, public education employees, other public employees whose employers have elected to participate, and elected members of the State Legislature and president of the Senate. Benefits of the plan are funded by member and employer contributions and by earnings on investments. Net assets held in trust for benefits at June 30, 2008, amounted to $19.3 billion, a decrease of $2.1 billion (9.8 percent) below $21.4 billion at June 30, 2007.

Additions to PERS net assets held in trust for benefits include employer and employee contributions and investment income. For the 2008 fiscal year, employer and employee contributions increased from those of fiscal year 2007 from $1 billion to $1.1 billion or an increase of $97 million (9.7 percent). This change is attributed to an effective increase in the employer contribution rate, beginning July 1, 2007, from 11.30 percent to 11.85 percent. PERS recognized net investment loss of $1.7 billion for the 2008 fiscal year, compared with net investment income of $3.4 billion for the 2007 fiscal year.

Deductions from PERS net assets held in trust for benefits primarily include retirement and beneficiary benefits, and administrative expenses. For the 2008 fiscal year, benefits amounted to $1.5 billion, an increase of $102 million (7.5 percent) over the 2007 fiscal year. The increase in benefit payments was due to an increase in the number of benefit recipients, as well as an increase in the average benefit payment. For the 2008 fiscal year, the cost of administering the System amounted to $11.5 million, an increase of $1.2 million (11.5 percent) from fiscal year 2007. The rise in administrative expenses was due primarily to increases in personal and contractual services categories.

An actuarial valuation of PERS assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2008, the funded status of the plan decreased to 72.9 percent from 73.7 percent at June 30, 2007. The amount by which PERS actuarial assets were less than actuarial benefit liabilities was $7.7 billion at June 30, 2008, an increase of $649 million over June 30, 2007. The decrease in funded status is due primarily to differences in actual experience and assumptions with respect to service retirement and new members.

Net Assets – Defined Benefit Plans
June 30

(In Thousands)

	PERS		MHSPRS	
	2008	2007	2008	2007
Assets:				
Cash, cash equivalents, and receivables	$ 1,029,839	$ 645,230	$ 14,197	$ 9,821
Investments at fair value	18,956,254	21,210,276	272,694	304,832
Invested securities lending collateral	5,377,211	5,953,742	77,560	85,920
Capital assets	16,310	16,747	-	-
Total assets	25,379,614	27,825,995	364,451	400,573
Liabilities:				
Investment accounts and other payables	715,469	510,957	10,220	7,381
Securities lending liability	5,413,076	5,962,022	78,077	86,040
Total liabilities	6,128,545	6,472,979	88,297	93,421
Total net assets	$ 19,251,069	$ 21,353,016	$ 276,154	$ 307,152

Changes in Net Assets – Defined Benefit Plans
Year Ended June 30

(In Thousands)

	PERS		MHSPRS	
	2008	2007	2008	2007
Additions:				
Contributions	$ 1,100,308	$ 1,003,156	$ 11,238	$ 10,053
Investment income (loss)	(1,725,434)	3,402,562	(24,886)	49,104
Other additions	637	604	3,156	2,341
Total additions	(624,489)	4,406,322	(10,492)	61,498
Deductions:				
Pension benefits	1,393,175	1,291,456	20,295	19,774
Refunds	72,750	72,572	26	44
Administrative and other deductions	11,533	10,341	185	165
Total deductions	1,477,458	1,374,369	20,506	19,983
Increase (decrease) in net assets	$ (2,101,947)	$ 3,031,953	$ (30,998)	$ 41,515

Mississippi Highway Safety Patrol Retirement System

The Mississippi Highway Safety Patrol Retirement System (MHSPRS) provides retirement benefits to sworn officers of the Mississippi Highway Safety Patrol. Benefits of the plan are funded by member and employer contributions and by earnings on investments. MHSPRS net assets held in trust for benefits at June 30, 2008, amounted to $276.2 million, a decrease of $31 million (10.1 percent) from $307.2 million at June 30, 2007.

Additions to MHSPRS net assets held in trust for benefits include employer and employee contributions and investment income. For the 2008 fiscal year, employer and employee contributions increased by $1.1 million (10.9 percent) from those of fiscal year 2007, from $10.1 million to $11.2 million. MHSPRS also received fees of $3.2 million to fund retirement benefits. Contributions increased due to an increase in membership. MHSPRS recognized net investment loss of $24.9 million for the 2008 fiscal year compared with net investment income of $49.1 million for the 2007 fiscal year.

Net Assets – Defined Benefit Plans
June 30

(In Thousands)

MRS		SLRP		Eliminations	Total Defined Benefit Pension Plans		Total Percent Change
2008	2007	2008	2007	2008	2008	2007	
$ 10,235	$ 6,661	$ 616	$ 368	$ (6)	$ 1,054,881	$ 662,075	59.3 %
197,718	237,566	12,281	13,717	-	19,438,947	21,766,391	(10.7)%
56,235	66,961	3,492	3,866	-	5,514,498	6,110,489	(9.8)%
-	-	-	-	-	16,310	16,747	(2.6)%
264,188	311,188	16,389	17,951	(6)	26,024,636	28,555,702	(8.9)%
7,423	5,700	461	331	(6)	$ 733,567	524,364	39.9 %
56,610	67,054	3,516	3,872	-	5,551,279	6,118,988	(9.3)%
64,033	72,754	3,977	4,203	(6)	6,284,846	6,643,352	(5.4)%
$ 200,155	$ 238,434	$ 12,412	$ 13,748	$ -	$ 19,739,790	$ 21,912,350	(9.9)%

Changes in Net Assets – Defined Benefit Plans
Year Ended June 30

(In Thousands)

MRS		SLRP		Eliminations	Total Defined Benefit Pension Plans		Total Percent Change
2008	2007	2008	2007	2008	2008	2007	
$ 16,076	$ 15,253	$ 652	$ 627	$ -	$ 1,128,274	$ 1,029,089	9.6 %
(18,046)	38,269	(1,120)	2,209	-	(1,769,486)	3,492,144	n/m
-	-	-	-	(633)	3,160	2,351	34.4 %
(1,970)	53,522	(468)	2,836	(633)	(638,052)	4,523,584	n/m
35,870	35,544	845	699	-	1,450,185	1,347,473	7.6 %
-	1	14	-	-	72,790	72,617	0.2 %
439	420	9	9	(633)	11,533	10,341	11.5 %
36,309	35,965	868	708	(633)	1,534,508	1,430,431	7.3 %
$ (38,279)	$ 17,557	$ (1,336)	$ 2,128	$ -	$ (2,172,560)	$ 3,093,153	n/m

n/m – not meaningful

Deductions from MHSPRS net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2008 fiscal year, benefits amounted to $20.3 million, an increase of $503 thousand (2.5 percent) from the 2007 fiscal year. For the 2008 fiscal year, MHSPRS transferred $185 thousand to PERS to offset the cost of administration, an increase of $20 thousand (12.1 percent) from fiscal year 2007.

An actuarial valuation of MHSPRS assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2008, the funded status of the plan increased to 78.3 percent from 76.7 percent at June 30, 2007. The amount by which the MHSPRS actuarial assets were less than actuarial benefit liabilities was $82.9 million, compared with $86.6 million at June 30, 2007. The increase in funded status relates primarily to differences in mortality between actual experience and actuarial assumptions.

Municipal Retirement Systems

Two municipal retirement plans and seventeen fire and police disability and relief plans comprise the Municipal Retirement Systems (MRS), all of which are closed to new members. Seventeen of these separate plans provide retirement benefits to municipal employees, fire fighters and police officers who were not already members of PERS and who were hired prior to July 1, 1976. Membership in the other two plans was extended until July 1, 1987. All active employees have retired from six of the municipal plans. The financial positions of MRS plans have been aggregated for financial reporting purposes. Individual plan information is included with the specific municipality's comprehensive annual financial report. Benefits of MRS are funded by employer and employee contributions, and by earnings on investments. The aggregated plan's net assets held in trust for benefits at June 30, 2008, amounted to $200.2 million, a decrease of $38.2 million (16.0 percent) from $238.4 million at June 30, 2007.

Additions to MRS net assets held in trust for benefits consist of employer and employee contributions and investment income. For the 2008 fiscal year, employer and employee contributions of $16.1 million was $823 thousand (5.2 percent) more than contributions of $15.3 million received in fiscal year 2007. Municipal plan employer contributions are funded through taxes levied on assessed properties. The increase in contributions is a result of increased millage rates in a number of municipal systems. MRS recognized net investment loss of $18 million for the 2008 fiscal year compared with net investment income of $38.3 million for the 2007 fiscal year.

Deductions from MRS net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2008 fiscal year, benefits amounted to $35.9 million, an increase of $325 thousand (0.9 percent) over the 2007 fiscal year. The increase in benefit payments resulted primarily from retirees added to retirement roles having somewhat higher benefits due to higher annual salaries, while those removed from roles were typically retired for a number of years based at salary rates which were comparatively lower. For the 2008 fiscal year, MRS transferred $439 thousand to PERS to offset the cost of administration, compared to $420 thousand transferred for fiscal year 2007. Administrative fees are calculated based on the amount of contributions.

An actuarial valuation of MRS assets and benefit obligations is performed annually as of September 30. The funded status of MRS as of September 30, 2007, increased to 56.2 percent from 55.7 percent at September 30, 2006. The amount by which the MRS actuarial assets were less than actuarial benefit liabilities was $166.2 million at September 30, 2007, compared with $169.8 million at September 30, 2006.

Supplemental Legislative Retirement Plan

The Supplemental Legislative Retirement Plan (SLRP) provides supplemental retirement benefits to all elected members of the State Legislature and president of the Senate. Benefits of the plan are funded by member and employer contributions and by earnings on investments. The plan's net assets held in trust for benefits at June 30, 2008 amounted to $12.4 million, a decrease of $1.3 million (9.5 percent) from $13.7 million at June 30, 2007.

Additions to SLRP net assets held in trust for benefits include employer and employee contributions and investment income. For the 2008 fiscal year, employer and employee contributions were $652 thousand, an increase of $25 thousand (4.0 percent) from those of fiscal year 2007. SLRP recognized net investment loss of $1.1 million for the 2008 fiscal year, compared with net investment income of $2.2 million for the 2007 fiscal year.

Deductions from SLRP net assets held in trust for benefits include retirement and beneficiary benefits and administrative fees. For the 2008 fiscal year, benefits amounted to $859 thousand, an increase from $699 thousand (18.6 percent) in the 2007 fiscal year. Benefit payments increased due to an increase in the number of retired participants. For the 2008 fiscal year, SLRP transferred $9 thousand to PERS to offset the cost of administration. Transfers in 2007 also totaled $9 thousand.

An actuarial valuation of SLRP assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, June 30, 2008, the funded status of the plan increased to 85.9 percent from 84.5 percent at June 30, 2007. The amount by which the SLRP actuarial assets were under actuarial benefit liabilities was $2.2 million, compared with $2.3 million at

June 30, 2007. The change in funded status relates primarily to differences in actual experience and assumptions with respect to salary increases and service retirement.

Actuarial Valuations and Funding Progress

An actuarial valuation of each of the defined benefit plans administered by the System is performed annually as of June 30, with the exception of MRS, which is performed as of September 30. The funded status of each of the systems is shown in the Schedules of Funding Progress on page 42. This table shows funding ratios for the last ten fiscal years. The table also shows the amount by which actuarial assets exceeded or fell short of actuarial benefit liabilities.

As of June 30, 2008, funding ratios ranged from a high of 85.9 percent to a low of 56.2 percent, as compared to 84.5 percent and 55.7 percent for June 30, 2007. The average funding ratio increased from 72.7 percent to 73.3 percent during the fiscal year. Differences between actual experience and assumptions are the principal factors which influenced the change in funding.

At June 30, 2008, the Systems' total unfunded actuarial accrued liability had increased to $8 billion from $7.3 billion at June 30, 2007. This is a net increase in the unfunded actuarial accrued liability of $641 million for the year. At June 30, 2008, the difference between the actuarial value of assets and market value of assets was $1.9 billion, resulting in actuarially deferred losses which will be recognized in equal increments over the next four years.

In October 2008, the Board of Trustees adopted a 0.15 percent increase in the employer contribution rate, from 11.85 percent to 12 percent. This increase will be effective July 1, 2009. The Board made this decision, based on the recommendation of our consulting actuary, in accordance with the System's funding policy. This policy states that the need for increases will be evaluated on an annual basis in order to maintain the unfunded accrued liability period below 30 years as prescribed by Governmental Accounting Standards Board, Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.*

Net Assets – IRC 457 Plan

June 30

(In Thousands)

	IRC 457 Plan GEDCP 2008	2007	Percent Change
Assets:			
Cash and receivables	$ 7,464	$ 6,835	9.2 %
Investments at fair value	1,048,726	1,052,101	(0.3)%
Total	1,056,190	1,058,936	(0.3)%
Liabilities:			
Investment accounts and other payables	199	201	(1.0)%
Total	199	201	(1.0)%
Total net assets	$ 1,055,991	$ 1,058,735	(0.3)%

Changes in Net Assets – IRC 457 Plan

Year ended June 30

(In Thousands)

	IRC 457 Plan GEDCP 2008	2007	Percent Change
Additions:			
Contributions	$ 91,901	$ 78,076	17.7 %
Investment income/(loss)	(40,606)	119,691	n/m
Total	51,295	197,767	(74.1)%
Deductions:			
Pension benefits	54,039	56,761	(4.8)%
Total	54,039	56,761	(4.8)%
Increase/(decrease) in net assets	$ (2,744)	$ 141,006	n/m

Defined Contribution Plan

457 Defined Contribution Plan

The Government Employees' Deferred Compensation Plan (GEDCP) is established under Section 457 of the Internal Revenue Code. This plan provides supplemental retirement benefits for plan participants. The plan is funded by participant contributions and by investment earnings. Net assets held in trust for benefits at June 30, 2008 amounted to $1.1 billion, which was a decrease of $2.7 million (0.3 percent) from net assets of $1.1 billion at June 30, 2007.

Additions to the GEDCP net assets held in trust for benefits include contributions and investment income. For the 2008 fiscal year, contributions increased from those of the 2007 fiscal year from $78.1 million to $91.9 million or an increase of $13.8 million (17.7 percent). Contributions increased from last year due primarily to an increase in the number of participants and dollar amount of contributions. Participation in the plan increased from 38,145 in 2007 to 39,478 in 2008. An investment loss of $40.6 million was recognized for the 2008 fiscal year compared with net investment income of $119.7 million for the 2007 fiscal year.

Deductions from the GEDCP net assets include payments to participants and beneficiaries. For the 2008 fiscal year, payments amounted to $54.0 million, a decrease of $2.7 million (4.8 percent) from the 2007 fiscal year. The decrease in withdrawals is attributed to a decrease in the number of retirees.

Benefit obligations of the 457 defined contribution plan are equal to the member account balances, which are equal to net assets of the plan.

Requests for Information

This financial report is designed to provide a general overview of the finances of the System. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Public Employees' Retirement System, Accounting Department, 429 Mississippi Street, Jackson, MS 39201-1005.

Statement of Fiduciary Net Assets – June 30, 2008

(In Thousands)

	PERS	MHSPRS	MRS	SLRP	Eliminations	Total Defined Benefit Pension Plans	IRC 457 Plan GEDCP	Total Pension Trust Funds	Agency Funds	Total 2008
Assets										
Cash and cash equivalents (note 3)	$ 244,900	$ 3,508	$ 2,543	$ 158	$ -	$ 251,109	$ 2,712	$ 253,821	$ 24	$ 253,845
Receivables:										
Employer	48,216	-	306	-	-	48,522	-	48,522	-	48,522
Employee	29,251	-	9	-	-	29,260	4,548	33,808	-	33,808
Investment proceeds	617,818	8,888	6,444	400	-	633,550	-	633,550	-	633,550
Interest and dividends	89,178	1,283	930	58	-	91,449	204	91,653	-	91,653
Other receivables	469	518	3	-	-	990	-	990	-	990
Total receivables	784,932	10,689	7,692	458	-	803,771	4,752	808,523	-	808,523
Investments, at fair value (note 3)										
Short-term securities	282,735	4,067	2,949	183	-	289,934	24,110	314,044	-	314,044
Long-term debt securities	4,440,149	63,873	46,312	2,877	-	4,553,211	32,819	4,586,030	-	4,586,030
Equity securities	13,350,764	192,057	139,252	8,649	-	13,690,722	512,998	14,203,720	-	14,203,720
Real estate investments	882,606	12,697	9,205	572	-	905,080	-	905,080	-	905,080
Asset allocation fund	-	-	-	-	-	-	49,797	49,797	-	49,797
Fixed rate and variable	-	-	-	-	-	-	428,577	428,577	-	428,577
Life insurance contracts	-	-	-	-	-	-	425	425	-	425
Total investments before lending activities	18,956,254	272,694	197,718	12,281	-	19,438,947	1,048,726	20,487,673	-	20,487,673
Securities lending:										
Short-term securities	1,703,284	24,568	17,813	1,106	-	1,746,771	-	1,746,771	-	1,746,771
Long-term debt securities	3,673,927	52,992	38,422	2,386	-	3,767,727	-	3,767,727	-	3,767,727
Total securities lending	5,377,211	77,560	56,235	3,492	-	5,514,498	-	5,514,498	-	5,514,498
Total investments	24,333,465	350,254	253,953	15,773	-	24,953,445	1,048,726	26,002,171	-	26,002,171
Due from (to) other funds (note 5)	7	-	-	-	(6)	1	-	1	-	1
Capital assets, at cost, net of accumulated depreciation (note 4)	16,310	-	-	-	-	16,310	-	16,310	-	16,310
Total assets	25,379,614	364,451	264,188	16,389	(6)	26,024,636	1,056,190	27,080,826	24	27,080,850
Liabilities										
Accounts payable and accrued expenses	714,311	10,220	7,417	461	-	732,409	198	732,607	15	732,622
Obligations under securities lending	5,413,076	78,077	56,610	3,516	-	5,551,279	-	5,551,279	-	5,551,279
Due to other funds (note 5)	20	-	6	-	(6)	20	1	21	-	21
Funds held for others	1,138	-	-	-	-	1,138	-	1,138	9	1,147
Total liabilities	6,128,545	88,297	64,033	3,977	(6)	6,284,846	199	6,285,045	24	6,285,069
Net assets held in trust for pension benefits	$19,251,069	$276,154	$ 200,155	$12,412	$ -	$19,739,790	$1,055,991	$20,795,781	$ -	$20,795,781

The accompanying notes are an integral part of these basic financial statements.

Public Employees' Retirement System of Mississippi

Statement of Changes in Fiduciary Net Assets – For the Year Ended June 30, 2008

(In Thousands)

	PERS	MHSPRS	MRS	SLRP	Eliminations	Total Defined Benefit Pension Plans	IRC 457 Plan GEDCP	Total Pension Trust Funds 2008
Additions:								
Contributions:								
Employer	$ 683,189	$ 9,253	$ 15,900	$ 449	$ -	$ 708,791	$ -	$ 708,791
Employee	417,119	1,985	176	203	-	419,483	91,901	511,384
Total contributions	1,100,308	11,238	16,076	652	-	1,128,274	91,901	1,220,175
Net investment loss:								
Net depreciation in fair value	(2,308,419)	(33,296)	(24,142)	(1,499)	-	(2,367,356)	(60,481)	(2,427,837)
Interest and dividends	620,241	8,946	6,486	404	-	636,077	19,875	655,952
Total before lending activities	(1,688,178)	(24,350)	(17,656)	(1,095)	-	(1,731,279)	(40,606)	(1,771,885)
Securities lending:								
Net depreciation in fair value	(20,822)	(300)	(218)	(14)	-	(21,354)	-	(21,354)
Interest	222,389	3,208	2,326	144	-	228,067	-	228,067
Interest expense	(197,040)	(2,842)	(2,061)	(128)	-	(202,071)	-	(202,071)
Program fees	(6,064)	(87)	(63)	(4)	-	(6,218)	-	(6,218)
Net loss from securities lending	(1,537)	(21)	(16)	(2)	-	(1,576)	-	(1,576)
Managers' fees and trading costs	(35,719)	(515)	(374)	(23)	-	(36,631)	-	(36,631)
Net investment loss	(1,725,434)	(24,886)	(18,046)	(1,120)	-	(1,769,486)	(40,606)	(1,810,092)
Other additions:								
Rent income	3	-	-	-	-	3	-	3
Administrative fees	633	-	-	-	(633)	-	-	-
Other	1	3,156	-	-	-	3,157	-	3,157
Total other additions	637	3,156	-	-	(633)	3,160	-	3,160
Total	(624,489)	(10,492)	(1,970)	(468)	(633)	(638,052)	51,295	(586,757)
Deductions:								
Retirement annuities	1,393,175	20,295	35,870	845	-	1,450,185	54,039	1,504,224
Refunds to terminated employees	72,750	26	-	14	-	72,790	-	72,790
Total	1,465,925	20,321	35,870	859	-	1,522,975	54,039	1,577,014
Administrative expenses:								
Personal services:								
Salaries, wages and fringe benefits	7,278	-	-	-	-	7,278	-	7,278
Travel and subsistence	65	-	-	-	-	65	-	65
Contractual services	3,416	-	-	-	-	3,416	-	3,416
Commodities	319	-	-	-	-	319	-	319
Total administrative expenses	11,078	-	-	-	-	11,078	-	11,078
Depreciation	455	-	-	-	-	455	-	455
Administrative fees	-	185	439	9	(633)	-	-	-
Total	1,477,458	20,506	36,309	868	(633)	1,534,508	54,039	1,588,547
Net decrease	(2,101,947)	(30,998)	(38,279)	(1,336)	-	(2,172,560)	(2,744)	(2,175,304)
Net assets held in trust for pension benefits:								
Beginning of year	21,353,016	307,152	238,434	13,748	-	21,912,350	1,058,735	22,971,085
End of year	$19,251,069	$276,154	$200,155	$12,412	$ -	$19,739,790	$1,055,991	$20,795,781

The accompanying notes are an integral part of these basic financial statements.

1. Plan Description

(a) General

The Public Employees' Retirement System of Mississippi (System) is the administrator of six fiduciary funds, of which five are pension trust funds and one an agency fund, as listed below. The System is also the administrator of the Optional Retirement Plan, a defined contribution plan, but as explained in note 2, that plan is not part of the System's reporting entity.

Plan Name	Type of Plan
Public Employees' Retirement System of Mississippi (PERS)	Cost-sharing multiple-employer defined benefit plan
Mississippi Highway Safety Patrol Retirement System (MHSPRS)	Single-employer defined benefit plan
Municipal Retirement Systems and Fire and Police Disability and Relief Fund (MRS)*	Agent multiple-employer defined benefit plan
Supplemental Legislative Retirement Plan (SLRP)	Single-employer defined benefit plan
Government Employees' Deferred Compensation Plan (GEDCP)	IRC 457 defined contribution plan
Flexible Benefits Cafeteria Plan (FBCP)	Agency

**Closed to new members*

The System's purpose is to provide pension benefits for all State and public education employees, sworn officers of the State Highway Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the president of the Senate.

A summary of participating employers and members follows:

	PERS	MHSPRS	MRS*	SLRP	TOTAL
Employers:					
State agencies	113	2	–	5	120
State universities	9	–	–	–	9
Public schools	150	–	–	–	150
Community/junior colleges	15	–	–	–	15
Counties	82	–	–	–	82
Municipalities	238	–	17	–	255
Other political subdivisions	258	–	–	–	258
Total employers	865	2	17	5	889
Members:					
Active vested	110,211	423	42	132	110,808
Active nonvested	55,522	203	–	43	55,768
Total active members	165,733	626	42	175	166,576
Inactive vested	17,494	17	1	65	17,577
Inactive nonvested	108,514	28	2	6	108,550
Total inactive members	126,008	45	3	71	126,127
Retirees and beneficiaries	73,540	651	2,167	138	76,496
Total retired/inactive members	199,548	696	2,170	209	202,623
Total members	365,281	1,322	2,212	384	369,199
Active members by employer:					
State agencies	33,887	626	–	175	34,688
State universities	17,593	–	–	–	17,593
Public schools	66,941	–	–	–	66,941
Community/junior colleges	6,132	–	–	–	6,132
Counties	14,935	–	–	–	14,935
Municipalities	18,882	–	42	–	18,924
Other political subdivisions	7,363	–	–	–	7,363
Total active members	165,733	626	42	175	166,576

**Information furnished for MRS is as of September 30, 2007.*

(b) Membership and Benefit Provisions

(1) Public Employees' Retirement System of Mississippi

Membership in PERS is a condition of employment for those who qualify. Eligibility is granted upon hiring for qualifying employees and officials of the State of Mississippi (the State), State universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. If approved, membership is a condition of employment and eligibility is granted to those who qualify upon hiring. Members who terminate employment from all covered employers and who are not eligible to receive monthly retirement benefits may request a refund of their accumulated employee contributions plus interest.

Participating employees who are vested and retire at or after age 60 or those who retire regardless of age with at least 25 years of creditable service are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2 percent of their average compensation for each year of credited service up to and including 25 years, plus 2½ percent for each year of credited service over 25 years. Average compensation is the average of the employee's earnings during the 4 highest compensated years of credited service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. For members who enter the System on or after July 1, 2007, benefits vest upon completion of 8 years of membership service. For members who entered the System before July 1, 2007, benefits vest upon completion of 4 years of membership service. PERS also provides certain death and disability benefits. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Ann. 1972 and may be amended only by the State of Mississippi Legislature.

A cost-of-living payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55. For the year ended June 30, 2008, the total additional annual payments were $281,124,000.

(2) Mississippi Highway Safety Patrol Retirement System

Membership in MHSPRS is a condition of employment. Eligibility is granted upon hiring for all officers of the Mississippi Highway Safety Patrol who have completed a course of instruction in an authorized highway patrol training school on general law enforcement and who serve as sworn officers of the highway patrol in the enforcement of the laws of the State of Mississippi.

Participating employees who withdraw from service at or after age 55 with at least 5 years of membership service, or after reaching age 45 with at least 20 years of credited service, or with 25 years of service at any age are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.5 percent of their average compensation during the 4 highest consecutive years of earnings, reduced 3 percent for each year below age 55 or 3 percent for each year under 25 years of service, whichever is less. MHSPRS also provides certain death and disability benefits. Members who terminate employment from all covered employers and who are not eligible to receive monthly retirement benefits may request a refund of their accumulated employee contributions plus interest. Benefit provisions for MHSPRS are established by Section 25-13-1 et seq., Mississippi Code Ann. 1972 and may be amended only by the State of Mississippi Legislature.

A cost-of-living payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 60, plus 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 60. For the year ended June 30, 2008, the total additional annual payments were $5,620,000.

(3) Municipal Retirement Systems

Membership in the two General Municipal Retirement Systems and the 17 Fire and Police Disability and Relief Systems was granted to all municipal employees, fire fighters and police officers who were not already members of PERS and who were hired prior to July 1, 1976. Two fire and police plans elected to extend the eligibility period for membership to July 1, 1987. Employees hired after these periods automatically become members of PERS. Municipal Retirement Systems were all closed to new members by July 1, 1987.

Participating employees who retire regardless of age with at least 20 years of membership service are entitled to an annual retirement allowance payable monthly for life in an amount equal to 50 percent of their average monthly compensation and an additional 1.7 percent for each year of credited service over 20 years, not to exceed 66⅔ percent of average monthly compensation. Average monthly compensation for the two Municipal Retirement Systems and the

17 Fire and Police Disability and Relief Systems is the monthly average for the last six months of service. Certain participating employers provide a minimum monthly retirement allowance. Benefits vest upon reaching 20 years of credited service. MRS also provides certain death and disability benefits. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. 1972, as amended and annual local and private legislation. Statutes may be amended only by the State of Mississippi Legislature.

The retirees and beneficiaries of Municipal plans with provisions for additional payments, who are receiving a retirement allowance on July 1 of each fiscal year, may be entitled to an additional payment. This payment is equal to the annual percentage change of the Consumer Price Index not to exceed 2.5 percent of the annual retirement allowance for each full fiscal year of retirement. Certain Municipal plans may adopt an annual adjustment other than one linked to the change in the Consumer Price Index. These additional payments will only be made when funded by the employers. For the year ended June 30, 2008, the total additional annual payments were $4,610,000.

(4) Supplemental Legislative Retirement Plan

Membership in SLRP is composed of all elected members of the State Legislature and the president of the Senate. This plan is designed to supplement the provisions of PERS. Those serving when SLRP became effective on July 1, 1989, had 30 days to waive membership. Those elected after July 1, 1989, automatically become members.

The retirement allowance is 50 percent of an amount equal to the retirement allowance payable by PERS, determined by credited service as an elected senator or representative in the State Legislature or as president of the Senate. Benefits vest upon completion of the requisite number of membership service years in PERS. SLRP also provides certain death and disability benefits. Members who terminate employment from all covered employers and who are not eligible to receive monthly retirement benefits may request a refund of their accumulated employee contributions plus interest. Benefit provisions for SLRP are established by Section 25-11-301 et seq., Mississippi Code Ann. 1972 and may be amended only by the State of Mississippi Legislature.

Retirees and beneficiaries of SLRP may receive additional amounts calculated identically to PERS retirees and beneficiaries. For the year ended June 30, 2008, the total additional annual payments were $124,000.

(5) Government Employees' Deferred Compensation Plan

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The term "employee" means any person, whether appointed, elected, or under contract, providing services for the State, State agencies, counties, municipalities, or other political subdivisions, for which compensation is paid. The plan permits employees to defer a portion of their income until future years. The deferred compensation is available to employees at termination, retirement, death, unforeseeable emergency, or can be rolled over to the retirement system for purchase of eligible service credit.

The PERS Board of Trustees amended the plan to provide that all assets and income of the plan shall be held in trust for the exclusive benefit of participants and their beneficiaries in order to comply with amendments to Section 457 of the Internal Revenue Code.

The System has no liability for losses under the plan but does have the duty of due care that would be required of a prudent investor. At June 30, 2008, total plan assets aggregated $1,056,190,000 with 39,478 participants.

(6) Flexible Benefits Cafeteria Plan

Section 25-17-3, Mississippi Code Ann. (1972), authorizes any State agency to adopt a benefit plan which meets the requirements of a cafeteria plan as defined in Section 1-25 et seq. of the Internal Revenue Code of 1954, and regulations thereunder, for the benefit of eligible employees and their dependents. The FBCP was established as an agency fund to account for transactions related to those employees of the System who participate in the cafeteria plan.

(c) Employee and Employer Obligations to Contribute

Employees covered by PERS are required to contribute 7.25 percent of their salary. Employees covered by MHSPRS are required to contribute 6.5 percent of their salary. Members of SLRP are required to contribute 3 percent of their compensation in addition to the 7.25 percent required by PERS. If an employee covered by PERS, MHSPRS, or SLRP leaves employment, accumulated employee contributions plus interest are refunded to the employee upon request. The interest paid on employee accounts was 3.5 percent in 2008. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Each employer contributes the remaining amounts necessary to finance the plan. Contribution provisions are established by Mississippi Code Ann. 1972 Section 25-11-1 et seq. for PERS, Section 25-13-1 et seq. for MHSPRS, and Section 25-11-301 et seq. for SLRP. These statutes may be amended only by the State of Mississippi Legislature.

Employees covered by MRS are required to contribute amounts varying from 7 percent to 10 percent of their salary, depending on the actuarial soundness of their respective plans. Any increase to the 7 percent base contribution rate is made in increments not to exceed 1 percent per year. If an employee leaves covered employment, accumulated employee contributions are refunded to the employee upon request. Employees covered by MRS do not receive interest on their accumulated contributions. Each employer contributes the remaining amounts necessary to finance participation of its own employees in MRS. Contribution provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Statutes may be amended only by the State of Mississippi Legislature.

