

**NORTH DAKOTA PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

Actuarial Valuation Report as of July 1, 2004

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THE SEGAL COMPANY

6300 S. Syracuse Way Suite 750 Englewood, CO 80111-7302
T 303.714.9900 F 303.714.9990 www.segalco.com

October 11, 2004

Board Members
North Dakota Public Employees Retirement System
Bismarck, North Dakota

Members of the Board:

It is a pleasure to submit this report that presents the results of our actuarial valuation of the North Dakota Public Employees Retirement System as of July 1, 2004.

The report's actuarial content was prepared in accordance with generally accepted actuarial principles under our direction. The valuation was:

- Prepared by qualified actuaries who are members of the American Academy of Actuaries and who have experience in performing valuations for public retirement systems;
- Prepared in accordance with standards of practice prescribed by the Actuarial Standards Board; and
- Composed of actuarial calculations that were performed by qualified actuaries in accordance with accepted procedures as defined by the Actuarial Standards Board, based on the current provisions of the Retirement System and on actuarial assumptions and methods that are internally consistent and reasonably based on the actual experience of the System.

We wish to thank the Retirement Office staff for their cooperation in providing us with the participant census data and financial information necessary to prepare the valuation.

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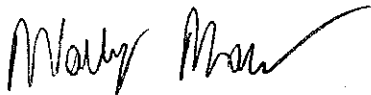
Page 2

We look forward to meeting with you to review this report and to answering any questions you may have.

Sincerely,



Leslie L. Thompson, FSA, MAAA, EA
Senior Vice President and Actuary



Wally Malles, ASA, MAAA, EA
Assistant Actuary

cc: Sparb Collins

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. HIGHLIGHTS	2
III. MEMBER CHARACTERISTICS	4
IV. BENEFIT EXPERIENCE.....	6
V. ASSETS	7
VI. RESULTS OF ACTUARIAL VALUATION	18
VII. FUNDING STATUS	26
VIII. ACTUARIAL ASSUMPTIONS AND COST METHODS	29
 APPENDICES	
A. ACTUARIAL VALUATION CERTIFICATE	A-1
B. CENSUS TABLES	B-1

I. INTRODUCTION

This report summarizes the results of our actuarial valuation as of July 1, 2004. The employer contribution requirements presented in Section VI of the report are based on:

1. The present provisions of the North Dakota Public Employees Retirement System;
2. The characteristics of covered active members, inactive non-retired members, pensioners and beneficiaries as of July 1, 2004;
3. The assets of the System as of June 30, 2004; and
4. Actuarial assumptions regarding investment earnings, salary increases, and rates of retirement, disability, death, etc.

The purpose of the actuarial valuation is to determine the contribution sufficient to meet the long-term obligations to the members covered by the North Dakota Public Employees Retirement System in accordance with the benefit provisions of the System.

If each of the actuarial assumptions is exactly fulfilled, the true actuarial cost of the System will equal the cost projected by the actuarial calculations. However, this result is never achieved because of the length of time over which projections are made and because of the great number of variables that can affect the emerging costs. The cost, expressed as a percentage of payroll, will increase if the System experiences net actuarial losses and will decrease if the System experiences net actuarial gains.

II. HIGHLIGHTS

- The present rate of contributions is not sufficient to meet the actuarially determined requirement for 2004-2005, based upon the actuarial assumptions and financing objectives approved by the Board.
- The PERS Board should continue to review these results and projected future performance to determine appropriate measures to mitigate the difference between the actuarial and statutory contribution rates.
- There were two new groups included in PERS during the 2003-2004 year. They are Law Enforcement with prior Main service and Law Enforcement without prior Main service. This actuarial valuation reflects an asset transfer from the Main System to the Law Enforcement with prior Main service of \$2,176,156 as of June 30, 2004. This transfer amount is equal to the Main System actuarial accrued liability for the 40 participants who transferred from Main to Law Enforcement with prior Main service.
- The employer actuarial contribution requirements for 2004-2005 are as follows:

	Amount	Percentage of Payroll	Statutory/ Approved Rate
Main System	\$31,157,298	6.30%	4.12%
Judges	549,288	12.44	14.52
National Guard	18,502	3.25	8.33
Law Enforcement with prior Main service	91,822	7.88	8.31
Law Enforcement without prior Main service	27,667	8.35	6.43

- A comparison of this year's actuarial contribution rates to last year's rates as a percent of payroll are as follows:

	2004-2005	2003-2004
Main System	6.30%	5.51%
Judges	12.44	12.10
National Guard	3.25	2.76
Law Enforcement with prior Main service	7.88	N/A
Law Enforcement without prior Main service	8.35	N/A

- The Main System statutory rate of 4.12% of payroll is less than the actuarially determined rate of 6.30% of payroll by 2.18% of payroll. Last year, the Main System statutory rate was less than the actuarially determined rate by 1.39% of payroll. The contribution rate deficit this year is primarily attributable to the accumulated investment losses in 2001 and 2002.

- The return on the market value of assets for 2003-2004 for the PERS Fund was 16.64%, and was 5.20% for the preceding year.
- The return on the actuarial value of assets for 2003-2004 for the PERS Fund was 3.16% compared to the investment return assumption of 8.00%. As a result, the PERS Fund experienced an investment loss on an actuarial value basis of approximately \$55 million.
- The ratio of the actuarial value of assets to the market value of assets for the PERS Fund is 94.4%. Last year, this ratio was 106.7%.
- A comparison of this year's funded ratio for PERS to the prior year is as follows:

	July 1, 2004	July 1, 2003
Actuarial Value of Assets	\$1,196,533,100	\$1,166,452,100
Actuarial Accrued Liability	1,272,857,600	1,188,830,500
Funded Ratio	94.0%	98.1%

- Table 6 details actuarial gains and losses in the Main System for many of the measured demographic assumptions. The gain/(loss) by source is measured each year, and a detailed analysis of the System's demographic assumptions is reviewed every fourth or fifth year by the completion of an experience study. The next experience study for the System will be completed in 2005.
- There were no changes in the plan provisions, actuarial assumptions or methods since the preceding valuation.

III. MEMBER CHARACTERISTICS

Detailed information for all non-retired members as of July 1, 2004 was provided by the Retirement Office. The data included name, sex, date of birth, months of service, members' accumulated account balances, and annual salary rate.

Active Members

The age, service, compensation and account balance data for active members as of July 1, 2004 is summarized below:

	<u>Main System</u>	<u>Judges</u>	<u>National Guard</u>	<u>Law Enforcement with prior Main service</u>	<u>Law Enforcement without prior Main service</u>	<u>Total</u>
Number of active members	17,522	46	17	39	12	17,636
Average age	46.4	55.3	38.1	42.9	36.4	46.4
Average years of service	10.4	11.4	8.1	12.8	0.4	10.4
Total annual salary	\$494,519,798	\$4,415,921	\$569,829	\$1,165,355	\$331,277	\$501,002,180
Average annual salary	\$28,223	\$95,998	\$33,519	\$29,881	\$27,606	\$28,408
Total accumulated member contribution account balances	\$336,941,578	\$2,796,120	\$308,172	\$1,109,191	\$3,970	\$341,159,031

For the Main System, the number of active members represents an increase of 2.5% over the 17,101 active members last year. Among the members continuing in active service since the prior valuation, and have two or more years of full-time service, salaries increased by an average of 3.2%. Total payroll increased 4.2%, which was less than assumed.

Distributions of the active members by sex, age, and service are presented in Tables 8-A, 8-B and 8-C of the Appendix. Tables 9-A, 9-B and 9-C present a distribution of these same members by sex, age, and actual salary. The table on the following page shows a breakdown of the active members who are currently eligible for benefits, as well as those who have not yet met the vesting requirements.

There are 26 members originally from the Main System that continue to be active members in the Judges System; one member from the Judges System is active in the Main System; 15 members originally from the Main System are active members in the Highway Patrol System; four members from the Highway Patrol System continue to be active members in the Main System. Liabilities for these members are carried in each system based on their service in that system.

The following table shows the number of active participants eligible for retirement:

<u>Active Members Eligible for:</u>	<u>Main System</u>	<u>Judges</u>	<u>National Guard</u>	<u>Law Enforcement with prior Main service</u>	<u>Law Enforcement without prior Main service</u>	<u>Total</u>
Retirement:						
Normal	442	4	3	5	0	454
Rule of 85	532	2	N/A	0	0	534
Early Retirement	<u>2,511</u>	<u>17</u>	<u>1</u>	<u>8</u>	<u>0</u>	<u>2,537</u>
Total Retirement	3,485	23	4	13	0	3,525
Deferred Retirement	<u>9,840</u>	<u>16</u>	<u>5</u>	<u>16</u>	<u>0</u>	<u>9,877</u>
Total vested	13,325	39	9	29	0	13,402
Nonvested	<u>4,197</u>	<u>7</u>	<u>8</u>	<u>10</u>	<u>12</u>	<u>4,234</u>
Total	17,522	46	17	39	12	17,636

Inactive Members

There were 986 inactive members (including one from Judges, two from National Guard and one from Law Enforcement with prior Main service) as of July 1, 2004 with vested rights to deferred retirement benefits. The average deferred monthly benefit for this group was \$404. There were also 63 members on leave of absence from the Main System. For these groups, a liability is carried for their deferred retirement benefits.

IV. BENEFIT EXPERIENCE

New Awards

During the fiscal year ended in June 2004, 339 pensions became effective. The average monthly benefit for these pensioners was \$995 and their average age at retirement was 61.8. Last year, the average benefit among new pensioners was \$963. The new pensioners are presented in Tables 10-A, 10-B, 10-C, 11-A, 11-B and 11-C in Appendix B by sex, type of pension, monthly benefit and age on retirement date.

A breakdown of the new pension awards by type compared to last year is as follows:

	<u>July 1, 2004</u>	<u>July 1, 2003</u>
Normal	110	114
Rule of 85	122	145
Early	82	106
Disability	<u>25</u>	<u>34</u>
Total	339	399

Pensioners

Since benefits became payable under the current retirement program, a total of 6,747 retirement pensions have been awarded, of which 5,080 remained on the June 2004 rolls (including 14 retired Judges and three retired members of the National Guard). In addition, 49 pensions were in suspended status as of June 30, 2004. Distributions of the pensioners are presented in Tables 12-A, 12-B, 12-C, 13-A, 13-B and 13-C in Appendix B by sex, type of pension, monthly benefit amount and current age.

For the pensions in force on July 1, 2004, the average monthly benefit was \$754, an increase from \$737 a year earlier. The average age of these pensioners on the valuation date was 71.8 years.

Beneficiaries

As of July 1, 2004, monthly benefit payments were being made to 554 beneficiaries, including six beneficiaries of Judges. The monthly payments to beneficiaries in payment status total \$273,811.

Prior Service Pensioners

As of July 1, 2004, there were 74 pensioners receiving monthly benefits of \$3,798 under the Special Prior Service Pension provisions of the System. The current average age of Prior Service pensioners was 93.2 years, and the average monthly benefit was \$51. Because of the relatively high average age and low benefits, the liability for the Special Prior Service Pensioners represented only about 0.01% of the total actuarial accrued liability for the System. Tables 14-A, 14-B, 14-C, 15-A, 15-B, and 15-C in Appendix B provide a breakdown of these pensioners by sex, type of pension, monthly benefit amount, and current age.

V. ASSETS

Market Value of Assets

As shown in the draft financial statements as of June 30, 2004, the combined market value of net assets of the North Dakota Public Employees Retirement System (PERS) and Highway Patrolmen's Retirement System (HPRS) was \$1,309,271,534 compared to \$1,129,905,422 a year earlier. This year's combined market value represents an increase of 15.87% over the market value one year earlier.

Based on schedules provided by the Retirement Office, the breakdown of the market value of net assets allocated to North Dakota PERS follows:

	<u>July 1, 2004</u>	<u>July 1, 2003</u>
Main System	\$1,241,258,383	\$1,073,006,780
Judges	21,987,431	18,594,535
National Guard	1,465,277	1,237,406
Law Enforcement with prior Main service	2,239,134	N/A
Law Enforcement without prior Main service	<u>12,058</u>	<u>N/A</u>
Total	\$1,266,962,283	\$1,092,838,721

The Main System market value of assets as of July 1, 2004 is decreased by \$2,176,156 for the transfers to the Law Enforcement with prior Main service. The market value of assets for the Law Enforcement with prior Main Service is increased by the same transfer amount.

The rate of return on the market value basis for the PERS Fund was 16.64% for the year ended June 30, 2004.

Actuarial Value of Assets

The actuarial value of assets is determined as follows:

Market appreciation and depreciation are spread over five years beginning with the year of occurrence. Interest and dividends are recognized immediately. This procedure results in recognition of all changes in market value over five years.

The above procedure is applied to the combined assets of PERS and HPRS Retirement Income Funds to determine the combined actuarial value of the Systems. The combined actuarial value was \$1,236,490,403 as of June 30, 2004. The determination of the combined actuarial asset value is shown in Table 1. This table shows that there is approximately \$73 million of appreciation that will be recognized in future years.

Table 2 summarizes the combined investment results over the previous ten-year period. Over this period, the earnings of \$757,385,300 on an actuarial value basis represented an average annual return of 9.39%. For the 2003-2004 year, the actuarial rate of return on the combined assets was 3.16%.

The total actuarial value of assets is allocated to PERS (Main System, Judges, National Guard and Law Enforcement) and HPRS in proportion to the reported market value of assets. This allocation is illustrated in Table 3 and summarized below for the PERS Fund alone.

	<u>July 1, 2004</u>	<u>July 1, 2003</u>
Main System	\$1,172,258,036	\$1,145,284,302
Judges	20,765,171	19,847,059
National Guard	1,383,824	1,320,757
Law Enforcement with prior Main service	2,114,663	N/A
Law Enforcement without prior Main service	<u>11,388</u>	<u>N/A</u>
Total	\$1,196,533,082	\$1,166,452,118

Chart 1 on page 13 is a graph showing the historical asset values for the PERS Fund on both an actuarial and market value basis. This graph illustrates that the market value of assets is now greater than the actuarial value.

Income and disbursements for 2004 and 2003 on an actuarial value basis are summarized in Table 4 for the PERS Fund. The progress of the PERS Fund for the last ten years is provided in Table 5. It shows that assets have increased consistently from year to year, although the amount of the increase has varied with fluctuations in investment income. Benefit payments have also increased consistently over the period, with the exception of one year.

A picture of the financial development of the PERS Fund over the last ten years is provided in Chart 2 on page 16. It shows that benefit payments and expenses continue to exceed contributions. However, over the long term, the excess of contributions over benefit payments and expenses, along with net investment income, served to increase the assets of the System.

Investment results on the actuarial basis are used to determine whether investment experience is meeting the System's actuarially assumed return. They do not, however, necessarily indicate the relative success of the System's investment program. Comparisons of performance with other funds, investment institutions, and market indices are generally based on rates of return that recognize market changes in full.

Investment Return

The investment returns for the last ten years for the combined fund are as follows:

<u>Year Ending June 30</u>	<u>Market Value</u>	<u>Actuarial Value</u>
1995	14.24%	8.98%
1996	15.78	11.65
1997	19.90	13.14
1998	15.65	14.02
1999	10.88	14.73
2000	9.43	13.71
2001	(4.47)	9.36
2002	(6.94)	3.91
2003	5.19	2.18
2004	16.65	3.16

The above values demonstrate the fact that the volatility of market value returns is reduced by using an actuarial value of assets. Chart 3 on page 17 illustrates the smoothing effect that results from using an actuarial value of assets. By using an actuarial value that reduces the year-to-year fluctuations in investment return, year-to-year fluctuations in contribution requirements are reduced.

Investment return rates on the market value basis include all capital appreciation and depreciation. The returns on the actuarial value reflect only a portion of the capital appreciation and depreciation based on the adopted valuation method.

TABLE 1

*Determination of Actuarial Value of Assets
(for PERS and HPRS) as of June 30, 2004 and 2003*

<u>Year Ending</u>	<u>Total Appreciation (Depreciation)</u>	<u>Of Total Appreciation</u>			
		<u>Percent Deferred</u>	<u>Amount Deferred</u>	<u>Percent Deferred</u>	<u>Amount Deferred</u>
June 30, 2000	\$70,477,207	0%	\$0	20%	\$14,095,441
June 30, 2001	(96,066,919)	20%	(19,213,384)	40%	(38,426,768)
June 30, 2002	(115,940,982)	40%	(46,376,393)	60%	(69,564,589)
June 30, 2003	22,232,141	60%	13,339,285	80%	17,785,713
June 30, 2004	156,289,529	80%	<u>125,031,623</u>	N/A	<u>0</u>
(a) Total Deferred as of Valuation Date			\$72,781,131		\$(76,110,203)
(b) Total Appreciation (Depreciation) for last five Plan Years			36,990,976		(38,966,218)
(c) Write-Up/(Down) Amount for the year - equals 20% of (b)			7,398,195		(7,793,244)
			<u>July 1, 2004</u>		<u>July 1, 2003</u>
Market Value of Assets			\$1,309,271,534		\$1,129,905,422
Less: Deferred Appreciation (Depreciation)			<u>72,781,131</u>		<u>(76,110,203)</u>
Actuarial Value of Assets			\$1,236,490,403		\$1,206,015,625
Actuarial Value as a Percent of Market Value			94.44%		106.74%

TABLE 2*Summary of Combined Investment Results for PERS and HPRS on Actuarial Value of Assets*

Year Ended June 30	Net Interest and Dividend Income*		Other Income**		Total Net Investment Income	
	Amount	Yield	Amount	Yield	Amount	Yield
1995	\$21,096,800	4.03%	\$25,927,800	4.95%	\$47,024,600	8.98%
1996	24,776,500	4.32	42,002,100	7.33	66,778,600	11.65
1997	23,919,600	3.73	60,428,700	9.41	84,348,300	13.14
1998	29,988,300	4.13	71,787,700	9.89	101,776,000	14.02
1999	31,722,100	3.84	89,864,100	10.89	121,586,200	14.73
2000	36,367,600	3.88	92,244,700	9.83	128,612,300	13.71
2001	41,086,800	3.89	57,734,900	5.47	98,821,700	9.36
2002	35,077,400	3.06	9,694,500	0.85	44,771,900	3.91
2003	33,595,900	2.84	(7,793,200)	(0.66)	25,802,700	2.18
2004	30,464,800	2.54	7,398,200	0.62	37,863,000	3.16
Total for Last Ten Years	\$308,095,800		\$449,289,500		\$757,385,300	
Average Yield for last Ten Years***				9.39%		

* Net of investment expenses.

** Includes write-up (down).

*** Each year's yield weighted by average fund value in that year.

TABLE 3

Allocation of Combined (PERS and HPRS) Actuarial Value of Assets

	July 1, 2004		July 1, 2003	
	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Market Value</u>	<u>Actuarial Value</u>
PERS Main System*	\$1,241,258,383	\$1,172,258,036	\$1,073,006,780	\$1,145,284,302
PERS Judges	21,987,431	20,765,171	18,594,535	19,847,059
PERS National Guard	1,465,277	1,383,824	1,237,406	1,320,757
PERS Law Enforcement with prior Main service**	2,239,134	2,114,663	N/A	N/A
PERS Law Enforcement without prior Main service	<u>12,058</u>	<u>11,388</u>	<u>N/A</u>	<u>N/A</u>
PERS Combined	\$1,266,962,283	\$1,196,533,082	\$1,092,838,721	\$1,166,452,118
Highway Patrol	<u>42,309,251</u>	<u>39,957,321</u>	<u>37,066,701</u>	<u>39,563,507</u>
Total	\$1,309,271,534	\$1,236,490,403	\$1,129,905,422	\$1,206,015,625

Note: Allocation of the actuarial value of assets is in proportion to the market value of assets.

* PERS Main System market value of assets as of July 1, 2004 is decreased by \$2,176,156 for the transfers to the Law Enforcement with prior Main service.

** PERS Law Enforcement with prior Main service market value of assets as of July 1, 2004 is increased by \$2,176,156 for the transfers to the Law Enforcement with prior Main service.

Chart 1
Value of Assets for PERS

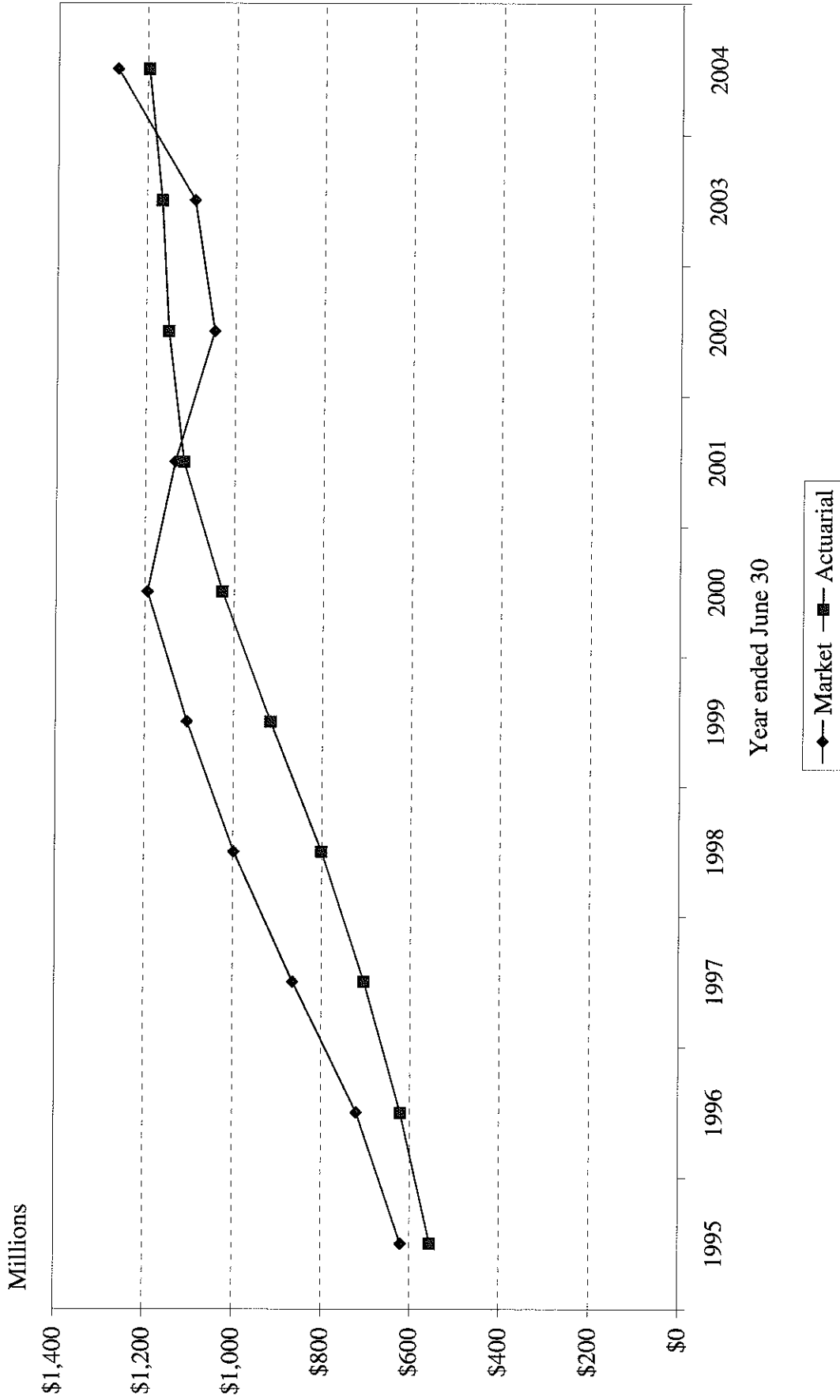


TABLE 4

*Summary Statement of Income and Disbursements for PERS
for the Years Ended June 30, 2004 and 2003
(Actuarial Value Basis)*