2. Summary of Significant Accounting Policies

(a) Financial Reporting Entity

The reporting entity for the System and its component units consists of five pension trust funds and one agency fund. The pension trust funds are PERS, MHSPRS, MRS, SLRP, and GEDCP. These financial statements are included in the financial statements of the State of Mississippi. The agency fund is the FBCP. The component units of the System are included in the System's reporting entity due to their financial relationships. Although the component units are legally separate from the System, they are reported as if they were part of the System because the governing boards of each are identical. The System is considered a component unit of the State of Mississippi reporting entity in accordance with Governmental Accounting Standards Board (GASB) 14, *The Financial Reporting Entity*.

The membership of the Optional Retirement Plan (ORP) is composed of teachers and administrators of institutions of higher learning appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. Title 25, Article 11 of the Mississippi Code states that the Board of Trustees of the System will provide for administration of the ORP program. ORP participants direct the investment of their funds among three investment vendors. Benefits payable to plan participants are not obligations of the State of Mississippi. Such benefits and other rights of participants or their beneficiaries are the liability of the vendors and are governed solely by the terms of the annuity contracts issued by them. As such, ORP is not considered part of the System's reporting entity for financial reporting purposes.

(b) Basis of Presentation – Fund Accounting

Fiduciary funds are used to account for assets held by the System in a trustee capacity or as an agent. Fiduciary funds include PERS, MHSPRS, MRS, SLRP, and GEDCP pension trust funds. Agency funds are custodial in nature and do not involve measurement of results of operations. FBCP is accounted for as an agency fund.

(c) Basis of Accounting

PERS, MHSPRS, MRS, SLRP, and GEDCP use the accrual basis of accounting and the economic resources measurement focus. Employee and employer contributions are recognized as revenue when due pursuant to formal commitments, as well as statutory requirements; investment income is recognized when earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when incurred. Investments for PERS, MHSPRS, MRS, SLRP, and GEDCP are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Short-term investments are reported at fair value when published prices are available, or at cost plus accrued interest, which approximates fair value. The fair value of commingled real estate funds is based on independent appraisals, while Real Estate Investment Trusts (REIT) traded on a national or international exchange are valued at the last reported sales price at current exchange rates. For individual investments where no readily ascertainable fair value exists, the System, in consultation with its investment advisors and custodial bank, has determined the fair values.

(d) Budgetary Data

Annual budgets are legally adopted on a modified cash basis for the administrative expenditure portion of the pension trust funds. The System uses the following procedures in the budgetary process:

- Approximately one year in advance, the System prepares a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.

- At the beginning of August, the proposed budget for the fiscal year commencing the following July is submitted to the Department of Finance and Administration and the Joint Legislative Budget Committee. Budget hearings are conducted by these bodies resulting in recommendations for changes.

- In January, the proposed budget and the recommendations proposed by the Department of Finance and Administration and the Joint Legislative Budget Committee are presented to the State Legislature. The State Legislature makes any revisions it deems appropriate and then legally enacts the System's budget in the form of an appropriation bill.

- The System is authorized to transfer budget amounts between major expenditure classifications on a limited basis subject to approval by the Department of Finance and Administration.

- Spending authority lapses for appropriated funds that remain undisbursed at August 31.

(e) Capital Assets

Capital assets used for administering the plans are carried at historical cost. Depreciation is provided using the straight-line method. The following schedule summarizes estimated useful lives by asset classification:

Asset Classification	Estimated Useful Life	Estimated Salvage Value
Building	40 years	20%
Improvements	20 years	20%
Furniture and equipment	5-15 years	1%
Computer equipment	3 years	1%
Vehicles	3-10 years	10%

(f) Accumulated Personal Leave and Major Medical Leave

Section 25-3-97, Mississippi Code Ann. (1972), authorizes a lump-sum payment for a maximum of 30 days of accrued personal leave upon termination of employment. No payment is authorized for accrued major medical leave unless the employee presents medical evidence that his or her physical condition is such that the employee no longer has the capacity to work in State government. Accumulated personal leave (including fringe benefits) of employees directly related to the administration of the System is paid from the pension trust funds and is accrued in the financial statements when earned, up to a maximum of 30 days per employee. The System does not accrue accumulated major medical leave since it is not probable that the compensation will be paid and since the leave vests only upon termination for medical disability.

(g) Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at June 30, 2008, and the reported amounts of additions to and deductions from net assets during the year then ended. Actual results could differ from those estimates.

3. Cash, Cash Equivalents and Investments

(a) Legal Provisions

The System is authorized by Section 25-11-121, Mississippi Code Ann. (1972), to invest in the following:

- Bonds, notes, certificates and other valid general obligations of the State, or of any county, city or supervisor's district of any county of the State.

- School district bonds of the State.

- Notes or certificates of indebtedness issued by the Veterans' Home Purchase Board of Mississippi.

- Highway bonds of the State.

- Corporate bonds rated by Standard and Poor's Corporation or Moody's Investors Service.

- Short-term obligations of corporations, or of wholly-owned subsidiaries of corporations, whose short-term obligations are rated A-3 or better by Standard and Poor's Corporation or rated P-3 or better by Moody's Investors Service. The Board of Trustees has established a policy which further limits investments of this type to only those corporations whose short-term obligations are rated A-2 or P-2 by Standard and Poor's Corporation or Moody's Investors Service, respectively.

- Bonds of the Tennessee Valley Authority.

- Bonds, notes, certificates and other valid obligations of the United States of America, or any Federal instrumentality that issues securities under authority of an Act of Congress and are exempt from registration with the U.S. Securities and Exchange Commission.

- Bonds, notes, debentures and other securities issued by any Federal instrumentality and fully guaranteed by the United States of America.

- Bonds, stocks and convertible securities of established foreign companies which are listed on primary national stock exchanges of foreign nations; and in foreign government securities. The System is authorized to hedge such transactions through foreign banks and generally deal in foreign exchange through the use of foreign currency, interbank forward contracts, futures contracts, options contracts, swaps and other related derivative instruments.

- Interest-bearing bonds or notes which are general obligations of any other state in the United States of America or any city or county therein, provided such city or county had a population as shown by the Federal census next preceding such investment of not less than 25,000 inhabitants, and provided that such state, city or county has not defaulted for a period longer than 30 days in the payment of principal or interest on any of its general obligation indebtedness during a period of ten calendar years immediately preceding such investment.

- Shares of common and/or preferred stock of corporations created by or existing under the laws of the United States of America or any state, district or territory thereof.

- Covered call and put options on securities traded on one or more of the regulated exchanges.

- Pooled or commingled funds managed by a corporate trustee or by a U.S. Securities and Exchange Commission registered investment advisory firm and shares of investment companies and unit investment trusts registered under the Investment Company Act of 1940. Such pooled or commingled funds or shares are comprised of common or preferred stocks, bonds, money market instruments or other authorized investments.

- Pooled or commingled real estate funds or real estate securities managed by a corporate trustee or by a Securities and Exchange Commission registered investment advisory firm retained as an investment manager by the Board of Trustees of the System.

- Up to ten percent of the total book value of investments can be types of investments not specifically authorized by this section, if the investments are in the form of a separate account managed by a Securities and Exchange Commission registered investment advisory firm retained as an investment manager by the Board; or a limited partnership or commingled fund.

The System is also authorized by its Board of Trustees to operate a securities lending program, and has contracted with its custodian to reinvest cash collateral received from the transfer of securities in any investment instrument authorized by Section 25-11-121, Mississippi Code Ann. (1972).

Section 25-11-121, Mississippi Code Ann. (1972) requires the System's Board of Trustees to determine the degree of collateralization necessary for both foreign and domestic demand deposits in addition to that which is guaranteed by Federal insurance programs. These statutes also require that, when possible, the types of collateral securing deposits be limited to securities in which the System itself may invest. The Board of Trustees has established a policy to require collateral equal to at least 100 percent of the amount on deposit in excess of that which is guaranteed by Federal insurance programs to the credit of the System for domestic demand deposit accounts. No collateral is required for foreign demand deposit accounts, and at June 30, 2008, the System had no deposits in foreign demand deposit accounts.

(b) Cash and Cash Equivalents

For cash deposits and cash equivalents, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Mississippi Code of 1972, Section 25-11-121, provides that the deposits of the System in any bank of the United States shall, where possible, be safeguarded and guaranteed by the posting of bonds, notes, and other securities as security by the depository. The System's Board of Trustees has formally adopted a short-term investment policy that requires that the market value of securities guaranteeing the deposits shall at all times be equal to 100 percent of the amount of funds on deposit.

The amount of the System's total cash and cash equivalents at June 30, 2008, was $253,845,000. Cash deposits in bank accounts totaled $2,175,000 which were covered by federal depository insurance. At June 30, 2008, the System held $250,057,000 in cash equivalents. Cash equivalents are created through daily sweeps of excess cash by the System's custodial bank into a bank-sponsored short-term investment fund. This fund is a custodial bank-sponsored commingled fund which is invested in short-term U.S. Government securities, including Agency discount notes and U.S. Treasury bills. The average S&P short-term quality rating of the fund was A-1 at June 30, 2008.

As of June 30, 2008, the System's cash equivalents were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ –
Uninsured and collateral held by custodial bank not in the System's name	250,057,000
Total	$ 250,057,000

(c) Investments

All of the investment assets of MHSPRS, MRS, and SLRP are combined with those of PERS and invested in short-term and long-term debt securities, equity securities, and real estate. These investments are accounted for as part of the PERS pension trust fund and are allocated to MHSPRS, MRS, and SLRP based on their equitable interest in the PERS fund. All investments are reported at fair value.

All investments are governed by the Board's policy of the prudent person rule. The prudent person rule establishes a standard for all fiduciaries, to act as a prudent person would be expected to act, with discretion and intelligence, while investing for income and preservation of principal.

In October 2002, the Board of Trustees adopted real estate as part of the System's long-term asset allocation. The Mississippi Code Section 25-11-121 allows the System to invest up to 10 percent of the total portfolio in real estate only via real estate securities and commingled funds. Direct ownership of real estate assets is prohibited. The System funded its first real estate investments in June 2003. The portfolio is divided between core commingled real estate fund investments, which directly invest in properties, and in managed portfolios of Real Estate Investment Trusts (REIT). REITs are exchange traded securities which provide indirect exposure to real estate properties and real estate management companies. Fair values of commingled fund properties are based on the most recent independent appraisal values. Independent appraisal firms, which are Members of Appraisal Institute (MAI), are required to conduct valuations at least annually.

The following table presents the fair value of investments by type at June 30, 2008 (in thousands):

Investment type:	Fair Value
Commercial paper	$ 1,714,881
Repurchase agreements	270,000
International currency	41,724
U.S. Government agency obligations	612,156
U.S. Treasury obligations	920,370
Collateralized mortgage obligations	1,238,787
Corporate bonds	3,803,666
Mortgage pass-throughs	874,690
Municipals	40,363
Asset backed securities	808,302
Yankee/Global bonds	32,704
Domestic equity securities	9,270,479
International equity securities	4,546,495
Real estate	905,080
Money market fund	24,110
Fixed income funds	32,819
Asset allocation funds	49,797
Fixed and variable funds	428,577
Life insurance contracts	425
Equity funds	386,746
Total	$26,002,171

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the pension trust fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either: a. the counterparty or b. the counterparty's trust department or agent but not in the government's name. The Mississippi Code of 1972, Section 25-11-121, requires that all investments be clearly marked as to ownership and to the extent possible, shall be registered in the name of the System.

Of the defined benefit pension funds' $25.0 billion in investments at June 30, 2008, $5.5 billion were exposed to custodial credit risk. These are cash collateral reinvestment securities held in the name of the custodian whom acquired them as the lending agent/counterparty. This is consistent with the System's securities lending agreement in place with the custodian.

The fair value of cash collateral securities as of June 30, 2008, are presented by type below (in thousands):

	Fair Value
Commercial paper	$1,666,771
Repurchase agreements	80,000
Corporate bonds	2,592,519
Asset backed securities	716,198
Collateralized mortgage obligations	459,010
Total	$5,514,498

Interest Rate Risk

As of June 30, 2008, the System had the following debt security investments and maturities:

Investment Type:	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 - 5	6 - 10	More than 10
Asset backed securities	$ 808,302	$ 733,588	$ 4,573	$ 6,363	$ 63,778
Collateralized mortgage obligations	1,238,787	487,416	16,050	28,749	706,572
Commercial paper	1,714,881	1,714,881	-	-	-
Corporate bonds	3,803,666	1,568,044	1,469,988	402,305	363,329
U.S. Government agency obligations	612,156	26,475	252,031	86,721	246,929
Mortgage pass-throughs	874,690	98	898	40,668	833,026
Repurchase agreements	270,000	270,000	-	-	-
Municipals	40,363	-	497	5,903	33,963
U.S. Treasury obligations	920,370	32,234	400,713	280,151	207,272
Yankee/Global bonds	32,704	2,015	10,678	5,713	14,298
Total	$10,315,919	$4,834,751	$2,155,428	$856,573	$2,469,167

The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates.

Market or interest rate risk is the greatest risk faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. Derivative securities, variable rate investments with coupon multipliers greater than one, and securities with long terms to maturity are examples of investments whose fair values may be highly sensitive to interest rate changes. These securities are reported at fair value in the Statement of Fiduciary Net Assets. Inverse floaters and variable rate investments with coupon multipliers greater than one are prohibited under the System's derivatives policy.

Section 25-11-121, Mississippi Code Ann. (1972) provides for the acquisition of derivative instruments by the System. Additionally, the System adopted a formal policy in February 1996 which established guidelines for investing in derivatives. During fiscal year 2008, the investments in derivatives by the System were exclusively in asset/liability based derivatives such as interest-only (IO) strips, collateralized mortgage obligations, and asset-backed securities. The System reviews fair values of all securities on a monthly basis and prices are obtained from recognized pricing sources. Derivative securities are held, in part, to maximize yields.

Interest-only and principal-only strips are transactions which involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The System held IOs valued at $3 million at fiscal year end. The System's derivatives policy limits IO and PO strips to 3 percent of the investment portfolio.

Collateralized mortgage obligations (CMOs) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly more sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. A reduction in interest payments causes a decline in cash flows and, thus a decline in the fair value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the fair value of the security. The System held $1,239 million in CMOs at June 30, 2008. Of this amount, $416 million were tranches that are highly sensitive to future changes in interest rates. CMO residuals are prohibited under the System's derivatives policy.

Asset-backed securities (ABS) are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other credit providers. The originator of the loan or accounts receivable paper sells it to a specially created trust, which repackages it as securities. Similar to CMOs, asset-backed securities have been structured as pass-throughs and as structures with multiple bond classes. Of the $808 million in ABS that the System held at June 30, 2008, $17 million are highly sensitive to changes in interest rates. ABS which are leveraged structures or residual interests are prohibited by the System's derivatives policy.

At June 30, 2008, the System has invested in $875 million in mortgage pass-through securities issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. These investments are moderately sensitive to changes in interest rates because they are backed by mortgage loans in which the borrowers have the option of prepaying.

Credit Risk

The System's exposure to credit risk as of June 30, 2008, is as follows (fair value in thousands):

	S&P Quality Ratings										
Investment Type	A	AA	AAA	B	BA	BAA	BB	BBB	CAA	CCC	D
Commercial paper……………………	$ 1,714,881	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Repurchase agreements………………	-	-	270,000	-	-	-	-	-	-	-	-
U.S. Government agency obligations…	-	12,185	599,971	-	-	-	-	-	-	-	-
Collateralized mortgage obligations….	11,099	18,929	1,202,147	484	25	-	5,568	535	-	-	-
Corporate bonds..…………………….	1,066,020	2,006,571	368,211	3,306	-	4,663	14,878	337,044	75	-	2,898
Mortgage pass-throughs ..…………….	1,124	-	840,154	28	-	-	-	-	-	-	-
Municipals.……………………..………	4,074	21,290	9,300	-	-	-	-	5,699	-	-	-
Asset backed securities ...……………...	-	9,421	794,307	1,555	-	-	1,440	1,202	-	7	370
Yankee/Global bonds…………………	23,079	4,424	1,179	-	-	-	-	4,022	-	-	-
Total……………………..………	$ 2,820,277	$2,072,820	$ 4,085,269	$ 5,373	$ 25	$ 4,663	$ 21,886	$ 348,502	$ 75	$ 7	$ 3,268

State law requires a minimum quality rating of A-3 by Standard and Poor's or P-3 by Moody's for corporate short-term obligations. This law also requires corporate and taxable municipal bonds to be of investment grade as rated by Standard and Poor's or Moody's.

PERS' Board of Trustees has adopted a short-term investment policy which further restricts commercial paper to be of corporations with long-term debt to be rated A or better by Standard and Poor's or Moody's, and whose short-term obligations are of A-2 or P-2 or better ratings by Standard and Poor's and Moody's, respectively. This applies to all short-term investments of the System.

In addition to the short-term investment policy, a policy adopted for the internally-managed short-term account requires that for any amount above the established core of $30 million, no more than 25 percent be invested in any issue having a rating lower than AA or A1P1.

Credit risk for derivatives held by the System results from the same considerations as other counterparty risk assumed by the System, which is the risk that a borrower will be unable to meet its obligation. The System's policy requires that the credit quality of the underlying asset must be rated A or better by Moody's or Standard and Poor's.

The System's lending agent is permitted to purchase only AAA asset-backed securities for the cash collateral fund.

Foreign Currency Risk

The System's exposure to foreign currency risk at June 30, 2008, was as follows:

Currency	%	Fair Value (in thousands)
Australian Dollar	4.50%	$ 192,907
Brazilian Real	2.42%	103,700
Canadian Dollar	2.32%	99,352
Danish Krone	0.40%	17,135
Egyptian Pound	0.62%	26,567
Euro	35.10%	1,505,454
Hong Kong Dollar	2.41%	103,521
Hungarian Forint	0.10%	4,076
Indian Rupee	1.21%	51,798
Indonesian Rupiah	0.48%	20,410
Japanese Yen	15.70%	672,887
Malaysian Ringgit	0.29%	12,340
Mexican Nuevo Peso	0.29%	12,506
New Israeli Shekel	0.68%	29,271
New Taiwan Dollar	0.83%	35,541
New Turkish Lira	0.64%	27,367
New Zealand Dollar	0.03%	1,451
Norwegian Krone	1.09%	46,601
Pound Sterling	17.92%	768,002
Singapore Dollar	0.91%	38,979
South African Rand	2.15%	92,149
South Korean Won	2.28%	97,635
Swedish Krona	2.31%	98,990
Swiss Franc	5.32%	227,957
Total	100.00%	$4,286,596

All foreign currency-denominated investments are in equities and foreign cash. The System's investment asset allocation policy limits non-U.S. investments to 16.0 percent. At June 30, 2008, the current position is 23.0 percent. The Investment Committee of the Board of Trustees evaluates the actual investment asset allocation quarterly, in accordance with the adopted phase-in policy. Based on current market conditions, the Board adjusts the allocation as necessary.

(d) Securities Lending Transactions

The System accounts for securities lending transactions in accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, which established standards of accounting and financial reporting for securities lending transactions.

The following table details the net income from securities lending for the period ended June 30, 2008 (in thousands):

	PERS	MHSPRS	MRS	SLRP	TOTAL
Interest income	$222,389	$3,208	$2,326	$144	$228,067
Net depreciation	(20,822)	(300)	(218)	(14)	(21,354)
Income from securities lending	201,567	2,908	2,108	130	206,713
Less:					
Interest expense	197,040	2,842	2,061	128	202,071
Program fees	6,064	87	63	4	6,218
Expenses from securities lending	203,104	2,929	2,124	132	208,289
Net loss from securities lending*	$ (1,537)	$ (21)	$ (16)	$ (2)	$ (1,576)

**Net loss includes unrealized gains/losses from the fair values of securities held in the cash collateral fund as of June 30, 2008. Due to market depreciation in fiscal year 2008, the securities lending program had a net loss of $1,576,000. Although there was an accounting net loss for the year, net earnings received from the program were $35.3 million. These earnings were based only on realized interest, gains and expenses.*

The Board of Trustees has authorized the System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System's custodian, pursuant to a written agreement, is permitted to lend all long-term securities to authorized broker-dealers subject to the receipt of acceptable collateral. There have been no significant violations of the provisions of the agreement during the period of these financial statements. The System lends securities for collateral in the form of either cash or other securities. The types of securities on loan at June 30, 2008 are long-term U.S. government and agency obligations, corporate bonds, REITS, and domestic and international equities. At the initiation of a loan, borrowers are required to provide collateral amounts of 102 percent (domestic securities) and 105 percent (international securities) of the fair value and accrued income of the securities lent. In the event the collateral fair value falls to less than 102 or 105 percent of the respective fair value of the securities lent, the borrower is required to provide additional collateral by the end of the next business day. The contractual agreement with the System's custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income distributions by the securities' issuers while the securities are on loan. The System cannot pledge, lend or sell securities received as collateral unless the borrower defaults.

The maturities of the investments made with cash collateral generally do not match the maturities of the securities loans. All securities loans can be terminated on demand by either the System or the borrower, although the average term of these loans was 3.7 days at June 30, 2008. Cash collateral was invested in debt securities such as corporate bonds, collateralized mortgage obligations, and "AAA" asset-backed securities at June 30, 2008. Additionally, a significant portion was invested in corporate short-term securities, such as repurchase agreements and commercial paper. The weighted average final duration of all collateral investments at June 30, 2008, was 653 days with a weighted average maturity of 38 days.

Securities lent at year-end for cash collateral are presented by type in note 3 (c); securities lent for securities collateral are classified according to the custodial credit risk category for the collateral. There were no securities lent for securities collateral as of June 30, 2008. The investments purchased with the cash collateral are also presented in note 3 (c) in the discussion of custodial credit risk, since the custodian, as agent, is the counterparty in acquiring these securities in a separate account for the System.

At year-end, the System had no credit risk exposure to borrowers because the amount the System owed the borrowers exceeded the amount the borrowers owed the System.

The securities lending total assets of $5,522,243,000, which include the related accrued interest, and the related total liabilities of $5,554,550,000, which include the related expenses, on the Statement of Fiduciary Net Assets do not equal at June 30, 2008. The difference of negative $32,307,000 is due to the collateral investment fund's market depreciation and the earnings re-invested until the final distribution takes place the following month.

The following table presents the fair values of the underlying securities, and the value of the collateral pledged at June 30, 2008 (in thousands):

Securities Lent	Fair Value Including Accrued Income	Cash Collateral Received
Lent for cash collateral:		
Debt securities	$1,036,237	$1,055,111
Domestic equities	3,538,313	3,667,750
International equities	567,963	591,833
REITs	230,136	236,585
Total securities lent	$5,372,649	$5,551,279

(e) Commission Recapture Program

The Board of Trustees has authorized the System to enter into a commission recapture program. This program allows the System to recapture a portion of the commissions paid to broker/dealers with which the System has entered into an agreement. Earnings for the fiscal year ended June 30, 2008 were $500,000.

4. Capital Assets

The following table shows amounts for capital assets as of June 30, 2008 (in thousands):

Description	2008
Land	$ 508
Building	18,459
Improvements	25
Furniture and equipment	1,211
Total capital assets	20,203
Less accumulated depreciation	
Building	2,905
Improvements	20
Furniture and equipment	968
Total accumulated depreciation	3,893
Net capital assets	$ 16,310

5. Due To/Due From Other Funds

The following is a summary of due to/due from other funds as of June 30, 2008 (in thousands):

Due To Other Funds:

Receivable Fund	Payable Fund	Amount
PERS	GEDCP	$ 1
Information Technology Services	PERS	20
	Total Due To	$ 21

Due From Other Funds:

Receivable Fund	Payable Fund	Amount
PERS	GEDCP	$ 1
	Total Due From	$ 1

6. Funding Status and Progress

(a) Actuarial Asset Valuation

Actuarial values of assets for PERS, MHSPRS, SLRP and MRS are based on a smoothed fair value basis that recognizes 20 percent of the unrecognized and unanticipated gains and losses. The actuarial valuation of assets recognizes assumed investment income fully each year. Differences between actual and assumed investment income are recognized in equal increments over a five-year period with a constraint that actuarial value of assets cannot be less than 80 percent nor more than 120 percent of fair value.

The following table presents the actuarial change in asset valuation for the year ended June 30, 2008 (in thousands):

	PERS	MHSPRS	MRS	SLRP	TOTAL
Valuation assets June, 2007**	$19,791,564	$ 284,626	$ 213,553	$ 12,722	$20,302,465
Contributions and other revenue	1,100,308	14,394	15,175	652	1,130,529
Benefit payments	(1,465,925)	(20,321)	(35,666)	(859)	(1,522,771)
Administrative expenses	(11,078)	(185)	(299)	(9)	(11,571)
Investment expenses*	(35,719)	(515)	–	(23)	(36,257)
Net new money	(412,414)	(6,627)	(20,790)	(239)	(440,070)
Expected total investment return for 2008 (8%)	1,728,892	24,843	16,253	1,114	1,771,102
Adjustment towards market (20%)	(293,322)	(4,212)	4,416	(185)	(293,303)
Valuation assets June, 2008**	$20,814,720	$ 298,630	$ 213,432	$ 13,412	$21,340,194

* *This amount is based on a proportionate share of the total investment expense of the commingled assets. The ratio of this number to the total investment expense is equal to the ratio of a fiscal year average market value of assets for this fund to a fiscal year average market value of the total commingled assets.*

** *Information for MRS is presented as of September, 2006 and 2007, respectively.*

Significant actuarial assumptions used to compute contribution requirements for PERS, MHSPRS, SLRP, and MRS are the same as those used to compute the standardized measure of the actuarial accrued liability described in the Notes to Required Supplemental Schedules. The significant assumptions include:

	PERS	MHSPRS	MRS	SLRP
Valuation date	June 30, 2008	June 30, 2008	September 30, 2007	June 30, 2008
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent open	Level percent open	Level dollar closed	Level percent open
Remaining amortization period	29.4 years	16.6 years	27 years	16.8 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:				
Investment rate of return	8.0%	8.0%	8.0%	8.0%
Projected salary increases	5.0-15.0%	5.0-10.52%	4.5-6.0%	5.0%
Wage inflation rates	4.0%	4.0%	4.0%	4.0%
Increase in benefits after retirement	3.0% [1]	3.0% [2]	2.0-3.75% [3]	3.0% [1]

[1]Calculated 3% simple interest to age 55, compounded each year thereafter. [2]Calculated 3% simple interest to age 60, compounded each year thereafter. [3]Varies depending on municipality.

(b) Actuarial Experience Review

An actuarial survey of the mortality, service, withdrawals, compensation experience of members and valuation of assets and liabilities is performed annually to determine the actuarial soundness of the System. To validate that the assumptions recommended by the actuary are in the aggregate reasonably related to actual experience, the System requests the actuary to conduct an experience investigation every other year. An experience review was last performed as of June 30, 2006. As a result of this study, the Board of Trustees adopted new assumptions for PERS which revised rates of withdrawal, death, and service retirement for active members, and revised rates of mortality for retired members and beneficiaries. Also, new assumptions for MHSPRS were adopted which decreased rates of mortality among active members. For MRS, the mortality table for females changed from set forward 2 years to 3 years. This change was adopted and used in the valuation for MRS as of September 30, 2007. There were no changes in assumptions for SLRP. Changes for PERS, MHSPRS and SLRP were used in the actuarial valuations as of June 30, 2008.

7. Contributions Required and Contributions Made

Funding policies for PERS, MHSPRS, and SLRP provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. Contribution rates are established, by the Board of Trustees, for PERS, MHSPRS, and SLRP in accordance with actuarial contribution requirements determined through the most recent valuation.

The annual required contribution rate (ARC) is set two years in advance. Based on the June 30, 2006 valuation, the consulting actuary recommended an employer contribution rate for PERS of 12.25 percent, effective for fiscal year 2008. To mitigate the financial impact to the State of Mississippi, the Board of Trustees agreed to transition employer contributions rate increases in 0.55 percent increments until a sufficient funding level was reached to keep the unfunded accrued liability amortization period within 30 years. As a result, the employer contribution rate was increased from 11.30 percent to 11.85 percent effective July 1, 2007. In fiscal year 2008, actual contributions for PERS were less than required contributions due to this employer rate transition. However, in the June 30, 2007 actuarial valuation report, the consulting actuary recommended the required contribution rate decrease to 11.85 percent, effective for fiscal year 2009 due to favorable investment performance coupled with prior year increases in employer contribution rates. For fiscal year 2010, the consulting actuary has recommended the PERS' required contribution rate change to 12 percent in order to remain below a 30-year amortization period.

Costs to administer plans are financed from investment earnings. In addition, employers of MRS, MHSPRS, and SLRP contribute an administrative fee to the System.

Required Contributions
(Dollars in Thousands)

	Contribution Requirements						Contributions Made				
	Normal Cost		Unfunded Cost				Member		Employer		
System	Amount	Percent of Covered Payroll	Amount	Percent of Covered Payroll	Total Required Contributions	Total Actual Contributions	Amount	Percent of Covered Payroll	Amount	Percent of Covered Payroll	Covered Payroll
PERS	$626,010	11.27%	$498,528	8.23%	$636,546	$1,100,308	$417,119	7.25%	$683,189	11.85%	$5,544,705
MHSP	6,598	21.60	4,640	15.20	10,492*	14,394	1,985	6.50	12,409*	30.30	29,597
SLRP	470	6.96	182	2.69	436	652	203	3.00	449	6.65	6,753
Total	$633,078	-	$503,350	-	$647,474	$1,115,354	$419,307	-	$696,047	-	$5,581,055

**Due to Senate Bill No. 2659 enacted in 2004, an estimated additional contribution of $2,300,000 (8.5% of payroll) was used to calculate total required contributions for MHSPRS. The actual amount received in 2008 was $3,156,000.*

Funding policies for MRS, established by Mississippi statutes, provide for a property tax to be levied within each municipality and deductions from salaries of members, at rates sufficient to make the plans actuarially sound. An actuarial valuation is performed on an annual basis to determine the rates necessary to make the System actuarially sound. However, Mississippi statutes limit any increase in the property tax levy for pension contributions to one-half mill per year. Given this constraint on employer contribution increases, there is a possibility, depending upon future experience, that one or more of the funds under MRS will be exhausted at some point in the future. Such an event would lead to at least a temporary reduction in benefits paid until the affected fund's cash flow position improved.

The Mississippi Code Ann. (1972) provides that a municipality may fund or assist in funding MRS through the use of revenue bonds in order to make the funds under MRS actuarially sound by July 1, 2000. During the fiscal year ended June 30, 1998, a participating municipality issued $50 million in Pension Obligation Bonds. The proceeds of the bond issuance were transferred to MRS in lieu of employer contributions for the period October 1, 1997, to June 30, 2009. The millage levied by this municipality for MRS employer contributions will be used by the municipality to retire the bond indebtedness.

An actuary is used to determine the implications of the statutory limited contribution levels. At September 30, 2007, aggregate contributions for MRS were equivalent to 97.1 percent of the required annual contributions. Certain municipalities will have a contribution deficiency after the maximum one-half mill per year increase.

The employer contribution millage rates required for each municipality ranged from 0.87 to 8.73 mills, totaling $14,976,000 in actual contributions. The employee contribution rates ranged from 7 percent to 10 percent of covered payroll, totaling $199,611 in actual contributions.

(a) Legally Required Reserves

Provisions for reserves, in which all assets of the System are to be credited according to their purpose, are established by Section 25-11-123, Article 3, Mississippi Code Ann. (1972) and may be amended only by the State of Mississippi Legislature. The annuity savings account accumulates the contributions made by members and accumulated interest. The annuity reserve represents the actuarial value of all annuities in force. The reserve account that accumulates contributions made by the employers, and where all retirement allowances and other benefits are charged, is referred to as the employer's accumulation account.

The following table presents the reserve account balances and the unfunded actuarial accrued liability as of June 30, 2008 (in thousands):

	PERS	MHSPRS	MRS*	SLRP
Annuity savings account	$ 3,991,804	$ 21,371	$ 3,015	$ 2,102
Annuity reserve	2,691,759	21,901	-	1,165
Employer's accumulation account	14,131,157	255,358	210,417	10,145
Unfunded actuarial accrued liability (UAAL)	7,719,974	82,948	166,152	2,203
Actuarial accrued liability	$28,534,694	$381,578	$379,584	$15,615
Percent funded	72.9%	78.3%	56.2%	85.9%
Annual covered payroll	$ 5,544,705	$ 29,597	$ 1,953	$ 6,753
UAAL as a percentage of annual covered payroll	139.2%	280.3%	8,507.5%	32.6%

**The annuity reserve for MRS is reflected as of the September 30, 2007 valuation date.*

8. Retirement Plan of System Employees

System employees are members of PERS. The payroll for System employees covered by PERS for the year ended June 30, 2008, was $5,566,000; the System's total payroll expense was $7,278,000. System contributions for the years ended June 30, 2008, 2007 and 2006, were $656,000, $567,000 and $506,000, respectively. The contributions for 2007 and 2006 were 90 percent and 100 percent of required contributions, respectively. Contributions for 2008 were 97 percent of required contributions. Refer to note 7 to the basic financial statements for more information regarding contributions made for fiscal year 2008. System contributions represent less than one percent of total contributions required for all participating employers.

9. Subsequent Event

Subsequent to the June 30, 2008 fiscal year end, PERS experienced a decline in fair value of investments held by the System. This decline is due to turbulent conditions in the financial markets which have affected substantially all investors, including public pension plans. The duration and adverse impact of financial market volatility cannot be fully determined at the present time. However, the Board of Trustees' investment policy, which emphasizes long-term investment performance and diversification within the asset class allocation model, is designed to mitigate the effects of financial market volatility and minimize risk for the fund. The Board of Trustees, in conjunction with the PERS staff and our investment management consulting firm, continue to monitor and evaluate the System's investment portfolio to maximize investment returns while minimizing risks.

Required Supplementary Information

Schedules of Funding Progress – Last Ten Fiscal Years

(In Thousands) • (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Percent Funded (a / b)	Annual Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll ((b - a) / c)
Public Employees' Retirement System of Mississippi						
1999	$ 13,016,632	$ 15,751,361	$ 2,734,729	82.6%	$ 3,711,680	73.7%
2000	14,899,074	18,052,096	3,153,022	82.5	4,090,596	77.1
2001	16,191,631	18,494,207	2,302,576	87.5	4,112,238	56.0
2002	16,823,185	20,180,347	3,357,162	83.4	4,220,539	79.5
2003	16,979,457	21,485,838	4,506,381	79.0	4,431,600	101.7
2004	17,103,285	22,847,260	5,743,975	74.9	4,617,273	124.4
2005	17,180,705	23,727,098	6,546,393	72.4	4,786,280	136.8
2006	18,321,063	24,928,464	6,607,401	73.5	4,971,974	132.9
2007	19,791,564	26,862,636	7,071,072	73.7	5,196,295	136.1
2008	20,814,720	28,534,694	7,719,974	72.9	5,544,705	139.2
Mississippi Highway Safety Patrol Retirement System						
1999	$ 219,866	$ 221,757	$ 1,891	99.1%	$ 19,808	9.5%
2000	244,331	251,937	7,606	97.0	21,314	35.7
2001	259,713	250,621	(9,092)	103.6	21,972	(41.4)
2002	263,255	285,548	22,293	92.2	20,339	109.6
2003	259,746	302,134	42,388	86.0	21,052	201.3
2004	256,481	316,570	60,089	81.0	22,683	264.9
2005	253,477	335,117	81,640	75.6	22,343	365.4
2006	265,637	350,638	85,001	75.8	24,499	347.0
2007	284,626	371,233	86,607	76.7	27,037	320.3
2008	298,630	381,578	82,948	78.3	29,597	280.3
Municipal Retirement Systems*						
1998	$ 213,591	$ 363,612	$ 150,021	58.7%	$ 10,852	1,382.4%
1999	235,221	369,118	133,897	63.7	9,440	1,418.4
2000	253,713	375,059	121,346	67.6	8,485	1,430.1
2001	262,260	381,782	119,522	68.7	7,350	1,626.1
2002	259,586	393,011	133,425	66.1	5,980	2,231.2
2003	250,640	399,622	148,982	62.7	4,584	3,250.0
2004	235,198	393,061	157,863	59.8	3,675	4,295.6
2005	217,140	387,386	170,246	56.1	2,909	5,852.4
2006	213,553	383,355	169,802	55.7	2,223	7,638.4
2007	213,432	379,584	166,152	56.2	1,953	8,507.5
Supplemental Legislative Retirement Plan						
1999	$ 6,954	$ 8,931	$ 1,977	77.9%	$ 5,894	33.6%
2000	8,199	9,973	1,774	82.2	5,856	30.3
2001	9,124	10,302	1,178	88.6	5,941	19.8
2002	9,730	11,328	1,598	85.9	5,988	26.7
2003	10,196	12,220	2,024	83.4	6,289	32.2
2004	10,323	12,934	2,611	79.8	5,794	45.1
2005	10,634	13,402	2,768	79.3	6,530	42.4
2006	11,620	14,064	2,444	82.6	6,354	38.5
2007	12,722	15,054	2,332	84.5	6,554	35.6
2008	13,412	15,615	2,203	85.9	6,753	32.6

**Valuation information furnished for MRS is as of September 30.*

See Notes to Required Supplementary Schedules.

Schedules of Employer Contributions – Last Ten Fiscal Years

(In Thousands) • (Unaudited)

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
Public Employees' Retirement System of Mississippi		
1999	$ 336,392	100.0%
2000	361,889	100.0
2001	398,833	100.0
2002	400,943	100.0
2003	411,503	100.0
2004	432,081	100.0
2005	482,967	100.0
2006	514,525	100.0
2007	621,497	90.0
2008	636,546	97.0
Mississippi Highway Safety Patrol Retirement System		
1999	$ 5,109	100.0%
2000	5,182	100.0
2001	5,576	100.0
2002	3,452	100.0
2003	5,321	100.0
2004	5,928	100.0
2005	9,088	100.0
2006	8,692	100.0
2007	10,023	100.0
2008	10,492	100.0
Municipal Retirement Systems *		
1998	$ 14,727	96.4%
1999	13,803	99.8
2000	12,364	114.5
2001	11,276	125.9
2002	10,823	132.5
2003	11,989	116.6
2004	13,286	104.5
2005	14,091	100.6
2006	15,397	101.5
2007	15,426	97.1
Supplemental Legislative Retirement Plan		
1999	$ 371	100.0%
2000	373	100.0
2001	371	100.0
2002	376	100.0
2003	379	100.0
2004	398	100.0
2005	367	100.0
2006	413	100.0
2007	423	100.0
2008	436	100.0

**Valuation information furnished for MRS is as of September 30.*

See Notes to Required Supplementary Schedules.

1. Schedules of Funding Progress

The funding percentage of the actuarial accrued liability is a measure intended to help users assess each of the plan's funding status on a going-concern basis and assess progress being made in accumulating sufficient assets to pay benefits when due. The actuarial value of assets is determined on a market-related basis that recognizes 20 percent of the current year's unrecognized and unanticipated gains and losses (both realized and unrealized), as well as 20 percent of the prior years' unrecognized and unanticipated gains and losses (both realized and unrealized). In addition, the actuarial value of assets cannot be less than 80 percent nor more than 120 percent of market value.

Allocation of the actuarial present value of projected benefits between accrued and future service liabilities is based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, are the same as used to determine the plan's annual required contribution. For additional information regarding this schedule, refer to note 6, Funding Status and Progress.

2. Schedules of Employer Contributions

The required employer contributions and percent of those contributions actually made are presented in this schedule.

Employer contribution rates for PERS, MHSPRS, and SLRP are set by State statute. The adequacy of these rates is assessed annually by individual actuarial valuations. Unfunded actuarial accrued liabilities are amortized as a level percent of the active member payroll, over a fixed period of future years which produces the statutory employer contribution rate. The employer contribution rate so computed, expressed as a percent of active member payroll, is designed to accumulate sufficient assets to pay benefits when due. For MRS, the unfunded actuarial accrued liability is being amortized on a closed basis as a level percent over a period of 30 years. The current financing arrangement provides for a contribution determined as a percentage of each city's assessed property valuation. Actual MRS employer contributions were $14,976,000, which was 97.1 percent of required contributions for the valuation period ending September 30, 2007.

Beginning with fiscal year 2007, the Governmental Accounting Standards Board (GASB) Statement No. 25 required a maximum acceptable amortization period for the total unfunded actuarial liability of not more than 30 years. In order to comply with the GASB statement, the consulting actuary recommended, in the June 30, 2006 actuarial valuation report, a PERS employer contribution rate of 12.25 percent effective July 1, 2007. To mitigate the financial impact to the State of Mississippi, the Board of Trustees agreed to transition employer contribution rate increases in 0.55 percent increments until the funding level was reached to maintain the liability payment period within 30 years. As a result, the employer contribution rate was increased to 11.85 percent effective July 1, 2007. At June 30, 2008, the actual employer contribution amount for PERS was $683,189,000, which was 97 percent of required total contributions. Due to favorable investment performance in previous years, coupled with prior year increases in employer contribution rates, the consulting actuary decreased the recommended employer contribution rate to 11.85 percent in the June 30, 2007 actuarial valuation report. Actual employer contributions for MHSPRS and SLRP remain at 100 percent of annual required contribution.

2007/2008 Fiscal Year
Annual Required Contribution (ARC) – Based on the Valuation as of June 30, 2006

Annual Required Contribution (ARC)	Rate
Normal	4.52%
Accrued liability	7.73
Total	12.25%

3. Actuarial Assumptions

(a) Plan Overview

Based on the most recent actuarial valuation report dated June 30, 2008, the Board of Trustees adopted an employer contribution rate increase of 0.15 percent for PERS, from 11.85 percent to 12 percent effective July 1, 2009. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

	PERS	MHSPRS	MRS	SLRP
Valuation date	June 30, 2008	June 30, 2008	September 30, 2007	June 30, 2008
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent open	Level percent open	Level dollar closed	Level percent open
Remaining amortization period	29.4 years	16.6 years	27 years	16.8 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:				
Investment rate of return	8.0%	8.0%	8.0%	8.0%
Projected salary increases	5.0-15.0%	5.0-10.52%	4.5-6.0%	5.0%
Wage inflation rates	4.0%	4.0%	4.0%	4.0%
Increase in benefits after retirement	3.0% [1]	3.0% [2]	2.0-3.75% [3]	3.0% [1]

[1] *Calculated 3% simple interest to age 55, compounded each year thereafter.* [2] *Calculated 3% simple interest to age 60, compounded each year thereafter.* [3] *Varies depending on municipality.*

(b) Effects of Current Year Changes in Plan Requirements

Plan requirements may be affected by changes in actuarial assumptions, benefit provisions, plan provisions, actuarial funding methods or other significant factors.

The following amendments were incorporated into the actuarial valuations:

PERS

- The maximum reportable earned compensation was increased from $150,000 to $230,000 to coincide with the compensation limit set pursuant to Section 401(a)(17) of the Internal Revenue Code.
- The vesting requirement for those employees hired after July 1, 2007, was increased from 4 to 8 years of service.

MHSPRS

- Due to Senate Bill No. 2659 enacted in 2004, additional contributions are being made to the System. The estimate used for last year's valuation was $2,300,000 annually. The actual additional contribution for 2008 is $3,156,000. However, since the last three years of additional contributions have not been consistent, contributions for this three-year period have been averaged to provide 2008 valuation results, which total an anticipated amount of $2,700,000 annually.

SLRP

- The maximum reportable earned compensation was increased from $150,000 to $230,000 to coincide with the compensation limit set pursuant to Section 401(a)(17) of the Internal Revenue Code.
- The vesting requirement for those employees hired after July 1, 2007, was increased from 4 to 8 years of service.

MRS

- The minimum benefit for the City of Vicksburg increased from $1,130 per month to $1,415 per month.
- The maximum benefit for the City of Clinton increased from 66⅔ percent of average base monthly salary to 87 percent of average base monthly salary.

Changes due to normal amortization and actuarial experience had the following effect on the unfunded accrued liability amortization period. The unfunded actuarial accrued liability for MRS is amortized on a closed basis as a level dollar amount over a period of 40 years.

	PERS	MHSPRS	SLRP
Previously reported period of years	29.3	25.8	20.1
Change due to:			
Normal amortization	(1.0)	(1.0)	(1.0)
Actuarial experience	0.7	(4.3)	(0.9)
Assumption changes	-	(1.4)	-
Plan amendments	0.2	-	(1.0)
Method change	-	-	-
UAL contribution experience	0.2	(2.5)	(0.4)
Computed period of years	29.4	16.6	16.8

Schedule 1

Schedule of Administrative Expenses and Depreciation

For the Year Ended June 30, 2008

(In Thousands)

	Amount
Administrative expenses:	
Personal services:	
Salaries and wages	$ 5,602
Employee benefits	1,676
Travel and subsistence	65
Total personal services	7,343
Contractual services:	
Professional services (See Schedule 3)	1,687
Communications	486
Data processing installation, training and licensing	306
Rent of building space and office equipment	236
Utilities	204
Repair and maintenance of building and equipment	160
Bank charges	122
Janitorial	83
Security	62
Insurance	37
Other contractual services	33
Total contractual services	3,416
Commodities:	
Printing, binding and padding	175
Office supplies and expendable repair parts	58
Office equipment (not capitalized)	47
Business meeting supplies	16
Fuel	12
Other commodities	11
Total commodities	319
Total administrative expenses	11,078
Depreciation:	
Building	313
Furniture and equipment	142
Total depreciation	455
Total administrative expenses and depreciation	$ 11,533

Schedule 2

Schedule of Administrative Expenditures/Expenses – Budget and Actual

(Non-GAAP Budgetary Basis) – For the Year Ended June 30, 2008

(In Thousands)

Budget Comparisons

	2008 Budget	2008 Actual	Variance Favorable (Unfavorable)
Administration expenditures:			
Personal services:			
Salaries, wages, and fringe benefits	$ 7,767	$ 7,260	$ 507
Travel and subsistence	75	67	8
Contractual services*	3,507	3,203	304
Commodities	280	272	8
Capital outlays – other than equipment	-	-	-
Capital outlays	89	87	2
Subsidies, loans, and grants	-	-	-
Total	$ 11,718	$ 10,889	$ 829

**Contractual Services budget includes $480,458 for initial phases of the pension administration computer system replacement.*

The budget and actual (non-GAAP budget basis) schedule presents a comparison of the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on a budgetary basis sometimes differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. Therefore, a reconciliation of the resulting differences is presented below for the year ended June 30, 2008.

Reconciliation of Budgetary Basis Administrative Expenditures to GAAP Basis Administrative Expenses

	Amount
Administrative expenditures (Budgetary Basis)	$ 10,889
Adjustments:	
Compensated leave accrual	18
Bank service charges	122
Reclass cash transfer from PERS Building Repair and Maintenance Fund for budgetary purposes	14
Capital asset purchases recorded as expenditures for budgetary purposes	(20)
Fiscal year 2008 budget expenditures paid during lapse period; expenses recorded in fiscal year 2009	(173)
Fiscal year 2008 accruals to GAAP Basis	228
Administrative expenses (GAAP Basis)	$ 11,078

Schedule 3

Schedule of Managers' Fees, Investment Global Out-of-Pocket and Custodial Fees, and Professional Service Fees – For the Year Ended June 30, 2008

(In Thousands)

	Amount
Investment managers' fees:	
Artisan Partners Limited Partnership	$ 3,083
INTECH	2,362
Lazard Emerging Markets	2,282
New Star Institutional Managers Ltd	2,121
The Boston Company Asset Management	2,050
Wellington Asset Management – small-cap equity	2,035
Dimensional Fund Advisors – EAFE	2,016
AllianceBernstein	1,980
Delaware Investments.	1,974
Wellington Asset Management – mid-cap equity	1,920
Dimensional Fund Advisors	1,576
Fayez Sarofim & Company	1,544
Eagle Capital Management, LLC	1,492
Pacific Investment Management Company	1,448
Capital Guardian Trust Company	1,156
Jarislowsky Fraser Limited	1,149
Acadian Asset Management	1,078
Aberdeen Asset Management	987
Wellington Asset Management – real estate	728
RREEF – real estate	694
Barclays Global Investors – debt investments	427
Private Capital Management	417
UBS Global Asset Management	415
Northern Trust Global Investment	340
Barclays Global Investors – international equity	289
Standish Mellon	273
Eubel, Brady & Suttman Asset Management	261
Lazard Asset Management	184
State Street Global Advisors	145
Fiduciary Tactical Asset Management	122
Total	36,548
Custodial and global out-of-pocket fees – Bank of New York Mellon	83
Total managers' fees, out-of-pockets, and custodial fees	$36,631
Securities lending fees – Bank of New York Mellon	$ 6,218
Professional service fees:	
Fund evaluation – Callan Associates, Mercer Investment Consulting, Inc	$ 547
System development consultant – L.R. Wechsler LTD	241
Medical fees – clinics, labs.	236
Legal-State of Mississippi – Office of the Attorney General, Other	216
Actuary – Cavanaugh Macdonald	198
Audit – Department of Audit, Horne LLP, KPMG LLP	88
Reorganization – Cornerstone Consulting	47
Graphic design – Maris, West & Baker	38
Mailing services – Postage Savers, Sourcelink	32
Economic impact study – Mississippi State University	24
Voting services – VR Election Services	20
Total professional service fees	$ 1,687

Schedule 4

Summary Schedule of Cash Receipts and Disbursements
Pension Trust Funds – For the Year Ended June 30, 2008

(In Thousands)

	Amount
Cash balance at beginning of year	$ 246,378
Receipts:	
Contributions:	
Employer	706,334
Employee	511,411
Total contributions	1,217,745
Investments:	
Securities lending and reverse repurchase agreements	131,029,534
Investments matured and sold	28,601,496
Investment income	1,647,834
Total investments	161,278,864
Administrative receipts	650
Other receipts	12,178
Total cash receipts	162,509,437
Disbursements:	
Annuities and refunds:	
Retirement annuities	1,500,540
Refunds to terminated employees	72,256
Total annuities and refunds	1,572,796
Investments:	
Securities lending and reverse repurchase agreements	131,036,721
Investments purchased	29,624,226
Investment expenses	256,639
Total investments	160,917,586
Administrative expenses	11,480
Other disbursements	132
Total cash disbursements	162,501,994
Cash balance at end of year	$ 253,821

Schedule 5

Schedule of Investments Due to MRS from PERS – June 30, 2008

(In Thousands)

	Amount
Due to MRS:	
Biloxi Municipal	$ 2,181
Biloxi Fire and Police	8,654
Clarksdale Fire and Police	1,184
Clinton Fire and Police	8,420
Columbus Fire and Police	1,362
Greenville Fire and Police	4,586
Greenwood Fire and Police	3,196
Gulfport Fire and Police	10,739
Hattiesburg Fire and Police	24,230
Jackson Fire and Police	88,323
Laurel Fire and Police	3,588
McComb Fire and Police	1,404
Meridian Municipal	642
Meridian Fire and Police	8,396
Natchez Fire and Police	2,091
Pascagoula Fire and Police	8,493
Tupelo Fire and Police	8,126
Vicksburg Fire and Police	13,496
Yazoo City Fire and Police	753
Total investments due to MRS	$ 199,864

Schedule 6

Public Employees' Retirement System of Mississippi
Statement of Changes in Assets and Liabilities – Agency Funds
For the Year Ended June 30, 2008

(In Thousands)

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
Flexible Benefits Cafeteria Plan				
Assets:				
Cash	$ 15	$ 84	$ 75	$ 24
Accounts receivable	-	-	-	-
Total assets	$ 15	$ 84	$ 75	$ 24
Liabilities:				
Accounts payable	$ 15	$ -	$ -	$ 15
Funds held for others	-	84	75	9
Total liabilities	$ 15	$ 84	$ 75	$ 24

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Defined Benefit Plans – Report on Investment Activity

Prepared by Lorrie Tingle, CFA
Chief Investment Officer

The twelve months ending June 30, 2008 were plagued by soaring oil prices, the collapse of financial institutions, and diminishing investor confidence. Unable to overcome these negative influences, the System experienced negative returns on its investments for the fiscal year. While disappointed by this year's performance, we are reminded more than ever that investing for the future of our membership is a long-term commitment, and the prudent investment of the System's assets demands constant attention and specialized expertise. By employing every available avenue to create and maintain a well diversified portfolio designed to minimize risks and maximize returns over the long term, the System's investment program strives to ensure adequate funding is available for all current and future pension obligations.

2008 Plan Overview

As of June 30, the market value of the portfolio for all plans was $19.4 billion. This was a decrease of $2.3 billion over the previous year's valuation. It should be noted that as a mature pension plan, the System's annual distributions exceed the annual contributions being made by employees and employers. This year, $395 million more was paid out to participants than was paid in as contributions.

The investment portfolio, excluding investments purchased with securities lending cash collateral, was composed of 46.5 percent domestic; 22.7 percent international and 1.4 percent global equities; 23.7 percent debt securities; 4.7 percent real estate investments; and 1.0 percent cash and cash equivalents at fiscal year end. The System continued to maintain a high quality debt portfolio as evidenced by the fact that 74 percent of the bond investments carried a AAA rating. This includes 58 percent of the total long-term debt portfolio which was invested in U.S. Treasury and government agency bonds.

Mercer Investment Consulting is employed by the Board of Trustees as the System's investment consultant. Their services include calculating time-weighted investment returns for the total fund and for each of the investment managers retained to invest the System's assets. Mercer also provides investment research and advice, assists the Board in the manager selection process, and conducts periodic asset/liability studies for the Board of Trustees.

The System's securities lending program is managed by its custodial bank, BNY Mellon. This program generates ancillary income by lending securities in the System's portfolio to securities dealers in return for a premium payment on non-cash loans and earnings generated by the investment of cash collateral. All loans are secured by the receipt of collateral valued at 102-105 percent of the value of the loaned security. In fiscal year 2008, the program generated $35.3 million* in additional earnings for the PERS investment program.

At year end 27 firms were managing 32 different investment portfolios for PERS. The chart on page 64 identifies each firm, and the percentage of the total portfolio represented by each. Portfolio performance is monitored quarterly by the Board of Trustees with the assistance of Mercer Investment Consulting.

**$35.3 million was the earnings distributed for the fiscal year; $(1.6) million was the reported net income as required by GASB 28.*

Performance

Quarterly Recap

The fiscal year began with the portfolio returning a modest 1.8 percent for the quarter ended September 30. As it turned out, this was by far the most successful quarter for the fiscal year. The second quarter of the fiscal year saw returns of negative 1.6 percent, which was the beginning of a reversal of the strong returns experienced in fiscal year 2007. As fears surrounding rising energy prices, mortgage delinquencies and unemployment levels continued to grow, investors waited for the next shoe to drop. Concerns worsened as the effects of subprime mortgage related issues and the unwinding of the excessive leverage in the markets began to spread. The quarter ended March 31, 2008 proved to be a low point for the fiscal year as the total fund saw returns dip to a negative 6.6 percent. Investor fears were given a brief respite in the fourth quarter as the Fed took aggressive action and opened its discount window to include broker-dealers in an attempt to aide the liquidity crises that faced financial institutions. In addition, the Fed stepped in to orchestrate the purchase of troubled Bear Stearns by J.P. Morgan again giving investors hope that the U.S. financial sector was now on firmer ground. For the quarter ended June 30, the System returned a negative 1.9 percent to finish out with a negative 8.2 percent return for the fiscal year.

The 1-year total return of negative 8.2 percent underperformed both the policy benchmark return, negative 5.8 percent, as well as the 8.0 percent actuarial assumed annual rate of return. The 3- and 5-year returns were 6.5 percent and 8.8 percent, respectively. The 10-year return of 5.1 percent continued to reflect the influence of the negative post bubble years coupled with this year's underperformance. In looking at the longer term 15- and 20-year returns of 8.1 and 9.1 percent, one can see that over longer periods the portfolio has been successful at meeting and exceeding the 8.0 percent assumed rate of return.

Short-Term Portfolio

Cash flows generated by the contributions to the System and from other incremental income activities are managed and invested by the System's investment staff. The return on the internally managed short-term investment program for the year was 4.4 percent. The cash portion of the accounts managed by external investment managers is invested in interest earning cash equivalents until longer-term investments are purchased. All short-term investments are made in accordance with State law and policies set by the Board of Trustees.

Equity Portfolio

Investor confidence in the global equity markets diminished throughout fiscal year 2008. As recession fears grew and the mortgage crisis spread, market volatility increased throughout the year. The portfolio's domestic equity return for the fiscal year was negative 13.5 percent which underperformed the Russell 3000 Index, the System's broad domestic equity benchmark, by 0.8 percent.

Domestic equity returns for the 3-year period ending June 30 were 4.7 percent, while the 5-year period ending June 30 posted an 8.5 percent return. This basically matched the Russell 3000 Index, which also had a 4.7 percent 3-year and an 8.4 percent 5-year return. For the ten years ended June 30, the System's domestic equity portfolio returned 3.6 percent, which exceeded the 3.5 percent return for the Russell 3000 over the same timeframe.

International and global equity investors also experienced negative returns for fiscal year 2008, as the overseas equity markets succumbed to the same fears facing the U.S. equity markets. The System's one global equity portfolio returned negative 10.2 percent for the year, which matched its benchmark, the MSCI World Index. International equity returns for U.S. investors, though still negative, were helped by the decline of the dollar against most foreign currencies during the year. The System's developed markets portfolio returned negative 12.3 percent, while the emerging markets' assets returned a positive 6.2 percent. These components combined for a total international equity portfolio return of negative 9.8 percent for the year. The MSCI EAFE Index, which serves as the benchmark for the international equity investments, returned negative 10.1 percent for the same period. For the three- and five-year periods ended June 30, the System's international equities experienced 13.6 and 7.0 percent returns, while the MSCI EAFE Index returned 13.3 and 17.2 percent, respectively. The longer-term results show for the 10-year period, the international portfolio had returns of 6.1 percent.

As of June 30, the System had allocated 46.5 percent of the total portfolio to domestic, and 24.1 percent to international and global equities. Within the domestic equity portfolio, 76.0 percent of the investments were in large, 15.0 percent mid, and 9.0 percent small capitalization securities, which correlate with the approximate weighting of the Russell 3000 Index.

Real Estate

The System funded its first real estate investments in late June 2003. The portfolio is divided between core commingled real estate and value added real estate fund investments, which directly invest in properties and in managed portfolios of real estate investment trusts (REITS). REITS are exchange traded securities which provide indirect exposure to real estate properties and real estate management companies through the public markets. In fiscal year 2008, the System saw returns of negative 2.4 percent on its total real estate portfolio. The benchmark used for the commingled fund investments is the NCREIF Index, which returned 9.2 percent for the year, while the REIT portfolio is compared to the Dow Jones Wilshire REIT Index, which returned negative 15.3 percent. Real estate investments comprised 4.7 percent of the total portfolio.

Bond Portfolio

As the impact of the subprime mortgage situation came to light, the System's bond portfolio also struggled in fiscal year 2008. Although the portfolio returned a positive 5.5 percent for the year, it underperformed its benchmark, the Lehman Aggregate Index, which returned 7.1 percent. For the five years ended June 30, 2008, the System's fixed income return was 3.7 percent, while the Lehman Aggregate returned 3.9 percent. The 10-year performance for the System's bonds was 5.7 percent, which matched the Index return. The System ended the year with a 99.0 percent exposure to investment grade domestic bonds.

Asset Allocation

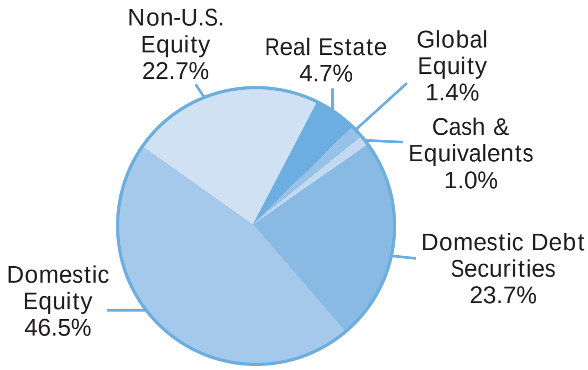
One of the most critical decisions made by the Board of Trustees is that of the long-term asset allocation policy for the investment portfolio. The System's investment consultant conducts periodic asset/liability allocation studies which include consideration of projected future liabilities of the System, projected risk and return for various asset classes, and the System's statutory investment restrictions. The last study, concluded in fiscal year 2006, resulted in the adoption of a long-term policy asset allocation target consisting of 43.0 percent domestic equities, 16.0 percent international equities, 24.0 percent domestic debt investments, 7.0 percent real estate, 5.0 percent private equity, and 5.0 percent in absolute return strategies.

Investments in less liquid asset classes, such as private equity and real estate, can take a considerable amount of time to achieve target allocations. The System continues to work towards full implementation of the long-term policy allocation adopted in 2006.

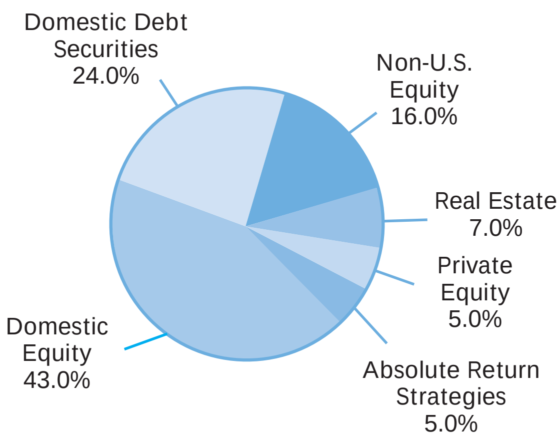
Asset allocation related decisions for all public pension plans are unique to the individual plan, and are based on the specific liability requirements of the plan, as well as any statutory investment restrictions under which the investment program must operate. As a result, the System's allocation to only U.S. and international equities, U.S. core debt investments, and real estate is quite different than the average public pension plan allocation found in the peer universe. From time to time, this difference can result in significant differences in investment returns.

Defined Benefit Plans

Asset Allocation at Fair Value
June 30, 2008



Long-Term Target Asset Allocation



Investment Policies

All investment policies adopted by the Board of Trustees of the Public Employees' Retirement System of Mississippi are within the guidelines established by the Mississippi Code of 1972, Section 25-11-121.

• Types of Investments

The specific types of investments in which the System is authorized to invest are enumerated in Section 25-11-121 of the Mississippi Code of 1972.

• Asset Allocation

The current long-term asset allocation was adopted by the Board of Trustees in June 2006. Asset allocation studies are conducted by the System every four to five years, or more frequently should significant liability changes occur.

• Performance

- The performance of each investment manager is measured against an appropriate, industry recognized index, which is used as the minimum investment return benchmark. The target return is expected to be achieved at a risk level no greater than that of the designated benchmark index.

- Each investment manager is expected to perform above the mean of their peer universe over a rolling three-year period. The peer universe is maintained by the System's investment consultant.

- The investment consultant produces quarterly performance evaluation reports for each investment manager. These reports also include performance over 1-, 3-, 5- and 10-year periods if applicable. The quarterly review includes performance comparisons against the established benchmarks and peer universes. In addition to individual manager performance, each quarterly report also includes composite and total portfolio performance data. The quarterly performance review is presented to the Board by the investment consultant.