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Contribution Income:		
Employer Contributions	\$19,732,842	\$19,212,733
Member Contributions	18,754,814	18,265,346
Service Credit Repurchases	<u>3,397,231</u>	<u>1,493,418</u>
Total Contribution Income	\$41,884,887	\$38,971,497
Less: Administrative Expenses	<u>(995,879)</u>	<u>(1,068,803)</u>
Net Contribution Income	<u>\$40,889,008</u>	<u>\$37,902,694</u>
Teacher's Retirement Plan Transfer	\$3,789,350	\$0
Investment Income:		
Interest and Dividends	\$34,066,356	\$36,915,639
Miscellaneous Income	6,299	9,184
Less: Investment Expenses	<u>(4,603,885)</u>	<u>(4,442,094)</u>
Net Interest and Dividends	\$29,468,770	\$32,482,729
Write-up of Assets	<u>7,126,192</u>	<u>(7,472,945)</u>
Net Investment Income	<u>\$36,594,962</u>	<u>\$25,009,784</u>
Total Income Available for Benefit Payments and Reserves	<u>\$81,273,320</u>	<u>\$62,912,478</u>
Benefit Payments:		
Pension Benefits	\$(47,515,319)	\$(43,733,098)
Transfers to Other Plans	(17,587)	(129,235)
Refunds	<u>(3,659,450)</u>	<u>(2,598,856)</u>
Total Benefit Payments	<u>\$(51,192,356)</u>	<u>\$(46,461,189)</u>
Addition to Reserve for Future Benefit Payments	\$30,080,964	\$16,451,289
Actuarial Value of Assets, Start of Year	<u>1,166,452,118</u>	<u>1,150,000,829</u>
Actuarial Value of Assets, End of Year	<u>\$1,196,533,082</u>	<u>\$1,166,452,118</u>

TABLE 5

Progress of the PERS Fund through June 30, 2004
(Actuarial Value Basis)

Year Ended June 30	Employer Contributions	Member Contributions*	Administrative Expenses	Net Investment Income	Benefit Payments	Fund at End Of Year
1994	-	-	-	-	-	\$505,776,770
1995	\$13,257,600	\$13,164,344	\$528,430	\$45,345,492	\$22,372,635	554,643,141
1996	13,815,784	13,831,828	555,421	64,398,234	24,470,794	621,662,772
1997	14,435,989	14,320,237	565,778	81,409,263	26,791,639	704,470,844
1998	15,078,427	15,061,818	605,241	98,273,502	30,988,902	801,290,448
1999	15,873,917	16,152,785	718,396	117,425,238	33,070,715	916,953,277
2000	16,521,248	16,618,771	800,529	124,281,079	46,572,021	1,027,001,825
2001	17,101,628	17,353,268	894,868	95,499,825	40,727,282	1,115,334,396
2002	18,244,655	18,439,125	983,258	43,304,595	44,338,684	1,150,000,829
2003	19,212,733	19,758,764	1,068,803	25,009,784	46,461,189	1,166,452,118
2004	23,522,192	22,152,045	995,879	36,594,962	51,192,356	1,196,533,082
Total for Last Ten Years	\$167,064,173	\$166,852,985	\$7,716,603	\$731,541,974	\$366,986,217	

* Includes repurchases of service credit.

Chart 2
Income and Disbursements for PERS

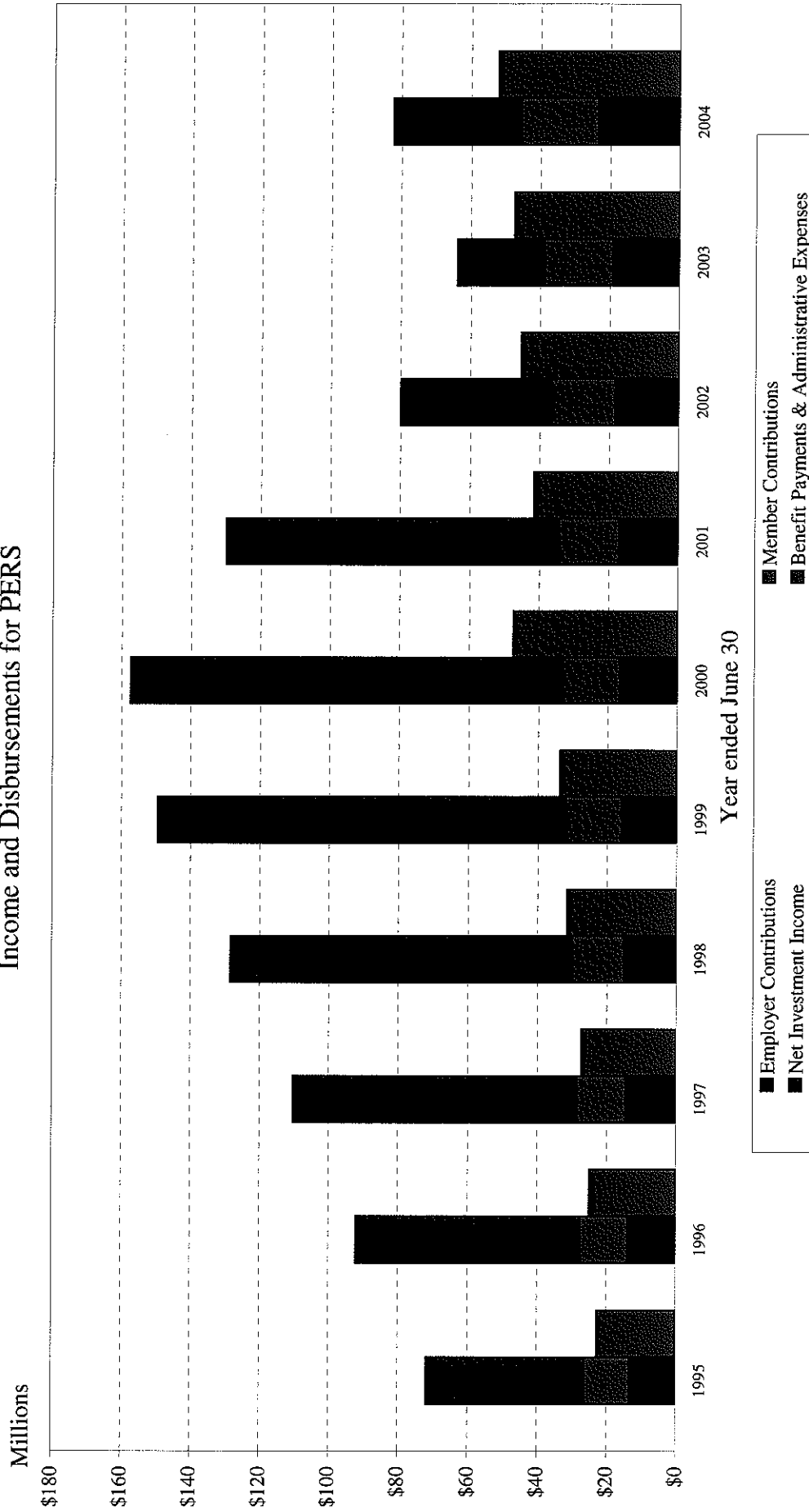
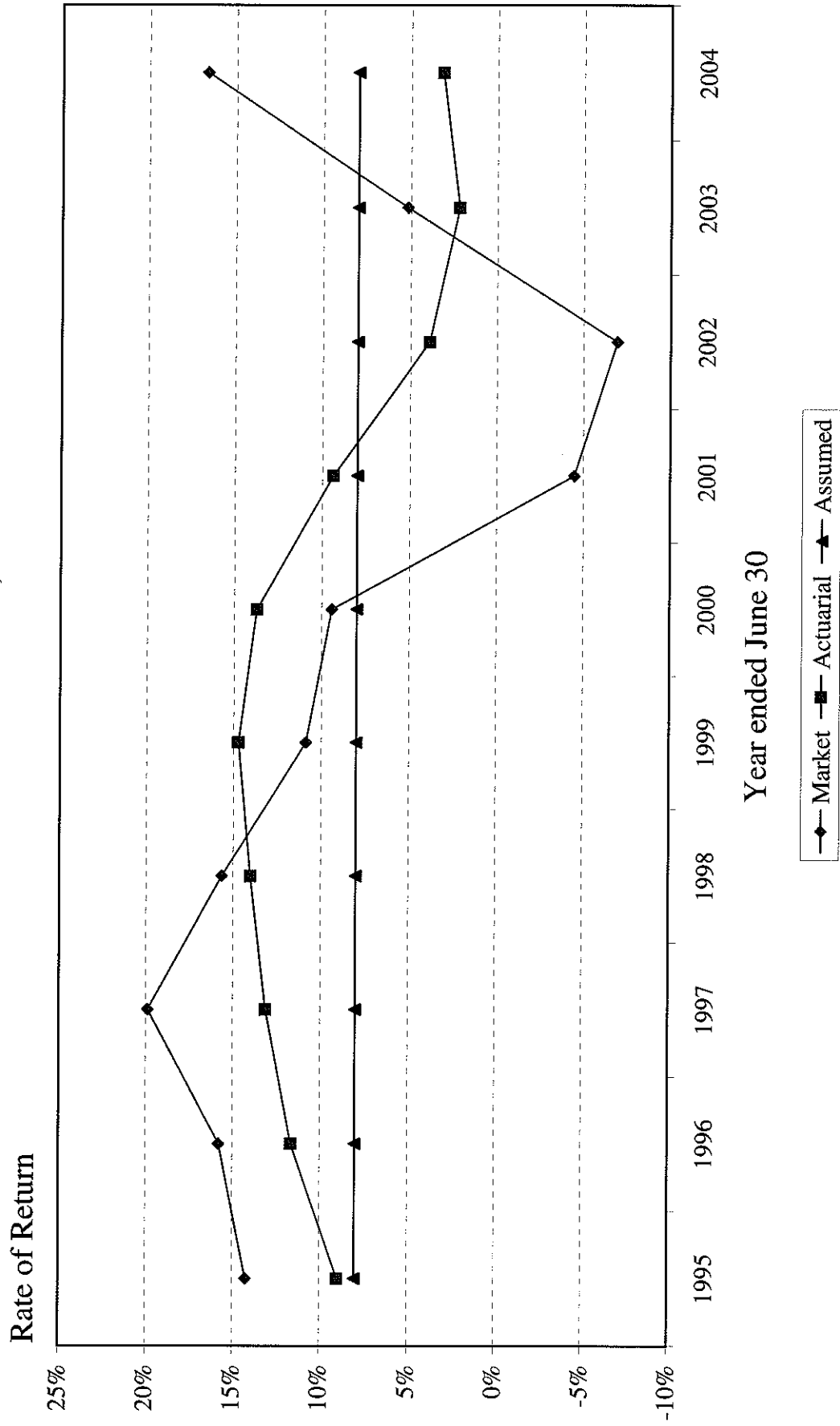


Chart 3
 Investment Returns
 (PERS and HPRS Combined)



VI. RESULTS OF ACTUARIAL VALUATION

The contribution requirement consists of the normal cost, administrative expense allowance, plus the cost of amortizing the unfunded actuarial accrued liability over a scheduled period of years. The Board has adopted an open amortization schedule of 20 years with increasing payments. The calculated employer contribution requirements on this basis for fiscal year 2004-2005 are shown below as a dollar amount and as a percentage of the covered payroll of contributing employees.

Main System

The components of the actuarial contribution requirements are shown below:

	<u>Amount for 2004 - 2005</u>	<u>Percentage of Payroll</u>
Total normal cost	\$44,743,189	9.05%
Less: Member contributions	<u>(19,780,792)</u>	<u>(4.00)</u>
Net employer normal cost	\$24,962,397	5.05%
Administrative expense allowance	710,000	0.14
Amortization payment (credit)	<u>5,484,901</u>	<u>1.11</u>
Total employer contribution requirement	\$31,157,298	6.30%

Covered payroll is \$494,519,798.

The statutory contribution rate is 4.12% of payroll. Hence, statutory contributions are less than the actuarial contribution requirement shown above by 2.18% of payroll.

The total employer actuarial contribution requirement was 5.51% of payroll last year. Since then, actual experience of the System during 2003-2004 has changed the actuarial contribution requirement. Table 6 presents a detailed explanation of the factors that changed the contribution requirement from July 1, 2003 to July 1, 2004.

Judges

The components of the actuarial contribution requirement are shown below:

	<u>Amount for 2004 - 2005</u>	<u>Percentage of Payroll</u>
Total normal cost	\$935,392	21.18%
Less: Member contributions	<u>(220,796)</u>	<u>(5.00)</u>
Net employer normal cost	\$714,596	16.18%
Administrative expense allowance	5,000	0.11
Amortization payment (credit)	<u>(170,308)</u>	<u>(3.85)</u>
Total employer contribution requirement	\$549,288	12.44%

Covered payroll is \$4,415,921.

The statutory contribution rate is 14.52% of payroll. Hence, statutory contributions exceed the actuarial contribution requirement shown above by 2.08% of payroll.