- Each investment manager makes a formal presentation to the Board of Trustees or the Investment staff in Jackson at least annually. If deemed necessary, representatives of the System also may elect to visit the investment managers at their place of business.

Summary

If the markets of fiscal year 2007 were characterized as having excessive liquidity and investors with seemingly insatiable risk appetites, fiscal year 2008 can be described as the polar opposite. The challenges faced by investors in fiscal year 2008 appeared early in the fiscal year and continued to grow as the year progressed. It began with falling home values and increasing mortgage default rates. Next, investors' worries grew as financial institutions such as Bear Stearns and Countrywide Financial succumbed to the pressures brought on by the subprime mortgage crisis. Credit risk exposure began to unwind, and liquidity, which previously had been so readily available, suddenly dried up.

Consumers and investors faced rapidly rising oil prices, slowing GDP, and growing fears that a complete meltdown of the major financial systems worldwide might be at hand. Fiscal year 2008 could be described as the year market sentiment shifted from "irrational exuberance" to "irrational anxiety." Investors reeled as mortgage giants Fannie Mae and Freddie Mac were taken over by the government; oil hit the all-time high of $140 per barrel and the value of their homes declined 10-25 percent. As investors watched their retirement savings decline with each quarterly statement, the fear became too much. Many began to divest of any assets perceived as risky, seeking safety in U.S. Treasuries, gold, and finally, cash. This resulted in a rapid wholesale decline in the equity and bond markets worldwide.

On the positive side, while fiscal year 2008 was a stressful year for investors, it was also a year that saw a very motivated and innovative Federal Reserve take quick action to try to keep the wheels of the U.S. financial system turning. From orchestrating buyouts of major investment banks to expanding the activities of the Fed discount window; cutting interest rates by 325 basis points and seeking new ways to inject liquidity into the financial markets; the Fed did it this year. Investors should take comfort from the fact that lessons learned from previous U.S. financial crises have not been forgotten, and the mistakes that prolonged the pain for investors in similar situations in the past will not be made this time.

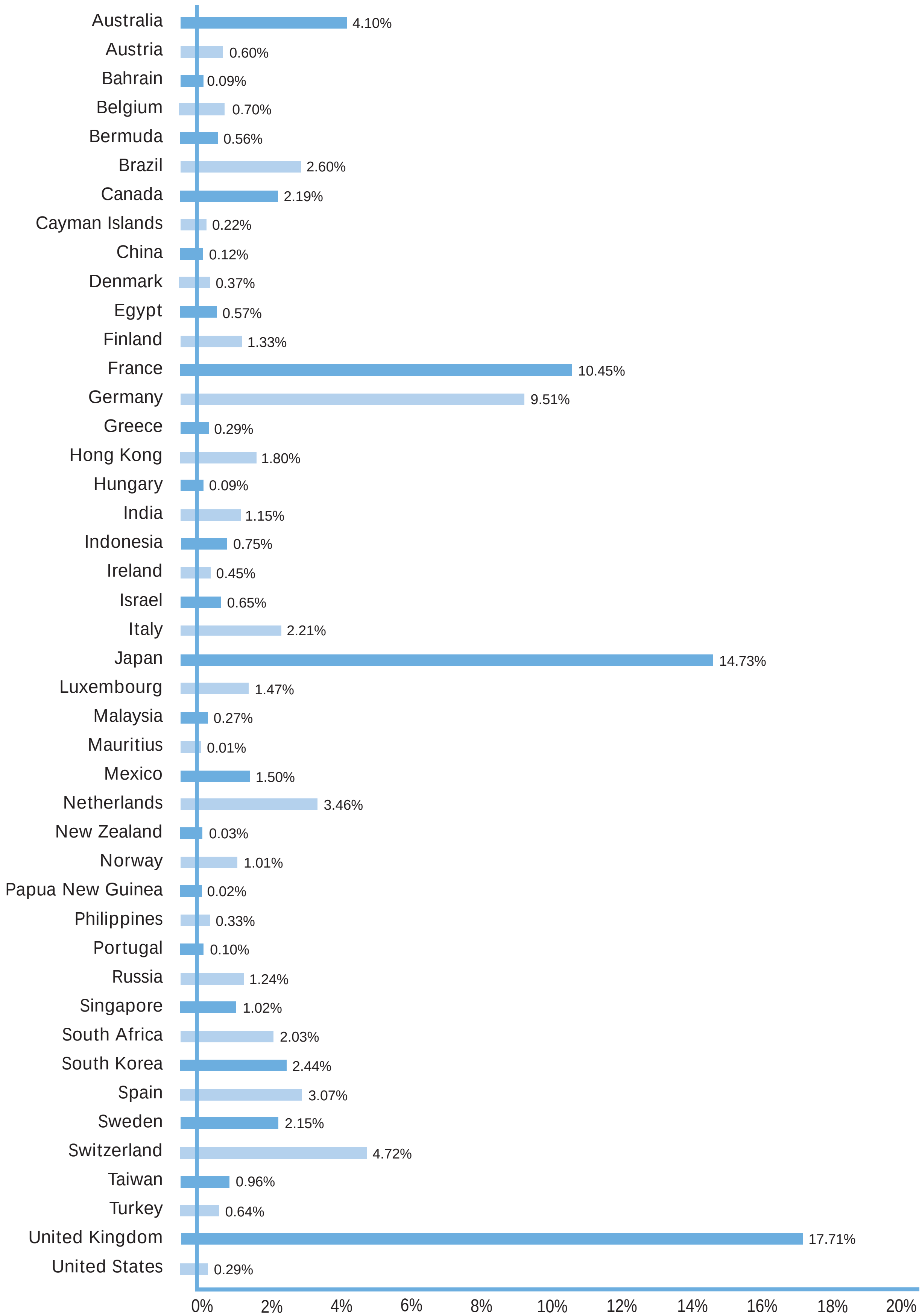
From beginning to end, fiscal year 2008 was certainly challenging as the problems in the mortgage markets moved from Wall Street to Main Street, and worries about a global economic slowdown coupled with soaring energy prices weighed heavily on the minds of most investors. After seeing the financial markets struggle with these concerns one might ask, "What is being done to ensure the financial soundness of the System?"

By design, a pension plan investment program must focus on a long-term investment horizon. The System is essentially a "perpetual" investor, and as such, its portfolio should be, and is, structured to provide the best returns possible over the long-term within the risk parameters adopted by the Board of Trustees. While admittedly there will always be challenging times for investors, the System has taken prudent steps to attempt to ensure that its portfolio is well positioned to meet its future financial obligations. While these are difficult and frightening times, it is important to remember that this System invests for the long term. It has weathered many financial storms in the past and it will make it through this one as well.

Though there will always be challenges for investors to overcome, as a "perpetual" investor, the System will continue to utilize sound investment principles, while steadfastly working to overcome any and all investment challenges the future might present as we strive to provide secure benefits for our membership.

Defined Benefit Plans – International Equity Investments by Country

Fair Value at June 30, 2008

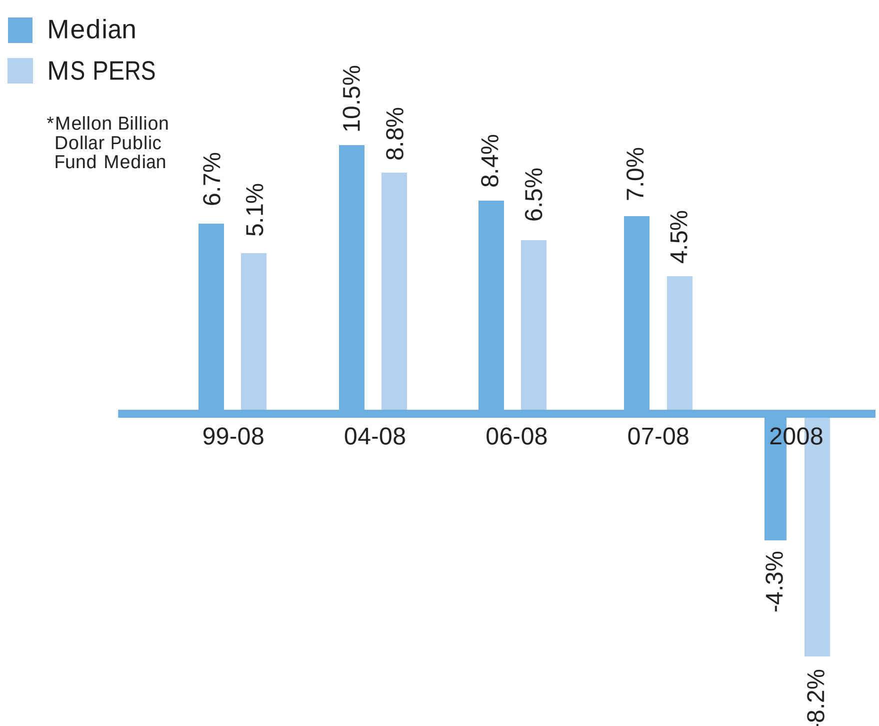


Defined Benefit Plans – Performance Summary for Fiscal Years
Ended June 30, 2008

	Current Year	Annualized 3-year	Annualized 5-year
Total Plans:			
MS PERS Combined Return*	(8.2)%	6.5%	8.8%
MS PERS Policy Target Return	(5.8)	6.8	9.0
Mellon Billion Dollar Public Fund Median	(4.3)	8.4	10.5
Domestic Debt Securities:			
Debt Securities Managers Composite*	5.5	3.7	3.7
Lehman Brothers Aggregate Bond Index	7.1	4.1	3.9
Domestic Equity:			
Domestic Equity Managers Composite*	(13.5)	4.7	8.5
Russell 3000 Index	(12.7)	4.7	8.4
International Equity:			
International Equity Managers Composite*	(9.8)**	13.6	17.0
MSCI EAFE Index	(10.1)	13.3	17.2
MSCI Emerging Markets Index	4.9	27.5	30.1
Global Equity:			
Global Equity Managers Composite*	(10.2)	–	–
MSCI World Index	(10.2)	9.4	12.5
Real Estate:			
Commingled Funds and REITS Composite*	(2.4)	10.4	15.8
NCREIF Property Index	9.2	14.9	14.7
Dow Jones Wilshire REIT Index	(15.3)	4.9	14.5

** Calculations for the System are prepared using a time-weighted rate of return methodology based upon market values.*
*** Includes both developed and emerging market investments.*

Large Public Plans*
Total Plans: Annualized Rates of Return



Defined Benefit Plans – Domestic Equity Portfolio Summary

	Fair Value
Total Equity Securities	$9,031,126,579
Total Number of Shares of Equity Securities Held	288,315,098
Total Number of Issues of Equity Securities Held	2,173

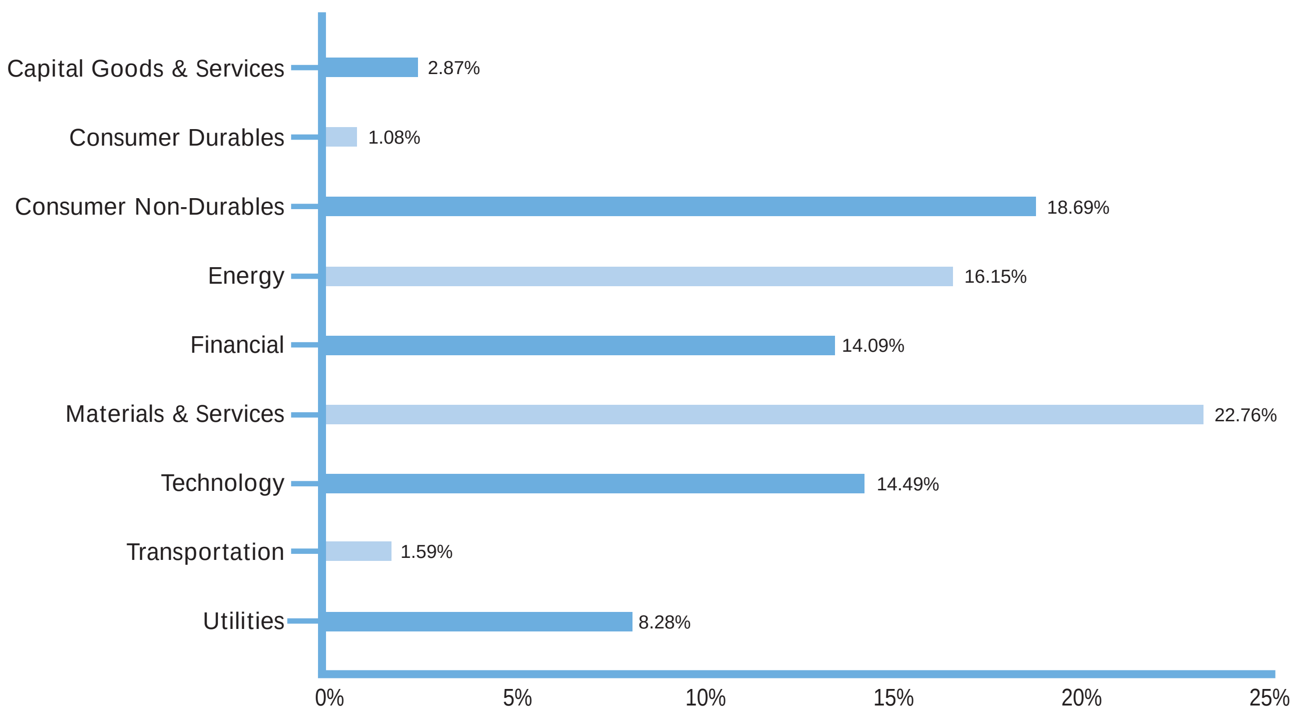
Ten Largest Domestic Common Stock Holdings

	Shares	Fair Value
Exxon Mobil Corporation	4,357,531	$ 384,029,207
General Electric Company	6,951,055	185,523,658
Chevron Corporation	1,666,765	165,226,414
Proctor & Gamble Company	2,268,566	137,951,498
Conoco Phillips Company	1,455,284	137,364,257
Johnson & Johnson	1,979,582	127,366,306
Microsoft Corporation	4,374,967	120,355,342
AT&T, Inc.	3,463,800	116,695,422
Coca-Cola Company	1,938,298	100,752,730
Apple, Inc.	543,488	91,001,631
Totals	28,999,336	$1,566,266,465

A complete list of portfolio holdings is available upon written request.

Domestic Equity Investments by Industry Type

Fair Value at June 30, 2008



Defined Benefit Plans – International Equity Investment Portfolio Summary

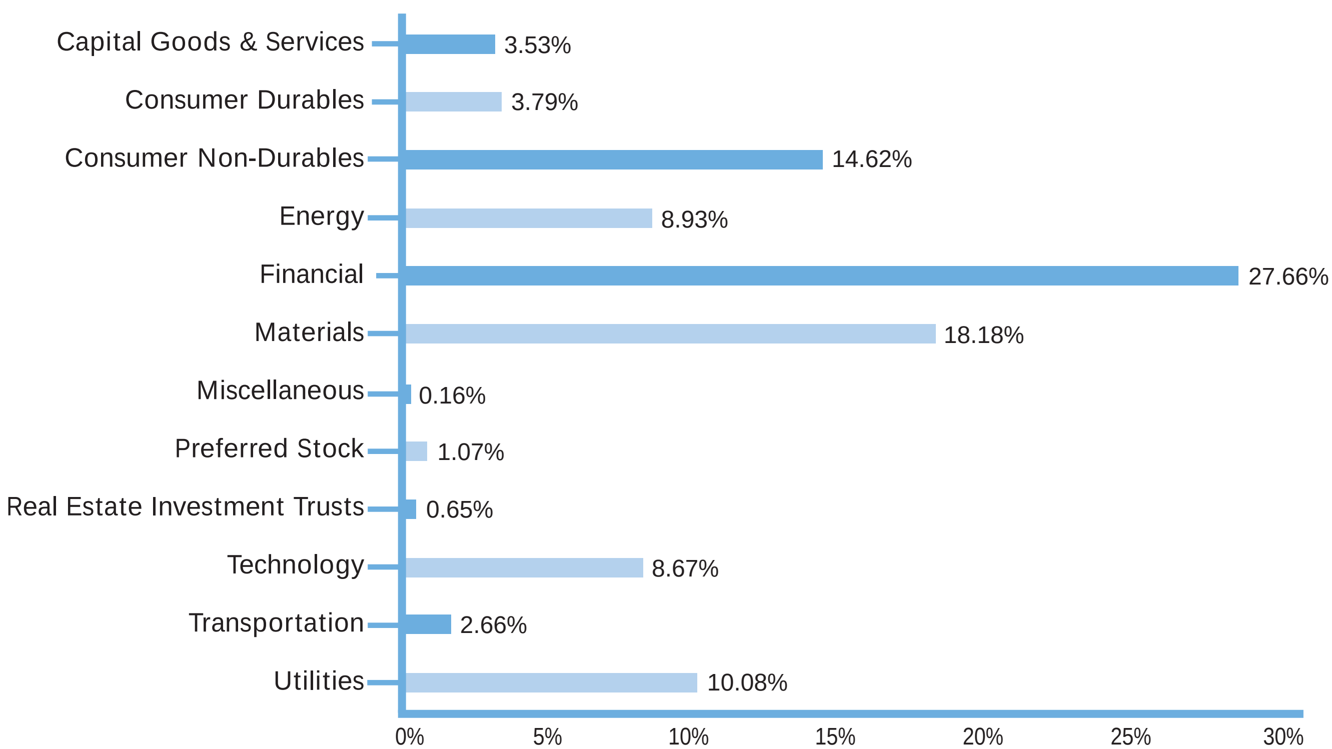
	Fair Value
Total Equity Securities	$4,390,864,892
Total Number of Shares of Equity Securities Held	392,113,577
Total Number of Issues of Equity Securities Held	1,332

Ten Largest International Stock Holdings

	Shares	Fair Value
BP Plc	7,125,492	$ 82,719,824
Vodafone	27,038,723	80,269,292
Total Sa	725,590	61,967,478
E. On Ag	262,276	52,960,296
Glaxosmithkline Plc	2,243,027	49,690,076
Banco Santander Sa	2,619,948	48,176,669
Royal Bank of Scotland	9,864,000	42,211,571
Nestle Sa	914,050	41,434,300
Ing Groep	1,290,461	41,186,072
Arcelormittal Npv	412,942	40,862,219
Totals	52,496,509	$ 541,477,797

A complete list of portfolio holdings is available upon written request.

International Equity Investments by Industry Type
Fair Value at June 30, 2008



Defined Benefit Plans – Global Equity Investment Portfolio Summary

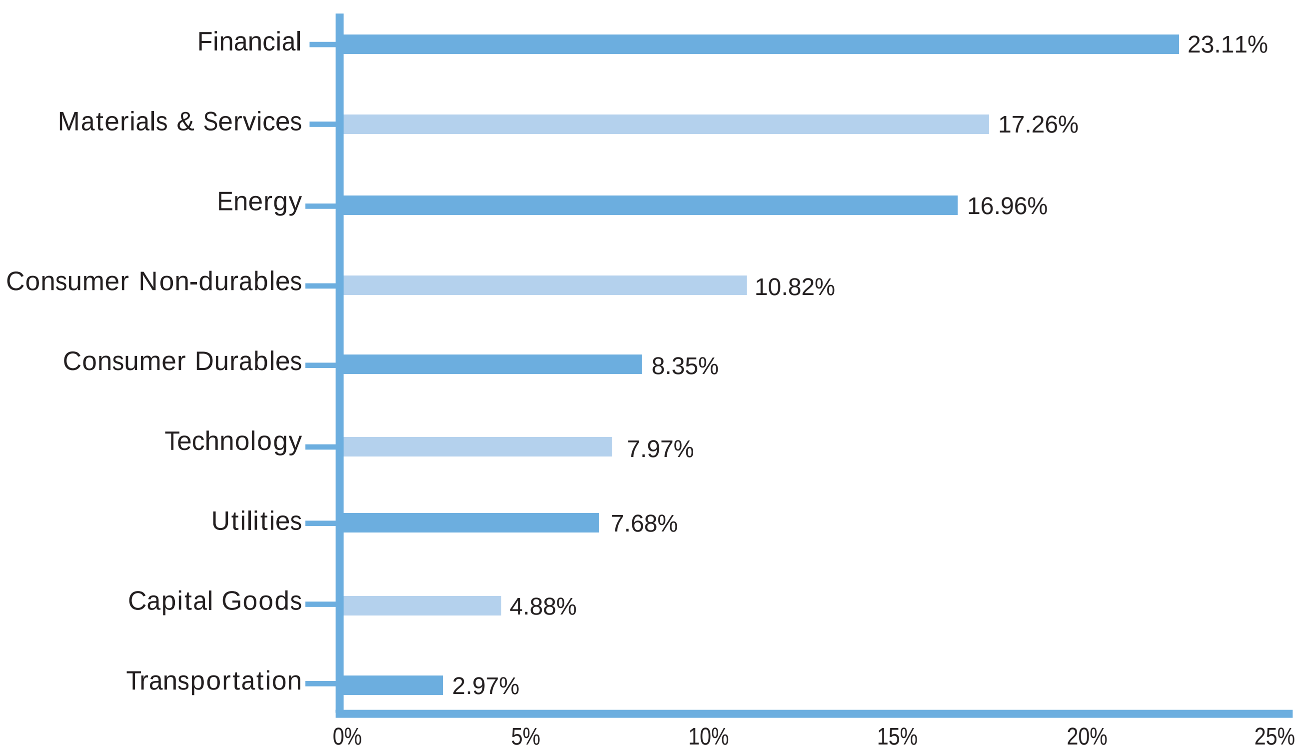
	Fair Value
Total Equity Securities	$268,730,295
Total Number of Shares of Equity Securities Held	13,120,801
Total Number of Issues of Equity Securities Held	213

Ten Largest Global Stock Holdings

	Shares	Fair Value
Exxon Mobil Corporation	154,500	$ 13,616,085
Chevron Texaco Corporation	128,200	12,708,466
Research in Motion Limited	95,299	11,245,526
Nintendo Company Limited	18,800	10,624,776
Mosaic Company	72,400	10,476,280
Royal Dutch Shell Plc	223,348	9,171,097
Potash Corporation	35,683	8,322,515
ING Groep Nv	245,672	7,840,814
Lukoil ADR	77,988	7,701,315
Travelers Company Incorporated	176,500	7,660,100
Totals	1,228,390	$ 99,366,974

A complete list of portfolio holdings is available upon written request.

Global Equity Investments by Industry Type
Fair Value at June 30, 2008



Defined Benefit Plans – Bond Portfolio Summary*

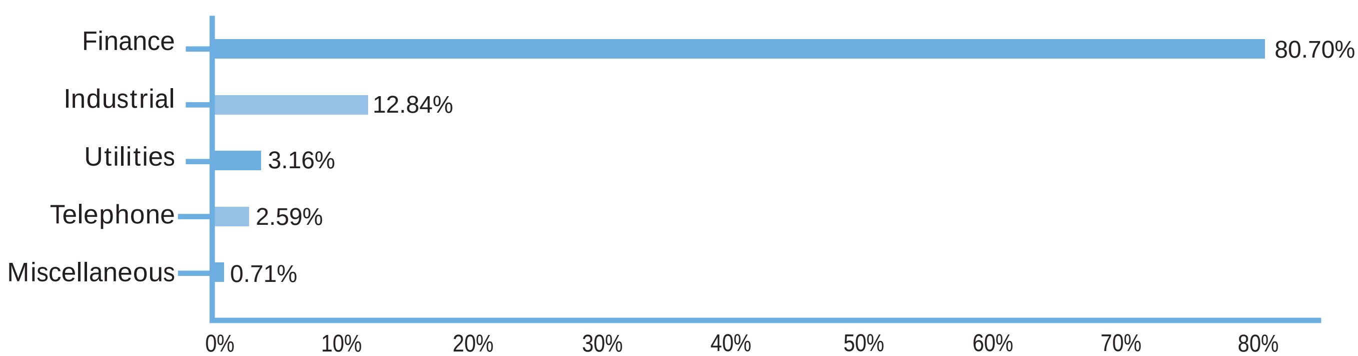
	Fair Value
Total Bond Investments	$8,320,938,171
Total Par of Bond Investments Held	$8,400,266,158
Total Number of Bond Issues Held	2,795

Ten Largest Long Term Corporate Bond Holdings*

	Par	Fair Value
Wells Fargo & Company	$ 200,000,000	$ 198,812,000
Citigroup, Inc.	176,000,000	175,297,056
Santander US Debt SA	150,000,000	149,767,200
Paccar Financial Corporation	100,000,000	99,975,700
J.P. Morgan Chase & Company	100,000,000	99,770,000
American Express Credit Corporation	100,000,000	99,632,000
J.P. Morgan Chase & Company	100,000,000	99,167,800
National City Corporation	100,000,000	95,777,000
ING Security Life Institutional Funding	90,000,000	90,226,080
Commonwealth Bank Australia	82,000,000	81,959,000
Totals	$1,198,000,000	$1,190,383,836

A complete list of portfolio holdings is available upon written request.

Corporate Bond Investments by Industry Type*
Fair Value at June 30, 2008



**Includes investments purchased with cash collateral received in the securities lending program.*

Defined Benefit Plans - Real Estate Investment Portfolio Summary

	Fair Value
Total Real Estate Investments	$905,079,950
Total Number of Shares* of Real Estate Investments Held	118,220,303
Total Number of Issues of REITs Held	45

**Includes units of commingled funds and shares of REITs.*

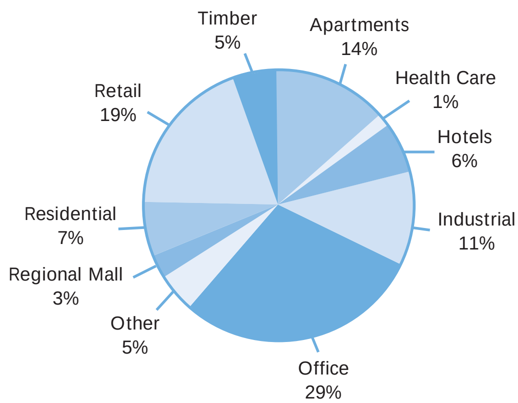
Ten Largest REIT Holdings

	Shares	Fair Value
Simon Property Group, Inc.	273,700	$ 24,602,893
Vornado Realty Trust	238,673	21,003,224
General Growth Properties, Inc.	539,200	18,888,176
Equity Residential	450,300	17,232,981
Host Hotels & Resorts, Inc.	1,215,810	16,595,806
Boston Properties, Inc.	154,125	13,905,158
Prologis	232,000	12,609,200
Kimco Realty Corporation	347,500	11,995,700
AvalonBay Communities, Inc.	96,468	8,601,087
Liberty Property	180,900	5,996,835
Totals	3,728,676	$151,431,060

A complete list of portfolio holdings is available upon written request.

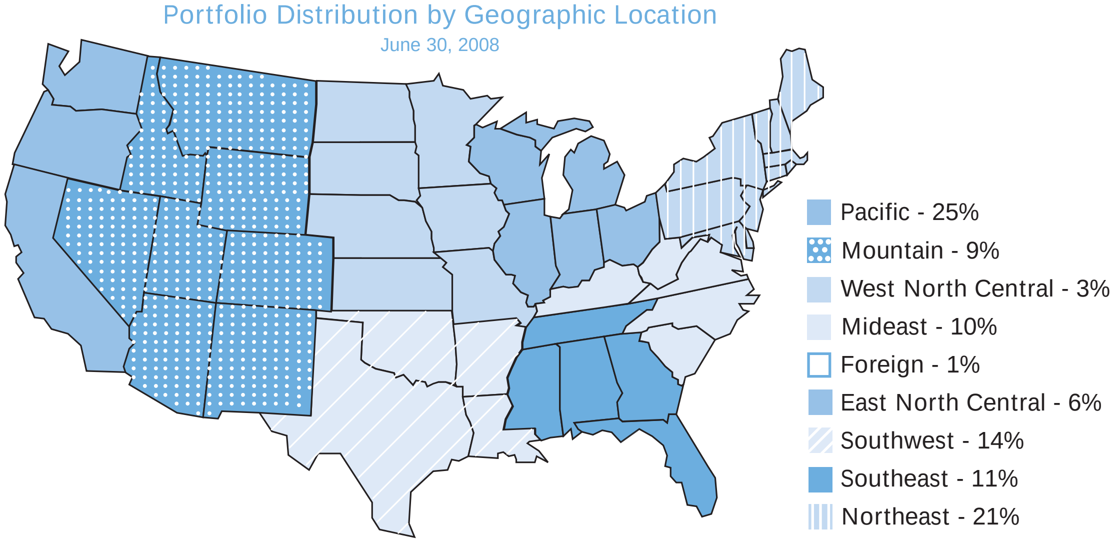
Portfolio Distribution by Property Type

June 30, 2008



Portfolio Distribution by Geographic Location

June 30, 2008



Defined Benefit Plans – Net Investment Income by Source

Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Bond Interest Income	Dividend Income	Short Term Income	Realized Gain/(Loss) on Investments	Appreciation (Depreciation) in Fair Value of Investments	Net Income From Securities Lending	Total Income/ (Loss)	Manager Fees and Custodian Fees	Net Income/ (Loss) From Investments
1999	$ 281,407	$ 140,132	$ 16,218	$ 484,239	$ 648,439	$ 5,936	$ 1,576,371	$ (20,252)	$ 1,556,119
2000	298,729	144,150	19,940	1,059,251	(239,457)	7,622	1,290,235	(22,718)	1,267,517
2001	318,181	136,656	21,575	(44,437)	(1,617,919)	9,326	(1,176,618)	(22,306)	(1,198,924)
2002	311,341	137,498	17,760	(306,488)	(1,151,762)	8,137	(983,514)	(21,827)	(1,005,341)
2003	289,976	150,103	20,159	(378,619)	399,890	5,075	486,584	(20,343)	466,241
2004	256,939	185,756	15,792	717,570	909,442	4,341	2,089,840	(26,382)	2,063,458
2005	213,809	259,360	16,848	848,980	230,871	6,160	1,576,028	(26,783)	1,549,245
2006	217,912	270,713	23,597	1,382,874	(46,746)	10,446	1,858,796	(32,309)	1,826,487
2007	229,244	331,397	36,578	1,014,839	1,904,107	12,647	3,528,812	(36,668)	3,492,144
2008	246,360	363,343	26,374	824,992	(3,192,348)	(1,576)	(1,732,855)	(36,631)	(1,769,486)

Ten-Year Total Pension Investment Rates of Return

(Dollars In Millions)

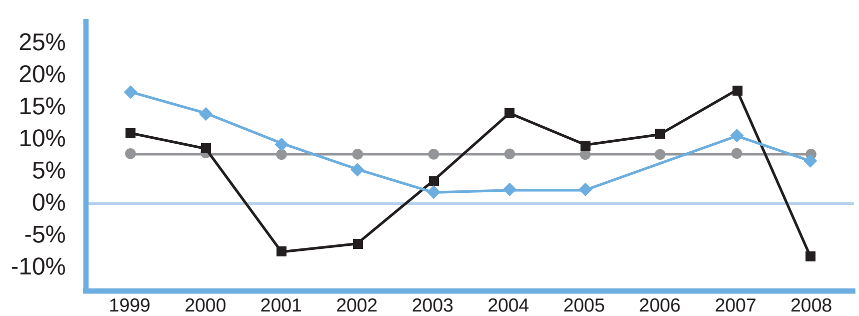
	Total Net Investment Assets at Fair Value	◆ Smoothed Rate of Return	■ Fair Value Rate of Return	● Actuarial Assumed Rate of Return
1999	$15,496	17.3%	11.3%	8.0%
2000	16,626	14.2	8.4	8.0
2001	15,510	9.4	(7.1)	8.0
2002	14,159	5.0	(6.6)	8.0
2003	14,604	2.4	3.5	8.0
2004	16,085	2.5	14.6	8.0
2005	17,250	2.5	9.8	8.0
2006	18,742	-	10.7	8.0
2007	21,766	10.2	18.9	8.0
2008	19,439	7.2	(8.2)	8.0