The net employer normal cost plus the administrative expense allowance is 16.29% of payroll. This should be viewed as the ultimate plan cost rate, since the total employer contribution requirement of 12.44% of payroll reflects an amortization credit. By this measure, statutory contributions are less than the ultimate plan cost rate of 16.29% of payroll by 1.77% of payroll.

A reconciliation of the change in the cost rate since the previous valuation follows:

	<u>Percentage of Payroll</u>
Employer cost rate as of July 1, 2003	12.10%
Plan experience during the year	0.20
Effect of maintaining 20-year amortization schedule	<u>0.14</u>
Employer cost rate as of July 1, 2004	12.44%

National Guard

The components of the actuarial contribution requirement are shown below:

	<u>Amount for</u> <u>2004 - 2005</u>	<u>Percentage</u> <u>of Payroll</u>
Total normal cost	\$56,058	9.84%
Less: Member contributions	<u>(22,793)</u>	<u>(4.00)</u>
Net employer normal cost	\$33,265	5.84%
Administrative expense allowance	1,533	0.27
Amortization payment (credit)	<u>(16,296)</u>	<u>(2.86)</u>
Total employer contribution requirement	\$18,502	3.25%

Covered payroll is \$569,829.

The statutory contribution rate is 8.33% of payroll. Hence, statutory contributions exceed the actuarial contribution requirement shown above by 5.08% of payroll.

The net employer normal cost plus the administrative expense allowance is 6.11% of payroll. This should be viewed as the ultimate plan cost rate, since the total employer contribution requirement of 3.25% of payroll reflects an amortization credit. By this measure, statutory contributions are greater than the ultimate plan cost rate of 6.11% of payroll by 2.22% of payroll.

A reconciliation of the change in the cost rate since the previous valuation follows:

	<u>Percentage</u> <u>of Payroll</u>
Employer cost rate as of July 1, 2003	2.76%
Plan experience during the year	0.38
Effect of maintaining 20-year amortization schedule	<u>0.11</u>
Employer cost rate as of July 1, 2004	3.25%

Law Enforcement with prior Main service

The components of the actuarial contribution requirement are shown below:

	<u>Amount for 2004 - 2005</u>	<u>Percentage of Payroll</u>
Total normal cost	\$113,964	9.78%
Less: Member contributions	<u>(46,614)</u>	<u>(4.00)</u>
Net employer normal cost	\$67,350	5.78%
Administrative expense allowance	2,667	0.23
Amortization payment (credit)	<u>21,805</u>	<u>1.87</u>
Total employer contribution requirement	\$91,822	7.88%

Covered payroll is \$1,165,355.

The statutory contribution rate is 8.31% of payroll. Hence, statutory contributions exceed the actuarial contribution requirement shown above by 0.43% of payroll.

Since the Law Enforcement with prior Main service is a new group, a reconciliation of the change since the previous valuation is not shown.

Law Enforcement without prior Main service

The components of the actuarial contribution requirement are shown below:

	<u>Amount for</u> <u>2004 - 2005</u>	<u>Percentage</u> <u>of Payroll</u>
Total normal cost	\$40,185	12.13%
Less: Member contributions	<u>(13,251)</u>	<u>(4.00)</u>
Net employer normal cost	\$26,934	8.13%
Administrative expense allowance	800	0.24
Amortization payment (credit)	<u>(67)</u>	<u>(0.02)</u>
Total employer contribution requirement	\$27,667	8.35%

Covered payroll is \$331,277.

The statutory contribution rate is 6.43% of payroll. Hence, statutory contributions are less than the actuarial contribution requirement shown above by 1.92% of payroll.

Since the Law Enforcement without prior Main service is a new group, a reconciliation of the change since the previous valuation is not shown.

Main System, Judges, National Guard and Law Enforcement Combined

The components of the actuarial contribution requirement are shown below.

	<u>Amount for 2004 - 2005</u>	<u>Percentage of Payroll</u>
Total normal cost	\$45,888,788	9.16%
Less: Member contributions	<u>(20,084,246)</u>	<u>(4.01)</u>
Net employer normal cost	\$25,804,542	5.15%
Administrative expense allowance	720,000	0.15
Amortization payment (credit)	<u>5,320,035</u>	<u>1.06</u>
Total employer contribution requirement	\$31,844,577	6.36%

Covered payroll is \$501,002,180.

TABLE 6

Main System
Explanation of Change in Employer Cost Rate

	Percent of Payroll
Employer Cost Rate as of July 1, 2003	5.51%
<i>Retired Life Mortality</i>	0.01%
The release of liability due to deaths among retirees and beneficiaries was nearly equal to that expected.	
<i>Active Life Mortality</i>	0.03%
The release of liability due to deaths among active members was less than expected, increasing the employer cost rate.	
<i>Disability Incidence</i>	0.00%
The net change in liability due to disability retirements was nearly equal to that expected.	
<i>Withdrawal</i>	0.03%
The release of liability due to withdrawals prior to retirement was less than expected, increasing the employer cost rate.	
<i>Retirement</i>	0.10%
The actual liability due to non-disabled retirements was higher than expected, increasing the employer cost rate.	
<i>Investments</i>	0.78%
On an actuarial value basis, the rate of return on assets was less than the assumed rate of return, increasing the employer cost rate.	
<i>Salary Scale</i>	(0.23)%
Salaries increased less than expected, decreasing the employer cost rate.	
<i>Contributions</i>	0.12%
Actual contributions received by the System were less than the actuarially determined amount, increasing the required contributions in future years.	

TABLE 6

Main System
Explanation of Change in Employer Cost Rate (continued)

	Percent of Payroll
<i>Administrative Expenses</i>	0.00%
Actual expenses were nearly equal to that expected.	
<i>New and Reinstated Members</i>	0.12%
The addition of new and reinstated members increases the employer cost rate.	
<i>Part-Time Experience</i>	(0.14)%
Some continuing active members earned less than one year of service during the current year, decreasing the employer cost rate.	
<i>Change in Size and Composition of Active Membership and Miscellaneous Experience</i>	0.01%
The demographic characteristics of the active membership changed during the year.	
<i>Plan Provision Changes</i>	0.00%
There were no plan provisions changes.	
<i>Assumption Changes</i>	0.00%
There were no assumption changes.	
<i>Funding Schedule</i>	(0.04)%
The effect of maintaining a 20-year funding schedule results in a small decrease in cost.	
Employer Cost Rate as of July 1, 2004	6.30%

VII. FUNDING STATUS

The calculation of funded ratios provides one measure of the progress of funding a retirement plan. The funded ratio is the percentage of plan liabilities covered by plan assets. The greater the ratio, the better funded the retirement plan is. This ratio can be calculated using different measures of the retirement plan's liabilities.

Funding Basis - Actuarial Accrued Liability

This measure of liabilities is used in calculating pension costs. It uses the Entry Age Normal Actuarial Cost Method that spreads costs as a level percentage of payroll over a member's working career.

For determining plan costs, a smoothed value of assets (called the actuarial value) is used. Hence, the actuarial value of assets was used to calculate the funded ratios.

Disclosure Basis

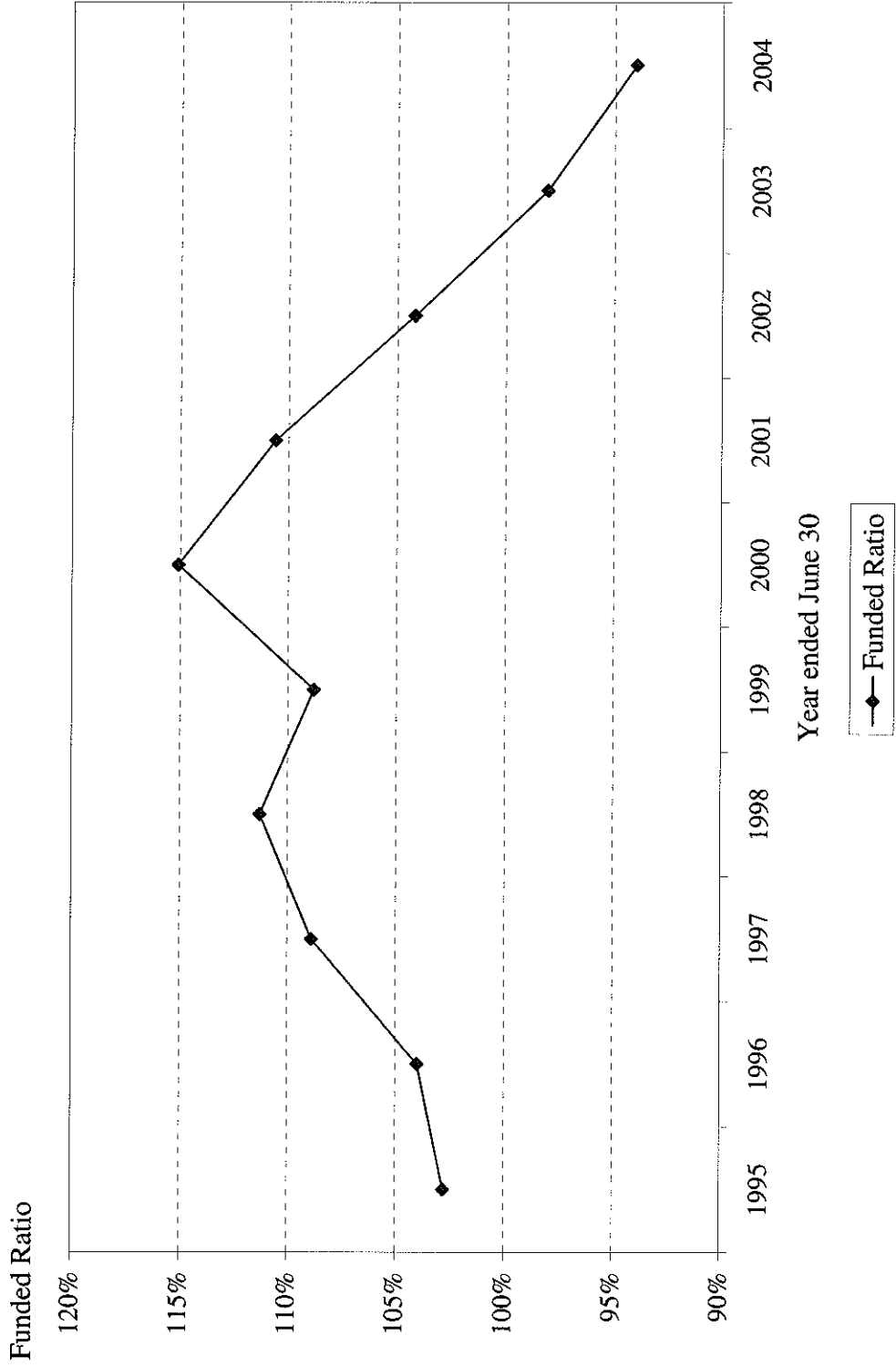
The accounting standard for disclosure of liabilities and funding status of the System is based on GASB Statement No. 25 (Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans). GASB Statement No. 25 allows the System to disclose its liabilities and funding status on the same bases used for funding the System. The actuarial value of assets is used for comparing assets and liabilities.

Historical Results

The funded ratios (under the GASB Statement No. 25 standard) for the last ten years are developed in Table 7. These ratios are graphed in Chart 4 on page 28. They show that the funded ratio has generally improved during the beginning of this period, but has deteriorated since July 1, 2000.

Funded ratios change over time due to several factors. These factors include the level of contributions, actual experience (including investment returns), plan amendments and changes in assumptions. In particular, we observe that in 1995, 1999 and 2001 benefit improvements were effective, decreasing the funded ratio from what it would have been otherwise. Also, the actuarial assumptions were changed in 1995 and 2000, changing the funded ratio from what it would have been otherwise.

Chart 4
Funded Ratio (PERS)



VIII. ACTUARIAL ASSUMPTIONS AND COST METHODS

The actuarial assumptions and cost methods used in the actuarial valuation as of July 1, 2004 are the same as those used in the previous valuation. A summary of the actuarial assumptions and cost methods follows. Details can be found in Exhibit II of Appendix A.

Investment Return

The actuarial calculations are based on the assumption that the investment return on the actuarial value of assets of the System will be 8.00% per year, net of investment expenses.

Salary Increases

Because the retirement benefits provided by the plan are based on a member's final average salary, increases in salaries affect the employer's contribution requirements. A salary scale is used in an actuarial valuation to project each member's future salary increases.

For the Main System, National Guard and Law Enforcement, the assumed salary increase is 7.00% during each of the first five years of service. After five years of service, salary increases are age-related. Sample age-related annual salary rate increases are as follows:

<u>Age</u>	<u>Increase</u>
25	5.90%
30	5.60
35	5.30
40	5.10
45	4.90
50	4.80
55	4.70
60	4.70

For Judges, the assumed salary increase is 5.50% per year for all years of service.

Actuarial assumptions should be reasonable over the long term and should not be unduly influenced by transitory deviations. Actual salary increases that are greater than assumed produce actuarial losses that, if not offset by actuarial gains from other sources (such as investment gains), result in increasing future employer costs. On the other hand, salary increases that are less than projected produce actuarial gains, which can result in lowering future employer costs.

Payroll Growth

For the Main System, National Guard and Law Enforcement, the assumed payroll growth rate is 4.50% per annum. For Judges, the assumed payroll growth rate is 4.00% per annum.

Mortality Rates

The reserve required to pay a member's retirement benefits depends on the period over which payments will be received. The valuation uses the 1983 Group Annuity Mortality Table for healthy members and the Pension Benefit Guaranty Corporation Disabled Life Mortality Table for Individuals Receiving Social Security Disability Benefits for disabled members. The table below shows sample mortality rates and life expectancies underlying the healthy mortality tables.

Retired Members				
Age	Males		Females	
	Deaths per 1,000 Lives	Expected Number of Years of Life Remaining	Deaths per 1,000 Lives	Expected Number of Years of Life Remaining
55	6.1	24.8	2.5	30.3
60	9.2	20.6	4.2	25.7
65	15.6	16.7	7.1	21.3
70	27.5	13.2	12.4	17.2
75	44.6	10.2	24.0	13.4
80	74.1	7.6	42.9	10.2
85	114.8	5.7	69.9	7.6

Disability Incidence Rates Before Retirement

A percentage of members are assumed to become disabled while in active service. The incidence rates used are based on a study of disability incidence under the Social Security program. To reflect actual experience under the retirement system, 42% of the Social Security disability incidence rates are used for males and 30% are used for females.

Withdrawal Rates Before Retirement

The withdrawal rates used in this actuarial valuation reflect the expected percentage of members who will leave service at each age before retirement for reasons other than death or disability.

For the Main System, National Guard and Law Enforcement, special withdrawal rates are applied during the first five years of service to recognize higher turnover for short service members.

During the first five years of service, withdrawal rates vary with age and service as follows:

<u>Age</u>	<u>Years of Service</u>				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
29 & Under	23%	20%	17%	16%	15%
30 - 39	17	15	13	12	11
40 & Over	15	12	10	8	6

After five years of service, withdrawal rates vary with age and gender as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20 - 24	12%	12%
25 - 29	8	10
30 - 34	5	8
35 - 39	4	6
40 - 44	3	5
45 - 49	3	4
50 & Over	2	3

For Judges, withdrawal rates at each age are one-half of the rates for members of the Main System, National Guard, and Law Enforcement with at least five years of service.

Withdrawal rates end upon the earlier of early retirement and Rule of 85 (Main System and Judges) eligibility.

Retirement

The retirement rates reflect the expected percentage of members who will retire at each age. For Main System members, the rates vary with age, as follows:

<u>Age</u>	<u>Rate</u>
55	4%
56	6
57	6
58	6
59	6
60	8
61	15
62	35
63	25
64	25
65	40
66	20
67	20
68	20
69	20
70	100

The retirement rates for Judges begin at age 62. Thirty-five percent of Judges are assumed to retire at each age from 62 to 64, 50% are assumed to retire at each age from 65 to 69, and 100% of the remaining Judges are assumed to retire at age 70.

Retirement for members of the National Guard and Law Enforcement is assumed to occur at age 60.

Retirement for inactive vested members of the Main System and Judges is assumed to occur at the earlier of age 65 and Rule of 85. Retirement for inactive vested members of the National Guard is assumed to occur at age 55. Retirement for inactive vested members of the Law Enforcement is assumed to occur at the earlier of age 55 and Rule of 85.

Fifty percent of inactive vested Main System and Judges and 100% of inactive vested National Guard and Law Enforcement are assumed to elect a refund of employee contributions in lieu of a pension benefit.

Annual Administrative Expenses

Annual administrative expenses for all Systems combined are assumed to be \$720,000.

Marital Status for Non-Retired Members

At death, 75% of male members and 60% of female members are assumed to have spouses. Males are assumed to be five years older than their female spouses.

Valuation of Assets

Investments are valued at an adjusted market value. Interest and dividends are recognized immediately. The net market appreciation (depreciation) is spread over five years in equal dollar amounts, beginning with the year of occurrence. The actuarial value of assets is the market value less deferred appreciation (depreciation).

Actuarial Cost Method

The System is funded using the Entry Age Normal Actuarial Cost Method. This method produces costs that remain relatively level as a percentage of covered payroll.

Under the Entry Age Normal Method, the total contribution requirement has three components - an annual normal cost, an allowance for administrative expenses and a payment with respect to the unfunded/(surplus) actuarial accrued liability. The annual normal cost is calculated for each member as the level percentage of pay required over the member's period of covered employment to pay the total expected benefits. The normal cost is determined as if the current benefit accrual rate had always been in effect. If the actuarial assumptions are met, the total normal cost rate will remain level as a percentage of payroll.

The normal cost payments are sufficient to finance the benefit program only if there are no changes in plan design and all actuarial assumptions are realized. To the extent that actual experience is less favorable than assumed, additional liabilities not funded through normal cost payments arise. Also, benefit liberalizations that improve earned benefits or benefit eligibility produce additional liabilities. The Board has adopted a schedule of amortizing this unfunded/(surplus) actuarial accrued liability over an open period of 20 years. The annual payments are determined as a level percent of payroll, with payroll expected to increase 4.5% per year for the Main System, National Guard and Law Enforcement, and for Judges payroll is expected to increase 4.0% per year. This method provides payment in constant, or real, dollars.

APPENDIX A

October 11, 2004

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
ACTUARIAL VALUATION CERTIFICATE

This is to certify that we have prepared an Actuarial Valuation of the System as of July 1, 2004 in accordance with generally accepted actuarial principles and practices.

The certificate contains the following attached exhibits:

- I. Actuarial Valuation Results
- II. Actuarial Assumptions and Cost Methods
- III. Changes in Actuarial Assumptions and Cost Methods
- IV. Changes in Plan Provisions
- V. Summary of Plan Provisions

The valuation was based on information supplied by the Retirement Office with respect to member and financial data. We have not verified, and customarily would not verify, such information but we have no reason to doubt its substantial accuracy.

To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate and in our opinion each individual assumption used (a) is reasonably related to the experience of the System and to reasonable expectations and (b) represents our best estimate of anticipated experience under the System.

The undersigned are available to provide further information or to answer any questions regarding the report.



Leslie L. Thompson, FSA, MAAA, EA
Senior Vice President and Actuary



Wally Malles, ASA, MAAA, EA
Assistant Actuary

EXHIBIT I-A

ACTUARIAL VALUATION RESULTS

MAIN SYSTEM

1.	Actuarial accrued liability on July 1, 2004:	
a.	Active members	\$798,822,005
b.	Special prior service pensions.....	142,642
c.	Retired members and beneficiaries	412,163,775
d.	Inactive non-retired members	<u>39,720,818</u>
e.	Total	\$1,250,849,240
2.	Assets at actuarial value (\$1,241,258,383 at market value)	1,172,258,036
3.	Unfunded/(Surplus) actuarial accrued liability - equals (1) minus (2)	78,591,204
4.	Member and employer normal cost for ensuing year*	44,743,189
5.	Estimated annual salaries of covered members	494,519,798
6.	Member normal cost - equals 4% of (5)	19,780,792
7.	Employer normal cost for ensuing year - equals (4) minus (6)	24,962,397
8.	Amortization payment - equals 20-year amortization of item (3) as a level percent of aggregate salary*	5,484,901
9.	Administrative expenses.....	710,000
10.	Total employer cost for ensuing year - equals (7) plus (8) plus (9)	31,157,298
11.	Total employer cost as percentage of payroll - equals (10) divided by (5).....	6.30%

* Adjusted for interest to recognize payments through the year.

EXHIBIT I-B

ACTUARIAL VALUATION RESULTS

JUDGES

1.	Actuarial accrued liability on July 1, 2004:	
	a. Active members	\$12,471,930
	b. Retired members and beneficiaries	5,757,074
	c. Inactive non-retired members	<u>191,513</u>
	d. Total	\$18,420,517
2.	Assets at actuarial value (\$21,987,431 at market value)	20,765,171
3.	Unfunded/(Surplus) actuarial accrued liability - equals (1) minus (2)	(2,344,654)
4.	Member and employer normal cost for ensuing year*	935,392
5.	Estimated annual salaries of covered members	4,415,921
6.	Member normal cost - equals 5% of (5)	220,796
7.	Employer normal cost for ensuing year - equals (4) minus (6)	714,596
8.	Amortization payment - equals 20-year amortization of item (3) as a level percent of aggregate salary*	(170,308)
9.	Administrative expenses	5,000
10.	Total employer cost for ensuing year - equals (7) plus (8) plus (9)	549,288
11.	Total employer cost as percentage of payroll - equals (10) divided by (5)	12.44%

* Adjusted for interest to recognize payments through the year.

EXHIBIT I-C

ACTUARIAL VALUATION RESULTS

NATIONAL GUARD

1.	Actuarial accrued liability on July 1, 2004:		
	a. Active members	\$833,690	
	b. Retired members and beneficiaries	252,949	
	c. Inactive non-retired members	<u>63,684</u>	
	d. Total		\$1,150,323
2.	Assets at actuarial value (\$1,465,277 at market value)		1,383,824
3.	Unfunded/(Surplus) actuarial accrued liability - equals (1) minus (2)		(233,501)
4.	Member and employer normal cost for ensuing year*		56,058
5.	Estimated annual salaries of covered members		569,829
6.	Member normal cost - equals 4% of (5)		22,793
7.	Employer normal cost for ensuing year - equals (4) minus (6)		33,265
8.	Amortization payment - equals 20-year amortization of item (3) as a level percent of aggregate salary*		(16,296)
9.	Administrative expenses		1,533
10.	Total employer cost for ensuing year - equals (7) plus (8) plus (9)		18,502
11.	Total employer cost as percentage of payroll - equals (10) divided by (5)		3.25%

* Adjusted for interest to recognize payments through the year.

EXHIBIT I-D

ACTUARIAL VALUATION RESULTS

LAW ENFORCEMENT WITH PRIOR MAIN SERVICE

1.	Actuarial accrued liability on July 1, 2004:		
	a. Active members	\$2,419,648	
	b. Retired members and beneficiaries	0	
	c. Inactive non-retired members	<u>7,449</u>	
	d. Total		\$2,427,097
2.	Assets at actuarial value (\$2,239,134 at market value)		2,114,663
3.	Unfunded/(Surplus) actuarial accrued liability - equals (1) minus (2)		312,434
4.	Member and employer normal cost for ensuing year*		113,964
5.	Estimated annual salaries of covered members		1,165,355
6.	Member normal cost - equals 4% of (5)		46,614
7.	Employer normal cost for ensuing year - equals (4) minus (6)		67,350
8.	Amortization payment - equals 20- year amortization of item (3) as a level percent of aggregate salary*		21,805
9.	Administrative expenses		2,667
10.	Total employer cost for ensuing year - equals (7) plus (8) plus (9)		91,822
11.	Total employer cost as percentage of payroll - equals (10) divided by (5)		7.88%

* Adjusted for interest to recognize payments through the year.

EXHIBIT I-E

ACTUARIAL VALUATION RESULTS

LAW ENFORCEMENT WITHOUT PRIOR MAIN SERVICE

1.	Actuarial accrued liability on July 1, 2004:		
	a. Active members	\$10,430	
	b. Retired members and beneficiaries	0	
	c. Inactive non-retired members	<u>0</u>	
	d. Total		\$10,430
2.	Assets at actuarial value (\$12,058 at market value)		11,388
3.	Unfunded/(Surplus) actuarial accrued liability - equals (1) minus (2)		(958)
4.	Member and employer normal cost for ensuing year*		40,185
5.	Estimated annual salaries of covered members		331,277
6.	Member normal cost - equals 4% of (5)		13,251
7.	Employer normal cost for ensuing year - equals (4) minus (6)		26,934
8.	Amortization payment - equals 20-year amortization of item (3) as a level percent of aggregate salary*		(67)
9.	Administrative expenses		800
10.	Total employer cost for ensuing year - equals (7) plus (8) plus (9)		27,667
11.	Total employer cost as percentage of payroll - equals (10) divided by (5)		8.35%

* Adjusted for interest to recognize payments through the year.