◆ *Smoothed Rate of Return consists of investment income in surplus or deficit of the assumed 8% on fair value smoothed over a five-year period with 20% of a year's surplus or deficit being recognized each year beginning with the current year. PERS, MHSPRS and SLRP smoothed rates have been averaged. In fiscal year 2006, PERS, MHSPRS and SLRP actuarial assets were set equal to market value of assets. Therefore, there was no smoothed difference between actuarial and investment asset amounts. In fiscal year 2007, smoothing resumed with the additional constraint that actuarial value of assets cannot be less than 80% nor more than 120% of market value. MRS is excluded as an agent multi-employer closed plan.*

■ *Fair Value Rate of Return consists of cash income plus gains and losses due to changes in fair value, whether realized or unrealized (before deduction of investment fees).*

● *Actuarial Assumed Rate is the assumed rate of return on the fair value of assets, and is used in establishing retirement contribution rates and in determining current benefit reserve requirements.*

Ten-Year Total Pension Investment Rates of Return



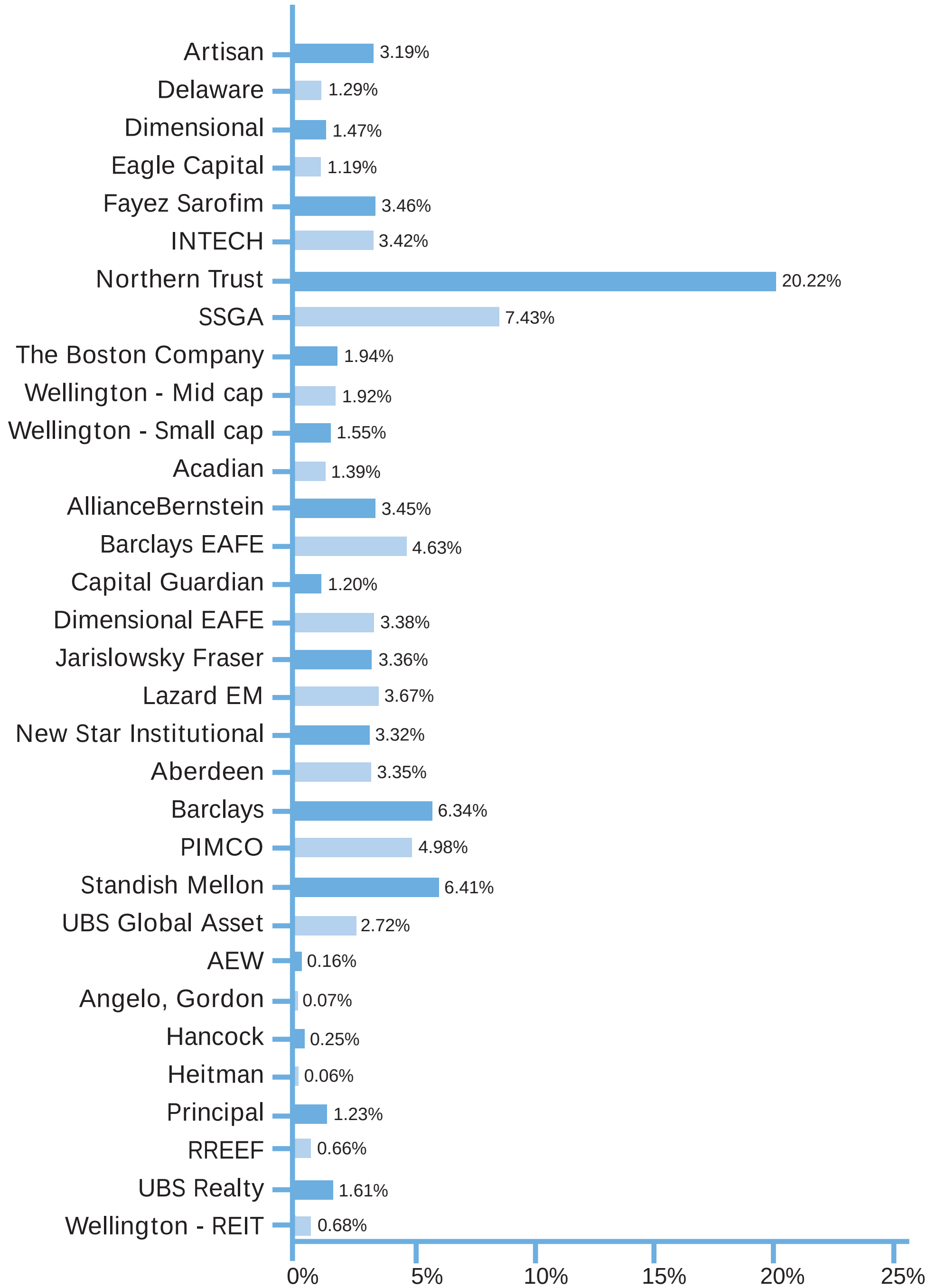
Defined Benefit Plans – Portfolio Detail Illustrated by Advisor

Advisor	Type	Date Initiated	Fair Value % of Total Portfolio*
Equities			
Northern Trust Global Investment	Passive (Index)	July 1985	20.22%
SSGA Russell 1000 Value	Passive - Large Cap Value	September 2004	7.43%
Barclays Global Investors, N.A.	International - EAFE Index	March 2004	4.63%
Lazard Asset Management, LLC	International - Emerging Mkts.	April 1998	3.67%
Fayez Sarofim & Company, Inc.	Active - Large Cap Growth	August 1980	3.46%
AllianceBernstein	International - Europe	December 2003	3.45%
INTECH, LLC	Active - Large Cap Growth	January 2005	3.42%
Dimensional Fund Advisors, Inc.	International - EAFE	August 2007	3.38%
Jarislowsky Fraser Limited	International - EAFE	June 2004	3.36%
New Star Institutional	International - EAFE	July 2004	3.32%
Artisan Partners Limited Partnership	Active - Mid Cap Growth	September 2002	3.18%
The Boston Company Asset Management, LLC	Active - Mid Cap Value	October 2001	1.94%
Wellington Management Company, LLP	Active - Mid Cap Value	October 2001	1.92%
Wellington Management Company, LLP	Active - Small Cap Core	July 2002	1.55%
Dimensional Fund Advisors, Inc.	Active - Small Cap Value	July 2002	1.47%
Acadian Asset Management	Global Equity	July 2005	1.39%
Delaware Investments	Active - Small Cap Growth	July 2002	1.29%
Capital Guardian	International - Pacific Basin	June 2004	1.20%
Eagle Capital	Active - All Cap	January 2005	1.19%
Sub Total			71.47%
Debt Securities			
Standish Mellon	Passive (Index)	November 1989	6.41%
Barclays Global Investors, N.A.	Passive (Index)	September 1986	6.34%
Pacific Investment Management Company	Active - Core	August 1983	4.98%
Aberdeen Asset Management, Inc.	Active - Core	August 1991	3.35%
UBS Global Asset Management	Active - Core	August 1991	2.72%
Sub Total			23.80%
Real Estate			
UBS Realty Investors, LLC	Commingled Fund - Core	June 2003	1.61%
Principal Global Investors	Commingled Fund - Core	June 2003	1.23%
Wellington Management Company, LLP	REITs	June 2003	0.69%
RREEF	REITs	June 2003	0.66%
Hancock Timber Resource Group	Timber	March 2008	0.25%
AEW Partners V, L.P.	Value Added	October 2005	0.16%
Angelo, Gordon and Company	Value Added	August 2007	0.07%
Heitman	Value Added	November 2007	0.06%
Sub Total			4.73%
Total			100.00%

**Includes cash and cash equivalents.*

Percent of Portfolio

Fair Value at June 30, 2008



Defined Benefit Plans – Investment Fees and Commissions

For the Year Ended June 30, 2008

Investment managers:	Assets Under Management	Fees
Domestic equities	$ 9,135,719,645	$19,292,402
International equities	4,462,017,309	11,178,123
Global equities	269,698,808	1,077,686
Debt securities	4,619,679,586	3,577,669
Real estate	918,080,222	1,422,333
Total investment managers	$ 19,405,195,570	$36,548,213

Other investment service fees:	
Securities lending agent/cash management fees	$ 6,218,880
Investment consultant fees	547,225
Global out-of-pocket expenses	82,689
Total investment service fees	$ 6,848,794

Brokerage Commissions Paid*

Brokerage Firm, Including Subsidiaries	Number of Shares Traded	Commissions	Commissions Per Share
UBS AG	43,791,696	$ 652,530	$0.015
Goldman Sachs & Company	29,392,124	647,742	0.022
Lehman Brothers	52,120,588	589,965	0.011
CS First Boston	33,089,185	533,125	0.016
Merrill Lynch Pierce Fenner	28,458,052	519,328	0.018
Citigroup, Inc.	41,709,798	497,675	0.012
Deutsche Bank	21,022,531	407,994	0.019
Bear Stearns	14,230,948	352,393	0.025
Investment Technology Group	22,368,937	348,286	0.016
Morgan Stanley and Company	23,680,005	330,801	0.014
Knight Securities	8,238,508	321,235	0.039
Instinet	19,070,872	321,074	0.017
J P Morgan Securities	22,715,490	297,600	0.013
Bank of New York Mellon	14,061,456	277,355	0.020
Liquidnet, Inc.	10,460,064	255,383	0.024
Jefferies Company, Inc.	8,115,129	209,597	0.026
Banc America Security	3,992,584	149,951	0.038
Macquarie Securities	33,393,997	148,634	0.004
Credit Agricole Group	5,443,016	144,009	0.026
State Street Bank	7,136,060	129,589	0.018
Robert W. Baird & Company	2,716,250	122,202	0.045
Cantor Fitzgerald	4,857,145	120,697	0.025
Weeden & Co. LP	3,897,878	120,364	0.031
Societe Generale	4,936,840	109,357	0.022
Sanford C. Bernstein Co., LLC	3,394,800	86,200	0.025
Guzman & Company	3,275,300	84,158	0.026
Rosenblatt Securities Inc.	3,215,569	81,889	0.025
Morgan Keegan, Inc.	2,024,899	76,791	0.038
Wachovia	1,209,985	55,323	0.046
FBR Group, Inc.	1,261,798	51,128	0.041
Jones Trading	1,297,891	46,091	0.036
RBC Capital Markets	1,088,980	44,439	0.041
Baypoint Trading	1,293,150	43,666	0.034
Stifel Nicholaus & Company	898,528	41,965	0.047
Mirabaud Pereire Holdings	1,093,281	40,962	0.037
Others (less than $40,000)	56,741,241	1,290,381	0.023
Commission recapture income	-	(500,000)	-
Total	535,694,575	$9,049,879	$0.017

**Approximate figures provided by Bank of New York Mellon.*

Defined Benefit Plans – Investment Summary

For The Year Ended June 30, 2008

(In Thousands)

	July 1, 2007 Beginning Fair Value*	Purchases	Sales and Maturities	Increase/ (Decrease) In Fair Value	June 30, 2008 Ending Fair Value**	% of Total Fair Value	Annual Rate of Return***
Short Term Securities	$ 1,661,377	$139,803,316	$139,428,615	$ 627	$ 2,036,705	8.2%	4.4 %
LT Debt Securities	9,229,721	10,776,750	11,643,737	(41,796)	8,320,938	33.3%	5.5 %
Domestic Equities	11,157,521	3,880,041	3,797,106	(2,096,229)	9,144,227	36.7%	(13.5)%
International Equities	4,968,908	3,297,848	2,677,484	(1,042,777)	4,546,495	18.2%	(9.8)%
Real Estate	859,353	289,653	195,358	(48,568)	905,080	3.6%	(2.4)%
Total	$27,876,880	$158,047,608	$157,742,300	($3,228,743)	$24,953,445	100.0%	(8.2)%

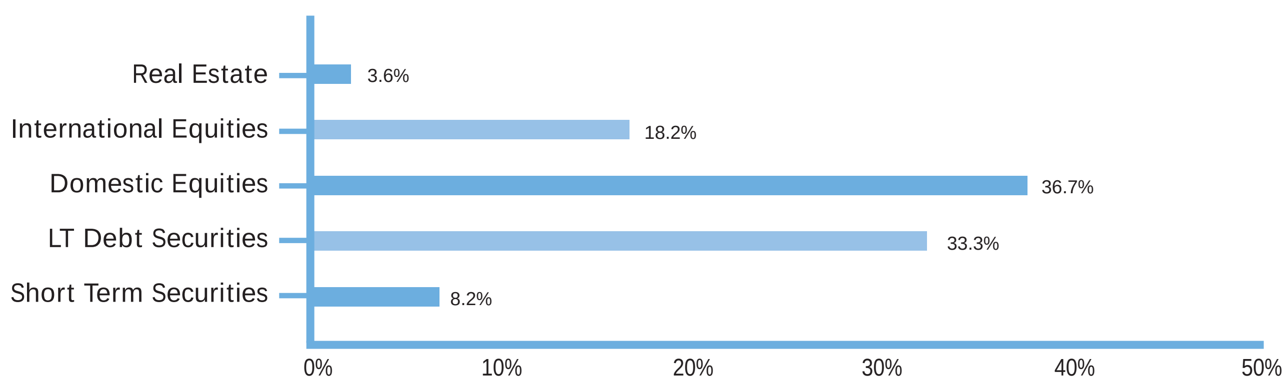
** Includes investment securities on loan to broker-dealers with a fair value of $5,956,504. It also includes the securities purchased with the cash collateral received in the lending program with a fair value of $6,110,489. 22.0% of the total fair value of investments were on loan to broker-dealers. To arrive at the net asset value of investments of $21.8 billion, the fair value total must be adjusted by ($6.1 billion), which represents the fair value of the cash collateral investments, cash in sweep accounts, accrued interest and dividends, and net payable cash for investments purchased.*

*** Includes investment securities on loan to broker-dealers with a fair value of $5,372,649. It also includes the securities purchased with the cash collateral received in the lending program with a fair value of $5,514,498. 22.0% of the total fair value of investments were on loan to broker-dealers. To arrive at the net asset value of investments of $19.7 billion, the fair value total must be adjusted by ($5.3 billion), which represents the fair value of the cash collateral investments, cash in sweep accounts, accrued interest and dividends, and net payable cash for investments purchased.*

**** Calculated rate of return does not include investments purchased with the cash collateral received from broker-dealers in the securities lending program.*

Defined Benefit Plans – Investments by Type

Fair Value at June 30, 2008



Fund Name of Assets	Fair Value of Assets	Annual Rate of Return
AllianceBernstein International	$ 4,577,694	-9.99%
American New Perspective Fund	20,622,320	-4.14%
Barclays Global Investors Equity Index Fund	59,311,571	-13.08%
Barclays Global Investors Money Market Fund	24,110,032	4.16%
Barclay's Intermediate Government/Corporate Bond Index Fund	20,693,463	7.44%
Boston Company Premier Value Fund	123,954,306	-11.26%
Conseco Life Insurance Company	424,602	N/A
Fayez Sarofim Common Stock Fund	126,252,142	-5.65%
Fidelity Asset Manager Fund	38,869,955	-6.01%
Fidelity Diversified International Fund	34,330,720	-5.66%
Fidelity Small Cap Fund	13,594,768	-14.48%
GE U.S. Equity Fund	3,483,005	-8.54%
ING Fixed Account	341,508,753	4.31%
ING VP Growth & Income Portfolio	75,277,268	-10.88%
Nationwide Fixed Account	87,068,371	4.24%
PIMCO Total Return Fund II	12,125,853	11.46%
T. Rowe Price International Stock Fund	35,217,456	-5.96%
Vanguard Target Retirement 2010	1,539,367	-2.81%
Vanguard Target Retirement 2015	2,352,502	-4.87%
Vanguard Target Retirement 2020	2,329,933	-6.23%
Vanguard Target Retirement 2025	841,100	-7.65%
Vanguard Target Retirement 2030	699,415	-9.03%
Vanguard Target Retirement 2035	514,758	-9.77%
Vanguard Target Retirement 2040	98,160	-9.71%
Vanguard Target Retirement 2045	161,118	-9.73%
Vanguard Target Retirement 2050	185,411	-9.75%
Vanguard Target Retirement Income	2,205,275	2.93%
Vanguard Windsor II Fund	16,376,219	-24.55%
	$1,048,725,537	

Don’t just retire

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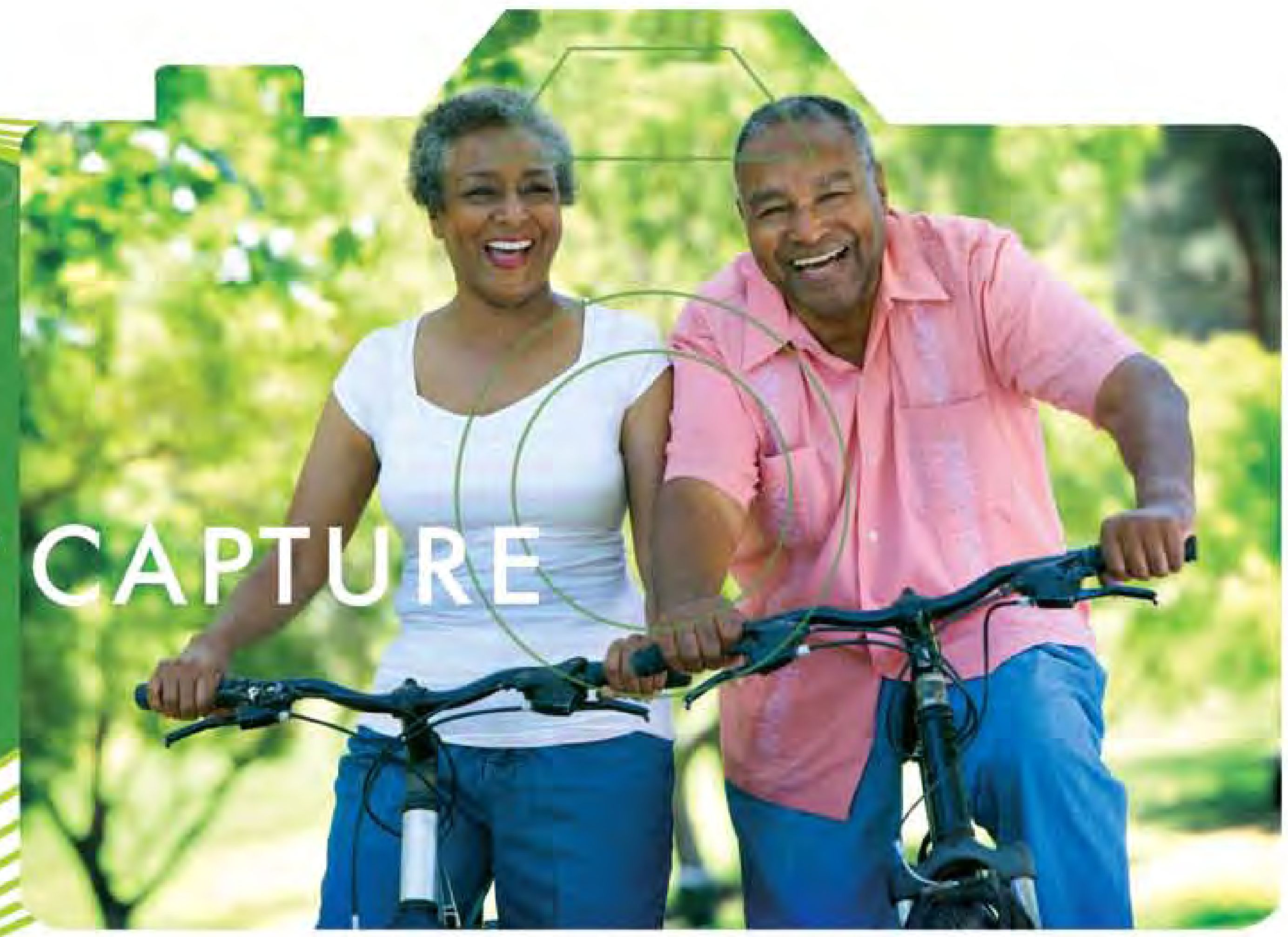

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October 30, 2008

Board of Trustees
Public Employees' Retirement System
of Mississippi
429 Mississippi Street
Jackson, MS 39201-1005

Dear Board Members:

The basic financial objective of the Public Employees' Retirement System of Mississippi (PERS) is to establish and receive contributions which:

(1) When expressed in terms of the percents of active member payroll will remain approximately level from generation to generation of Mississippi citizens, and which

(2) When combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of PERS.

In order to measure progress toward this fundamental objective, PERS has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liability over a reasonable period. The latest completed actuarial valuation was based upon data and assumptions as of June 30, 2008. This valuation indicates that the current contribution rates of 12.00% of payroll for employers and 7.25% of payroll for active members, for benefits then in effect, meet the basic financial objective. There are 165,733 active members as of June 30, 2008.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among PERS members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of PERS during the years 2002 to 2006. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

The current benefit structure is outlined in the Actuarial Section. There were two changes to the benefit structure since the last valuation.

- The maximum reportable earned compensation was increased from $150,000 to $230,000 to coincide with the compensation limit set pursuant to Section 401(a)(17) of the Internal Revenue Code.
- The vesting requirement for those employees hired after July 1, 2007 was increased from 4 to 8 years of service.

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the Schedules of Funding Progress and the employer contributions shown in the Schedules of Employer Contributions in the Financial Section.

Based upon the valuation results and the presumption that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards, it is our opinion that the Public Employees' Retirement System of Mississippi continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.

Respectfully submitted,

Thomas J. Cavanaugh

Thomas J. Cavanaugh, FSA, EA, FCA, MAAA
Chief Executive Officer

TJC:kc

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Cavanaugh Macdonald
CONSULTING, LLC
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October 30, 2008

Board of Trustees
Public Employees' Retirement System
of Mississippi
429 Mississippi Street
Jackson, MS 39201-1005

Dear Board Members:

The basic financial objective of the Mississippi Highway Safety Patrol Retirement System (MHSPRS) is to establish and receive contributions which:

(1) When expressed in terms of the percents of active member payroll will remain approximately level from generation to generation of Mississippi citizens, and which

(2) When combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of MHSPRS.

In order to measure progress toward this fundamental objective, MHSPRS has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liability over a reasonable period. The latest completed actuarial valuation was based upon data and assumptions as of June 30, 2008. This valuation indicates that the current contribution rates of 30.30% of payroll for employers and 7.25% of payroll for active members, along with anticipated contributions as provided by Senate Bill No. 2659 (effective July 1, 2004), for benefits then in effect, meet the basic financial objective. There are 626 active members as of June 30, 2008.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among MHSPRS members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of MHSPRS during the years 2002 to 2006. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

The current benefit structure is outlined in the Actuarial Section. There was one change to the benefit structure since the last valuation. The employee contribution rate was increased from 6.50% to 7.25%.

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the Schedule of Funding Progress and the employer contributions shown in the Schedules of Employer Contributions in the Financial Section.

Based upon the valuation results and the presumption that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards, it is our opinion that the Mississippi Highway Safety Patrol Retirement System continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.

Respectfully submitted,

Thomas J Cavanaugh

Thomas J. Cavanaugh, FSA, EA, FCA, MAAA
Chief Executive Officer

TJC:kc

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CONSULTING, LLC
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October 30, 2008

Board of Trustees
Public Employees' Retirement System
of Mississippi
429 Mississippi Street
Jackson, MS 39201-1005

Dear Board Members:

The basic financial objective of the Municipal Retirement Systems of Mississippi (MRS) is to establish and receive contributions (expressed as a tax on assessed property valuations) which:

(1) Will be in amounts sufficient, but not more than necessary, to maintain the actuarially soundness of the Funds for all future years (the tax may be increased but not by more than one-half mill per year), and which

(2) When combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of MRS.

In order to measure progress toward this fundamental objective, MRS has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the amortization of unfunded total actuarial liabilities over a closed period. The latest completed actuarial valuation was based upon data and assumptions as of September 30, 2007. These valuations indicate that the current contribution rates, for benefits then in effect, meet the basic financial objective. The employee contribution rates vary by participating City and are 7% - 10% of payroll for active members. There were 42 active members as of September 30, 2007.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among MRS members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of MRS during the years 2002 to 2006. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The actuarial value was set equal to the market value as of September 30, 2006. Smoothing recommenced in 2007 with the added constraint that the actuarial value of assets cannot be less than 80% or more than 120% of market value. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25. The funding method is not one of the acceptable methods under Statement No. 25, but, in our opinion, is appropriate for MRS since all the Funds have been closed to new members.

The current benefit structure is outlined in the Actuarial Section. There were two changes to the benefit structure since the last valuation.

- The minimum benefit for the City of Vicksburg increased from $1,130 per month to $1,415 per month.
- The maximum benefit for the City of Clinton increased from $66^2/_3$% of average base monthly salary to 87% of average base monthly salary.

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the Schedules of Funding Progress and the employer contributions shown in the Schedules of Employer Contributions in the Financial Section.

Based upon the valuation results it is our opinion that the Municipal Retirement Systems of Mississippi continue in sound condition in accordance with the actuarial principles and requirements of State law. However, given the constraint on employer contribution increases, there is a possibility, depending upon future experience, that one or more of the Funds under MRS will be exhausted at some point in the future. Such an event would lead to at least a temporary reduction in benefits paid until the affected Fund's cash flow position improved.

Respectfully submitted,

Thomas J. Cavanaugh

Thomas J. Cavanaugh, FSA, EA, FCA, MAAA
Chief Executive Officer

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CONSULTING, LLC
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October 30, 2008

Board of Trustees
Public Employees' Retirement System
of Mississippi
429 Mississippi Street
Jackson, MS 39201-1005

Dear Board Members:

The basic financial objective of the Mississippi Supplemental Legislative Retirement Plan (SLRP) is to establish and receive contributions which:

(1) When expressed in terms of the percents of active member payroll will remain approximately level from generation to generation of Mississippi citizens, and which

(2) When combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of SLRP.

In order to measure progress toward this fundamental objective, SLRP has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liability over a reasonable period. The latest completed actuarial valuation was based upon data and assumptions as of June 30, 2008. This valuation indicates that the current contribution rates of 6.65% of payroll for employers and 3.00% of payroll for active members, for benefits then in effect, meet the basic financial objective. There are 175 active members as of June 30, 2008.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among SLRP members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of SLRP during the years 2002 to 2006. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

The current benefit structure is outlined in the Actuarial Section. There were two changes made since the previous valuation.

- The maximum reportable earned compensation was increased from $150,000 to $230,000 to coincide with the compensation limit set pursuant to Section 401(a)(17) of the Internal Revenue Code.
- The vesting requirement for those employees hired after July 1, 2007 was increased from 4 to 8 years of service.

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the Schedules of Funding Progress and the employer contributions shown in the Schedules of Employer Contributions in the Financial Section.

Based upon the valuation results and the presumption that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards, it is our opinion that the Mississippi Supplemental Legislative Retirement Plan continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.

Respectfully submitted,

Thomas J. Cavanaugh

Thomas J. Cavanaugh, FSA, EA, FCA, MAAA
Chief Executive Officer

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All the assumptions used in the actuarial valuation were adopted by the PERS Board when the experience study was adopted on June 26, 2007. Following are the assumptions adopted by the PERS Board for this program.

Interest Rate: 8.00% per annum, compounded annually (net after investment expenses).

Separations From Active Service: Representative values of the assumed rates of separation from active service are as follows:

Annual Rates of

Age	Withdrawal and Vesting* Male	Withdrawal and Vesting* Female	Death** Male	Death** Female	Disability** Male	Disability** Female
20	20.0%	20.0%	.01%	.00%	.01%	.01%
25	15.5	15.0	.01	.00	.02	.01
30	11.0	11.0	.02	.01	.02	.02
35	9.5	9.0	.02	.01	.05	.03
40	7.0	6.5	.03	.01	.11	.08
45	6.0	5.5	.05	.02	.18	.13
50	6.0	5.5	.07	.03	.30	.21
55	6.0	5.5	.09	.04	.48	.33
60	6.0	5.5	.18	.07	.35	.25
65	6.0	5.5	.29	.13	-	-
70	6.0	5.5	.49	.22	-	-
74	6.0	5.5	.72	.38	-	-

Service Retirements

Age	Male		Female	
	Under 25 Years of Service	25 Years of Service and Over	Under 25 Years of Service	25 Years of Service and Over
45	-%	12.0%	-%	8.5%
50	-	12.0	-	8.5
55	-	15.0	-	13.5
60	14.0	15.0	14.0	17.0
62	14.0	23.0	14.0	21.0
65	18.0	23.0	20.0	24.0
70	18.0	23.0	20.0	24.0
75	100.0	100.0	100.0	100.0

**For all ages, rates of 41% for 1st year of employment and 19% for 2nd year.*
***94% are presumed to be non-duty related, and 6% are assumed to be duty related.*
It is assumed that a member will be granted three-quarters year of service credit for unused leave at termination of employment.

Salary Increases: Representative values of the assumed annual rates of salary increase are as follows:

Annual Rates of

Service	Merit & Seniority	Base (Economy)	Increase Next Year
5	1.50%	4.00%	5.50%
10	1.00	4.00	5.00
15	1.25	4.00	5.25
20	1.25	4.00	5.25
25	1.25	4.00	5.25
30	2.50	4.00	6.50
35	3.00	4.00	7.00

Payroll Growth: 4.00% per annum, compounded annually.

Price Inflation: 3.75% per annum, compounded annually.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid is the 1983 Group Annuity Mortality Table, set forward one year for women. Special tables are used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Marriage Assumption: 85% married with the husband three years older than his wife.

Unused Sick Leave: .75 years at retirement.

Valuation Method: Entry age normal cost method. Entry age is established on an individual basis.

Asset Valuation Method: Market value–5 year smoothing. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected market value. Actuarial value of assets were set equal to the market value on June 30, 2006. Smoothing commenced in 2007 with an additional constraint that actuarial value of assets cannot be less than 80% nor more than 120% of market value.

All the assumptions used in the actuarial valuation were adopted by the PERS Board when the experience study was adopted on June 26, 2007. Following are the assumptions adopted by the PERS Board for this program.

Interest Rate: 8.00% per annum, compounded annually (net after investment expenses).

Separations From Active Service: Representative values of the assumed annual rates of separation from active service are as follows:

			Annual Rates of			
	Withdrawal		Disability			Service
Age	and Vesting	Death	Non-Duty	Duty	Service	Retirement*
25	5.5%	0.03%	0.09%	0.01%	5	5.0%
30	4.0	0.04	0.12	0.02	10	5.0
35	2.5	0.05	0.16	0.04	15	5.0
40	1.0	0.07	0.20	0.07	20	10.0
45	0.5	0.11	0.30	0.06	25	20.0
50	0.1	0.16	0.50	0.05	30	20.0
55	–	0.21	0.91	0.02	35	20.0

** The annual rate of service retirement is 100% at age 60.*
It is assumed that a member will be granted 1¾ years of service credit for unused leave at termination of employment. In addition, it is assumed that, on average, ¼ year of service credit for peace-time military service will be granted to each member.

Salary Increases: Representative values of the assumed annual rates of salary increase are as follows:

	Annual Rates of		
Age	Merit & Seniority	Base (Economy)	Increase Next Year
25	2.8%	4.0%	6.8%
30	2.0	4.0	6.0
35	2.0	4.0	6.0
40	2.0	4.0	6.0
45	1.5	4.0	5.5
50	1.0	4.0	5.0
55	1.0	4.0	5.0

Payroll Growth: 4.00% per annum, compounded annually.