EXHIBIT I-F

ACTUARIAL VALUATION RESULTS

**MAIN SYSTEM, JUDGES, NATIONAL GUARD AND
LAW ENFORCEMENT PLAN COMBINED**

1.	Actuarial accrued liability on July 1, 2004:	
	a. Active members	\$814,557,703
	b. Special prior service pensions	142,642
	c. Retired members and beneficiaries	418,173,798
	d. Inactive non-retired members	<u>39,983,464</u>
	e. Total	\$1,272,857,607
2.	Assets at actuarial value (\$1,266,962,283 at market value)	1,196,533,082
3.	Unfunded/(Surplus) actuarial accrued liability - equals (1) minus (2)	76,324,525
4.	Member and employer normal cost for ensuing year*	45,888,788
5.	Estimated annual salaries of covered members	501,002,180
6.	Member normal cost	20,084,246
7.	Employer normal cost for ensuing year - equals (4) minus (6)	25,804,542
8.	Amortization payment - equals 20-year amortization of item (3) as a level percent of aggregate salary*	5,320,035
9.	Administrative expenses	720,000
10.	Total employer cost for ensuing year - equals (7) plus (8) plus (9)	31,844,577
11.	Total employer cost as percentage of payroll - equals (10) divided by (5)	6.36%

* Adjusted for interest to recognize payments through the year.

EXHIBIT II

ACTUARIAL ASSUMPTIONS AND COST METHODS

1. Mortality Tables:

Healthy: 1983 Group Annuity Mortality Table.

Disabled: Pension Benefit Guaranty Corporation Disabled Life Mortality Table for Individuals Receiving Social Security Disability Benefits.

2. Disability Incidence Rates:

Before age 65: Males 42% of OASDI disability incidence rates.
 Females 30% of OASDI disability incidence rates.

Age 65 and later: Males 0.25% per year.
 Females 0.35% per year.

Sample rates are as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.03%	0.02%
30	0.05	0.03
40	0.09	0.07
50	0.25	0.18
60	0.68	0.49

3. Annual Withdrawal Rates:

Main System, National Guard and Law Enforcement:

First five years of service:

<u>Age</u>	<u>Years of Service</u>				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
29 & Under	23%	20%	17%	16%	15%
30 - 39	17	15	13	12	11
40 & Over	15	12	10	8	6

EXHIBIT II (continued)

Ultimate withdrawal rates after five years service:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20 - 24	12%	12%
25 - 29	8	10
30 - 34	5	8
35 - 39	4	6
40 - 44	3	5
45 - 49	3	4
50 & Over	2	3

Judges:

One-half of the Main System ultimate rates.

Withdrawal rates end upon eligibility for early retirement. Early retirement eligibility is as follows:

Main System:

Earlier of (i) age 55 and 3 years of service, and (ii) eligibility for Rule of 85.

Judges:

Earlier of (i) age 55 and 5 years of service, and (ii) eligibility for Rule of 85.

National Guard and Law Enforcement:

Age 50 and 3 years of service.

EXHIBIT II (continued)

4. Retirement Rates for Active Members:

Main System:

<u>Age</u>	<u>Rate</u>
55	4%
56	6
57	6
58	6
59	6
60	8
61	15
62	35
63	25
64	25
65	40
66	20
67	20
68	20
69	20
70	100

Judges:

<u>Age</u>	<u>Rate</u>
62	35%
63	35
64	35
65	50
66	50
67	50
68	50
69	50
70	100

National Guard and Law Enforcement:

<u>Age</u>	<u>Rate</u>
60	100%

EXHIBIT II (continued)

5. Retirement Age for Inactive Vested Members:

Main System and Judges:

The earlier of:

- Age 65.
- Unreduced retirement date for each individual.

National Guard:

Age 55.

Law Enforcement:

The earlier of:

- Age 55.
- Unreduced retirement date for each individual.

6. Interest Rate:

8.00% per annum, net of investment expenses.

7. Annual Administrative Expenses:

Main System: \$ 710,000.

Judges: \$ 5,000.

National Guard and Law Enforcement combined: \$ 5,000.

8. Salary Scale:

Main System, National Guard and Law Enforcement:

Less than five years of service: 7.00% per annum.

Five or more years of service (sample rates are as follows):

<u>Age</u>	<u>Percentage Increase</u>	<u>Age</u>	<u>Percentage Increase</u>
25	5.90%	45	4.90%
30	5.60	50	4.80
35	5.30	55	4.70
40	5.10	60	4.70

Judges:

5.50% per annum for all years of service.

EXHIBIT II (continued)

9. Payroll Growth:

Main System, National Guard and Law Enforcement: 4.50% per annum.
Judges: 4.00% per annum.

10. Marital Status:

At death, 75% of active male members and 60% of active female members are assumed to have spouses. Males are assumed to be five years older than their female spouses.

11. Part-Time Employees:

One full year of service is credited for each future year of service.

12. Split Service:

Liabilities are held in both plans based on service in each plan and are based on the actuarial assumptions of the plan in which they are currently active.

13. Actuarial Cost Method:

Entry Age Normal Actuarial Cost Method. The unfunded actuarial accrued liability is amortized in installments increasing by the payroll growth assumption each year over an open 20-year period.

14. Actuarial Value of Assets:

Adjusted market value that immediately recognizes interest and dividends. The procedure recognizes 20% of each year's total appreciation (depreciation) beginning with the year of occurrence. After five years, the appreciation (depreciation) is fully recognized.

15. Social Security Disability (for Judges' disability benefit offset):

Eligibility: 50%

Consumer Price Index Increases: 4.5% per annum

Wage Base Increases: 5.0% per annum

16. Workers' Compensation (for Judges' disability benefit offset):

None assumed.

EXHIBIT II (continued)

17. Account Balance Due to Vested Employer Contribution (PEP):

Participation

Under Chapter 54-52.2: *If not elected:* 50% of active members of the Main System,
National Guard and Law Enforcement.
If elected: 100% of active members of the Main System,
National Guard and Law Enforcement.

Contribution: Maximum allowed based on service at the beginning of the Plan year.

EXHIBIT III

CHANGES IN ACTUARIAL ASSUMPTIONS AND COST METHODS

There were no changes in actuarial assumptions or the actuarial cost methods since the preceding valuation.

EXHIBIT IV

CHANGES IN PLAN PROVISIONS

There were no changes in the plan provisions since the preceding valuation.

There were two new groups included in PERS during the 2003-2004 year. They are Law Enforcement with prior Main service and Law Enforcement without prior Main service. This actuarial valuation reflects an asset transfer from the Main System to the Law Enforcement with prior Main service of \$2,176,156 as of June 30, 2004. This transfer amount is equal to the Main System actuarial accrued liability for the 40 participants who transferred from Main to Law Enforcement with prior Main service.

EXHIBIT V

SUMMARY OF PLAN PROVISIONS

This exhibit summarizes the major benefit provisions of the North Dakota Public Employees Retirement System as included in the valuation. It is not intended to be, nor should it be, interpreted as a complete statement of all plan provisions.

1. Normal Service Retirement:

Eligibility:

Main System and Judges:

Attainment of age 65, or age plus service equal to at least 85 (Rule of 85).

National Guard:

Attainment of age 55 and three consecutive years of service.

Law Enforcement:

Attainment of age 55 and three consecutive years of service, or age plus service equal to at least 85 (Rule of 85).

Benefit:

Main System, National Guard and Law Enforcement:

2.00% of final average salary multiplied by service.

Judges:

3.50% of final average salary for each of the first ten years of service, 2.80% for each of the next ten years of service, and 1.25% for service in excess of twenty years.

2. Early Service Retirement:

Eligibility:

Main System:

Attainment of age 55 with three years of service.

Judges:

Attainment of age 55 with five years of service.

EXHIBIT V (continued)

National Guard and Law Enforcement:

Attainment of age 50 with three years of service.

Benefit:

Main System:

The Normal Service Retirement Benefit as determined above. A benefit that begins before age 65 (or Rule of 85, if earlier) is reduced by one-half of one percent for each month before the earlier of age 65 or the age at which the Rule of 85 is met.

Judges:

The Normal Service Retirement Benefit as determined above. A benefit that begins before age 65 (or Rule of 85, if earlier) is reduced by one-half of one percent for each month before age 65.

National Guard:

The Normal Service Retirement Benefit as determined above. A benefit that begins before age 55 is reduced by one-half of one percent for each month before age 55.

Law Enforcement:

The Normal Service Retirement Benefit as determined above. A benefit that begins before age 55 (or Rule of 85, if earlier) is reduced by one-half of one percent for each month before age 55.

3. Disability Benefit:

Eligibility:

Six months of service and inability to engage in any substantial gainful activity.

Benefit:

Main System, National Guard and Law Enforcement:

25% of the member's final average salary at disability, with a minimum of \$100 per month.

Judges:

70% of the member's final average salary at disability minus Social Security and Workers' Compensation benefits paid.

EXHIBIT V (continued)

4. Deferred Vested Retirement:

Eligibility:

Main System, National Guard and Law Enforcement:

Three years of service.

Judges:

Five years of service.

Benefit:

Main System and Judges:

The Normal Service Retirement Benefit payable at age 65 or the Rule of 85, if earlier. Reduced early retirement benefits can be elected upon attainment of age 55.

National Guard:

The Normal Service Retirement Benefit payable at age 55. Reduced early retirement benefits can be elected upon attainment of age 50.

Law Enforcement:

The Normal Service Retirement Benefit payable at age 55 or the Rule of 85, if earlier. Reduced early retirement benefit can be selected upon attainment of age 50.

5. Pre-Retirement Death Benefits:

Eligibility:

Main System, National Guard and Law Enforcement:

Three years of service.

Judges:

Five years of service.

EXHIBIT V (continued)

Benefit:

Main System, National Guard and Law Enforcement:

One of the following options:

- Lump sum payment of member's accumulated contributions with interest.
- The member's accrued benefit payable for 60 months to the surviving spouse.
- 50% of the member's accrued benefit (not reduced on account of age) payable for the surviving spouse's lifetime.
- Continuation portion of 100% joint and survivor annuity (only if participant was eligible for normal retirement).

Judges:

One of the following options:

- Lump sum payment of member's accumulated contributions with interest.
- 100% of the member's accrued benefit (not reduced on account of age) payable for the spouse's lifetime.

Eligibility:

Main System, Judges, National Guard and Law Enforcement:

Not vested nor a surviving spouse.

Benefit:

Main System, Judges, National Guard and Law Enforcement:

Lump sum payment of member's accumulated contributions with interest.

6. Refund of Member Contributions:

Paid to terminated non-vested members and terminated vested members who chose refund in lieu of a monthly retirement benefit.

EXHIBIT V (continued)

7. Accumulated Member Contributions:

Member contributions accumulate with interest at the following rates:

<u>Time Period</u>	<u>Per Annum Interest Rate</u>
Through June 30, 1981	5.0%
July 1, 1981 to June 30, 1986	6.0%
After June 30, 1986	0.5% less than the actuarial interest rate assumption

8. Standard and Optional Forms of Payment:

Standard form of payment:

Main System, National Guard and Law Enforcement:

Monthly benefit for life with a refund to beneficiary at death of the remaining balance (if any) of accumulated member contributions.

Judges:

Monthly benefit for life, with 50% payable to an eligible survivor.

Optional forms of payment:

Life annuity (for Judges), 50% joint and survivor annuity (for Main System, National Guard and Law Enforcement), 100% joint and survivor annuity (with pop-up feature), five-year certain and life annuity, ten-year certain and life annuity, or a level Social Security income annuity.

9. Final Average Salary:

Average of the highest salary received by the member for any 36 consecutive months employed during the last 120 months of employment.

EXHIBIT V (continued)

10. Contributions:

Contribution rates specified in the Century Code (except employer rate for National Guard and Law Enforcement); differ between permanent full-time employees and part-time temporary employees. Rates are as follows:

	<u>Full-Time Employees</u>	<u>Employer</u>
Main System	4.00%	4.12%
Judges	5.00%	14.52%
National Guard	4.00%	8.33%
Law Enforcement with prior Main service	4.00%	8.31%
Law Enforcement without prior Main service	4.00%	6.43%

Part-time employees in the Main System contribute 8.12%, with no employer contributions.

Effective January 1, 2000:

A member's account balance includes vested employer contributions equal to the member's contributions to the deferred compensation Plan under chapter 54-52.2. The vested employer contribution may not exceed:

1. For months one through 12 of service credit, \$25 or 1% of the member's monthly salary, whichever is greater.
2. For months 13 through 24 of service credit, \$25 or 2% of the member's monthly salary, whichever is greater.
3. For months 25 through 36 of service credit, \$25 or 3% of the member's monthly salary, whichever is greater.
4. For service exceeding 36 months, \$25 or 4% of the member's monthly salary, whichever is greater.
5. The vested employer contribution may not exceed 4% of the member's monthly salary.

Vested employer contributions are credited monthly to the member's account balance.

11. Rollovers:

The fund may accept rollovers from other qualified plans under rules adopted by the Board for the purchase of additional service credit.

APPENDIX B: CENSUS TABLES

		<u>Table Designation</u>
I.	Active Members	
	(A) Number of active members grouped by nearest age and years of employment:	
	Males	8-A
	Females	8-B
	All	8-C
	(B) Number of active members grouped by nearest age and salary:	
	Males	9-A
	Females	9-B
	All	9-C
II.	Current Plan Pensions	
	(A) Distribution of pensions awarded during the year by amount of benefit and type of pension:	
	Males	10-A
	Females	10-B
	All	10-C
	(B) Distribution of pensions awarded during the year by nearest age and type of pension:	
	Males	11-A
	Females	11-B
	All	11-C
	(C) Distribution of pensions in force by amount of benefit and type of pension:	
	Males	12-A
	Females	12-B
	All	12-C
	(D) Distribution of pensions in force by nearest age and type of pension:	
	Males	13-A
	Females	13-B
	All	13-C
III.	Special Prior Service Pensions	
	(A) Distribution of pensions in force by amount of benefit:	
	Males	14-A
	Females	14-B
	All	14-C
	(B) Distribution of pensions in force by nearest age:	
	Males	15-A
	Females	15-B
	All	15-C

TABLE 8-A

*Census of Members in Active Service on July 1, 2004
by Nearest Age and Years of Employment in PERS*

(Males - Main System, Judges, National Guard, and Law Enforcement)

Nearest Age	Total	Years of Employment									
		Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over		
Total	6,936	2,390	1,386	980	772	743	420	167	78		
Under 20	4	4	-	-	-	-	-	-	-	-	-
20-24	151	150	1	-	-	-	-	-	-	-	-
25-29	435	367	68	-	-	-	-	-	-	-	-
30-34	561	316	211	34	-	-	-	-	-	-	-
35-39	667	272	179	182	34	-	-	-	-	-	-
40-44	888	309	185	167	154	70	3	-	-	-	-
45-49	1,146	307	220	157	173	214	73	2	-	-	-
50-54	1,243	267	202	169	162	217	172	52	2		
55-59	1,048	221	164	152	142	133	129	80	27		
60-64	528	106	98	75	76	76	34	26	37		
65-69	193	49	40	32	23	28	6	4	11		
70-74	51	12	13	11	6	4	3	2	-		
75 & Over	21	10	5	1	2	1	-	1	1		

TABLE 8-B

*Census of Members in Active Service on July 1, 2004
by Nearest Age and Years of Employment in PERS*

(Females - Main System, Judges, National Guard, and Law Enforcement)

Nearest Age	Total	Years of Employment									
		Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over		
Total	10,700	4,110	2,315	1,505	1,195	870	484	159	62		
Under 20	4	4	-	-	-	-	-	-	-	-	-
20-24	207	207	-	-	-	-	-	-	-	-	-
25-29	608	541	67	-	-	-	-	-	-	-	-
30-34	842	535	264	43	-	-	-	-	-	-	-
35-39	1,013	511	253	180	64	5	-	-	-	-	-
40-44	1,702	680	412	231	220	155	4	-	-	-	-
45-49	2,064	668	491	324	221	193	157	10	-	-	-
50-54	1,954	501	406	339	280	183	157	82	6	-	-
55-59	1,349	276	242	214	259	177	106	43	32	-	-
60-64	707	128	124	129	113	129	48	18	18	-	-
65-69	178	37	40	37	25	22	9	4	4	-	-
70-74	65	20	14	8	12	5	2	2	2	-	-
75 & Over	7	2	2	-	1	1	1	-	-	-	-

TABLE 8-C

*Census of Members in Active Service on July 1, 2004
by Nearest Age and Years of Employment in PERS*

(All Members - Main System, Judges, National Guard, and Law Enforcement)

Nearest Age	Total	Years of Employment											
		Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over				
Total	17,636	6,500	3,701	2,485	1,967	1,613	904	326	140				
Under 20	8	8	-	-	-	-	-	-	-	-	-	-	-
20-24	358	357	1	-	-	-	-	-	-	-	-	-	-
25-29	1,043	908	135	-	-	-	-	-	-	-	-	-	-
30-34	1,403	851	475	77	-	-	-	-	-	-	-	-	-
35-39	1,680	783	432	362	98	5	-	-	-	-	-	-	-
40-44	2,590	989	597	398	374	225	7	-	-	-	-	-	-
45-49	3,210	975	711	481	394	407	230	12	-	-	-	-	-
50-54	3,197	768	608	508	442	400	329	134	8	-	-	-	-
55-59	2,397	497	406	366	401	310	235	123	59	-	-	-	-
60-64	1,235	234	222	204	189	205	82	44	55	-	-	-	-
65-69	371	86	80	69	48	50	15	8	15	-	-	-	-
70-74	116	32	27	19	18	9	5	4	2	-	-	-	-
75 & Over	28	12	7	1	3	2	1	1	1	-	-	-	-

TABLE 9-A

*Census of Members in Active Service on July 1, 2004
by Nearest Age and Salary*

(Males - Main System, Judges, National Guard, and Law Enforcement)

Nearest Age	Total	Salary												
		Less than \$10,000	\$10,000- \$14,999	\$15,000- \$19,999	\$20,000- \$24,999	\$25,000- \$29,999	\$30,000- \$34,999	\$35,000- \$39,999	\$40,000- \$44,999	\$45,000- \$49,999	\$50,000 & Over			
Total	6,936	204	250	627	1,220	1,370	1,200	657	489	319	600			
Under 20	4	2	1	1	-	-	-	-	-	-	-	-	-	-
20-24	151	13	11	27	46	31	17	6	-	-	-	-	-	-
25-29	435	7	10	49	104	117	89	32	18	8	1			
30-34	561	11	14	58	114	132	114	45	34	28	11			
35-39	667	15	14	49	130	148	111	66	63	33	38			
40-44	888	12	29	82	147	183	152	77	78	44	84			
45-49	1,146	27	39	93	191	227	201	128	81	63	96			
50-54	1,243	21	30	102	194	240	225	123	94	65	149			
55-59	1,048	29	33	93	164	180	189	107	74	43	136			
60-64	528	24	25	42	89	83	78	57	39	26	65			
65-69	193	21	25	20	34	24	22	14	8	9	16			
70-74	51	14	16	5	5	4	1	2	-	-	4			
75 & Over	21	8	3	6	2	1	1	-	-	-	-			

TABLE 9-B

*Census of Members in Active Service on July 1, 2004
by Nearest Age and Salary*

(Females - Main System, Judges, National Guard, and Law Enforcement)

Nearest Age	Total	Salary												
		Less than \$10,000	\$10,000	\$14,999	\$15,000- \$19,999	\$20,000- \$24,999	\$25,000- \$29,999	\$30,000- \$34,999	\$35,000- \$39,999	\$40,000- \$44,999	\$45,000- \$49,999	\$50,000 & Over		
Total	10,700	567	1,531	2,049	2,287	1,741	1,193	557	335	206	234			
Under 20	4	3	1	-	-	-	-	-	-	-	-	-	-	
20-24	207	34	47	64	36	18	7	-	-	-	-	-	1	
25-29	608	38	69	142	154	103	61	23	11	7	-	-	-	
30-34	842	48	114	133	191	145	120	47	25	13	6	-	-	
35-39	1,013	67	136	185	220	164	121	50	27	21	22	-	-	
40-44	1,702	92	295	295	363	250	190	90	59	27	41	-	-	
45-49	2,064	97	302	425	398	324	230	116	72	50	50	-	-	
50-54	1,954	72	239	358	416	332	247	118	70	47	55	-	-	
55-59	1,349	48	150	261	302	249	135	83	57	23	41	-	-	
60-64	707	30	119	127	163	131	70	25	10	16	16	-	-	
65-69	178	21	40	40	34	22	9	5	3	2	2	-	-	
70-74	65	16	17	17	9	3	3	-	-	-	-	-	-	
75 & Over	7	1	2	2	1	-	-	-	1	-	-	-	-	

TABLE 9-C

***Census of Members in Active Service on July 1, 2004
by Nearest Age and Salary***

(All Members - Main System, Judges, National Guard, and Law Enforcement)

Nearest Age	Total	Salary													
		Less than \$10,000	\$10,000-1,781	\$14,999-1,781	\$15,000-2,676	\$19,999-2,676	\$20,000-3,507	\$24,999-3,507	\$25,000-3,111	\$29,999-3,111	\$30,000-2,393	\$34,999-1,214	\$35,000-824	\$40,000-525	\$45,000-834
Total	17,636	771	1,781	2,676	3,507	3,111	2,393	1,214	824	525	834	-	-	-	-
Under 20	8	5	2	1	-	-	-	-	-	-	-	-	-	-	-
20-24	358	47	58	91	82	49	24	6	-	-	-	-	-	-	1
25-29	1,043	45	79	191	258	220	150	55	29	15	1	-	-	-	-
30-34	1,403	59	128	191	305	277	234	92	59	41	17	-	-	-	-
35-39	1,680	82	150	234	350	312	232	116	90	54	60	-	-	-	-
40-44	2,590	104	324	377	510	433	342	167	137	71	125	-	-	-	-
45-49	3,210	124	341	518	589	551	431	244	153	113	146	-	-	-	-
50-54	3,197	93	269	460	610	572	472	241	164	112	204	-	-	-	-
55-59	2,397	77	183	354	466	429	324	190	131	66	177	-	-	-	-
60-64	1,235	54	144	169	252	214	148	82	49	42	81	-	-	-	-
65-69	371	42	65	60	68	46	31	19	11	11	18	-	-	-	-
70-74	116	30	33	22	14	7	4	2	-	-	4	-	-	-	-
75 & Over	28	9	5	8	3	1	1	-	1	-	-	-	-	-	-

TABLE 10-A

*Pensions Awarded During the Year Ended June 30, 2004
by Type of Pension and Monthly Amount*

(Males - Main System, Judges, National Guard, and Law Enforcement)

Monthly Amount	Type of Pension				
	Total	Normal	Early	Disability	Rule of 85
Total	152	46	33	8	65
Under \$200	12	5	7	-	-
200-399	27	8	12	6	1
400-599	8	2	5	1	-
600-799	8	5	2	-	1
800-999	11	6	2	-	3
1,000-1,199	17	5	2	1	9
1,200-1,399	11	3	1	-	7
1,400-1,599	6	2	1	-	3
1,600-1,799	10	1	-	-	9
1,800-1,999	4	-	-	-	4
2,000-2,199	6	-	-	-	6
2,200-2,399	12	2	1	-	9
2,400-2,599	3	-	-	-	3
2,600-2,799	5	1	-	-	4
2,800-2,999	4	1	-	-	3
3,000-3,199	1	-	-	-	1
3,200-3,399	-	-	-	-	-
3,400-3,599	1	-	-	-	1
3,600-3,799	-	-	-	-	-
3,800-3,999	1	-	-	-	1
4,000-4,199	1	1	-	-	-
4,200-4,399	-	-	-	-	-
4,400-4,599	-	-	-	-	-
4,600-4,799	2	2	-	-	-
4,800-4,999	1	1	-	-	-
5,000 & Over	1	1	-	-	-

TABLE 10-B

*Pensions Awarded During the Year Ended June 30, 2004
by Type of Pension and Monthly Amount*

(Females - Main System, Judges, National Guard, and Law Enforcement)