Price Inflation: 3.75% per annum, compounded annually.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was the 1983 Group Annuity Mortality Table set forward four years for males and set forward five years for females. Special tables were used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Marriage Assumption: 100% married with the husband three years older than his wife.

Valuation Method: Entry age normal cost method. Entry age is established on an individual basis.

Asset Valuation Method: Market value–5 year smoothing. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected market value. Actuarial value of assets was set equal to the market value on June 30, 2006. Smoothing commenced in 2007 with an additional constraint that actuarial value of assets cannot be less than 80% nor more than 120% of market value.

All the assumptions used in the actuarial valuation were adopted by the PERS Board when the experience study was adopted on June 26, 2007. Following are the assumptions adopted by the PERS Board for this program.

Interest Rate: 8 percent per annum, compounded annually (net after investment expenses).

Separations From Active Service: Representative values of the assumed annual rates of separation from active service are as follows:

Annual Rates of

		Death		Disability	
Age	Withdrawal	Non-Duty	Duty	Non-Duty	Duty
20	10.65%	0.04%	0.02%	0.08%	0.06%
25	8.64	0.05	0.03	0.12	0.12
30	6.87	0.08	0.04	0.18	0.26
35	4.86	0.11	0.05	0.24	0.52
40	2.97	0.15	0.07	0.36	0.60
45	1.44	0.22	0.09	0.64	0.54
50	0.24	0.34	0.14	1.10	0.88
55	-	0.44	0.20	1.58	1.18
60	-	0.51	0.32	2.20	1.30
64	-	0.57	0.42	2.86	1.38

Service Retirement

Years of Service	Percent
20	45.0%
21-28	17.5
29-33	35.0
34 and over	20.0
Age 65	100.0

Salary Increases: 4.0% for wage inflation, plus the following chart.

Ages	Merit and Seniority Salary Increase
Under 43	2.0%
43-47	1.5
48-52	1.0
53 and Over	0.5

Price Inflation: 3.75% per annum, compounded annually.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid is the 1983 Group Annuity Mortality Table (without projection), set forward 2 years for women. Special tables were used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Marriage Assumption: 85% married with the husband three years older than his wife.

Valuation Method: Unfunded employer liabilities are amortized over a closed 30 year period from September 30, 1990 as a level percent of each municipality's assessed property valuation.

Assessed Property Value Rate of Increase: 2.0% per annum, compounded annually.

Expense Load: 2.0% of employer contributions.

Asset Valuation Method: Market value–5 year smoothing. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected actuarial value. Actuarial value of assets was set equal to the market value on September 30, 2006. Smoothing commenced in 2007 with an additional constraint that actuarial value of assets cannot be less than 80% nor more than 120% of market value. Actuarial assets were allocated to individual cities in the same proportion that their market value of assets was to the total market value of assets for all cities.

All the assumptions used in the actuarial valuation were adopted by the PERS Board when the experience study was adopted on June 26, 2007. Following are the assumptions adopted by the PERS Board for this program.

Interest Rate: 8.00% per annum, compounded annually (net after investment expenses).

Separations from Active Service: Representative values of the assumed rates of separation from active service are as follows:

	Annual Rates of		
	Death		
Age	Male	Female	Disability*
20	.02%	.01%	.04%
25	.03	.02	.05
30	.04	.02	.07
35	.05	.03	.11
40	.08	.04	.17
45	.13	.06	.23
50	.24	.10	.30
55	.39	.15	.35
60	.60	.25	.40
65	.96	.43	-
70	1.61	.72	-

**94 percent are presumed to be non-duty related, and 6 percent are assumed to be duty related.*

Withdrawal and Vesting: 15% in an election year, none in a non-election year.

Service Retirement: 25% in an election year, none in a non-election year. All members are assumed to retire no later than age 75. It is assumed that a member will be granted 2.5 years of service credit for unused leave at termination of employment.

Price Inflation: 3.75% per annum, compounded annually.

Payroll Growth: 4.00% per annum, compounded annually.

Salary Increases: 5.00% per annum, for all ages. The merit and seniority component is 1.00% and the wage inflation component is 4.00%.

Death After Retirement: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was the 1983 Group Annuity Mortality Table set forward one year for females. Special tables were used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Marriage Assumption: 85% married with the husband three years older than his wife.

Valuation Method: Entry age normal cost method. Entry age is established on an individual basis.

Asset Valuation Method: Market value–5 year smoothing. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected market value. Actuarial value of assets was set equal to the market value on June 30, 2006. Smoothing commenced in 2007 with an additional constraint that actuarial value of assets cannot be less than 80% nor more than 120% of market value.

Summary of Benefit and Contribution Provisions – PERS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2008, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average annual covered earnings of an employee during the four highest years of service. "Covered earnings" means gross salary not in excess of the maximum amount on which contributions were required. "Fiscal year" means a year commencing on July 1 and ending June 30. The maximum covered earnings for employers and employees over the years are as follows:

Employer and Employee Rates of Contribution and Maximum Covered Earnings

Date From	To	Employer Rate	Maximum Covered Earnings	Employee Rate	Maximum Covered Earnings
2/1/53	6/30/58	2.50%	$ 6,000	4.00%	$ 4,800*
7/1/58	6/30/60	2.50	9,000	4.00	7,800*
7/1/60	6/30/66	2.50	15,000	4.00	13,800*
7/1/66	6/30/68	3.00	15,000	4.50	13,800*
7/1/68	3/31/71	4.50	15,000	4.50	15,000
4/1/71	6/30/73	4.50	35,000	4.50	35,000
7/1/73	6/30/76	5.85	35,000	5.00	35,000
7/1/76	6/30/77	7.00	35,000	5.00	35,000
7/1/77	6/30/78	7.50	35,000	5.50	35,000
7/1/78	6/30/80	8.00	35,000	5.50	35,000
7/1/80	6/30/81	8.00	53,000	5.50	53,000
7/1/81	12/31/83	8.75	53,000	6.00	53,000
1/1/84	6/30/88	8.75	63,000	6.00	63,000
7/1/88	6/30/89	8.75	75,600	6.00	75,600
7/1/89	12/31/89	8.75	75,600	6.50	75,600
1/1/90	6/30/91	9.75	75,600	6.50	75,600
7/1/91	6/30/92	9.75	75,600	7.25	75,600
7/1/92	6/30/02	9.75	125,000	7.25	125,000
7/1/02	6/30/05	9.75	150,000	7.25	150,000
7/1/05	6/30/06	10.75	150,000	7.25	150,000
7/1/06	6/30/07	11.30	150,000	7.25	150,000
7/1/07	6/30/08	11.85	150,000	7.25	150,000
7/1/08	6/30/09	11.85	230,000	7.25	230,000

**From February 1, 1953, through June 30, 1968, the first $100 in monthly earnings or $1,200 in annual earnings were not covered earnings for the employee.*

Benefits

Superannuation Retirement

Condition for Retirement

(a) A retirement allowance is paid upon the request of any member who retires and has attained age 60 and completed at least eight years** of creditable service, or has completed at least 25 years of creditable service.

(b) Any member who withdraws from service prior to his attainment of age 60 and who has completed at least eight years** of creditable service is entitled to receive, in lieu of a refund of his accumulated contributions, a retirement allowance commencing at age 60.

(c) Upon the death of a member who has completed at least eight years** of creditable service, a benefit is payable, in lieu of a refund of the member's accumulated contributions, to his spouse, if said spouse has been married to the member for not less than one year.

***Four years for those who entered the System before July 1, 2007.*

Amount of Allowance

The annual retirement allowance payable to a member who retires under condition (a) above is equal to:

1. A member's annuity which is the actuarial equivalent of the member's accumulated contributions at the time of his retirement, plus
2. An employer's annuity which, together with the member's annuity, is equal to 2% of his average compensation for each of the first 25 years of creditable service plus 2½ % for each year of creditable service over 25 years.

The minimum allowance is $120 for each year of creditable service.

The annual retirement allowance payable to the spouse of a member who dies under condition (c) above is equal to the greater of (i) the allowance that would have been payable had the member retired and elected Option 2, reduced by 3% per year for each year the member lacked in qualifying for unreduced retirement benefits, or (ii) a benefit equal to the greater of 20% of average compensation or $50 per month.

In addition, a benefit is payable to dependent children until age 19 (23 if a full-time student). The benefit is equal to the greater of 10% of average compensation or $50 per month for each dependent child up to 3.

Disability Retirement

Condition for Retirement

A retirement allowance is paid to a member who is totally and permanently disabled, as determined by the Board of Trustees, and has accumulated eight or more years* of creditable service.

Amount of Allowance

For those who were active members prior to July 1, 1992 and did not elect the benefit structure outlined below, the annual disability retirement allowance payable is equal to a superannuation retirement allowance if the member has attained age 60, otherwise it is equal to a superannuation retirement allowance calculated as follows:

1. A member's annuity equal to the actuarial equivalent of his accumulated contributions at the time of retirement, plus
2. An employer's annuity equal to the amount that would have been payable had the member continued in service to age 60.

For those who become active members after June 30, 1992 and for those who were active members prior to July 1, 1992 who so elected, the following benefits are payable:

1. A temporary allowance equal to the greater of (a) 40% of average compensation plus 10% for each dependent child up to a maximum of 2, or (b) the member's accrued allowance. This temporary allowance is paid for a period of time based on the member's age at disability, as follows:

Age at Disability	Duration
60 and earlier	to age 65
61	to age 66
62	to age 66
63	to age 67
64	to age 67
65	to age 68
66	to age 68
67	to age 69
68	to age 70
69 and later	one year

The minimum allowance is $120 per year of creditable service.

2. A deferred allowance commencing when the temporary allowance ceases equal to the greater of (a) the allowance the member would have received based on service to the termination age of the temporary allowance, but not more than 40% of average compensation, or (b) the member's accrued allowance.

The minimum allowance is $120 per year of creditable service.

**Four years for those who entered the System before July 1, 2007.*

Effective July 1, 2004, a temporary benefit can be paid out of a member's accumulated contribution balance while the member is awaiting a determination for eligibility for disability benefits. Future disability payments, if any, would be offset by advanced payments made from the member's accumulated contributions.

Accidental Disability Retirement

Condition for Retirement

A retirement allowance is paid to a member who is totally and permanently disabled in the line of performance of duty.

Amount of Allowance

The annual accidental disability retirement allowance is equal to the allowance payable on disability retirement but not less than 50% of average compensation. There is no minimum benefit.

Accidental Death Benefit

Condition for Benefit

A retirement allowance is paid to a spouse and/or dependent children upon the death of an active member in the line of performance of duty.

Amount of Allowance

The annual retirement allowance is equal to 50% of average compensation payable to the spouse and 25% of average compensation payable to one dependent child or 50% to two or more children until age 19 (23 if a full-time student). There is no minimum benefit.

Return of Contributions

Upon the withdrawal of a member without a retirement benefit, his contributions are returned to him, together with accumulated regular interest thereon.

Upon the death of a member before retirement, his contributions, together with the full accumulated regular interest thereon, are paid to his designated beneficiary, if any, otherwise, to his estate provided no other survivor benefits are payable.

Normal Form of Benefit

The normal form of benefit is an allowance payable during the life of the member with the provision that upon his death the excess of his total contributions at the time of retirement over the total retirement annuity paid to him will be paid to his designated beneficiary.

Optional Benefits

A member upon retirement may elect to receive his allowance in one of the following forms which are computed to be actuarially equivalent to the applicable retirement allowance.

Option 1. Reduced allowance with the provision that if the pensioner dies before he receives the value of the member's annuity as it was at the time of retirement, the balance shall be paid to his beneficiary or estate.

Option 2. Upon his death, his reduced retirement allowance shall be continued throughout the life of, and paid to, his beneficiary.

Option 3. Upon his death, 50% of his reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50% of his reduced retirement allowance to some other designated beneficiary.

Option 4A. Upon his death, 50% of his reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4B. A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner, his beneficiary or his estate for a specified number of years certain.

Option 4C. A member may elect any option with the added provision that the member shall receive, so far as possible, the same total amount annually (considering both PERS and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

If a member elects either Option 2 or Option 4A, there is an added provision that in the event the designated beneficiary predeceases the member, the retirement allowance payable to the member after the designated beneficiary's death shall be equal to the retirement allowance which would have been payable had the member not elected the option.

A member who has at least 28 years of creditable service or is at least age 63 with 4 years of service for those who entered the System before July 1, 2007 can select a partial lump-sum option at retirement. Under this option, the retiree has the option of taking a partial lump-sum distribution equal to either 12, 24, or 36 times the base maximum monthly benefit. With each lump-sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting the partial lump-sum option may also select any of the regular options except Option 1, the prorated single-life annuity, and Option 4C, the Social Security leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

Post-Retirement Adjustments In Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3% of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus (b) 3% compounded for each year thereafter beginning with the fiscal year in which the member turns age 55; provided, however, that the annual adjustment will not be less than 4% of the annual retirement allowance for each full fiscal year in retirement through 6/30/98.

A prorated portion of the annual adjustment will be paid to the member, beneficiary, or estate of any member or beneficiary who is receiving the annual adjustment in a lump sum, but whose benefits are terminated between July 1 and December 1.

Contributions

Employer contribution rates are set by Mississippi statute for PERS. The adequacy of these rates are checked annually by actuarial valuation. Employer contributions have met or exceeded the required contributions each year for PERS since 1991 until 2007. Refer to note 7 of the basic financial statements for discussion.

Summary of Benefit and Contribution Provisions – MHSPRS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2008, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average annual covered earnings of an employee during the four consecutive years of service producing the highest such average. "Covered earnings" means gross salary not in excess of the maximum amount on which contributions were required. "Fiscal year" means a year commencing on July 1 and ending June 30. The maximum covered earnings for employers and employees over the years are as follows:

Employer and Employee Rates of Contribution and Maximum Covered Earnings

Date From	To	Employer Rate	Maximum Covered Earnings*	Employee Rate	Maximum Covered Earnings*
7/1/1958	6/30/1968	13.33%	-	5.00%	-
7/1/1968	6/30/1971	15.33	-	5.00	-
7/1/1971	6/30/1973	18.59	-	5.00	-
7/1/1973	6/30/1975	20.77	-	5.00	-
7/1/1975	6/30/1978	24.65	-	5.00	-
7/1/1978	6/30/1980	26.16	-	6.00	-
7/1/1980	6/30/1989	26.16	-	6.50	-
7/1/1989	6/30/1990	27.97	-	6.50	-
7/1/1990	6/30/2003	26.16	-	6.50	-
7/1/2003	6/30/2006	28.16	-	6.50	-
7/1/2006	6/30/2008	30.30	-	6.50	-
7/1/2008	-	30.30	-	7.25	-

**Maximum covered earnings equal wages paid, not to exceed wages paid to the Commissioner of the Department of Public Safety.*

Effective July 1, 2004, additional contributions will be made to the System as a result of the enactment of Senate Bill No. 2659. The additional contributions are estimated to be $2,700,000 annually based on current experience.

Benefits

Superannuation Retirement

Condition for Retirement

(a) A retirement allowance is payable to any member who retires and has attained age 55 and completed at least five years of creditable service, or has attained age 45 and completed at least 20 years of creditable service, or has completed 25 years of creditable service regardless of age.

Any member who has attained age 60 shall be retired forthwith. Effective January 1, 2000, the Commissioner of Public Safety is authorized to allow a member who has attained age 60 to continue in active service. Such continued service may be authorized annually until the member attains age 65.

(b) Any member who withdraws from service prior to his attainment of age 55 but after having completed five or more years of creditable service is entitled to receive, in lieu of a refund of his accumulated contributions, a retirement allowance commencing at age 55.

Amount of Allowance

The annual retirement allowance payable to a retired member is equal to:

1. A member's annuity which is the actuarial equivalent of the member's accumulated contributions at the time of his retirement, plus
2. An employer's annuity which, together with the member's annuity, is equal to 2½ % of his average compensation for each year of membership service, plus

3. A prior service annuity equal to $2\frac{1}{2}$% of average compensation for each year of prior service.

The aggregate amounts of (2) and (3) above shall not exceed 100% of average compensation, regardless of service, for retirements on or after January 1, 2000; 85% for retirements prior to January 1, 2000.

The minimum allowance for both service and disability retirement is based on the following table for each year of creditable service, reduced if necessary as indicated below.

Service	Monthly Benefit
Less than 10 years	$250
10-15 years	$300
15 or more years	$500

The annual retirement allowance payable to a member who retires under condition (a) above prior to age 55 is computed in accordance with the above formula except that the employer's annuity and prior service annuity are reduced 3% for each year of age below age 55, or 3% for each year of service below 25 years of creditable service, whichever is less.

Disability Retirement

Condition for Retirement

A retirement allowance is payable to any member who is not eligible for a service retirement benefit but who becomes totally and permanently disabled, either physically or mentally, regardless of creditable service, if the disability is due to causes in the performance of duty. If the disability is not in the performance of duty, the member must have completed at least 5 years of creditable service to be eligible for retirement.

Amount of Allowance

The annual disability retirement allowance payable is equal to the greater of 50% of his average salary for the 2 years immediately preceding retirement, or a retirement allowance as calculated under the provisions for superannuation retirement.

Death Prior to Retirement

Upon the death of a highway patrolman who is eligible for service retirement, family benefits are payable equal to those which would have been payable had he been retired on his date of death.

Upon the death of a highway patrolman either in the line of duty or as a result of an accident occurring in the line of duty, the following benefits are payable:

a) benefit to the spouse equal to one-half the member's average compensation.
b) a benefit to a dependent child payable to age 19 (23 if a full-time student) equal to one-fourth of the member's average compensation for one child or one-half for two or more children.

Death After Retirement

Upon the death of a highway patrolman who has retired for service or disability and who has not elected any other optional form of benefit, his widow is eligible for a benefit equal to 50% of his retirement allowance and each child (but not more than 2) who has not attained age 19 (23 if a full-time student) is eligible for a benefit equal to 25% of his retirement allowance. The benefit to the widow is payable for life and to children until they attain age 19 (23 if a full-time student) or for life if they are totally and permanently disabled.

Refund of Contributions

Upon a member's termination of employment for any reason before retirement, his accumulated contributions, together with regular interest thereon, are refunded. Upon the death of a member who is not eligible for any other death benefit, his accumulated contributions, together with regular interest thereon, are paid to his beneficiary.

Normal Form of Benefit

The normal form of benefit is an allowance payable during the life of the member with the provision that upon his death 50% of his benefit is payable to the spouse for the spouse's lifetime, and 25% of his benefit is payable to each dependent child (maximum of 2 children) under age 19 (23 if a full-time student).

Optional Benefits

A member upon retirement may elect to receive his allowance in one of the following forms which are computed to be actuarially equivalent to the applicable retirement allowance.

Option 1.	Reduced allowance with the provision that if the pensioner dies before he receives the value of the member's annuity as it was at the time of retirement, the balance shall be paid to his beneficiary or estate.
Option 2.	Upon his death, his reduced retirement allowance shall be continued throughout the life of, and paid to, his beneficiary.
Option 3.	Upon his death, 50% of his reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50% of his reduced retirement allowance to some other designated beneficiary.
Option 4A.	Upon his death, 50% of his reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.
Option 4B.	A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner, his beneficiary, or his estate for a specified number of years certain.
Option 4C.	A member may elect any option with the added provision that the member shall receive, so far as possible, the same total amount annually (considering both MHSPRS and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

A member who elects either Option 2 or Option 4A has the added provision that in the event the designated beneficiary predeceases the member, the retirement allowance payable to the member after the designated beneficiary's death shall be equal to the retirement allowance which would have been payable had the member not elected the option.

A member can select a partial lump-sum option at retirement. Under this option, the retiree has the option of taking a partial lump-sum distribution equal to either 12, 24, or 36 times the base maximum monthly benefit. With each lump-sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting this option may also select any of the regular options except Option 1, the prorated single-life annuity, and Option 4C, the Social Security leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

Post Retirement Adjustments in Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3% of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 60, plus (b) 3% compounded for each year thereafter beginning with the fiscal year in which the member turns age 60.

A prorated portion of the annual adjustment will be paid to the member, beneficiary, or estate of any member or beneficiary who is receiving the annual adjustment in a lump sum, but whose benefits are terminated between July 1 and December 1.

Those members who retired on or before July 1, 1999 received an ad hoc benefit increase in the amount of $3.50 per month for each full fiscal year of retirement through June 30, 1999 plus $1.00 per month for each year of credited service. The benefits were increased on July 1, 1999.

Contributions

Members contribute 6½ percent of compensation and the employer contributes that additional amount necessary to fund the benefits outlined above on a full actuarial reserve funding basis.

Employer contribution rates are set by Mississippi statute for MHSPRS. The adequacy of these rates are checked annually by actuarial valuation. Employer contributions have met or exceeded the required contributions each year for MHSPRS since 1991.

Summary of Benefit and Contribution Provisions – MRS

The following summary presents the main benefit provisions of the Systems in effect September 30, 2007, as interpreted in preparing the actuarial valuation. As used in the summary, “average compensation” means the average compensation of a member during the six-month period prior to receipt of an allowance.

Benefits

Service Retirement

Condition for Retirement

A retirement allowance is payable to any member who retires and has completed at least 20 years of creditable service, regardless of age.

Any general employee member who has attained age 70 and any fireman or policeman who has attained age 65 shall be retired forthwith.

Amount of Allowance

The annual retirement allowance payable to a retired member is equal to:

1. 50 percent of average compensation, plus
2. 1.7 percent of average compensation for each year of credited service over 20.

The aggregate amount of (1) and (2) above shall not exceed 66⅔ percent (87 percent for Clinton) of average compensation, regardless of service.

Disability Retirement

Condition for Retirement

A retirement allowance is payable to any member who is not eligible for a service retirement benefit but who becomes totally and permanently disabled, either physically or mentally, regardless of creditable service, if the disability is due to causes in the performance of duty. If the disability is not in the performance of duty, the member must have completed at least five years of creditable service to be eligible for retirement.

Amount of Allowance

The annual disability retirement allowance payable is equal to 50 percent of his salary at the time of retirement, if the disability is due to causes in the performance of duty.

If the disability is not in the performance of duty, the allowance is equal to 2.5 percent times credited service, not in excess of 20, times his salary at the time of retirement for firemen and policemen, and average compensation for general employees.

Death Benefit

Condition for Benefits

A benefit is payable upon the death of a member under the following conditions:

(a) the member has retired,
(b) the member is eligible to retire,
(c) the death is in the line of duty, or
(d) the death is not in the line of duty, but occurs after the member has 5 years of credited service.

The benefit is payable to the surviving spouse until remarriage and to children under age 18, to dependent children through age 23 when full-time students, and to dependent children of any age if handicapped. For Clarksdale, Columbus, Hattiesburg, Jackson, McComb, Meridian, Vicksburg and Yazoo City, benefits payable to spouses do not cease upon remarriage.

Amount of Benefits

The annual benefit payable, under all conditions in the case of firemen and policemen and under other than condition (c) in the case of general employees, is equal to 2.5 percent of average compensation for each year of credited service up to 20 and 1.7 percent of average compensation for each year over 20, with a maximum benefit of 66⅔ percent (87 percent for Clinton) of average compensation.

For general employee members under condition (c), the annual benefit payable is equal to 50 percent of salary at the time of death.

Refund of Contributions

Upon a member’s termination of employment for any reason before retirement, his accumulated contributions are refunded. Upon the death of a member who is not eligible for any other death benefit, his accumulated contributions are paid to his beneficiary.

Minimum Allowances

The minimum monthly allowances paid to members from the following municipalities for all retirement and death benefits are:

Biloxi:	$600	Columbus:	$ 500
Gulfport:	$500	Hattiesburg:	$ 750
Jackson:	$500	Meridian:	$ 600
Tupelo:	$300	Vicksburg:	$1,415

Post Retirement Adjustments in Allowances

The allowances of certain retired members are adjusted annually by a cost of living adjustment (COLA) on the basis of the annual percentage change in each fiscal year of the Consumer Price Index.

Those adjustments are limited as follows:

Biloxi: 3% per year (not to exceed 30 percent) for each full fiscal year of retirement after June 30, 2000 for all retirees and beneficiaries. This is in addition to the previously granted maximum of 3 percent per year (not to exceed 9 percent) for all members who retired on or before December 31, 1995.

Clarksdale: maximum of 2.5 percent per year for all retirees and beneficiaries.

Clinton: maximum of 2.5 percent per year (not to exceed 10 percent) for service retirements only.

Columbus: maximum of 2.5 percent per year (not to exceed 25 percent) for all retirees and beneficiaries.

Greenville: maximum of 2.5 percent per year (not to exceed 25 percent) for all retirees and beneficiaries.

Gulfport: maximum of 3 percent per year (not to exceed 27 percent) for each fiscal year of retirement after June 30, 2002 for all retirees and beneficiaries. This is in addition to the previously granted COLA of 2 percent per year (not to exceed 6 percent) for those retiring before July 1, 2001.

Hattiesburg: 2.5 percent per year (not to exceed 25 percent) for all retirees and beneficiaries.

Jackson: maximum aggregate increase of 19.5 percent for service and disability retirements only.

Laurel: 2 percent per year, compounded annually (maximum of 3 years) for each fiscal year of retirement after June 30, 2002 for all retirees and beneficiaries. COLA increases begin at the later of age 60 or after one full fiscal year of retirement.

McComb: maximum of 2.5 percent per year for all retirees and beneficiaries.

Pascagoula: maximum of 2.5 percent per year (not to exceed 15 percent) for all retirees and beneficiaries.

Vicksburg: 3 percent per year for all retirees and beneficiaries.

Yazoo City: maximum of 2.5 percent per year (not to exceed 25 percent) for all retirees and beneficiaries.

Post-retirement adjustments are included in System liabilities for future increases for Biloxi, Clinton, Columbus, Greenville, Gulfport, Hattiesburg, Jackson, Laurel, Pascagoula, Vicksburg and Yazoo City.

All Meridian retirees and beneficiaries who were receiving a retirement allowance as of June 30, 1999 were granted a 3.9 percent ad hoc benefit increase.

All Tupelo retirees and beneficiaries received an increase of 5 percent in allowances effective December 1, 1991. Additional 3 percent ad hoc benefit increases were granted to members retired at least 1 full fiscal year as of September 30, 1995, as of September 30, 1997, as of September 30, 1998, and as of September 30, 2000. Furthermore, a 2 percent ad hoc benefit increase was granted to members retired at least 1 full fiscal year as of September 30, 1999, and a 2.34 percent ad hoc benefit increase was granted to members retired at least 1 full fiscal year as of September 30, 2001.

All Gulfport retirees and beneficiaries who were receiving a retirement allowance as of June 30, 2002 were granted a monthly ad hoc increase of $2 per month for each year of service plus $2 per month for each full fiscal year retired.

Contributions

Funding policies established by Mississippi statutes provide the rates of employer contributions for MRS. The adequacy of these rates are checked annually by actuarial valuation. The following table provides a comparison of employer required contributions to actual contributions received for MRS:

Fiscal Year 10-1/9-30	Valuation Date 9-30	Annual Required Contribution (a)	Actual Contribution (b)	Difference (a-b)	Percentage Contributed
1996-97	1996	$20,674	$71,350	$50,676	345.1%
1997-98	1997	14,727	14,200	(527)	96.4
1998-99	1998	13,803	13,770	(33)	99.8
1999-00	1999	12,364	14,162	1,798	114.5
2000-01	2000	11,276	14,201	2,925	125.9
2001-02	2001	10,823	14,338	3,515	132.5
2002-03	2002	11,989	13,979	1,990	116.6
2003-04	2003	13,286	13,890	604	104.5
2004-05	2004	14,091	14,173	82	100.6
2005-06	2005	15,397	15,635	238	101.5
2006-07	2006	15,426	14,976	(450)	97.1

Summary of Main Benefit and Contribution Provisions – SLRP

The following summary presents the main benefit and contribution provisions of the Plan in effect June 30, 2008 as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average annual covered earnings of an employee during the four highest years of service. "Covered earnings" means gross salary not in excess of the maximum amount on which contributions were required. "Fiscal year" means a year commencing on July 1 and ending June 30. "Eligibility service" is all service in PERS, including that credited for SLRP service. "Creditable service" includes only SLRP service.

Employer and Employee Rates of Contribution and Maximum Covered Earnings

Date From	To	Employer Rate	Maximum Covered Earnings	Employee Rate	Maximum Covered Earnings
7/1/1989	6/30/1992	6.33%	$ 75,600	3.00%	$ 75,600
7/1/1992	6/30/2002	6.33	125,000	3.00	125,000
7/1/2002	6/30/2006	6.33	150,000	3.00	150,000
7/1/2006	6/30/2008	6.65	150,000	3.00	150,000
7/1/2008	-	6.65	230,000	3.00	230,000

Benefits

Superannuation Retirement

Condition for Retirement

(a) A retirement allowance is paid upon the request of any member who retires and has attained age 60 and completed at least eight years* of eligibility service, or has completed at least 25 years of eligibility service.

(b) Any member who withdraws from service prior to his attainment of age 60 and who has completed at least eight years* of eligibility service is entitled to receive, in lieu of a refund of his accumulated contributions, a retirement allowance commencing at age 60.

(c) Upon the death of a member who has completed at least eight years* of eligibility service, a benefit is payable, in lieu of a refund of the member's accumulated contributions, to his spouse, if said spouse has been married to the member for not less than one year.

Amount of Allowance

The annual retirement allowance payable to a member who retires under condition (a) above is equal to:

1. A member's annuity which is the actuarial equivalent of the member's accumulated contributions at the time of his retirement, plus
2. An employer's annuity which, together with the member's annuity, is equal to 1% of his average compensation for each of the first 25 years of creditable service plus 1.25% for each year of creditable service over 25 years.

The minimum allowance is $60 per year of creditable service.

The annual retirement allowance payable to the spouse of a member who dies under condition (c) above is equal to the greater of (i) the allowance that would have been payable had the member retired and elected Option 2, reduced by 3% per year for each year the member lacked in qualifying for unreduced retirement benefits, or (ii) a benefit equal to the greater of 10% of average compensation or $25 per month.

In addition, a benefit is payable to dependent children until age 19 (23 if a full-time student). The benefit is equal to the greater of 5% of average compensation or $25 per month for each dependent child up to 3.

Disability Retirement

Condition for Retirement

A retirement allowance is paid to a member who is totally and permanently disabled, as determined by the Board of Trustees, and has accumulated eight or more years* of eligibility service.

Amount of Allowance

For those who were active members prior to July 1, 1992 and did not elect the benefit structure outlined below, the annual disability retirement allowance payable is equal to a superannuation retirement allowance if the member has attained age 60, otherwise it is equal to a superannuation retirement allowance calculated as follows:

**Four years for those who entered PERS before July 1, 2007.*

1. A member's annuity equal to the actuarial equivalent of his accumulated contributions at the time of retirement, plus
2. An employer's annuity equal to the amount that would have been payable had the member continued in service to age 60.

For those who become active members after June 30, 1992 and for those who were active members prior to July 1, 1992 who so elected, the following benefits are payable:

1. A temporary allowance equal to the greater of (a) 20% of average compensation plus 5% for each dependent child up to a maximum of 2, or (b) the member's accrued allowance. This temporary allowance is paid for a period of time based on the member's age at disability, as follows:

Age at Disability	Duration
60 and earlier	to age 65
61	to age 66
62	to age 66
63	to age 67
64	to age 67
65	to age 68
66	to age 68
67	to age 69
68	to age 70
69 and later	one year

The minimum allowance is $60 per year of service credit.

2. A deferred allowance commencing when the temporary allowance ceases equal to the greater of (a) the allowance the member would have received based on service to the termination age of the temporary allowance, but not more than 20% of average compensation, or (b) the member's accrued allowance.

The minimum allowance is $60 per year of service credit.

Effective July 1, 2004, a temporary benefit can be paid out of a member's accumulated contribution balance while the member is awaiting a determination for eligibility for disability benefits. Future disability payments, if any, would be offset by advanced payments made from the member's accumulated contributions.

Accidental Disability Retirement

Condition for Retirement

A retirement allowance is paid to a member who is totally and permanently disabled in the line of performance of duty.

Amount of Allowance

The annual accidental disability retirement allowance is equal to the allowance payable on disability retirement but not less than 25% of average compensation. There is no minimum benefit.

Accidental Death Benefit

Condition for Benefit

A retirement allowance is paid to a spouse and/or dependent children upon the death of an active member in the line of performance of duty.

Amount of Allowance

The annual retirement allowance is equal to 25% of average compensation payable to the spouse and 12½% of average compensation payable to one dependent child or 25% to two or more children until age 19 (23 if a full-time student). There is no minimum benefit.

Return of Contributions

Upon the withdrawal of a member without a retirement benefit, his contributions are returned to him, together with accumulated regular interest thereon.

Upon the death of a member before retirement, his contributions, together with the full accumulated regular interest thereon, are paid to his designated beneficiary, if any, otherwise, to his estate provided no other survivor benefits are payable.

Normal Form of Benefit

The normal form of benefit is an allowance payable during the life of the member with the provision that upon his death the excess of his total contributions at the time of retirement over the total retirement annuity paid to him will be paid to his designated beneficiary.

Optional Benefit

A member upon retirement may elect to receive his allowance in one of the following forms which are computed to be actuarially equivalent to the applicable retirement allowance.

Option 1. Reduced allowance with the provision that if the pensioner dies before he receives the value of the member's annuity as it was at the time of retirement, the balance shall be paid to his beneficiary or estate.

Option 2. Upon his death, his reduced retirement allowance shall be continued throughout the life of, and paid to, his beneficiary.

Option 3. Upon his death, 50% of his reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50% of his reduced retirement allowance to some other designated beneficiary.

Option 4A. Upon his death, 50% of his reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4B. A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner, his beneficiary or his estate for a specified number of years certain.

Option 4C. A member may elect any option with the added provision that the member shall receive, so far as possible, the same total amount annually (considering both SLRP and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

If a member elects either Option 2 or Option 4A, there is an added provision that in the event the designated beneficiary predeceases the member, the retirement allowance payable to the member after the designated beneficiary's death shall be equal to the retirement allowance which would have been payable had the member not elected the option.

A member who has at least 28 years of creditable service or is at least age 63 with 4 years of service for those who entered PERS before July 1, 2007 can select a partial lump-sum option at retirement. Under this option, the retiree has the option of taking a partial lump-sum distribution equal to either 12, 24, or 36 times the base maximum monthly benefit. With each lump-sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting the partial lump-sum option may also select any of the regular options except Option 1, the prorated single-life annuity, and Option 4C, the Social Security leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

Post Retirement Adjustments in Allowances

The allowances of retired members are adjusted annually by an amount equal to (a) 3% of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus (b) 3% compounded for each year thereafter beginning with the fiscal year in which the member turns age 55; provided, however, that the annual adjustment will not be less than 4% of the annual retirement allowance for each full fiscal year in retirement through June 30, 1998.

A prorated portion of the annual adjustment will be paid to the member, beneficiary, or estate of any member or beneficiary who is receiving the annual adjustment in a lump sum, but whose benefits are terminated between July 1 and December 1.

Contributions

Members currently contribute 3.00% of covered earnings. The employer contributes that additional amount necessary to fund the benefits outlined above on a full actuarial reserve funding basis.

Employer contribution rates are set by Mississippi statute for SLRP. The adequacy of these rates are checked annually by actuarial valuation. Employer contributions have met or exceeded the required contributions each year for SLRP since 1991.

The Mississippi Legislature ended its 2008 legislative session with various changes to the plan provisions of the Public Employees' Retirement Systems. All legislation is effective on July 1, 2008 unless otherwise specified.

House Bill 833

Sections 25-11-15, 25-11-103, 25-11-115(3), 25-13-16(3), 25-11-117, 25-11-311, 25-13-21, 21-29-316, 25-11-119, 25-11-121, 25-3-31, and 25-11-116, Mississippi Code of 1972 are amended to delete the provision establishing an Investment Advisory Board; to modify certain definitions to coincide with IRS limitations; to allow a retroactive effective date (up to three months) for retirees who revert from Option 2 or Option 4A to the maximum option following the death of the named beneficiary; to allow a non-spouse beneficiary to rollover an eligible distribution; to allow PERS to share certain member information with employers; to provide investment authority to establish one overall limit for both domestic and international stocks; and to delete certain obsolete language.

House Bill 1644

This Act authorizes the governing authorities of the City of McComb to establish an additional annual payment to retired members of the Disability and Relief Fund for Firemen and Policemen of the City in an amount equal to 2½ percent of the annual retirement allowance for each full fiscal year after June 30, 2007, that the retired member has actually drawn retirement payment, provided that the cost of the additional payment does not exceed one-half mill; to provide that the additional payment shall be made in December of each year unless the retired member elects to receive the payment in twelve monthly installments. This legislation is effective May 8, 2008.

Solvency Tests

(In Thousands)

Date	Actuarial Accrued Liabilities for: (1) Accumulated Employee Contributions Including Allocated Investment Earnings	(2) Retirees and Beneficiaries Currently Receiving Benefits	(3) Active and Inactive Members Employer-Financed Portion	Net Assets Available for Benefits	Portions of Accrued Liabilities Covered by Assets (1)	(2)	(3)
Public Employees' Retirement System							
6/30/99	$ 2,694,659	$ 6,215,709	$ 6,840,993	$ 13,016,632	100%	100%	60.0%
6/30/00	2,992,726	7,227,395	7,831,975	14,899,074	100	100	59.7
6/30/01	3,061,697	7,856,268	7,576,242	16,191,631	100	100	69.6
6/30/02	3,221,756	8,913,895	8,044,696	16,823,185	100	100	58.3
6/30/03	3,400,765	9,758,473	8,326,600	16,979,457	100	100	45.9
6/30/04	3,571,428	10,657,920	8,617,912	17,103,285	100	100	33.3
6/30/05	3,819,498	11,260,642	8,646,958	17,180,705	100	100	24.3
6/30/06	3,955,066	12,228,330	8,745,068	18,321,063	100	100	24.4
6/30/07	3,788,781	13,342,531	9,731,324	19,791,564	100	100	27.3
6/30/08	3,991,804	14,306,528	10,236,362	20,814,720	100	100	24.6
Mississippi Highway Safety Patrol Retirement System							
6/30/99	$ 14,272	$ 138,294	$ 69,191	$ 219,866	100%	100%	97.3%
6/30/00	15,393	155,783	80,761	244,331	100	100	90.6
6/30/01	16,080	152,528	82,013	259,713	100	100	111.1
6/30/02	16,226	186,501	82,821	263,255	100	100	73.1
6/30/03	17,604	192,662	91,868	259,746	100	100	53.9
6/30/04	18,352	201,573	96,645	256,481	100	100	37.8
6/30/05	18,972	214,844	101,301	253,477	100	100	19.4
6/30/06	19,906	222,281	108,451	265,637	100	100	21.6
6/30/07	20,870	231,771	118,592	284,626	100	100	27.0
6/30/08	21,371	242,265	117,942	298,630	100	100	29.7
Municipal Retirement Systems*							
9/30/98	$ 12,453	$ 296,554	$ 54,605	$ 213,591	100%	67.8%	0.0%
9/30/99	11,091	308,890	49,137	235,221	100	72.6	0.0
9/30/00	10,209	319,149	45,701	253,713	100	76.3	0.0
9/30/01	9,271	329,000	43,511	262,260	100	76.9	0.0
9/30/02	7,806	349,140	36,064	259,587	100	72.1	0.0
9/30/03	6,266	365,063	28,293	250,640	100	66.9	0.0
9/30/04	5,190	365,243	22,628	235,198	100	63.0	0.0
9/30/05	4,138	367,345	15,903	217,140	100	58.0	0.0
9/30/06	3,353	368,128	11,874	213,553	100	57.1	0.0
9/30/07	3,015	366,139	10,430	213,432	100	57.5	0.0
Supplemental Legislative Retirement Plan							
6/30/99	$ 1,262	$ 2,496	$ 5,173	$ 6,954	100%	100%	61.8%
6/30/00	1,230	4,005	4,738	8,199	100	100	62.6
6/30/01	1,666	4,328	4,308	9,124	100	100	72.6
6/30/02	1,876	4,576	4,876	9,730	100	100	67.2
6/30/03	2,121	4,567	5,532	10,196	100	100	63.4
6/30/04	2,030	6,395	4,509	10,323	100	100	42.1
6/30/05	2,076	6,813	4,513	10,634	100	100	38.7
6/30/06	2,061	7,230	4,773	11,620	100	100	48.8
6/30/07	2,301	7,378	5,375	12,722	100	100	56.6
6/30/08	2,102	8,295	5,218	13,412	100	100	57.8

**Valuation information furnished in this section for the Municipal Retirement Systems is as of September 30.*

Valuation Date	Number of Employers	Active Members: Number of Employees	Active Members: Annual Payroll	Active Members: Annual Average Pay	Active Members: % Increase In Average Pay
Public Employees' Retirement System					
6/30/99	845	148,611	$ 3,711,679,688	$ 24,976	5.2%
6/30/00	847	151,790	4,090,596,398	26,949	7.9
6/30/01	863	151,080	4,112,237,738	27,219	1.0
6/30/02	866	152,148	4,220,538,845	27,740	1.9
6/30/03	871	154,872	4,431,599,526	28,615	3.2
6/30/04	880	156,353	4,617,272,973	29,531	3.2
6/30/05	861	157,101	4,786,280,398	30,466	3.2
6/30/06	861	158,091	4,971,973,661	31,450	3.2
6/30/07	861	162,804	5,196,294,899	31,917	1.5
6/30/08	863	165,733	5,544,704,937	33,456	4.8
Mississippi Highway Safety Patrol Retirement System					
6/30/99	1	554	$ 19,807,708	$ 35,754	0.7%
6/30/00	1	565	21,314,418	37,725	5.5
6/30/01	1	599	21,971,870	36,681	(2.8)
6/30/02	1	559	20,339,053	36,385	(0.8)
6/30/03	1	543	21,052,942	38,770	6.6
6/30/04	1	559	22,683,404	40,579	4.7
6/30/05	1	540	22,342,918	41,376	2.0
6/30/06	1	564	24,499,296	43,438	5.0
6/30/07	1	591	27,037,063	45,748	5.3
6/30/08	1	626	29,597,374	47,280	3.3
Municipal Retirement Systems					
9/30/98	17	304	$ 10,851,734	$ 35,696	3.4%
9/30/99	17	253	9,440,409	37,314	4.5
9/30/00	17	214	8,484,726	39,648	6.3
9/30/01	17	182	7,349,562	40,382	1.9
9/30/02	17	145	5,980,337	41,244	2.1
9/30/03	17	110	4,584,061	41,673	1.0
9/30/04	17	84	3,674,877	43,749	5.0
9/30/05	17	65	2,909,190	44,757	2.3
9/30/06	17	49	2,223,090	45,369	1.4
9/30/07	17	42	1,952,642	46,491	2.5
Supplemental Legislative Retirement Plan					
6/30/99	5	175	$ 5,893,506	$ 33,677	0.7%
6/30/00	5	175	5,855,775	33,462	(0.6)
6/30/01	5	175	5,941,332	33,950	1.5
6/30/02	5	175	5,988,135	34,218	0.8
6/30/03	5	175	6,288,514	35,934	5.0
6/30/04	5	175	5,794,099	33,109	(7.9)
6/30/05	5	175	6,530,045	37,315	12.7
6/30/06	5	173	6,353,542	36,726	(1.6)
6/30/07	5	175	6,554,229	37,453	2.0
6/30/08	5	175	6,752,960	38,588	3.0

Schedule of Retirants Added to and Removed from Rolls

Last Six Fiscal Years

		Added		Removed	
Fiscal Year Ended*	Plan	Number	Annual Allowances	Number	Annual Allowances
June 30, 2003	PERS	4,857	$ 76,047,174	(2,115)	$ (17,494,863)
	MHSPRS	20	331,225	(16)	(225,378)
	MRS	70	1,380,001	(82)	(614,706)
	SLRP	1	6,156	(2)	(8,266)
June 30, 2004	PERS	5,174	82,912,445	(2,214)	(19,375,950)
	MHSPRS	27	768,760	(21)	(249,668)
	MRS	71	1,415,488	(71)	(643,802)
	SLRP	26	172,668	(5)	(22,850)
June 30, 2005	PERS	4,610	74,999,488	(3,078)	(25,851,732)
	MHSPRS	33	578,336	(17)	(106,467)
	MRS	54	972,938	(58)	(545,424)
	SLRP	8	30,412	-	-
June 30, 2006	PERS	5,360	93,495,367	(2,542)	(26,749,850)
	MHSPRS	32	849,210	(28)	(650,466)
	MRS**	67	1,131,297	(84)	(834,404)
	SLRP	12	57,341	(4)	(26,559)
June 30, 2007	PERS	6,218	97,985,045	(2,219)	(31,700,099)
	MHSPRS	29	826,877	(16)	(390,154)
	MRS	46	806,363	(71)	(684,252)
	SLRP	6	17,973	(2)	(6,908)
June 30, 2008	PERS	5,335	93,694,780	(2,551)	(35,621,113)
	MHSPRS	42	1,341,416	(29)	(739,677)
	MRS	42	744,852	(75)	(998,616)
	SLRP	20	107,569	(8)	(29,585)

**Information for MRS is as of September 30.*

***Beginning at the end of year in 2005, the benefit payments include COLAs. However, all amounts prior to 2005 were reported by the prior actuarial firm and did not include COLA amounts. Therefore, the amount for benefit increases due to COLA in 2005 incorporates all prior year's COLAs since they cannot be broken out by prior years.*

****Information not available for MRS.*

Schedule of Retirants Added to and Removed from Rolls

Last Six Fiscal Years

Increase Due to Annual COLA	Increase Due to Plan Amendments	Rolls at End of Year: Number	Rolls at End of Year: Annual Allowances	Percentage Increase in Annual Allowances	Average Annual Allowances
$ N/A	$ -	59,447	$ 715,099,701	8.92%	$ 12,029
N/A	-	599	11,592,770	0.92	19,354
N/A	255,604	2,246	30,374,038	3.48	13,524
N/A	-	85	330,496	(0.63)	3,888
N/A	-	62,407	778,636,196	8.88	12,477
N/A	-	605	12,111,862	4.48	20,020
N/A	274,798	2,246	31,420,522	3.45	13,990
N/A	-	106	480,314	45.33	4,531
194,238,608	-	63,939	1,022,022,560	31.26	15,984
4,606,095	-	621	17,189,826	41.93	27,681
***	334,359	2,242	32,182,395	2.42	14,354
71,839	-	114	582,565	21.29	5,110
28,442,523	-	66,757	1,117,210,600	9.31	16,735
433,239	-	625	17,821,809	3.68	28,515
2,053,694	74,913	2,225	34,607,895	7.54	15,554
15,870	-	122	629,217	8.01	5,158
30,889,317	-	70,756	1,214,384,863	8.70	17,163
464,023	-	638	18,722,555	5.05	29,346
458,053	-	2,200	35,188,059	1.68	15,995
17,537	-	126	657,819	4.55	5,221
33,449,790	-	73,540	1,305,908,320	7.54	17,758
474,361	-	651	19,798,655	5.75	30,413
429,844	191,067	2,167	35,555,206	1.04	16,408
19,012	-	138	754,815	14.75	5,470

Analysis of Financial Experience

Gains & Losses in Accrued Liabilities for the Year Ended June 30, 2008

Resulting from Differences Between Assumed Experience & Actual Experience

(In Thousands)

Type of Activity:	PERS	$ Gain or (Loss) For Year MHSPRS	MRS*	SLRP
Age & Service Retirements. If members retire at older ages, there is a gain. If younger ages, a loss.	$(116,600.0)	$ 1,203.3	$ 205.4	$ 143.5
Disability Retirements. If disability claims are less than assumed, there is a gain. If more claims, a loss.	(43,400.0)	73.6	–	16.5
Death-in-Service Benefits. If survivor claims are less than assumed, there is a gain. If more claims, a loss.	–	(11.9)	19.2	13.5
Withdrawal From Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	61,900.0	67.7	–	78.2
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	(10,300.0)	(3,632.0)	144.2	143.5
New Members. Additional unfunded accrued liability will produce a loss.	(106,500.0)	(10.2)	–	–
Investment Income. If there is greater investment income than assumed, there is a gain. If less income, a loss.	(293,300.0)	(4,212.0)	4,416.7	(185.0)
Death after Retirement. If retirants live longer than assumed, there is a loss. If not as long, a gain.	6,800.0	5,297.0	(510.3)	31.0
Other. Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.	(51,200.0)	3,717.6	(278.3)	(110.8)
Gain (or Loss) During Year from Financial Experience.	(552,600.0)	2,493.1	3,996.9	130.4
Non-Recurring Items. Adjustments for plan amendments, assumption changes, or method changes.	(23,500.0)	(7.1)	(1,832.8)	(3.8)
Composite Gain (or Loss) During Year	$(576,100.0)	$ 2,486.0	$ 2,164.1	$ 126.6

**Valuation information furnished for MRS is as of September 30, 2007.*

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The objectives of the statistical section are to provide additional historical perspective, context, and relevant details to assist readers in using the information in the financial statements, notes to financial statements, and required supplementary information in order to understand and assess the System's economic condition. In support of these objectives, the System implemented GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

Financial Trends

The schedule of Changes in Net Assets presented on pages 98 and 99 contains historical information related to the System's revenues, expenses, changes in net assets and net assets available for benefits, as well as a history of employer and employee contribution rates over a ten-year period. To address the funding position and to ensure the actuarial soundness of the System, the employer rate for PERS was increased by 0.55 percent to 11.85 percent effective July 1, 2007. A detailed discussion of changes in employer contribution rates and funding can be found on page 23 of Management's Discussion and Analysis and on page 44, notes 1 and 2 to the RSI.

Demographic and Economic Information

The schedule of Total Active Members by Attained Age and Years of Service, shown on pages 106 through 108, provides relevant details about the composition of the System's membership including concentration of members within various age groups and selected group averages for each pension plan. Page 110 contains comparative information regarding the ten largest participating employers of the multiple-employer plans, which are the Public Employees' Retirement System and Municipal Retirement Systems. The schedule of Benefit Payments by County on page 109 offers information on the amount of economic contribution attributed to benefit payments, by county, within the State of Mississippi.

Operating Information

Pages 100 and 101 illustrate the number of participants and total benefit payments, by type, for each retirement plan administered by the System. Additional details regarding monthly benefit distribution by option can be found on page 104. The schedule of Average Benefit Payments presents average monthly benefits, average final salary and the number of active retirants by years of credited service, by plan, on pages 102 and 103. Comparative supplemental information on employer and employee groups covered by the Public Employees' Retirement System plan is offered on page 105 along with details of participating employers covered by separate agreement on pages 111 through 114.

Statistical data is provided from the System's internal resources. The System had no outstanding debt as of June 30, 2008.

Changes in Net Assets

– Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Employee Contributions Amount	Employee Contributions %*	Employer Contributions Amount	Employer Contributions %*	Net Investment Income (Loss)	Other Revenues and Transfers	Total Additions (Deletions)
Public Employees' Retirement System of Mississippi							
1999	$274,059	7.25%	$372,661	9.75%	$1,501,480	$ 527	$2,148,727
2000	301,885	7.25	407,595	9.75	1,224,715	614	1,934,809
2001	310,257	7.25	418,281	9.75	(1,159,509)	646	(430,325)
2002	317,563	7.25	428,122	9.75	(973,690)	598	(227,407)
2003	333,297	7.25	448,263	9.75	452,183	607	1,234,350
2004	358,241	7.25	459,567	9.75	2,003,253	596	2,821,657
2005	365,355	7.25	492,434	9.75	1,507,079	530	2,365,398
2006	375,612	7.25	557,831	10.75	1,777,853	580	2,711,876
2007	392,268	7.25	610,888	11.30	3,402,562	604	4,406,322
2008	417,119	7.25	683,189	11.85	(1,725,434)	637	(624,489)
Mississippi Highway Safety Patrol Retirement System							
1999	$ 1,081	6.50%	$ 5,359	26.16%	$ 25,562	$ -	$ 32,002
2000	1,404	6.50	5,649	26.16	20,258	-	27,311
2001	1,458	6.50	5,835	26.16	(18,868)	28	(11,547)
2002	1,418	6.50	5,710	26.16	(15,340)	-	(8,212)
2003	1,398	6.50	5,627	26.16	6,934	-	13,959
2004	1,508	6.50	6,528	28.16	30,464	-	38,500
2005	1,462	6.50	6,335	28.16	21,897	2,388	32,082
2006	1,589	6.50	6,884	28.16	25,934	2,628	37,035
2007	1,778	6.50	8,275	30.30	49,104	2,341	61,498
2008	1,985	6.50	9,253	30.30	(24,886)	3,156	(10,492)
Municipal Retirement Systems**							
1999	$ 1,082	**	$ 13,885	**	$ 28,277	$ -	$ 43,244
2000	934	**	13,560	**	21,870	-	36,364
2001	777	**	15,177	**	(19,886)	-	(3,932)
2002	678	**	14,174	**	(15,741)	-	(889)
2003	563	**	14,310	**	6,847	7	21,727
2004	437	**	14,013	**	28,495	-	42,945
2005	378	**	14,371	**	19,337	-	34,086
2006	263	**	15,613	**	21,563	-	37,439
2007	203	**	15,050	**	38,269	-	53,522
2008	176	**	15,900	**	(18,046)	-	(1,970)
Supplemental Legislative Retirement Plan							
1999	$ 177	3.00%	$ 373	6.33%	$ 800	$ -	$ 1,350
2000	138	3.00	411	6.33	674	-	1,223
2001	181	3.00	382	6.33	(661)	-	(98)
2002	180	3.00	380	6.33	(570)	-	(10)
2003	198	3.00	417	6.33	277	-	892
2004	176	3.00	372	6.33	1,246	-	1,794
2005	197	3.00	417	6.33	932	-	1,546
2006	195	3.00	411	6.33	1,137	-	1,743
2007	195	3.00	432	6.65	2,209	-	2,836
2008	203	3.00	449	6.65	(1,120)	-	(468)

**Percentage of annual covered payroll.*
***Employee and employer rates vary among the 19 systems which comprise the Municipal Retirement Systems.*

(In Thousands)

Fiscal Year	Retirement Annuities	Refunds	Expenses and Depreciation	Transfers	Total Deductions	Net Change In Assets	Ending Net Assets
Public Employees' Retirement System of Mississippi							
1999	$ 562,191	$ 49,283	$10,622	$ -	$ 622,096	$ 1,526,631	$14,955,624
2000	612,644	58,817	8,259	-	679,720	1,255,089	16,210,018
2001	759,282	65,370	8,843	-	833,495	(1,263,820)	14,946,198
2002	847,655	62,126	8,294	-	918,075	(1,145,482)	13,800,716
2003	951,158	61,923	9,802	-	1,022,883	211,467	14,012,183
2004	1,033,205	67,245	9,730	-	1,110,180	1,711,477	15,723,660
2005	1,116,405	71,064	11,054	-	1,198,523	1,166,875	16,890,535
2006	1,198,230	73,344	9,774	-	1,281,348	1,430,528	18,321,063
2007	1,291,456	72,572	10,341	-	1,374,369	3,031,953	21,353,016
2008	1,393,175	72,750	11,533	-	1,477,458	(2,101,947)	19,251,069
Mississippi Highway Safety Patrol Retirement System							
1999	$ 12,490	$ 43	$ -	$ 107	$ 12,640	$ 19,362	$ 253,699
2000	13,886	93	-	113	14,092	13,219	266,918
2001	15,166	62	-	117	15,345	(26,892)	240,026
2002	16,558	66	-	114	16,738	(24,950)	215,076
2003	16,164	101	-	113	16,378	(2,419)	212,657
2004	16,605	76	-	131	16,812	21,688	234,345
2005	18,005	86	-	127	18,218	13,864	248,209
2006	19,359	110	-	138	19,607	17,428	265,637
2007	19,774	44	-	165	19,983	41,515	307,152
2008	20,295	26	-	185	20,506	(30,998)	276,154
Municipal Retirement Systems							
1999	$ 27,376	$ 91	$ -	$ 306	$ 27,773	$ 15,471	$ 280,531
2000	28,648	1	-	388	29,037	7,327	287,858
2001	29,986	135	-	429	30,550	(34,482)	253,376
2002	30,964	-	-	407	31,371	(32,260)	221,116
2003	31,979	39	-	389	32,407	(10,680)	210,436
2004	33,342	-	-	389	33,731	9,214	219,650
2005	34,296	11	-	395	34,702	(616)	219,034
2006	35,165	1	-	430	35,596	1,843	220,877
2007	35,544	1	-	420	35,965	17,557	238,434
2008	35,870	-	-	439	36,309	(38,279)	200,155
Supplemental Legislative Retirement Plan							
1999	$ 191	$ -	$ -	$ 7	$ 198	$ 1,152	$ 7,947
2000	262	11	-	8	281	942	8,889
2001	361	16	-	7	384	(482)	8,407
2002	386	1	-	8	395	(405)	8,002
2003	388	-	-	8	396	496	8,498
2004	696	8	-	7	711	1,083	9,581
2005	599	2	-	8	609	937	10,518
2006	632	1	-	8	641	1,102	11,620
2007	699	-	-	9	708	2,128	13,748
2008	845	14	-	9	868	(1,336)	12,412

Benefit and Refund Payments by Type

– Last Ten Fiscal Years

Public Employees' Retirement System of Mississippi

Number of Participants by Type of Benefit

Year	Service	Disability	Survivor	Total	Refunds
1999	39,198	3,240	6,328	48,766	16,592
2000	40,874	3,453	6,753	51,080	19,293
2001	43,117	3,531	7,017	53,665	22,879
2002	45,585	3,737	7,383	56,705	16,753
2003	47,798	3,966	7,683	59,447	24,882
2004	50,196	4,232	7,979	62,407	16,133
2005	52,370	4,468	7,101	63,939	22,102
2006	54,736	4,659	7,362	66,757	19,202
2007	57,019	4,903	8,834	70,756	18,207
2008	59,406	5,075	9,059	73,540	16,105

Total Payments by Type of Benefit
(In Thousands)

Year	Service	Disability	Survivor	Total	Refunds
1999	$ 494,958	$ 25,950	$ 41,283	$ 562,191	$ 49,283
2000	558,619	37,473	16,552	612,644	58,817
2001	692,488	46,382	20,412	759,282	65,370
2002	774,213	51,355	22,087	847,655	62,126
2003	869,204	58,055	23,899	951,158	61,923
2004	944,037	63,701	25,467	1,033,205	67,245
2005	1,019,133	70,076	27,196	1,116,405	71,064
2006	1,093,235	76,167	28,828	1,198,230	73,344
2007	1,178,654	82,168	30,634	1,291,456	72,572
2008	1,272,211	88,937	32,027	1,393,175	72,750

Mississippi Highway Safety Patrol Retirement System

Number of Participants by Type of Benefit

Year	Service	Disability	Survivor	Total	Refunds
1999	376	22	142	540	7
2000	381	21	150	552	8
2001	392	20	161	573	7
2002	414	19	162	595	9
2003	410	19	170	599	9
2004	414	21	170	605	6
2005	421	21	179	621	11
2006	425	20	180	625	11
2007	435	19	184	638	5
2008	443	18	190	651	4

Total Payments by Type of Benefit
(In Thousands)

Year	Service	Disability	Survivor	Total	Refunds
1999	$ 11,143	$ 132	$ 1,215	$ 12,490	$ 43
2000	12,183	319	1,384	13,886	93
2001	13,330	348	1,488	15,166	62
2002	14,677	362	1,519	16,558	66
2003	14,356	362	1,446	16,164	101
2004	14,770	401	1,434	16,605	76
2005	16,064	455	1,486	18,005	86
2006	17,380	477	1,502	19,359	110
2007	17,870	471	1,433	19,774	44
2008	18,453	448	1,394	20,295	26

Municipal Retirement Systems*

Number of Participants by Type of Benefit

Year	Service	Disability	Survivor	Total	Refunds
1998	1,586	150	522	2,258	4
1999	1,584	146	526	2,256	2
2000	1,588	142	540	2,270	6
2001	1,573	135	550	2,258	-
2002	1,572	130	544	2,246	3
2003	1,569	128	549	2,246	-
2004	1,569	121	552	2,242	4
2005	1,548	112	565	2,225	1
2006	1,532	109	559	2,200	1
2007	1,507	104	556	2,167	1

Total Payments by Type of Benefit**
(In Thousands)

Year	Service	Disability	Survivor	Total	Refunds
1998	$ 21,692	$ 1,103	$ 3,800	$ 26,595	$ 91
1999	22,600	1,114	4,081	27,795	1
2000	23,201	1,103	4,371	28,675	135
2001	23,707	1,058	4,554	29,319	-
2002	24,564	1,043	4,767	30,374	39
2003	25,293	1,067	5,061	31,421	-
2004	25,873	1,045	5,264	32,182	11
2005	25,971	985	5,598	32,554	1
2006	26,353	969	5,757	33,079	1
2007	27,872	1,072	6,611	35,555	1

Supplemental Legislative Retirement Plan

Number of Participants by Type of Benefit

Year	Service	Disability	Survivor	Total	Refunds
1999	41	1	10	52	-
2000	63	1	12	76	3
2001	67	1	16	84	3
2002	68	1	17	86	1
2003	69	1	15	85	-
2004	87	2	17	106	3
2005	94	2	18	114	2
2006	99	2	21	122	1
2007	97	2	27	126	-
2008	110	2	26	138	3

Total Payments by Type of Benefit
(In Thousands)

Year	Service	Disability	Survivor	Total	Refunds
1999	$ 166	$ 5	$ 20	$ 191	$ -
2000	240	5	17	262	11
2001	327	5	29	361	16
2002	349	5	32	386	1
2003	352	5	31	388	-
2004	640	8	48	696	8
2005	550	12	37	599	2
2006	585	12	35	632	1
2007	639	12	48	699	-
2008	773	14	58	845	14

**Information furnished for MRS is as of September 30.*
***Individual municipal retirement system's COLA increases are paid if funding is available.*