Monthly Amount	Type of Pension				
	Total	Normal	Early	Disability	Rule of 85
Total	187	64	49	17	57
Under \$200	22	10	11	-	1
200-399	45	20	18	7	-
400-599	34	14	14	5	1
600-799	24	7	3	5	9
800-999	14	3	2	-	9
1,000-1,199	12	3	1	-	8
1,200-1,399	12	3	-	-	9
1,400-1,599	6	1	-	-	5
1,600-1,799	8	1	-	-	7
1,800-1,999	3	1	-	-	2
2,000-2,199	4	1	-	-	3
2,200-2,399	2	-	-	-	2
2,400-2,599	1	-	-	-	1
2,600-2,799	-	-	-	-	-
2,800-2,999	-	-	-	-	-
3,000-3,199	-	-	-	-	-
3,200-3,399	-	-	-	-	-
3,400-3,599	-	-	-	-	-
3,600-3,799	-	-	-	-	-
3,800-3,999	-	-	-	-	-
4,000-4,199	-	-	-	-	-
4,200-4,399	-	-	-	-	-
4,400-4,599	-	-	-	-	-
4,600-4,799	-	-	-	-	-
4,800-4,999	-	-	-	-	-
5,000 & Over	-	-	-	-	-

TABLE 10-C

*Pensions Awarded During the Year Ended June 30, 2004
by Type of Pension and Monthly Amount*

(All Members - Main System, Judges, National Guard, and Law Enforcement)

Monthly Amount	Type of Pension				
	Total	Normal	Early	Disability	Rule of 85
Total	339	110	82	25	122
Under \$200	34	15	18	-	1
200-399	72	28	30	13	1
400-599	42	16	19	6	1
600-799	32	12	5	5	10
800-999	25	9	4	-	12
1,000-1,199	29	8	3	1	17
1,200-1,399	23	6	1	-	16
1,400-1,599	12	3	1	-	8
1,600-1,799	18	2	-	-	16
1,800-1,999	7	1	-	-	6
2,000-2,199	10	1	-	-	9
2,200-2,399	14	2	1	-	11
2,400-2,599	4	-	-	-	4
2,600-2,799	5	1	-	-	4
2,800-2,999	4	1	-	-	3
3,000-3,199	1	-	-	-	1
3,200-3,399	-	-	-	-	-
3,400-3,599	1	-	-	-	1
3,600-3,799	-	-	-	-	-
3,800-3,999	1	-	-	-	1
4,000-4,199	1	1	-	-	-
4,200-4,399	-	-	-	-	-
4,400-4,599	-	-	-	-	-
4,600-4,799	2	2	-	-	-
4,800-4,999	1	1	-	-	-
5,000 & Over	1	1	-	-	-

TABLE 11-A

*Pensions Awarded During the Year Ended June 30, 2004
by Type of Pension and Nearest Age*

(Males - Main System, Judges, National Guard, and Law Enforcement)

Nearest Age	Type of Pension				
	Total	Normal	Early	Disability	Rule of 85
Total	152	46	33	8	65
Under 50	2	-	-	2	-
50-54	14	-	-	2	12
55-59	28	-	3	3	22
60-64	60	-	30	1	29
65-69	36	34	-	-	2
70-74	8	8	-	-	-
75 & Over	4	4	-	-	-

TABLE 11-B

*Pensions Awarded During the Year Ended June 30, 2004
by Type of Pension and Nearest Age*

(Females - Main System, Judges, National Guard, and Law Enforcement)

Nearest Age	Total	Type of Pension			
		Normal	Early	Disability	Rule of 85
Total	187	64	49	17	57
Under 50	4	-	-	4	-
50-54	12	-	-	5	7
55-59	32	-	13	6	13
60-64	73	-	36	2	35
65-69	50	48	-	-	2
70-74	14	14	-	-	-
75 & Over	2	2	-	-	-

TABLE 11-C

*Pensions Awarded During the Year Ended June 30, 2004
by Type of Pension and Nearest Age*

(All Members - Main System, Judges, National Guard, and Law Enforcement)

Nearest Age	Total	Type of Pension			
		Normal	Early	Disability	Rule of 85
Total	339	110	82	25	122
Under 50	6	-	-	6	-
50-54	26	-	-	7	19
55-59	60	-	16	9	35
60-64	133	-	66	3	64
65-69	86	82	-	-	4
70-74	22	22	-	-	-
75 & Over	6	6	-	-	-

TABLE 12-A

***Current Plan Pensions in Force on July 1, 2004
by Type of Pension and Monthly Amount***

(Males - Main System, Judges, National Guard, and Law Enforcement)

Monthly Amount	Type of Pension				
	Total	Normal	Early	Disability	Service*
Total	2,279	797	554	145	783
Under \$200	256	148	89	12	7
200-399	407	174	163	62	8
400-599	337	133	146	48	10
600-799	208	96	79	14	19
800-999	169	59	34	5	71
1,000-1,199	184	54	16	2	112
1,200-1,399	154	30	9	-	115
1,400-1,599	106	21	4	1	80
1,600-1,799	95	17	4	-	74
1,800-1,999	72	15	3	-	54
2,000-2,199	63	10	1	1	51
2,200-2,399	61	8	4	-	49
2,400-2,599	40	3	-	-	37
2,600-2,799	36	8	-	-	28
2,800-2,999	21	6	-	-	15
3,000-3,199	16	1	-	-	15
3,200-3,399	16	1	1	-	14
3,400-3,599	8	-	1	-	7
3,600-3,799	4	2	-	-	2
3,800-3,999	7	1	-	-	6
4,000-4,199	4	1	-	-	3
4,200-4,399	7	4	-	-	3
4,400-4,599	1	-	-	-	1
4,600-4,799	3	2	-	-	1
4,800-4,999	1	1	-	-	-
5,000 & Over	3	2	-	-	1

* Includes Rule of 85, Rule of 88, and Rule of 90.

TABLE 12-B

*Current Plan Pensions in Force on July 1, 2004
by Type of Pension and Monthly Amount*

(Females - Main System, Judges, National Guard, and Law Enforcement)

Monthly Amount	Type of Pension				
	Total	Normal	Early	Disability	Service*
Total	2,801	951	1,134	174	542
Under \$200	512	184	309	16	3
200-399	845	302	466	76	1
400-599	513	202	238	55	18
600-799	301	125	80	22	74
800-999	215	51	25	4	135
1,000-1,199	141	35	12	1	93
1,200-1,399	98	26	3	-	69
1,400-1,599	57	10	-	-	47
1,600-1,799	48	8	1	-	39
1,800-1,999	19	1	-	-	18
2,000-2,199	26	2	-	-	24
2,200-2,399	9	1	-	-	8
2,400-2,599	4	-	-	-	4
2,600-2,799	5	-	-	-	5
2,800-2,999	2	-	-	-	2
3,000-3,199	1	1	-	-	-
3,200-3,399	2	1	-	-	1
3,400-3,599	1	-	-	-	1
3,600-3,799	1	1	-	-	-
3,800-3,999	1	1	-	-	-
4,000-4,199	-	-	-	-	-
4,200-4,399	-	-	-	-	-
4,400-4,599	-	-	-	-	-
4,600-4,799	-	-	-	-	-
4,800-4,999	-	-	-	-	-
5,000 & Over	-	-	-	-	-

* Includes Rule of 85, Rule of 88, and Rule of 90.

TABLE 12-C

*Current Plan Pensions in Force on July 1, 2004
by Type of Pension and Monthly Amount*

(All Members - Main System, Judges, National Guard, and Law Enforcement)

Monthly Amount	Type of Pension				
	Total	Normal	Early	Disability	Service*
Total	5,080	1,748	1,688	319	1,325
Under \$200	768	332	398	28	10
200-399	1,252	476	629	138	9
400-599	850	335	384	103	28
600-799	509	221	159	36	93
800-999	384	110	59	9	206
1,000-1,199	325	89	28	3	205
1,200-1,399	252	56	12	-	184
1,400-1,599	163	31	4	1	127
1,600-1,799	143	25	5	-	113
1,800-1,999	91	16	3	-	72
2,000-2,199	89	12	1	1	75
2,200-2,399	70	9	4	-	57
2,400-2,599	44	3	-	-	41
2,600-2,799	41	8	-	-	33
2,800-2,999	23	6	-	-	17
3,000-3,199	17	2	-	-	15
3,200-3,399	18	2	1	-	15
3,400-3,599	9	-	1	-	8
3,600-3,799	5	3	-	-	2
3,800-3,999	8	2	-	-	6
4,000-4,199	4	1	-	-	3
4,200-4,399	7	4	-	-	3
4,400-4,599	1	-	-	-	1
4,600-4,799	3	2	-	-	1
4,800-4,999	1	1	-	-	-
5,000 & Over	3	2	-	-	1

* Includes Rule of 85, Rule of 88, and Rule of 90.

TABLE 13-A

*Current Plan Pensions in Force on July 1, 2004
by Type of Pension and Nearest Age*

(Males - Main System, Judges, National Guard, and Law Enforcement)

Nearest Age	Type of Pension				
	Total	Normal	Early	Disability	Service*
Total	2,279	797	554	145	783
Under 50	20	-	-	20	-
50-54	36	-	-	20	16
55-59	107	1	9	28	69
60-64	285	-	78	24	183
65-69	487	100	125	22	240
70-74	496	186	131	19	160
75-79	393	200	109	5	79
80-84	274	172	60	6	36
85-89	139	98	40	1	-
90 & Over	42	40	2	-	-

* Includes Rule of 85, Rule of 88, and Rule of 90.

TABLE 13-B

*Current Plan Pensions in Force on July 1, 2004
by Type of Pension and Nearest Age*

(Females - Main System, Judges, National Guard, and Law Enforcement)

Nearest Age	Total	Type of Pension			
		Normal	Early	Disability	Service*
Total	2,801	951	1,134	174	542
Under 50	32	-	-	32	-
50-54	34	-	-	21	13
55-59	113	-	39	33	41
60-64	338	-	148	30	160
65-69	688	142	321	30	195
70-74	569	209	260	18	82
75-79	473	226	208	3	36
80-84	303	179	102	7	15
85-89	193	144	49	-	-
90 & Over	58	51	7	-	-

* Includes Rule of 85, Rule of 88, and Rule of 90.

TABLE 13-C

*Current Plan Pensions in Force on July 1, 2004
by Type of Pension and Nearest Age*

(All Members - Main System, Judges, National Guard, and Law Enforcement)

Nearest Age	Total	Type of Pension			
		Normal	Early	Disability	Service*
Total	5,080	1,748	1,688	319	1,325
Under 50	52	-	-	52	-
50-54	70	-	-	41	29
55-59	220	1	48	61	110
60-64	623	-	226	54	343
65-69	1,175	242	446	52	435
70-74	1,065	395	391	37	242
75-79	866	426	317	8	115
80-84	577	351	162	13	51
85-89	332	242	89	1	-
90 & Over	100	91	9	-	-

* Includes Rule of 85, Rule of 88, and Rule of 90.

TABLE 14-A

***Special Prior Service Pensions in Force on July 1, 2004
by Monthly Amount***

(Males)

Monthly Amount	Total
Total	19
Under \$20	2
20-39	5
40-59	1
60-79	4
80-99	4
100-119	2
120-139	1
140-159	-
160 & Over	-

TABLE 14-B

***Special Prior Service Pensions in Force on July 1, 2004
by Monthly Amount***

(Females)

Monthly Amount	Total
Total	55
Under \$20	9
20-39	18
40-59	12
60-79	8
80-99	4
100-119	1
120-139	1
140-159	1
160 & Over	1

TABLE 14-C

***Special Prior Service Pensions in Force on July 1, 2004
by Monthly Amount***

(All Members)

Monthly Amount	Total
Total	74
Under \$20	11
20-39	23
40-59	13
60-79	12
80-99	8
100-119	3
120-139	2
140-159	1
160 & Over	1

TABLE 15-A

***Special Prior Service Pensions in Force on July 1, 2004
by Nearest Age***

(Males)

Nearest Age	Total
Total	19
85-89	3
90-94	9
95-99	6
100 & Over	1

TABLE 15-B

*Special Prior Service Pensions in Force on July 1, 2004
by Nearest Age*

(Females)

Nearest Age	Total
Total	55
85-89	4
90-94	35
95-99	14
100 & Over	2

TABLE 15-C

***Special Prior Service Pensions in Force on July 1, 2004
by Nearest Age***

(All Members)

Nearest Age	Total
Total	74
85-89	7
90-94	44
95-99	20
100 & Over	3