Average Benefit Payments

Retirement Effective Dates:	Years of Credited Service								
July 1, 2003 to June 30, 2008	0-4	5-9	10-15	16-20	21-24	25	26-29	30	31+
Public Employees' Retirement System of Mississippi									
2008									
Average Monthly Benefit .....$	400	383	587	900	1,221	1,738	1,845	2,071	2,726
Average Final Salary ....$	25,527	25,618	28,649	33,139	36,537	44,534	45,142	48,053	53,245
Number of Active Retirants..	201	690	703	614	586	386	855	226	1,074
2007									
Average Monthly Benefit .....$	412	370	536	818	1,114	1,671	1,761	2,127	2,616
Average Final Salary ....$	22,554	24,146	27,269	30,518	34,644	42,366	43,541	47,398	51,466
Number of Active Retirants..	340	986	827	747	684	381	917	251	1,085
2006									
Average Monthly Benefit .....$	490	331	492	766	1,137	1,575	1,729	1,942	2,380
Average Final Salary ....$	21,672	22,459	25,293	29,138	33,142	38,998	41,558	43,360	46,793
Number of Active Retirants..	121	671	692	632	627	358	973	217	1,069
2005									
Average Monthly Benefit .....$	479	354	556	872	1,239	1,569	1,684	1,878	2,382
Average Final Salary ....$	22,862	22,656	24,775	29,619	34,563	38,437	40,090	41,687	46,505
Number of Active Retirants..	108	543	666	516	421	296	853	223	984
2004									
Average Monthly Benefit .....$	381	355	585	822	1,068	1,606	1,710	1,872	2,437
Average Final Salary ....$	21,732	23,875	26,052	29,035	30,841	38,021	40,186	41,374	47,014
Number of Active Retirants..	202	651	738	535	368	496	862	274	1,048
Mississippi Highway Safety Patrol Retirement System									
2008									
Average Monthly Benefit .....$	-	347	1,158	408	1,778	3,442	2,411	4,365	3,035
Average Final Salary ....$	-	13,031	46,554	12,949	48,156	64,165	45,198	73,562	54,588
Number of Active Retirants..	-	1	1	3	9	2	9	5	12
2007									
Average Monthly Benefit .....$	-	-	213	-	2,108	2,247	2,536	1,044	2,257
Average Final Salary ....$	-	-	4,971	-	42,894	48,746	47,313	29,283	40,153
Number of Active Retirants..	-	-	1	-	7	3	13	1	4
2006									
Average Monthly Benefit .....$	130	-	194	831	2,364	1,548	2,080	1,803	2,447
Average Final Salary ....$	5,261	-	5,120	21,651	53,949	35,031	42,379	39,574	45,797
Number of Active Retirants..	1	-	1	2	6	4	10	2	6
2005									
Average Monthly Benefit .....$	1,151	-	-	138	1,558	2,118	1,585	1,410	2,819
Average Final Salary ....$	27,616	-	-	6,628	37,085	43,822	36,482	29,669	48,745
Number of Active Retirants..	1	-	-	1	6	5	10	3	7
2004									
Average Monthly Benefit .....$	742	-	2,739	617	1,300	2,015	2,093	4,405	3,776
Average Final Salary ....$	21,819	-	65,736	17,233	30,459	44,300	46,563	83,469	58,208
Number of Active Retirants..	1	-	1	1	5	5	6	1	7

Retirement Effective Dates:	Years of Credited Service								
July 1, 2003 to June 30, 2008	0-4	5-9	10-15	16-20	21-24	25	26-29	30	31+
Supplemental Legislative Retirement System									
2008									
Average Monthly Benefit.....$	117	226	354	447	513	-	655	-	923
Average Final Salary ....$	32,859	34,939	36,172	40,512	32,189	-	32,548	-	44,456
Number of Active Retirants..	2	2	4	7	1	-	3	-	1
2007									
Average Monthly Benefit.....$	-	189	256	265	-	-	-	-	-
Average Final Salary ....$	-	27,519	34,759	22,042	-	-	-	-	-
Number of Active Retirants..	-	3	2	1	-	-	-	-	-
2006									
Average Monthly Benefit.....$	-	147	310	435	-	-	-	-	963
Average Final Salary ....$	-	25,555	30,927	35,060	-	-	-	-	36,594
Number of Active Retirants..	-	4	3	3	-	-	-	-	2
2005									
Average Monthly Benefit.....$	-	181	270	383	142	775	-	-	-
Average Final Salary ....$	-	29,525	27,247	32,158	34,035	39,085	-	-	-
Number of Active Retirants..	-	2	3	1	1	1	-	-	-
2004									
Average Monthly Benefit.....$	89	744	351	408	550	-	675	822	964
Average Final Salary ....$	29,452	30,299	29,231	30,666	36,901	-	49,614	41,404	43,853
Number of Active Retirants..	2	2	2	7	5	-	4	1	3

Retired Members by Type of Benefits
– June 30, 2008

Amount of Monthly Benefit*	Option Selected #								PLSO	PLSO	PLSO
	Life	Opt. 1	Opt. 2	Opt. 3	Opt. 4A	Opt. 4B	Opt. 4C**	Opt. 5	1yr**	2yr**	3yr**
Public Employees' Retirement System of Mississippi											
$ 1 - 100	1,675	75	327	6	30	228	6	13	45	32	333
101 - 200	4,151	248	664	17	84	508	24	80	81	54	327
201 - 300	4,143	230	554	7	105	446	40	76	71	45	234
301 - 400	3,407	218	528	20	106	404	62	54	56	56	205
401 - 500	3,004	190	503	7	141	304	69	57	59	52	179
501 - 600	2,439	161	468	15	110	303	89	49	71	49	165
601 - 700	2,208	149	409	9	141	242	133	52	60	46	131
701 - 800	2,037	174	378	7	157	202	160	81	42	38	133
801 - 900	1,860	162	424	6	163	220	178	49	57	45	176
901 -1,000	1,795	122	414	14	147	205	183	76	62	30	168
over 1,000	21,315	1,496	6,080	154	3,249	2,732	2,200	456	1,155	1,057	5,320
Totals	48,034	3,225	10,749	262	4,433	5,794	3,144	1,043	1,759	1,504	7,371
Mississippi Highway Safety Patrol Retirement System											
$ 1 - 100	1	-	-	-	-	-	-	-	-	-	-
101 - 200	4	-	-	-	-	-	-	-	-	-	-
201 - 300	9	-	-	-	-	-	-	-	-	-	-
301 - 400	36	-	1	-	-	-	-	-	-	-	-
401 - 500	15	-	-	-	3	-	-	-	-	-	-
501 - 600	15	-	-	-	3	-	-	-	-	-	-
601 - 700	12	-	-	-	4	1	-	-	-	-	-
701 - 800	19	-	1	-	4	-	-	-	-	-	-
801 - 900	22	-	-	-	4	-	-	-	-	-	-
901 -1,000	16	-	-	-	3	-	-	-	-	-	-
over 1,000	58	1	43	2	364	10	11	-	22	7	44
Totals	207	1	45	2	385	11	11	-	22	7	44
Supplemental Legislative Retirement Plan of Mississippi											
$ 1 - 100	6	-	2	-	-	3	1	-	-	-	1
101 - 200	10	1	5	-	-	-	-	1	-	-	1
201 - 300	16	1	9	2	1	3	-	1	-	-	1
301 - 400	15	1	10	-	2	5	-	1	1	-	6
401 - 500	6	-	3	-	1	2	-	-	-	2	2
501 - 600	1	-	1	-	-	1	-	1	1	-	-
601 - 700	4	-	4	-	-	3	-	-	-	-	1
701 - 800	3	-	-	-	-	1	-	1	-	-	2
801 - 900	3	-	-	-	2	2	-	-	-	-	1
901 -1,000	1	-	-	-	-	-	-	-	-	-	1
over 1,000	1	-	1	-	-	1	-	-	-	-	1
Totals	66	3	35	2	6	21	1	5	2	2	17

**Excluding 13th check*

#Option Selected: Life-return of contributions; Opt.1-return of member's annuity; Opt.2-100% survivorship; Opt.3-50%/50% dual survivorship; Opt.4A-50% survivorship; Opt.4B-year's certain and life; Opt.4C-Social Security leveling; Opt.5-pop-up; PLSO-partial lump sum option

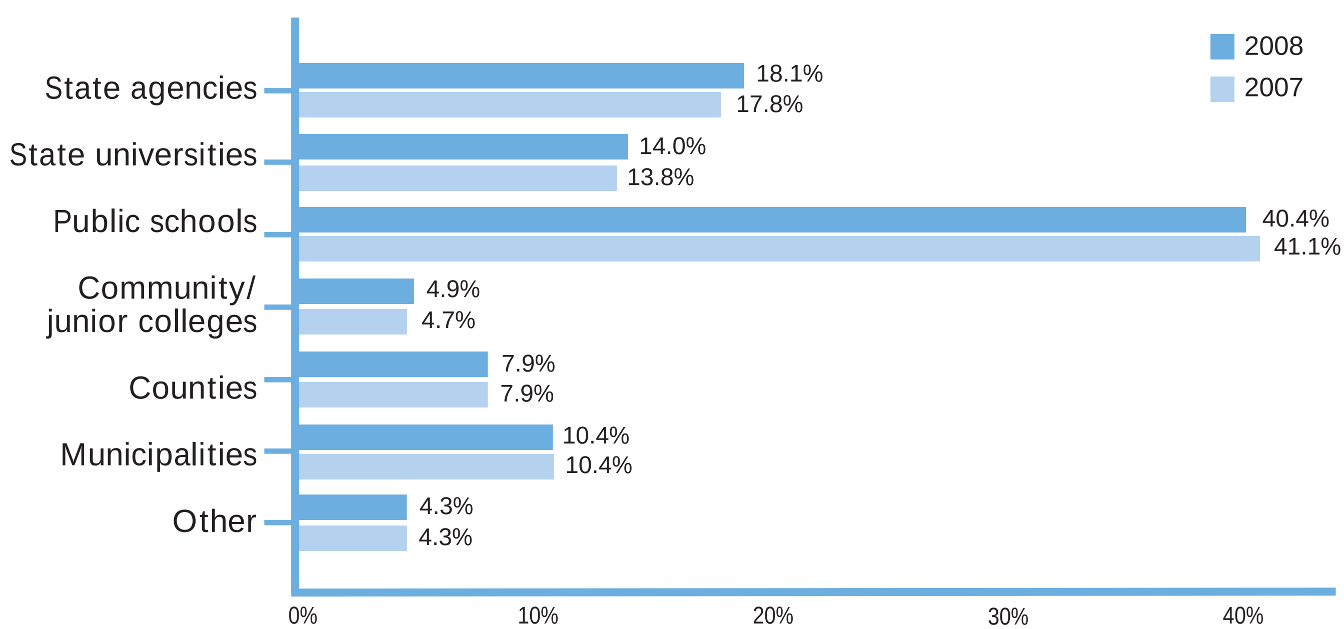
***Included in other options*

(Contributions In Thousands)

Public Employees' Retirement System of Mississippi

	Employer		Employee		Total	
Employer Group	Units	Contributions	Number	Contributions	Contributions	Percent
2008						
State agencies	113	$123,615	33,887	$ 75,446	$ 199,061	18.1%
State universities	9	95,350	17,593	58,189	153,539	14.0
Public schools	150	275,915	66,941	168,382	444,297	40.4
Community/junior colleges	15	33,221	6,132	20,274	53,495	4.9
Counties	82	54,202	14,935	33,078	87,280	7.9
Municipalities	238	71,206	18,882	43,637	114,843	10.4
Other	258	29,680	7,363	18,113	47,793	4.3
Total	865	$683,189	165,733	$417,119	$1,100,308	100.0%
2007						
State agencies	113	$108,607	33,335	$ 69,708	$ 178,315	17.8%
State universities	9	84,341	17,191	54,127	138,468	13.8
Public schools	150	250,898	65,535	161,017	411,915	41.1
Community/junior colleges	15	28,794	5,733	18,479	47,273	4.7
Counties	82	48,189	14,286	30,926	79,115	7.9
Municipalities	237	63,634	18,125	41,053	104,687	10.4
Other	256	26,425	8,599	16,958	43,383	4.3
Total	862	$610,888	162,804	$392,268	$1,003,156	100.0%

Percent of Total Contributions by Agency Type



Note: Above tables exclude MHSPRS, MRS and SLRP contributions.

Public Employees' Retirement System of Mississippi

Total Active Members as of June 30, 2008 by Attained Age and Years of Service

Attained	Active Member Years of Service							Totals	
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 +	Number	Valuation Payroll
Under 20	505	2	1	-	-	-	-	508	$ 6,067,145
20-24	7,214	85	4	-	-	-	-	7,303	158,003,214
25-29	13,787	3,415	65	3	-	-	-	17,270	488,192,205
30-34	9,356	6,941	2,006	38	-	-	-	18,341	576,664,967
35-39	8,600	5,578	5,070	1,946	73	-	-	21,267	703,457,545
40-44	6,902	4,790	3,827	3,804	1,833	66	-	21,222	707,165,146
45-49	6,229	4,843	3,912	3,376	3,657	1,611	55	23,683	819,887,549
50-54	5,317	4,042	3,493	3,392	3,167	2,460	1,241	23,112	852,387,178
55-59	3,892	3,180	2,777	2,789	2,691	1,628	1,823	18,780	715,030,875
60	620	494	484	453	406	257	307	3,021	115,398,240
61	529	503	444	380	389	231	319	2,795	106,757,929
62	332	329	227	224	199	135	176	1,622	60,438,333
63	291	276	217	148	165	117	153	1,367	50,397,540
64	209	202	186	160	123	91	112	1,083	41,506,935
65	166	191	127	130	113	60	98	885	32,819,908
66	132	153	99	80	63	37	60	624	21,770,914
67	128	110	75	66	54	37	47	517	17,199,889
68	101	96	80	50	46	29	45	447	14,043,244
69	94	80	45	50	30	17	49	365	11,375,600
70 & Over	288	343	256	208	165	100	161	1,521	46,140,581
Totals	64,692	35,653	23,395	17,297	13,174	6,876	4,646	165,733	$ 5,544,704,937

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 44.0 years

Service: 9.7 years

Annual Pay: $33,456

Mississippi Highway Safety Patrol Retirement System

Total Active Members as of June 30, 2008 by Attained Age and Years of Service

Attained Age	Active Member Years of Service							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 +	Number	Valuation Payroll
Under 20	-	-	-	-	-	-	-	-	$ -
20-24	21	-	-	-	-	-	-	21	643,093
25-29	72	3	-	-	-	-	-	75	2,645,083
30-34	63	41	3	-	-	-	-	107	4,008,751
35-39	38	38	48	6	-	-	-	130	5,642,521
40-44	8	11	40	10	13	-	-	82	3,888,918
45-49	-	5	15	10	59	13	-	102	5,775,329
50-54	-	3	1	3	37	42	3	89	5,664,153
55-59	1	-	-	-	4	13	2	20	1,329,526
60 & Over	-	-	-	-	-	-	-	-	-
Totals	203	101	107	29	113	68	5	626	$ 29,597,374

While not used in the financial computations, the following group averages are computed and shown because of their general interest.
Age: 40.0 years
Service: 12.3 years
Annual Pay: $47,280

Municipal Retirement Systems

Total Active Members as of September 30, 2007 by Attained Age and Years of Service

Attained Age	Active Member Years of Service							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 +	Number	Valuation Payroll
Under 20	-	-	-	-	-	-	-	-	$ -
20-24	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-	-
40-44	-	-	-	-	2	-	-	2	77,750
45-49	-	-	-	-	6	2	-	8	361,088
50-54	-	-	-	-	-	2	3	5	248,166
55-59	-	-	-	-	-	2	14	16	752,137
60 & Over	-	-	-	-	-	-	11	11	513,501
Totals	-	-	-	-	8	6	28	42	$1,952,642

While not used in the financial computations, the following group averages are computed and shown because of their general interest.
Age: 55.4 years
Service: 31.6 years
Annual Pay: $46,491

Supplemental Legislative Retirement Plan

Total Active Members as of June 30, 2008 by Attained Age and Years of Service

Attained Age	Years of Service to Valuation Date 0-4	5-9	10-14	15-19	20-24	25-29	30 +	Totals Number	Totals Valuation Payroll
Under 20	-	-	-	-	-	-	-	-	$ -
20-24	-	-	-	-	-	-	-	-	-
25-29	1	-	-	-	-	-	-	1	37,788
30-34	10	1	-	-	-	-	-	11	412,033
35-39	11	1	1	-	-	-	-	13	495,955
40-44	7	2	3	-	-	-	-	12	442,010
45-49	10	1	3	5	1	-	-	20	767,578
50-54	6	3	2	7	1	1	-	20	793,471
55-59	13	4	1	5	4	4	-	31	1,191,571
60	2	1	-	1	2	1	-	7	273,676
61	3	1	1	2	-	1	-	8	301,663
62	-	1	4	-	-	-	-	5	187,644
63	1	-	-	4	-	1	1	7	303,819
64	2	1	-	-	1	1	-	5	185,095
65	-	-	-	-	-	1	-	1	95,496
66	2	-	-	3	-	-	-	5	180,757
67	2	-	1	-	-	-	-	3	108,450
68	-	2	-	-	2	-	-	4	152,143
69	3	-	-	1	-	-	-	4	147,992
70 & Over	1	-	3	6	4	3	1	18	675,819
Totals	74	18	19	34	15	13	2	175	$6,752,960

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 55.0 years
Service: 10.8 years
Annual Pay: $38,588

Benefit Payments by County – June 30, 2008

County	Number of Payments[1]	Amount Paid[2]	County	Number of Payments[1]	Amount Paid[2]
Adams	983	$ 17,117,092	Madison	2,178	$ 50,528,539
Alcorn	843	14,153,013	Marion	633	11,731,699
Amite	259	3,879,819	Marshall	487	8,475,979
Attala	680	11,079,913	Monroe	753	13,547,404
Benton	218	3,312,579	Montgomery	447	7,573,586
Bolivar	1,074	22,337,916	Neshoba	540	9,149,083
Calhoun	350	6,055,382	Newton	839	15,005,268
Carroll	357	6,340,105	Noxubee	233	3,798,435
Chickasaw	426	7,568,109	Oktibbeha	1,993	50,743,152
Choctaw	300	4,910,865	Panola	875	14,819,465
Claiborne	267	5,200,373	Pearl River	999	15,004,900
Clarke	439	7,076,335	Perry	314	4,998,873
Clay	494	9,366,762	Pike	989	18,971,944
Coahoma	838	16,548,900	Pontotoc	523	9,885,952
Copiah	724	13,155,850	Prentiss	833	15,148,787
Covington	573	9,823,169	Quitman	249	3,961,035
DeSoto	846	13,885,709	Rankin	4,019	84,963,808
Forrest	1,545	28,613,779	Scott	678	11,222,752
Franklin	254	3,966,438	Sharkey	179	3,198,509
George	460	7,435,954	Simpson	828	13,635,645
Greene	237	3,526,386	Smith	368	4,992,363
Grenada	552	9,833,933	Stone	487	9,732,944
Hancock	553	9,002,086	Sunflower	727	13,887,409
Harrison	3,226	63,195,975	Tallahatchie	342	5,864,886
Hinds	7,693	166,438,083	Tate	595	11,275,135
Holmes	522	9,336,832	Tippah	579	9,227,226
Humphreys	229	4,354,696	Tishomingo	432	6,718,697
Issaquena	19	280,200	Tunica	136	2,468,891
Itawamba	504	8,717,734	Union	651	10,908,579
Jackson	2,574	49,130,170	Walthall	312	5,270,477
Jasper	418	6,098,958	Warren	1,055	21,420,187
Jefferson	293	5,866,956	Washington	1,242	24,046,877
Jefferson Davis	338	5,724,841	Wayne	362	5,687,236
Jones	1,968	34,010,362	Webster	337	5,693,828
Kemper	267	4,551,049	Wilkinson	225	3,809,016
Lafayette	1,527	34,534,528	Winston	575	10,759,161
Lamar	1,613	37,092,410	Yalobusha	477	8,095,530
Lauderdale	2,026	37,373,660	Yazoo	641	11,482,496
Lawrence	445	7,200,090			
Leake	541	8,639,974	Mississippi	70,277	1,345,510,839
Lee	1,662	33,850,446	Out-of-State	6,146	104,292,115
Leflore	908	18,042,647	Out-of-Country	25	381,708
Lincoln	761	13,865,993			
Lowndes	1,339	25,309,015	Total	76,448	$ 1,450,184,662

Notes:

1. *The number of payments made during a payroll sample test month.*
2. *These figures were computed by using the percent paid out to each county during a sample test month and applying that percent to the total benefits paid during the year.*

Ten Largest Participating Employers

Participating Government	2008 Covered Employees	2008 Rank	2008 Percentage of Total System	1999 Covered Employees	1999 Rank	1999 Percentage of Total System
Public Employees' Retirement System						
University Medical Center	6,332	1	3.82%	5,756	1	3.87%
Jackson Municipal Separate Schools	4,726	2	2.85	4,513	2	3.04
Mississippi State University	3,736	3	2.25	3,871	3	2.60
Desoto County Board of Education	3,426	4	2.07	1,321	12	0.89
Mississippi Department of Transportation	3,368	5	2.03	3,285	6	2.21
Department of Human Services	3,133	6	1.89	3,625	4	2.44
Corrections Department	3,114	7	1.88	3,583	5	2.41
Rankin County Board of Education	2,285	8	1.38	1,531	11	1.03
Mississippi State Hospital	2,277	9	1.37	2,412	8	1.62
State Department of Health	2,258	10	1.36	2,446	7	1.65
All Other *	131,078	-	79.10	116,268	-	78.24
Total (865 Governments)	165,733	-	100.00%	148,611	-	100.00%

**In 2008, "All Other" consisted of:*

Type	Number	Employees
State Agencies	108	19,737
State Universities	7	7,525
Public Schools	147	56,504
Community/Junior Colleges	15	6,132
Counties	82	14,935
Municipalities	238	18,882
Other Political Subdivisions	258	7,363
Total	855	131,078

Participating Government	2008 Covered Employees	2008 Rank	2008 Percentage of Total System	1999 Covered Employees	1999 Rank	1999 Percentage of Total System
Municipal Retirement Systems						
City of Hattiesburg	6	1	14.29%	66	1	21.71%
City of Clinton	6	2	14.29	23	3	7.57
City of Jackson	5	3	11.90	64	2	21.05
City of Natchez	4	4	9.52	9	8	2.96
All Other *	21	-	50.00	142	-	46.71
Total (17 Governments)	42	-	100.00%	304	-	100.00%

**In 2008, "All Other" consisted of:*

Type	Number	Employees
State Agencies	-	-
State Universities	-	-
Public Schools	-	-
Community/Junior Colleges	-	-
Counties	-	-
Municipalities	13	21
Other Political Subdivisions	-	-
Total	13	21

Participating Employers Covered by Law

State agencies
State universities
Community/junior colleges
Public school districts

Participating Employers Covered by Separate Agreement

Counties

Local Governmental Entities Covered by Separate Agreement

Municipalities

Aberdeen
Ackerman
Algoma
Amory
Anguilla
Arcola
Artesia
Ashland
Baldwyn
Bassfield
Batesville
Bay Springs
Bay St. Louis
Beaumont
Belmont
Belzoni
Benoit
Bentonia
Biloxi
Blue Mountain
Booneville
Boyle
Brandon
Brookhaven
Brooksville
Bruce
Bude
Burnsville
Byhalia
Caledonia
Calhoun City
Canton
Carthage
Centreville
Charleston
Chunky
Clarksdale
Cleveland
Clinton
Coffeeville
Coldwater
Collins
Columbia
Columbus
Como
Corinth
Crawford
Crenshaw
Crosby
Crystal Springs
Decatur
De Kalb
D'Lo
Derma
D'Iberville
Drew
Duck Hill
Durant
Ecru
Edwards
Ellisville
Enterprise
Ethel
Eupora
Falkner
Farmington
Flora
Florence
Flowood
Forest
French Camp
Fulton
Gautier
Gloster
Golden
Goodman
Greenville
Greenwood
Grenada
Gulfport
Guntown
Hatley
Hattiesburg
Hazlehurst
Heidelberg
Hernando
Hickory
Hickory Flat
Hollandale
Holly Springs
Horn Lake
Houlka
Houston
Indianola
Inverness
Itta Bena
Iuka
Jackson
Jonestown
Jumpertown
Kilmichael
Kosciusko
Lake
Lambert
Laurel
Leakesville
Leland
Lena
Lexington
Liberty
Long Beach
Louin
Louise
Louisville
Lucedale
Lula
Lumberton
Lyon
Maben
Macon
Madison
Magee
Magnolia
Mantachie
Marietta
Marion
Marks
Mathiston
Mayersville
McComb
McLain
Meadville
Mendenhall
Meridian
Merigold
Mize
Monticello
Moorhead
Morton
Moss Point
Mount Olive
Myrtle
Natchez
Nettleton
New Albany
New Augusta
New Hebron
Newton
North Carrollton
Noxapater
Ocean Springs
Okolona
Olive Branch
Osyka
Oxford
Pascagoula
Pass Christian
Pearl
Pelahatchie
Petal
Philadelphia
Picayune
Plantersville
Pontotoc
Poplarville
Port Gibson
Potts Camp
Prentiss
Puckett
Purvis
Quitman
Raleigh
Raymond
Renova
Richland
Richton
Ridgeland
Rienzi
Ripley
Rolling Fork
Rosedale
Roxie
Ruleville
Saltillo
Sallis
Sandersville
Sardis
Sebastopol
Seminary
Senatobia
Shannon
Shaw
Shelby
Sherman
Shubuta
Shuqualak
Silver Creek
Sledge
Smithville
Soso
Southaven
Starkville
State Line
Stonewall
Sturgis
Summit
Sumner
Sumrall
Sunflower
Taylorsville
Tchula
Tishomingo
Tremont
Tunica
Tupelo
Tutwiler
Tylertown
Union
Vaiden
Vardaman
Verona
Vicksburg
Walnut
Walnut Grove
Walthall
Water Valley
Waveland
Waynesboro
Weir
Wesson
West
West Point
Wiggins
Winona
Woodland
Woodville
Yazoo City

Juristic Entities

Adams County Soil and Water Conservation District

Adams County Airport Commission

Bogue Phalia Drainage District

Bolivar County Soil and Water Conservation District

Caledonia Natural Gas District

Calhoun County Soil and Water Conservation District

Canton Convention & Visitors Bureau

Canton Redevelopment Authority

Chickasawhay Natural Gas District

Claiborne County Human Resource Agency

Cleary Water, Sewer & Fire District

Coahoma County Soil & Water Conservation District

Columbus Lowndes County Recreation Commission

Copiah County Human Resource Agency

Corinth-Alcorn Airport Board

Covington County Soil & Water Conservation District

Culkin Water District

Delta Blues Museum

Desoto County Convention & Visitors Bureau

Desoto County Soil & Water Conservation District

Diamondhead Fire Protection District

East Leflore County Water and Sewer District

Emergency Management District

Forrest County Soil & Water Conservation District

Glendale Utility District

Golden Triangle Cooperative Service District

Golden Triangle Regional Airport

Golden Triangle Regional Solid Waste Management Authority

Greenville Port Commission

Greenwood Tourism Commission

Grenada County Civil Defense

Gulf Regional Planning Commission

Gulfport-Biloxi Regional Airport Authority

Hancock County Human Resource Agency

Hancock County Planning Commission

Hancock County Port & Harbor Commission

Hancock County Soil Conservation District

Hancock County Utility Authority

Hancock County Water & Sewer District

Harrison County Development Commission

Harrison County Soil & Water Conservation District

Harrison County Wastewater Management District

Hattiesburg Tourism Commission

Hinds County Soil & Water Conservation District

Holmes County Soil & Water Conservation District

Itawamba County Soil & Water Conservation District

Jackson County Emergency/Communications District

Jackson County Port Authority

Jackson County Utility Authority

Jackson Municipal Airport Authority

Jones County Economic Development Authority

Kiln Water & Fire Protection District-Hancock County

Lafayette County Soil & Water Conservation District

Lamar County Economic Development District

Lamar County Soil & Water Conservation District

Lauderdale County Emergency Medical Service District

Lauderdale County Soil & Water Conservation District

Laurel Airport Authority

Lee County Soil & Water Conservation District

Madison County Economic Development Authority

Madison County Soil & Water Conservation District

Mantachie Natural Gas District

Marion County Soil & Water Conservation District

Mental Health & Retardation, Region III (NE MS MHR)

Mental Health & Retardation, Region IV (Corinth)

Mental Health & Retardation, Region V (Delta Commission MHR)

Mental Health & Retardation, Region VI (Greenwood)

Mental Health & Retardation, Region VIII (Brandon)

Mental Health & Retardation, Region X (Weems MH)

Mental Health & Retardation, Region XI (SW MS MH/MR)

Mental Health & Retardation, Region XIV (Singing River)

Meridian Airport Authority

Meridian Transportation Commission

Mid-Mississippi Development District

Mississippi Coast Coliseum & Convention Center

Mississippi Levee Commissioners

Municipal Energy Agency of Mississippi

Natchez-Adams County Economic & Community Development Authority

Natchez-Adams County Port Commission

Newton County Soil Conservation District

Northeast Mississippi Regional Water Supply District

Noxubee County Soil & Water Conservation District

Otter Bayou Drainage District

Oxford Tourism Council

Panola County Soil & Water Conservation District

Philadelphia-Neshoba County Park Commission

Pike County Soil Conservation District

Pine Belt Region Solid Waste Management Authority

Pontotoc County Soil & Water Conservation District

Prentiss County Soil & Water Conservation District

Rankin County Human Resource Agency

Reservoir Fire Protection District

Ridgeland Tourism Commission

Rosedale-Bolivar County Port Commission

Runnelstown Utility District

Simpson County Human Resource Agency

Simpson County Parks & Recreation

Smith County Chancery Clerk

South Mississippi Fair Commission

Stone County Soil & Water Conservation District

Sunflower County Soil & Water Conservation District

Tennessee-Tombigbee Waterway Development Authority

Tunica County Airport Commission

Tunica County Tourism Commission

Tupelo Airport Authority

Union County Soil & Water Conservation District

Vicksburg Convention & Visitors Bureau

Warren County Park Commission

Warren County Soil & Water Conservation District

Walthall County Soil & Water Conservation District

Wayne County Economic Development District

Wayne County Soil & Water Conservation District

West Jackson County Utility District

Wilkinson County Soil & Water Conservation District

Winston County Economic Development

Winston County Soil & Water Conservation District

Yazoo County Convention & Visitors Bureau

Yazoo County Soil & Water Conservation District

Yazoo-Mississippi Delta Joint Water Management District

Yazoo-Mississippi Delta Levee Commission

Yazoo Recreation Commission

Housing Authorities

Attala
Baldwyn
Bay St. Louis
Biloxi
Booneville
Canton
Clarksdale
Columbus
Corinth
Forest
Greenwood
Hattiesburg
Hazlehurst
Holly Springs
Itta Bena
Iuka
Jackson
Laurel
Long Beach
Louisville
McComb
Meridian
MS Reg. IV-Columbus
MS Reg. V-Newton
MS Reg. VI-Jackson
MS Reg. VIII-Gulfport
Mound Bayou
Natchez
Oxford
Picayune
Pontotoc
Richton
Sardis
Senatobia
Shelby
South Delta Region
Starkville
Summit
Tupelo
Water Valley
Waveland
Waynesboro
West Point
Winona
Yazoo City

Local Hospitals

Field Memorial Community
Franklin County Memorial
Grenada Lake Medical Center
Hancock Medical Center
Jefferson County
Madison County Nursing Home
Magnolia Regional Health Center
Montfort Jones Memorial
Natchez Regional Medical Center
North Sunflower Medical Center
Singing River
South Sunflower County
Tippah County

Local Libraries

Amory Municipal
Benton County
Bolivar County
Carnegie Public
Carroll County
Central MS Regional
Columbus-Lowndes Public
Copiah-Jefferson Regional
Dixie Regional
East Mississippi Regional
Elizabeth Jones
Evans Memorial
First Regional
Greenwood-Leflore Public
Hancock County
Harriette Person Memorial
Harrison County
Hattiesburg-Petal-Forrest County
Humphreys County
Jackson-George Regional
Jackson-Hinds
Jennie Stephens Smith
Kemper-Newton County Regional
Lamar County
Laurel-Jones County
Lee-Itawamba County
Lincoln-Lawrence-Franklin
Madison County-Canton Public
Marks-Quitman County
Marshall County
Meridian-Lauderdale County
Mid-Mississippi Regional
Natchez Adams Wilkinson
Neshoba County Public
Northeast Regional
Noxubee County
Oktibbeha County
Pearl River County
Pike-Amite-Walthall County
Pine Forest Regional
Sharkey-Issaquena County
South Mississippi Regional
Sunflower County
Tallahatchie County
Tombigbee Regional
Washington County
Waynesboro-Wayne County
Yalobusha County
Yazoo Library Association

Public Employees' Retirement System of Mississippi

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